RegionalCooperationCouncil

Common Regional Market Report on Implementation for 2022

good.
better.
regional.

Common Regional Market
Report on Implementation for
2022

ABBREVIATIONS

CONTENTS

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

AEOs	Authorised Economic Operators
AI	Artificial Intelligence
AP 6	Additional Protocol 6
ARKEP	Regulatory Authority of Electronic and Postal Communications
ATEX	Regulation on Equipment for potentially explosive atmospheres
BCO	Broadband Competence Office
BCPs/CCPs	Border/Boundary/Common Crossing Points
CABs	Cnoformity Assessment Bodies
CEFTA	Central European Free Trade Agreement
CCEQ	EU Candidate Countries' & Potential Candidates' Economic Quarterly
COST	European Cooperation in Science and Technology
CRD	EU Broadband Cost Reduction Directive
CSOs	Civil Society Organisations
WB6 CIF	Western Balkans 6 Chamber Investment Forum
CRM	Common Regional Market
DIHs	Digital Innovation Hubs
DESI	Digital Economy and Society Index
DG NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECB	European Central Bank
EECC	European Electronic Communications Code
eIDAS	Electronic Identification, Authentication and Trust Services
EIT	European Institute of Innovation and Technology
EIP	Economic and Investment Plan
EKIP	Agency for Electronic Communications and Postal Services
ENIC	European Network of Information Centres in the European region
ENQA	European Association for Quality Assurance in Higher Education
ESG	European Standards and Guidelines

EQAR	European Quality Assurance Register for Higher Education
EU	European Union
EU MS	European Union Member States
EUIPO	EU Intellectual Property Office
FDI	Foreign Direct Investment
FTTH	Fiber-to-the-Home
GAWB	Green Agenda for the Western Balkans
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
HPC	High Performance Computing
HPDA	High-Performance Data Analytics
ICS2	Import Control System 2
ICT	Information and Communications Technology
IFC	International Finance Corporation
IFIs	International Financial Institutions
IPA	Instrument on Pre-Accession Assistance
IPR	Intellectual Property Right
ISDS	Investor-state dispute settlement
IT	Information Technology
ITU	International Telecommunication Union
JBCP	Joint Border/Boundary Crossing Point
JICA	Japan International Cooperation Agency
KFVA (AVUK)	Kosovo* – Food and Veterinary Agency
KODE	Kosovo* Digital Economy
KREN	Kosovo* Research and Education Network
MIET	Ministry of Industry, Entrepreneurship and Trade
MoU	Memorandum of Understanding
MRPs	Mutual Recognition Programmes
NARIC	National Academic Recognition Information Centres in the European Union
NBCO	National Broadband Competence Office
NCC	National Competence Centre
NDS	National Development Strategy
NGO	Non-Governmental Organisations
NGN	Next Generation Networks

NTM	Non-Tariff Measures
OSCE	Organisation for Security and Cooperation in Europe
PEM	Pan Euro-Mediterranean
RCC	Regional Cooperation Council
REX	Registered exporters
RIA	Regulatory Impact Assessment
RLAH	Roam Like at Home
R&I	Research and Innovation
S3	Smart Specialisation Strategies
SEED +	System of Electronic Exchange of Data
SEPA	Single Euro Payments Area
SME	Small and Medium-sized Enterprises
SMP	Single Market Programme
SPS	Sanitary and phytosanitary
STEM	Science, Technology, Engineering, and Mathematics
TCT	Transport Community Treaty
TFEU	Treaty on the Functioning of the European Union
TIPS	Target Instant Payment Settlements
TRS	Time Release Study
UBH	Border/Boundary Inspection Posts
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VAT	Value Added Tax
VET	Vocational Education and Training
WB	Western Balkans
WBIF	Western Balkans Investment Framework
WCO	World Customs Organisation
WBDS	Western Balkans Digital Summit
WG	Working Group
WTO	World Trade Organisation

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KEY ACHIEVEMENTS AT CRM-REGIONAL LEVEL

1.1 SUMMARY

Framing all-inclusive regional cooperation: Pulling together amplified regional efforts towards regional connectivity and togetherness

The Leaders' Declaration on Common Regional Market (CRM) and its Action Plan, endorsed at the Berlin Process Summit in November 2020, ushered a *qualitatively new framework for regional cooperation* in Western Balkans that puts regional cooperation and EU standards at the centre.

