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happened not only in Kosovo but, earlier, his pivotal role in the peace process coming in Bosnia. So I don't think anyone should have any doubt about that.

So I'm disturbed about the way it became public. I don't know that—because I think it opens the way to an inference that is absolutely false on my part. I have the highest regard for him, but I want to make sure that when he's gone we have the highest quality successor, and that's why I wanted Joe Ralston in there.

That's all there is to this. It's just a question of working out the transition within the rules of military retirements and reassignments. That's all there is. There is nothing else.

NOTE: The President spoke at 9:42 a.m. in Room A 103 at Zetra Stadium. In his remarks, he referred to Presidency Member (Croat) Ante Jelavic, Presidency Member (Muslim) Alija Izetbegovic, and Presidency Chairman (Serb) Zivko Radisic of Bosnia-Herzegovina; and Gen. Joseph W. Ralston, USAF, Vice chairman, Joint Chiefs of Staff. A tape was not available for verification of the content of these remarks.

Statement to the Stability Pact Summit in Sarajevo

July 30, 1999

We are meeting in Sarajevo conscious that we have come to the end of the most turbulent decade in Europe since the 1940s. I am grateful to our Bosnian hosts and to President Ahtisaari for making this important Summit possible.

Ten years ago, more than 300 million people who lived to the east of the old Iron Curtain won the right to shape their destiny. And together we set out to build a Europe that would be, for the first time in its history, undivided, democratic and at peace. We knew the opportunity was there, and that from St. Petersburg to Sofia, millions of courageous people wanted to seize it. But we also knew that the collapse of the old order could just as easily give rise to bloodshed and chaos if a new community based on democracy, tolerance and law did not rapidly take its place.

Ten years later, Germany is united. Poland, Hungary and the Czech Republic are in NATO. The Baltic nations are models of free market and democratic reform. Most of the nations of southeast Europe have chosen democracy and integration and supported, at great risk and cost, our effort to bring stability to the Balkans. Russia has faced perhaps the most difficult legacy of all with great resilience, and a determination to keep building a normal, prosperous and open society.

Across most of central and southeastern Europe, the progress of open societies and open markets has exceeded our most optimistic hopes. But what has happened here in the former Yugoslavia has confirmed our most terrible fears. A decade long campaign by Mr. Milosevic to carve out a greater Serbia has left more than a quarter of a million people dead, uprooted millions more, and undermined the stability of this entire region. It has shocked our conscience, tested our resolve, threatened the region's progress and the values on which we want a new Europe to be built.

That is why NATO and its partners acted, first in Bosnia, now in Kosovo. But stopping the destruction is not enough. We cannot say our job is finished when refugees are returning to shattered lives. We cannot pretend our work is done when Serbia is still ruled by leaders who maintain power by manipulating ethnic differences, living off corruption, and threatening their neighbors. We cannot pretend our victory is complete when the people of a vast region of Europe are still suffering from the disruption brought about by a decade of violence.

At the NATO summit in Washington, when the outcome of the conflict was not yet clear, many of us came together to begin discussing these challenges. It is far more significant that we are meeting now when the immediate danger is over. The unity that helped us win the war has endured to help us win the peace.

We are here today with two basic principles in mind.

First, Sarajevo cannot be like the Balkan conferences of Europe's past, where great powers met to carve up the map and decide the fate of weaker nations. The nations of southeast Europe are taking the lead, telling us their needs and determining their destiny. And none of us have any interest in redrawing borders. On the contrary, our goal is the

full integration of this region into a Europe where borders unite rather than divide. That is how we solved the problem of aggressive nationalism in western Europe after World War II. That is how we can solve it here. Our answer to calls for a ''greater Serbia'' and a ''greater Albania'' must be a greater Europe.

Second, the transformation and integration of this region cannot be achieved piecemeal, one province, one country, one crisis at a time. Nor is it a race, in which the most prosperous countries compete to ''escape'' from the Balkans at the expense of their neighbors. The pace will certainly vary, but we have to move forward together. And we all have responsibilities to meet.

