

REGIONAL AND GLOBAL ORDER

OPEN BALKAN

A step forward towards Common Regional Market

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In 2019, the regional policy was shifting the focus from the political direction to the regional economic area. In October 2019, the Prime Ministers of Albania, North Macedonia and Serbia signed a declaration of an initiative to establish free movement of people, goods and services and capital between the three countries.



Open Balkan should be seen as an initiative in the ownership of the region to accelerating the EU integration of the region. It is inclusive and open for the other countries of the region to join. The initiative should be conceived as an implementing unit of the Berlin process.



The signed agreements of the Open Balkan initiative are already giving tangible results and benefits for the citizens. Additional measures are intended to encourage labor mobility, including the provision of zone-wide work permits.

The Regional organizations (total number is almost 60) can be divided into those with the main emphasis on the acceleration of the European Integration and those focused on furthering the regional integration. Some of them include both pillars in their task. In this respect, the regional ownership together with the EU partners, has made efforts to enable relevance, effectiveness as well as efficiency of the regional organizations. As regards the Open Balkan is the first regional initiative which has the full authenticity of the regional ownership.

FROM NOVI SAD TO SKOPJE - A NEW AREA OF COOPERATION IN THE REGION OF WB

In 2019, a new area of cooperation started in the region. The regional policy was shifting the focus from the political direction to the regional economic area. The idea of Western Balkan countries coming closer together was first floated at the Berlin Process Summit in Trieste in 2017, when the leaders agreed on an action plan for a regional economic area (MAP-REA). To implement MAP-REA the negotiation process of the respective agreements was coordinated by the RCC. Despite the endeavors, due to the bilateral political problems between the WB countries, the negotiation process of the Agreement for Mutual Recognition of Diplomas of High Qualifications and Agreement for Mutual Recognition of Qualifications for Regulated Professions (doctors, dentists, engineers, architects), after four years of intensive negotiations of the Working Groups was blocked. Serbia requested that the agreements should pass under the care and legal framework of CEFTA-2006 as an annex to the free trade agreement. Kosovo had also a lot of remarks regarding both agreements. Even in the proposals on the MAP REA 2 project, Serbia and Montenegro insisted to ignore the "Western Balkans" format and to engage more with CEFTA-2006 "Western Balkans + Moldova". The implementation of the MAP-REA of Berlin Process was not advancing at all.

To foster this plan, the Prime Ministers of Albania and North Macedonia, together with Serbian President met in Novi Sad, in 11 October 2019 and signed a declaration intending to establish Mini-Schengen initiative based on

the free movement of people, goods, services and capital between the three countries. The fundamental principles of the Declaration are cooperation, mutual engagement and elimination of all obstacles for free movement of people, goods, services and capital, as contribution for the citizens of all countries from the region in accomplishing the final goal – full-fledged EU membership. The Declaration states that the determination for more intensive cooperation based on mutually interests, besides joint customs controls, should provide mutual cooperation in phyto-sanitary controls, as well as free movement of the citizens throughout the three countries only with ID cards. The Declaration also announces the possibilities for open market and access to business initiatives in the whole region, no matter the place of establishment of the companies, creating new jobs and stimulating potentials for overall development.

Following next meetings in Ohrid and Durres, the leaders agreed to create an economic zone of 12 million people. This initiative opens great opportunities for the young people and for connectivity following the European model for implementation of EU standards, in order to achieve economic progress of the WB countries and overall democratic transformation. The initiative aims to achieve results on implementing "four freedoms" in the Western Balkans and is open to the remaining members of the 'Western Balkans Six'. In this regard, the three leaders have invited Bosnia-Herzegovina, Montenegro and Kosovo to join them in every meeting.

The Tirana Summit held in Tirana on June 10, 2021 with the participation of the Commissioner Oliver Varhelyi aimed to push forward the process of "the Regional Schengen" that would advance the implementation of the 4 freedoms of the European Union in our region. On the Summit of 29 July 2021 in Skopje, the three 'Open Balkan' countries, North Macedonia, Serbia and Albania pledged to remove most of the obstacles impeding travel and business on their borders by 2023. As regards, the three leaders reconfirmed the will to push further "The Balkan Mini-Schengen-"Open Balkan". In the joint State-

further "The Balkan Mini-Schengen-"Open Balkan". In the joint Statement they stated *"We will invite our colleagues across the region and international investors and donors to work with us so that these projects contribute to jobs, development, and growth across the region, in particular in the context of the EU's Economic and Investment Plan for the Western Balkans and Europe's green and digital transitions"*.

OPEN BALKAN - NEWLY REGIONAL INITIATIVE

"Open Balkan" is an economic regional initiative generated by the regional ownership that enables the cooperation between the three countries of the region, Albania, North Macedonia and Serbia. It aims to implement the four EU freedoms such as; the movement of people, goods, services and capital and promote the three countries to open borders in order to facilitate the lives of citizens and the cooperation between the business communities. This initiative should be seen as a first move for our regional ownership to accelerating the EU integration, strengthening the regional cooperation and fostering economic growth. The invitation remains open for all the remaining Balkan countries. OB is in function and complement the efforts of the countries of the region towards the EU integration process.