Hailed as a *decisive and all-inclusive process* for the WB region[1], together with the Green Agenda for WB, it set out the main cooperation framework and the *backbone for the region's socio-economic recovery and twin transition*.

Since the outset, the *implementation of CRM AP has proceeded in an unprecedented crises context.* Notwithstanding the serious challenges stemming from the Covid-19 crises and current poly-crises context, particularly in relation to the tectonic geopolitical developments, CRM delivered for the region, with citizens and businesses being already able to reap its benefits and thrive in a regional market.

Unprecedented crises call for equally decisive and resolute regional responses and coming stronger from today's challenges. Accelerated and advanced CRM implementation tempo will contribute to a strong and robust regional economy, offsetting the economic fallout of the war in Ukraine. Anchored in EU's Economic and Investment Plan, CRM supports faster post-pandemic recovery and has the potential to mitigate the impact of Russia's aggression against Ukraine in the WB.[2]

- **More than a Declaration and an Action Plan: Concrete results on ground and mobility milestones attained, paired with a collaborative paradigm shift**

The substantive results with a human-face unequivocally demonstrate CRM's impact and still vast potential. *Drastically slashed communication costs; unobstructed supply of essential goods and medicine in the most difficult pandemic times and beyond and green corridors extended on all crossings in the region and for all goods slashing waiting times; consensually endorsed legal framework for visa- and barriers-free regional mobility and towards a regional labour and academic pool; unlocked professional and academic opportunities,* and many others are today's reality due to the joint vision for building a CRM.

This vision for CRM has been anchored in a *regional paradigm shift towards greater unity and collective and resolute action:* collaboration replacing competition and races to bottom; dismantling barriers and opening markets; leveraging on economies of scale and complementarities. Increasing the attractiveness and competitiveness of the region as a whole. *The results*

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1   Berlin Summit 2022, Chair's Conclusions, 3 November 2022.

2   European Union, 2022 Communication on EU Enlargement Policy, COM (2022) 528 final, 12 October 2022, available at https://neighbourhood-enlargement.ec.europa.eu/2022-communication-eu-enlargement-policy_en

attained in 2022 constitute an incentive at a critical moment in time to rekindle the region's drive and commitment as never before.

- **EU standards and rule-based integration: CRM as a stepping stone to integration in EU Single Market here and now**

The guiding principle inherent within CRM that implementation of regional integration actions which are based on EU standards *needs to proceed with phasing-in and integration in EU Single Market policies - was finally set in motion.* The signature of pioneering and voluntary-based *EU-WB Roaming Declaration* at the EU-WB Tirana Summit will bring forth significant lowering of data roaming charges as of October 2023 (on top of the Roam Like at Home benefits so deservedly enjoyed in the region as of 2021 that saw doubling of roaming users and a massive increase of roaming data consumption nearing 500%)[3]. Significant accomplishments were also achieved vis-à-vis the expansion of *Green Lanes initiative to the EU*, with 5 MoUs signed with WB and EU MS. The Green Lanes initiative, launched at the beginning of the pandemic, proved to be one of the most successful examples of regional cooperation, serving to strengthen the common market by preserving trade flows and accelerating transit of goods. The average waiting time at all BCPs/CCPs in CEFTA decreased to 93 minutes in 2022.

These achievements *are not simply monetary, they support mobility and simplify connectivity, build lasting linkages, connections, alliances between fellow European citizens and businesses* and as such are the *epitome of the CRM vision*. With these regional achievements and the future ones on the horizon, the region has a strong impetus to continue along this regional cooperation trajectory.

EU's bolder integration actions in this regard can be truly transformational and dramatically increase the potential and impact of CRM. CRM needs to deliver as a stepping stone to integration in EU Single Market. The endorsement of the EU Energy Support Package for the WB at the EU-Western Balkans Summit was a highly welcomed demonstration of EU's unyielding contribution to bolstering the region in this endeavour.

