

The Berlin Process and Consolidation of Regional Cooperation in the Western Balkans

Introduction

The Council for Inclusive Governance (CIG) brought together in Berlin on September 26, 2022, a number of senior party officials from the countries of the Western Balkans to discuss regional economic and political cooperation in the framework of the Berlin Process. Officials from the German Federal Foreign Office also took part in the roundtable and explained Germany's efforts to support the region. A representative of the U.S. Department of State also took part. Many said the Berlin Process could serve as a bridge both among the countries in the region as well as between the region and the EU. They recommended that the Process focus on implementing the Common Regional Market (CRM)—for which an action plan already exists—and on helping countries to resolve ongoing political disputes.

The Berlin Process was conceived in 2014 to promote regional cooperation in the Western Balkans, focusing on the connectivity of economies and of people, the latter taking the front seat. Though now the Berlin Process is in the background of a quite different geopolitical environment, with the war in Ukraine affecting the entire continent, it will not only remain engaged but would expand the focus of engagement. The Berlin Process is adding more political reforms to the list and is making energy transition and energy security, which are part of the Green Agenda, top priorities. The Berlin Process's overall goal is to bring the region closer and faster to EU through integration and unity. A number of Berlin Process events, such a youth forum and a digital summit, are taking place this fall.

A key Berlin Process project is the implementation of the CRM, an essential reform to move regional cooperation forward. All Western Balkan countries have committed to the CRM implementation, though the progress is slow. Four draft agreements on freedom of movement of goods and people remain stuck for more than a year now, but there is hope for a breakthrough in early November, with the Western Balkan representatives narrowing down their differences at a meeting in Berlin in September. The Berlin Process is also looking into possibilities of cooperating with the Open Balkans Initiative, though one issue plaguing the latter is non-inclusivity, with half of the region refusing to join.

The roundtable was part of an ongoing initiative on regional cooperation supported by the German Federal Foreign Office (AA). The report is based on the roundtable discussions. The report does not necessarily represent the views of individual participants or those of

CIG or AA but rather reflects the discussion as a whole. CIG take the sole responsibility for the report's content.

Consolidating cooperation

Improving people to people communication and facilitating trade and economic cooperation through the four agreements, which may be reached during the November summit, are at the center of the Berlin Process. Despite criticism of being slow, regional cooperation has made possible significant deliverables, such as the free roaming agreement, progress on the Green Agenda and green lanes, fighting plastic pollution and ensuring biodiversity protection, and stakeholders are currently involved in working on free roaming with the EU. The CRM is a Western Balkan plan. Among other things, it includes regional ID card only travel, diploma recognition, and professional qualifications (medical doctors, architects, nurses, pharmacists, veterinarians). Most importantly, these agreements and related legislation are in compliance with EU's Acquis Communautaire, a speaker reported. Another speaker noted that as the region progresses in internal integration, it could begin discussion for integrating into EU's single market. The three agreements are close but some final hurdles remain between Kosovo and Serbia. A speaker explained that AA could play a crucial role in bridging the gap between Pristina and Belgrade. Many were hopeful that the agreements will be reached at the November 3 Berlin Summit.

The Berlin Process was envisaged as a catalyst for EU membership, but now that the EU integration for the region remains a distant prospect, the goals of the Process may need some recalibration. The main question the process needs to address is "how to unstuck the EU membership process for the Western Balkans," a speaker said. The Berlin Process is essential for connectivity, such as supporting the construction of the Nis-Pristina highway. The Process could also help in supporting road connectivity between Belgrade and Sarajevo, a highway now Serbia is building with Turkish loans rather than EU loans. "The EU was not interested in the project." Another agreement the Berlin Process could facilitate is free roaming with the EU, advance green lanes and enlarge the number of goods that qualify for the lanes. The speaker noted that the Western Balkans needs a clear EU indication membership. "An indicative date would be helpful."

There is plenty of skepticism for EU prospects in the region. A speaker reported that polls show public support for EU is decreasing. Just in North Macedonia over 30 percent of the people believe "the EU will never accept their county." To stop this downward trend, the region needs clear prospects for EU membership and more effective and efficient implementation of the requirements. "A date would be more ideal." Support for the EU in Serbia is plummeting. In Kosovo, it remains strong, though the country has the least prospects. A Kosovo speaker reported that Kosovo supports "three of the four agreements" but recognized some last hurdles with Belgrade remain unresolved, reflecting the need for more internal work in the region. The Berlin Process could help with some of the political disputes as well as with energy security as a key issue and related to the Green Agenda. The Berlin Process lacks an enforcement mechanism, a speaker said, suggesting that it could look into maybe establishing a commercial court in line with the EU standards. "To

be successful, the Berlin Process needs these mechanisms.” A number of Kosovo speakers said that CEFTA is out of date and there is “no need to spend time and resources on it anymore.” CEFTA is inefficient for resolving evolving issues. “It is easier to resolve issues bilaterally than through CEFTA.” However, the main issue for Kosovo is that it is still represented by UNMIK and Pristina does not like this, but it cannot change representation. All it can do is refuse to participate.

The Berlin Process can help the region resolve its bilateral disputes and bring countries closer together both politically and geographically. Connectivity is not only a political but also a geographical problem. “It takes 14 hours to travel from Skopje to Dubrovnik.” The region could work more on building energy transportation lanes but this could not be done without political cooperation between governments and private sector. The Berlin Process could facilitate such cooperation. A speaker reported that all Western Balkan countries support the Berlin Process. Recognizing some dissatisfaction with the process, the speaker said “the Berlin Process is a marathon, slow at times but it achieves results,” such as supporting political cooperation and opening the regional youth office in Tirana. The Process could do more. The four, or at least the three, agreements should be reached now. The priority of the Berlin Process and the region should be to “enable every citizen in the Western Balkans to travel freely in the region.” Many said “it is ridiculous to wait in long lines to cross the borders in the region.” The visa regime between Kosovo and Bosnia and Herzegovina is “petty and ridiculous.” A speaker also noted that the Berlin Process is not a substitute for EU integration, it is simply a necessity to make some things like travel easier. Another speaker suggested to “rethink the institutions that support the Process by making them more effective.” CEFTA has problems but “we cannot get rid of it.” Instead, “let’s reform it and make it more efficient.”

