

THE STABILITY PACT FOR SOUTHEASTERN EUROPE – AN OVERVIEW

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THE REGIONAL FRAMEWORK AFTER THE END OF THE COLD WAR

Myths, traditions, geography, dreams, symbols, prejudices, perceptions, power, arrogance, ignorance and hope; mix them in a pot and the picture of the Balkans is ready.

The Balkans – a part of Europe sometimes unrightfully associated with barbarism and primitivism but undoubtedly plagued by dramatic inter-ethnic conflicts.

A closer look to the Balkan countries, 10 years after the communist regime collapsed allows to identify a number of **regional characteristics** to be considered before any attempt to stabilize and democratize the region:

1. First of all, there are the undeniable, historical **territorial and minority problems** further more complicated after the two World Wars, with the redrawing of borders and the emergence of the newly independent states.

One of the most challenging ethnic problems in Europe concerns the Hungarian communities living outside Hungary; thus approximately 2 million Hungarians live in Romania, 600.000 in Slovakia and 450.000 in the Serbian province of Vojvodina. Particular minority problems are related to the Hungarian minorities in Romania and Slovakia as proved by a line of violent confrontations, which occurred in the 90's; thus in March 1990 in Targu Mures, the conflict between the Hungarian minority and the Romanian population of the town have fully received the "support" of both Hungarian irredentism and Romanian nationalism.

2. The **ethnic, cultural, religious, linguistically, economical and political heterogeneity** that applies particularly to countries part of the EU Regional Approach (Albania, Bosnia and Herzegovina, The Federal Republic of Yugoslavia, FYROM, Croatia) – a reality that caused most of the conflicts in the region.

3. **The shortfalls in the democratization process and in building up the civil society.**

For many centuries, people in Southeast Europe have been subject to foreign occupation and this has negatively influenced their political development and hindered the cultural one. If add to this the 50 years of communist regime, a regime that priced the ethnicity so highly that the democracy was merely forgotten, by providing ethnic rights instead of fundamental human rights (the most striking example being that of Tito's Yugoslavia) – the risk for violent confrontations becomes obvious.

As for the civil societies in Southeast European countries, they are still weak, fragmented and disoriented.

4. **Economies plagued by organized crime and corruption.**

5. **Reluctance to resort to peaceful conflict settlement mechanisms and confidence-building measures.**

6. **Insufficiently developed regional cooperation structures.**

Considering the complexity of these aspects it becomes even more obvious for any part interested in the process of stabilization and democratization of the Balkans that this is a long-time process, both costly and difficult.

It will take time for countries in the region divided by decades of rivalries, conflicts and hatreds to come to terms with each other, to understand that ethnic cleansing is a crime no matter who commits it and that the diversity and multi-ethnicity of the Balkans are not sins but virtues in themselves.

ECONOMIC CONSIDERATIONS

After a long period of complacency leading politicians and the public opinion in Western Europe seem now more concerned than ever before with finding out the causes and providing the solutions for the conflicts that plagued Southeastern Europe for many centuries.

Particularly, there is *a special emphasis on the issue of economic reconstruction in the region* explained by the role the economic weakness of these countries has played in the emergence and further evolution of the regional conflicts.

After the collapse of the communist regime in 1989 countries in Central and Eastern Europe suddenly found themselves confronted with the difficulties associated with the transition from a centrally planned system to market economy.

At the beginning of 1990's, *three characteristics* applied to the economic situation of all Central and East European countries: a very poor infrastructure, a very high inflation rate and the lack of demand for their products. Thus, in 1990 Poland, Hungary, Czechoslovakia (at that time), Romania and Bulgaria all experienced an average drop of 10% in their industrial growth combined with dramatically increasing national deficits determined by large decreases in their export figures and an accelerating demand for expensive Western goods.¹

It is almost unbelievable the trigger effect the economic difficulties have when associated with fragile democracies (as was the case for all Central and Eastern European countries after 1989). In almost all these cases this "cocktail" brings uncertainty and instability in the whole region.

