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**REGIONAL INTEGRATION INITIATIVES IN THE WESTERN
BALKAN:
THE BERLIN PROCESS VERSUS THE OPEN BALKAN INITIATIVE**

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Abstract

Soon after the dissolution of the Former (SFR) Yugoslavia and the start of the transition to modern democracies and market economies, the attempts for regional economic cooperation among the Western Balkan countries (a region composed of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, together called WB6) have not lacked. On the contrary, numerous initiatives have been launched, of which the early ones started in the 1990s, but the wars in the region halted them temporarily. Afterwards the initiatives reemerged, including the Central European Free Trade Agreement (CEFTA 2006), coupled with — or maybe as temporary substitution for — the EU integration process of the WB6. Most prominent of the current regional integration initiatives are the Berlin Process and the Open Balkan. However, albeit the progress achieved, the WB region is still not a “single market” in the full meaning of all initiatives undertaken until now. There are some simple but forceful reasons for that. Having this in mind, the aim of this paper is to offer a short presentation of the main activities under the Berlin Process and the Open Balkan initiatives, as well as to detect their similarities and differences. Hence, the first part of the paper presents the basic features of the Berlin Process and the Open Balkan, while the second one outlines the similarities and differences. In the usual manner, the paper ends with some recommendations.

Keywords: Berlin Process, Open Balkan initiative.

I. THE SCOPE OF THE BERLIN PROCESS

i. Chronology of the main activities

The Western Balkans Summit held in Thessaloniki in 2003 promised deepening of the relations between the EU and the Western Balkans. However, the prospects for EU integration of the WB countries in the years afterwards did not advance, actually they stagnated. Ten years after the Thessaloniki Summit, when WB countries considered that it is their turn to start joining the EU, in 2014 the European Commission — in the name of the then candidate for President of the EC, Jean-Claude Juncker — declared that there will be no new enlargement of the EU in the next five years. This echoed huge pessimism among WB countries with potential to

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provoke instability and tensions, since the region was actually constantly moving further away from EU. And that was the initial trigger for launching of the Berlin Process.

The Berlin Process (hereinafter BP) was — and still is — a German-led initiative launched by the (then) Chancellor of Germany, Angela Merkel, and German Foreign Minister, Frank-Walter Steinmeier, at a conference held in 2014 in Berlin. The BP encompasses the six Western Balkan countries, plus ten EU member states (Austria, Bulgaria, Croatia, France, Czech Republic, Germany, Greece, Italy, Poland and Slovenia), and also UK (then also a member of EU). Main drivers of the BP activities are the annual summits of the heads of states¹, accompanied by meetings of ministers of economy, energy, transport, trade, foreign and internal affairs. The summits are intended for taking stock of achieved results, but also for introducing novelties in the process and taking a look ahead.

Stated in very general terms, the BP is an overarching umbrella uniting multiple mechanisms for strengthening of the cooperation and economic development in the WB6. Huge part of it is the Central European Free Trade Agreement (CEFTA), but the EU also initiated other regional thematic institutions and initiatives, such as: the Regional Cooperation Council (RCC), the Energy Community, the Transport Community, the South-East European Transport Observatory (SEETO), the South-East European Cooperation Process (SEECp), the Migration, Asylum Refugees Regional Initiative (MARRI), the EU-WB Ministerial Forum, the Brdo-Brioni process, etc.

ii. Main activities under the Berlin Process

First and foremost, the BP was never envisaged or intended to be an alternative for the EU integration of the WB6. Albeit it is true that there were such fears and cautiousness of some actors within the WB6 region, especially at the beginning. Time showed that those fears were unrealistic, and that actually the regional integration is backbone of EU integration.

