

Regional Cooperation:

In a time of fluctuating crisis peaks throughout the world, South East Europe once again takes centre stage by opening its unique office in the heart of Europe, Brussels. Secretary General of the Regional Cooperation Council Hido Biscevic sat down and discussed the region's influence and continued battles now forged with the European Commission and other international organisations with New Europe Editor Alexandros Koronakis.

The Regional Cooperation Council has been launched as the successor of the Stability pact- how smooth has the transition been, and what are the major challenges that you are facing in the organization?

I must say that the transition was very smooth. If you look back at the period from the Zagreb SECEP summit in May 2007, when we were installed as a new organisation in the region, and given one-year period for transition from the Stability Pact to our new organization, we covered the ground very successfully together with Dr. Busek and his team.

During that period we faced two main challenges. The smaller one was the setting up of the new structure. The bigger one was of course the political environment in the region. The transition in this political sense was very demanding because we had to build a new house during a storm in the Balkans. We enjoyed full support from the governments in the region. I must say that this is very important element because as you know many of the countries in the region have their open bilateral issues, or fresh or less fresh memories of their own historical relations. The fact that those countries overcame the immediate problems and concerns, and remain open for the regional cooperation in spite of the differences, is an extremely good sign of maturity in the region. One of the successes of the RCC is definitely the reinvention of the political coexistence as a platform for relations between the countries in the region with their own very subtle and very sensitive relations. The challenge of setting up the office was overcome with the assistance of the Dr. Busek team and very strong wind in the sails from the European Commission. I am more than grateful to the Commission because they were very much behind the establishment of the RCC which was confirmed during the opening of the Brussels Liaison Office by Commissioner Rehn and his collaborators. I was also very much encouraged by the policy of the government of Bosnia-Herzegovina because we are seated in Sarajevo and we have a host country agreement with Bosnia-Herzegovina. This is a two-way street – I can only hope that the RCC's activities, the RCC philosophy of the dialogue and coexistence is also helping to improve the environment in Bosnia-Herzegovina.

Bosnia is in very particular situation. What is your outlook for the political situation?

First I must say sincerely that it is very difficult to sit in the position of the RCC Secretary General and assess domestic situation in each and every country. I have to remain constructively disengaged from any immediate, open, political issues in order to try to assist and create through the RCC activities a conducive atmosphere to overcome these political issues.

Nevertheless, everybody is aware that Bosnia-Herzegovina is facing serious problem in addressing the lasting, self-sustainable, durable, functional, constitutional and political and administrative solutions for its future. I should only hope that the political leadership of all three peoples of Bosnia and Herzegovina would recognise the urgency of the moment.

I keep repeating and I'm grateful also to Commissioner Rehn who said it publicly that 2009 might prove to be decisive year for Western Balkan countries in terms of addressing and resolving the most urgent open issues in the constructive and result-oriented manner, so as to provide the platform for continuation of the positive trends in South Eastern Europe as we have witnessed over the last two-three years and not allowing for the prolongation of the status quo, unresolved situation and prolonged stalemates and god forbid frozen conflicts in the region. That to my mind would be the biggest danger for South Eastern Europe and for the Western Balkan countries in the light of the background of the changing international environment.



Secretary General of the Regional Cooperation Council being interviewed by New Europe Editor Alexandros Koronakis

The financial crisis has had an international impact – what is your personal assessment of the impact of the crisis in South-East Europe, and how is the RCC involved with securing the stability of the region in the aftermath of this financial turmoil?

Luckily so far there are no indications that the tide of financial turmoil or signs of global economic recession are reaching the shores of South Eastern Europe, although we are surrounded by quite a few seas. There are no signs so far. But for the future, many governments in the region have taken precautions and measures in terms of insurances, guarantees and so forth.

But of course no region in the world is an isolated island; we all participate in the global economy. I think very much would depend on the future policy of the banks in Europe - Rome, Frankfurt, Paris, London - which are the biggest players in South Eastern Europe in terms of bank ownership after the privatisation of this sector. I'm very much encouraged by the president of EBRD who sent a letter to the banks in Europe and the European Central Bank urging them to keep South Eastern Europe in the focus of their attention, because this is a market for future economic and financial activities. Of course the countries of South Eastern Europe will also have to show added urgency in addressing their strategic and economic policy issues.

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The RCC, along with the European Commission and OECD have identified that there is a problem with competitiveness in the Western Balkans – how will the RCC work to fix the problem in competitiveness given that its priority areas include “economic and social development” and , “building human capital”

First, we are cooperating on this issue very closely with the OECD. Secondly, we are trying to impress on the economic and political leadership in the region that for a short foreseeable period of time, because of lower labor costs, the region may be in the focus of interest of investors, but that cannot last forever. We are trying to impress upon the political and economic leadership in the region the necessity to upgrade the value side of the whole process. Interestingly enough we have succeeded in joining our expertise with the OECD and we are now preparing together with the governments of the region the Investment Reform Index for 2009. That's an immediate result of the very existence of the RCC. The investment index report was always being prepared solely by the OECD but now we have succeeded in transforming this model of preparations so the governments of the region through the RCC are participating in preparing the report. That is to my mind a sort of real regional ownership because it brings about shared responsibilities for the results.

