

**CENTER FOR STRATEGIC AND INTERNATIONAL
STUDIES (CSIS)**

**POLICY FORUM: “U.S.-ALBANIAN RELATIONS AND
ALBANIA’S PROGRESS TOWARD EU AND NATO”**

WELCOME AND INTRODUCTION:
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FEATURED GUEST SPEAKER:
HIS EXCELLENCY LULZIM BASHA,
FOREIGN MINISTER OF THE REPUBLIC OF ALBANIA

MONDAY, MAY 7, 2007
3:00 – 4:30 P.M.

*Transcript by:
Federal News Service
Washington, D.C.*

JANUSZ BUGAJSKI: Okay, good afternoon. Welcome, everybody. I'll straight right away. I won't take up – I won't take up too much time as we only have about 45 minutes and the foreign minister has to rush off to another meeting, but I think this is a good opportunity to see where things are now in Tirana. And I think it is a very important time. Lulzim has only been foreign minister for three days, but of course he has served in various positions in government. We are very happy to have him so quickly after his appointment.

And it's actually the eve in what I call eliricum (ph) now or the West Balkans as we now call it – in other words, decisions on NATO membership, decisions on EU expansion, decisions of course in the future of Kosovo (?) over the next few weeks. And last but not least, this is all, I think, symbolized, encapsulated in President Bush's upcoming visit to Tirana at the beginning of June or mid-June. June 10th I believe it is.

So, anyway, without further ado, let me very briefly introduce Lulzim Basha, the Albanian foreign minister. A little bit of background: Prior to his recent appointment, he served as minister of public works, transport and communications. He has been a member of the assembly of the parliament, spokesman of the general election campaign, member of the presidency of the Democratic Party for many, many years, member of the national council of the party. He also has experience in Kosovo, having served a special advisor for transition at the Department of Justice in UNMIK and as deputy chief of cabinet of the director of the Justice Department in UNMIK.

But he comes to us as Albanian's new foreign minister. Welcome to Washington. Welcome to CSIS.

(Applause.)

H.E. LULZIM BASHA: Thank you very much, Mr. Bugajski, dear participants. It's a privilege and a pleasure to be amongst you today. I have been here for about 24 hours and I will be leaving tomorrow afternoon after a schedule of meetings with the secretary of State, Madam Condoleezza Rice; deputy secretary of Defense, Mr. England; Senators Lieberman, Lugar, and Hagel, a number of congressmen, and various other members of the administration from the National Security Council and other agencies.

I am very happy that I have the occasion – three days – three official days after my appointment to be here – the Center for Strategic International Studies, a think tank that has had a decisive voice in coursing U.S. foreign policy as well as overall foreign policy in European capitals and in the Balkans with regard to some of the most hot items of the past decade from the dismemberment of former Yugoslavia, particular focus on the issue of Kosovo, Albania, integration of Eastern European countries into NATO and European Union – all matters that rank very high in the agenda of the Albanian government.

I have also been reminded, this is the 85th anniversary of the recognition of the Albanian state by the United States of America, which makes me think back on the history between our two countries, starting with the time when President Wilson played a significant role by laying out principles of self-determination, as well as diplomatically intervening for not allowing for the partition of Albania, thus maintaining its very existence as a state. This significant gesture is only the first in a series of gestures that are rooted in the sub conscience of the Albanian nation and the Albanian people.

Most recently, the role of the U.S. administration was crucial in denying genocidal plans of Slobodan Milosevic to exterminate and expel Albanians from their homes in Kosovo, starting with the redline ultimatum of President Bush in 1992, the repeat of that ultimatum by President Clinton, and his role as leader of the North Atlantic Treaty Organization in the campaign to stop the extermination and genocidal actions of the Serb military and paramilitary forces in Kosovo in 1998 and 1999, and the role of President Bush and his administration in consolidating democracy in Southeastern Balkans, in Albania, consolidating the principles of market economy and democracy in Kosovo, preparing Kosovo to be a dignified member of the international community, and most importantly, recently, the support of the U.S. administration in the context of the international community's efforts for a resolution of the final status of Kosovo and the achievement of the long-standing aspiration of the people of Kosovo for an independent state of their own.

I also recall the visit of secretary of State, James Baker III to Tirana in 1991. And was then in my last year in high school. Together with my younger brother, we were in the crowd, hundreds of thousands of Albanians awaiting with great curiosity and fascination and excitement the visit of this highest-ranking U.S. official whom we saw on television standing side by side President Bush, a leader of the free world, the man we all attributed to the fall of the Berlin wall and the liberation of our country from the communist yolk.

