



# **Reconnecting Serbia Through Regional Cooperation**

**An Action Plan Report  
of the Euro-Atlantic Initiatives Project**

**Serbia and the Challenge  
of Regional Integration**

**The Stanley Foundation  
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## Acknowledgement

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Participants in the task force and advisory group contributed on their own behalf. The comments and recommendations reflect a broad consensus of personal views and do not represent the position of any group or institution with which any of them may be affiliated. In addition, these observations and recommendations reflect that consensus and do not necessarily represent the views of the Stanley Foundation.

## Executive Summary

*“The remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and Europe as a whole.”*

*—Address by General George C. Marshall, Secretary of State of the United States, at Harvard University, June 5, 1947.*

It has been more than 50 years since General George C. Marshall called upon the countries of Europe to put aside their differences, begin working together to end the misery that was ravaging the continent, and seek a lasting peace. While the Marshall Plan sought to address the immediate economic problems of Europe following the Second World War, the legacy of the plan has had profound and far-reaching effects on Europe as a whole. The signal achievement of the Marshall Plan was that it encouraged a change in mindset and approach and introduced procedures necessary to foster “habits of cooperation” among the many countries participating in the plan. In doing so, it laid the groundwork for future European cooperation and integration.

To examine ways of promoting “habits of cooperation” in Southeastern Europe, the Stanley Foundation’s Euro-Atlantic Initiatives program undertook a project in 2001 to identify obstacles to regional cooperation and ways to overcome them. The study was guided by a task force of US specialists and an advisory group from the region. The latter included officials, academic experts, students, and representatives of nongovernmental organizations (NGOs), the news media, and local governments. The group also included officials from other institutions from Yugoslavia (Serbia and Montenegro), including Kosovo, the new countries of former Yugoslavia, and many neighboring countries. The group was charged with making recommendations on how to facilitate and expedite the reconnection of Serbia with its neighbors in Southeastern Europe. This focus was chosen based on the assumption that long-term regional security is impossible without the active and constructive participation of Serbia.

It has been said that one of the banes of Southeastern Europe is that the vital interests of one people always seems to conflict with the vital interests of another. This has led to constant competition, rivalry, and conflict. These are circumstances and attitudes similar to those that have plagued Western Europe for centuries. But war-weary Western Europeans broke that cycle after World War II, discovering that the only way to secure lasting peace would be through regional cooperation and institutional dispute-settlement procedures.

Such an approach, especially with regard to the post-Milošević Balkans, requires reconciliation and a willingness to “be friends,” put past wrongs behind, and develop “habits of cooperation” in Southeastern Europe. It also requires judicial reform and establishment of the rule of law within each country and mechanisms of dispute settlement within and among them. Forming such an infrastructure of institutions and attitudes is as important as economic recovery and reform are to maintaining lasting peace and stability in the region.

The operational approach of the project was to listen to the concerns of people from Serbia and the region and to work with them to formulate recommendations. To achieve this, the project held a series of task force discussions and joint discussions of the task force and the advisory group. The project identified a number of issues that are key to Serbia’s integration into the region and for region-wide stability and reconciliation. These issues were clustered together under three broad subjects: regional economic cooperation, regional reconnection, and agricultural and rural development. These

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subjects were debated at length at a conference in Budapest in November 2001 in separate working sessions for each, which task force and advisory group members joined according to their interests and expertise. A summary of the findings and recommendations are contained below, and a more complete account is presented in the full report. In addition, more information about the project can be found at the Euro-Atlantic Initiatives program Web site at [euro-atlanticinitiatives.org](http://euro-atlanticinitiatives.org).

Some of the project’s recommendations are already well known to the international community, but in a number of instances participants wanted to reemphasize their importance for successful transition in Serbia and lasting regional stability. Other recommendations were unexpected. An example was the enthusiasm for building cooperation with Iowa, home of the Stanley Foundation and a state familiar with agricultural and municipal development. Taken as a whole, the recommendations form an approach that is regional in focus but local in impact. Many emphasized what can be done at the local

level in Serbia and how those local initiatives can be tied to other local communities across the region. Local-level initiatives were identified by the three breakout session groups as an area generally neglected by the international community but essential for successful transition in Serbia. In addition, tying local initiatives in Serbia to other local regional initiatives was seen as potentially beneficial for Serbia and the region as a whole. Many other countries in the region have a decade of transition experience and could potentially offer valuable lessons to Serbia, and some participants from these countries were pleased to recognize their potential to help.

