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**Research Report**

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# SWP Comment

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## The Berlin Process in the Western Balkans: Big Ideas, Difficult Implementation

*Marina Vulović*

The Western Balkans should join the European Union (EU) “as soon as possible”, according to statements by the Chancellor of Germany at the Berlin Process summit in early November 2022. The Berlin Process consists of a series of events and meetings that have taken place annually since 2014 between individual EU member states and the countries of the Western Balkans. It differs from other EU initiatives in that international financial and EU institutions are involved alongside individual EU states, such as Germany as the format’s initiator, and it primarily addresses issues of economic and regional cooperation. Although the Berlin Process has already produced many ambitious ideas, such as the common regional market, the implementation of the agreements by the Western Balkan states has often stalled. In the future, Germany and the EU should insist more emphatically on the implementation of adopted agreements, because the Berlin Process has the potential to restore the declining credibility of the Western Balkan states’ prospects for EU accession.

Eight years after its launch, the Berlin Process returned in 2022 to the place where it was initiated. Chancellor Olaf Scholz thus reaffirmed Germany’s commitment to the Western Balkan states and their intention of joining the EU. The Process was established in 2014 by Angela Merkel’s government to deepen regional integration in and with the Western Balkans after the Juncker Commission announced that there would be no enlargement for five years. The Commission’s statement was based, on the one hand, on the then prevailing view that the EU must first carry out internal reforms

before any further enlargement, and, on the other hand, it was a reaction to the Western Balkan states’ lack of progress in carrying out reforms, especially in the areas of the rule of law and democratisation. The main objective of the Process – to strengthen cooperation between the states of the region and with the EU – has become even more important in light of Russia’s aggression against Ukraine. EU enlargement towards the East is once again at the top of the agenda. As far as bringing the Western Balkans closer to the EU is concerned, Germany and the EU must make greater use of



the mechanisms available to them for implementing the agreements adopted in the Berlin Process. Only in this way can it remain relevant.

## Important agreements as outputs of the Berlin Process

The Berlin Process focusses primarily on issues of economic and regional cooperation. In organisational terms, it consists of a series of meetings at which representatives of individual EU countries, EU institutions, and international financial institutions meet with governments as well as local civil society representatives from the Western Balkans. The cooperation format develops recommendations and strategies for the adoption of new and the implementation of already established agreements. It also addresses the question of how the Western Balkans can benefit in the short term, even without full EU membership. For this reason, it focusses on economic issues and regional cooperation, because within the EU, the prevailing view is that economic cooperation can stabilise the region and bring it closer to the EU's internal market. Investments in economic projects such as sustainable infrastructure or energy transition are provided through the Western Balkans Investment Framework (WBIF). The WBIF is a donor coordination instrument that pools funds from the EU, various financial institutions, bilateral donors, and the governments of the Western Balkans.

The most ambitious agreement negotiated so far in the Berlin Process is the creation of the Common Regional Market (CRM). The commitment was signed by all six Western Balkan states at the Sofia Summit in November 2020. The CRM was to ensure the free movement of goods, services, capital, and people (the “four freedoms”), including aspects relating to digital, investment, innovation, and industry policy. The CRM would be a stepping stone towards closer integration of the region into the EU single market, even before actual EU accession. Compliance with the “four freedoms”

is a prerequisite for admission to the EU and part of the *acquis communautaire*, reflected in Cluster 2 on the Single Market, primarily in Chapters 1, 2, 3, and 4. The CRM builds on an older initiative, namely the establishment of a Regional Economic Area (REA), which already dates back to the Trieste Summit of July 2017. The REA had already foreseen the implementation of the “four freedoms” and focussed mainly on four areas: 1. Digital integration (regional roaming agreement, implemented by all six states in July 2021), 2. Mobility (freedom of movement for highly skilled labour), 3. Trade (promoting further trade integration), and 4. Investment (creating a dynamic regional investment area). The agreements signed in Berlin on 3 November 2022 on the freedom of movement (whereby an identity card is sufficient for travel) as well as the mutual recognition of higher education diplomas and professional qualifications in the areas of medicine and architecture also build on this initiative and are now part of the CRM.

One of the first and most successful agreements signed in the Berlin Process is the Regional Youth Cooperation Office (RYCO). RYCO was launched by the six Western Balkan countries at the Paris Summit in July 2016. RYCO aims to promote reconciliation and cooperation between the youth in the region. The primary means to this end are mobility and exchange programmes, as well as involving the youth in political decision-making processes. The platform also includes projects on coming to terms with the past and peaceful dialogue. RYCO has offices in all of the capitals of the Western Balkans.