The Open Balkan also complements the regional cooperation in the framework of various regional initiatives, such as the Common Regional Market of the Berlin Process, CEFTA, Green lanes, etc. The initiative does not duplicate the Berlin Process, which is a comprehensive initiative of WB that includes many pillars, such as; political cooperation, Green Agenda, Economic Investment Plan, Common regional Market and Connectivity. The field of operation of the OB is similar to the CRM's subject of the Berlin process and in this respect OB should be conceived as an implementing unit of the Berlin Process. The Open Balkan is also a mechanism to accelerate the implementation of the CRM, because the cooperation in the framework of the OB is moving faster {three founding countries do not have bilateral issues} than the cooperation within the CRM {the slow advancement of the dialogue between Serbia and Kosovo impacts the cooperation in the framework of the CRM}. The agreements of the Open Balkan have the same format as the agreements of the CRM. The preamble starts- *We, the Western Balkan Participants, referred to collectively as "the Contracting Parties" and individually as "Contracting Party"*; The term Contracting Parties is conditioned by Kosovo to the agreements of the Berlin Process CRM. It means that the Open Balkan has

agreements of the Berlin Process CRM. It means that the Open Balkan has a strong similarity with the CRM.

However, the core of the OB initiative is how to expand economies and integrate our markets in order to increase the flux of foreign investments. Compare to the other regional initiative Open Balkans does not have the classical format of a regional initiative. There is not website, head-quarter, secretariat, funds and Member States do not pay annual contribution. There is only the logo OB defined in the Summit of Serbia. So far, Open Balkan is a three parties' instrument aiming to convert into a comprehensive regional economic initiative including the remaining countries.

ACHIEVEMENTS OF THE OPEN BALKAN

The signed trilateral agreements are already giving tangible results and benefits for the citizens. The removal of non-tariff trade barriers and increased freedom of movement between Albania, North Macedonia, and Serbia would primarily benefit the agricultural and tourism sectors. The three countries have pledged to grant mutual recognition of each other's agricultural-sector documentation, such as certification issued by food safety agencies. The preliminary agreement envisages shorter border inspection times, particularly for phytosanitary and veterinary inspections, and streamlined paperwork for the transport of goods. Furthermore, the countries' citizens would be able to travel within the zone just with their ID cards while foreign tourists could move between the three states without visas. Additional measures are intended to encourage labor mobility, including the mutual recognition of professional qualifications and the provision of zone-wide work permits. The three countries have also agreed to improve the free movement of capital. It is expected that soon, countries will activate the Open Balkan ID number (OB ID) for the citizens of the initiative. Thanks to this OB ID the citizens will be able to work in the private sector in any of these three countries, without recognition of the diplomas, without having to wait for various permits, and without facing administrative barriers. Also, the establishment of the single electronic system for tolls in all three countries of Open Balkan is in its final phase.

As a result of the Agreement for protection of disasters and accidents, North Macedonia's neighbours Serbia and Albania] have assisted with timely interventions during the fires in the summer of 2021. This summer, Serbia assisted Albania with interventions during the fires. In addition, it's established the joint crossing point between Albania and

North Macedonia in Qafe Thane for the movement of people. In January 2023, it will be established even for the movement of goods. To face winter's challenges, the three countries have already set up joint working groups that will secure mutual assistance in supply of food, electricity, and energy resources. In the framework of the OB, Serbia is exporting wheat and corn to Albania. Movement of agricultural products and food between the three countries has become much faster since they introduced the green lanes on the border crossings of Tabanice and Qafe Thane for the trucks of the Open Balkan members. The mechanisms for control are conducted much faster because they operate 24/7 and are mutually recognized, thus making the triple controls in three countries, outdated. Serbia has also opened a section for commercial vehicles under the OB. In the view of the respective agreement, the Authorized Economic Operator is a status issued to "reliable economic operators" who can benefit from many customs simplifications.

Two types of status for AEOs are issued:

- 1 - AEO-D - for customs simplifications (means an economic operator authorized for customs simplifications)
- 2 - QEO-S for security and defense (means an economic operator authorized for customs control facilities)

Benefits of AEO status

- Fewer physical and documentation controls compared to other economic operators;
- Priority treatment and priority notification in case of selection for customs control;
- Possibility to request specific spaces other than customs offices for customs controls;
- Reduction of the guarantee level or exclusion from the guarantee;
- Simplifications in transit;
- Simplifications in value;
- Authorization for simplified statements

Future expectations of the Open Balkan: Establishment of common agency for attracting investments in Open Balkan/ Promoting the region as an attractive tourist destination offering top wine and gastronomic experience/Establishment of regional theatre fund in Open Balkan/ Organizing regional youth exchange, schools, and festivals/Reducing and eliminating the fees and taxes arising from the procedure of cross-border movement of people, goods, and services.