In the first three years since the launching, the cornerstone of the BP was the so-called Connectivity Agenda, first and foremost aimed at development of the transport and energy infrastructure, but also improvement of regional connections and simplification of movement of goods and people within the region. In 2017 the BP was broadened through adding reform activities from the area of the “EU four freedoms”. That agenda was called Regional Economic Area (REA), for which a Multi-annual Action Plan (MAP) was devised. The Plan was designed as a four year action plan (2017-2020) based on four pillars: a) free movement of goods and services (CEFTA rules); b) investment; c) mobility of labor; and d) digitalization. MAP-REA actions were designed to help the private sector utilize economies of scale (a market of around 18 million people), and to refocus the growth model towards more indigenous long-term growth. The actions focused on promotion of trade integration, introduction of a dynamic regional investment space, facilitation of regional mobility of labor and creation of digital integration agenda. This was also supposed to assist the region in meeting the economic criteria for EU membership. The implementation of the activities was responsibility of the national authorities of the WB6, under the guidance of MAP coordinators and component contact points, and with huge support by the CEFTA and RCC Secretariats and DG NEAR of the EC. Since 2021 the BP has started its last phase of creation of a single regional market. For that goal, at the Summit held in Sofia in November 2020, a new four year action plan was enacted,

¹ The BP leaders Summits were organized in: Vienna (2015); Paris (2016); Trieste (2017; at this summit the four year Multi-annual Action Plan for Regional Economic Area – MAP REA was launched); London (2018); Poznan (2019); Sofia (2020; this summit was for the first time co-hosted by one EU country – Bulgaria, and one WB country – North Macedonia; it was held in virtual format, and a new four year plan was launched, named Common Regional Market – CRM); Berlin (2021; organized as virtual); and the last summit was in Berlin, on 3 November 2022. The next summit is planned to be organized in Tirana, Albania, scheduled for 16 October 2023.

called Common Regional Market – CRM. The CRM action plan is based on five pillars: a) free movement of goods, services, capital and people; b) regional investment area; c) regional digital area; d) regional industrial and innovation area; and e) European value chains. The essence of the CRM is creation of a single economic space among the WB6 through elimination of all barriers for free movement within the region. The plan is to create mechanisms for recognition of professional and academic qualifications of the workforce, for travelling with IDs, for implementing equal rules for starting a business, etc. This is complemented with mechanisms and activities for gradual upgrading of the competitiveness of all six economies, support and promotion of innovations, mutual and coordinated implementation of the Smart Specialization strategies and so on.

The BP also includes cooperation among the chambers of commerce from the WB6 countries in an association called WBCIF. This association is quite sound and equally important and beneficial for the entire process. The inclusion of the chambers of commerce gives the whole process a note of realism, while it also serves for avoiding the pure expert or bureaucratic component of the actions. The chambers of commerce act on the level of locating the problems, proposing possible solutions and pushing the process further. Finally, the BP also includes activities of non-governmental organizations, youth organizations and associations, etc. This is also a very huge and important aspect of the Process.

For the implementation of the BP each of the six WB countries has organizational structures. Since the reform actions and activities spread out to huge number of ministries and other public institutions, each institution has a working group, whereas for each of the pillars of the CRM (previously for the MAP REA) there is a responsible administrative employee. The coordination of the entire process is performed within the cabinet of the prime-minister.

Taking stock of the results achieved until now, it is evident that the implementation of the activities within the BP and the creation of a Common Regional Market is pursued with a rather slow tempo. Generally, two levels of execution and implementation of the activities can be distinguished. One is the expert level, where the activities progress relatively well. With the facilitation and help from the RCC and CEFTA secretariats and other regional organizations, the negotiations on levels of experts, as well as the preparation of rules, documents, agreements etc., are executed according to the planned dynamic. But the second level is the political one, and the things here are different. As long as the issues are debated rhetorically, all leaders of the WB6 support the process wholeheartedly. But when it comes to signing legally binding documents (not just declarations), the progress is halted, mainly due to “political issues”. Implementation halts, and then this situation lasts for relatively long time.

A deliverable (achievement) of the BP which was publicly most well received is the reduction of the roaming charges among the WB6 countries (the well-known “roam like home” initiative). All other deliverables, regardless of their huge importance and positive impact — like the “Green Lanes”, special corridors for rapid transport of goods across borders which were established during the lock-down due to the Covid-19 crisis — are less known to citizens, and even to businessmen. This is mostly due to the fact that the activities under the BP are promoted very timidly, if at all.

