


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	2002/2121(COS)	Procedure completed
South East Europe: stabilisation and association process. 1st annual report		
Subject 6.40.03 Relations with South-East Europe and the Balkans		
Geographical area Croatia Former Yugoslav Republic of Macedonia Yugoslavia, Federal Republic - 01/2003 Albania Bosnia and Herzegovina		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	AFET Foreign Affairs, Human Rights, Common Security, Defense	V/ALE LAGENDIJK Joost	22/04/2002
	Committee for opinion	Rapporteur for opinion	Appointed
	BUDG Budgets	The committee decided not to give an opinion.	
	CONT Budgetary Control		
	ITRE Industry, External Trade, Research, Energy	The committee decided not to give an opinion.	
Council of the European Union European Commission	FEMM Women's Rights and Equal Opportunities		10/07/2002
		PPE-DE KRATSA-TSAGAROPOULOU Rodi	
	Commission DG External Relations	Commissioner	

Key events			
03/04/2002	Non-legislative basic document published	COM(2002)0163	Summary
10/06/2002	Committee referral announced in Parliament		
01/10/2002	Vote in committee		Summary
01/10/2002	Committee report tabled for plenary	A5-0338/2002	
06/11/2002	Debate in Parliament		

07/11/2002	Decision by Parliament	T5-0534/2002	Summary
07/11/2002	End of procedure in Parliament		
22/01/2004	Final act published in Official Journal		

Technical information

Procedure reference	2002/2121(COS)
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Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	AFET/5/16296

Documentation gateway

Non-legislative basic document		COM(2002)0163	03/04/2002	EC	Summary
Document attached to the procedure		SEC(2002)0339	03/04/2002	EC	Summary
Document attached to the procedure		SEC(2002)0340	03/04/2002	EC	
Document attached to the procedure		SEC(2002)0341	03/04/2002	EC	
Document attached to the procedure		SEC(2002)0342	03/04/2002	EC	Summary
Document attached to the procedure		SEC(2002)0343	03/04/2002	EC	Summary
Committee report tabled for plenary, single reading		A5-0338/2002	01/10/2002	EP	
Text adopted by Parliament, single reading		T5-0534/2002 OJ C 016 22.01.2004, p. 0017-0098 E	07/11/2002	EP	Summary

South East Europe: stabilisation and association process. 1st annual report

Stabilisation and Association Report - Federal Republic of Yugoslavia. During 2001, a full-fledged strong commitment to reform, and some real progress, has been evident in the Federal Republic of Yugoslavia (Republic of Serbia, Kosovo and the Republic of Montenegro). The "classical" problems of a country in transition are of course compounded by unsolved issues of constitutional status, and, until recently, the less cooperative attitude shown by one constituent Republic, which undermines the functioning of the state. It is vital that these do not interfere with reform efforts - reforms which are in any event required throughout the country - and is not permitted to cause instability beyond the borders of the FRY. In terms of political reform, the overall impression is positive. In the relatively short period since the new Governments took office, Belgrade has shown clear political determination to undertake the necessary reforms. Respect for fundamental principles has improved, though better coordination and implementation is required. FRY has continued its efforts to build bilateral and multilateral relationships throughout the region and beyond. FRY respect for international obligations (ICTY) requires urgent improvement if it is not to become an obstacle to integration into European structures. There has been progress too in Kosovo, with continuing international efforts to build democracy and the rule of law, and political change in the form of the development of a Constitutional Framework and the successful elections to the new provisional institutions of self-government. The transfer of competencies to the elected representatives would have been possible more quickly had they shown more leadership. More progress might have been expected in Montenegro, after three years of democratic government. It is important, throughout the FRY, that momentum for difficult political reforms does not falter in the face of the challenges ahead, and that potential brakes on progress - such as corruption - are tackled urgently. Substantial progress has been made on the economic front, with the ending of the isolation of the FRY, the holding of a successful Donors' Conference and the delivery of substantial quantities of assistance, the resolution of most of the country's external debts and the rapid move from post-conflict reconstruction to transition. There is clear international consensus that Belgrade has already laid the correct bases of economic reform and development in the first year of transition. At macro-economic level, the correct financial and fiscal steps have been taken. The economic development of Kosovo, though from a low base, continues with donor support and guidance. More progress in implementation of economic reforms should have been evident in Montenegro, in its third year of transition. The implementation of economic reforms slowed down in the beginning of 2001, but after the April elections further progress was made in some sectors although budget financing remains difficult. As the pace of transition picks up in 2002, there should be deepening structural reforms throughout the FRY - moving from the adoption to the implementation stage of reforms, bringing all parts of the FRY to the same level so as to permit the state to move forward. The authorities will also face the challenge

of maintaining public support for the difficult and necessary reforms ahead. For the mutual benefit of all parts of the FRY, and with a view to FRY drawing closer to the EU, priority must also be given - particularly but not only in the economic field - to the recreation and efficient functioning of the single economic space within the state and the implementation of EU-compatible reforms throughout the state.

