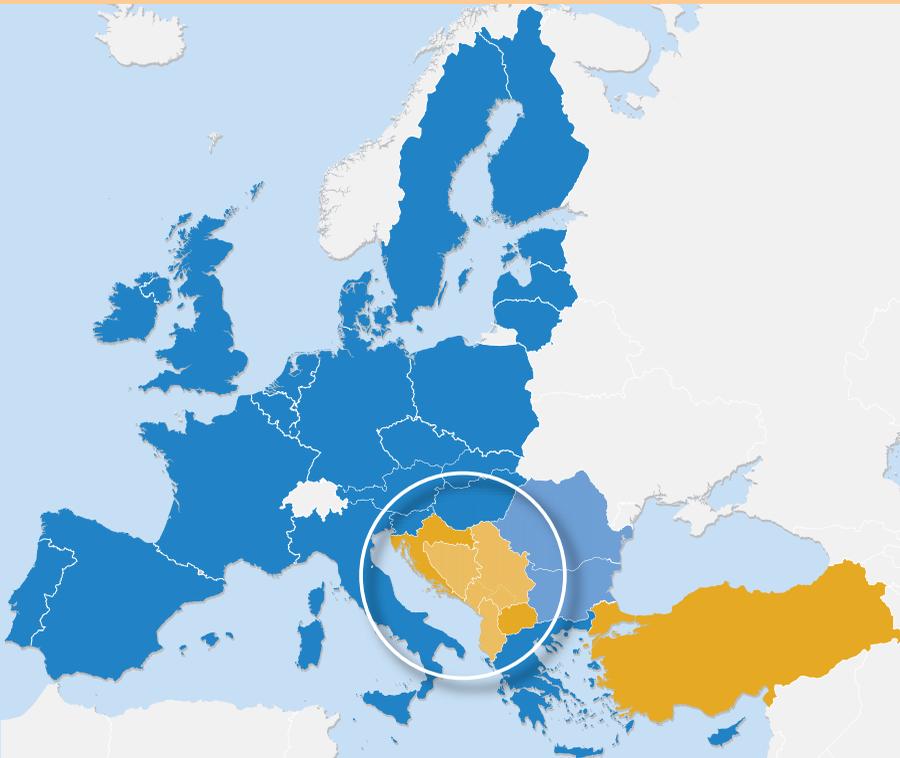




European Commission

# Regional cooperation in the western Balkans

A policy priority for  
the European Union



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Cataloguing data can be found at the end of this publication.

Luxembourg: Office for Official Publications of the European Communities, 2006

This publication is a cooperation of the Enlargement DG and the External Relations DG of the European Commission.

ISBN 92-79-01374-2

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Printed in Belgium

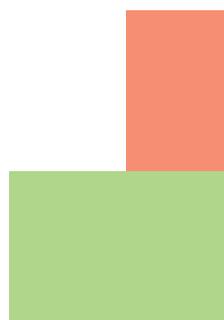
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European Commission

# **Regional cooperation in the western Balkans**

A policy priority for the European Union





# Foreword

The development of regional cooperation is in the best interests of all the western Balkan countries: it is a key factor for establishing political stability, security and economic prosperity. It corresponds to a commitment made by the countries of the region at the EU–Western Balkans Summits of Zagreb (2000) and Thessaloniki (2003). Regional cooperation is also a specific requirement under the stabilisation and association agreements, which are already in place with the former Yugoslav Republic of Macedonia and Croatia.

In this context, regional cooperation is therefore a cornerstone of the EU's policy framework for the western Balkans — the stabilisation and association process, which offers to the countries of the region the possibility of eventual EU membership.

The western Balkan countries have now realised that they have responsibilities towards each other and that they have many challenges in common, some of a cross-border nature. They see now the considerable benefits of increasingly close regional cooperation — political understanding, economic and social prosperity. This new resolve to address issues of common relevance in a cooperative manner is reflected by concrete progress on the ground.

We note increasingly stronger support among the countries of the region for the development of regional ties. It is very encouraging that the areas of trade, energy and transport are among those where regional cooperation is the most substantial. Economic development is crucial if the region is to produce the jobs needed for its people. Further efforts are needed to increase trust and cooperation between peoples and countries. In the area of justice and home affairs, the countries need to enhance regional cooperation to achieve results.

