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

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PURPOSE : to establish a Stabilisation and Association process for the Western Balkans. CONTENT : the present Communication lies within the delicate political context which has characterized the region of South-Eastern Europe for the last decade and was recently jeopardised by the inter-ethnic conflict in Kosovo. Notwithstanding the important aid from the Union in favour of the countries concerned in order to stabilise the region (around 7 billion EURO for Bosnia and Herzegovina, Croatia, the Federal Republic of Yugoslavia, the former Yugoslav Republic of Macedonia or FYROM and Albania), progress made has been fragile. That is why the Commission is proposing with this strategic document a global approach to the process of stabilisation for the Western Balkan region which constitutes the framework of relations to come with this region. On the geopolitical level, the region of South-Eastern Europe is very close to the Union and this proximity and the importance of it will continue to grow after the enlargement process. The approach advocated by the Commission is that of a regional process of stabilisation, even if there are some clear differences between countries that need to be taken into account. Two sub-sets have evolved : on the one hand, the countries who have not been involved in the conflicts and who have maintained bilateral relations with the Union (the FYROM and Albania) and the countries stemming from the former Yugoslavia. For the Commission, the respect for the Dayton agreement developed in 1996 constitutes an unquestionable prerequisite to the realisation of a stability process and of economic prosperity in the region. However, as the process set in motion in 1996 is no longer sufficient, a multilateral approach is preferred today. This approach would be based on certain strategic elements. Besides respect of the most demanding conditions on the political level (promoting and sustaining democracy, upholding of the rule of law and respect for minorities) and economic level (restoration and reconstruction of the economy and progress towards a market economy), it is planned to implement new initiatives which include: 1) the development of Stabilisation and Association Agreements with the 5 countries concerned, taking into account their respective situations: the main objectives of the agreements would be to draw the region closer in the perspective of full integration into the EU; to support the consolidation of democracy and the rule of law; economic development and reform; create a formalised framework for political dialogue both at regional and bilateral levels; promote economic and trade relations with the Union by nurturing a climate favourable to investment; to provide over time for the possibility to establish one or several free trade areas once sufficient progress has been made in economic terms; to provide a basis for cooperation in all fields. It is worth noting that strict conditions would have to be fulfilled prior to the launch of the negotiations (in particular, respecting political and economic demands), and interms of the recent analysis of events, the countries nearest to satisfying the conditions would be the FYROM (see procedure 1999 /2121/COS); 2) the development of economic and trade relations with and within the region; 3) the development/partial reorientation of existing economic and financial assistance; 4) increased assistance for democratization, civil society, education and institution-building : in this framework it would include free and fair elections, good parliamentary practice, promote independent media, rule of law through technical assistance for judicial, police and customs reform, anti-corruption programmes and reinforce civil society organisations and initiatives (especially after the war); 5) the use of new opportunities for cooperation in various fields, including justice and home affairs (in particular following the entry into force of the Amsterdam Treaty); 6) the development political dialogue, including at regional level. This dialogue should be developed at various levels and under different structures so as to permit the countries to meet to discuss issues of common and regional interest. The existing system of autonomous trade preferences for the countries which emerged from the former Yugoslavia will remain important until contractual relations are established with the other countries concerned. Economic and political development should go hand in hand. In 1999, financial assistance from the Community budget to the countries of the Regional Approach will be almost 700 million EURO in order to cope with the reconstruction process. The Commission will propose a legal base for the implementation of assistance to

the region as a whole, taking into account the links with the PHARE programme or other new instruments. In all instances, the granting of aid would be according to the capacity of countries to collaborate with one another (for example, by creating common programmes etc.). Finally, one of the essential elements of this strategy will be to closely link the European Regional approach with that of the other actors engaged in the Region (UN, Council of Europe, OSCE, WEU and NATO) and with the will of the populations concerned to advance towards the stabilisation of their countries.