



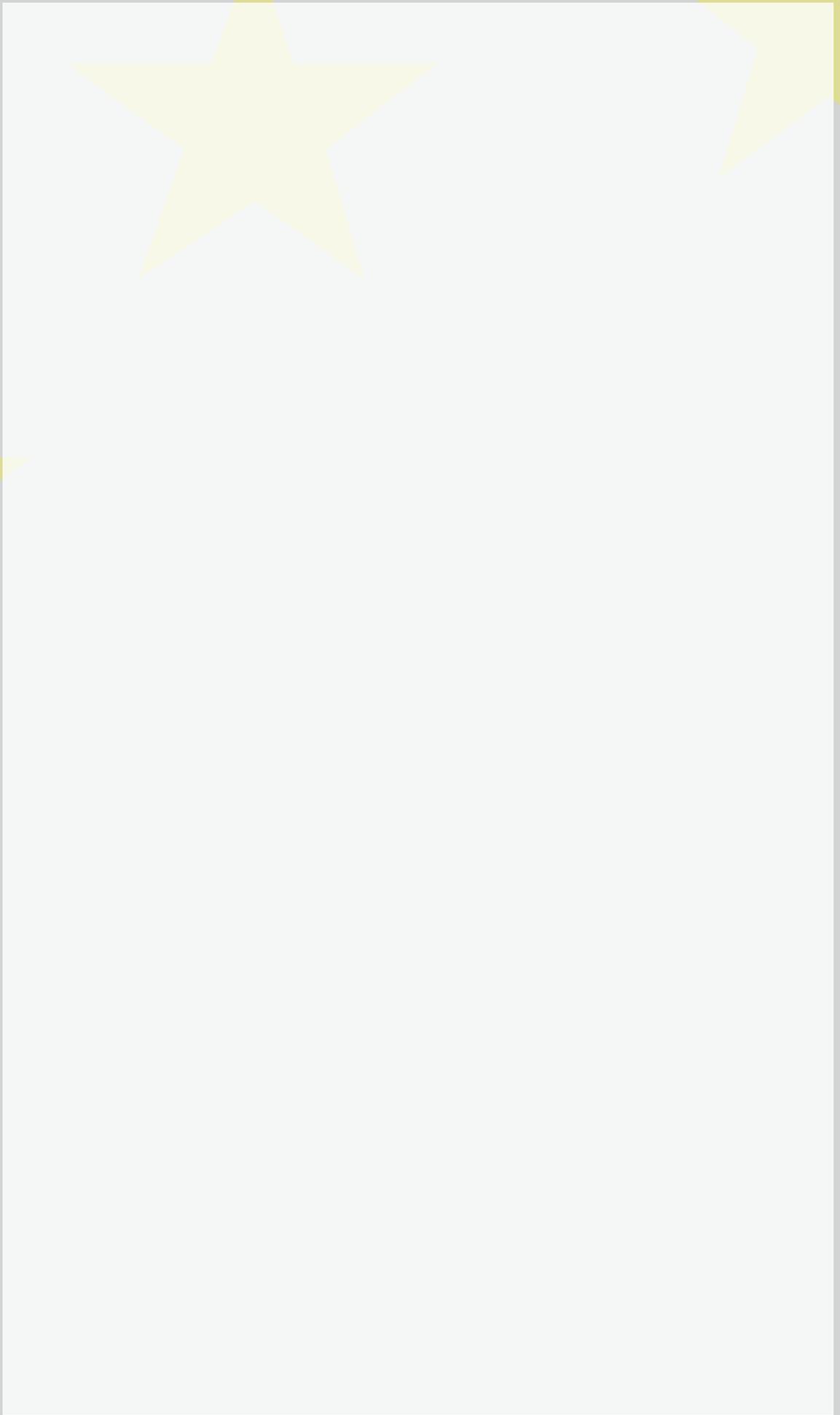
Balkan Integration Forum 2015

“Western Balkans Facing the Future”

Montenegro
20-22 November 2015
Hotel Maestral, Pržno, Budva



||





Balkan Integration Forum 2015

“Western Balkans Facing the Future“

Montenegro

20-22 November 2015

Hotel Maestral, Pržno, Budva,

Abstract with conclusions and recommendations

This year, the traditional (third) annual gathering of experts and officials from the Western Balkans and the European Union was dedicated to several topics that are widely seen as important, actual and crucial for the development of the European and the Euro-Atlantic Integration of the countries of the region in 2016. At four sessions, perspectives and challenges of economic, political and security relations in the EU aspirant-countries of the Western Balkans were discussed.