South East Europe: stabilisation and association process. 1st annual report

PURPOSE : to present the first annual report on the Stabilisation and Association process for South East Europe. **CONTENT :** In 2000, following a decade of turmoil in the Balkans, European leaders decided that the route to stability in the region was through steadily closer association with the EU and the clear prospect of membership. This policy, known as the Stabilisation and Association process, combines the development of privileged political and economic relations with the countries in the region, supported by substantial financial assistance programme (CARDS). The Stabilisation and Association process is already beginning to produce the desired results. The region is becoming more stable. Its countries are engaged in ambitious political and economic reform programmes based on EU law and practice. These achievements are set out in the documents attached to this procedure. The instruments of the Stabilisation and Association process enable the EU to make a lasting contribution to institution building and sustainable development in the region. They permit the countries of the region to draw on EU practice and experience to decide how they should arrange their legislation and administration to facilitate the free movement of goods, services, capital and people across their own borders, within the region and with the EU to promote sustainable growth. The aim is to help these countries become viable, functioning states at the same time as they align their legal and economic systems with those of the EU. In the last two and a half years the basic building blocks of the Stabilisation and Association Process have been put in place. These are: - **Contractual Links:** The preparation for and negotiation of the contractual links, the Stabilisation and Association Agreements, between the EU and the countries of the region is well advanced. Agreements have been signed with the former Yugoslav Republic of Macedonia and Croatia. A negotiating mandate has been proposed for Albania. For BiH and the FRY, the establishment of Consultative Task Forces has proved an effective means of helping national authorities to focus on national and EU oriented reforms and of engaging with them in a sustained way to secure implementation of these reforms, with a view to the negotiation of a Stabilisation and Association Agreement. - **Trade Preferences:** In November 2000, following an initiative by the Commission, the EU unilaterally granted almost totally free access to its markets for goods from the Balkans. The aim was clear: to boost the general level of imports from the Western Balkan countries, which have so far remained very low, at less than 0,6% of all Community imports and thereby to encourage economic growth in the region. The trade regime serves as a catalyst to the development of a network of free-trade agreements between the countries of the Stabilisation and Association process and beyond. The SAAs require the countries involved to move towards full free trade with the EU - and with each other - over a set period. The EU's decision to open its markets has already provided a much needed stimulus to exports. - **Financial assistance:** The EU has provided massive financial assistance to the region (over EUR 5 billion since 1991). That assistance has changed over time as the needs of the region evolve. A new regulation was adopted in 2000 which brings a more strategic approach to the provision of assistance to the countries of the region. And reinforces the objectives of the Stabilisation and Association process. As each country moves deeper into that process, assistance will focus increasingly on support for the reforms and institution building necessary to implement the obligations in the Stabilisation and Association Agreements. Ç4.65 billion has been agreed for the region for the 2000-2006 period. A qualitative leap forward has been made in the programming of CARDS assistance with the recent adoption of Country Strategies and a Regional Strategy for 2002-2006. These programmes, designed in close consultation with the partner countries, the Member States, relevant international organisations and other donors, focus CARDS for the 2002-2006 period on key Stabilisation and Association priority areas, ranging from essential reconstruction, to focused measures designed to build each country's institutional capacity to understand, legislate on and finally implement core elements of the *acquis* and entrench the rule of law. The Stabilisation and Association process is a long term policy. It is about helping countries to bring about lasting change. The process of developing policies, adopting laws, setting up institutions and creating functioning administrations requires a lengthy effort. It requires a long term commitment on the part of both the countries of the region and the EU. It is not a short term fix for crises or ad hoc events. Progress through the various stages of the process should be determined by the pace of real change in each country. Rushing through the stages will not prepare countries to deal with the challenges which lie ahead but successful completion of each stage will create the groundwork for the more demanding requirements of the next stage. The Stabilisation and Association process contributes significantly to conflict resolution in a structural and sustainable manner, but, it cannot itself resolve crises when they arise. The aim is to entrench a culture of the rule of law, respect for individual rights, mature economic management in a way which makes forward momentum towards the EU irreversible. The Stabilisation and Association process is an accompanying policy. It does not mean that the EU replaces or substitutes for national administrations. Rather, it supports and accompanies the countries in the region through their transition.?