While a more detailed account of the plan is contained within the body of the report, below is a summary of its major findings and recommendations:

### **General Findings and Recommendations**

- The international community should encourage—and Serbia and the region should support—regional approaches to solving common regional problems. Such an approach to questions about transportation, trade, investment climate, and energy would facilitate region-wide development and begin the process of regional cooperation and forming links to the European Union. To this end, the international community should work with Serbia to establish a list of priorities that meets the objectives of both the international community and Serbia. International funders should encourage regional projects and cross-border connection in their programs.
- It is possible—and almost certainly necessary—to develop “habits of cooperation” before some of the large political disputes (e.g., the political future of Kosovo) are resolved.
- A long-term, consistent partnership among the international community, governments, the private sector, and NGOs must be maintained. Furthermore, indigenous institutions that will carry on the work of transition and regional cooperation need to be developed and become self-sufficient.
- A clearinghouse should be established for projects undertaken in Serbia and the region to eliminate duplication and coordinate areas of activities.
- The international community, especially the United States, must stay actively involved and engaged in the region.

### **Findings and Recommendations From the Breakout Sessions**

- Regional economic cooperation: Barriers to economic transition and growth are prevalent in the region. Chief among these is inadequate regional infras-

tructure—roads, railway, and the Danube River—as well as continued barriers to foreign and domestic investment and trade. Priority initiatives the international community should encourage, and Serbia and the region should cooperatively address, include: improving conditions for small businesses, encouraging bilateral and regional trade agreements, relaxing visa requirements, and exploring opportunities to reestablish economic ties. Special emphasis should be placed on improving the economic environment in small communities.

- **Agricultural and rural development:** Serbia has the potential of being the “bread basket” of Southeastern Europe due to its geographical position and its abundant yields of vegetables, grain, livestock, and herbs. Efforts should be taken by the international community to promote agricultural and rural development in Serbia, especially in the Preševo Valley and Vojvodina. To facilitate this, partnerships could be developed between Midwestern states in the United States, such as Iowa, and the region’s agricultural sector.
- **Regional reconnection:** The wars of the former Yugoslavia have left deep scars on the people of the region. However, the reconciliation and healing process must go forward if lasting regional stability is to be achieved. To promote this process, initiatives should be taken in the areas of youth, news media, and local government—areas with the most potential for catalyzing regional reconciliation.

## Next Steps

There is much work to be done in Serbia and Southeastern Europe to bring about lasting stability. This will take time, money, and most importantly patience. Initiatives and activities taken in the region by NGOs or governments should be viewed as a step in the process of promoting lasting regional stability and not as ends in themselves. Care should be taken to avoid duplication of activities, and any proposed initiative should be undertaken only if there is local support for such an activity and if that work can ultimately become self-sustainable.

This project has identified a broad agenda of items that must be addressed if there is to be long-term peace and stability in the region. It has also affirmed that progress on this agenda is possible when people in the region and around the world decide to move forward constructively. And, finally, it has identified many actors in the region who are committed to constructive action.

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## Introduction

In 2001 the Stanley Foundation's Euro-Atlantic Initiatives program undertook a project to examine obstacles to regional cooperation in Southeastern Europe and identify ways to overcome them. To carry out this study, the foundation formed a task force of US specialists to work with an advisory group of officials, academic experts, and nongovernmental representatives from Serbia—including Kosovo, Montenegro—the new countries of former Yugoslavia, and their neighbors. Informed by the experience of Western Europe and the Marshall Plan—and noting the political, social, economic, and human devastation wrought by a decade of tension and conflict in Southeastern Europe—the group decided to focus on the question of Serbia. It set an objective to make recommendations on how the international community might best help facilitate and expedite the reconnection of Serbia with its neighbors in preparation for the eventual integration of the region into European institutions.

