

## REGIONAL COOPERATION IN THE WESTERN BALKANS

*An overview of the Regional Economic Area and the “mini-Schengen”*

*Many regional initiatives have been built up in the Western Balkans over the past years, and they continue to pop up every few years. However, their structures remain weak, vulnerable to shocks and occasional breakdowns, and they bring very limited change to regional cooperation and benefits for the citizens of all countries.*

*Among the many regional initiatives, two have recently stood out — the **Regional Economic Area (REA)** and the so-called “**mini-Schengen**”.*

The disintegration of Yugoslavia brought a wave of initiatives which needed to define a new system of relations throughout the Western Balkans. The European Union sought to clarify these relations through a ‘regional approach’. It established the Stability Pact for South-Eastern Europe (SPSEE) in 1999 to “foster peace, democracy, respect for human rights and economic prosperity” for stability in the region.<sup>1</sup> In 2008, the Regional Cooperation Council (RCC) was established as the successor of the Stability Pact and operational body of the South-East European Cooperation Process (SEECP) to enhance regional ownership.<sup>2</sup>

With the launch of the Berlin Process in 2014, multiple mechanisms were united in an overarching umbrella to strengthen cooperation and economic development in the Western Balkans.<sup>3</sup> In July 2017, the RCC presented the **Multi-annual Action Plan for a Regional Economic Area in the Western Balkans (MAP REA)** during the Berlin Process Summit in Trieste, Italy.<sup>4</sup> Two years after, the initiative was criticised for insufficient progress which could be shaped into economic growth and further integrations.<sup>5</sup>

<sup>1</sup> European Commission, “Stability Pact for South-Eastern Europe”, at [https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/stability-pact\\_en](https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/stability-pact_en)

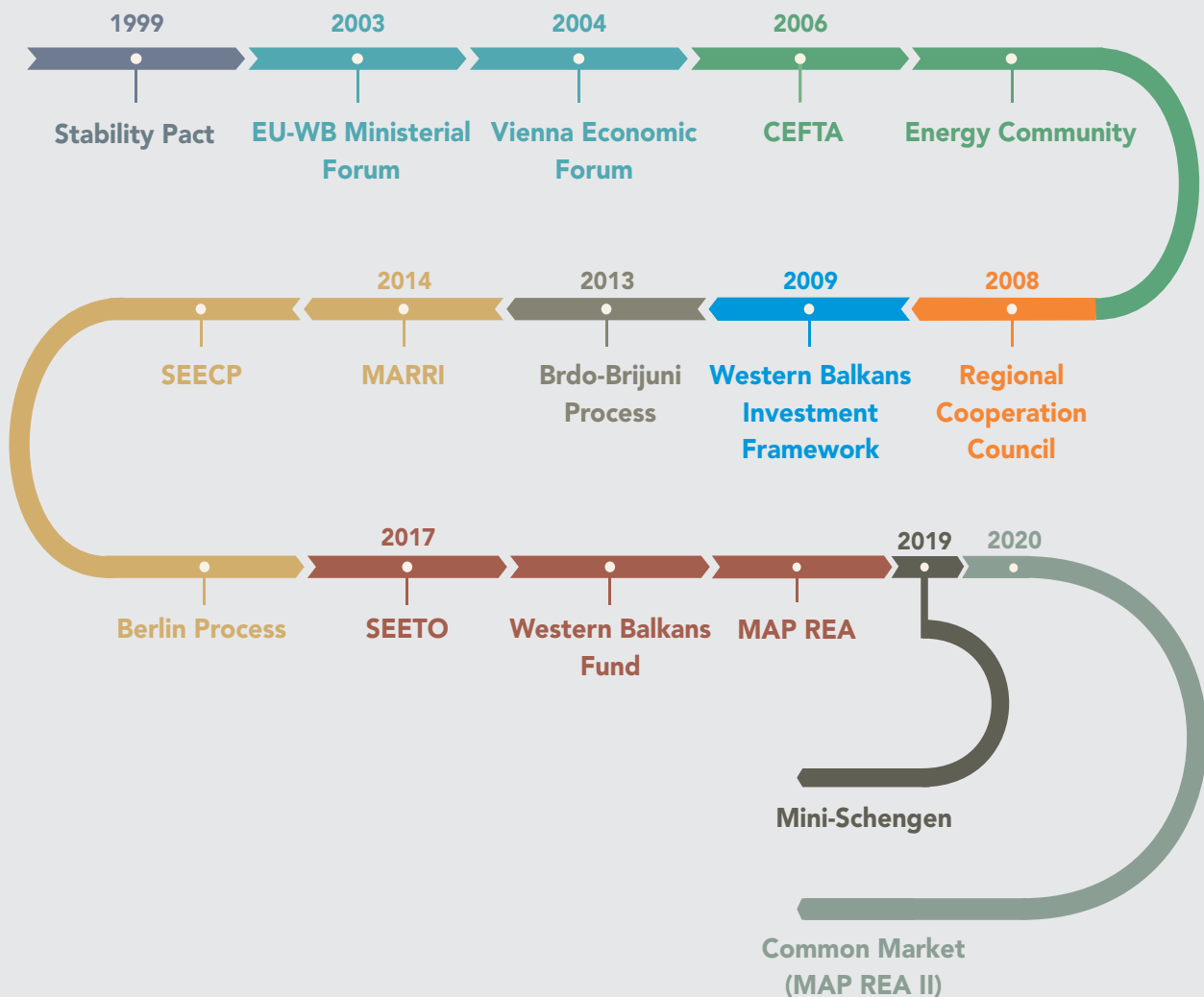
<sup>2</sup> For more details, see the organisations website at <https://www.rcc.int/>

