

Mr Chairman, Honourable Members of Parliament.

This was another important year for enlargement. Croatia completed its accession negotiations. We have seen good progress on reforms in a number of other countries in the region. Furthermore, the last indictees of the International Criminal Tribunal to the former Yugoslavia were transferred to The Hague.

Regrettably, not every development has been positive. Relations between Belgrade and Pristina have continued to be strained, but we now expect the talks between Belgrade and Pristina to resume. And the situation between Turkey and Cyprus is yet another reminder of the potential for problems in the region.

Last year, I spoke to you about the **credibility** of enlargement policy. The progress made this year, clearly confirms that our policy is credible and delivers real results.

Our policy is **credible** because countries deliver on their reforms, and the EU delivers on its commitments once the conditions are met. Croatia's progress is the best example of this.

It is **credible** because we monitor the demanding criteria and conditions, and their implementation. Thanks to this, candidate countries achieve a higher level of readiness to join, which benefits both them and the European Union.

For the candidate and potential candidate countries our policy facilitates a profound **transformation**.

- A **transformation** to a stable, pluralistic democracy which upholds and reinforces the rule of law.

- A **transformation** to a functioning market economy and the prospect of long term prosperity.

- A **transformation** to a modern society, which fully embraces the values at the heart of the European Union.

This same process benefits the European Union and its Member States. At this time of on-going economic uncertainty in Europe, the transformational enlargement process:

- provides **stability in the region**,

- creates a **larger economic space** and

- **increases the human and cultural capital** of our common European home.

Honourable members,

The **transformation** that is underway in the enlargement countries is built on the same foundations, on which our Union is constructed.

The 2011 Strategy paper continues to focus on these essential elements.

First, **strengthening the rule of law and public administration reform**;
Many countries have made progress, but this is a long term project and will require further work in the years to come.

To underpin this work, I announce today that **we are proposing a new approach** to Judiciary and Fundamental Rights and to Justice and Home Affairs. We intend to tackle these issues early in the accession process, opening the relevant chapters on the basis of action plans adopted by governments and these chapters will be among the very last ones to be closed. We will report regularly on implementation, on meeting the milestones in the action plans and on the development of track records. If needed we will propose corrective measures.

Second, **ensuring freedom of expression in the media**;

There can be no real transformation without freedom of expression. The importance that the Commission and the European Parliament attach to this issue was demonstrated by the Commission's "Speak Up!" conference in May 2011.

Conference conclusions setting out our concerns were sent to all Prime Ministers of enlargement countries. We expect to see concrete steps: notably to review and revise legislation concerning the media and to better protect journalists and prosecutors. I can assure this house that this will also be reflected in the accession negotiations themselves.

Third, **enhancing regional cooperation and reconciliation** in the Western Balkans is one of the cornerstones of the stabilisation and association process: from energy and the environment to refugees and war crimes.

We encourage our partners to tackle bilateral issues as early in the enlargement process as possible. These should not act to hinder the accession process.

Finally, **achieving sustainable economic recovery, embracing Europe 2020 and extending energy and transport networks.** In most enlargement countries, economic recovery is underway. The challenge now is to ensure economic growth and job creation for the economic prosperity of the countries but also for the European Union as a whole.

Mr Chairman,

The transformative power of the enlargement process of the European Union can be seen most obviously in **Croatia**.

Today, Croatia is very different to the country that applied for accession to the European Union a decade ago. Democracy functions. Fundamental rights are respected. The economy has weathered the financial crisis. And Croatia will be ready to accept the rights and obligations of membership from the day of accession.

Therefore, today's enlargement package includes the Commission's favourable Opinion on Croatia's accession to the European Union. I hope

that the European Parliament will give its consent to allow for the signature of the Accession Treaty in December.

Of course, Croatia needs to continue preparations on the ground. Today's report identifies the areas where further delivery is needed. The Commission will closely monitor the fulfilment of all remaining commitments made by Croatia during the negotiations.

It is my pleasure to witness that the transformative impact of the enlargement process is also being seen in other countries.

Let me start with **Montenegro**.

Last year, Montenegro was granted Candidate Status. The Council decided to consider opening accession negotiations, once the Commission has assessed that Montenegro met the 7 key priorities identified in the Opinion. **Montenegro has worked hard.** We have seen real progress including in; judicial reform, revising the electoral law, media freedom, anti-discrimination and the fight against corruption and organised crime. **I am therefore proposing today to open accession negotiations with Montenegro.**

Montenegro will need to maintain the momentum of reforms, and consolidate its progress. The track record on rule of law implementation needs to be further developed. Our new approach and focus on Judiciary and Fundamental Rights and Justice and Home Affairs from the very first stage of negotiations will help to create a new dynamic of reforms in these areas and is the best way to support this consolidation.

The enlargement package also contains **our Opinion on Serbia's application for membership**. On the basis of the progress achieved in reforms, co-operation with the International Court Tribunal for ex-Yugoslavia, and regional reconciliation, **I recommend granting Serbia Candidate Status** on the understanding that Serbia re-engages in the dialogue with Kosovo and **is moving swiftly to the implementation in good faith of agreements reached to date**.

Furthermore, we recommend that accession negotiations be opened as soon as Serbia achieves further progress in meeting the one key priority we identify namely: further steps to normalise relations with Kosovo in line with the conditions of the Stabilisation and Association Process.