That the regional activities are picking up pace has been witnessed also by the Balkan Barometer year-after-year. An *overwhelming majority of citizens (76%) remain positive about the direct impact regional cooperation could bring to the political, economic and security situation of their respective economies*. A trend that has *been on the rise also in the case of WB businesses, as 69%* of businesses consider quality of regional cooperation important for their business operations. The observed *vox populi represents strong tailwind for regional cooperation.*

- **Regional and Political ownership and When There is a Will, There is a Way: Not fully there yet - the key remains at the level of participants**

The region's *leaders demonstrated bold political commitment and will with the signature of RCC-coordinated CRM centrepiece mobility agreements. Timely completion of the internal legal, preparatory and ratification procedures* is *essential for the agreements to produce the intended effects towards a better connected and integrated region*. It is equally important that policy-makers in the Western Balkans accelerate implementation of *policy reforms in the*

3   Roaming Data Report 2022, available at: Regional Cooperation Council | Western Balkans Roaming Report 2022 (rcc.int)

telecom sector ahead of the EU-WB roaming reductions. Proceeding further with the *series of technically prepared decisions that can boost trade integration* and the four freedoms should be tackled with high priority. *Regional and political ownership and demonstrating political will* towards further economic integration needs to prevail in the stronger and more assertive WB region that, for the first time, proudly and ably hosted the EU-WB Summit and looks ahead to hosting the 2023 Berlin Process Summit. The decision to hold the 2023 summit within the framework of the Berlin Process for the first time in the region reconfirms an unwavering commitment towards regional processes and explores the full potential of an inclusive regional cooperation.

- **Opening new promising avenues for regional cooperation**

CRM implementation in 2022 evidenced *multitude of avenues and policy areas in which concentrated regional efforts and coordination can yield much better results for citizens and businesses.* Leveraging on the regional approach, actions have been undertaken towards joint investment and tourism promotion; collaboration in research and innovation; harnessing the potentials of a regional e-commerce space; tapping into region's creative industries potential and diaspora; women economic empowerment; and many new ones.

The *success of CRM can only bear fruit as a whole-of-society approach, which utilises the experience and expertise of a multitude of relevant stakeholders that are active in the WB*. Apart from public administration authorities responsible for effective implementation of CRM, coordination and cooperation between the regional partners and *continued assistance from EC services and IFIs remains more important than ever*. With regards to this, RCC and CEFTA will also *promote the engagement of non-governmental stakeholders which have both high-interest and capacity to contribute to* the implementation of CRM agenda, such as NGOs, universities, and research institutions. *Consistent and aligned communication* targeting the public on the direct and tangible benefits of CRM is crucial.

Taking stock of 2022 implementation and state of play:

The report takes stock of the implementation track record and state of play, providing a *resume of the second year* of implementation of the CRM agenda starting with an overview of achievements reached at a regional level. The *majority of measures are well on track in line with the CRM Action Plan*. The region has *witnessed major breakthroughs in several CRM policy areas*, whereas in others, the *regional activities served to set the ground for more bold actions to roll out in the remaining two years of implementation.* Though notable progress has been attained with majority of measures well on track, the region and citizens need and deserve more, better and faster. Hence, *Accelerate, Integrate, Advance* should be the implementation course forward.

- **Collaborative coordination and monitoring efforts**

This regional overview is *compiled jointly by the lead organisations, the Regional Cooperation Council (RCC) and Central European Free Trade Agreement (CEFTA) Secretariats,* based on their specific areas of responsibility, while *the Transport Community Treaty (TCT) Secretariat and WB6 Chamber Investment Forum (WB6 CIF) provided contributions* relevant to their respective policy areas.

The second section of the report provides a list of **key achievements under each of the four CRM policy areas**, specifically Regional Trade Area (including the Four Freedoms of the EU), Regional Digital Area, Regional Investment Area, Regional Industrial and Innovation Area. In line with the principle of regional ownership that underpins CRM implementation, this section is drafted from the **contributions of the responsible line ministries/agencies in each of the WB economies**. Furthermore, the following section describes **key challenges** recorded during the second year of implementation before **conclusions and next steps**.