Tomorrow is a very important day for the ministry of foreign affairs, for me personally. I have the chance to meet the secretary of State, Condoleezza Rice who has set forth this tradition of the secretaries of State, U.S. administration. But this time as partners, we have contributed all over the world, starting from Iraq and Afghanistan and other areas, to free people from oppression and to set the roots of functioning democracies. I have seen that going on for a more peaceful and stable world, a world where nations can communicate in peace with each other, trade in peace with each other, and guarantee the prosperity of their citizens.

I come to Washington with a clear agenda to discuss three top priorities of the government. The number-one priority of the government of Albania is integration and membership into the North Atlantic Treaty Organization. For the past 20 months, the government of Albania has launched into a program of reforms aimed at combating organized crime, corruption, and informality of the economy. In doing so, we have laid the foundation for the road that leads us to that common set of values, which is, in our

opinion, the most characterizing feature of the North Atlantic Treaty Organization today. More than a military alliance, today, it is a club of nations that share the same values, those of freedom, democracy, respect for human rights, and free-market economy.

Although some of the results are not quantifiable, they are tangible. Thus, as a result of our measures to eliminate the conflict of interest in government, to increase transparency in public procurements, to come down hard on corruptive practices in the fiscal and customs systems, we were able during 2006 to generate a surge of 24 percent of internal revenues for the budget on broad value – or a net value of 10.1 – 10.24 percent.

There was 120 million euros for the budget, despite the fact that we cut taxation by 50 percent for small and medium enterprises, we cut corporate tax by 3 percent for large enterprises. We reduced social contributions by 30 percent, reduced the price of electricity in a time when electricity prices were going down through the region, between 30 and 40 percent, depending on the voltage of the companies use. And we're still able to generate this extra amount of money, most of which was dedicated for investments in the public infrastructure, the biggest of which is being constructed by reputation of the U.S. company, Bechtel – is a four-lane motorway that connects the main port of the country, the port of Durres to Kosovo.

We were also able to increase by 30 percent salaries in the public-health-and-education sector, increase pensions, low-income pensions, as well as increase between 20 and 28 percent the salaries of the public administration. I mention these figures to paraphrase was Mr. Baker said back then in June of 1991 in Scanderbeg Square. He said, freedom works. And I say, the fight against corruption works.

We were able to provide to the people of Albania, to demonstrate to them that the economy cannot only survive but it can do better without corruption, without informality, without organized crime. That organized crime and corruption are not sine quo non for the prosperity of the people of Albania, that honest labor can produce prosperity, and that a government that is dedicated and committed this path of reforms will ultimately succeed and will enjoy in this – succeeding the support of the international community.

Of course the system as it was before has received a shock. This is undeniable. Every single organized crime cell has been dismantled; most of the members of have been arrested. They are awaiting trial in Albania or extradition in one of the neighboring countries. There is a significant curb in the traffic of narcotics, recognized by international reports, including those of the FBI and other specialized U.S. agencies whom we cooperate with in the fight against corruption and organized crime. Albania is not anymore an origin country for human trafficking, and our efforts are intensifying for it to be taken off the list as a transit country.

There are elements that resist this change: the former organized crime lords, with all of their many empires stretching from production to construction, to media outlets, to connections with policymakers and politicians – have resisted and are continuing to resist

our efforts to stabilize democracy, to pursue the reforms, and to move forward. But for the first time, they are hopeless, and we are hopeful because today after a long period, we muscle more assets, more will, and overall, public support than they do in this fight.

We need, however, the encouragement from our international partners. We need for these reforms that we are undertaking, for these reforms that are being materialized in laws, police laws, justice laws, laws that make it possible for businesses to operate a climate that is highly deregulated and liberalized. For these reforms to be irreversible, we need to show that the path that we're moving to is the right path. That's why we are committed to finalize our membership action plan, the eight cycle in May, continue with another one, an 11-month cycle that is being proposed by the ministers of NATO, that was proposed by the ministers of NATO in Oslo last week.

We have a clear plan to complete this membership action plan. We have clear deliverables; we are going to stick to them, but what we need, as always, is the support of our friends, the support of the United States government, and other friendly governments, so that when it comes to evaluating our efforts, putting them into perspective, to seeing to – to seeing us to how long we have come from and what we are willing to do to get there, that there is a positive evaluation and that we are able in the Bucharest summer of 2008 to receive an invitation to join NATO.