The project convened a series of meetings throughout 2001. In the first phase of the project, the task force met to identify and frame the issues for Serbia's integration into Southeastern Europe and form the advisory group of Serbian and regional political and opinion leaders. For the second phase of the project, the task force met with advisory group members twice to get their views on issues identified by the task force, debate their suggestions regarding Serbia's integration into the region, and begin to develop an action plan that details findings and recommendations for the international community. The first meeting with the advisory group was held in Belgrade, Federal Republic of Yugoslavia, June 24-27, 2001. At a subsequent meeting November 4-6, 2001, in Budapest, Hungary, original representatives of the advisory group were joined by counterparts from elsewhere in the region. Three "breakout" groups discussed, respectively, regional economic cooperation, agricultural and rural development, and regional reconnection. This plan presents findings from those discussions and recommendations for action.

## Background and Need

The objective of the project is to promote reconnection and integration in Southeastern Europe. Reconciliation of some contentious issues will be a prerequisite, and reformed thinking about the structure and process of political, business, and societal activities will be essential to long-term success. The project has concentrated on obstacles to regional integration and ways to overcome them.

It was not the intent of the project to tackle directly the larger political issues affecting the region, such as the question of Albanian minorities in several countries of Southeastern Europe or the future status of the international administrations in Bosnia-Herzegovina and Kosovo. While recognizing that resolving such issues is critical to peace, stability, and prosperity in the region, the project also noted that much high-level diplomatic, political, military, and financial attention is already devoted to such questions. The project, therefore, chose to focus at a lower operational level, while taking due cognizance of the larger context. Indeed, the task force—and later the advisory group—quickly recognized the importance of a regional approach and the need for a focus on Serbia in that regard.

Serbia is of vital importance to the region as a whole. At the same time, Serbia cannot solve its problems alone. Historical divisions exploited by a divided Europe stand revealed for what they were—barriers to any constructive connection to European integration. Moreover, development of a spirit of regional cooperation would help contain self-damaging rivalries and

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multiply benefits to all. Now there is an opportunity to rectify this situation, but it requires cooperation between the international community and the region and a cooperative spirit within the region itself.

Serbia's own situation is dire. The wars and devastation that accompanied the breakup of the former Yugoslavia brought suffering and ruin to much of the area and profound suffering to Serbia, as well, under the Milošević regime. Besides wastage of national treasure and human and material resources, both Serbia and Montenegro—forming what is left of present-day Yugoslavia—and also Croatia, Bosnia-Herzegovina, and Macedonia have suffered the opportunity cost of time wasted. Many of their northern neighbors who had once lagged behind have moved forward in their reform efforts and now far outpace Yugoslavia politically and economically. Indeed, some are in the North Atlantic Treaty Organization (NATO), and some, such as Slovenia, are nearly ready to join the European Union (EU).

Serbia's new leaders face daunting challenges as they try to appease two constituencies. On the one hand, they face high expectations and waning

patience among a populace that is eager for the anticipated fruits of their revolution—jobs, wages, and consumer goods. On the other hand, they face demands by the international community to continue to cooperate in bringing war criminals to justice and undertake stringent measures to get their economy in order. In addition, they confront fundamental political questions affecting the security and the very nature of the state—such as the eventual status of Kosovo and Montenegro, tensions in Vojvodina (and probably Sandžak), war crimes, humanitarian issues (mainly refugee and minority rights), disturbances on borders, and relations with Montenegro. Faced with these conflicting agendas and priorities, and coupled with their newly found responsibilities of leadership, the government is struggling to chart a course for political and economic reform and lasting stability.

