

# Regional cooperation in the Western Balkans: Berlin Process and Open Balkan initiative

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President of Serbia Aleksandar Vučić, North Macedonia's Prime Minister Dimitar Kovacevski, Prime Minister of Albania Edi Rama, and Prime Minister of Montenegro Dritan Abazovic attend the Open Balkan Summit in Ohrid, Republic of North Macedonia. June 8, 2022. Photo by Georgi Licovski/EFE/EPA

Following European Union Commission president Jean-Claude Juncker's 2015 statement that there would be no EU enlargement on his watch, [1] the Balkan countries were struck with the realisation that their EU prospects had come to a halt. The region holds a crucial geopolitical position, not least for its proximity to the EU but also because it bridges the gap between Western Europe and the Middle East. Encompassing the countries of Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia, the area has a complex history marked by ethnic tensions and political upheaval that extends to this day. The EU has played a pivotal role in stabilising the region, promoting peace and fostering economic development through regional cooperation initiatives and through its most powerful foreign policy tool, the enlargement process.

The region, as part of the enlargement process since the Zagreb Summit of 2000 [2] and the subsequent Thessaloniki Summit of 2003, [3] has integrated into the EU in various ways, albeit falling short of full membership for any of the six countries. The Stability Pact for Southeastern Europe, launched in 1999 in Sarajevo, aimed to bring the Western Balkans closer to the EU through a framework of political dialogue, economic cooperation and

eventual membership prospects. This initiative marked the beginning of a sustained effort by the EU to integrate the region into its fold, leveraging regional cooperation as a tool for peace and development.

Over the past few decades, various efforts have been made to promote regional cooperation and stability. Initiatives such as the Stability Pact and the Central European Free Trade Agreement (CEFTA) aimed to integrate the Balkan countries economically and politically. However, these efforts often faced limitations due to political disagreements and varying levels of commitment from participating countries. The Berlin Process, [4] initiated in 2015, and later on the Open Balkan initiative, [5] set up in 2019, initially as the "Mini-Schengen" initiative, build on these earlier attempts, seeking to overcome past challenges through a more focused and practical approach.

The Balkans hold a crucial geopolitical position for its proximity to the EU and because it bridges the gap between Western Europe and the Middle East

This article explores the political-economic context, key areas of cooperation, challenges and prospects of EU-led regional cooperation in the Western Balkans through the Berlin Process. In addition, the article will explore the similarities and divergences between the Berlin Process and the Open Balkan initiative, and to what extent these approaches have aided or hindered the region's efforts to integrate further into the EU.

## Ways to regional cooperation: Berlin Process vs. Open Balkan

The EU's strategy for the Western Balkans is built on principles of stability, security and economic prosperity, with a clear path towards eventual EU membership for the countries involved. The Berlin Process exemplifies this approach, focusing on regional cooperation and connectivity. This intergovernmental initiative, initiated by the German Government in 2014 under the leadership of Chancellor Angela Merkel, aims to enhance regional economic integration, infrastructure development and political cooperation, thereby accelerating the EU accession process.

The Berlin Process includes annual summits where Western Balkan leaders, EU officials and representatives from EU Member States discuss progress and outline future goals. Key initiatives under this process include the Connectivity Agenda, [6] which seeks to improve transport and energy networks; the establishment of the Regional Youth Cooperation Office (RYCO) [7] to promote reconciliation and youth engagement; and the establishment of the Common Regional Market (CRM). Arguably, the Berlin Process, set up by EU Member States supportive of EU enlargement for the region, has a clear institutional framework and acts based on equality and consensus. For instance, the latest agreement on the four

freedoms and energy declaration [8] were agreed upon and signed by all six Western Balkan countries in Berlin on November 2022, with the aim of strengthening the CRM. This will be elaborated upon below.

In contrast, the Open Balkan initiative aims to achieve a regional cooperation framework to foster economic integration among like-minded Balkan countries. Launched in 2019 by the leaders of Serbia, Albania and North Macedonia, it is designed to enhance trade, mobility and overall regional stability. The Open Balkan initiative is in many ways home-grown, with the downside that it has failed to include all six countries of the region, and it lacks the institutional framework that the Berlin Process is built upon.