This is of course primarily in our benefit, but it is also in the benefit of the alliance because it sets an example, a precedent that a country that tries hard to complete the reforms that are necessary to join the club of emancipated democratic nations is rewarded for this, that a country that plays its role as a constant constructive moderator in the region, standing side by side international community's efforts to stabilize the region deserves to be rewarded, that a country that has been acting de facto as a NATO member, whether in peacekeeping missions from Afghanistan to Bosnia, or as a staunch ally of the United States in its fight against terror in Iraq, needs to receive the positive signals that is the path to go through also for the other countries.

So we are very much hoping that our efforts will pay off. We are very much aware, acutely aware, that there is still work to be done. We are structuring this homework, as I said, in very concrete objectives and deliverables. We will intensify our campaign of lobbying and informing the friendly governments, NATO governments in Brussels, and in the process, we hope will continue to have the same kind of support that we have had so far from the U.S. government.

Economic relations between our two countries have also prospered. Only in the last two years, several major U.S. corporations have established their presence in Albania. Lockheed Martin is now restructuring the civil as well as the military components of air and maritime navigation. Bechtel, as I mentioned, is constructing the most important, the most arduous part of the road to Kosovo. Microsoft is establishing its presence as the signing, this January in Edinburgh (?) between Mr. Gates and Prime Minister Berisha of a comprehensive agreement, and Cisco will follow.

The Albanian-American Enterprise front is a key stakeholder of the new state-of-the-art Tirana International Airport. Other businesses are opening up, from mining, to oil, production, but yet, there is room for improvement. The trade framework between Albania and the United States is suitable for more economic exchanges between the two countries and for more foreign direct investments from the United States to Albania, particularly in areas related to transports. Concessioning of container terminal in the part of Durres is going to be a strategic investment not only for Albania, but for the entire region, and tourism. Albania, may I remind you, still boasts the last unspoiled stretch, 400 kilometers of beautiful coast.

On June 10th, President Bush will visit Albania. This is a strong signal of encouragement for the reformers in Albania and in the region. His visit perceived not only by Albanians at home, but even by Americans here – and I had the privilege to meet one of them this morning, Senator Lieberman - -as a strong signal of support for Albania's membership to NATO and for the independence of Kosovo.

As such, we are committed to continue down the path of playing a constructive role side by side the United States and the international community in the Balkans for the further stabilization of the situation there, for promoting friendly bilateral and multilateral cooperation with our neighbors, and for playing an important role for all of our nations to move forward down the path of European integration.

This is the future for Albania, this is the future for Kosovo, this is the future for the former Yugoslav republic of Macedonia, Montenegro, and even Serbia. In this regard, the Albanian government will continue to play a constructive role. Its foreign policy will remain one of friendly relations with its neighbors, of constructive dialogue, of support for reforms and democracy, market economy and human rights.

Our role in the Adriatic Three Charter will also continue to be an emancipating one. Our hope is, of course, that Croatia, the former Yugoslav Republic of Macedonia and Albania will commonly accede to NATO. It has been made clear, however, that this will be an individual evaluation for each of the countries, so internal competition and the positive spirit has already started between the three countries. Military reforms are, of course, highly appraised by the international experts. Albania has come down from 15 divisions to a force of 14,000 strong personnel. It's profiling its forces as expeditionary forces that can act complementary with NATO allies in environments that pose the kind of challenges that we are so much aware now, like Iraq, Afghanistan and other areas.

As far as Kosovo is concerned, Albania fully supports the Ahtisaari Plan for the settlement of the status. In doing so, we stand side by side with the United States' position and the position of some of the major European powers. We strongly believe that this proposal is the best compromise possible and that it fully respects the rights of all communities living in Kosovo.

We are working with our Kosovo partners so that in this hopefully last months of the settlement of the Kosovo issue, the voice of moderation prevails, that –

(unintelligible) – prevails, that this major objective and this dream that has evaded us so often is not spoiled, and that the process is not seen as the triumph of one nation over the other but as the triumph of reason on incentive as the foundation, the only foundation, for prospective peaceful relations between Serbs and Albanians and between all nations in the Balkans.

Having said that, we have concerns. For more than 25 years, almost half of the population which was born after 1975 has known nothing but oppression, Milosevic, war and stagnation. The lack of progress with regard to the settlement of the status issue has had a direct impact on the economy. Unemployment is one of the highest in the region. Further insecurities about the prospect of settling the status issue and resolving it within a short period of times produce further tensions.