### Serbia: The “End of the Beginning”

After its discussions in Belgrade last June, the task force concluded that the transformation that started with the toppling of Milošević in the fall of 2000 is only in its early stages. Much remains to be done to remove the political,

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economic, social, and spiritual legacy of Milošević and to put the country on sound footing. True reform has barely begun. Highlights of the situation include:

- **A Protracted Sorting out of Parties, Coalition, and Power.** The new leadership is divided and fractious. Tension between the federal authority and the Serbian leadership, not to mention that with Montenegro, remains high. This tension impedes effective governance and delays reform. Levers of power throughout the political-economic structure are still in the hands of Milošević appointees and/or “mafia” elements. Passage of numerous bills to reform political, economic, and social structures and activities goes unbearably slowly. Legislation that would bring important reforms in university governance, the news media, and other activities and institutions of society has languished. In addition, the army is unreformed, and the police barely so.
- **Economic Problems.** Macroeconomic policy proposals seem promising if Yugoslavia can win substantial debt relief; i.e., forgiveness and rescheduling. However, refugees are creating economic burdens, especially at the local level, that could negatively impact nascent economic gains. Breaking the

hold of organized crime is imperative to the success of the economy, but it is also important for regaining political control. Privatization legislation was enacted after much discussion in June 2001, but a law on labor questions was only passed in December 2001, so that only now can the process of privatization begin. The need for labor legislation stemmed, in part, from the legacy of “workers’ self-management,” which characterized the Yugoslav system under Tito. This points to another important aspect of the challenge of reform in present-day Yugoslavia: the fact that under the former Yugoslavia’s brand of socialism, the country did successfully outpace its socialist neighbors as of a couple decades ago. But that success has masked many deficiencies in the system and the attitudinal changes necessary for reform.

- **Economic Development.** In general, there is a critical need to focus on microeconomic development, especially the development of small- to medium-sized enterprises. This can be seen as a “lesson learned” from the economic transition in former Eastern European countries whose governments believed that privatization of the large state-owned enterprises would, by itself, provide a vehicle for economic growth and low unemployment.
- **Brain Drain.** There is a strong desire to entice talented people who have moved abroad back to Serbia to help ensure economic and political stability. This point was made repeatedly during the Belgrade conference, with emphasis on the need to try and bring back people who are educated and talented to help with Yugoslavia's economic and political modernization.
- **Nongovernmental Organizations (NGOs).** Serbian NGOs have been overwhelmed by approaches from outside organizations now that the Milošević regime is gone. They have found it confusing to sort out which offers are meaningful. They are also rightly concerned about how long this willingness to provide support will last and how they can take up the burden to help themselves, something the Serbs very much want to do. Yet recognizing that the processes of reform and recovery will take many years, they desire a long-term, coordinated assistance program from the international community.
- **Youth.** A “lost generation” of youth—teenagers and young men and women—grew up during Milošević times and have dropped out of society. They think they are hip, but they don’t know reality. While many are connected to the Internet, some advisory group members thought such contact was “meaningless.” Other advisory group members found the “lost generation” notion too strong and noted that the phenomenon might not be

restricted to young people. They agreed, however, that many young people, especially students and the well informed, were particularly frustrated by the lack of modernization (i.e., democratic, economic, and political reforms) within Serbia. They recognized that many youth and students were quite energetic, sophisticated, and eager to develop links to their Western counterpart organizations.

- **European Union.** There is a widespread desire for the higher standards of living represented by the EU and a readiness to cooperate with it. However, there may be a growing recognition that the road to the EU is long and bumpy. Many Serbs may, therefore, be more willing to “jump” to Zagreb, Ljubljana, or Sarajevo if they cannot go to cities such as Paris or London. If most Serbian firms cannot yet sell (or buy) in Germany or England, perhaps they can do so in Croatia, Bosnia-Herzegovina, Bulgaria, Hungary, Romania, or Slovenia. However, many practical and attitudinal barriers remain to be overcome.

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- **Reconnections.** Previous business and cultural ties enjoyed by various institutions with counterparts in Europe and the United States (e.g., the university) represent a strong base upon which to build. Students and the news media have also built such ties during opposition years. This probably extends to other institutions. Reconnecting those ties should be emphasized, especially within the former Yugoslavia and the rest of Southeastern Europe.
- **Students.** Student activists are energetic, sophisticated, well plugged in to European counterpart organizations, and are apparently well received there. They have a political-social platform that includes reconciliation, cooperation with neighbors and the EU, advocating tolerance in society (e.g., rights for minorities, women, and gays), and promotion of student issues vis-à-vis the university and the government. They receive funding from the National Endowment for Democracy and the Open Society Institute as well as from European sources. Consistent support of student groups and their projects should be emphasized.