The interplay between the Berlin Process and the Open Balkans was also addressed. A speaker said that the Open Balkans has a better public relations strategy and is more present in the media and public discussions, but it is not clear whether this is “to promote the process itself or the leaders of the process.” He suggested the Berlin Process become more “active and visible” in the public discourse in all Western Balkans countries. The region is also facing “too many regional political disputes, too many internal disputes,” and that is why the Process finds it difficult to “penetrate the mess we have created.” The Berlin Process’s goals—common regional market, renewable energy and energy security, four freedoms, reconciliation, political stability—are in line with the region’s interests and priorities. “The Process just needs to become more dynamic.” But the region also “needs to do more and itself become more dynamic for doing good things, not just producing crisis.”

Some addressed the role of the US in regional issues. A speaker noted that the US sees a layered approach that is owned by the region but supported by the EU and the US, which have committed to tackle energy transition and joint investment. The US supports progress no matter who delivers it, the Berlin Process or the Open Balkans. “Let’s pay more attention to deliverables and less to brands.” Many said “energy security is key” and that the Western Balkans should be part of the EU strategy. “The EU shouldn’t make the same mistake as with the Covid-19 vaccines when it left the Western Balkans out of its package.”

Addressing speculations that there is a rift between the EU and the US on the Open Balkans, a speaker said that the US and Germany are not divided on the Open Balkans or the Berlin Process. The US sees the Open Balkans as a local initiative and the Berlin Process as an international one and there is room to do good for both. “There is no need to worry about combining the two.” The Open Balkans is a very politically driven initiative, but to be successful it needs more than just a political drive. “It needs also the business community.”

The three members of the Open Balkans—Albania, North Macedonia, Serbia—have made progress on a number of agreements on customs one-stop shops, cooperation on natural disasters, border crossing points, fiscal evasion, and diplomas, a speaker from one of the three countries reported. The speaker said that her country believes that the Open Balkans can become an operational branch of the Berlin Process, or as Albanian Prime Minister Rama said, “an implementation unit of the Berlin Process.” And there are historical precedents where initiatives did not include all members, “the beginning of the EU, for example.” Both Berlin Process and Open Balkans should support EU integration.

The Berlin Process cannot tackle everything, so “there is room for everyone.” There are two elephants in the room: the Pristina-Belgrade dialogue and the EU integration process. The Berlin Process cannot tackle the first, but it could help with the latter. Another speaker said that the Open Balkans is a fragile initiative as it has “no mechanism for implementation” and is “not inclusive, unlike the Berlin Process.” The Open Balkans may not be inclusive, but “it is not exclusive either, we invited all six countries to join,” another speaker said. A speaker suggested searching for a path to include Kosovo in the Open Balkans, but another speaker replied that Kosovo does not feel comfortable in organizations where it is not recognized as an independent entity. “Kosovo will not join with an asterisk as a second-class country.” Another speaker said that we should not stigmatize neither the Open Balkans members nor the non-members. “We should give Open Balkans a chance,” a speaker said, adding that the idea is to creating an architecture for regional cooperation that goes beyond the leaders, “an architecture of laws and rules that would outlive the initiators.” But is that architecture in line with EU laws and practices. Some said yes, some said no.

Conclusions and recommendations

- The Berlin Process should support resolution of a) bilateral disputes (such as disputes between Bulgaria and North Macedonia and between Serbia and Kosovo and even sometimes become an arbiter on related issues); b) connectivity (support infrastructure projects between Nis and Pristina and other projects in the region); c) energy transition and security; and c) establish an enforcement mechanism, such as a commercial court.
- All regional efforts should focus on cutting costs and red tape through liberalizing travel and trade.
- The Berlin Process could help with the reforms in the region aiming to reduce uncertainty and improve governance predictability, especially in enforcing antitrust laws and preventing collusion between governments and businesses which is plaguing

the region. Procurement, rule of law, fight against corruption, and mutual understanding in the region were some other issues the participants mentioned the most.

- The Berlin Process should make the region's accession to EU's single market as one of its goals. Internal integration is a good step, but to shorten the path to prosperity the region needs access to EU single market. The region's trade with the EU is over 80 percent of its total external trade.
- The implementation of the CRM agenda—trade, investment, digital, industry and innovation—should happen hand in hand with the region's integration process into the EU. The region's harmonizing of investment policies should be done in line with the EU standards and practices.
- The two main region's "elephants in the room" are the Kosovo-Serbia dispute and the EU integration. Both processes are surrounded by uncertainty and unpredictability and could affect the future of the entire region. The US and the EU should pay closer attention to these two issues.
- The US and Germany are not divided over the Open Balkans and the Berlin Process.

The Berlin Process is a catalyst for EU integration and Germany is showing maximum political will to accelerate the region's integration. Energy is becoming a key issue both in the EU and in the Western Balkans. The sooner the region becomes independent of Russian energy, the better. The Western Balkans needs to do some more homework in reform and resolving bilateral disputes. The Berlin Process offers an opportunity for the region to show it is united and willing to put the past behind and focus on the future. The region should begin to work together on CRM, one of the biggest projects the region has ever worked together. Germany through the Berlin Process is offering a platform for regional cooperation as a means to faster European integration.

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