1.2 ECONOMIC OUTLOOK

The WB economic output in 2023 is optimistic and will grow by only 2.8%.[4] This follows a strong economic recovery in 2021 after the global COVID-19 pandemic, which decelerated significantly in the second quarter due to the impact of the war in Ukraine, persistent inflationary pressures, and higher costs of energy, materials, and food. Unusually high inflation rates, reported at double digits across most economies in the region, are reducing real incomes, lowering consumer confidence and business sentiment, increasing interest rates, and diminishing government fiscal space.[5]

On the other hand, the region's labour market has experienced a positive recovery whereby mid-year employment levels in several economies reached historical highs led by demand for transport, trade, tourism and a growing Information and Communications Technology (ICT) industry, according.[6] This translated to the creation of around 170,000 jobs across the region or an average annual employment growth rate of 2.7% in the time period between mid-2021 and mid-2022. This trend is, however, expected to recede as labour shortages and high inflation have created wage pressures, which can slow down recruitment in the private sector.

During the second quarter of 2022, the region experienced a strong recovery of services exports due to a good tourist season with high numbers of arrivals, a strong growth in remittances, in addition to continued growth of exports in goods.[7] In addition, imports of goods also increased rapidly due to higher energy imports, which led to larger merchandise trade deficits for most economies. The region's current account deficit by the end of June stood at 7.0% of GDP, which was the highest level since the third quarter of 2020, according to the European Commission (EC) 3rd Candidate Countries' & Potential Candidates' Economic Quarterly (CCEQ) report. This deficit was mitigated due to net FDI inflows, which increased this year as a percentage of GDP for most economies, higher tax revenues due to inflation and increased economic activity across the region.

1.3 TARGETED REGIONAL ACTIONS UNDER THE CRM AGENDA FOUR KEY AREAS

1.3.1 Regional Trade Area based on four freedoms

Six Decisions have been agreed at the technical level, pending the confirmation by the Joint Committee. The AEO programme of Albania has been assessed positively by the experts. The advancement in internal procedures regarding entry into force of the Decision No. 1/2021 introducing transitional rules of origin has been recorded, as it entered into force on 1 February 2023. Finally, the Decisions on e-commerce, parcel delivery, and geo-blocking have been agreed at the expert level.

Green corridors/lanes initiative has been extended to all BCP/CCPs within CEFTA, including rail and to all goods. Consequently, now veterinary and phytosanitary services receive pre-arrival notifications on all trucks carrying goods requiring these types of controls. A website presenting statistics on green corridors utilisation and waiting time is available to the public at https://statistics.cefta.int/greencorridorsanon. The average waiting time at all BCPs/CCPs in CEFTA in 2022 was 93 minutes. Empty trucks have been waiting on average 41 minutes,

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4   World Bank Group, Western Balkans: Regular Economic Report, No. 22, Fall 2022, available at https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report

5   The Vienna Institute for International Economic Studies, Bracing for the Winter: Economic Analysis and Outlook for Central, East and Southeast Europe, Autumn 2022, available at https://wiiw.ac.at/bracing-for-the-winter-dlp-6364.pdf

6   World Bank Group, Western Balkans: Regular Economic Report, No. 22, Fall 2022, available at https://www.worldbank.org/en/region/eca/publication/western-balkans-regular-economic-report

7   European Commission, EU Candidate Countries' & Potential Candidates' Economic Quarterly (CCEQ): 3rd Quarter 2022, October 2022, available at: https://economy-finance.ec.europa.eu/system/files/2022-10/tp060_en.pdf

goods accompanied by the phytosanitary certificate 139 minutes, goods accompanied by the veterinary certificate 136 minutes, while the goods not requiring any certificates have been waiting 100 minutes on average[8]. The results achieved in 2022 could be used as reference values and as additional indicators for the efficiency of implemented trade facilitation measures.

No progress has been recorded in alignment of working hours. The technical working group that will continue the discussions on the issue is being established.

Comprehensive work has been performed on the expansion of Green Lanes to the EU. Five MoUs were signed, between North Macedonia and Greece, between Italy and Montenegro and Italy and Albania (Blue lanes), and between Croatia and Montenegro and Croatia and Bosnia and Herzegovina, enabling sending data from CEFTA to the involved EU MS and facilitating CEFTA export.

There has been a strong support by the Transport Community Secretariat (TCT) to introduce models of one-stop controls at the intra-WB BCPs/CCPs. Dedicated technical assistance for capacity building in transport facilitation has been completed, providing legal framework for establishing one stop/joint BCPs, as well as training for the authorities from the central administration and series of local workshops for the agencies' staff of eight (8) pairs of BCPs/CCPs in the region regarding transport facilitation instruments.

