

# Security Aspects of the Stability Pact for South Eastern Europe

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## Introduction

THE MAIN PURPOSE of this article is the evaluation of security aspects of the Stability Pact for South Eastern Europe. More precisely, it is an analysis and evaluation of the results of Working Table III of the Pact in the context of security problems in that region. The article will first present the fundamental regulations of the charter of the Stability Pact. After that, it will examine basic geographic, political and economic characteristics of South Eastern Europe (SEE), as these have a great impact on the stability of the region. It will then systematically present the results of the first year of operation of Working Table III within the context of the stability of SEE. The point is not to determine whether the Pact has fulfilled its mission to provide the region with safety, since a single year is certainly an insufficient period of time for such a judgement. The main point of the article is to present the range and importance of the security issues in the SEE region in relation to the amount of effort the international community is making to find a solution that will keep the SEE region more politically and economically stable, and therefore ready to be integrated into Western European structures. The final section will sum up the most important findings of this research.

## The Stability Pact for South Eastern Europe

The result of an initiative by the USA and the EU, the Stability Pact for South Eastern Europe was adopted in Cologne on 10 June 1999. In the founding document, more than 40 partner-countries and organizations declared their intention to fully support the countries of SEE 'in their efforts to foster peace,

democracy, respect for human rights and economic prosperity in order to achieve stability in the whole region'. At the summit meeting of 30 July 1999, which was held in Sarajevo, the Pact was solemnly sealed.<sup>1</sup>

The participants in the Stability Pact are: the EU member-states and the European Commission; the countries of the region and their neighbours<sup>2</sup> (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia [FYROM], Hungary, Romania, Slovenia and Turkey); other countries (the USA, Canada, Japan, Russia, Norway and Switzerland); international organizations (the UN, the Organization for Security and Co-operation in Europe [OSCE], the Council of Europe, the United Nations High Commissioner for Refugees [UNHCR], NATO, the Organization for Economic Cooperation and Development [OECD] and the Western European Union [WEU]); international financial institutions (the World Bank, the International Monetary Fund [IMF], the European Bank for Reconstruction and Development [EBRD] and the European Investment Bank [EIB]); and regional initiatives (the Royaumont process, the Black Sea Economic Co-operation [BSEC], the Central European Initiative [CEI], the South Eastern European Co-operative Initiative [SECI] and the South Eastern Europe Co-operation Process [SEEC]).

The political priorities of the Stability Pact, and the general areas of action through which these should be achieved, are spelled out in Paragraph 10 of the Pact and in the Sarajevo Summit Declaration. The goals of the Pact are: preventing and putting an end to tensions and crises, developing mature democratic political processes, creating peaceful and good-neighbourly relations in the region, creating vibrant market economies based on sound macro policies, fostering economic cooperation in the region, and combating organized crime, corruption and terrorism, among other things. Through the achievement of these goals, the international community intends to ensure long-lasting peace and stability in a region traditionally known for conflicts and

instability, while at the same time preparing the countries of the region for increasing involvement with, and integration into, the North Atlantic community.

The achievement of permanent peace and stability does not just imply a commitment to resolving security problems within the region. The Stability Pact is based on the most important experiences and lessons learned from worldwide international crisis management. Conflict prevention and peace-building can be successful only if they start in parallel in three key sectors: the creation of a secure environment, the promotion of sustainable democratic systems and the promotion of economic and social well-being. Taking this fact into consideration, the Stability Pact has grouped all of its activities under three 'working tables'. Working Table I deals with democratization and human rights; Working Table II covers economic reconstruction, cooperation and development; and Working Table III addresses security issues.

Within Working Table III, security issues have been divided into two groups and two sub-tables. The sub-table on security and defence deals mainly with the following areas: military reform and defence economies; combating the proliferation of small arms and light weapons; humanitarian demining; and arms control and non-proliferation. The sub-table on justice and home affairs primarily deals with: measures to fight corruption and organized crime; the promotion of transparent and efficient state institutions in the internal security sector; asylum and migration issues; and disaster preparedness and prevention.

## South Eastern Europe: Main Characteristics

### *Geopolitical Characteristics*

The Stability Pact for South Eastern Europe includes seven Balkans countries as members and as recipients of aid under the Pact. These countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Federal Republic of Yugoslavia (FRY), Romania and the FYROM. The name of the Pact does not include the terms *Balkans* or *balkanization*, to avoid the possible negative connotations of these terms. South Eastern Europe, as a particular political and geographic region, was artificially created by the Stability Pact since, historically, SEE had never been a distinct economic and political region within Europe.