That is why it is very important that the Security Council act as soon as possible upon the planned proposal by President Ahtisaari and in doing so closes the avenue for alternative actions that can be exploited by individuals with limited responsibility who, on their turn, can exploit the situation that I described of huge number of youths who are unemployed, who do not have light at the end of the tunnel and who have not been able to enjoy the benefits of steady and consistent education for the past 15 years.

Nevertheless, we are continuing to urge all the factors in Kosovo to show restraint, to cooperate with the international community factors, with Armark (ph) and K-4 (ph), with the United States and the other governments there, and to commonly await for a quiet period until the status issue is finally resolved. There are certain appreciations in my speech here for the role of the United Nations, the Secretary General, NATO, et cetera, but given the short period of time that we have in disposal, I would like to close here my introductory remarks and give the floor to Mr. Bugajski.

MR. BUGAJSKI: Okay. Thank you very much, Lulzim. Let's open up for questions. If I could ask you to be very brief and state who you are, your affiliation, please, Mike.

Q: Okay, there we go. I'm Mike Haltzel from Johns Hopkins – (unintelligible) – for many years, a Democratic staff director for Europe and the Center of Foreign Relations committee. Mr. Minister, excellent talk, very forthright. Let me be forthright. I was in the Balkans less than three weeks ago. Despite Albania's I think exemplary record internationally since it gained independence from the communists, I still hear people talking about some sort of agenda for a greater Albania. Nothing that I can say would disabuse them of this notion, but I wonder if you'd like to take this opportunity to make clear that your government has absolutely no plans for something like this and if you would go further, to say that other ethnic Albanians in the region don't also. Thank you.

MR. BASHA: Thank you. There is a plan for greater Albania. It's supported by the government of Albania, by the government of Kosovo, by the government of the former Yugoslav republic of Macedonia, but this greater Albania is called the European

Union. It has a blue flag with 15 stars, or 12, I don't know whether they changed it. (Laughter.) This is the only aspiration of the Albanians in the Balkans.

It would be foolish to deny that at some point in the last century, greater Albania was not an aspiration, a dream, maybe even a goal, albeit a vague one, but today's only goal in Tirana, Pristina, Skopje is integration into the European Union and NATO. All of our actions, all of our initiatives, both regional, European and international, point to the will of successive governments, government after government, that we have one goal, one shared vision: to join European Union, to join NATO and do so as soon as possible. These organizations provide the full set of safeguards for the prosperity of Albanians and the guaranteeing of their human rights and their national rights. Thank you.

The relations between Albania and Greece continue to be good, very good, at times excellent. They are based on a bilateral respect. They are based on a understanding that Albania is striving to join European Union, where Greece is a member of, and NATO, where Greece is a member of. We see Greece's role in the region as an important role, an emancipating role.

We have, needless to say, excellent political cooperation between Mr. Karamanlis's government and Mr. Berisha's government. Economic relations are very strong. Greece is one of the most important economic players in the form of foreign direct investment in Albania. And, of course, we continue to improve other aspects of the relationship with regard, particular, to improvement of living conditions of Albanian immigrants in Greece, strengthening of cultural ties between the two countries and synergizing our efforts in infrastructure and tourism so that our people can make the best of it in the times to come.

Q: Let me jump in with a question as well. Obviously, the Kosovo status question, Russia's going to play a major role or is playing a major role, hopefully not in delaying the process too long. How do you see, what should we be doing to try and bring the Russians along or at least to neutralize their potential opposition to Ahtisaari's plan? And the second part of that question, what is Albania doing? In other words, your relations with Moscow, what are you explaining to the Russian administration?

MR. BASHA: The line that we take and that we strongly urge that is also taken by those of you who are active in this area is that the Ahtisaari plan is the best possible deal, that it is based on transparent and fair democratic principles, and that it offers all the guarantees it can offer while maintaining the integrity of the package, that any alteration of this package will threaten its integrity, and it may decompose the entire package as such. We believe that, as has been set out by President Ahtisaari and confirmed by several experts over the past 10 years, including you, Mr. Bugajski, that Kosovo is not a precedent but a special case, a unique case.

We also believe that sticking to the principle of *uti possidetis*, of keeping what you have, of maintaining the territorial integrity of Kosovo, we set forth the good basis that was set by Dayton in the case of Bosnia-Herzegovina and lay the path for a less

problematic integration of the region into Europe and that any other approach threatens the stability of Kosovo, threatens the stability of the Balkans, and threatens the stability of Europe, and as such, should be deemed unacceptable.

Q: I'm Brian Beary. I report for Europolitics. How do you assess your relations with the European Union at the moment and have you any target date for you entering?