<sup>3</sup> Balkans Group report, The Berlin Process for the Western Balkans: Gains and Challenges for Kosovo, at <https://balkans-group.org/en/the-berlin-process-for-the-western-balkans-gains-and-challenges-for-kosovo-2/>

<sup>4</sup> For the full text of the document, see <https://www.rcc.int/docs/383/multi-annual-action-plan-for-a-regional-economic-area-in-the-western-balkans-six>

<sup>5</sup> Statement from the Prime Minister of Albania Edi Rama on 10 October 2019 in Novi Sad, Serbia, at <https://www.predsednik.rs/en/press-center/news/president-vucic-meets-the-prime-minister-of-the-republic-of-north-macedonia-and-the-prime-minister-of-the-republic-of-albania>

In parallel, in October 2019, Serbian President Aleksandar Vučić, Albanian Prime Minister Edi Rama and North Macedonian Prime Minister Zoran Zaev launched the so-called **“mini-Schengen”** with the aim of furthering economic integration between themselves through the free movement of people/labour.



## REGIONAL ECONOMIC AREA (REA)

The **Multi-annual Action Plan on Regional Economic Area in the Western Balkans (MAP REA)**, was endorsed by the leaders of the Western Balkans at the Berlin Process Trieste Summit held on 12 July 2017. The initiative was developed by the RCC upon the request of the Western Balkans Six (WB6) for “furthering economic cooperation in the Western Balkans” and supported by the European Commission (EC).<sup>6</sup>

<sup>6</sup> Statement from the WB6 Prime Ministers Meeting, Sarajevo, March 16, 2017

The MAP REA aims to “enable the unobstructed flow of goods, services, capital and highly skilled labour” across the Western Balkans in four components: Trade, Investment, Mobility, and Digital Integration.<sup>7</sup>

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**Within the Regional Economic Area (REA) the following measures have been taken:<sup>8</sup>**

- The Regional Roaming Agreement signed in April 2019 at the Digital Summit in Belgrade, has led to the progressive reduction of roaming charges as of July 2019 and their elimination from July 2021.<sup>9</sup>
- The Regional Investment Reform Agenda (RIRA) was launched in May 2018 with the aim of harmonising WB6 investment policies with European Union (EU) standards and international best practices, within the framework of the SEE 2020 Strategy, Central European Free Trade Agreement (CEFTA) and EU pre-accession and accession processes.
- The adoption of Individual Reform Action Plans (IRAPs) for the implementation of RIRA as well the Declaration on Recognition of Higher Education Qualifications in the Western Balkans.

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The ongoing bilateral disputes between Kosovo and Serbia and Kosovo and Bosnia and Herzegovina reduced the regional capacity to implement specific measures of the MAP REA, thus affecting its overall implementation.<sup>10</sup> Without first addressing these bilateral issues, REA will be stuck and share the same fate as other regional initiatives.