10 years after the collapse of the communist regime, the economic performance of Central and Southeast European countries shows significant differences; on the one hand there is the leading group, consisting of the Visegrad Four: Poland, Hungary, the Czech Republic and Slovakia all experiencing solid rates of economic growth and reasonable rates of inflation.

On the other hand, there are the Balkan countries: Romania, Bulgaria, the republics of former Yugoslavia and Albania, with Romania and Bulgaria in a better position but, still having much lower economic indicators than those of the Visegrad Four.

The new Stability Pact for Southeastern Europe comes to prove the interest Western countries have in the Balkans and their problems.

For the last 10 years Brussels and other European capitals have been almost exclusively focused on the Visegrad group. The **new Stability Pact for Southeastern Europe** represents the necessary change in the way West European countries have usually approached the Balkan region.

The economic reconstruction of the Balkans that the Western world pledged itself – in the framework of the Stability Pact for Southeastern Europe – to facilitate will not be possible without a clear understanding of the **economic realities** of the region that might complicate the present blueprints:

1. This region is by far *the less developed of the continent* and here the economic transition proved to be extremely difficult and painful. The example of Albania – the poorest in the region – is sufficient: after the 1997 major crisis, governing the country has become a rather "suicide mission".
2. The *discrepancies inside the region* – with countries like Slovenia and Croatia more economically developed and having higher living standards – adds more to the already existing division lines in the region.
3. Since 1990, countries in Southeast Europe have constantly experienced a *massive decrease in their GDP combined with accelerating inflation*; moreover, economic estimations indicate that unless the military conflicts in the area will be put a final end, Southeast European countries will further experience large declines in their GDP and a

massive deterioration in their balance of payments terms.

4. To these should be added *the negative perception investors have on the whole region*, due to the recent military conflicts and the political instability.

5. *A manifest crisis of management.*

Many commentators on the Stability Pact agree on the fact that the *economic reconstruction* of the Balkans should embrace *two dimensions*²:

- An exercise of the management of crisis that should take into account the nature of rivalries among the local players; this is definitely a long- term project and it might require the presence of Western states in the region for many years;
- The reconstruction both in physical terms (a reconstruction of the infrastructure destroyed by the ten years of civil wars) and in terms of development, including political and institutional change.

As for the price such a stabilization plan for the Balkans involves, an EU estimate released in Washington calculated the cost of economic reconstruction after the Kosovo conflict at around 30 billion USD³. Thus, Albania, with its already very fragile economy is in a desperate situation as 450.000 refugees have fled the country since the beginning of the civil war in Kosovo.

In the case of Macedonia the economy was also affected by the 240.000 of refugees; for Romania the loss caused by the conflict in Kosovo was estimated at 794.3 million only for one year.

The Stability Pact for Southeastern Europe provides the opportunity for countries in the area to build economic networks that will eventually boost the reform processes and create stronger links among them thus diminishing the risks of military conflicts in the region.

Several joint projects have already been developed and put into practice and they include a regional task force on gender issues and a project to fight organized crime on a region wide-basis that opened its office in Bucharest in November 1999.

Efforts are being made towards drafting a regional Investment Charter and reducing the flow of small arms across the region.⁴

In the process of economic reconstruction, Southeast European countries need the help and assistance of Western states while keeping one thing clear: **neither the aims nor the goals of the Pact can be imposed from outside**. It is essential for the success of the Stability Pact that Southeast European countries identify national and regional priorities and create a synergy between the institutions involved in the process and the regionally developed initiatives that have already proved their efficiency.

WHY A STABILITY PACT FOR SOUTHEASTERN EUROPE WAS NECESSARY?

The aim, dimensions and implications of the Stability Pact for South Eastern Europe

The ambitious idea of drafting a Stability Pact for Southeastern Europe took shape in 1999, as a reaction to the dramatic conflict in Kosovo and its consequences.

Under a German initiative – who at that time had the chair of the European Council – officials from more than 30 countries reunited in Bonn on May 27,1999 to debate the German proposal of creating the Stability Pact for Southeastern Europe.

The idea behind the Pact was to avoid the possibility for another Kosovo to emerge by pledging ten Southeastern European countries to democracy, economic and political reforms and peaceful borders.