This is the only priority we set which in itself is a tribute to the reform efforts we have witnessed in Serbia over the last year in the area of judicial reform, rule of law and other areas intrinsically linked to the Copenhagen political criteria.

Iceland has made good progress in negotiations with the European Union right from the start. I am confident we will continue to do so this year. Within Icelandic society, there continues to be diverging views on the prospect of EU accession. I encourage all Icelandic citizens to engage in this debate, a debate which we will actively support.

Turkey, with its dynamic economy and its important regional role, continues to be a key country for the European Union. I am convinced that the accession process remains the most effective tool to frame our relations with Turkey.

Regrettably, accession negotiations have not moved forward for more than one year. There are frustrations about this on both sides. But these should not blind us from the importance of our relationship, or the underlying fundamentals which remain good. I believe it is time to work for a renewed positive agenda in EU-Turkey relations. To build together on our common strategic interests.

In our strategy paper, we propose concrete measures to re-build momentum in the process and establish a new positive agenda. An agenda which will include support for political reform, in particular an inclusive constitutional reform process. This agenda also covers a broad range of areas of common interest such as: foreign policy dialogue; alignment with the European Union acquis; practical progress on visas; mobility and migration; and deepening our economic relationship to get the most out of the Customs Union.

Mr Chairman,

Let me turn to a subject which we discussed in the last plenary meeting in Strasbourg namely the relations between Cyprus and Turkey. We are concerned about the recent tension and our report today makes four points very clear. First, the Commission stresses the sovereign rights of all EU Member States to enter into bilateral agreements in accordance with the EU acquis and international law. Second, we recall the necessity for Turkey to refrain from any kind of threat or action which could negatively affect good neighbourly relations. Third, we underline the urgency of Turkey to fulfil the non-discriminatory implementation of the Additional Protocol to the Association Agreement and make progress towards normalisation of bilateral relations with Cyprus. This could

clearly give a significant boost to the accession process. Fourth and most importantly we reiterate our strong support to the comprehensive settlement talks on Cyprus. As we enter into this intensive phase of the Cyprus talks, it is essential that all parties exert restraint and do their utmost to ensure a positive climate that will facilitate a successful completion of the process.

Concerning **the former Yugoslav Republic of Macedonia**, we maintain our recommendation to open accession negotiations. The prospect of European Union accession has been a driver of the reform process.

However, with the continued impasse over the name issue, the motivation for reforms has diminished. There has been little progress over the past year. Core challenges remain, notably: independence of the judiciary, reform of public administration and fighting corruption. Freedom of expression remains a serious concern.

It is, therefore, crucial that there is progress on the name issue. A solution is long overdue. Opening negotiations will benefit not only the country and the region but the EU as a whole. Another year should not be lost.

On **Albania, I would have liked to see more progress**. Last year, we identified 12 key priorities that need to be addressed before the accession process can reach the next stage. However, progress has been hampered by the continuation of the political stalemate and parliamentary boycott. This despite all our efforts to support progress.

More recently, some positive signals suggest that the political parties want to restart dialogue. This is urgently needed to re-establish and maintain a level of cooperation which would allow for progress on the EU integration path.

In **Bosnia and Herzegovina**, political and institutional deadlock has continued. This has prevented work on the reform agenda including those needed to bring the country closer to the EU. A state-level government is urgently needed to drive forward the reform process **and so is constitutional reform**. To advance towards the EU, the country needs to amend its constitution in line with the European Court of Human Rights ruling to eliminate ethnic discrimination regarding representation in institutions and adopt a state aid law at the federal level.

The March 2011 Council Conclusions, show the European Union's commitment to Bosnia and Herzegovina's European perspective.

The appointment of the new double-hatted Head of Delegation and European Union Special Representative is one sign of this commitment. The Structured Dialogue on Judiciary is another demonstration of our desire to support the reform agenda. This seems finally to be bearing fruit.

In **Kosovo**, lengthy electoral processes meant progress achieved with the reform agenda was limited. However, the new institutions are committed to Kosovo's European perspective. They have produced some initial reforms. Organised crime and corruption remain major

challenges. Kosovo needs to strengthen public administration. Judicial reform is pressing. The Commission proposes to launch a structured dialogue with Kosovo on the rule of law to address these challenges.

While the integration of Kosovo Serbs has improved in the South, tensions in northern Kosovo have increased. It is of utmost importance that Kosovo launches a comprehensive agenda for the north.

We will continue supporting Kosovo's efforts to reach key objectives such as a trade agreement and participation in Community programmes. On visas, a dialogue will be launched towards the end of this year. We will also review our 2009 Communication to ensure that Kosovo can further benefit from the EU accession process.

Mr Chairman,

To conclude, Enlargement is a strong policy, a credible policy, a policy with the transformative power to change countries to the benefit of their populations and to the benefit of the European Union as a whole.

Naturally, I have spoken about progress over the past year. I would like to take the opportunity here today to thank you for your co-operation and support. Without it I doubt that we would have seen the achievements which I have set out today.

Looking at the work we have set ourselves for next year, that co-operation and support will be required more than ever if we are to ensure further progress in the year to come and the transformation of the countries and the lives of the people.

I look forward to your questions and comments.