Even geographically, there is some inconsistency in how the region is defined, because SEE might very well have included Greece and the European part of Turkey. From a historical perspective, from the Roman period until the time of the 'Iron Curtain' in the 20th century, SEE – or the Balkans – was the border between empires, religions and civilizations, while its peoples often clashed in their role as guardians of that border.

In the more recent past, the signatory countries of the Stability Pact belonged to different political groups, known for their history of recurring conflicts. This is one of the reasons for the current poor cross-border economic and business relationships in the region. On the one hand, there are countries that were formed out of the former Socialist Federal Republic of Yugoslavia, a unified economic region for 70 years that split into five different countries during the wars of the 1990s; at present, there is minimal trade between these countries. On the other hand are Romania and Bulgaria, which belonged to the Eastern Bloc for half a century; between these two countries there is also no significant level of trade. Indeed, the river Danube forms the border between Bulgaria and Romania for almost a thousand kilometres, yet only one bridge has been built there so far. This is a good example of the most visible consequence of the economic division of the Balkans: the underdevelopment of the

region's infrastructure (roads and railways, telecommunications networks, oil pipelines, etc.), which of course further hinders economic cooperation.

Today, the countries of SEE are connected through a range of regional initiatives and integration projects,<sup>3</sup> such as the Black Sea Economic Co-operation (BSEC),<sup>4</sup> the Royaumont Initiative,<sup>5</sup> the South Eastern Europe Co-operation Process (SEECp)<sup>6</sup> and the South East European Cooperative Initiative (SECI).<sup>7</sup> The countries of the region are not only members of initiatives and cooperation projects in SEE, but also participate in Central European integration. For example, Bulgaria and Romania are members of the Central European Free Trade Agreement (CEFTA), and all of the SEE countries except the FRY are members of the Central European Initiative (CEI). However, although the Stability Pact is focused on bringing together the countries of the SEE region, it is perhaps not surprising that none of the SEE countries sees the way to integration in Europe as being through the Pact's structures and processes, since these countries have never had normal economic and political relations with each other.

The FYROM was initially reluctant to engage in regional efforts. The strong international presence in the FYROM and the country's importance in regional security and stability further encouraged its leadership to dissociate the country from regionalism and to promote its own Western integration initiative. Romania and Croatia,<sup>8</sup> particularly the latter, dissociated themselves from the Balkans, claiming – on the basis of historical, cultural and, in the case Croatia, religious criteria – that they should be considered solely as parts of Central Europe. In addition, individual countries have adopted different approaches to integration with NATO and the EU, preferring these national approaches to the idea of the Stability Pact.

With regard to future SEE-EU relations, the EU has developed two different approaches for the two different groups within the region.<sup>9</sup> On the one hand, the EU has invited Bulgaria and Romania, the two countries in the region that have already signed European Agreements (bilateral treaties with the EU that establish political dialogue and promote economic integration) to begin negotiations for EU membership. On the other hand, the EU has set up a new form of contractual relations, the Stabilization and Association Agreement, for countries in the so-called Western Balkans. The content of this agreement is similar to that of the European Agreements, but it does not contain a promise of future membership. To date, the EU has signed this form of agreement only with the FYROM and Croatia; Bosnia, Albania and especially the FRY cannot expect to sign a similar agreement with the EU in the near future.

NATO also differentiates between the countries of the SEE region according to their accession to the Alliance. Bulgaria, Romania, the FYROM and Albania have already signed the so-called Membership Action Plan (MAP),<sup>10</sup> thus entering the final stage before accession into the NATO structure. However, differences between the expectations of the SEE countries and the realities

faced by NATO may mean that the two sides are on a collision course. Aspirant states seek a reliable timeline for entry into the North Atlantic alliance. They want to know if they can expect an invitation in 2002 to begin admission talks if they do all the 'right' things, and they are willing to prepare themselves to the best of their capabilities and means through the detailed activities of the MAP. However, it is important that they be reminded that accession to NATO will be neither automatic nor certain, even if they complete all the additional economic reforms and societal improvements.

Though this kind of fragmented approach to integration might not cause any further separation between the SEE countries, it does not promote integration or lead to increased cooperation within the region. However, as already stated, political and economic integration of the countries in the SEE region is one of the conditions for long-lasting regional stability and integration into West European structures.