The final version of the Pact was signed on June 10, 1999 in Cologne, Germany. The Pact aims to:

- promote democracy, a greater degree of tolerance and respect for human rights and fundamental freedoms, including the rights of individuals belonging to minorities;
- increase the role of civil society in these countries;
- encourage deeper economic reforms that will boost foreign investment in the region and create prosperity;
- foster the process of integration in the European and Euro-Atlantic structures for those countries who “need and desire it”.

The *structure* of the Pact is consist on *three working tables*:

- democracy, human rights and civil society
- economic development and reform

- security, civil and military.
- The security table has two components:
- police and judicial affairs
 - military and defense security.

Participants in the three tables are representatives from all countries in the region plus those of EU, OSCE, OECD, the European Bank for Reconstruction and Development (EBRD), Western European Union (WEU), the European Investment Bank, the World Bank, the IMF, NATO, Japan and Canada.

Since its coming into existence, The Stability Pact for Southeastern Europe was often referred to as a new Marshall Plan; thus, President Bill Clinton said in April 1999 in one of his speeches: "We should try to do for Southeastern Europe what we helped to do for Western Europe after World War II and for Central Europe after the Cold War – to help its people build a region of multi-ethnic democracies, a community that upholds common standards of human rights, a community in which borders are open to people and trade, where nations cooperate to make war unthinkable"⁵.

A better way of understanding the Pact is to look at it as a political bargain: in the framework of the Stability Pact for Southeastern Europe, the international community commits itself to assist the Southeast European countries in their efforts to create stability and prosperity in the region, while these countries pledge themselves to promote the values of democracy, human rights and market economy and to increase the degree of cooperation among them.

The opportunities the Pact opens for all Balkan countries are significant. First of all, it creates the possibility for a wider range of **bilateral relations to develop**; this will not completely eliminate the possibility of conflicts in the region but will definitely make them less

probable, thus improving the region's overall security.

In the economic field, the Pact provides the opportunity for developing joint programs aimed at promoting trans-border investment and entrepreneurship

If each country in the region strongly commits itself to make the necessary internal reforms and bring its contribution to the regional stability, The Pact will ensure a steady region-wide development and increase the chances for the Balkan countries to accede the European and Euro-Atlantic structures.

Notwithstanding the advantages it brings to all countries in the area, The Stability Pact for Southeastern Europe was not spared of **criticisms**; thus some commentators have referred to it as long on rhetoric and short on specific. As the Balkan commentator Christopher Bennett noted: "for all the talk of a mini-Marshall Plan, the Stability Pact is at most a vague commitment to the peoples of the Balkans, assuring them that they have never been forgotten and promising them that they will, somehow, be assisted making a successful transition to democratic rule"⁶.

Whether very specific or more rhetoric, The Pact represents a clear shift in the way major powers used to deal with the conflicts in this region in the past. By promoting The Stability Pact for Southeastern Europe, Western powers finally started to regard Balkans and Balkan countries as an entity, as a single political and economic zone. They finally understood that the causes of conflicts are rather regional than state-specific and Southeast European countries are intimately and ultimately linked by history, culture, politics and geography. A truth that can ever be denied.

The Role of the European Union

For countries in Southeast Europe, EU represents the guiding light in all political and economic matters. EU has already manifested its interest and commitment to bring prosperity and stability in the area through a series of regional projects – *The EU Regional Approach* – involving Croatia, FYROM, The Federal Republic of

Yugoslavia, and through its large-scale efforts to reconstruct Bosnia and Herzegovina.

For increasing the efficiency of its presence in the region, EU has developed a **Common Strategy for the Western Balkans** – commissioned by the Vienna European Council – involving the neighboring states and decided to

nominate a **EU Special Representative for Southeastern Europe**.

Also, the EU and the major financial institutions involved in the process will provide **the bulk of the financial resources** for the stabilization and reconstruction in the Balkans.

For those countries that have not yet concluded association agreements with EU, this will be done through a new kind of **contractual relationship** by **fully taking into account the particularities** in each country (with the perspective of EU membership based on the Amsterdam Treaty).⁷

The Role of the Organization for Security and Cooperation in Europe (OSCE)

After the EU, *OSCE* represents *the second major presence in Europe*; its pan-European representation makes of OSCE the necessary forum for enforcing a long-term strategy as the one proposed by the Stability Pact for South Eastern Europe. Moreover, the OSCE involvement in the Pact could act as a guarantee that other OSCE members – like Russia and US – will also contribute to the process of stabilization in the region.

