



**SIXTH ASPEN
SOUTHEAST EUROPE
FOREIGN MINISTERS'
CONFERENCE**

November 05, 2014 | Berlin

In cooperation with:



Closed-door Conference

Venue: The Regent Hotel Berlin, Charlottenstraße 49, 10117 Berlin

- 12:00 – 12:30** Arrival of participants and light lunch
- 12:30 – 14:30** **Focused closed-door discussion on EU enlargement, the reform process, and regional cooperation**

Public Event

Venue: British Embassy, Wilhelmstraße 70 - 71, 10117 Berlin

- 15:00 – 16:30** **Economic panel discussion**
Improving regional cooperation and infrastructure: drivers for investment and growth in the Western Balkans

Moderator: Helge Tolksdorf, *Director EU Enlargement, Southeast Europe and Turkey, Federal Ministry of Economic Affairs and Energy*

Speakers: Dr. Joachim Haas, *Vice President International Regulatory Affairs, Deutsche Telekom AG*
Joan Hoey, *Senior Analyst and Regional Editor Europe, Economist Intelligence Unit*
Bojan Predojević, *Director, Profine Group Serbia; Deputy Chair, Forum Serbia Germany*
Anja Quiring, *Regional Director Southeast Europe, Committee on Eastern European Economic Relations*
Branislav Simović, *Director Southeast Europe, Mace Group*

- 16:30 – 17:00** Coffee break

- 17:00 – 17:30** **Short discussion on Bosnia and Herzegovina**
Revitalizing the reform process

Speakers: Frank-Walter Steinmeier Zlatko Lagumdžija
Philip Hammond Vesna Pusić
Ivica Dačić

- 17:30 – 19:00** **Foreign Ministers' panel discussion**
The Western Balkans on their path towards European integration: sustaining progress and reform

Moderator: Eckart D. Stratenschulte

Speakers: Ditmir Bushati Igor Lukšić
Ivica Dačić Nikola Poposki
Philip Hammond Vesna Pusić
Enver Hoxhaj Frank-Walter Steinmeier
Zlatko Lagumdžija Hoyt Yee

from 19:00 Reception

19:30 **Foreign Ministers' dinner at the invitation of Federal Foreign
Minister Dr. Frank-Walter Steinmeier**

List of Participants

Principals

Ditmir Bushati
Ivica Dačić
Philip Hammond
Enver Hoxhaj
Zlatko Lagumdžija
Igor Lukšić
Nikola Poposki
Vesna Pusić
Frank-Walter Steinmeier

Further participants

Marieluise Beck
Joachim Bertele
Joachim Bleicker
Claudia Dörr-Voß
Peter Grk
Metin Hakverdi
Josip Juratović
Hans-Dieter Lucas
David McAllister
Andrea Orizio
Jean-Eric Paquet
Ernst Reichel
Guillaume Rousson
Manuel Sarrazin
David Slinn
Goran Svilanović
Hoyt Yee

Closed Session

At the Sixth Aspen Southeast Europe Foreign Ministers' conference the Western Balkans' Foreign Ministers' met with representatives of the German government, the British, French and Italian foreign offices, parliamentarians from the German Bundestag and representatives from EU and regional institutions for a closed-door discussion at the Regent hotel. The discussion focused on EU enlargement, the reform process, and regional cooperation. It was conducted under the Chatham House rule.

Early on in the discussion two main sources of concern were identified: Firstly, that the Ukraine crisis could shift the EU's focus away from the Western Balkans, and secondly, doubts about the willingness of the EU to integrate the Western Balkans. The latter results from the statement by the new president of the European Commission, Jean-Claude Juncker, who said, that no further enlargement would take place over the next five years.

It was agreed that while Mr. Juncker's statement caused some confusion, it was factually accurate, as the countries of the region will not meet the necessary requirements for joining the EU within this time frame. Therefore the statement actually prevents the buildup of unrealistic expectations, while the enlargement process will continue, as it is an essential part of the European idea. The EU's attention will stay on the Western Balkans. It was agreed that the next five years should be used for reforms in the region and regional consolidation as many issues remain to be solved: the relations between Belgrade and Pristina, the Macedonian-Greek name issue, and the relations between the entities in Bosnia and Herzegovina, and reforms need to be implemented, in particular in the fields of economic development and rule of law.

The countries of the region will need EU support to tackle these problems and implement domestic reforms. The accession process is seen as an important instrument in this respect and could, according to one participants' suggestion, be supplemented by a parallel track for the sensitive issues named above.

Several suggestions were made to boost economic development with the help of the EU: the EU twinning instrument could be expanded, technical issues should be tackled, and combinations of IPA (Instrument for Pre-Accession Assistance) funds, national budgets, IFIs, and other creative solutions should be used to provide financial support. All actors will need to agree on what kind of instruments should be used. However, a participant from the region noted, some deliverables would need to be seen on the horizon in

order to avoid the impression of a never-ending accession process.