## The Importance of Reconnecting Serbia to the Region

It has been said that one of the banes of Southeastern Europe is that the vital interests of one people always seems to conflict with the vital interests of another. This has led to constant competition, rivalry, and conflict. These are circumstances and attitudes similar to those that have plagued Western Europe for centuries. But war-weary Western Europeans broke that cycle after World War II, discovering that the only way to secure lasting peace would be through regional cooperation and institutional dispute-settlement procedures. This included encouraging a change in mindset and approach, and adopting procedures necessary to foster “habits of cooperation.” This was a signal feature of the Marshall Plan that is often overlooked by those who focus on the money behind it.

Such an approach, especially in the case of Serbia, requires reconciliation and a willingness to be friends, to put past wrongs behind, and to develop “habits of cooperation” in Southeastern Europe. It also requires judicial reform and establishment of the rule of law within each country and mechanisms of dispute settlement among them. Forming such an infrastructure of institutions and attitudes is as important for lasting peace and stability in the region as installing economic infrastructure. It should get high priority from the leaders and people of Southeastern Europe as well as from the international community.

## The Regional Dimension

The discussions at the meetings in Budapest added an important regional perspective. There was agreement that Yugoslavia’s needs are great and that there is an urgency to the challenge of facilitating reform and reconnections. There is much activity from outside NGOs, to such an extent that their presence can be overwhelming and confusing. There is a need for coordinating NGO activity and their dialogue with Serbian counterparts.

It is extremely important for the United States and US organizations to stay involved in the region, partly to provide inspiration and perhaps also a leavening factor. In addition, US citizens in states like Iowa (headquarters of the Stanley Foundation) have much to offer as a valuable potential resource to supplement US governmental efforts. Among other things, they have grass-roots experience and perspectives that are extremely important.

Many economic, political, and social problems in Serbia, and perhaps elsewhere, center more on organization—or lack of it—than any shortage of technical know-how. Moreover, Serbia is gripped by a legacy of excessive centralization under Milošević that is now being continued through governmental gridlock in Belgrade. Too much of the dialogue between assistance

providers from outside goes “top-to-top,” so that little is happening at important grassroots levels. Rural areas are losing out all the more, because their voice is drowned out by the larger, more powerful towns and cities in the competition for resources and priorities.

Especially encouraging was a feeling among many of the participants from neighboring countries that it is important to help Serbia become reconnected in the region. Several observed in private conversations that they were pleased to realize that their countries had already traveled some distance down a hard road and had reached a point where they could now help others like Serbia.

A discordant, but decidedly minority, view was raised, however, which questioned the readiness or willingness of Serbs to “reconcile.” This issue was addressed in the regional reconnection breakout session at the Budapest conference where it was acknowledged that much work needs to be done, especially in the realm of people-to-people contacts. But regimes must also help show the way. On the whole, the peoples represented in the conference in Budapest from both Serbia and the region seemed quite willing to take up the work of reconciliation and reconnection.

### **Promoting Lasting Stability and Regional Cooperation**

Every effort has been made to ensure a voice both to major international actors and to representatives from Serbia and Southeastern Europe. The result is an amalgamation of their insights and suggestions. They are speaking both to the international community as a whole—the collection of governments and institutions such as those listed above—and to their own countries and peoples. Above all, they believe strongly that the international community should stay actively engaged in Southeastern Europe to promote lasting regional peace and stability. As problems elsewhere in the world demand attention, we must not leave unfinished business in Southeastern Europe. There may be ways to work more effectively or efficiently, but it is too early to abandon the effort, despite frustrations in Bosnia-Herzegovina and elsewhere in the region. Time is needed for the kind of fundamental reforms that are necessary.