South East Europe: stabilisation and association process. 1st annual report

Stabilisation and Association Report - Federal Republic of Macedonia (FYRoM). In 2001 the former Yugoslav Republic of Macedonia faced the most serious political and security crisis in its history. This has had a major impact on the economy, democratic institutions and the administration's ability to take forward the process of reform. With a significant political and economic investment by the EU and the rest of the International Community, the country has shown determination in overcoming the crisis but needs to maintain its efforts to ensure stability. The crisis revealed severe weaknesses in the country's democratic institutions and underlined the need for a major effort to underpin the stability of its institutions, thus guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. The changes to the Constitution in November 2001 and the adoption of the Law on Local Self-Government in January 2002 were a very positive step in this direction. The full implementation of the Framework Agreement of August 2001 is essential to build the necessary country-wide political consensus and stability needed for the reform effort ahead. The economic situation deteriorated during 2001, largely as a result of the security crisis. Macro-economic stability was not maintained and most indicators moved in the wrong direction. Implementation of its structural reform programme is a top priority and will require a significant political and administrative effort. Privatisation of the state-owned enterprises and sale or liquidation of large loss making enterprises were unfortunately delayed. Transparency of the privatisation process has not been ensured. Despite improvements in the regulatory framework of the bank supervision, the health of banking system remains fragile. The reforms are urgently needed if the country is to be able to cope with the competitive pressures and market forces which will flow from the full implementation of the Interim Agreement. With regard to the structure and functioning of the administration the adoption of the legal framework for the decentralisation of public administration was an important step forward which should also contribute to the wider stability of the country. In general, however, the public administration has some way to go before it can adequately fulfil all the tasks required of it in a functioning democracy based on the rule of law. The weakness of the judiciary and the consequent difficulties for law enforcement remain. Corruption is a serious cause for concern and it is crucial that the government tackles this energetically through an action plan of specific measures. The signature of the Stabilisation and Association Agreement (SAA) in April 2001 and the coming into force on 1 June 2001 of the Interim

Agreement was an important step in the former Yugoslav Republic of Macedonia's efforts to move closer to the EU. But careful, thorough implementation of these obligations will be the only real indicator of progress. However, the political crisis has slowed down the process of institutional and legislative change which is necessary if the former Yugoslav Republic of Macedonia is to come close to European structures. It is important that every effort is made in 2002 to refocus attention on the implementation of the Interim Agreement.

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Stabilisation and Association Report - Albania. Albania started its reform seriously adrift from the level of development in Western Europe. Early efforts to introduce democracy and build a market economy were severely undermined by the socio-economic crisis and generalised unrest which followed the financial collapse of 1997. The lack of a democratic culture, the absence of dialogue between different political tendencies and a limited understanding of the concept of national interest amongst political leaders have often prevented the development and implementation of sound policies to address the many issues that Albania faces. The tense situation in the region has also had an adverse effect on the country's stability. All this meant that the situation in early 1998 was little better than that prevailing in the early years of the reform. Since 1998 Albania's reform efforts have been more productive : the adoption of a modern Constitution and legislative framework, an overall improvement in macro-economic stability and fiscal sustainability, effective implementation of the privatisation process, substantial strengthening of the customs and tax administrations, and improvement in terms of security and public order. Moreover, Albania has been constructive in response to the recent political crisis in the former Yugoslav Republic of Macedonia and Presevo. All this relative progress has brought Albania to the threshold of negotiating a Stabilisation and Association Agreement (SAA) with the EU. However, the starting point against which all these achievements have been measured is extremely low and much more remains to be done to ensure further progress of Albania within the Stabilisation and Association process (SAP). The conclusion of an SAA itself is conditional on a sustained reform effort by Albania and on the strengthening of its administrative capacity in order to ensure the proper implementation of such an agreement. Albania is still beset by a confrontational political culture, where individual interests prevail over general ones with the frequent result being political instability and poor governance. Elections are not yet up to international standards. The judiciary remains a major problem, as it is still ill-prepared to enforce legislation, legal reasoning is often weak and corruption is pervasive. Overall implementation of the legal framework is poor and legal security is insufficient to attract inward investments on a scale to contribute to sound and sustainable economic development. Public administration is weak and still subject to political and financial influence. In almost every area where Albania would take on obligations under a future SAA, there is a considerable lack of implementing capacity. Despite recent economic progress, the overall socio-economic conditions in Albania remain poor. The current energy crisis threatens prospects of continued economic growth. Widespread corruption and organised crime, particularly illegal trafficking of all types, remain very serious problems and undermine respect for the rule of law and the foundations of the state itself. In order to make further progress in the Stabilisation and Association process, Albania urgently needs to guarantee a stable political environment, with fully functioning democratic institutions. The new Government should quickly re-focus on badly-needed reforms and accelerate their implementation.?