### **THE “MINI-SCHENGEN”**

On 10 October 2019, in Novi Sad, Serbia, a new parallel process began as the Serbian President Aleksandar Vučić, Albanian Prime Minister Edi Rama and North Macedonian Prime Minister Zoran Zaev announced the so-called “**mini-Schengen**” which seeks to establish the free movement of people, goods, services and capital in the Western Balkans using only ID cards by the end of 2021.<sup>11</sup> Further meetings were held on 10 November 2019 in Ohrid, North Macedonia, and on 21 December 2019 in Tirana, Albania to discuss proposals for achieving the ‘four freedoms’ including the adoption of a framework agreement for civil emergencies

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<sup>7</sup> RCC, Multi-annual Action Plan for a Regional Economic Area in the Western Balkans Six, 12 July 2017, at <https://www.rcc.int/docs/383/multi-annual-action-plan-for-a-regional-economic-area-in-the-western-balkans-six>

<sup>8</sup> RCC, Annual Report on Implementation of the Multiannual Action Plan for a Regional Economic Area in Western Balkans, July 2019, at <https://www.rcc.int/docs/478/annual-report-of-the-secretary-general-of-the-regional-cooperation-council-2019-2020>

<sup>9</sup> For the full text of the Regional Roaming Agreement, see <https://www.rcc.int/docs/476/regional-roaming-agreement-for-the-western-balkans>

<sup>10</sup> Balkans Group, Kosovo-Serbia Dialogue: Path to the Agreement, 5 October 2020, at <https://balkansgroup.org/en/kosovo-serbia-dialogue-path-to-the-agreement/>

<sup>11</sup> President Vučić: “The document you will see is based on the freedom of movement of capital, goods, services and people”. For more, see <https://www.predsednik.rs/en/press-center/news/president-vucic-meets-the-prime-minister-of-the-republic-of-north-macedonia-and-the-prime-minister-of-the-republic-of-albania>

known as the Durres Protocol.<sup>12</sup>

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**Within the so-called “mini-Schengen”, the following steps have been taken so far:<sup>13</sup>**

- Memorandum for Free Movement of people using only ID cards and unification of the procedures for issuance of work permits for all citizens in the WB countries
  - 24-hour functioning of the border controls for phytosanitary and veterinary controls;
  - Completed negotiations between North Macedonia and Serbia and for the construction of new border crossing Lojane – Miratovac,
  - The agreement between the customs administrations of North Macedonia and Albania for a One-Stop-Shop on the border crossing Kjafasan, and with Serbia on the border crossing Tabanovce with the objective of becoming a Non-Stop-Shop (border crossings without stops).
  - The introduction of a paperless system to simplify customs procedures.
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Kosovo had refused to join due to its non-recognition by Serbia and Bosnia and Herzegovina. Montenegro and Bosnia and Herzegovina attended these meetings although stated that they are focused on joining the European Union.<sup>14</sup>

On 4 September 2020, at the White House Summit in Washington, Kosovo and Serbia each signed the Economic Normalisation Agreements, a pair of documents, differing on the final point regarding Israel.<sup>15</sup> Through the agreement, Kosovo agreed to become part of the **“mini-Schengen”** and agreed to implement highway, rail links and flight route agreements with Serbia.<sup>16</sup>

After meetings on the **“mini-Schengen”** were postponed due to the COVID-19 pandemic, the initiative was renewed on 30 October 2020, where the three leaders of Serbia, Albania and North Macedonia held a video meeting and stated that “the initiative is fully in line with

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<sup>12</sup> Government of the Republic of North Macedonia, “Press Conference of WB Leaders in Tirana”, 26 December 2019, at <https://vlada.mk/node/19902?ln=en-gb>

<sup>13</sup> Ibid.

<sup>14</sup> Euronews, “Western Balkan leaders plot their own ‘mini-Schengen’ zone”, 11 November 2019, at <https://www.euronews.com/2019/11/11/western-balkan-leaders-plot-their-own-mini-schengen-zone>

<sup>15</sup> Kosovo and Israel agreed to mutually recognise each other. While Serbia agreed to open a commercial office, and a ministry of state offices, in Jerusalem on September 20, 2020, and move its Embassy to Jerusalem by 1 July 2021. For more, see <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-vucic-serbia-prime-minister-hoti-kosovo-trilateral-meeting/>

<sup>16</sup> For a full breakdown of the agreements see, Balkan Insight, “Is the Kosovo-Serbia ‘Deal’ Worth the Paper It’s Written On?”, 10 September 2020, at <https://balkaninsight.com/2020/09/10/birn-fact-check-is-the-kosovo-serbia-deal-worth-the-paper-its-written-on/>

the Berlin Process”.<sup>17</sup> They also agreed to form a permanent working group with government representatives from each of the participating countries “to speed up the process of signing and implementing agreed activities”.<sup>18</sup>

