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**Regional Conference "Sustainable Reforms – Towards
EU 2020 Objectives"**

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**Opening Speech
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Director General
DG Enlargement**

Many thanks to PM Gruevski and Deputy PM Arifi for hosting this regional Conference in Skopje. This is an excellent initiative which follows up from the first such conference in the autumn on 2011. As such it is becoming a good habit, or a new tradition. This kind of initiative is more than welcome as it highlights the great potential that exists for working together on your common future.

Despite the major challenges and significant global uncertainty that the European Union is facing, enlargement policy continues to contribute to peace, security and prosperity on our continent.

Furthermore, as the European Union reflects on its future, it is important that it remains open to those on our continent that want to apply to become part of our common democratic project built on our shared values.

Croatia is on track to becoming the 28th member of the European Union on July 1st 2013; accession negotiations have started with Montenegro and Serbia has been granted Candidate Status. Our host country, Macedonia, has made significant progress through a new High Level Accession Dialogue. These are strong signals of the transformative power of our enlargement policy and they confirm its credibility. When enlargement countries deliver on their reforms, the European Union delivers on its commitments.

However, it is vital to maintain the reform momentum. The main theme of this year's package is putting the rule of law at the centre of enlargement policy. We will continue to prioritise work strengthening good governance and the rule of law, including judicial reform, the fight against corruption and organised crime and pushing public administration reform.

We also focus on rule of law and governance issues in the Commission's innovative, country specific approaches to overcome obstacles in the accession process (HLAD, HLDAP, Structured dialogues with BiH, Kosovo).

Today I want to emphasise that rule of law and good governance also have economic value. This is the important link to the theme of Europe 2020, which is the EU's policy framework for growth and is the topic for today's conference.

The current economic situation is difficult. Inside the European Union, and the Eurozone in particular, the economic crisis is leading us towards new mechanisms for economic coordination.

The Western Balkans are not yet part of this concerted co-ordination. But it's important that we find ways of introducing candidates and potential candidates to our economic policy mechanisms. This is

essential: our economies are highly integrated and the crisis is having an impact on you and us together.

Inside the European Union, the Europe 2020 strategy is the main policy framework for sustainable and inclusive growth. As future members, enlargement countries feature on the top of partners with whom we engage in Europe 2020. This is a great opportunity to be part of our common response to the crisis. This will provide you with instruments and networks that you would not have as individual countries. It shows once again the importance of being part of the European family.

To this end, we offer enhanced economic dialogue; facilitate participation in EU programmes; and emphasise the Europe 2020 agenda in projects to be financed by the instrument for pre-accession assistance (IPA) both at national and regional levels.

Today I would highlight the regional dimension. We believe that an important part of your participation in Europe 2020 can be done through regional cooperation. There are several reasons for this:

- You are economically integrated within the Western Balkans region. Regional trade represents on average 20% of trade for each country.

- Countries in the Western Balkans are at a similar level of economic development and face similar challenges, such as high unemployment, weak fiscal policies, and the need to strengthen the rule of law. By tackling them together, you can be more efficient and secure more support for the necessary reforms.
- Foreign investors perceive the Western Balkans as one economic area. They tend to operate across several countries and demand improvements in cross border infrastructure. An investor decision in one country can have negative or positive repercussions for the economy of the neighbouring country.

In the last two years, you have made good progress in developing this regional component of the 2020 strategy. This month in Tirana, the RCC organised a meeting of the South East European Investment Committee composed of your ministers of economy. They agreed to develop a South East European 2020 Strategy.

They agreed joint targets in the areas of regional trade, investment, employment creation, innovation and, importantly, in the rule of law. The targets and the approach enjoy strong support of the Commission. We very much look forward to the SEE 2020 Strategy being adopted and implemented.

A key message from this quick overview is that it is more important than ever for you to maintain your reform momentum. The EU is changing and, as future members of the EU, this means that you need to keep up with the pace of change. As we are in Skopje I would highlight the High Level Accession Dialogue as a good example. The Commission and the Macedonian government together established a new platform based on a regular, structured dialogue. On this basis the government adopted a roadmap which has delivered concrete results and good progress in key areas.

The adoption of reforms on freedom of expression was a key step forward. By decriminalising defamation and adopting a civil framework the government has sent a strong signal about its commitment to fundamental values. The reform of the electoral framework, ahead of local elections in March, was also a key deliverable which the government has produced. This has brought new energy and visibility to our efforts and Member States have followed our work with great interest. It has allowed the Commission to reiterate in clear terms its recommendation to open accession negotiations.

The work done this year by the Macedonian institutions and the Macedonian society is significant. I would also highlight the important roles played by PM Gruevski and Commissioner Füle who drove

forward this dialogue. I have high expectations that the December summit will fully take this into consideration. The dialogue showed that the country didn't give in to frustration. Instead, in cooperation with the European Commission it worked to return Europe at the heart of the political agenda. Maintenance of this spirit will produce the best possible case for moving forward at the December Summit. Maintaining the dynamics of the reforms is of key importance and we need to focus on the challenges ahead.

I welcome very much the remarks of PM Gruevski on good neighbourly relations. One of the topics discussed in the framework of HLAD was good neighbourly relations. They are an integral part of what it means to be European. The good neighbourly relations are an essential part of the process and any issues should be solved. The founding EU member-states have done the same. The EU would have not existed without reconciliation between Germany and France. The History of EU, which is a little bit longer than 50 years, is an important example about how centennial conflicts can turn into interdependence and friendship.

The government has undertaken several constructive steps which show its intention to bring closer and improve relations with Greece and Bulgaria. The contacts and correspondence between Foreign Minister Poposki to his Bulgarian and Greek colleagues were an

important step. It's of crucial importance that they are followed by concrete acts. Further work on these two issues, the momentum of the reforms and the good neighbourly relations will provide the Commission with the strongest arguments to convincingly defend its Recommendation for start of negotiations in 2013. We are working together, with all parties to reach a consensus for this objective.

The current economic crisis is really showing that in Europe we all need one another and to find a credible solution we have to work together. But, interdependence also means that we have to show concrete understanding and respect for the views of the others. The EC Recommendation is based on the idea that the decision for start of accession negotiations will increase the chances for resolution of the name dispute. That will show that the European perspective is real. Our Recommendation has already given positive effects; there have been frequent contacts between the two sides. Now that has to move forward without any delay. Building on the dynamics is of crucial importance.

I would conclude by welcoming again this conference which demonstrates the value of regional cooperation amongst candidates and potential candidates. Regional cooperation and good neighbourly relations are an integral part of what it is to be "European". As such they are an essential element of the accession

process. Good initiatives such as this one will send an important signal to Brussels at this time. When Member States gather at the December Council to deliberate the next steps in the enlargement process they will pay particular attention to this aspect. This Conference will provide additional elements to put forward in that discussion.