The relevant investments to the customs should be done as soon as possible to accelerate the full implementation of the economic agreements.

INTERNATIONAL POSITIONS

The Open Balkan is fully supported by the US. The Special Envoy of WB Gabriel Escobar called OB as a great initiative that it's in favor of cooperation and integration into the wider European structure. EU representatives have articulated different stances with regard to the Open Balkan. EU Commissioner Oliver Varhelyi said that OB is a good initiative that it can also be a lever to accelerate the way into the EU integration. On 24 November 2022, a resolution approved by the EP stated that MEPs have strong reservations for any regional economic initiative that does not include 6 countries of the WB and it is not based on the EU rules.

POTENTIAL MEMBERS POSITIONS ON THE OPEN BALKAN

Three potential members are Bosnia and Herzegovina, Montenegro and Kosovo.

Kosovo has voiced a political objection on the initiative. Kosovo's Prime Minister Albin Kurti said "For us, the so-called 'Mini-Schengen' is without any vision for the region. We have proposed advancing regional cooperation from CEFTA to SEFTA, according to EFTA-EEA model, from which all Western Balkans countries would benefit simultaneously."

Kurti's tougher stance came after the previous Kosovo PM, Avdullah Hoti, pledged to join the initiative as part of an agreement signed in separate documents with Serbia's President Vucic under former US President Donald Trump's auspices in Washington in 4 September 2020. The position of Kosovo Government has not changed so far. PM Kurti stated that Kosovo will not join OB until Serbia recognizes Kosovo. Meanwhile, the former Foreign Minister Enver Hoxhaj said that it's time for Kosovo to join the Open Balkan. He stressed that Kosovo needs the support of different partners to join the Council of Europe.

President of Montenegro Milo Đukanović said that Montenegro is committed to regional initiatives and will participate in Open Balkan talks in the coming period and contribute to the Western Balkans region achieving its European integration in the near future. He stressed that this means that Montenegro strongly believe that regional initiatives are a great opportunity to build confidence and, on that basis, to achieve co-operation that will contribute to the development of the region as a whole." He added that Montenegro is aware that all the initiatives are far more meaningful when we know that they lead to the

achievement of standards that will pave the way for EU membership. But Montenegro is focused more on joining the EU. Representatives of Bosnia and Herzegovina said that Bosnia and Herzegovina is likewise currently focused on joining the European Union.

However, an important reason for refraining from joining the Open Balkan could be related to the fear that, as a result of open borders, Serbian goods could, even more than now, dominate the regional markets.

ANEX

| Open Balkan Initiative - Table of the Agreements | | |
|---|---|------------------|
| No | Agreements | Signed on |
| 1 | Agreement amending the Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Serbia on the mutual movement of citizens. | 9.11.2020 |
| 2 | Memorandum for cooperation between the Government of the Republic of Albania, the Government of North Macedonia and the Government of Serbia during the global pandemic of the coronavirus COVID-19. | 9.11.2020 |
| 3 | Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of North Macedonia on the establishment of joint border crossing points between the Republic of Albania and the Republic of North Macedonia. | 10.06.2021 |
| 4 | Memorandum of understanding on cooperation to facilitate imports, exports and the movement of goods in the Western Balkans. | 29.07.2021 |
| 5 | Memorandum of Understanding on cooperation regarding free access to the labor market in the Western Balkans. | 29.07.2021 |
| 6 | Agreement on cooperation for protection against natural disasters in the Western Balkans. | 29.07.2021 |
| 7 | Agreement on the conditions for free access to the labor market in the Western Balkans. | 21.12.2021 |
| 8 | Agreement on the interconnection of schemes for the electronic identification of citizens of the Western Balkans. | 21.12.2021 |
| 9 | Agreement for cooperation in the field of veterinary medicine, food safety and animal feed and phytosanitary in the Western Balkans. | 21.12.2021 |
| 10 | Agreement for cooperation in the field of accreditation in the Western Balkans. | 21.12.2021 |
| 11 | Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of North Macedonia on the mutual recognition of Authorized Economic Operators - Authorizations for Security and Defense (OEAS) | 21.12.2021 |
| 12 | Agreement between the Council of Ministers of the Republic of Albania and the Government of the Republic of Serbia on the mutual recognition of Authorized Economic Operators - Authorizations for Security and Defense (OEAS) | 21.12.2021 |
| 13 | Memorandum of Understanding on cooperation in the field of tourism in the western Balkans | 8.07.2022 |
| 14 | Memorandum of Understanding on the cooperation of the taxation administrations in the western Balkan | 8.07.2022 |
| 15 | Agreement on food safety | 2 September 2022 |
| 16 | Action plan for operations against natural disasters | 2 September 2022 |
| 17 | Cooperation agreement for energy and mining | 2 September 2022 |
| 18 | Agreement in the field of art and cinematography | 2 September 2022 |
| | AGREEMENTS OF THE OPEN BALKAN | |

ABOUT THE AUTHOR

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