

**“Close the Reform and Reconciliation Gap!”**

**Remarks by Mr Carl Bildt at the Ohrid Conference of the Adriatic Charter, September 27, 2003.**

Minister Mitreva, Excellencies and Friends,

Any invitation to come to the shores of Lake Ohrid is always irresistible, and an invitation to come here and discuss a topic as important as the one we are discussing today is it even more so.

Last Sunday, we saw an historic event in Europe.

In the last of the series of referendums of this sort this year, the citizens of Latvia voted with 67,0 % to join the European Union. Thus, it is now confirmed that Latvia will be among all those countries of the Baltic region and Central Europe that on May 1<sup>st</sup> next year enters both the European Union and the Atlantic Alliance.

The significance of this step can hardly be overstated. A decade ago, I talked about the future of the three small vulnerable Baltic nations as a litmus test of the new Europe we were then trying to build.

A decade and a half ago much was different. Latvia was a country poorer and less developed than any of the republics of the then socialist Yugoslavia. As it regained its independence, it faced the problems of a massive presence of foreign forces on its soil. And to all this should be added the national issue in Latvia, with Latvians being in a minority not only in their capital Riga, but in all other major cities of the country as well.

Now, things are very different. Riga is a booming city attracting significant foreign investments. Cruise ships are queuing to enter its port during the summer. Economic growth has been at the top of the European league for a number of years. The country hosts major international meetings. And now it enters both the European Union and the Atlantic Alliance.

There are remaining problems. Corruption remains a concern. The stability of the party systems leaves much to be desired. And even the impressive growth figures of the last decade will take time to lift everyone from the poverty and despair of yesterday.

Latvia is only a small part of the great European success story of the last ten years. Today, everything might look simple. But we should not forget that none of these states of Central Europe and the Baltic region existed as independent nations a century ago, that they were all riddled with national and minority issues, that they failed to develop stable democratic structures during the interwar years and that they had to endure an occupation that was brutal and regimes that were truly destructive to all their aspirations.

Their success was by no means certain.

Most of us grew up in the era when we prevented war in Europe primarily military deterrence. But all of us are now living in a Europe where we are building peace primarily by the instruments of political and economic integration.

What has been achieved in those parts of Europe during the last decade is – against the background of history – nothing less than a miracle. It could well have gone otherwise. But that only makes what has happened in this part of Europe during these years an even greater tragedy. For all of you – but for all of Europe.

As far as I know, modern research has not been able to identify any genes that are different in this part of Europe than those we have in these other parts of Europe. There is nothing inherent in human nature that predestined those nations to success, and this region to tragedy and failure. It could have been prevented – and if the will and the vision is truly there it can be repaired.

Europe is going through a formative period of profound significance this year and next. Enlargement has been massively endorsed by nine referendums from Malta to Estonia. On October 4<sup>th</sup> there begins in Rome the intergovernmental conference where representatives of 25 nations will negotiate, with a further three nations being part of the process, the first constitutional treaty for this evolving European federation of nation states.

In May next year, the constitutional treaty will be signed. In the same month, NATO meets for its important summit in Istanbul. The month thereafter we have the first truly European election to the European Parliament. And as a new Commission is appointed, as well as the other personalities, we will take the enormously important decision on whether and how to proceed with membership negotiations with Turkey.

We are – in my view – at the best half the way towards fulfilling the agenda that history presented us with in 1989. And it is now we are starting to face the question on how the next phase in this historical endeavour should take shape.

South-eastern Europe is on the table. Accession negotiations are continuing with Romania and Bulgaria with the 2007 target date still there. The application of Croatia is being studied. But what will happen with the rest of the region will at the end of the day be decided by the region itself.

We are eight years after the war in Croatia and the Dayton agreement in Bosnia, four years after the war over Kosovo, three years after the watershed political changes in Zagreb and Belgrade, two years after the Ohrid agreement.

Progress has certainly been made. A meeting like this was hardly thinkable only a few years ago. But in spite of this, I believe the fate of the region still hangs in the balance. There has been significant progress in terms of both reforms and reconciliation – but progress has probably been less significant here than in most of the rest of Europe.

And at the end of the day, that will be what counts. Are you closing the reform and reconciliation gap with the rest of Europe – or is the gap still widening?

That is the question beyond all other questions.

The choice over the years ahead is a stark one.

Either this will be perceived as a failed region of failed or failing states – no wars, but persistent tension; no open conflict, but continuing decay – or it will take a truly decisive step towards doing what the Baltic nations did, what the Central European nations have done, and what Turkey is in the

middle of doing by itself and in rapprochement with Greece, including solving the issue of Cyprus.