### *Main Economic Indicators of the SEE Countries*

Table 1 sums up the main indicators of economic activities in SEE countries as of 1999. By examining these, it is possible to draw several important conclusions about the economic situation of these countries.

First, with Croatia as an exception, the GDP per capita in the SEE countries shows that they are among the most underdeveloped countries in Europe. Second, all of these countries have experienced a drop in economic activities over the past ten years. Between 1989 and 1999, the GDP in all of these countries

Table 1. Main economic indicators of SEE countries<sup>a</sup>

Country	Pop. (mil.)	Gross domestic product				UR (%)	External debt (USD bil.)
		USD (bil.)	Per capita (USD)	In 1998, if 1989 = 100	Avg. growth, 1990-98 (%)		
Albania	3.4	3.1	810	86	-0.8	20.0	1.0
Bosnia and Herzegovina	4.2	4.0	920	33	29.9 <sup>b</sup>	39.0	3.1
Bulgaria	8.2	12.0	1,464	66	-4.0	16.0	9.9
Croatia	4.6	20.0	4,376	78	-2.4	20.8	9.7
FRY	10.6	12.1	1,130	52	-7.1	32.0	12.5
FYROM	2.0	3.2	1,616	72	-1.2	32.4	1.4
Romania	22.5	32.6	1,449	78	-2.9	13.0	8.6

<sup>a</sup> Figures are for 1999 unless otherwise indicated. Abbreviations: Pop. (mil.): population (millions); Avg.: average; UR: unemployment rate; USD (bil.): US dollars (billions).

<sup>b</sup> Bosnia and Herzegovina from 1996 only.

Sources: Vienna Institute for International Economic Studies, World Bank Statistics, EBRD Transition Report.

decreased significantly. This led to high unemployment rates, and these are still increasing. In addition, debt to other countries has increased. Third, as a result of the above, the SEE countries should be considered as countries in development rather than countries in transition, since they have already gone through a process of deindustrialization.<sup>11</sup> The industrial portion of the GDP fell significantly in the period examined; a huge number of qualified workers left the various countries; and permanent instability in the region slows down the processes of reconstruction and restoration.

The indicators of economic cooperation between the SEE countries are also very poor. According to official statistics, most Balkan countries, with some exceptions, have almost negligible mutual trade (under 1% of total imports and exports),<sup>12</sup> while for most the main trading partners are Germany, Italy and Russia. However, these data should be treated with some reserve, owing to the consequences of the ten-year-long wars of the Yugoslav succession and the UN Security Council sanctions against the FRY. As a direct result of both the war and the sanctions, a significant proportion of economic transactions shifted to the black economy and remain beyond the reach of official statistics.

In order to overcome the political and economic disintegration among the SEE countries and set in motion economic growth, the Stability Pact must focus its attention in two very important directions: First, rapid and extensive investment in infrastructure (roads, railroads, telecommunications, etc.) is needed, so that the economies of the SEE countries can become more reliant upon each other. 'The infrastructure could play the same role for the Balkan countries which coal mining and metal production played for Western European states 50 years ago.'<sup>13</sup> Second, discussions about the implementation of free trade within the region need to be speeded up, and this should also have a positive impact on the integration of the SEE countries. Even though some efforts have already been made towards achieving these goals (such as the meeting of the trade ministers of Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, the FYROM and the FRY in January 2001, when they agreed to prepare a joint Memorandum of Understanding), there is still the impression that such efforts have taken place only because other international institutions have put pressure on the SEE countries, which themselves expressed little interest in or willingness for more cooperation and integration.

### Working Table III: Activities and Projects in the First Year of Operation

The Stability Pact was signed on 10 June 1999 and confirmed at the Sarajevo Summit on 30 July 1999. At the summit of the SEE Regional Table in Brussels

on 16 September 1999, a plan of activities of the Working Tables was proposed and accepted. The inaugural conference for Working Table III was held on 13–14 October in Oslo, where the plan of activities under this heading was designed and confirmed by two sub-tables. The second meeting took place in Sarajevo on 15–16 February, the third in Sofia on 3–4 October 2000, and the fourth in Zagreb on 11–12 June 2001.