A stable political situation is needed for stable economic growth, therefore political processes need to be finalized. One participant pointed out that there has been great progress towards EU, NATO, and democratic development, but that this stability might be deceptive. He stressed that several vectors of instability crossed in the region: corruption, the weakening of the rule of law, energy dependence on a single source of energy, foreign fighters in the Middle East, and terrorism. A common regional assessment of threats and an approach on how to tackle them were considered to be needed along with a greater sense of urgency and more accountability among the states.

Several participants stressed that the EU should not be naïve regarding geostrategic interests of other players. It was agreed that Russia is of particular concern in this regard. It was feared by some that Russia might meddle with Western Balkans affairs by exploiting some of the above-mentioned factors of instability. It could thereby lead the countries of the region away from their European path, especially Serbia and Bosnia and Herzegovina, or even destabilize the region, which neighbors the EU. It is therefore within the EU's own interest to maintain a European perspective for the Western Balkans.

Another participant challenged the gravity of these statements and pointed out that other states tried to assert their influence in the region as well and that the countries of the Western Balkans are able to make their own decisions. Outside powers could therefore be a part of the problem and a part of the solution.

In conclusion all sides agreed that EU enlargement towards the Western Balkans is not optional. The countries of the region are a part of Europe and should therefore be a part of the EU. However, conditionality is necessary for long-term success. The countries of the region themselves will have to become more active in all of the above-mentioned areas as implementation of reforms is lacking. Moreover, regional cooperation needs to be strengthened. According to some participants this also includes that the friendly rhetoric, which was shown during the meeting, should also be reflected more strongly in public statements at home.

Economic panel discussion

“Improving regional cooperation and infrastructure: drivers for investment and growth in the Western Balkans”

The economic panel discussion was opened by Nick Pickard, Deputy Ambassador at the British Embassy in Berlin, who affirmed the United Kingdom’s strong support for EU and NATO membership for all Western Balkans countries based on firm and fair conditionality, and by Rüdiger Lentz, Executive Director of the Aspen Institute Germany.

Helge Tolksdorf, Director for EU Enlargement, Southeast Europe and Turkey at the Federal Ministry of Economic Affairs and Energy chaired the panel, which focused on the role of regional cooperation and infrastructure improvements for investments and economic growth in the Western Balkans. The discussants were:

Dr. Joachim Haas, Vice President for International Regulatory Affairs at Deutsche Telekom AG, who emphasized the need for infrastructure improvements in the Western Balkans as well as the need for trust and predictability in the investment process. Together, this could lead to more economic growth and jobs and thereby benefit the people of the region.

Joan Hoey, Senior Analyst and Regional Editor for Europe at the Economist Intelligence Unit, who acknowledge the successful role of the EU in fostering political development in the region, but casted doubt on the notion that the EU had the ability to do the same for economic development.

Bojan Predojević, Director of the Profine Group Serbia and Deputy Chair of the Forum Serbia Germany, who stressed the importance of mutual trust for economic development. Without it the Western Balkans could not form a regional market and hence not be a part of an international market.

Anja Quiring, Regional Director Southeast Europe at the Committee on Eastern European Economic Relations, who cited a recent successful conference in Budva on infrastructure cooperation as a sign of an overall political development towards greater regional cooperation, which can connect the smaller national markets.

And Branislav Simović, Director for Southeast Europe at the Mace Group, who identified a lack of financial means of national governments as the main problem of infrastructure projects in the region. Therefore, more public-private partnerships to fund such projects were needed as well as

more support from experts from the European Union to give guidance in this matter.

The participants agreed that regional markets and cooperation were crucial for economic development as the national markets were too small to be competitive on a larger scale. However, a common market alone would not be attractive by itself. Instead, significant structural reforms such as implementing the rule of law, fighting corruption, or changing the top-down mindset in administrative institutions, would have to be made as well.

During the discussion it was highlighted that EU integration remained a key instrument to achieve these goals but ultimately the countries of the Western Balkans themselves would have to take responsibility. Political changes would have to be made before economic problems could be addressed. Serbia was cited as an example where this seemed to be successful. Mr. Tolksdorf concluded the discussion by stressing, that the European Union and its member states were staying committed to the region and its European perspective.

Foreign Ministers' panel discussion

“The Western Balkans on their path towards European integration: sustaining progress and reform”

The Foreign Ministers' panel discussion convened the two patrons of the conference German Foreign Minister Dr. Frank-Walter Steinmeier and British Foreign Secretary Philip Hammond, and their Southeast European colleagues from Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia, as well as the Deputy Assistant Secretary for European and Eurasian Affairs of the U.S. Department of State.

Prior to the panel discussion, Dr. Frank-Walter Steinmeier and Philip Hammond presented a joint German-British initiative on Bosnia and Herzegovina, which aims at revitalizing the country's reform and EU accession process.

Dr. Steinmeier explained that contrary to many encouraging developments in the region, something was amiss in Bosnia and Herzegovina: Its people were left without a clear political and economic perspective “due to ethnic entrenchment combined with a cumbersome decision-making process and a lack of will to implement reforms.” Germany and the UK therefore wanted to assist Bosnia and Herzegovina in building a better future.