This will – in my opinion - require a quantum leap in terms of both reform and reconciliation. And without this quantum leap, there is a very obvious risk that the reform and reconciliation gap will widen, and that the region will start to be perceived as a failed region of failing states.

Most of us know what needs to be done. It's not a conference deficit we are having – it's an implementation deficit.

Security sector reform is obviously important, and none of the real security issues of this part of Europe can be handled without a far higher degree of cooperation across old and new borders.

Organized crime can be a mortal danger to attempts at building stable democracies and the rule of the law. You are a fragile region right between Afghanistan and Amsterdam. There is very little your individual states can do, but much that you together, as part of the combined international efforts, can and must do.

Integration with NATO in different ways is of crucial importance. The Adriatic Charter points the way forward, and its extension of critical importance. Serbia and Montenegro is moving forward. In Bosnia, critical agreement on defence sector reform has just been reached. We have reason to be hopeful.

Remaining political issues must be tackled, with the issue of Kosovo at the top of the list. The effort that was done at Rambouillet – to bring together all those interest converging on and in Kosovo in an historic compromise that can last for generations – must sooner or later be carried forward again. The beginning of a dialogue between Belgrade and Pristina is long overdue.

But even more than I'm worried over these security and political issues, and concerned that they are not moving as fast as they should, I'm worried by the economic and social situation that we are seeing over large parts of the region. If not addressed, they might over time undermine the success that we might have in other areas.

When I go to Bosnia, I meet the young people who desire little more than to leave. When I look at Kosovo, I see an unemployment well over 50 %, and an economic situation where not even the vast inflow of money from Kosovo Albanians abroad will be enough to compensate for the declining international assistance. In Serbia and Montenegro, I see the refugees still living in despair, feeling desperation for their future.

How to overcome this situation is not – as the Americans say – rocket science. You can look at the examples of the countries of Central Europe and the Baltic region.

You need a radical expansion of trade, and you need a significant increase in investment. And both will require that quantum leap in reform and reconciliation that I talked about.

You must establish an integrated single market where goods and services, capital and persons can move freely across old and new borders. That's the way the rest of Europe is built. You must establish secure property rights, guarantee the rule of the law and see every form of corruption as the true evil it is. That's the way the rest of Europe is built.

And until it's done here as well, it is only natural that investment will go to the rest of Europe far more than it will go here.

This Adriatic Charter is – as it expands – critical when it comes to accelerating reform and reconciliation in the security sector.

But I would welcome the day when you have all the ministers of economic affairs, of trade and of social affairs coming together by themselves and recognizing that at the end of the day they will either fail together or succeed together, and that they are truly committed to making also in this part of Europe what most of Europe has already done.

The European agenda for the next years is a heavy one.

There is an obvious risk of enlargement fatigue as institutions will have to digest the largest expansion ever in the history of European integration.

There will be the increasing need to focus also on that part of wider Europe that is both Russia and the countries in between Russia and the European Union, Ukraine and Moldova among them.

Europe will - in a partnership with the United States I hope will deepen with time - have to focus far more on the internal changes in, and its relationship with the Muslim world that is right at its doorsteps, and increasingly right in its centres as well.

My prognosis is then, that if this region itself is not focusing more clearly on closing the reform and reconciliation gap, thus making true integration with the rest of Europe practically achievable, the risk of it being seen as a failed region of failed states, with all the consequences this will have, are very real indeed.

History certainly runs forever, but time is running, and the great task of 1989 - to set up a new system of integration that can secure the peace, democracy, freedom, rule of the law and possibilities for economic and social integration for as many Europeans as possible - will soon enter a new phase in which its more or less final shape will start to appear on the horizon.

The success of a small country like Latvia – with a starting point worse than yours in practically every respect – shows the miracles that are possible. Your genes are no different from theirs. Your history isn't that much more complicated than theirs. Your nationality problems are in most respects less than theirs.

With the enormous changes now occurring in the rest of Europe, and with the challenges ahead, you must now raise your ambitions. It's no longer enough with just preventing wars. It's no longer enough with business as usual.

What is needed is a quantum leap in reform and reconciliation to prevent the gap with the success of the rest of Europe from widening. Until this is recognized, the risk of this being perceived as a failed region of failed states will remain a very real one.

We all know that this region contained the seeds of conflicts. But those of us who have worked with, and become committed to the region, are also convinced that it contains the seeds of a creativity that would be not only to its own benefit, but would make a substantial contribution to all of Europe.