**Balkan Integration Forum 2015
“Western Balkans Facing the Future”**

Publisher

European Movement in Montenegro and Friedrich Ebert Stiftung

For the publisher

Momcilo Radulovic

Editors

Momcilo Radulovic
Franz-Lothar Altmann

Design and printing

Studio MOUSE- Podgorica

Circulation

300

European Movement in Montenegro (EMiM)
Sima Barovića 4, 81000 Podgorica
Tel/Fax: 020/268-651;
web: www.emim.org, www.eukonvencija.me

Friedrich Ebert Stiftung
Dositejeva 51, 11 000 Belgrade, Serbia
Tel/Fax: +381 11 3283-271/-285/-294
web: www.fes.rs

This document is the result of the international conference “Balkan Integration Forum 2015” held on 20th-22nd of November 2015 in Budva, Montenegro. The views expressed in this document are those of the authors and do not necessarily reflect the views of the European Movement in Montenegro or the Friedrich Ebert Foundation.

INTRODUCTION

Dear friends,

European Movement in Montenegro and Friedrich Ebert Stiftung have a pleasure to present you a summary of discussions and debates that were held at the third annual “Balkan Integration Forum 2015”, that was held in Hotel “Maestral” in Budva, in Montenegro, from 20 to 22 November 2015.

The idea for creation of this kind of event was started in November 2013 when we invited a number of distinguished experts from the region of the Western Balkans and the European Union in order to discuss perspectives and challenges of economic, political and security relations in the EU aspirants-countries of the Western Balkans.

After excellent experiences, we have continued with the same concept in 2014 and today we have reached the point when we are organizing traditional annual gathering of experts and officials in order to summarize events from the previous year and to create number of recommendations and conclusions for the political, economic and security developments for the forthcoming period, in the Western Balkans and the European Union.

