



**Western Balkans and Europe 2020: Path Towards Convergence and Growth
Regional Coordination Conference**

Brussels, 30-31 March 2011

**Talking points for Hido Biscevic, Secretary General,
Regional Cooperation Council**

Excellencies, Ladies and Gentlemen,

- It gives me a great pleasure to greet you and thank you for taking part in this regional coordination conference dedicated to the prospects in Western Balkans in the context of Europe 2020 Strategy.
- I want to thank MEP Eduard Kukan for having us over at this impressive venue of the European Parliament for the conference opening. He has been a staunch supporter of our activities and I thank him for his engagement with the region and for his commitment to our common European future.
- Also, it is difficult to imagine this conference happening without the support of the European Commission and DG Enlargement, and I want to thank Director-General Michael Leigh for being here with us tonight, as well as for all the support we have been receiving from him and his team in the past years.

Ladies and gentlemen,

- A little over a year ago we came together in Sarajevo for the first time to consider the impacts of the current economic crisis, discuss policy responses and take a longer view of the future through the prism of *Europe 2020*, which was being debated in the European institutions at the time.
- Since then, we have developed a better understanding of both the challenges ahead of us, but also of the possible solutions.
- Looking back over the past couple of years, the economics of our region has had a rough ride. And despite some encouraging signs in terms of recovery, the difficulties are still with us.

- From a fastest growing region in the pre-crisis period, the Western Balkans has become the ‘hardest-hit’ corner of Europe. Some forecasters are saying that the region’s growth in the medium-term will be the slowest in the world.
- As the economies suffer, companies shed jobs. Between 160,000 (registered) and 240,000 (labor force surveys) jobs have been lost in 2008-09 in the region. Declining employment and activity rates, and growing unemployment are becoming endemic (6% rise of unemployment in Bosnia and Herzegovina and Serbia in the 2008-2010 period) and will be difficult to reverse. Coupled with worrying long-term trends, such as demographic challenges and numerous structural problems, it becomes obvious that addressing social policies in a more structured way is both urgent and necessary in the region.
- Failure to act now could threaten the very fabric of societies in South East Europe and we have seen in the recent months examples of how deteriorating economic conditions breed political instability.
- One has to take in the picture also the current political state of play in the region which is, to say the least, full of contrast – positive signs of inter-state rapprochement and reconciliation mix with disturbing social and institutional fragility, advancement towards the EU mix with the number of critically important and strategically sensitive but yet unresolved issues; economic crisis effects hamper reforms, foster calls for “easy solutions” by preserving the role of the state and shaking the market economy principles, whilst democratic frameworks are pressed by rising populism.
- Indeed, an alarming amalgam that calls for preservation of positive achievements and urgent economic recovery and development.
- In this sense, I take this conference as a wake-up call.
- It is becoming increasingly evident that there are no new growth models and no magic wands to dispel the gray picture in our economies. Instead, we have to turn vigorously to the fundamentals – resolve the remaining political issues in the region in the interest of stability and predictability, complete the transition and pool around regional recovery and development projects.
- On national levels, again, back to fundamentals - continuing and intensifying reforms to create better business environments, introducing prudent fiscal measures, stimulating productive, export-oriented industries and promoting wise long-term investments in education, innovation and entrepreneurship.
- It is for these reasons that I feel Europe 2020, and the call for our countries to join efforts in its implementation, could not have come at a better time.
- First, the strategy communicates clearly Europe’s long-term goals. For the enlargement countries that view EU accession as a somewhat moving target, it helps anchor reforms and provides a strategic framework for action over a longer time period. Europe 2020’s objectives

obviously do not constitute part of the accession criteria. But accession and convergence is interrelated and the Europe 2020 strategy paints a clear road map for convergence.

- The European Commission has called on the candidate and potential candidate countries to follow the strategy, and several countries already responded by emulating Europe 2020 objectives in their national context. This encouraging response will need to be coupled by efforts at regional level as well, and the Commission has recognized this in its Enlargement Strategy. To enable policymakers to benchmark achievements, monitor progress and provide an environment for policy learning, regional platforms will be needed and such platforms do exist in many areas.
- We have witnessed and supported the emergence of regional cooperation frameworks in areas such as free trade, electricity market, transport, investment, agriculture, health and numerous other important fields. The work done there is considerable, for it not only helps connect the fractured markets in the region, but has also enabled sharing of experience and knowledge.
- Europe 2020 strategy now opens up a possibility for regional initiatives to associate their activities more closely with the ongoing EU actions. This is an excellent opportunity to deepen and strengthen cooperation, provide better insight into national reforms and secure “meeting of policies”. It also helps address one of the main recommendations coming from the regional initiatives and that is better coordination and networking between themselves.
- Europe 2020 could also help provide a framework for intervention for the Multi-Beneficiary Instrument for Pre-Accession Assistance as well as for other donors engaged in regional activities. RCC will be counting on the support of regional initiatives in ensuring that their activities are aligned with the region’s needs as reflected in our Strategy and Work Programme 2011-2013.
- I hope that this conference would also provide a platform for donors to identify areas of common interest so as to be able to join forces in economic development initiatives, but also to benefit from having the oversight of various regional initiatives, organizations, task forces and structures present here.
- Finally, we have come here with some answers and many questions. What policy objectives and targets could be relevant for our region in light of Europe 2020? What cooperation structures would be appropriate? What support programmes are needed to reach those targets? How to relate RCC with regional initiatives?
- We will be looking to you tomorrow to help us define the best regional response to the Europe 2020 challenge and I hope we will get at least some of the answers to the questions posed here.
- I wish us a successful work tomorrow.

Thank you.