All of these agreements are important for the region because they have the potential to promote not only economic cooperation but also reconciliation between the societies of the six countries. However, when it comes to implementing the agreements, commitments are often lacking from the Western Balkan countries. Due to the lack of implementation of the basic building blocks of the REA – the failure of which was partly due to the mutual non-recognition

tion of Serbia and Kosovo as well as Kosovo and Bosnia-Herzegovina – Serbia, Albania, and North Macedonia launched an alternative project called “Open Balkans” (OB) in 2019, at that time under the name “Mini-Schengen”. The three countries were primarily interested in showing that the principles of the REA could become reality without mediation by the EU. Later, the “four freedoms” were also enshrined in the CRM, to which all six Western Balkan states have committed themselves. However, the two initiatives now exist in parallel, and it is unclear what the added value of the OB idea will be after the CRM has been adopted.

### **The focus of this year’s civil society events**

Civil society actors have been an important part of the Berlin Process from the beginning. They have been issuing thematic recommendations for further steps towards regional integration. This year, civil society representatives from the Western Balkan states again engaged in discussions with German and EU politicians as well as with civil society actors and representatives of media organisations from the EU and Germany within the framework of the Civil Society & Think Tank Forum.

The focus of this year’s events was clearly on climate protection and sustainability. Of the six topics discussed at the Forum and the preparatory workshops that preceded it, four dealt with either the Green Agenda (climate change, energy transition, and environmental protection) or sustainable infrastructure investments. Two more focussed on the problem of disinformation in the region and on the specific challenges of EU integration in a changed geopolitical situation since Russia’s invasion of Ukraine.

The latter point can hardly be overstated. The war has clearly changed the focus of the process: For a region that must be concerned with becoming less dependent on Russian energy sources, the Green Agenda is of immense importance. The Balkans’ renewable energy potential, if properly ex-

ploited, could even result in energy exports, which would not only advance the region economically and sustainably, but would also benefit the EU, which could buy this energy. The share of renewable energy in overall energy production in some Western Balkan countries, such as Albania and Montenegro, is even higher than the EU average (29.9 per cent). A green energy transition would also reduce dependence on Russian gas – it is highest in Serbia, North Macedonia, and Bosnia and Herzegovina, where Russia supplies almost 100 per cent of the gas. Furthermore, an energy transition in the region would also lead to an improvement in air quality in Europe. However, a green transition in the Balkans is not possible without regional cooperation and the establishment of a regional energy market. And for this, the Berlin Process remains an important lever.

According to some civil society actors at the Civil Society & Think Tank Forum, the EU should look more carefully at external actors such as China when it comes to sustainable infrastructure. The intergovernmental agreements between China and the Western Balkan countries escape public scrutiny due to their secrecy. This is the case, for example, with the contract between Montenegro and the China Road and Bridge Corporation for the construction of a 41-km section of the Bar-Boljare motorway. The negotiations for this took place behind closed doors. Apart from the loan agreement that the government in Podgorica concluded with the Exim Bank of China, almost all other motorway-related documents were kept secret. Montenegro also decided not to establish an independent supervisory body for the project. Such investment projects violate rule of law principles, as their award procedures often do not match those of the EU. In addition, two feasibility studies assessed the motorway as not being economically viable, and the project plunged Montenegro into a debt crisis. All of this shows that the EU should monitor such investments in the Western Balkans more closely and insist more strongly on the implemen-

tation of rule of law reforms in the countries of the region.

The activities of other external actors such as Russia should also be monitored more closely, according to the participants at the Forum. As far as the hybrid threats associated with systematic disinformation are concerned, Russia's role should not be underestimated. The destabilising potential that, for instance, fake news about the war in Ukraine can have was clearly visible in the pro-Russia protests that took place in Serbia and Bosnia and Herzegovina in the spring of 2022. Potential remedies for disinformation would be, for example, the establishment of fact-checking departments in regional media organisations and the mainstreaming of media literacy in schools, following the example of Finland.

### **What can be done? Setting clear goals and insisting on reforms**

The greatest weakness of the Berlin Process is that, at present, economic development and regional cooperation do not explicitly go hand in hand with the EU integration process of the Western Balkans. This shortcoming has recently also been pointed out by other experts. However, the criticism that the Berlin Process is a substitute for the region's integration into the EU has been voiced for many years. Therefore, an explicit link between the Process and the future accession of the Western Balkan countries to the EU is needed. If economic development takes place decoupled from questions concerning the rule of law, this jeopardises the intentions of the Berlin Process itself, as decisions to fund projects in the fields of energy, transport, or sustainable development are explicitly linked to progress in reforms that are in line with the *acquis*. The Berlin Process can therefore be used as an instrument of gradual or staged accession, especially when it comes to the integration of the region into the European Economic Area. However, this goal presupposes that the Western Balkan states commit themselves to reforms. According to projections

by the EPIK Institute in Kosovo, if the six countries remain at the current pace of reforms in the adoption of all chapters of the *acquis*, it would take them between 45 (in the case of Montenegro) and 80 (in the case of Bosnia and Herzegovina) years to be ready for accession. If reform efforts were intensified, the countries would need "only" between 11 and 20 years (depending on the country), according to the same projections.