Acknowledging the key role OSCE plays in fostering the security and stability dimension, the signatory states decided on June 10th 1999 in Cologne to place the entire Stability Pact for Southeastern Europe under OSCE's auspices.

Since its initiation, the Pact clearly stated that OSCE and EU will closely and constantly cooperate; in this respect it was established that **EU will develop a special initiative for the**

For countries in the Balkan region, the perspective of a EU accession – even if the time limit is not mentioned – is very important and it can act as an incentive for promoting internal economic and political reforms. From this perspective, the role EU can play – by reaffirming its willingness to accept new members from these countries once they fulfill the criteria set out in the Amsterdam Treaty and the Copenhagen Declaration – is crucial for the process of democratization and development in the region.

Stability Pact for Southeastern Europe within the OSCE.

OSCE's role – rooted in its long-term experience in conflict prevention, crisis management and post-conflict rehabilitation – is essential for assuring *the functionality of the working tables*, especially of the one on Human rights issues.

OSCE's task is far from being an easy one: *it has to act as a catalyst in bringing together all states in the region at the same round table*, which could result difficult. On the one hand, OSCE will have to deal with the deeply-rooted mutual distrust among Balkan countries, on the other hand it will have to take into account the fear of these countries of being ruled by Europe, a fear rooted into centuries of domination by West European powers.

CONCLUSIONS

Fifty years of communism resembled for Central and Eastern Europe to fifty unbreakable walls that separated nations in this part of the world in a way history of the European continent never experienced before.

Now, ten years after the fall of the Berlin wall, the European security architecture has changed.

The end of the Cold War has put a final line to the East-West confrontation but, it did not have the same effect on the insecurity nations of Europe – and especially those in Southeastern Europe – still feel.

The last ten years have shown a revival of nationalistic tendencies in Southeastern Europe, a desire to set up new division lines this time not based on different political ideologies but, on ethnic, religious or, cultural grounds.

Security of the Balkans is part of the European security and is precisely for this that the Balkan region needs concrete actions and a Europe's clear commitment to solve the problems of this area. Otherwise the effect could be a perpetuated instability in the region that

would endanger the security on the whole continent.

The Stability Pact for Southeastern Europe is an essential part of the efforts Europe makes to create stability and prosperity in Southeastern Europe.

The aim of the Pact is to act as a catalyst between the nations and institutions involved in this process and not to provide patterns.

The role of the international community is to provide the necessary assistance and help for the process of reconstruction but the "owners" of

Pact are Southeast European countries; the success of the Pact depends on the commitment those who are directly affected are able and willing to make.

The challenges the Stability Pact for Southeastern Europe pose both for the international community and for the countries in the region are complex and time-consuming but they can be overcome if a true cooperation between all the parties involved is reached. Balkans need Europe just as much as Europe needs the Balkans.

1 Pierre Lellouche, *Le Nouveau Monde, De l'Ordre de Yalta au Désordre des Nations*, Paris: Grasset, 1992, p.197.

2 Daniel Dăianu, Reconstruction of Southeastern Europe, http://www.eliamep.gr/CEIC/Balkan_Reconstruction/Daianu.pdf

3 Reuters News, *Europe Studies Kosovo Marshall Plan*, <http://www.msnbc.com/news/273499>

4 Tim Donais, *Steering a New Course in the Balkans*, Peacemagazine Home Page, <http://www.peacemagazine.org/0001/donais.1>

5 United States State Department website on Balkan Stability Pact, http://www.usis.it/file_9906/alia/99062518.1

6 Tim Donais, *Steering a New Course in the Balkans*, Peace Magazine Home Page, <http://www.peacemagazine.org/0001/donais.1>

7 The Text of the Stability Pact for Southeastern Europe concluded on July 10, 1999, Cologne, Germany, <http://www.government.bg/eng/kosovo>.

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