

Joint Conclusions of
the Ministerial Conference on Peace Consolidation and Economic
Development of the Western Balkans

Tokyo, April 5 2004

1. We, the Minister for Foreign Affairs of Japan, the Minister for Development Cooperation and Human Rights of Ireland, representing the Presidency of the Council of the European Union, the Ministers of Foreign Affairs and of Economy of the Western Balkan states, together with the representatives of the Special Representative of the UN Secretary-General in Kosovo, the High Representative for Bosnia and Herzegovina, the European Commission, the Special Coordinator of the Stability Pact for South Eastern Europe and major states and international organisations, met on April 5, 2004 in Tokyo in the framework of the Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans, co-chaired by Japan and the European Union and reached the following consensus:

2. The countries of the Western Balkans have made considerable progress towards the consolidation of peace and stability following a decade of conflict. Nevertheless, threats to political stability and human security remain, as was demonstrated by the recent violence in Kosovo. We are determined to consolidate peace throughout the region and to make the current positive trend definitively irreversible. Therefore, the Western Balkan countries, in partnership with the international community, will continue to work together to promote stability, democracy, the rule of law and respect for human and minority rights. The principles underpinning this cooperation include the inviolability of borders, peaceful resolution of conflicts and regional cooperation. The future stability of the Western Balkans will be promoted through their integration into European structures on the basis agreed at the EU-Western Balkans Summit in Thessaloniki in June 2003. We consider that the Euro-Atlantic integration of the Western Balkan countries is a strong vehicle for stability.

3. The countries of the Western Balkans will further strengthen regional cooperation in order to promote stability and enhance economic development. Regional cooperation is central to promoting trade liberalisation, the fight against transnational organised crime, effective border management and ethnic reconciliation. In this connection we highly appreciate the role being played by the Stability Pact for South Eastern Europe. The countries of the region further commit themselves to enhancing regional ownership in the Western Balkans through regional initiatives such as the South East European Cooperation Process.

4. The penetration of organised crime in the countries of the region is a continuing threat to stability and democracy and an impediment to a sound business environment. It has acquired a transnational character through engagement in illegal trafficking of human beings, drugs and small arms. The fight against organised crime continues to be a priority for the establishment of the rule of law in this region. In this regard, we recognise the role of the Regional Centre of the Southeast European Cooperative Initiative for Combating Transborder Crime. The Western Balkan countries are

encouraged to speed up their implementation of the UN Convention against Transnational Organized Crime. They will continue to vigorously pursue the priorities identified at the 2002 London Conference on Organised Crime and at the JHA Ministerial meeting held in Brussels on 28 November 2003 in the framework of the EU-Western Balkans Forum. The international community will continue its assistance to the Western Balkans through various means including the training of law enforcement authorities.

5. The Western Balkan countries should take appropriate steps to meet the obligations of UN Security Council Resolution 1373 and other relevant UN resolutions, and ratify and implement the twelve UN counter-terrorism-related conventions.
6. There are still over one million refugees and IDPs in the region and the absence of a sustainable solution remains a challenge to human security. All the parties concerned in the region should further promote ethnic reconciliation which is essential to the return of the refugees and IDPs. They must make clear that all ethnic groups are welcome and will be treated equally before the law. They will also create the conditions for sustainable returns by speeding up the process of restitution of property and will ensure access to various rights for those who do not wish to return.
7. We underline that full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) is an obligation on all the countries of the region in line with UN Security Council Resolution 1503. It is also a prerequisite for lasting peace and reconciliation in the region. The countries of the region are committed to acting on this pledge but there is more they could do. Of particular importance is the arrest and transfer to the ICTY of all indictees still at large.
8. We strongly condemn the recent violence in Kosovo which has claimed lives, damaged property and destroyed religious and cultural heritage and call on all political leaders to take responsibility for the situation and to ensure that ethnically-motivated violence and threats of violence end immediately. We express our support for SRSG Harri Holkeri and for UNMIK and KFOR in their strengthened efforts to stabilise the situation and to ensure the full implementation of UN Security Council Resolution 1244. The publication of the Kosovo Standards Implementation Plan as a living document is a step forward in the standards process and we hope for its early endorsement by the UN Security Council. Standards before Status policy and the UNSC-endorsed Review Policy Framework remain the appropriate way forward to build a democratic multi-ethnic Kosovo for all its citizens.
9. We recognise the progress in the reform process made by Albania. We express our support for pursuing and implementing reforms, which would enable further progress in the negotiations for a Stabilisation and Association Agreement (SAA) with the EU.
10. We welcome progress achieved in Bosnia and Herzegovina. We support the continuing efforts of the High Representative, with the support of SFOR, the EU and other international players, for peace implementation in Bosnia and Herzegovina. We recognise the progress in such areas as reforms of the defence and intelligence sectors and the re-integration of Mostar city. Bosnia and Herzegovina must assume