Extended regional cooperation in south-eastern Europe is essential, regardless of the different stage of integration of the various countries, and an important criterion for the European course of the western Balkan countries. The stability, prosperity and security of the region are of significant interest to the EU. The EU will continue to foster all endeavours to promote regional cooperation.

Olli Rehn

European Commissioner for Enlargement

# Regional cooperation

Regional cooperation is a principle of the highest importance for the political stability, the security and economic development of the western Balkan countries: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro (including Kosovo, under the auspices of the United Nations, pursuant to UN Security Council Resolution 1244 of 10 June 1999). Many of the challenges facing the western Balkan countries are not only common to them but also have a cross-border dimension, which involves their regional neighbours.

Since the enlargement of 1 May 2004, the EU and the western Balkans have become even closer neighbours, and so the situation in the western Balkan countries, their progress on the road to European integration and their present and future relations with the EU really are of immediate concern to the EU itself. When Bulgaria and Romania become EU members, the entire western Balkan region will be surrounded by Member States of the European Union. This will have important repercussions for both the countries of the region and the EU in a number of areas, in particular where the free circulation of goods, services and persons are concerned. These challenges have to be addressed in the broader context of south-eastern Europe.

The different set of reasons — political, economic and security — for which regional cooperation in the western Balkans is crucial, are closely interlinked: for instance, regional stability and security are needed for economic development, which in turn favours stability and security in the region.



Dejan Vekić

# The political dimension of regional cooperation

Regional cooperation in the western Balkans is:

- needed as a crucial ingredient of stability;
- a catalyst for reconciliation, good-neighbourliness and good political relations;
- about helping overcome nationalism and intolerance and promoting mutual understanding and political dialogue in the region.

The western Balkan countries have opted for Europe. The stabilisation and association process (SAP) is the EU's political strategy for the European integration of the western Balkan countries, all the way through to their eventual accession. Regional cooperation amongst the western Balkan countries constitutes a key element of the SAP: constructive regional cooperation is recognised as a qualifying indicator of the countries' readiness to integrate into the EU.

The centrepiece of the SAP is the conclusion of a stabilisation and association agreement (SAA), which represents a contractual relationship between the EU and each western Balkan country, entailing mutual rights and obligations. Regional cooperation is a specific requirement under the stabilisation and association agreements. Rapprochement with the EU will go hand in hand with the development of regional cooperation in the western Balkans.

Enhanced regional cooperation is one of the major objectives set down in the Thessaloniki agenda, endorsed in the EU–Western Balkans Summit of June 2003, to strengthen the stabilisation and association process. The western Balkan countries committed themselves to continue to develop regional cooperation and to promote a series of specific objectives with regard to regional free trade, the creation of regional markets for electricity and gas, the development of transport, energy and telecommunication infrastructures, the environment, research technology and development, cross-border and parliamentary cooperation, and a number of other areas.

The regional dimension of the stabilisation and association process (SAP) is contributing to building a sustained long-term response to regional challenges in the western Balkans. The stability pact for south-eastern Europe has also successfully helped over the last six years, promoting regional cooperation. The time has now come to revisit the way regional cooperation is pursued and to



Dejan Vekić

move decisively towards full responsibility of the region for regional cooperation. The legitimacy of the SAP also lies in the fact that it has taken very seriously the principle of regional ownership, thus helping the countries of the region to understand properly that regional cooperation was first and foremost developed in their own interest. The EU can give support to regional cooperation, but further concrete initiatives have to come from the countries of the region themselves. In this respect, the south-east europe cooperation process (SEEC) is further consolidating its role as the voice of the region and plays a crucial role in moving forward regional cooperation.

Through intensive political regional cooperation, political consensus and mutual trust are being built up in the western Balkans. Political will and commitment by the countries of the region are key to promoting regional cooperation in its various forms, whether in the field of economy, infrastructure or justice and home affairs. Sustainable return of refugees and internally displaced persons is critical for ethnic reconciliation and is an indicator of democratic maturity. Considerable progress has been achieved in this area, whereas there are still outstanding refugee displacement issues in the western Balkans which need to be addressed urgently.

# The economic dimension of regional cooperation

Regional cooperation is essential for increasing prosperity and economic growth. Economic development is a key issue if the western Balkan countries are to make better, faster progress towards European integration.