## THE COMMON REGIONAL MARKET (MAP REA II)

The support of the US for the “**mini-Schengen**” initiative has pushed the European Union and the RCC to consider taking a more proactive role in several of the same areas included in the initiative and agreed in the US-mediated talks at the White House Summit in September 2020. In the upcoming Berlin Process Summit, to be held on 10 November 2020 in Sofia under the joint chairmanship of North Macedonia and Bulgaria, a plan for creating a ‘**Common Regional Market**’ is expected to be endorsed.<sup>19</sup> This marks the launch of another initiative in the region in a short period —after the launch of the **Regional Economic Area (REA)** and the “**mini-Schengen**”.

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**The Common Regional Market seeks to build upon the achievements and lessons learned from the Regional Economic Area (REA), which had mixed results in implementation.<sup>20</sup> The new Action Plan for a Regional Market to be implemented by the end of 2024 involves several actions in four key areas:<sup>21</sup>**

- Free movement of goods, services, capital, and people on the basis of ID cards, including cross-cutting measures such as ‘Green Lanes/Corridors’.<sup>22</sup>
- Regional Investment Area, to harmonise investment policies with EU standards and best international practices and promote the region to foreign and intra-regional investors.
- Regional Digital Area, to integrate the Western Balkans into the pan-European digital market.
- Regional Industrial and Innovation Area to transform industrial sectors and shape value chains.

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<sup>17</sup> European Western Balkans, “Vučić, Zaev and Rama held a video meeting on ‘mini-Schengen’”, 30 October 2020, at <https://europeanwesternbalkans.com/2020/10/30/vucic-zaev-and-rama-held-a-video-meeting-on-mini-schengen/>

<sup>18</sup> Ibid.

<sup>19</sup> European Western Balkans, “EC: The next meeting within the Berlin Process on November 10 in Sofia”, 18 September 2020, at <https://europeanwesternbalkans.com/2020/09/18/ec-the-next-meeting-within-the-berlin-process-on-november-10-in-sofia/>

<sup>20</sup> RCC, “Bregu: Common Regional Market Is the Way Forward”, 15 October 2020, at <https://www.rcc.int/news/650/bregu-common-regional-market-is-the-way-forward>

<sup>21</sup> Ibid.

<sup>22</sup> The ‘Green Lanes/Corridors’ are 24-hour border crossing lanes with a set of minimised and streamlined procedures which do not exceed 15 minutes to ensure the fast flow of essential goods between CEFTA countries.

The **Common Market** also takes on similar issues addressed by the “**mini-Schengen**”, specifically those related to “four freedoms” of the European Single Market, which were also partly included in CEFTA and MAP REA.

## INTEGRATING EU-LED AND US-LED INITIATIVES

Regional initiatives have stimulated cooperation in the Western Balkans and facilitated communications. However, they have done little to help in bringing the region closer to the European Union so far, or improve the social, political and economic environment. Due to bilateral disputes, they have produced only limited results. As such, resolving bilateral disputes remains the main prerequisite for progress on regional cooperation in the Western Balkans.<sup>23</sup>







To avoid the fate of previous initiatives and forge long term links between the countries of the Western Balkans it is important to integrate and set the “**mini-Schengen**” and **REA** (and now ‘**REA II**’) into **one agenda**. The “**mini-Schengen**” was unilaterally launched by the leaders of Serbia, Albania and North Macedonia, yet the initiative gained impetus following US support. As such, it is tied to the US presidential elections which, depending on the outcome, will determine its fate.

There have already been indications and attempts to reconcile the two initiative already as the leaders of Serbia, Albania and North Macedonia have stated that it is “fully in line with the Berlin Process”, and “that it represents a good basis for the upcoming summit” to be held in Sofia, Bulgaria.<sup>24</sup> It remains to be seen how this will be achieved.