The countries of southeast Europe have a responsibility to work and plan together for a future of shared security and prosperity, just as the nations of western Europe did after World War II, and the nations of central Europe did after the Cold War. I am gratified that the leaders of the region have taken the initiative, coming to Sarajevo with plans to improve regional cooperation, from the advancement of democracy and human rights, to the development of their infrastructure, to the cooperation in border areas, to the fight against narcotics, corruption and crime. I am pleased that neighbors such as Ukraine and Moldova, who are still struggling with the challenges of transition themselves, are here with us as well, demonstrating their commitment to integration with a united, secure, and prosperous Europe. And it is gratifying to have representatives here from central Europe, whose experience in the transition from dictatorship to democracy can benefit their neighbors in southeast Europe.

The countries of the region also have a responsibility to accelerate their economic reforms and to improve their investment climate. The region's economies will not grow unless its markets are open, its laws are fairly enforced, and investors are willing to bank on its future. This is very hard work. But change must come from the inside out before it can come from the outside in.

In turn, the region's partners in Europe and North America must do our part to help the nations of this region to stand on their feet, to remove obstacles to trade, and to encourage investment.

On Wednesday in Brussels, we held a donors conference to meet the immediate humanitarian needs caused by the conflict in Kosovo. Today, we are focused on the economic future of the region as a whole.

We are making a commitment to take generous, immediate, and unilateral steps to improve market access for products made in southeast Europe. I will work with the United States Congress to establish a trade preference program similar to our Andean initiative, which will offer duty-free treatment for most of the region's exports.

All of us will work to bring the nations of the region into the World Trade Organization on commercially acceptable terms—and provide the technical assistance they need to meet those terms. We will encourage the participation of private companies in the region in the reconstruction of Kosovo and eventually Serbia as part of a fair procurement process.

We will also work to mobilize private investment in the region's economies, and to support the development of its private sector. To that end, America's Overseas Private Investment Corporation will establish a $150 million investment fund for the region and a $200 million credit line. In addition, in consultation with Congress we will work with the European Bank for Reconstruction and Development on the creation of a trust fund that would be used to help businesses in the region become more competitive and viable and provide project finance. We would be willing to contribute $15 million in the first year, and to consider up to $50 million overall, as long as the EBRD targets an additional $80 million for the region. In addition, we will support the creation of a regional equity fund of up to $300 million, with financing from the international financial institution, to make equity investments in private enterprises in the region. Our Commerce Secretary William Daley will also sponsor a mission to the region to showcase trade and investment opportunities and build new business partnerships.

I expect that our EU partners will take similar steps. This effort can only succeed if you do. While access to America's markets

is important, integration with the EU market offers the greatest prospect of boosting the economy of southeast Europe.

And as the region's economies grow and its democracies grow stronger, we must work together to speed their integration into European and transatlantic institutions.

NATO's doors remain open to new members prepared to assume the responsibilities of membership. We will work with aspiring allies in southeast Europe to help them become stronger candidates—through the Partnership for Peace, through NATO's Membership Action Plan, and by encouraging deeper security cooperation within the region. And we will not forget the sacrifices they made to support NATO's continuing operations in Kosovo.

Although the United States is not a member of the European Union, we also have a strong interest in encouraging its expansion to move forward as rapidly as possible. We welcome any steps the EU can take to strengthen its relationship with countries in this region, including increased access to trade. Even if membership is not around the corner for those nations that are struggling economically, it must be a realistic prospect, or Europe will remain a continent of haves and have-nots and our work here will be in vain.

The commitments we are making today will benefit every part of this region that is governed democratically. They will benefit Kosovo. They will benefit the Republic of Montenegro. They will benefit Bosnia. We look forward to the day when they will benefit Serbia as well. But that day has not yet come. For Serbia is still ruled by a government that rejects the most basic principles of the Stability Pact—the very government that is responsible for the destruction, despair and displacement that we are here to overcome.

I believe that the people of Serbia want to be part of the mainstream of Europe again, governed by leaders who share their desire to live in a normal, democratic and prosperous nation. I do not believe they want to be manipulated into fighting more losing wars on behalf of indicted leaders who only wish to preserve their own power and stolen wealth. We must provide them humanitarian aid, so that they do not go hungry and cold. But we must also remember that Serbia is a country in which all meaningful economic activity is controlled by political leaders and their cronies, who have led Serbia to ruin. Assistance for reconstruction would only perpetuate the Milosevic regime. And that, in turn, would only perpetuate the suffering of the people of Serbia.