Negotiations on CEFTA Additional Protocol on Dispute Settlement are still ongoing. The text is being discussed at the expert level and significant progress has been achieved. Until now, 9 rounds of negotiations have been held. Two technical meetings were organised to discuss the draft Decision on enhancing cooperation on trade-related statistics. The progress was moderate, and more advancement is expected in the first half of 2023.

The discussions on the draft Decision on Intellectual Property Rights (IPR) have been initiated in 2022 and are ongoing in close cooperation with EU Intellectual Property Office (EUIPO). The Decision is expected to establish a regional framework for further cooperation on IPR within CEFTA. The Decision was agreed at the expert level in December 2022.

The draft Guidelines for notification of measures affecting trade in services under Additional Protocol 6 as part of the transparency requirements were prepared and discussed with the Parties. The module on the notification of changes to regulations or legislation under the CEFTA Services Regulatory Database was completed and the user manual was finalised. The final version of the Guidelines is expected to be agreed soon.

The Parties have compiled the lists of fees and charges that are imposed in connection with trade. All the lists have been shared with the CEFTA Secretariat. A technical working group to be engaged in the technical work is being established. In accordance with the World Customs Organisation (WCO) recommendations regarding the start of data exchange on average release times, five out of the seven CEFTA Parties have conducted the Times Release Studies (TRS)[9].

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8   The measurement methodology was developed by the SEED+ project in 2021 and in 2022, all the requirements have been met so that it could be implemented.

9   The Reports finalised are publicly available on the respective Customs Administrations websites.

Free movement of goods

CEFTA Parties have been provided with the zero Draft Decision on Recognition of the Results of Conformity Assessment of Industrial Products. The draft is at the expert level discussion with the possibility to achieve concrete progress in the first half of 2023.

Draft Decision on the establishment of Veterinary Working Group was endorsed by the Subcommittee on agriculture and Sanitary and phytosanitary (SPS) issues, by the Subcommittee on non-tariff measures (NTMs), and Trade Facilitation Committee, at the meetings held in October and November 2022, respectively. Two more draft decisions have been discussed at the expert level: Draft Decision on Establishments in sectors authorised for trade among CEFTA Parties and Draft Decision on laying down harmonised rules for the Health Certificates and Veterinary Health Certificates for certain goods intended for human consumption for trade among CEFTA Parties.

The text of the Decision on recognition of Authorised Economic Operators (AEOS) programmes, reflecting on the fact that four AEO programmes have been positively assessed, has been finalised, waiting for the adoption by the Joint Committee.

The significant progress has been achieved as regards the implementation of the *Decision on Facilitating Trade for Fruit and Vegetables*. More specifically, the implementation of surveys for 16 priority pests are on track and the first results can be expected as planned and the report delivered by February 2023; the preparation of contingency plans for 16 pests is underway; the pilot action was organised on joint Customs-Phytosanitary control regarding the implementation of the International Standard for Phytosanitary Measures No 15 Regulation of Wood Packaging Material in International Trade (ISPM15); the operational procedure on certification of food and vegetables (F&V) has been endorsed by the Sub-committee on AGRI and SPS issues and the discussions on CEFTA common List of F&V for which phytosanitary certificates are mandatory and on the draft Guidelines have commenced. All the outcomes

are to be fed into the Guidelines detailing the mandatory processes of notifying, certifying and monitoring trade, which is currently being developed and should support operationalisation of the Decision on facilitation of trade in fruit and vegetables.

Several pilot customs risk management actions were conducted with the support of SEED+ in the previous period, on tobacco, intellectual property rights, empty trucks and, in close co-operation with phytosanitary authorities, on wood packaging material. These actions contributed to defining: an optimal data set to be exchanged amongst the customs administrations, and procedures to ensure the availability and real time data sharing for better risk management. These were specified in the draft Decision on the establishment of an electronic system to facilitate joint risk-management for trade in goods, which is currently under review by the experts.

