South-Eastern Europe: stability pact, stabilisation and association agreements

1999/2126(COS) - 26/03/2003

PURPOSE : to present the report from the Commission on the Stabilisation and Association process for South East Europe Second Annual Report 2003. CONTENT : the European Commission approved the second annual report on the Stabilisation and Association Process (SAp) for the countries of South East Europe: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and Serbia and Montenegro. The report assesses the progress of each country in the SAp so far, identifying lessons and challenges for the future, and in particular the coming year. The report reiterates the prospect for the Western Balkan countries of an even closer relationship with the European Union and ultimately membership. It points out that the pace of integration into the EU will ultimately depend on the countries of the Western Balkans themselves. The 2003 report recognises some important progress made over the last twelve months: progress in restoring stability in the region, improved security situation, democratically-elected Governments in place throughout the region, massive reconstruction across the region, progress made in assisting return of refugees and displaced persons, sustained growth, inflation under control, increasing trade, enhanced regional co-operation. The 2003 report also identifies the main challenges facing the Western Balkans countries: - weaknesses in the functioning of democratic institutions and institutional capacity building, - rule of law and full respect of human and minorities rights, - the fight against organised crime and corruption, - reform of the judiciary, - continuing sustainable return of refugees and displaced persons, - inequality in income distribution, - widespread poverty and high unemployment, - structural reforms towards fully functioning market economies, and heavy dependence on foreign financing. The 2003 Report highlights that the EU is not only an economic club, but a Community of values, and that sharing these values will be a key factor in both the Association and Stabilisation process, and progress towards candidate status. EU enlargement in 2004 should add momentum to reform efforts in the Western Balkans. The European Council of 20 and 21 March asked the Commission to examine ways to strengthen the SAp, particularly in the light of experience from the enlargement process. The Thessaloniki Summit in June will be an important opportunity to reiterate that the EU is committed to the European future of the Western Balkans countries. The Stabilisation and Association process is underpinned by substantial EU financial assistance. EUR 4.65 billion have been allocated to the region for the period 2002-2006. The 2003 report reconfirms that the Commission will continue to effectively support the Western Balkans countries in their efforts to take up the pressing political, economic and social challenges identified.