South East Europe: stabilisation and association process. 1st annual report

The committee adopted the report by Joost LAGENDIJK (Greens/EFA, NL) on the Commission's first annual report on the stabilisation and association process (SAP) for South East Europe. While welcoming the Commission text, MEPs recommended that the Council and Commission refrain from moving on to a further stage of the SAP and/or consider the possibility of suspending financial assistance partly or totally to any of the countries which do not comply with the following political conditions: full and effective cooperation with the International Criminal Tribunal for Yugoslavia, effective implementation of a policy to encourage the return of refugees, and an active policy to combat organised crime and corruption and trafficking in human beings, drugs and arms. They also stressed the importance of respect for human rights and minorities. The committee urged the Council and Commission to start an in-depth reflection with a view to defining a strategy for the future of Kosovo as a non-ethnic entity, respectful of UN Security Council resolutions, and affirmed that there could be no alteration of international borders without UN consent. The Council and Commission were also asked to give priority to reinforcing state border and customs services. While obtaining visas should be as easy as possible, the system of freedom of movement should only be relaxed on a case-by-case basis. The Commission was urged to prevent the misuse of politically motivated history books, to promote mutual understanding between different cultures, to support reform of teacher training, to increase financial assistance to the media so they can operate in a genuinely independent and professional way and to promote respect for women's rights. The committee said that recent elections in Albania represented progress towards stability but that the country must carry through reforms to consolidate democracy if it wished to complete negotiations on a stabilisation and association agreement. Bosnia-Herzegovina was similarly urged to comply with all the prerequisites for a road map for such negotiations. The committee also recommended that the Croatian Parliament adopt, as a matter of urgency, the draft constitutional law on the protection of minorities. The successful holding of elections in the Former Yugoslav Republic of Macedonia was seen as a good sign, although progress still needed to be made on freedom of the media and the clarity of electoral laws. Lastly, the committee deplored the impasse reached in the talks between Serbia and Montenegro and underlined the importance of political stability and "institutional clarification" in the Federal Republic of Yugoslavia.?

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The European Parliament adopted a resolution drafted by Joost LAGENDIJK (Greens/EFA, NL) on the Stabilisation and Association process for South East Europe. (Please refer to the document dated 01/10/02.) Parliament expressed concern about the situation regarding organised crime, corruption, trafficking in human beings, drugs and arms in each country and the possible involvement of government officials. Recent investigations have revealed high levels of corruption in the customs and public health sectors. The Commission is asked to propose to each country anti-corruption measures to be implemented, and allocate them EU funds. Parliament went on to ask for financial support for the media and training for journalists, especially in Albania, the Former Yugoslav Republic of Macedonia and Montenegro, given the serious problems highlighted in the Commission's report. It felt that the SEE governments should support actively the work of the Human Rights and National Minorities Task Force, and, in particular, to help develop a comprehensive regional strategy for the promotion of the status of the Roma, most of whom lack any basic documents and therefore find themselves in a situation of statelessness. Parliament is outraged at the attempt by Republika Srpska to disguise the massacre in Srebrenica by means of an official 'investigation report' and regards this attempt as a major retrograde step in progress towards membership of the EU. Finally, it deplored the impasse reached in the talks between Serbia and

Montenegro on the constitutional structure of the country and the establishment of a constitutional commission in charge of drafting the constitutional charter, whose adoption is a matter of the utmost urgency. The reintegration process can only be a lasting success if the countries concerned move perceptibly closer to the EU in the foreseeable future.?