Mr. Hammond elaborated on the details of the proposal: First, the leaders of Bosnia and Herzegovina would be asked to sign up to a twofold written recommitment on institutional reforms and a roadmap for a broader EU reform agenda, which also addresses social and economic problems in the country. In return, the UK and Germany would support Bosnia and Herzegovina in its reform agenda and advocate within the EU for Bosnia's progress on its integration path. He stressed that this was not about weakening but rather establishing a very firm but engaging conditionality. Progress would be rewarded, but they were "prepared to be tougher should political leaders once again allow themselves to get stuck in the mud of ethnic bickering."

Zlatko Lagumždija, Minister of Foreign Affairs of Bosnia and Herzegovina, together with his colleagues Prof. Dr. Vesna Pusić from Croatia and Ivica Dačić from Serbia, welcomed the initiative and expressed their wholehearted support. They emphasized the importance of a European approach to Bosnia's reform process of active instead of passive conditionality, especially in the light of the new geostrategic circumstances.

The foreign ministers' panel discussion was moderated by Prof. Dr. Eckart D. Stratenschulte, Director of the European Academy Berlin, and treated the topics of EU integration and how to sustain progress and reform in two rounds of discussion. For the sake of brevity, this report pulls together and synthesizes the individual statements.

Prof. Pusić said that the public in her country saw EU membership rather pragmatically as a guarantee of long-term stability. Croatia had learned that the region needed to stand together in the accession process and assume a common responsibility for something bigger.

Philip Hammond reaffirmed the UK's commitment to EU enlargement while at the same time upholding conditionality, which he believes to be in both the EU's and the Western Balkans's interest. He maintained that an individualized accession process was fairer to each country and the EU than absorbing region as a bloc. He clarified that the UK wanted to stay in the EU, but also felt that the Union needed to reform because it was losing competitiveness and democratic accountability with its citizens. Moreover, the new structures of the Eurozone would have to be integrated better within the Union.

Igor Lukšić expressed confidence that the EU would stay committed to the enlargement process in the Western Balkans, which he saw exemplified by the Berlin Process, started the Western Balkans Summit

hosted by the German government in August this year. Ultimately, it will not just be the countries of the Western Balkans, which can learn from the accession process, but also the EU.

Enver Hoxhaj identified the economy, growth, and jobs as Kosovo's biggest problems. He noted that international recognition remains a challenge, but said that Pristina was trying to reach its foreign policy goals in stages. He affirmed that it was ready to address all outstanding issues between Belgrade and Pristina and sign a legally binding document within a timetable of 3-5 years. Mr. Hoxhaj described the Bosnia initiative as a great chance for Bosnia and the region, and pointed to the success of the normalization process between Belgrade and Pristina, which was also achieved with the help of the UK and Germany.

Nikola Poposki called for the current EU approach regarding the name issue with Greece to be changed, as it was clearly not working. The nine-year blockade of the beginning of EU accession talks for Macedonia had a very negative effect on his country, and the EU had to ensure that enlargement conditionality works. He stressed, however, that this was no excuse for the lack of reforms in Macedonia.

Dr. Frank-Walter Steinmeier said that international mediation regarding the name issue was supported from several sides and that sometimes there are processes beyond public statements. However, Germany and other countries could not order solutions. Regarding the Bosnia proposal he emphasized that the proposal was sent to all EU member countries and also coordinated with the USA, and that he was confident that they had a critical group of actors in the EU supporting the initiative.

Hoyt Yee emphasized that the USA was strongly committed to EU enlargement. The security and prosperity of the USA was indivisible with that of Europe. Asked whether the USA could do something to influence partners in Southeast Europe, he answered that he agreed with Frank-Walter Steinmeier that there were limits to what diplomacy could do. The U.S. might not always fully agree with what was necessary, but will support their European partners to work on progress in the region, including when it comes to holding leaders accountable for lack of progress.

Ivica Dačić was asked whether Serbia was a swing state between Russia and the EU. He noted that Yugoslavia had said no to Russia in 1948 and that Serbia truly and honestly wanted to be in the EU. He criticized that Western leaders were not questioned for meeting with Putin or having trade relations with

Russia. He stressed that the EU was Serbia's first and foremost economic partner and the only way forward for the country. Serbia would not join any Asian union.

Ditmir Bushati noted that below the surface nationalism was still a problem in the region. He declared that the biggest challenge of the Western Balkans was its fragmented identity in terms of politics – as was shown by the Ukraine crisis – but also economically and security-wise. He stressed the importance of conditionality in the EU enlargement process, but believed it should be more engaged and in concert with the USA. That way it could also help to provide for geopolitical clarity.

Asked whether he thought that the new Bosnia initiative had a realistic chance of success, Zlatko Lagumdžija said that he saw it as a great chance and a clear roadmap. He emphasized that it was of great importance that the commitment would be taken by representatives of institutions. Since Dayton, the approach of the international community had always been to talk to representatives of each individual ethnic group instead of talking to someone who represented the people of Bosnia and Herzegovina as a whole. He stressed the written commitment had to be precise in order to hold the people who would sign it accountable. These people needed to be accountable on behalf of themselves and of the institutions, which they represented and not on behalf of the ethnic groups. This way the political elite would be pressed by a joint effort by Bosnian civil society and the international community.



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