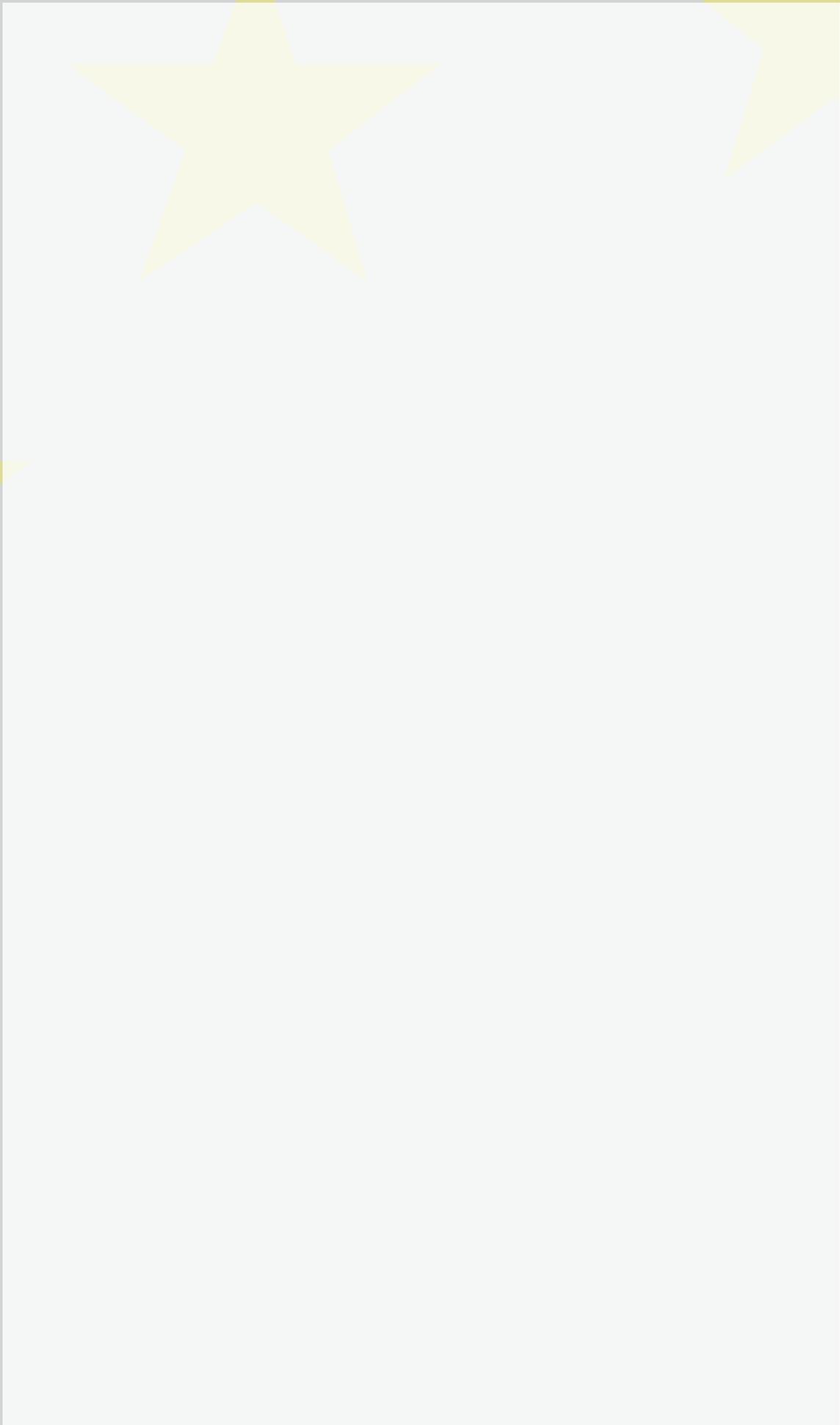
This year we focused on several topics which are widely seen as important and even crucial for developments in European Integration and Euro-Atlantic Integration of the countries of the region in 2016. The debate was based on Chatham House rules, structured within four sessions, with only one of them open for public.

At this moment we have seen challenges of regional cooperation as one of the most important issues for debate and opportunities for fostering of entire process of European Integration, both for the entire region and for some of the individual countries. We were also discussing perspectives for the EU enlargement in the light of the current EU crisis at several levels, from economic challenges to migrant crisis. Within this topic we have also evaluated WB countries’ progress towards membership status, including impacts and consequences of the new methodology in progress reports. Discussion also included current internal and external security challenges for Europe, further perspectives of unification in Europe, as well as reflections of migrant crisis, extremism and terrorist threats in the Western Balkans and the EU. In addition we debated on the positioning of the Western Balkans within current NATO and Russia discourse.

At the end, we had a short overviews and summary of social and political situation in the countries of the Western Balkans region and estimations for 2016. We have tried to estimate eventual lines of general political and institutional developments in relations between EU and each country from the WB region.

As a result of these debates, at following pages you will find number of extracts from the discussions, as well as some of the most relevant expert conclusions and recommendations to individuals, organizations, institutions and local, regional and international structures, with the aim to initiate and foster public and expert discussions about challenging issues for the European and Euro-Atlantic Integration of the Western Balkans.

Momcilo Radulovic
President of the European Movement in Montenegro



Session 1: “Regional cooperation and the Berlin process – How to keep the momentum?”

Does the region of the Western Balkans finally take the path of strengthening and intensifying of regional cooperation on different levels? What are the major obstacles and challenges for regional cooperation? What is our duty and „homework“ and what can EU do to help us? What are present and what could be future results and outputs of the Berlin process? Plans for Paris meeting? What is current situation in economies of the countries of the Western Balkans? What are perspectives in overcoming the crisis consequences and new challenges in 2016?



From left to right: Michael Weichert, Associate, Regional Dialogue SEE, Friedrich Ebert Foundation; Milica Uvalic, Professor, Department of Economy, University of Perugia, Italy; Ardian Hackaj, Director, ShtetiWeb, Tirana, Albania; Aleksandar Andrija Pejovic, Chief Negotiator of the Government of Montenegro with the EU, Podgorica, Montenegro; Franz-Lothar Altmann, Associate Professor, Munich, Germany and Amil Kamenica, Economic expert, Sarajevo, Bosnia and Herzegovina.