responsibility for implementing reform if it is to become a fully self-sustaining state. This is a prerequisite if Bosnia and Herzegovina is to profit from its multi-ethnic identity and to move further towards Euro-Atlantic integration.

11. We recognise the commitment of the new Croatian Government to pursue the policy of integration into Euro-Atlantic structures. While welcoming progress in fulfilling the required criteria, we encourage the Government to continue its policies towards minorities and refugee return, and its active engagement in the promotion of bilateral relations with neighbouring countries.

12. We mourn the tragic death in February of President Boris Trajkovski, and pay tribute to his contribution to the irreversible process of ethnic reconciliation in his country. His loss has been deeply felt throughout the region. We welcome the entry into force of the SAA as the first in the region, and recognise that further progress in the Euro-Atlantic integration process will be made through the full implementation of the Ohrid Framework Agreement.

13. We fully support the effective functioning and the stability of the state union of Serbia and Montenegro. We welcome the formation of the new Serbian Government and express our support for concrete action to implement political and economic reforms.

14. We recognise that the region has moved away from the reconstruction phase and is committed to ensuring sustainable economic development crucial for long-term stability. In many parts of the region, low levels of economic development are contributing to persistently high rates of unemployment, poverty and crime, all of which undermine process towards consolidation of peace. We must address a situation which could contribute to disillusion with the reform process and the consolidation of democratic politics. We recognise that private sector development is a key to tackling this issue. Hence market reforms must continue, for which the Western Balkans countries are directly responsible.

15. Development of small and medium-sized enterprises (SMEs) and entrepreneurship are essential for job creation and the functioning of competitive market economies in the region. The Western Balkans countries will continue to build the necessary institutional framework for SME development. SME financing as well as training of entrepreneurs should be further explored.

16. In addition, in order to achieve sustainable economic development in the Western Balkans, investment including foreign direct investment must be further promoted. Relatively competitive sectors of the economies such as tourism can be selected as strategically important targets by the countries of the region. The Western Balkans countries will continue their efforts to create a better investment climate, especially by strengthening their legal framework. Their Government institutions including Investment Promotion Agencies, with the support of the international community, must have their capacities significantly enhanced in order to ensure further policy implementation.

17. We welcome the completion of a bilateral network of Free Trade Agreements

between the countries of the region. As other signatories, the Western Balkans countries will work on fully implementing these FTAs in line with the Stability Pact Memorandum of Understanding on Trade Liberalisation and Facilitation and the WTO obligations. The countries should explore ways to harmonise their FTAs with a view to establishing a free trade area. In addition, the regulatory frameworks should be speedily established. They will enhance the ability of the region to attract much-needed foreign direct investment. This should be accompanied by freedom of movement across the region.

18. Infrastructure, including transport links and energy, enhances regional cooperation and connection with other regions. Recognising its significance, the countries of the region together with the international community will focus on strategically important projects. The signing of the MoU on the Core Transport Network and the MoU for the creation of a regional energy market in South Eastern Europe including the Western Balkan countries, and facilitated by the European Commission, provides an excellent framework for the development of an efficient regional infrastructure.

**Opening Speech by Yoriko Kawaguchi, Minister for Foreign Affairs,
at the Ministerial Conference on Peace Consolidation and Economic
Development of the Western Balkans in Tokyo, April 5, 2004**

(Opening Remarks)

Ladies and gentlemen:

It is a great honor for me to welcome you all here today for the Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans.

(Present Situation in the Balkans)

Several years have passed since the conflict in the former Yugoslav States ended. Peace and stability are now finally starting to take root in the Western Balkans. This meeting in which ministers from the Western Balkan nations have gathered together to discuss regional cooperation and development is a testimony to the growing stability of the region. This is the fruit of the efforts made by the leaders of the Western Balkan countries, including Macedonian President Boris Trajkovski who so tragically passed away in February. It is also the product of work by the international community, including the U.S., the EU, the UN, NATO, and the OHR (Office of High Representative for Bosnia and Herzegovina). I would like to take this opportunity to express my deepest respect to all those involved.