Being a former journalist, how would you define the importance of the media as an information source which can affect the stability of south-east European countries?

This is very serious question. I think media in South Eastern Europe, and I don't want to exaggerate, are probably more important in sense of defining the general political, social, cultural environment than in any other part of Europe.

All media from Shanghai to Budapest went through the transition period. All of them, to put it metaphorically, went from the black phase to a yellow phase. Unfortunately, in many countries of South Eastern Europe – because of the wars, unfinished transition, and general situation in that part of Europe over the last two decades – that process is still not over. What you have is more occurrences of freedom not being followed by the appropriate

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from philosophy to action

level of professional responsibility. Then of course the market shrank. And in order to survive in the market which is now in many cases a few million people instead of 20 or 30 million people, commercialization is the rule of the day, unfortunately. That creates a general climate, atmosphere, and environment of banality; I don't even know how to name it properly. But certainly the biggest problem is how to address the issues of relations between freedom and responsibility.

You will be establishing a networking mechanism between the RCC, the EU, international financial institutions and the countries of the region which will enable all of the Southeast Europe to participate in developmental projects- how will this work exactly?

I think this is so far the biggest result of the establishment of the RCC. When, in previous period, we had the SEECP as a political forum and parallel to that the Stability Pact there was no link between the two.

They were driving on the two parallel highways. Now, we have the SEECP and the RCC, which is the operation arm of the SEECP, so when heads of state and government, prime ministers, and ministers decide to realize a certain project, the RCC is tasked with implementation. In order to do it we had to devise an operational mechanism, and I think this is a successful mechanism. I'm very glad that Commissioner Rehn supported it very strongly. This mechanism will bring together on one side representatives of the Commission – various DGs will be included, representatives of the governments of the region – national coordinators, and the expertise of the RCC. We have had already several meetings between the RCC and the Commission, and several separate meetings between the RCC and National Coordinators.

The Commission is finalising its multi-beneficiary strategy for the Western Balkans and we, as the RCC, are participating in the completion of this strategy. On November 7, we will have a meeting with national coordinators to inform them about the strategy and its elements. In the meantime I have made a tour of all the

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capitals in the region informing Prime Ministers, Ministers of Foreign Affairs and other officials that when the multi-beneficiary strategy is out, the governments in the region through the activities of the national coordinators will be invited to participate with concrete ideas and projects in several priority areas. I know that many of the governments are already listing down their priorities and I hope that the process of consultation between the governments will start before the end of the year.

We will then have this trilateral mechanism functioning on a monthly basis in Sarajevo to filter down the proposals and projects, to facilitate and coordinate their priorities and to invite also, at the 4th leg, the international financial institutions to assist us in the implementation.

The countries of the RCC every year suffer significant losses from natural disasters, including fires. You are looking to set up a regional firefighting centre and a regional insurance facility for natural disasters - can you tell me what your ambitions are and how these much needed facilities will work?

As for the regional Catastrophe Risk Insurance Facility, this is a project developed between the World Bank, the UN International Strategy for Disaster Reduction and the RCC. It is being very favourably received by the governments of the region. Unfortu-

nately the region is vulnerable to natural disasters - floods, earthquakes, forest fires and others. And I think the establishment of this unique fund – unique in terms there is no region in Europe that has something like that, and I don't think even on the world scale you'll find something of that kind – would be a relief for many of the governments in the future.

The Regional Firefighting Centre is also a project being developed between us and the World Bank. The idea was endorsed by the SEECP summit in Pomorie, in Bulgaria. Croatia already offered a technical base for its operation. We are now preparing the legal agreement for the members and I hope in the course of 2009 we will have a bottom up implementation of the whole idea. That is: to set up the centre, to start data exchange, joint exercises and finally having combined financing, pooling, joint resources, etc.

What other projects are there that the RCC is working on?

My favourite project is the preparation for the conference on the better use of inland waterways in South Eastern Europe. In South Eastern Europe from Croatia to Turkey, and from Moldova to Montenegro you have comparatively the largest number of rivers in Europe, and they are not used properly, or in many cases totally unused: from the aspect of agriculture, irrigation, transport, ecology, and many other aspects.

Transportation is very important, not to mention the hydropower potential of these rivers. These inland waterways must be made useful. We are very strongly, very actively preparing this conference on the basis of UN convention on transboundary use of inland waterways that all but two or three countries of South Eastern Europe have ratified.

We are preparing this project together with the World Bank, the UN Economic Commission for Europe, led by the former polish prime minister Marek Belka, and with the full support of the Bosnia and Herzegovina government who wants to be a sponsor of the conference.

Hido Biscevic is the Secretary General of the Regional Cooperation Council (RCC)