MR. BASHA: In June last year, we signed the Stabilization and Association Agreement with EU, which was a milestone for us. The process lasted a little bit longer than expected but nevertheless, its signature signaled Albania's success in some of the reforms that I described here earlier, and the European Union willingness, which has been stated over and over again, that integration of Albania into EU is a matter of when and not a matter of if. We are not in the process of ratifying this agreement with the individual parliaments of the member states. Three countries have ratified it already, eight are in the process of ratification, and we believe that the process of ratification will be closed by the fall of 2008.

The process of European integration is a process of reforms, of a process (?) of legislation and standards, not unsimilar to the process that we have landed in with regard to NATO membership. Geographically, we are in Europe, we have been there for a long time; politically and economically and legally, there are certain steps that need to be taken. We need to do our homework while the European Union repeats its willingness to keep the door open for Albania and the other states in southeastern Europe. So it depends just as much on us as it depends on the political will of Brussels, but I'm confident that given the dynamic changes in my country, given the fact that a new generation is determined to play a more meaningful role in economy and politics and international relations, that the integration into EU will be accelerated and that we will be members before – within a matter of decade. Could be five years, could be seven years, could be 10 years, but I cannot speculate.

Thank you, Mr. Follett (sp). My colleagues in Croatia have a more difficult task than we do in that regard. Last poll shows 95 percent support for NATO; I don't know where the five percent come from.

MR. : Yeah, who are they?

(Laughter.)

MR. BASHA: But there are certain other reforms where we need to catch up with comparison to what Croatia is doing, so as I said, in the spirit of cooperation and positive competition, we hope to move forward, all three of us, when the moment comes in the Bulgaria summit.

Support for the EU remains strong as well. There are more tangible benefits, as far as that is concerned. Albanians are already aware of some of them. We have negotiated and are about to sign a comprehensive agreement on visa liberalization with

EU. Trade policies are being affected, some of them adversely, so it's too early to say how that will impact public opinion, but right now, public opinion support for EU is similar to that of NATO membership.

Q: Marium Pumpungulf (ph), Macedonia embassy.

Excellency, thank you very much for excellent presentation. I don't have a question since our relations between Macedonia and Albania has reached the level of highest transparency, especially within the process of the membership action plan. I would also like to agree with you that the future of the region is the integration into NATO and European Union and to express that the determination of our government to reinforce our efforts together with Albania and our Croatian friends to work together for the sake of stability and prosperity of the region and our expectations together that we are going to be invited at the next summit in Bucharest to join the alliance. Thank you very much. I wish you a pleasant day here and success in the future.

MR. BASHA: Thank you very much.

Q: Mr. Minister, thank you for coming and for your remarks. What is the –

MR. BUGAJSKI: If you could just introduce yourself.

Q: Bill Tucker, I'm sorry. What is the foreign direct investment in Albania, and for the past three years or so, and what – how do you expect to improve that?

MR. BASHA: Thank you very much for the question. Foreign direct investment in Albania remains low. Last year it, if I'm correct, it reached 300 million. What I remember better was that there was – 300 million U.S. – but if I remember well, this is a 25 percent increase compared to 2004. So the trend is very good. What are we doing? One stop shop measures. Already we have brought down the time for business registration from 41 days to eight days with the aim of going to one day, one desk. Albania One Euro Initiative is an initiative that identified public assets that can be concessioned or privatized against the symbolic amount of one Euro, former factories, plots of land, tourist development, technological water, qualification of labor by public funds and other measures that the government will take against the symbolic amount of one Euro in order to attract foreign direct investment.

Further liberalization of economy and a drastic decrease of taxation. Our engagement is that in January 2008, corporate tax goes down to 10 percent, and that will make Albania, if not the number one, the number two country with lowest flat corporate tax, and we'll proceed with flat tax as far as social securities and personal income tax is concerned, and here, too, we have a race with Macedonia where we are – I believe they have also established a 10 percent flat rate already – but of course, this has its other side, which is the side of revenue collection. While we decrease our taxes, we are hoping that we increase the base of taxation in order to sustain the same level, an increasing level of

revenue, which is commensurate with our public investment schemes and improvement in the social sector.

MR. BUGAJSKI: Okay, thank you very much. Unfortunately, that will have to be the last question; he does have to rush off. I'd like to thank Lulzim for rushing over as soon as he was appointed Foreign Minister, rushing over to CSIS, and also competing with Her Majesty today. (Laughter.) Thank you all for coming to CSIS, and thank you, Ambassador, also, Ambassador Salavandar. Thank you very much, great job.

(Applause.)

MR. BASHA: Thank you.

(END)