

Olli Rehn

EU Commissioner for Enlargement

Strengthening the economic potential of the Western Balkans

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

Inter-parliamentary colloquium, European Parliament

Brussels, 25 June 2007

Honourable Members of parliaments,

Ladies and Gentlemen,

I am glad to have this opportunity to discuss EU's enlargement policy, especially in the aftermath of last week's European Council where the EU leaders were able to agree on the treaty reform.

The EU's enlargement policy has been a success story. With hindsight, the May 2004 enlargement vindicated the optimists and surely relieved the sceptics. The enlarged EU created a large single market where all new entrants have further enhanced competition. European consumers have benefited from economic growth, and the economy as a whole is better equipped to face the challenges of global competitiveness.

In Bulgaria and Romania, economic growth has continued to be high since 2001. This has been made possible by a whole package of investor friendly reforms: privatisations, improvement of financial markets, structural reforms, increased income and strengthening of purchasing power. The overall effect of these reforms has been an increased confidence in these countries' economic stability.

Closer cooperation with the European Union offers opportunities for networking within the knowledge economy, starting from student exchange and European industrial research projects. At the same time, opening of our borders and extending the physical networks in transport and telecommunications equally widens the scope for closer cooperation and enhanced economic activity.

In order to attract foreign businesses and investments it is necessary to create a level playing field through a credible, independent and well functioning legal system. An impartial and effective justice system properly equipped to fight corruption and organised crime is of paramount importance. Respect for the rule of law underpins the functioning of the whole of society and the economy.

Honourable Members,

The positive experience of the last enlargement rounds has equally beneficial prospects for your countries. We are making steady progress. All Western Balkan countries are moving gradually closer towards realising their European perspective.

The next months will be an exceptionally challenging time, as the process to determine the future status of Kosovo reaches its end-game. The final status settlement must be anchored in a clear European perspective. We need a politically and legally clear framework that provides for a democratic, multi-ethnic Kosovo.

I am fully committed to ensuring a sustainable outcome that allows the EU to use its instruments to the full in Kosovo, to ensure stability, improve governance and establish the fundamentals necessary for socio-economic development. It is vital for the whole region that we succeed in doing this.

We are working intensively with Serbia, to encourage the people of that country to look forward to their European future rather than back to the nationalism of the past. The new democratic and pro-European Government has demonstrated clear commitment to economic and political reforms and made concrete progress in its co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY). That has enabled the Commission to resume negotiations on a Stabilisation and Association Agreement, to establish a contractual relationship with the EU, as we have done with other countries of the region.

The SAA-agreements constitute an important milestone on the path towards the European Union. More importantly, they bring tangible results and improvements to the economic situation and citizens' lives.

The Commission will continue to help to create the solid foundation for economic development and stable business environment. This requires efficient and accountable institutions, investments to education and research, and the functioning of the rule of law.

In all this there are also advantages for the EU. This makes our commitment all more credible. EU Member States will gain access to the Western Balkan market. The gradual alignment with European norms and standards benefits both sides.

The establishment of the enlarged and modernised Central European Free Trade area is an important step for the entire region. This is a tangible example of regional cooperation which will bring further openness to the region, economically and politically. CEFTA is also a good example of better regulation. It replaces a complex network of 32 bilateral agreements – quite a deterring patchwork for a foreign investor or a regional entrepreneur – by one single regional agreement.

The new CEFTA-agreement is also an indication of closer cooperation and mutual trust between the countries of the region. Trade liberalisation will have a positive impact on the region's stability, security and people's welfare. New opportunities will generate economic growth, entrepreneurship and jobs.

The regional free trade increases internal trade and sends a positive signal to possible investors in the EU that a new economic area has been created in the Western Balkans that follows European norms.

European firms will benefit from the common set of rules. Investment becomes far more attractive when, for example, a firm that invests in Albania, with a population of three million, can sell its products duty free and under a single set of rules throughout the Western Balkans, with a market of 25 million consumers.

Trade relations and contacts between people in the EU and the Western Balkans will also be strengthened by visa facilitation measures. The high cost of visas, long queues and excessive red tape have discouraged people from travelling and establishing business contacts. We are well aware of the importance of the visa issue for the people in the region, especially for the younger generation. The Commission is preparing next steps towards a visa-free regime by drawing up road-maps for each country. EU's foreign ministers gave their support for this approach in our meeting last Monday.

We are also increasing the number of scholarships awarded to students from the region for post-graduate studies in the EU. We are now working on a scheme that will enable additional exchanges of up to 500 undergraduate students annually and we will also promote further mobility for students, teachers and researchers.

The Energy Community is another step towards improved regional cooperation. Questions related to energy are high on the EU's agenda. We stress the need to ensure the security of supply, liberalisation of energy market and to gradually increase the share of renewable resources in the energy production. This should improve EU's competitiveness in the global scale and to better tackle the climate change.

Closer regional cooperation and improved relations is compatible with the objective of EU membership. The aims are mutually beneficial. Cooperation and trade between neighbouring countries will enhance the region's economic growth and prepare it for the challenges of the EU internal market.

The free trade agreements with the Central and Eastern European countries played a strong role in EU enlargement. The first agreements were concluded in 1992 with Poland, Hungary, the Czech Republic and Slovakia. The goal was progressive liberalisation of trade in industrial and agricultural goods. The agreements reinforced reciprocal economic relations and proved to be an important factor in EU integration.

Ladies and Gentlemen,

The EU is very committed to the European perspective of the Western Balkan countries. This is not an abstract promise. In fact, our intensive dialogue and concrete cooperation in various fields, such as in economy, show that we mean real business. I'm afraid this also proves that the ultimate goal of the EU membership can only be attained through hard and sustained work.

Your role as parliamentarians allows you to personally contribute to the pace your countries move ahead on their path towards the EU. Let us continue to work together at realising your countries' European perspective.

Thank you.