Observers and experts have been split on their assessment of the Berlin Process and Open Balkan, with some seeing Open Balkan as complementary [9] to the Berlin Process and the overall regional cooperation that aims to bring the six countries closer to the EU, whilst others see it as “not just unwise, but dangerous”. [10] The main argument in favour of the Berlin Process as opposed to Open Balkan for boosting regional cooperation is that it has the potential to restore the declining credibility of the EU in the Western Balkans. [11]

## Areas of cooperation under the focus of the Berlin Process

As per the main idea of the European project, economic integration is a cornerstone of EU-led regional cooperation in the Western Balkans. The EU has worked tirelessly to create a common regional market, promoting trade and investment and supporting the region in its decarbonisation efforts to reach climate neutrality by 2050. [12] Efforts to harmonise regulations, reduce trade barriers and improve infrastructure have been crucial in this regard. For instance, the Common Regional Market (CRM) [13] strives to create a common market in the region and to align the Western Balkan countries' trade policies and regulations with EU standards, facilitating easier cross-border trade and attracting foreign investment.

Moreover, the CRM initiative, launched in 2020 at the Sofia Summit through a declaration [14] endorsed by all six leaders, aims to deepen economic integration, covering areas in addition to trade, including investment, digital economy, competitiveness and innovation. Initially as part of the Regional Economic Area (REA) supported by the Multi-Annual Action Plan (MAP) [15] endorsed and supported by all six countries, the CRM aims to boost the creation of a free market zone in the region and prepare it for entry into the EU's single market.

Furthermore, the Connectivity Agenda under the Berlin Process has prioritised infrastructure development. Major projects, which include the construction of highways, railways and energy pipelines that link the Western Balkans with the EU, are under way. These projects not only improve regional connectivity but also enhance economic opportunities and mobility for the people of the region. At the same time, the Berlin Process approach also focuses on economic reforms by supporting comprehensive rule of law reforms in all six countries, concentrating on improving the business environment,

enhancing competitiveness and ensuring sustainable development. These reforms are vital for attracting investment and fostering economic growth.

The EU has worked tirelessly to create a common regional market, promoting trade and investment and supporting the region in its decarbonisation efforts

Nonetheless, aware of the pending political (and bilateral) issues that some of the region's countries suffer from, as part of the Berlin Process, political efforts have been made to push for the implementation of the EU's four (market) freedoms. To date, the parliaments of five out of the six Balkan countries have approved the four freedoms, with Bosnia and Herzegovina still to come on board. Notably, other bilateral disputes hinder smooth regional cooperation and the full implementation of agreements reached as part of the Berlin Process. The unresolved Kosovo-Serbia dispute and the lack of recognition of Kosovo by both Serbia and Bosnia and Herzegovina are the main obstacles to date.

## Political efforts to boost regional cooperation

Bilateral disputes and other political divergences in the region are a real detriment to the regional cooperation that is the aim of the Berlin Process and subsequently the Open Balkan initiative. Still the EU's approach has been two-fold, to boost intra-regional integration whilst preparing the countries of the region for a smoother integration into the EU in the future. European Union conditionality in this regard has come in handy, especially in this region of continuous political and economic upheavals.

In 2011, a new dialogue process aimed at finding a solution to the unresolved Kosovo-Serbia dispute was established with the backing of a United Nations Security Council Resolution, to be held by the office of the High Representative of the Union. The dialogue process has been closely tied to both countries' EU prospects. Without a solution to the dispute, there can be no advancement towards the EU, or at least the prospects for full membership would remain bleak.

The dialogue process is ongoing, and a long-lasting solution is further away than it has ever been. In recent months and years, the conflict between Kosovo and Serbia has intensified and sporadic incidents, including violent ones, [16] have been numerous. The dispute is seen as the most detrimental to the region's EU integration. Still, efforts to bridge the differences have been numerous. The recent agreements as part of the Berlin Process on the four freedoms, agreed by leaders and adopted by both parliaments, are a step in the right direction. Similar agreements, provided they are endorsed and implemented by all six countries, will diminish the potential for "trade wars" between Kosovo and Serbia, and between Kosovo and Bosnia and Herzegovina, [17] and will open the way to a smoother regional economic and political integration.

Furthermore, as the region continues to suffer from conflicts that have remained unresolved since the dissolution of Yugoslavia, focusing on the economic integration of the region without bearing in mind other social and societal aspects is simply not sufficient to prepare the region for closer integration into the EU. The Berlin Process has incorporated reconciliation and dealing with past issues in its approach, aiming to foster lasting peace and stability in the region.