The importance of the Berlin initiative process was underlined as essential to the economic prosperity of the region. The need of large-scale development projects in the areas of transport, energy and education was stressed as a platform through which the Western Balkans countries should work together to accelerate economic growth, reduce poverty and overcome the lagging behind the EU Member States. However, in order to have a successful Berlin Process it is necessary to show how the Western Balkans could cooperate together, but the existing regional cooperation umbrellas do not show much progress. Current regional cooperation happens mostly in the field of tourism, while the first serious economic regional cooperation can be found only in the defence industry.

The migration issues and the fight against extremism, together with energy and transportation should receive high priority at the next Paris summit. The presence of the civil society at the Vienna Summit changed the entire overall setting of the summit, and it should be signaled to Paris that CSOs must be involved in the next summit as well. The civil society can enhance political accountability, can promote deeper understanding of accession related reforms, and can support regional rapprochement, thus becoming an important pillar for regional cooperation. Disappointment was voiced concerning the low number of French participants at the Vienna meeting. Regional CSO initiatives should be supported and incorporated in all aspects of Connectivity (Berlin) process.

Certain indicators show that governments and the EU understand that stability and security could be achieved only through developing the economy. But in principle the share

of manufacturing in the GDP is very low. There are also projects that have problems in the implementation phase. Structural changes are impeded by de-industrialization, by the fact that FDIs are primarily found in the service sector. It is obvious that one of the main concerns of young people from South East Europe is whether to stay or to leave their countries. Therefore, for the Western Balkans countries it became a serious challenge to keep young and qualified people in their countries. Infrastructural investments can front-load the economic recovery. It was mentioned that currently Turkey, China and some Arab countries are doing much more than the EU in terms of investments in the WB. The black hole left by the lack of EU investments is likely to be filled by other partners which do not necessarily share EU values.

Conclusions and recommendations from session 1:

- The problem regarding Foreign Direct Investments (FDI) is not their amount but the level of their absorption. Lack of FDIs can create economic and political regression in some of the countries of the region.
- It is needed to re-industrialise the WBs and embed it in the EU supply chain.
- Investment in infrastructure is needed to link the production facilities and to front-load the economic growth.
- There should be more social cohesion to reinforce and maintain the growth pace and to secure social peace.
- There is need for progressive taxation and a change of the taxation system to promote more wage employment.
- The Berlin Process offers the perfect frame conditions for raising of public awareness and participation of the CSOs in the process.
- The process of preparations for the Paris Summit must be seriously structured and precisely organized.

Session 2: “Can EU Accession beat Regression – Building Bridges or Walls?”

Where is EU heading – deeper integration or disintegration? What are the perspectives for EU enlargement in the light of current crisis? Are we all tired of „EU enlargement fatigue“? How we can contribute to changing of image of WB countries among citizens of EU? What should EU do to revive EU leverage among citizens of Western Balkans? Evaluation of the WB countries’ progress towards membership status – impacts and consequences of the new methodology in progress reports?

The perspectives for EU enlargement in the light of different aspects of the current EU crisis were discussed. Enlargement fatigue and the image of the Western Balkans, reviving of EU leverage among citizens of the Western Balkans, and the evaluation of the WB countries’ progress towards membership status were also in the focus.

Some of the questions that arose were related to doubts whether the EU is heading towards deeper integration or disintegration and what is the perspective of its enlargement in the light of the current crisis. It was argued that no real proofs exist that would confirm that enlargement had stopped five years ago, even taking into consideration that the region was not so optimistic that the integration will continue in the same pace. It was emphasized that Montenegro is a stable ground for keeping the momentum of the negotiation process, and hopefully it will open two more chapters in December 2015, and four more within next year. But it was also pointed out that preparing for the EU means preparing the society. It is