The Green Agenda could serve as a springboard for the economic rapprochement of the Western Balkan countries with the EU. The precondition for this is a regional approach to energy transition and infrastructure investments. In this regard, Germany can play a pioneering role. The German government has already made clear its willingness to take on that role in the Declaration on Energy Security and Green Transition in the Western Balkans, which was adopted at the latest summit of the Berlin Process. Through the promotional bank KfW (*Kreditanstalt für Wiederaufbau*), Germany will invest up to half a billion euros in overcoming the current energy crisis in the Western Balkans and support the long-term energy transition there with up to 1 billion euros. These commitments go hand in hand with the "energy package" of 500 million euros that the EU Commission intends to provide the region as emergency aid. Furthermore, Germany has had a climate partnership with Serbia since 2021. Following the ministerial summit on 3 November 2022, the German government even announced its intention to establish a climate partnership with the entire Western Balkans, which is a positive signal. To support the energy transition, the EU should also include the Western Balkan countries in common energy purchase platforms. This would be a sign that the Western Balkans are not seen as an external region, but as part of internal processes and problem-solving mechanisms in the EU.

Moreover, the EU should take a more critical look at the Open Balkans initiative. Unlike the CRM, the OB is not an inclusive project: It excludes other countries, such as Bosnia and Herzegovina, Kosovo, and Mon-

tenegro, which have also often expressed their scepticism towards the initiative. The reasons why only Albania, Serbia, and North Macedonia participate in the OB are manifold. For one, these three countries have no outstanding bilateral disputes, such as the mutual non-recognition between Kosovo and Serbia and Kosovo and Bosnia and Herzegovina. On the other hand, there is fear in Montenegro, Kosovo, and in Bosnia and Herzegovina's Federation of the potential economic and political dominance of Serbia in the region if the OB's declared goals are implemented. Some critical voices would even call the OB a "Greater Serbian project". Although such insinuations exaggerate the situation, the OB project, with its loose organisation and non-compliance with EU standards, does not do much to alleviate these concerns.

To assume that the OB initiative will complement the Berlin Process is somewhat short-sighted. Any project that excludes other countries while there are more inclusive alternatives such as the CRM should be received with little enthusiasm by the EU. The CRM can also be seen as a peace project, because in order to fully implement it, the Western Balkan countries need to resolve their bilateral issues. This applies especially to Kosovo and Serbia as well as Kosovo and Bosnia and Herzegovina, but partly also to Montenegro. The prerequisite for a functioning regional market is that all the countries participate as equal partners and without antagonising rhetoric. If the EU were to promote the OB project instead of the CRM, this would leave little incentive for Serbia to participate in a more inclusive initiative of which Kosovo is also a part. This could result in the non-implementation of the CRM. The reason why many of the initiatives and decisions from the Berlin Process have not been implemented is that the unresolved bilateral issues and mistrust of Serbia's policies do not provide the technical and political conditions for implementation. This was partly the reason why the OB project was launched: Some govern-

ments in the Western Balkans wanted to see results in regional integration without first having to solve the big political issues, such as mutual recognition.

## Conclusions

The Berlin Process should be used as a means to increase the credibility of the Western Balkan states' prospects for EU accession. The ambitious goals of the format should be put at the service of the region's future EU membership as an explicit instrument of gradual or staged accession to the European Economic Area. If the Western Balkan states are supported in their efforts to achieve an energy transition and to establish the CRM, and if civil society is supported more intensively in the region, the Berlin Process can even gain relevance in the future. Crucial, however, is the remark articulated at the last EU-Western Balkans Summit in Tirana on 6 December 2022: That the agreements resulting from the Berlin Process must actually be implemented, and that it must not be decoupled from other EU initiatives, such as the Kosovo-Serbia normalisation process. For the actors in the Berlin Process, this means that they have to monitor and evaluate more stringently the commitments made by the Western Balkan states. In extreme cases, this would include certain funds and support being withheld if agreements are not implemented. Communicating strategically about this is essential, something the EU has struggled with in the region for years. Important economic achievements, especially the materially visible ones such as infrastructure development, should be accompanied by a clear communication strategy in addition to the EU seal of approval they receive. This would also be a good approach to counter China's successful public relations and visibility in the Western Balkans. It would make clear once again how important the EU is as a partner for the region.

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