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***South Eastern Europe beyond Thessaloniki
The Stability Pact and Regional Cooperation***

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With the current round of enlargement coming to a successful conclusion, the view opens up to the wider horizon of European Integration. This is clearly where South Eastern Europe belongs – it cannot remain an enclave within an enlarged European Union. And while much still remains to be done, we have to acknowledge that the governments of the region have taken significant steps to move ahead.

Today's Summit is so important because it is a proof of our - the EU's - commitment to the European perspective of the countries of the region. The hard reforms South Eastern Europe needs do not happen by themselves. They must be driven by a shared vision of the governments and peoples in the region to emerge from a difficult past in order to join the European family.

While European integration is clearly the endgame, conditions have to be met on the way, and we – both the countries of the region and those supporting them – need to do everything we can to make sure that these conditions are spelled out clearly and fulfilled step by step.

Under the tireless leadership of the Greek EU Presidency, this summit ends an impressive process of consultations between the European Union, the countries of the region and all the players involved in supporting the region in its efforts – among them the Stability Pact. I think we all can be satisfied with the result. The SAP – enriched as we see it emerging from today's summit – has been further boosted in its credibility as the path towards European integration for South Eastern Europe.

A crucial component of this path is regional cooperation, which has been strongly reaffirmed as a precondition for further European integration. The Stability Pact will continue to support the region in meeting this condition in the areas outlined in the SAP and the declaration before us today.

In this respect I am pleased to convey to you a joint message of the Adriatic Ionian Initiative, the Black Sea Economic Cooperation, the Central European Initiative, the Danube Cooperation Process, the Southeast European Cooperative Initiative, the South East European Cooperation Process as well as the Stability Pact. By enhanced cooperation efforts, we have reached a stage where we try to avoid overlap and apply division of labour and joint activities as our guiding principle, allowing each initiative to concentrate on areas where respective added value is ensured. We are convinced that increased regional cooperation is an important element in securing progress towards European integration. We trust that this Summit will fully appreciate the past and future contributions by the above-mentioned institutions and look forward to an even closer cooperation with the European Union in the implementation of our mandates.

But while regional cooperation has been firmly established as a central feature of dealing with open questions in the region, not least in our partnership with the SEECP, we should not overlook potential new obstacles to closer cooperation. With two candidate countries, five SAP countries and the EU external border moving ever closer to the region with the accession of Slovenia and Hungary, the Pact

is one of the few fora to bridge gaps resulting from these categorisations and where potential conflicts of priority can be sorted out.

I fully support the expansion of some accession instruments to the SAP countries. The experience gained from the current round of enlargement should be made best use of to support the potential candidates in South Eastern Europe. In this respect the Stability Pact has been engaging with the future EU member states of Central Europe to make use of their 'Transformation Experience' for the countries of SEE. I am pleased to note that the response has been outstanding and the Central European engagement is already well under way.

As reaffirmed at yesterday's European Council, the Stability Pact has a key role in further developing the regional cooperation element of the SAP, both in general as well as in specific areas along the lines of our six core objectives, which, by the way, are the result of a streamlining process we finished here in Thessaloniki last December:

Creating a common market attractive for **foreign investment** is essential for the development of the region. Further developing the network of free trade agreements including the development of a **free trade** area are necessary steps in this process. Work in this direction is crucial for attracting foreign investment and preparing the region for future integration into the European market.

Moreover, additional cooperation in the energy sector will make it more attractive to investment while advancing integration into European structures. Further developing the MoU on the **Regional Electricity Market** into a binding international treaty by the end of the year would be an important step in this direction.

European experience has shown the necessity to complement **free movement of goods** with that of **people**, requiring close cooperation in the broad area of visa liberalisation, border control and migration in general. I would like to commend those countries in the region that have already taken important steps in this direction. Others need to follow suit in order to allow full freedom of movement within the region.

Waiving visa requirements does not mean dismantling borders. To the contrary, it would have to be accompanied by efforts to enhance **effective border management**. The Ohrid Conference on Border Management last month developed an agenda to support the countries of the region to take effective control of their borders. Efforts in this direction would be a clear sign of European maturity and would support interaction within the region.

Effective border management of course also requires close **cooperation among local authorities in border regions**. Strengthening the capacity of municipal authorities in border regions can foster economic growth and social development as well as cooperation between border regions. In an area where borders still have a greater importance than within the EU, much work is still necessary at grass-roots level to enhance contacts across borders.

The crucial area of **fighting organised crime and corruption** is the last point I would like to mention. The London Conference of November 2002 highlighted the need for concerted action in this field. Because organised crime is an international phenomenon, national remedies are obsolete. Regional cooperation is a pre-requisite for success. The Meeting of the SEECP Ministers of Interior earlier this week, organised together with the Stability Pact Organised Crime initiative, has been an important first step in moving ahead concerning data and witness protection – crucial for any fight against organised crime.

To conclude, let me reiterate that the Stability Pact's raison d'être is to stabilise South Eastern Europe – we have had considerable success in this respect – and to support the region on its path towards integration into European institutions. In this respect, I am happy to note that today's Summit has reinforced the credibility of the SAP as the path for South Eastern Europe towards European integration and firmly set the Western Balkans on this path. The Stability Pact will make every effort to complement this enriched SAP wherever possible and support the region in moving towards its goal as fast as possible.