## Social and cultural cooperation

Cognisant of the importance of social and cultural integration in the region, the EU has aimed to foster lasting peace and cooperation via different initiatives. Numerous such programmes have been initiated to promote intercultural dialogue, education and support for civil society. Against the background of the legacy of inter-ethnic conflict in the Western Balkans, necessary efforts to promote reconciliation and mutual understanding are deemed paramount to lasting peace. It is with precisely this aim that the RYCO office was established under the Berlin Process, mainly to facilitate intercultural exchange, dialogue and cooperation among young people from different ethnic backgrounds.

In addition to the RYCO, the EU has supported many educational programmes and exchanges emphasising that education plays a vital role in building cohesive societies in the region. In this vein, educational programmes such as Erasmus+, which allows students from the Western Balkans to study in EU countries and vice versa, are quite popular. These exchanges foster mutual understanding, build networks, and enhance skills and employability. Civil society and freedom of media is another sector for which the EU has been adamant in its support. As a vibrant civil society and free media are essential for democratic development, the EU has provided support to different civil society groups and independent media outlets in the region whilst promoting transparency, accountability and the protection of human rights.



Several young people from the Western Balkans meet at the RYCOgnized Vision Conference, organised by the Regional Youth Cooperation Office (RYCO) in the framework of the Berlin Process. The event brought together more than 250 participants in Sarajevo (Bosnia and Herzegovina) on 24 November, including representatives of institutions, international and regional organisations and European Union delegations, as well as teachers, educators and secondary school students. This conference is an important platform to promote regional cooperation, youth empowerment and peace building in the Western Balkans through intercultural dialogue. Photo: RYCO

## Challenges, obstacles and opportunities

Nonetheless, despite significant progress, the EU-led regional cooperation approach in the Western Balkans faces numerous challenges and obstacles. First and foremost, political instability and nationalism in the region remain; they may have taken a different shape and form but are very much present. Thus, persistent political instability and boosting of nationalist sentiments continue to pose significant challenges to lasting peace and prosperity. To date, the presence of both phenomena have impeded progress towards EU integration.

In addition, the Western Balkan countries still face substantial economic disparities and development gaps compared to the EU Member States, and this poses an equally important challenge for the region. High unemployment rates, particularly among youth, and regional economic imbalances require sustained efforts and investment to address these

shortcomings. Moreover, corruption and governance issues remain pervasive problems, undermining trust in institutions and hindering development. The lack of rule of law and good governance further hinder intra-regional cooperation. Finally, in the current geopolitical context, external influences exerted by third actors in the Balkans, including Russia and China, undoubtedly complicate the region's path towards EU integration and regional cooperation.

However, despite all the above challenges, there have been notable success stories and positive outcomes of EU-led regional cooperation in the Western Balkans. To name a few, regional connectivity projects have added significant improvements through infrastructure projects. The construction of highways, railways and energy interconnections has facilitated trade, mobility and economic growth. For example, the "Peace Highway" linking Niš in Serbia with Prishtina in Kosovo, and the highway connecting Prishtina and Tirana in Albania, are a symbolic and practical step towards regional integration.

Political instability and rise of nationalist sentiment pose challenges to long-term peace and prosperity

Furthermore, economic reforms, albeit scarce, have led to increased investment and economic growth in some areas. The region has seen a rise in foreign direct investment, driven by improved business environments and connectivity. The development of industrial zones and technology parks has also contributed to economic diversification.

## Open Balkan initiative

The Open Balkan initiative was officially formed through a trilateral agreement between Albania, North Macedonia and Serbia. The primary objectives of the initiative included economic integration, facilitating the free movement of goods, services, capital and people among its Member States. Political cooperation is another objective aimed at strengthening political ties among like-minded participating states. And lastly, the Open Balkan initiative aimed, at least declaratively, to promote understanding and cooperation through various social, cultural and educational exchanges. Similarly to the Berlin Process, by addressing these objectives, the Open Balkan initiative has aimed to create a more unified and prosperous region. Unlike the Berlin Process, it has so far failed to include all six Balkan countries.

As the founding members of Open Balkan, Albania, North Macedonia and Serbia, were very much rhetorically committed to components similar to those of the Berlin Process, such as the Common Regional Market and the four freedoms, that would eventually lead to the EU accession of the region. But the initiative was not inclusive, as it did not include Kosovo, Montenegro, and Bosnia and Herzegovina. Open Balkan failed to garner the support, not only of the countries of the region, [18] but also that of the EU Member States. The initiative received support from the United States but faced a lot of scepticism from

Germany and the EU Parliament, with the latter issuing a resolution expressing strong reservations about the initiative. [19]

Nonetheless, the economic benefits of the Open Balkan were portrayed as multifaceted. By creating a single market of approximately 12 million people, the initiative aimed to attract foreign investment and enhance intra-regional trade. Key economic projections included trade facilitation, reduction of customs and border delays, leading to faster and more efficient trade between Member States. Investment opportunities were also emphasised, in that a more integrated market provides a larger and more attractive investment destination for both regional and international investors. And lastly, labour mobility: fostering the smooth and rapid movement of workers across borders would eventually help address labour shortages and skills mismatches, boosting overall productivity in the three participating states. These economic benefits were projected to drive growth and development, helping the participating states achieve higher standards of living and greater economic resilience.