In many areas, such as trade, energy and transport, because of the limited size of each western Balkan country and the fragmentation of the economic space in the region, there is no other option but to embark on intense regional cooperation as the only realistic way forward. Enhanced regional cooperation in the economic field is just plain common sense.

Through regional cooperation, a business environment will be created in the western Balkans that will provide for foreign and national direct investments, that will create much needed jobs and that will encourage individual initiatives, and so add to an increase in the living standard of the whole population.

In the pursuit of these objectives the countries of the western Balkans can count on the support and the assistance of the EU. The idea of an economic space in the region is taking roots. In this context, some important results have been achieved in the western Balkans in the fields of free trade and infrastructure. Beyond the intra-regional challenges, the ultimate goal is to reconnect the western Balkan countries fully with all their neighbours, EU Member States and candidate countries alike.



Almin Zrno

Infrastructure development is of vital importance for developing the economies of the western Balkans; it is an initial and indispensable requirement for an increase in economic growth. However, infrastructures without the reforms necessary to strengthen institutions that will promote sound development policies cannot promote economic growth and social cohesion nor achieve much by way of regional and cross-border integration.

## **Free trade**

Regional trade liberalisation is progressing. A network of bilateral free-trade agreements among the countries of the region, including Romania, Bulgaria and Moldova, has been established, thus creating a free-trade area of 55 million consumers. This sends an important signal to the investor community, which will find a market of high absorption potential for industrial and consumer goods. To reap the full benefits of trade liberalisation in the region, the free-trade agreements need to be fully and efficiently implemented. The countries of the region committed themselves to complete the network of free-trade agreements.

Regional trade across south-eastern Europe is fully in keeping with the EU perspectives of the different countries in the region, independently of where they stand on their way to membership. Trade liberalisation and facilitation is one of the pillars of the stabilisation and association process (SAP): a main instrument of the SAP is the autonomous trade measures that the western Balkan countries enjoy — free access, without quantitative limit, to the EU market for practically all products.

## **Energy and transport infrastructure**

Significant progress is being made on forming a regional energy market and rebuilding infrastructure. The projected south-eastern Europe regional energy market, which should provide modern and liberalised gas and electricity systems, will be key to a regional energy market based on European standards, transparent rules and mutual trust, and it will set the right environment for the optimal development of the energy sector. The agreement governing energy trade will substantially contribute to attracting investment into this strategic sector.

Where transport infrastructure is concerned, an integrated regional transport strategy, consistent with the trans-European networks and taking into account the pan-European corridors, is a high priority.

The EU also supports projects of regional significance and regional initiatives in the areas of environmental protection, science and technology, information and communication technology, and statistics.

# The security dimension of regional cooperation

Regional cooperation is instrumental in addressing the security challenges facing the region, since many urgent issues, such as organised crime and corruption, or integrated border management and illegal migration, can be effectively addressed only by a trans-border approach. Concerted action here is indispensable, not just as an end in itself but also a signal to the rest of Europe that all the western Balkan countries share the EU's determination on this issue.



Archives of the European Agency of Reconstruction

Regional cooperation can lead to tangible results in the field of security and justice with freedom for the people living in the region, while at the same time meeting the concerns of EU citizens. Efforts to address the criminal threats to the stabilisation and development of the region, as to the very security of the EU, will only be successful if the western Balkan countries and the EU work together to fight corruption and trans-national organised crime, which prevents legitimate economic growth and undermines democratic rule of law and democratic stability in the region.