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<sup>23</sup> In addition to bilateral disputes between Kosovo and Serbia and Kosovo and Bosnia and Herzegovina, there are disputes between Macedonia and Bulgaria. For more, see <https://www.dw.com/en/bulgaria-asks-eu-to-stop-fake-macedonian-identity/a-55020781>

<sup>24</sup> European Western Balkans, “Vučić, Zaev and Rama held a video meeting on ‘mini-Schengen’”, 30 October 2020, at <https://europeanwesternbalkans.com/2020/10/30/vucic-zaev-and-rama-held-a-video-meeting-on-mini-schengen/>

	MAP REA	Mini-Schengen	Common Market (REA II)
 Trade	<p>Free flow of goods, services, investments, and skilled people without tariffs, quotas or other unnecessary barriers. Trade facilitated higher than WTO Rules, aiming at recognition of all border documents, where applicable (as specified in CEFTA's Additional Protocol 5).</p>	<p>Free flow of goods, services, investments and skilled people facilitated by 24 hours functioning of the border controls for phytosanitary and veterinary controls, One-Stop Shops on border crossing with the objective of becoming Non-Stop Shops (border crossings without stops) and a paperless system to simplify customs procedures.</p>	<p>Free movement of goods, services, capital, and people on the basis of ID cards, including cross-cutting measures such as 'Green Lanes/Corridors'.</p>
 Investment	<p>Regional Investment Reform Agenda (RIRA) which aims to enhance entry and establishment opportunities for investors. Improve business establishment policies and procedures, strengthen investment retention mechanisms in the region and develop regional investment promotion initiatives.</p>	<p>N/A</p>	<p>Establishment of a Regional Investment Area and harmonisation of investment policies with EU standards.</p>
 Mobility	<p>Removing obstacles to the mobility of students, researchers and professionals, through mutual recognition of academic and professional qualifications in sectors of interest (Doctors of Medicine, Dentists, Architects and Civil Engineers) through joint standards and procedures for automatic recognition of academic qualifications.</p>	<p>Free movement of people using only ID cards and unification of procedures for issuance of work permits for all citizens in the Western Balkan countries.</p>	<p>Free movement of people on the basis of IDs, including the mutual recognition of academic and professional qualifications for certain professions.</p>
 Digital	<p>Digital infrastructure development and improved regional connectivity, including harmonised spectrum policies. Roaming free region, enhanced cybersecurity, trust services and data protection.</p>	<p>N/A</p>	<p>Digital infrastructure development and improved regional connectivity, including harmonised spectrum policies. Roaming free region, enhanced cybersecurity, trust services and data protection.</p>
 Infrastructure	<p>Highway and rail links within the region and with the EU.</p>	<p>Construction of new border crossing Lojane – Miratovac between North Macedonia and Serbia.</p>	<p>N/A</p>
 Industry and Innovation	<p>N/A</p>	<p>N/A</p>	<p>Establishment of a Regional Innovation and Industrial Area to shape value chains;</p>

**A full report with in-depth analysis of regional cooperation and initiatives in the Western Balkans, and their implementation, will soon be published.**

The Balkans Policy Research Group is an independent, regional think-tank based in Prishtina, Kosovo. We provide timely policy analysis and recommendations on a wide array of state building issues; institutional and democratic consolidation; minority integration and good neighbourly relations; European integration and policy change. We have decades of experience in policy reporting and development, strategic thinking and advocacy with governmental, international and non-governmental organisations.

Our rigorous, detailed, impartial reporting, always based on in-depth fieldwork, is the core of our work. We go beyond mainstream positions and seek to make change through creative, feasible, well-measured and forward-looking policy recommendations with the aim of helping develop strong, vibrant democracies, prosperous states and societies based on rule of law in the Western Balkans.

We engage in high-level advocacy, domestically, regionally and internationally, impacting policy discussions and options with regard to the home affairs and European policies toward the Western Balkans.

Balkans Group has developed other tools and platforms to achieve this change:

**The Policy Dialogue** promotes Kosovo's domestic dialogue, cohesion and reform-making agenda.

The Policy Forum (a Think-Tankers High-level Advocacy Forum) committed to enhancing the dialogue between the civil society and the institutions.

**The Kosovo Serbia Policy Advocacy Group (a forum for Cross-Border Civil Society Cooperation)** that aims to communicate, promote and enhance dialogue toward full normalisation between Kosovo and Serbia, and their societies.

**Women in Politics** promotes the empowerment of women and girls; their security and inclusiveness; and is committed to strengthen the Women Caucus' impact and reach throughout Kosovo

**The Dialogue Platform** promotes the dialogue process between Kosovo and Serbia, by informing the wider public and generating debate about the agreements, benefits and challenges of the Dialogue.



Norwegian Embassy