Not all issues, however, have been settled yet. Many problems remain to be resolved over time. Although the situation is heading towards stabilization, this has not yet been achieved. The large-scale violence that erupted in Kosovo in March demonstrates the fact that true peace has yet to be consolidated.

I hope this meeting sends out a positive message that the Western Balkan nations are cooperating to fully consolidate peace and accomplish sustainable economic development with the international community continuing its commitment to that effort.

(Three Pillars)

Japan has actively promoted “peace consolidation diplomacy.” We regard “peace consolidation and nation building” as one of the pillars of our international cooperation. To date, Japan has extended economic cooperation totaling 1.8 billion U.S. dollars to South Eastern Europe, including the Western Balkans. In providing this assistance, we have placed importance on contributing to ‘peace building’ in the Western Balkan region while reflecting the concept of ‘human security.’ These approaches are based on our new Official Development Assistance Charter.

Japan will continue to actively contribute to the Western Balkan region based on the following three pillars:

(1. Peace Consolidation)

First is the consolidation of peace. It is especially important for the Western Balkan countries to promote democratization, the rule of law, regional cooperation and cooperation with the international community including cooperation with the International Criminal Tribunal for the Former Yugoslavia.

In connection with the consolidation of peace in the region I would like to mention the recent situation in Kosovo. Japan strongly condemns the violence that broke out in many parts of Kosovo in March and urges the parties concerned to show restraint in facing the situation. The international community will continue to support the “Standards before Status” approach based on UN Security Council Resolution 1244. I would like to appeal to the international community to support the efforts of the parties concerned to steadily carry out the Kosovo Standards Implementation Plan worked out by UNMIK, including direct dialogues with Belgrade. The recent violence demonstrated once again the great importance of ethnic reconciliation for the consolidation of peace. It is crucial that the parties concerned in the region promote ethnic reconciliation and continue their efforts to build a multi-ethnic society. This includes cooperating in the return and settlement of refugees and internally displaced persons. Japan intends to continue its cooperation in these fields.

Moreover, organized crime and illegal trafficking are impediments to the establishment of the rule of law and a sound business environment in the Western Balkans. These are transnational issues that the region should address in cooperation with the international community. Japan expects the Western Balkan countries to steadily implement the United Nations Convention against Transnational Organized Crime and continue to take appropriate measures to prevent the region from being utilized as a base of international terrorism. To date, Japan has participated in the collection of small arms and assisted the police in Kosovo, and we intend to continue to support the efforts of Western Balkan countries to reinforce public order by training local police officers.

(2. Economic Development)

Second is economic development. The stage of reconstruction assistance has ended, and the Western Balkan region is entering the stage of sustainable economic development. The revitalization of the private sector is of supreme importance to the new stage. The Western Balkan nations must continue their market reform efforts. Important among these are the development of

small- and medium-sized enterprises (SMEs) as well as entrepreneurship and the promotion of trade and investment. From these perspectives, Japan will support human resource development for promoting SMEs and will provide policy support to enhance trade and investment. Specifically, we will consider the long-term dispatch of experts and the dispatch of Japan Overseas Cooperation Volunteers and Senior Overseas Volunteers.

To promote foreign direct investment to the region, the dialogue between Western Balkan nations and the foreign business community must be further enhanced. In this respect, the meeting with Nippon Keidanren (Japan Business Federation) scheduled for tomorrow will be an important opportunity. I am sure that the Japanese business community will recognize from this meeting the numerous opportunities in the region.

Development of the economic and social infrastructure is also indispensable for sustainable and stable economic development. To date, Japan has placed particular emphasis on the development of the transport infrastructure, including the upgrading of port facilities and the construction of motorways. We intend to continue to contribute to the enhancement of the regional flow of goods and will consider providing financial assistance for projects that will promote economic revitalization.

Moreover, the Western Balkan nations should promote industries which boast a comparative advantage. One that shows particular promise is tourism. I would like to propose that a workshop on the promotion of the region's industries, including tourism, be held as a follow-up to this conference.