II. THE SCOPE OF THE OPEN BALKAN INITIATIVE

i. Chronology of the main activities

Having the aim to improve the political relations and the economic cooperation in the WB6 region, as well as due to the dissatisfaction with the slowed progress of the BP, the early signs of the Open Balkan initiative emerged in 2018. The first plan for the initiative was laid out and declared in October 2019 in Novi Sad, at a meeting of Edi Rama, the Prime-minister of Albania,

Zoran Zaev, the Prime-minister of North Macedonia, and Aleksandar Vucic, the President of Serbia. The initiative was originally named “Mini Schengen”, allegedly as resemblance to the EU Schengen Area, which was deemed as positive for the public image of the initiative.

Soon after the first meeting, two additional meetings were held, the first one in November 2019 in Ohrid, North Macedonia, and the second one in December 2019 in Durres, Albania. The leaders declared their willingness to create an economic (or free trade) zone and improve political and economic relations, strengthen cultural ties between the nations, and create a mechanism for helping in cases of disasters. Afterwards, during 2020 and the first half of 2021 the activities were influenced by the Covid-19 pandemic and by electoral processes in the three countries², hence the initiative was pursued with slower pace than originally planned.

The three leaders met again in Skopje in July 2021 and signed an Agreement (on Cooperation in Protection Against Disasters in the Western Balkans) and two Memorandums of Understanding (on Facilitation of Imports, Exports and Movement of Goods in the Western Balkans, and on Cooperation Related to Free Access to the Labour Market in the Western Balkans). The event was coupled with business forum attended by around 350 companies, mostly coming from these three countries but also from the wider region. At this forum the initial brand “Mini Schengen” was replaced with the new one — Open Balkan (hereinafter OB).

In December 2021, at a Summit held in Tirana, 4 new agreements were signed³, whereas in 2022, there were two major OB events. The first one was held in June in Ohrid, North Macedonia, where one new agreement and three new memorandums of understanding were signed⁴, while the second OB summit was held in September 2022 in Belgrade, Serbia, where an Agreement⁵, a Memorandum of Understanding⁶ and an Operational Plan⁷ were signed. This event was coupled with a business forum and a wine and food festival, with participation of numerous companies from the three countries, but also from the wider region and from third countries⁸.

ii. Main activities under the Open Balkan

Main instruments and drivers of activities within the OB are trilateral agreements and memorandums of understanding. Until now seven agreements have been signed (of which one bilateral), and six memorandums of understanding. The agreements pertain to three areas: free movement of people, facilitation of the trade with food-stuffs, and cooperation in cases of disasters. On the other hand, the memorandums of understanding are intended for presenting

² It is worth noting that the activities of all regional initiatives in the Western Balkan are highly influenced by the electoral processes in the countries, which of course follow their dynamic and time frames.

³ Agreement on Conditions for Free Access to the Labour Market in the Western Balkans; Agreement on Interconnection of Schemes for Electronic Identification of the Citizens of the Western Balkans; Agreement on Cooperation in the Field of Veterinary, Food and Feed Safety and Phytosanitary in the Western Balkans; and Agreement Between the Government of the Republic of North Macedonia and the Council of Ministers of the Republic of Albania on Mutual Recognition of Authorised Economic Operator - Security and Safety (AEOS) Authorisations).

⁴ Agreement on Cooperation in the Western Balkans in the Field of Mutual Recognition of Diplomas and Scientific Grades Issued by Higher Education Institutions and Other Authorized Institutions, and Memorandums of Understanding on Cooperation in the Field of Tourism in the Western Balkans, on Cooperation of the Taxation Administrations in Western Balkans and on Cultural Cooperation in the Western Balkans

⁵ On Food Security Mechanisms in the Western Balkans.

⁶ On Cooperation in the field of Cinematography and Audio-visual Activities in Western Balkans.

⁷ In the field of Civil Protection between the Republic of Albania, the Republic of North Macedonia and the Republic of Serbia.

⁸ The Montenegrin Prime Minister, Dritan Abazovic, and the Chairman of the Council of Ministers of Bosnia and Herzegovina, Zoran Tegeltija, attended this summit and expressed wishes for joining the initiative.

the future intentions and the specific areas of intervention. They are not legally binding, have indefinite period of validity, but not detailed timeframes for implementation of the planned reforms. By and large, the MoUs' primary usefulness is actually to serve as an instrument for the public promotion of the OB.