Probably the most important event so far in the existence of the Stability Pact was the donor conference held on 29–30 March 2000 in Brussels. At that conference, funds worth 2.4 billion euros were raised for the realization of the Quick Start Package (QSP) projects. The QSP includes about 200 projects planned under all three working tables. Working Table III proposed 36 projects, worth 80 million euros. Now, just one year later, 55% of the money pledged has reached its recipients.

#### *Sub-Table on Defence and Security Affairs*

*Defence Reform and Economics.* Disproportionate military expenditure contradicts international efforts to speed economic development, civil society building and accelerated cooperation with Euro-Atlantic institutions. The Stability Pact aims to facilitate a transition to defence and military establishments that function properly in a democratic society, and to reduce the social and economic burden of reforms to countries in transition.

The Special Coordinator for the Pact initiated cooperation between NATO and the World Bank in the field of labour redeployment for redundant military officers in Bulgaria and Romania. Romania has released 11,000 officers over the last three years and plans to release another 20,000 in the period 2000–07. Bulgaria plans to release 20,000 officers in the period 2000–04. This project is a good example of the synergy created by the Stability Pact between specialized agencies, international financial organizations and the countries of the region. In addition, the QSP includes a programme to assist in an unconditional 15% reduction of the armed forces in Bosnia and Herzegovina.

*Arms Control, Non-Proliferation and Military Contacts.* The Stability Pact aims to foster a broad security dialogue among participants, to enhance transparency and accountability, and to complete the range of arms control and confidence- and security-building measures. The most important project in this area is a Regional Arms Control Verification and Implementation Assistance Centre (RACVIAC). A Coordination Conference was held in Berlin on 7 July 2000. Eighteen countries participated in that meeting and declared their unanimous support for the establishment of such a centre. The RACVIAC opened in Zagreb, Croatia, on 2 October 2000. A second project, a seminar on democratic control of the armed forces, was held in Berlin in November 2000. However, three other projects – a regional aerial observation system, the training of national contingents for peacekeeping and a seminar on the structure of armed

forces in multi-ethnic states – have been dropped due to lack of continued sponsor interest.

*Small Arms and Light Weapons.* The availability, accumulation and uncontrolled flow of small arms and light weapons pose a serious threat to peace, stability and reconciliation in the SEE region. Under the auspices of the Stability Pact, Bulgaria hosted a regional conference on export controls on 14–15 December 1999. Conference participants declared their willingness to expand the sharing of information on transfers of arms, to refrain from irresponsible arms sales and to communicate the names of institutions and officials authorized to issue end-use/end-user certificates. The government of Slovenia hosted a Workshop on Small Arms and Light Weapons in Ljubljana on 27 January 2000. From 17 to 19 October 2000, a Stability Pact seminar on small arms and light weapons collection and destruction was held in Sofia, Bulgaria. The most visible result of this project, which has received 1.1 million euros in pledges, has been the collection and destruction of 40,000 light weapons in Albania.

*Humanitarian Demining.* Anti-personnel mines represent a lasting danger to people. They are a serious obstacle to refugee return and economic progress in various parts of the region. The Stability Pact therefore seeks to develop an integrated humanitarian demining strategy in SEE. In order to achieve this, key actors (including the United Nations Mine Action Service [UNMAS], the EU, Bosnia and Herzegovina, Canada, Croatia, Russia, Slovenia, NATO, the Office of the High Representative in Bosnia and Herzegovina [OHR], the World Bank and the International Trust Fund) set up a Regional Mine Action Support Group (RMASG) at a meeting in Sarajevo on 11–12 May 2000. The three specific projects for mine-action assistance in Croatia, Kosovo, and Bosnia and Herzegovina are moving forward, the goal being the removal of all high-priority/recorded minefields in these areas.

#### *Sub-Table for Justice and Home Affairs*

*Anti-Corruption and Organized Crime.* The Stability Pact has identified corruption as one of the main problems in the SEE region. The Anti-Corruption Initiative was formally adopted by the members of the Pact at the meeting of Working Table III in Sarajevo on 16 February 2000. This initiative intends to address the following sectors: ratification and implementation of international instruments, promoting good governance, strengthening legislation and promoting the rule of law, promoting transparency and integrity in business operations, and promoting an active civil society. Since March, discussions have been held with donors, who have declared their support for the Initiative. All pledges have been confirmed, and a significant part has already been disbursed.