Despite its promising goals, the Open Balkan has faced several challenges. Due to ongoing political tensions and lingering political disputes, the initiative never managed to include all six Balkan countries in the club. The failure to include all six countries in the initiative was a hindrance from the outset, and one which in the long run has had a consequential role in the lack of cooperation and trust among the Member States. Critics and observers argue that the initiative may have been overly ambitious and question the political will of participating states to fully commit to its objectives. Montenegro's former deputy prime minister assessed the initiative as not transparent, lacking in inclusivity and a potential hindrance to Montenegro's primary path, that of EU integration. [20] Kosovo's president has called the initiative exclusive [21] and raised her scepticism over whether Kosovo would be treated on equal terms.

The Open Balkans initiative was intended to attract foreign investment and boost interregional trade, but it has failed to include the six Balkan countries, which has been an obstacle from the start

Concerns about the exclusion of Kosovo and Bosnia and Herzegovina highlights the potential gaps in regional inclusivity. Edi Rama, Albania's prime minister, declared in July 2023, "the Open Balkan fulfilled its mission, it's time to focus on the Berlin Process". [22] Following Rama's comments, the prospects of the Open Balkan initiative were not clarified. Its future still depends on the sustained commitment of its Member States and the successful implementation of its objectives. Despite the Open Balkan initiative enjoying the support of the United States since its inception, EU institutional leaders have never been eager to support it, although EU officials have never denied that the initiative could complement the Berlin Process due to its home-grown nature. Yet its lack of inclusivity does not bode well for its future.

## Forward-looking prospects of regional cooperation

The future of EU-led regional cooperation in the Western Balkans holds promise, with potential for further integration and development. The prospect of EU membership remains a powerful incentive for the Western Balkans and continues to be a push towards progress in regional cooperation, including governance reforms and economic development, which are crucial for advancing in the EU accession process. The EU's commitment to the region, as affirmed in the Zagreb and Thessaloniki summits, underscored the importance of this goal.

Furthermore, in emerging policy areas such as digital transformation, green agenda, clean tech and climate resilience, the Western Balkans may have significant potential for leverage to advance sustainable development and closer integration with the EU. Initiatives like the Green Agenda for the Western Balkans [23] aim to promote environmental sustainability and address climate challenges. For instance, projects such as green agenda transitioning will be impossible to implement without sound regional cooperation. Hence it is imperative that the long-term vision for the Western Balkans involve creating a region that is stable, prosperous and fully integrated into the EU. This requires sustained efforts in regional cooperation, [24] economic development, governance reforms and reconciliation. The EU's continued support and engagement will be vital in achieving this vision.

## Concluding reflections

The EU-led regional cooperation in the Western Balkans has been instrumental in promoting stability, development and integration. Through initiatives like the Berlin Process, the EU has facilitated economic integration, political cooperation and social development in the region. While challenges persist, significant progress has been made in areas such as infrastructure, governance and regional connectivity. The prospects for the Western Balkans are promising, with continued EU support and a shared commitment to peace and prosperity. The path ahead may be challenging amid the current geopolitical context, against the background of Russia's aggression in Ukraine. To achieve a vision of long-lasting stability, the countries of the region must also do their part to integrate into the EU, by aligning with EU policies, including foreign and security policy, and focusing on internal reforms.

The Open Balkan could have provided a boost to regional cooperation as it represented the efforts of a home-grown initiative that would own the agency in the region, provided the initiative was inclusive and operated based on equality. But it lacked the proper structure and the backing of the main stakeholders. In contrast, EU-led regional cooperation, rooted in EU accession conditionality, holds the promise of bringing lasting peace and prosperity to a region that has long been defined by conflict and division. Yet, so far, the Berlin Process-led initiatives are deemed to focus too much on bringing the region *closer* to the EU, but not necessarily *into* the EU. Intra-regional economic integration runs the risk of pushing the region away from EU membership prospects, contrary to its proclaimed goals.

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