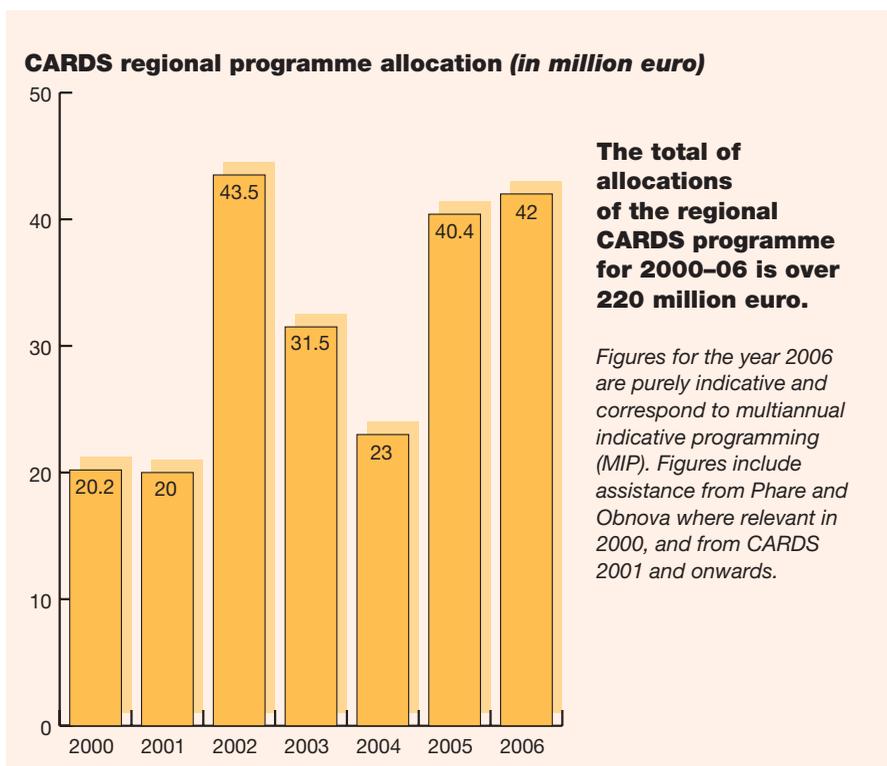
On the road to the European Union, with the EU's support the countries of the region — even with the differences of status in terms of European integration — are developing a collective response, so that there is regional cooperation to address crime-related issues in a consistent way that is enhanced and delivers results.

## **Fight against organised crime and corruption**

Organised crime and corruption are threats to security and democratic stability, and obstacles to the rule of law and economic development in the region. Combating organised crime and corruption is a key priority for the governments of the region. Particular focus is being placed upon fighting all forms of trafficking, particularly of human beings, drugs and arms, as well as smuggling of goods. Strengthening the regional operational cooperation for police and prosecution is considered a key priority for the countries of the region.

# EU assistance for regional priority actions

To promote regional cooperation in priority areas, the EU is providing political support, practical/technical guidance and financial assistance through the CARDS programme (Community assistance for reconstruction, development and stabilisation), which is one of the main instruments of the stabilisation and association process.



For the years 2005–06, CARDS assistance will cover the four potential candidate countries of the western Balkans: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro (including Kosovo)



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under UN administration). Croatia, which has been given candidate country status, remains part of the stabilisation and association process and, in the context of regional cooperation, it will continue to be eligible for CARDS regional funds.

The priority actions of the Commission's strategy for regional financial assistance are designed to achieve the goals of the stabilisation and association process and the Thessaloniki agenda in the field of regional cooperation and correspond to policy initiatives with a strong regional dimension where objectives can be better achieved and support can be better delivered at regional level.

Priority areas where regional CARDS assistance will be focused for 2005–06 are listed below.

- **Institution building:** this priority focuses primarily on strengthening the administrative capacity of the countries, and support to public administration reform, through instruments implemented regionally.
- **Justice and home affairs:** actions in this field have a special focus on the fight against organised crime and corruption, and include enhanced police regional cooperation and judicial regional cooperation.
- **Cross-border cooperation:** by promoting economic and social cooperation of border regions, including support to networking activities and the involvement of civil society. The EU supports the development of cross-border cooperation between the western Balkan countries, as well as between these countries and EU members, acceding and candidate countries.
- **Private-sector development,** by facilitating foreign direct investments in the region.
- **Infrastructure development,** through initiatives in the sectors of transport, energy, environment and information society.

December 2005

# Where can I find more information?

Further information on the EU's relations with the countries of the western Balkans is available from the Commission's dedicated website: <http://europa.eu.int/comm/enlargement/enlargement.htm>

If you have a specific question concerning the European Commission's enlargement policy, please e-mail the 'Enlargement information' mailbox through the following web address: <http://europa.eu.int/comm/enlargement/contacts/general.htm>

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Luxembourg: Office for Official Publications of the European Communities

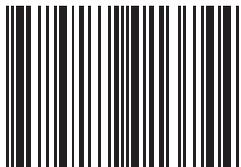
2005 — 12 pp. — 14.8 x 21 cm

ISBN 92-79-01374-2

NF-57-03-249-EN-C



ISBN 92-79-01374-2



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