*Promotion of Transparent and Efficient State Institutions in the Internal Security Sector.* Under Stability Pact patronage, the German government finances assistance for legislative and judicial reform in Albania, Bosnia and Herzegovina, the FYROM, Croatia and Romania, as well as the Multinational Police Training project, where national personnel are trained to undertake police duties on the borders of Bosnia and Herzegovina, Croatia and Albania. In addition, seminars are offered for young lawyers and judges, along with seminars on prison reform.

*Asylum and Migration Issues.* Under Stability Pact patronage, and in cooperation with the EU Commission, the EU General Secretariat, UNHCR and the International Organization for Migration (IOM), a four-year project for the development of asylum and migration systems in SEE has been started. All the processes are defined, as well as the procedures, phases and expected results of the realization.

*Disaster Preparedness and Prevention.* On 14 April 2000, the Stability Pact accepted the Disaster Preparedness and Prevention Initiative (DPPI), which offers a framework for regional cooperation in the field of disaster preparedness. As a first operational step, a steering group has appointed an operational team and approved its work plan. The operational team will lead an assessment of the needs and capacities related to the disaster preparedness for the countries in the region. The team will visit Bulgaria and Croatia in October, and the other countries later in the year.

## Results of First Year of Operation of Working Table III

The previous section detailed the activities and projects that Working Table III has already started. However, a much more realistic picture of whether the projects achieved successful outcomes becomes apparent if we compare these activities and projects with the present situation regarding security in the region. First, the successes of Working Table III resulting from projects accomplished to date will be summarized. Subsequently, the security issues and problems in the SEE region will be pointed out.

### *Successes*

There is no doubt that, even though it has been in existence for only one year, the Stability Pact has accomplished some significant results in all fields. The majority of these results are impossible to consider in isolation. They have to be looked at as one big accomplishment of the Stability Pact.

*Complete Structure of the Stability Pact Defined and Put to Work.* In the context of Working Table III, there are defined activities under each of the sub-tables,

together with plans of activities for their realization, constituting a very firm and strong structure with clearly delegated duties and authorities.

*Establishing the Stability Pact as the Most Important Forum for Attaining Stability in the SEE Region.* The Stability Pact is recognized in Europe, and in the rest of the world, as a means for coordinating the activities of different international actors towards restoration of the region and for helping to develop and sustain stability. In this way, the Pact has become a catalyst for international efforts to stabilize the situation throughout the SEE region. Practically all international activities in the region are realized through the activities of the Stability Pact.

*Success of the Donors' Conference.* The Stability Pact Donors' Conference in March 2000 raised 2.4 billion euros, which were allocated to Quick Start Projects for the region. Out of 244 projects under all three working tables, 201 (82%) have effectively started.

*Most Approved Projects Are in Realization Phase.* The previous section indicated that most of the approved projects are already in the realization phase. In addition, all remaining projects will have started by the end of 2001.

*Democratic Changes in the Region.* True democratic changes have happened in the FRY and Croatia, while in Bosnia and Herzegovina some positive changes can be noticed. These are results of the efforts of the entire international community, but certainly the Stability Pact (and Working Table III) has significantly contributed to these changes.

### *Problems*

Despite the achievements, there is still a whole sequence of problems in the SEE region that are waiting for resolution. Some critics consider these problems to be failures of the Stability Pact,<sup>14</sup> but had it been possible to solve the problems in the SEE region in one year, there would have been no need to establish such a complex and ambitious structure as the Stability Pact. The problems identified should be considered as the focus for the future activities of Working Table III.

*Lack of Conceptualization of a Functioning Regional Political Order.*<sup>15</sup> 'Despite their good fortune, the EU, the United States and NATO have still not developed a coherent strategy that will ensure long-term peace and democracy in the region.'<sup>16</sup> One of the main reasons for this is the lack of a clear and widespread strategy regarding the ultimate political order in the region. Major objectives of the Stability Pact are conflict prevention and long-term stability in SEE. Removal of the Milosevic system was one of the priority tasks for that course; the Milosevic regime was considered to be one of the major sources (and often even the sole source) of conflict and instability in the region. However, now

that Milosevic is no longer in authority and all countries in the region have democratic and Western-oriented governments, peace and stability appear no more attainable than before. Moreover, a new Balkans war looks set to occur. In spite of the extraordinary efforts of the international community to bring about a peaceful resolution of the crisis in the FYROM, the situation in that country gets worse with every day. It is obvious that the roots of the Balkans conflicts are very deep and that, at the same time, the international community does not demonstrate a unanimous and clear attitude with regard to the region.