(Interdependence of Peace Consolidation and Economic Development)

Peace consolidation and economic development are like two sides of the same coin, each being highly relevant to the other. There is little chance for economic development without ethnic reconciliation and peace. At the same time, the increase in poverty and unemployment caused by lagging economic development is becoming a major factor that hinders the consolidation of peace. Delayed economic development is creating a hotbed for crime, contributing to disillusionment with democratization and reform, and making ethnic reconciliation difficult. Peace consolidation and economic development are always closely linked, and measures to address them must be considered together in inter-related efforts.

(3. Regional Cooperation)

Third is regional cooperation. Peace consolidation and economic development are not something that a nation can manage alone; they require region-wide cooperation. In this regard, I set a high value on the role played by the Stability Pact for South Eastern Europe. Cooperation that

goes beyond national boundaries, in parallel with the efforts of the Western Balkan countries themselves, is indispensable for border control and measures to tackle organized crime and illegal trafficking. In addition, economic development would require the promotion of economic exchange, including the promotion of free trade agreements (FTAs) within the region. Even if a single nation's market is only a few million, that market is transformed into a huge and very appealing market of tens of millions with FTAs. This is crucial for attracting the investment necessary for future development.

(Support that Complements EU Efforts)

The process for EU and NATO membership for the countries of this region is a powerful measure for further stabilizing the region. Japan supports the region's integration into the Euro-Atlantic structures. We intend to play a complementary role for the stabilization of the region while coordinating efforts with the EU as a global partner.

(Commitment of Western Balkan Nations)

There is an Albanian proverb that says that 'one is one's own best doctor.' It is the Western Balkan nations themselves that can boldly implement true reform. I strongly hope that they will make a firm commitment to the world community today to pursue peace consolidation and economic development and that that commitment will result in real action.

If I were to ask Mr. Dragan Stojkovic, a Goodwill Ambassador for this conference, what the secret of building a strong football team is, he would reply that it is to have talent as individuals and as a group. It is impossible to create a strong team if you lack either individual ability or teamwork. This can be applied to the team of the Western Balkans as well. It is important that they revitalize regional cooperation as a team while each nation demonstrates its individual talents. I would like to see the region combine its strengths and strive for the goal. In closing, I would like to pledge that Japan will continue to be a supporter of the Western Balkan team.

Thank you very much.

Ministerial Conference on Peace Consolidation and Economic Development of the Western Balkans

Tokyo, April 5 2004
Ministry of Foreign Affairs of Japan

Programme

April 5th

Venue: Mita Conference Hall, Tokyo

Co-Chairs:

- Mr Isao Matsumiya, Parliamentary Secretary for Foreign Affairs, Japan
- Mr Tom Kitt, Minister for Development Cooperation and Human Rights, Ireland (EU Presidency)

9:00 – 9:50 Opening Session

Opening speech

Ms Yoriko Kawaguchi, Minister for Foreign Affairs of Japan

Keynote speeches

Mr Tom Kitt, Minister for Development Cooperation and Human Rights of Ireland

Ms Sadako Ogata, President of Japan International Cooperation Agency (JICA)

Statements

Mr Anastassios Vikas, Deputy Director-General for CFSP, Council Secretariat

Mr Reinhard Priebe, Director for Western Balkans, European Commission

Mr John Riddle, Deputy Special Coordinator of the Stability Pact for the South Eastern Europe

9:50 – 11:50 Morning Session – Political Aspect

Interventions from Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Serbia and Montenegro, UNMIK/Kosovo and OHR (5 minutes each)

Round table discussion (maximum 5 minutes per speaker)

12:00 – 13:30 Lunch (seated, buffet style)

Guest speech during coffee and dessert

Mr Dragan Stojkovic, President of the Football Association of Serbia and Montenegro, Goodwill Ambassador for Peace of the Conference

13:45 – 15:45 Afternoon Session - Economic Aspect

Interventions from Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Serbia and Montenegro and UNMIK/Kosovo (5 minutes each)

Round table discussion (maximum 5 minutes per speaker)

15:45 – 16:00 Coffee Break

16:00 – 16:30 Closing Session

Conference Conclusions

The Conference is expected to close by 16:30.

19:00 – Dinner

Hosted by Ms Kawaguchi for Ministers from the Western Balkans (at Iikura House)

April 6th

10:00 – 11:30 Meeting with Nippon-Keidanren

Meeting with the representatives of Nippon-Keidanren (Japan Business Federation) for Ministers from the Western Balkans