From left to right: Srdjan Bogosavljevic, Member of IPSOS International Public affairs Comitee, Belgrade, Serbia; Corina Stratulat, Senior Policy Analyst, European Policy Centre, Brussels, Belgium; Tanja Miscevic, Head of Negotiating Team for Accession of the Republic of Serbia to the EU, Belgrade, Serbia; Igor Luksic, Minister of Foreign Affairs and European Integation, Vice-President of Government of Montenegro, Podgorica; Tanja Fajon, Member of Parliament, European Parliament, Brussels; Momcilo Radulovic, President, European Movement in Montenegro, Podgorica and Kristof Bender, Deputy Chairman, European Stability Initiative, Vienna, Austria

fundamental to concentrate not only on governmental forces but also on the civil society, since latter will eventually become EU members. Thus, it is important to prepare the civil society for the EU membership.

Panellists and participants discussed on how the respective countries can contribute to improve the image of the WBs, and what are the activities undertaken by the EU on this path. A controversial discussion arose while reasoning and questioning the new methodology in the last EC's Country (former Progress) Reports of November 2015. Generally, it was stated that the reports became more readable, more "homework" approached. What is good about the new methodology is that countries are directly compared in key areas, but still the reporting method is not as clear as it should be. The recent ones look as if they have been made for insiders who deal with specific issues. Another problem is scaling when it comes to the assessment. One participant even argued that during the enlargement process the gap between the EU criteria and the reality will grow. In this context, the Bertelsmann Transformation Index, the BTI, was mentioned. This index provides every other year a scaled assessment of the transformation processes of 128 countries with regard to political and economic processes. This enables an easy access to compare countries on their transformation path.

When the current refugees crisis was addressed, it was argued that the WBs have a crucial role in boosting the unity of the EU, not only because of the Balkan refugees route, but because without the WBs it would not be possible to cope with the refugees' stream. That is why the WBs have to share EU views of solidarity. It has been stated that nobody wants to see "Fortress Europe" and a collapse of Dublin process.

Conclusions and recommendations from session 2:

- Since all WB countries have the same structural problems, regional cooperation is of huge importance.
- Hence the importance of connectivity 2020 takes its role.
- The response of the EU to the refugee crisis has been completely inadequate: it has been reactive rather than proactive and has arrived with a terrible delay.

- The EU and the Balkan Countries need closer cooperation and better solidarity concerning the refugees crisis, otherwise visa liberalisation for the WBs is threatened.
- The EU countries should not promote policy of the “Fortress Europe” and it can easily lead to the collapse of Dublin process.
- Public administration on all levels must be reformed which is costly in many respects.
- Remaining trade barriers between countries of the Western Balkans need to be removed.
- Since many media representatives are being sponsored, this makes it difficult to remain independent. It is necessary to decrease pressures from the governments and to increase the respect of professional standards in reporting.

Session 3: “Redesigning a Security Order in Europe – Consequences for the Western Balkans”

What are the current internal and external security challenges for Europe? Is there enough Union in Europe? Crisis of migrants and stability in the WB and the EU – how to handle the crisis? False asylum seekers from Western Balkans – how to resolve problems at home and in EU countries? Echoes of Syria - extremism and terrorist threats in the Western Balkans? Can joint problems bring us together? EU towards a new neighbourhood policy? NATO and Russia and the Western Balkans, are we only the playground or we can contribute to finding of solutions?



From left to right: Mihail M. Lobanov, Senior Research Fellow, Institute of Economics, Russian Academy of science, Moscow, Russia; Milan Pajevic, Chairman of International Advisory Board, ISAC Fund, Belgrade, Serbia; Kristof Bender, Deputy Chairman, European Stability Initiative, Vienna, Austria; Istvan Gyarmati, President, International Center for Democratic Transition, Budapest, Hungary; Dejan Jovic, Professor, Faculty of Political Sciences, Zagreb, Croatia and Sabina Lange, Senior Associate Analyst, European Union Institute for Security Studies (EUISS), Paris, France.

The panel focused on the current internal and external security challenges for Europe. In addition to this, it reflected upon the migration crisis and stability in the Western Balkans and where to search for the solution of the problems – in the EU or internally. Panellists spoke about threats for the WB countries and joint solutions to the problem.