Individual programs often seem to lose sight of the reconciliation and reintegration objective. In particular, many programs focus on particular countries without sufficient scope for regional integration questions. Accordingly, the group recommends the following:

- The international community and the Serbian government should work together to establish a list of priorities that meets both of their objectives

and ensures lasting stability and peace. Both sides need to deliver what they agree to and focus on implementation of their priorities.

- The international community should encourage, and Serbia and other countries of the region should welcome, regional approaches to solve common problems, especially of infrastructure—transportation, energy, and commercial institutions—and also among sectors where such cooperation can bring mutual benefit; e.g., agriculture and reconstruction of rural areas. It should be emphasized that regional cooperation in no way implies reconstitution of the former Yugoslavia; the cooperation envisaged is that between independent and equal states to their mutual benefit. That kind of cooperation would actually facilitate preparation for such states to develop closer links to the EU and, eventually, even membership in the union.
- International institutions and funders—governments, financial institutions, foundations, and corporations—should encourage regional projects and cross-border connections in their funding programs. A regional approach

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may also embrace development of subregions along natural political and economic lines. For example, the existing Stability Pact for South Eastern Europe and the Southeast European Cooperation Initiative may give priority to subregional investments to promote cooperation among, for example, the Southeast European countries of Serbia-Montenegro, Bosnia-Herzegovina, and Croatia. Another subset might be Serbia-Montenegro, Kosovo, Macedonia, and Albania. Other such subregional groupings might also develop to create an overlay of interconnections that would strengthen the region as a whole, perhaps eventually through customs' unions, currency arrangements, and the like.

- The need for a consistent, long-term partnership among the international community, the private sector, NGOs, governments, people, and civic groups in the region must be accepted and acted upon. Such partnership must be viewed as a means to the end of achieving prosperity and stability, not as an end in itself. Indeed, there is a need to develop indigenous support for local and regional NGOs, for example, in order to ensure the viability and sustained participation of civic groups in the political and economic life

of the countries of the region. Besides cooperation in political and economic areas, the international community, NGOs, and governments in the region should emphasize implementation of democratic minority policies and promotion of multiculturalism or simple tolerance for others. In working with indigenous nongovernmental institutions, the international community must aim for eventual self-sufficiency on the part of worthy nongovernmental partners in the region.

- Programs to establish the rule of law throughout all institutions of society and politics must be emphasized—constitutional, civil, criminal, and commercial. This work must proceed together with economic development and civil society development. Without the rule of law, the countries in the region cannot make a lasting transition to stable democratic societies.

In “breakout” or small group sessions at the conference in Budapest, the groups recommended a number of more specific steps in the general categories of regional economic cooperation, agricultural and rural development,

### *Improve conditions for small businesses in Serbia and throughout the region.*

and regional reconnection. The following list of recommended actions is a sampling. One organization or another is already undertaking some of these activities, but more needs to be done.

Discussions focused on areas where changes can be made through civil society organizations, local municipalities and communities, national and international NGOs, and aid agencies without, in fact, changing government policies. To avoid overlapping projects, suggestions were made that before any one project is undertaken, whether by governmental or nongovernmental organizations, a study should be done to determine what initiatives are already being undertaken to avoid duplication. Also suggested was the necessity of convening a forum to bring together NGOs and funders to explore ways to organize and establish a clearinghouse for activities in the region.

The group set two basic principles that should be followed for organizing a project. First, it should be one in which there is local interest; it could be proposed by local persons/organizations or by the Western organizer but, if the latter, only pursued if there is real interest expressed by the people concerned. Second, before any project is launched, there should be a careful check to see if others are already doing the same thing, to avoid duplication.

### Promoting Regional Economic Cooperation

Participants in the regional economic cooperation breakout session identified three main problems for Serbia and the region. They are:

1. Infrastructure, including the need for better roads and rail connections in the region; the clearing of the Danube, in particular, for shipping; and power issues.
2. Barriers to investment, both foreign and domestic, including the detrimental role of the bureaucracy, for example, in a nonreformed chamber of commerce in Serbia; the legal system; organized crime; and corruption.
3. Visa and border-crossing procedures are a detriment to trade. Sometimes visas are difficult to obtain. Even the granting of multiple entry visas for business people would help facilitate trade. There are often long waits at borders for shippers. This substantially hurts trade, since there are now a number of borders between Albania and Western Europe, for example.