Serbia will only have a future when Mr. Milosevic and his policies are consigned to the past. Therefore, the best way to express our concern for the people of Serbia is to support their struggle for democratic change. I will work with our Congress to provide $10 million this year, and more over the next two years, to strengthen non-governmental organizations in Serbia, the independent media, independent trade unions, and the democratic opposition. I am pleased that the countries of the region intend to support this effort as well. Those who have experience leading to democratic transition can offer invaluable assistance and advice to those who aspire to lead one in Serbia.

Finally, let me thank our partners in the European Union for their leadership and their willingness to be the principal contributors to the reconstruction of Kosovo and the development of southeast Europe. The International Donor Coordinators Process, chaired by the World Bank and the European Commission, will also play a key role in answering needs and mobilizing resources. We will do our part to work closely with the Stability Pact partners and the countries of the region.

At the same time, the United States will do its part, because it is in our interest to help complete the construction of an undivided, democratic and peaceful Europe. We want to see an end to conflict in this region. We want to see freedom take firm root. We want to see human rights enshrined not only in formal documents but in daily lives. We want the nations of the region to be our partners in security and prosperity.

We strongly support the Stability Pact and pledge our support for it. The challenge now is to agree to a solid work plan and produce concrete results in the weeks and months ahead. We look forward to working with the Presidency of the EU, with the Stability Pact

coordinator Bodo Hombach, and most important with our friends and partners in this region to turn promises into progress and to make this effort a success.

NOTE: The statement was made available by the Office of the Press Secretary but was not issued as a White House press release.

Remarks to High School Students in Sarajevo

July 30, 1999

I think we should give a round of applause again to Jana Jakic; she did a very good job, I think. [*Applause*] I would also like to thank your principal, Emina Avdagic. And I'd like to thank the Sarajevo Canton Prime Minister, Mr. Belkic. And especially all the students here on the platform with me, I thank them very much. I also would like to thank the bands that performed before me. I think they were of much greater interest to the students than the President, but I'm glad to see them here. [*Laughter*]

I'm very glad to be back in Sarajevo, and especially to come to this school to see the rebuilding that is going on. Not long ago the Third Gymnasium was at the center of the cruel war. Today, as we can all see, the building still bears the scars of the past. But thanks to you, it holds the promise of Bosnia's future.

If all of you were to come and visit me in Washington, DC, at the White House, you would see that in the entrance to my office, the Oval Office, there is a picture of a woman in her very damaged apartment in Sarajevo. It was taken at the end of the war, and there is a quotation from the woman at the bottom of the picture expressing her thanks to me and to the United States for our help in bringing the Bosnian War to an end.

Every person from all over the world who comes to see me sees that picture, because I am proud of the role the United States had in bringing this war to an end.

But it is not enough to end a war; we must build a peace. It is not enough to reject a dark past; we must build a bright future. That is why the rebuilding of the Third Gymnasium can symbolize, not only for the students but for all the people of this nation, what we should be doing for tomorrow.

I know that students sent letters to the Sarajevo Canton asking that this school be repaired. One student wrote, ''Please think of future generations.'' This school is a monument to Sarajevo's proud tradition of teaching young people from all backgrounds. Saving this school will save that tradition and will help all young people to have the future they deserve.

I want to thank all those involved in this effort, including the Sarajevo Canton and the city of Stockholm, Sweden—we have a representative from the Swedish Embassy here today—and USAID, and Hattie Babbitt from USAID is here. We are proud that the United States could be part of a genuine international partnership to restore this school to its rightful position.

You know, for so many people who have never been to this beautiful place, Sarajevo is a name associated only with violence. People know World War I started here, and they know how badly the city was shelled during the recent war. Often they do not know that for centuries, and for decades in the 20th century, a spirit of tolerance defined this beautiful place—a place where people lived and worked together, a place where Muslims, Orthodox Christians, Roman Catholics, and Jews were free to worship God as they chose.

That is the Sarajevo I want the world to know about. If you can draw on the best parts of your heritage to build a united future here, then it can be done elsewhere in Bosnia and throughout this region.

The Dayton agreement in 1995 did not rid Bosnia of all anger and fear or frustrating problems like high unemployment, corruption and crime, but Dayton did offer all the people of Bosnia peaceful means to resolve their differences and move forward.

I want the world to know what you have achieved in the last 4 years: fair elections, a free press, reformed courts, a new single currency, the beginning of economic growth, better ties with your neighbors, war criminals out of power, nearly twice as many minority refugees returned in the first half of '99 as in any previous period. And though more needs to be done in many areas, especially