Terrorism is relatively new issue for the WBs: in the last 20 years there have been no serious attempts to bring back violence into the region, even not into Bosnia and Herzegovina. The Paris attacks have prompted an excessive panicking reaction suspending part of normalcy and democracy, and declaring war. The EU's excessive securitization shows the deep insecurity we have about others which displays the crisis of liberalism. It was argued that Europe tried to Europeanize the Middle East – but it failed and the Arab Spring turned into the European autumn – while now we are witnessing the attempt to orientalise Europe and especially the WBs: a Middle Easternization. But there are other threats besides terrorism, such as the climate change or access to natural resources, which may not be as imminent as terrorism but are nevertheless serious.

One discussant stated that in Europe no security structure exists, and so Europeans have to look for security outside of Europe. NATO could step up but it does not want to, due to economic ties and its political appeasement towards a revisionist resurgent Russia. Even more, the EU is at the crossroads: if the UK leaves and if the EU is not able to manage the migration crisis, it will eventually collapse. The main argument was that a proper federation works if it has control over foreign policy, defence and finances, which is not the case in the EU! However, the EU's High Representative, Federica Mogherini, is currently working on a new EU security strategy. On the other hand, Russia supports anti-enlargement forces, Euro sceptic forces, and finances some political parties in the attempt to oppose NATO enlargement. For Russia the WBs are a sort of battlefield and an issue of image more than of security. The US should increase its presence and interest in the Western Balkans and connect with the EU efforts in this area.

Conclusions and recommendations from session 3:

- The EU was seen as an anti-war and anti-borders project, but now that borders are emerging again, fear of a possible war is coming back, and militarization of the society occurs as a consequence.
- The EU should not ignore security threats which are likely to come from the WBs, in particular from Macedonia and Bosnia & Herzegovina, given their current situations.
- Because of the current crisis, the WBs risk the militarization of already traditional and conservative societies.
- The temptation to react to the refugees crisis at the national level exists in the EU as well as in the Western Balkans, but no state can manage to act alone.
- The US should increase its presence and interest in the Western Balkans and connect with EU efforts in this area.
- Russia supports anti-enlargement forces, Euro sceptic forces, and finances some political parties in the attempt to oppose NATO enlargement in the Western Balkans. This kind of influence is related to image of Russia and some of the strategic security issues that are closer to Russia in geographic sense.

Session 4: “Western Balkans countries overview – current situation and estimations of development in 2016”

Short overviews and summary of social and political situation in the countries of the WB region and estimations for 2016. What are general ways of political and institutional development and what will be the major lines of relations between EU and each country from the WB region?



From left to right: Bojan Maricic, Director, Macedonian Centre for European Training, Skopje, Macedonia; Leon Malazogu, Director, Democracy for Development, Prishtina, Kosovo; Srdjan Blagovcanin, Executive Director, Transparency International Sarajevo, Bosnia and Herzegovina; Momcilo Radulovic, President, European Movement in Montenegro, Podgorica; Remzi Lani, Director, Albanian Media Institute, Tirana, Albania; Franz-Lothar Altmann, Associate Professor, Munich, Germany and Aleksandra Joksimovic, Director, Center for Foreign Policy, CSP, Belgrade, Serbia

The EU Strategy Paper provides a picture of the different countries. There has been progress in many countries, but none of them will become an EU member before 2020. In general, convergence towards the EU remains very low and the civil society should play a stronger role to increase accountability and promote deeper understanding of the EU among the population.

There have been specific country assessments by the participants for each of the Western Balkans countries and their current situations.

For *Serbia* it was stated that it is not militarily neutral, indeed it is very close to the EU and NATO, and all the political leaders are much more oriented towards NATO than what they publicly declare. Pro-Russian Serbs are the former supporters of Milosevic, but in fact not significant by number. In general, Serbia seems to be very stable now; the opposition is weak and problems are more likely to arise inside Vucic's own party.

For *Macedonia* the Country Report says that the political crisis caused by the telephone interceptions has shown corruption, power abuse, lack of both political dialogue and political culture. There is fierce criticism of the economic and monetary policy of the Government: public administration has tripled over the last years, and 45% of the budget is devoted to unproductive expenses, public debt has sharply increased, and there is a lot of pressure on domestic SMEs.