**Recommendations.** Based upon the breakout session findings, this panel recommends that the international community, Serbia, and the region undertake the following:

1. Bring the informal sector into the formal sector. This would both boost measured economic activity and tax revenues as well as allow for further growth of these businesses. In addition, many informal businesses function across state borders, so such amalgamation would be another way of integrating economies.
2. Improve conditions for small businesses in Serbia and throughout the region.
3. Encourage reduction, or even removal, of border-crossing barriers through facilitation of procedures or establishment of visa-free, or even passport-free, zones.
4. Encourage bilateral trade agreements. Failing a free-trade area in the region, the more bilateral agreements, the better. Full diplomatic relations among countries in the region should also be a priority.
5. Explore ways to reestablish ties with former Yugoslav republics in the areas of trade, technology, brand names, and culture and to identify solutions that can ease the creation of new economic ties in the region.

6. In addition, the group recognizes a need for regional conferences to advance dialogue on issues, facilitate connection-building and cooperation, and identify policy options. Suggested subjects include:
- Technical issues where transition countries such as Hungary or Poland, which have progressed further, can share experiences.
  - Academic conferences from regional economic institutes to examine and discuss the current macroeconomic situations, or individual microeconomic topics.
  - How to foster a better business climate in the region. These meetings should include economists and business people, possibly including Serbia's Diaspora business community.
  - Sister City initiatives that bring together cities and regions to discuss ways to support and promote existing regional initiatives; e.g., the Danube Basin Initiative.

### **Agricultural and Rural Development**

The following topics served as guiding points for discussion:

- Ways and means for improving systems of local governance in the municipalities and rural communities in Serbia.
- The effectiveness of the current agricultural structure in Serbia and possibilities of increasing productivity through improved organization and technology. Under this topic it was regarded as important to distinguish between agricultural development and agribusiness.
- The potential that Serbia has to offer to the region. These were the combination of the geographical position of Serbia in the region and the type of goods that thrive in Serbia and yield good harvests—vegetables (specifically corn), grain, livestock, and herbs.

Due to strong representation of agricultural and agribusiness sectors on the part of Serbian, Albanian, and international participants, and to the fact that major projects are already in preparation to address rural development, most of the time allotted for the breakout discussions was devoted to the second topic. Again, a distinction was made between the question of agricultural development and that of establishing agribusiness associations.

In addition, participants who came from the state of Iowa—location of the Stanley Foundation headquarters—brought expertise in agribusiness and association-building. Their views contributed greatly to the recommendations from the session.

Because of heavy participation from southern Serbia, it was decided to concentrate there first. Also, after a strongly expressed position by the Serbian participants, it was decided that organization rather than technical know-how was the main issue for this particular region of Serbia.

### **Recommendations.**

1. Provide agricultural organizational support to the Preševo Valley. US Midwestern states, such as Iowa, can provide valuable experience in association-building, lobbying, marketing, organization and communication techniques, and other important areas of agribusiness and rural development.

## *Initiate municipal partnerships between Serbia and the United States.*

2. Mayors and experts in local governance from US Midwestern states should hold workshops with their counterparts in Serbia and the region on:
  - The importance of collecting data and obtaining an information basis that would serve as a starting point for further work on various problems.
  - Defining ways to accomplish strategic aims.
  - Defining projects that would improve some of the poor political structures that exist at the local government level.
  - A separate workshop should be commissioned to address the problems of communication with the donor community. In order to maximize the usefulness of donor support, each side must better understand the needs, interests, and obstacles of the other.
3. Initiate municipal partnerships between Serbia and the United States. This could be done through the extension of Sister Cities associations to include communities in Serbia.

### Regional Reconnection

This breakout session sought to identify ways to assist and promote Serbia's regional reconnection.

The group pointed out priority areas in which the international community could undertake work. Its recommendations cover three specific sectors: youth, news media, and local government.