Regarding the OB it is first important to say that, at least until now, there is no institutional framework (supranational organisation) responsible for preparation of documents (agreements, etc.), and for monitoring the implementation of the activities. It is also true that there is no documented (detailed) plan for the areas of intervention and the time-frame for their implementation. The "creative" work on the areas and modes of intervention is performed by the leaders themselves, whereas the work on preparation of the documents (agreements, MOUs, etc.) is performed by ad-hoc working groups of civil servants from the three countries. In fact, the entire initiative is inseparably tied up with the current political leaders in the three countries. Hence, it is justifiable to doubt the long-term sustainability of the OB initiative. On the other hand, as it is often stated by the leaders of the OB member countries, this initiative is to be regarded as "truly regional", since it is not imposed to the region from the EU, or from other "influential" European or non-European countries. This is supposed to create an aura of local ownership of the process and the initiative.

Quite the opposite to the promotion of the BP, the promotion of the OB is very advanced and tenacious. All activities under the OB are publicized very broadly and thoroughly. All events are organized in a highly pompous manner, with noticeable presence of the three leaders, other ministers and different stakeholders (businessmen, etc.), with coverage of almost all media from the three countries, with grandiose press conferences, and with attractive side events and activities (vine festivals, etc.). Hence, the overall image of the initiative is quite positive, much more so than the real impact and real results achieved until now. This is not to say that there are no opposing or diverging opinions, especially in the three WB countries which have not yet joined the initiative (and especially in Kosovo), but due to the good promotion, the image of the initiative, the expectations and the viewpoints of majority of citizens and businessmen in the three countries participating in the initiative are very positive.

Judging by the many times repeated statements of all three leaders of the countries participating in the initiative, OB is open for joining by the other three counties of the WB region (Bosnia and Herzegovina, Kosovo and Montenegro) after acceptance of the agreements and memorandums of understanding already signed by the three founding countries. Hence, the intention of the OB is to be inclusive for the entire region (to encompass all six countries), while also striving to avoid the slower pace of implementation due to the reluctance of those countries which were/are not ready to join the initiative.

Stated generally, the main goal of the OB is the establishment of an area of free movement of goods, services and people between Albania, North Macedonia and Serbia. The ultimate final goal of all three countries, as well as of all WB6, is EU integration and full membership. Yet, on one hand, the regional economic integration is an important part of EU integration, while it is also important to bear in mind that any regional economic integration has to be based upon the rules and procedures for implementing the EU four freedoms. This, however, is not the case with the OB initiative.

III. SIMILARITIES AND DIFFERENCES OF THE BERLIN PROCESS AND THE OPEN BALKAN

i. Similarities

In general terms, the BP and OB are quite similar. Actually, OB came into existence primarily due to the dissatisfaction with the tempo of implementation of the BP, and is based on the ideas as well as drafted documents under the BP.

Over the years the BP became a flagship initiative of the EU in the region, as well as a prominent driving force behind EU enlargement, with the aim to foster regional cooperation. The greatest achievement of the BP is the strong focus on connectivity — physical, digital and people-to-people. The BP also provided a fertile ground for enhanced economic cooperation. The REA, with the support of the EU and the Western Balkans, set the ground for establishing a barrier-free region in which the flow of people, goods, services and capital could be exercised. Building on the REA's goals and strong economic focus, the CRM, with the primary objective of creating a regional market within the Western Balkans in accordance with EU laws and regulations, can be considered as the legacy of the BP. It also facilitated, through the involvement of civil society, the EU integration process of the Western Balkans.

The first similarity between BP and OB is that OB is actually based on the ideas of the BP REA and CRM, through keeping their strong economic focus and desire to have the four freedoms established in the Western Balkans, as guarantee for economic development and FDI inflow.