In *Bosnia & Herzegovina* the Dayton Accord is still the most important document for the country. However, it is perceived differently by the different political élites: Republika Srpska wants to maintain the status quo, the Federation instead wants to reform Dayton. Today, the country is the result of policies, actions and non-actions of foreign powers. Internal peace and stability are said to be at risk. This is why Bosnia asks for the continuation of EU missions in the country.

Kosovo is a small country with limited capacity lacking proper statehood. Teargas in the Parliament is the sign of the strong polarization of the relations between the government and opposition. Furthermore, after the negative UNESCO membership vote, relations with the Serbian community in Kosovo have worsened.

The paradox of *Albania* is that it is a democracy without the rule of law; its institutions are weak, dysfunctional and they lack independence. It witnesses a problem of law enforcement: laws are there but they are not implemented. Everybody agrees on the EU integration, but the political parties clash about everything, including the way in which integration has to be achieved.

For *Montenegro* the 2015 Country Report is the best so far, even if problems in the judiciary and the rule of law persist. The media sector appears politicised; interest groups from all sides are controlling newspapers as well as TV and radio stations. Nevertheless, the government should make additional efforts to create adequate environment for the work of all journalists. Recent protests were strongly anti-NATO, pro-Serbia and pro-Russia in their essence. In spite of political discourse related to conditions for forthcoming parliamentary elections in 2016, political situation is in general stabile, with no signs of more serious destabilization.

Conclusions and recommendations from session 4:

- The main challenges all WB countries have to tackle are: rule of law (there is still no sufficient independence and accountability of the judiciary); freedom of expression; public administration reform; the functioning of the democratic institutions; economic governance and competitiveness.
- Serbia and Albania are politically the most stable countries in the region, as well as Montenegro but with some question marks related to the consensus on conditions for forthcoming parliamentary elections, whereas Bosnia and Herzegovina, Kosovo and Macedonia are suffering from internal instability.
- Additional attention of the EU and the US should be given to Bosnia and Herzegovina, Kosovo and Macedonia in order to create atmosphere for resolving of number of sources for internal and potential regional instability.
- The refugees' stream provides additional strain on the economies and societies, and chaotic situations along the Balkan Route.

General conclusions and recommendations from the Conference:

- More employment in the private sector is needed. It is necessary to fight the informal economy which is linked to an inefficient and unfair taxation system.
- More targeted industrial policies are needed in order to promote re-industrialization in the Western Balkans region.
- The WBs need to advance towards coordinated economic governance. Sectoral analyses can be a first step. The EU and regional initiatives should give a full contribution to these processes.

- The lack of domestic capital makes the region in its economic development dependent on FDIs. Lack of FDIs can create economic and political instability in some of the countries of the region.
- On the other side, foreign investors need internal stability and integrated, larger markets. This should lead to establishing of closer cooperation between business and institutional sectors and actors from the entire region of Western Balkans, as well as between the WB and the EU stakeholders.
- Previous recommendations should go along with recommending of keeping of momentum in regional cooperation, in particular in all aspects of economic cooperation. This should lead to removing of number of political barriers on a lower and middle level.
- Increased investment in human capital and reform of education, R&D and science is required. Some of the countries are lagging behind in this process. Further increase of regional cooperation in this field is needed, as well as assistance from the side of the EU. From the side of WB countries, more detailed strategic planning is needed.
- It is necessary to reduce the mismatch between qualifications and the skills required on the labour market.
- Enforce connectivity between government agencies/ministries and the civil society: NGOs have given over the years some of the most important contributions to debate on key issues. CSOs will continue to represent valuable partner in regional cooperation, as well as in Berlin process.
- EU neighbourhood policy failed – Russia was neglected. Now Russia is trying to re-enter the region in order to counteract or slow down European and Euro-Atlantic integration.
- It is necessary to see more of US involvement in the region, coordinated with the more coherent and more intensified EU approach.
- Additional attention of the EU and the US should be given to Bosnia and Herzegovina, Kosovo and Macedonia in order to create atmosphere for resolving of number of sources for internal and potentially regional instability.
- Strong support should be offered to Berlin (Connectivity) process; and Paris should be encouraged to maintain the focus and intensity of this initiative.