It is even more obvious, in this postwar period in Bosnia and Herzegovina and Kosovo, that there is no coherent strategy for the future development of the region. More precisely, there is no consensus among the relevant international parties on an arrangement within which peaceful coexistence would be possible for the states in the region. Even though these territories have now put war behind them, they are still far from complete and sustainable stability. Bosnia and Herzegovina still cannot operate without the presence of the international stabilization forces, and the situation in Kosovo is extremely insecure, and not only for the non-Albanian population. It is not difficult to assume that actual conflicts in Macedonia will end in a similar way. Insecurity, distrust among peoples, and uncertainty regarding the future status of Kosovo all give the impression of a temporary state in which all options are possible. The continuation of such a state of affairs is not likely to have a positive influence on security and stability in the region. In order to achieve long-term, self-sustaining regional stability, 'all parties involved need to clearly envision where the region should be heading'.<sup>17</sup>

*Rise of Organized Crime and Corruption.* The continuity of conflict, insecurity and extreme poverty is feeding corruption and organized crime. The corruption and organized crime are factors of further social, economic, political and moral disintegration in the area. Based on available indicators, corruption in SEE countries is high. In a total of 99 countries ranked, the Transparency International Corruption Perceptions Index places Bulgaria, the FYROM and Romania at 63, Croatia at 74 and Albania at 84.<sup>18</sup> Although corruption and organized crime are expanding in all the countries of SEE, the most serious threat to security and long-term stability in the region comes from organized crime under the control of the Albanian mafia.

Organized crime thrives on weak government, lack of anti-drug legislation, poorly equipped police forces, a cash-based economy and fragile banking regulations. Albania has all of these. Smuggling is the Albanian mafia's core competency. 'Smugglers are smugglers, and the commodity on any given day changes to meet the demand, whether it is narcotics, weapons, fuel, stolen goods – or people.'<sup>19</sup> The UK's *Guardian* newspaper has reported that the Albanian mafia is supplying up to 40% of the heroin sold in Europe and North America.<sup>20</sup> ABC News has reported that the Albanian mafia has even smuggled

under-age girls and sold them like slaves in Western Europe, forcing them into prostitution. Xavier Raufer, a researcher at the Paris Institute of Criminology, said in an interview on Radio Netherlands that 'the ethnic Albanian rebels fighting in the hills of Macedonia are the paramilitary wing of an Albanian mafia exporting drugs and trafficking in humans to Europe and even further.'<sup>21</sup>

The scope and expansion of the criminal activities of the Albanian mafia are a real threat to security, and not only in the SEE region. This threat becomes more severe when considering the inappropriate treatment of this issue by the international community. Organized crime and corruption under the patronage of the Albanian mafia have been treated only as a part of the aggregate problem of crime and corruption in SEE within the Stability Pact documents and within the international community's overall approach to the region. It is suggested, however, that the organized crime of the Albanian mafia is the central and chief source of criminal activities in the region. Its consequences are visible far beyond SEE borders, and this demands an adequate response from the international community.

*Inefficiency of the International Bureaucracy in Kosovo.* It has been one year since the UN mission came to the FRY, but the situation in Kosovo is still very unstable. More precisely, there are high levels of insecurity and fear among various ethnic groups; the bureaucracy of the international operation is slow; the operation is still in a crisis mode, rather than in a management mode; the situation is felt to be temporary, which means there is no shift towards governance; there is a vacuum in the legal system; the situation is colonial, or post-colonial; and there is lot of criminal activity.<sup>22</sup>

*Continuing Decline in Living Standards and Rising Inequality.* The trend of increasing poverty and inequality in most places in the region continued last year. The IMF estimates that the war in Kosovo caused a 3% decline in regional GDP. The United Nations Development Programme's *Human Development Report 1999* confirmed the existence of a downward trend in terms of life expectancy and in the Human Development Index in the countries of the region.<sup>23</sup>

*Frustration of Public Expectations.* The launching of the Stability Pact was a positive effect of the crisis in SEE. However, there are drawbacks. The Pact has created exaggerated expectations. Much has been promised, and little delivered so far. Public opinion polls conducted in the last year in different countries in the region indicate that, in general terms, the positive expectations created in the wake of the war are fading. Public support for democratic institutions in the region is declining. In Bulgaria, Romania, the FYROM, Albania, Croatia and now in the FRY, there are democratic, reformist governments that have been in power only a short time. If the expectations of economic assistance and security assurance that the West raised are quashed, these governments could well be replaced by retrograde regimes.<sup>24</sup>