In addition to that, the second similarity is that both OB and BP perceive EU membership as the final, non-negotiable goal of the WB countries. That is to say, neither one of the initiatives considers regional (economic) integration as a substitute for EU integration, but rather as a stepping stone towards that ultimate goal.

ii. Differences

Looking at the differences between BP and OB, the most notable one is that BP encompasses all six Western Balkan countries, whereas OB only three WB countries. In this context, OB receives mixed reactions, especially from countries that are reluctant to join, and Kosovo in particular. This is mainly due to three factors: a) fear of having a Belgrade-dominated political and economic sphere; b) potential influx of third-party influences (Russia and China); and c) the non-acceptance of Serbia to recognize Kosovo as a sovereign country. Actually, the “problem” between Belgrade and Pristina is the biggest problem for smoother functioning of the BP.

The next difference is the way in which the initiatives are conceived. In this regard, BP was conceived in a more transparent manner, whereas OB is an initiative under very strong and inseparable guidance by the current political leaders of the three member countries. By the same token, the sustainability of OB can be realistically doubted.

The third difference is in the planning and designing of the reforms and the timeframe for their implementation. While BP has a very strong basis and strategically devised holistic action plans (both REA and CRM) with sensible timeframes for their implementation, OB is most of all an ad-hoc initiative based on “sensed” usefulness of the areas of reform actions. Analyzed from this point of view, BP tackles reforms in huge number of areas converging in same general goal, while OB has made efforts for pushing forward reforms in (only) three areas: free movement of people, facilitation of trade with food-stuffs, and cooperation in cases of disasters. The idea for cooperation in cases of disasters was born out of the earthquake in Albania, the idea for facilitation of trade with food-stuffs was born out of the current crisis, while the idea

for free movement of people/labor force was born out of the growing lack of workforce in the Western Balkan countries.

The fourth difference is in the organizational structure for the implementation of the initiatives. While the implementation of BP relies upon a well-developed and institutionalized national administrative and expert structures/bodies/institutions, coupled with supranational/regional implementing and facilitating institutions, the implementation of OB relies upon ad-hoc working groups created for each area of intervention.

The fifth difference is in the public relations/promotion and hence the public image of the initiatives. While BP's public promotion is very modest and almost timid, OB's public promotion is quite the opposite — pompous, very thorough and with wide coverage. Hence, the overall public image of the OB initiative is quite positive, whereas BP is not at all well known in the public.

And the last notable difference between BP and OB is the “ownership” – OB is presented as an (originally) regional initiative, one born and executed within the region, BP is presented as initiative impelled by EU countries.

IV. RECOMMENDATIONS

Despite some differences, the BP and the OB are essentially same ideas and have same objectives. Hence, it is not rational to have two processes simultaneously operating as somewhat competing mechanisms. WB countries need one regional initiative which would be able to integrate all the advantages into a long-lasting and result-oriented platform.

The political arguments cannot be considered as a rational alibi for creation of a simultaneous initiative with only some of the member countries of the other initiative, because the political issues will have to be resolved, so it's better to do it sooner rather than later, and meanwhile proceed with one regional initiative.

In order to be efficient and sustainable a regional cooperation platform must possess several features: a) it must pass the test of time (to be resilient to changing of governments and political elites); b) it must be inclusive (must incorporate all six Western Balkan states as committed and equal partners); c) it must have a clear long-term vision (feasible objectives with well-defined roadmap on how to achieve them; full EU membership must remain the ultimate objective); and d) it must have both, regional ownership and EU approval (to have external support while keeping full control and responsibility over the mechanism must also be a prerequisite).

Finally, the wording of Commissioner Olivér Várhelyi at the official opening of the OB Summit in Belgrade on 2 September 2022 captures those propositions nicely: “Allow me to recall a few principles that would ensure the success of the OB. First, it has to be a step on the path to European integration, as the Common Regional Market is intended to be. Second, it needs to remain open to all, in line with European standards and compatible with your regional and international obligations. Third, EU standards must be at the heart of the initiative. Open Balkan agreements that meet EU standards are moving the region forward on the EU path.”

Keeping in mind these four recommendations, the region could avoid duplications and competing platforms — especially considering the lack of available human resources. *A unified regional cooperation mechanism is likely to be more efficient in bringing the desired results.*

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