### Recommendations.

#### 1. Youth

- Encourage ways to promote student participation in university affairs.
- Explore avenues to teach young people to communicate among themselves by bringing them together on a regional basis. Include youth groups with different attitudes, and encourage ties with EU youth and educational activities.
- Examine how youth groups are organized and how different interests are articulated.
- Find ways to facilitate the process of youth group formation and organization, encourage regional ties, and emphasize regional discussions of common issues—including treatment of the recent past, minority questions, and related issues.
- Convene forums between professors and students to discuss common problems, ways to develop strategies to overcome these problems, and promote dialogue and cooperative action.
- Encourage cooperation between regional youth activities and the news media.

#### 2. News Media

- Encourage journalism associations throughout the region to work together on issues of common concern, such as media law.
- Convene forums for print and electronic journalists from the region to discuss pertinent issues including the state of the media today, the role of the media during the Milošević era, how the news media can contribute to the reconciliation process, media reform and legislation, and professionalization and privatization of the media.

### 3. Local Government

- Encourage the Local Mayors Association (Stalna Konferencija Gradova I Opština Jugoslavije) to take up issues vital to the population—pollution, health services, schools, garbage collection, roads, etc.
- Convene a regional-level meeting of city administrators to discuss one or more common, concrete problems—water pollution, refugees, orphans, etc.
- Examine ways to promote regional cooperation among city administrators through a variety of communication tools, including a Web site resource to exchange views on issues. (Romania has an association of mayors with a Web site where city administrations' views on such subjects are exchanged. Could the same be done in the former Yugoslavia?)
- Convene meetings of other local officials and citizen groups on a regional and international level to encourage ways to exchange experiences and discover their common interests.

*Explore avenues to teach young people to communicate among themselves by bringing them together on a regional basis.*

### What Needs to Be Done

The task force and advisory board recognize the international community—governments, international institutions, and NGOs—is doing a great deal of work to stabilize Southeastern Europe. But more needs to happen in order to bring long-term peace to the region.

The international community has been actively trying to manage relations and provide assistance in the region since the early 1990s. Political and economic reform is going relatively well in Slovenia—and to a lesser extent in Croatia and other countries—which hopes to be on the “fast track” to EU and/or NATO membership. Bosnia-Herzegovina is still under international administration, and Kosovo is a virtual UN/NATO protectorate. Others like Bulgaria, Slovakia, and Romania are making some progress but not as quickly or as steadfastly as desired.

The EU and the World Bank are taking the lead in direct assistance and are helping coordinate work directly through the Stability Pact for South Eastern Europe—a coordinating mechanism also supported by Russia, Turkey, Japan, the United States, countries of the region, and a number of international organizations—including the United Nations, NATO, the Organization for Economic Cooperation and Development (OECD), the Organization for Security and Cooperation in Europe (OSCE), the International Monetary Fund, and a number of others. The US government, including the US Agency for International Development, is also participating extensively through the Stability Pact and with their own direct programs. Now Serbia's earlier pariah status, which had left a hole in regional planning, is ending.

However, the Stability Pact's role is limited to that of a broker, to raise contributions and try to match funds to projects. It cannot exert the political or economic impact of the Marshall Plan. In addition, cooperation and regional planning cannot be exacted as under the Marshall Plan; it can only be exhorted or encouraged. This demands a strong effort on the part of both the international community and the countries in the region. The challenge in political, economic, and social terms is probably greater to both than it was for post-World War II America and Europe.

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The Euro-Atlantic Initiatives program seeks to build and foster communities in the United States and Europe committed to comprehensive Euro-Atlantic security through research and analysis by policy professionals and the convening of open dialogue forums among political and opinion leaders.

The objective of the Euro-Atlantic Initiatives program is threefold:

- To engage the US policymaking community on the importance of political, economic, and security transition in Russia and Eastern Europe and its impact on Euro-Atlantic security.
- To improve comprehensive—political, economic, and military—approaches to Euro-Atlantic security between the United States and Europe.
- To foster and sustain a dialogue on the integration of Eastern European countries into a wider military, political, and economic Euro-Atlantic security framework.

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