## Conclusion

The Stability Pact is a contract by which the international community, led by the UN and together with the countries of the region, declares its firm intention to build permanent stability in the region and to integrate the constituent countries into European and North Atlantic structures. Even though stability in the region is one of the apparent priorities, after ten years of conflicts the signatories of the Stability Pact are aware that there is no stability, nor any perspective for future peace, without economic rehabilitation and democratization of the whole region. This is the reason why all of the signatories obligated themselves to work simultaneously on solving these problems through the activities of the three working tables.

The economic situation in the region is no better than the situation regarding security issues there. The SEE countries have experienced such a decrease in economic activities that they are the poorest countries in Europe. Nor is the political situation in the region particularly encouraging. The SEE is a very heterogeneous group of countries. Each believes that its political goals (including joining the EU) can be achieved without integration with the other countries of the region.

It is apparent that the achievements of the Pact are symbolic, given the security problems in the region. But, this fact should not be used as an argument against it. On the contrary, the initial results, as well as the complexity of the problems, are strong reasons to involve all of the Pact's participants in problem resolution. After a decade of conflicts and the degradation of all countries in this region, there is really no other rational alternative.

## NOTES AND REFERENCES

- \* Nenad Pandurevic is First Secretary in the Multilateral Department, Ministry of Foreign Affairs, Bosnia and Herzegovina.
- 1 For more detailed information about the Stability Pact, see the web-site of the Special Co-ordinator for the Stability Pact for South Eastern Europe (SCSP) at <http://www.stabilitypact.org>.
- 2 The Federal Republic of Yugoslavia (FRY) was not among the signatories to the Stability Pact on 10 June 1999 in Cologne, because of sanctions and the international community's known negative attitude towards the Milosevic regime. However, the FRY became a member of the Pact on 26 October 2000, in Bucharest, when the Regional Table was in session.
- 3 See Andrew Cottey, 'Europe's New Subregionalism', *Journal of Strategic Studies*, vol. 23, no. 2, June 2000, pp. 23–47.
- 4 Members of the BSEC are Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova and Romania.
- 5 The participating states in the Royaumont Initiative are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the FRY, the FYROM, Hungary, Romania, Slovenia and Turkey, together with the European Commission.

- 6 Albania, Bulgaria, the FRY, Greece, Romania and Turkey founded the South Eastern Europe Co-operation Process (SEEC), also known as the Balkan Conference. The FYROM boycotted the meeting because of its dispute with Greece, while Bosnia and Herzegovina, Croatia and Slovenia attended the Balkan Conference as observers. During the second meeting in June 1997, the FYROM became a full-time participant.
- 7 The participating states in the SECI are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, the FYROM, Hungary, Moldova, Romania, Slovenia and Turkey. The main intention of the SECI is to encourage cooperation between the SEE members and facilitate their integration into European structures.
- 8 In January 1998, Croatia adopted constitutional amendments that prohibit the return to any kind of Yugoslav community.
- 9 About future EU membership of SEE countries, see also Johannes Varwick, 'The Kosovo Crisis and European Union: The Stability Pact and Its Consequences for EU Enlargement', in Kurt R. Spillmann & Joachim Krause, eds, *Kosovo: Lessons Learned for International Cooperative Security* (Bern: Peter Lang, 2000), pp. 159–178.
- 10 At its Washington Summit, NATO launched the Membership Action Plan. The nine countries that have declared an interest in joining NATO and that are participating in the MAP are Albania, Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia and the FYROM.
- 11 See also Vladimir Gligorov, 'Scoring Stability Pact', Vienna Institute for International Economic Studies, Spring Seminar, 31 March 2000.
- 12 Vladimir Gligorov, 'Trade in the Balkans', paper presented at the conference 'Southeast Europe after NATO and EU Enlargement: Towards Inclusive Security Structures?', WEU Institute for Security Studies, Paris, December 1997, p. 2.
- 13 Anatoly Verbin, 'Balkan Stability Pact Dreams Far from Reality', *Times of India*, 27 July 2000.
- 14 See Ivan Krastev, 'De-Balkanising the Balkans: What Priorities?', *International Spectator* (Rome), vol. 35, no. 3, July–September 2000, pp. 7–17.
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