Legal and regulatory framework for inter-agency cooperation needed for electronic exchange of information and promotion of paperless trade is permanently reviewed by the Parties. Upgrade of Customs SEED to SEED+ entails establishing additional data exchange links, upgrading customs SEED modules and improving regional customs risk management. Technical work on the establishment of connectivity between non-neighbouring customs administrations has been completed and, as of 1 January 2023., customs administrations will benefit from receiving data through SEED nodes much earlier and with more comprehensive data set, as it was the case earlier. CEFTA TRACES NT was launched in July 2022 and is currently being piloted to enable data and documents exchange related to phytosanitary certificates and common health entry documents. The new version of the Transparency Pack is hosted in the CEFTA cloud and brings significant improvement compared to the previous state of play. The system uses the latest technology, it is more secure and robust and easier for maintenance. All databases have been improved functionally and technically and accompanying user manuals were distributed and users trained.

Internal procedures for entry into force of the Decision on rules of origin No. 1/2021 are finalised. The Decision is ready for implementation and CEFTA Parties are to agree on a possible date of start of application of the Decision regarding transitional rules of preferential origin of the pan-Euro-Mediterranean Convention.

Free movement of services

Based on the outcome of the EU championed World Trade Organisation (WTO) initiative on domestic regulation, CEFTA has launched negotiations seeking to transpose WTO disciplines in the CEFTA framework. No significant progress has been made due to differences regarding terminology used. Significant progress has been made regarding Decision facilitating trade in services provided by travel agencies and tour operators; however, the text has not been agreed yet. Regarding financial services, CEFTA has kicked off assessment seeking to recommend roadmap towards facilitating recognition of third party liability car insurance (green card) taking into account different regimes applied in the region. Furthermore, following the World Bank study, in cooperation with RCC, CEFTA has launched activities aimed at harmonising and facilitating supply of non-bank payment services. Regarding postal services, Decision on inter-party parcel delivery services has been agreed and is ready for adoption transposing EU Regulation 2018/644 into the CEFTA framework.

Regarding Decision facilitating electronic commerce all internal procedures necessary for its adoption have been completed. Once adopted, the Decision will ensure the level of harmonisation provided in EU E-commerce Directive and Consumer Protection Directive (e-commerce provisions), including introducing common market principle which allows that suppliers of online services are subject to the rules of a Party in which they are established and not where the service is supplied. Furthermore, Parties agreed on the Decision on prevention of unjustified geo-blocking enabling transposition of Geo-blocking Regulation into the CEFTA framework. This Decision will remove discrimination of online shoppers from other Parties, such as automatic re-routing or restricting access to goods, services and restricting use of payment cards issued in other CEFTA Parties. The three decisions (e-commerce, parcel delivery, and geo-blocking) will bring key elements of the EU Digital Single Market into the region.

The Agreement on Recognition of Professional Qualifications for Doctors of Medicine, Doctors of Dental Medicine and Architects was signed in November, in line with the EU Directive on recognition of professional qualifications (Directive 2005/36/EC). It transposes principal EU rules for recognition based on agreed minimum training requirements for the levels of qualifications, conditions for recognition and compensation measures. As per the provisions of the Agreement preparatory work required to prepare for its implementation is up to 18 months. The Agreement for the remaining four regulated professions – midwives, nurses, pharmacists and veterinary surgeons shall be negotiated in 2023. On the other side, no progress has been made regarding Decision on the disciplines establishing a general system for the recognition of professional qualifications.

Free movement of capital

Regional activities have been targeted to reduce the cost of regional payments starting with the endorsement of the framework for development of modern payment systems through the Working Group on Financial Markets. Together with the World Bank Group, intensive bilateral consultations with relevant authorities were conducted on all four pillars of the framework, including on interoperability, Single Euro Payments Area (SEPA) requirements for accession, safety and security of payment systems and innovative product design. Importantly, the WB economies made a step forward by endorsing the European Central Bank (ECB) Target Instant Payment Settlements (TIPS) as the preferred option for the fast payments system, as it is identified as the most suitable and cost-effective solution with the lowest implementation time needed. Additionally, it will serve as an enabler of SEPA readiness in the future, whereas the citizens would have lower transaction costs as well as instant receipt of funds in all cross-border/boundary related transfer/transactions.

Free movement of people

Decision on work permits providing for removing work permit obligation for services providers, intra-company transfers and other natural persons benefiting from CEFTA AP6 commitments on natural persons is still blocked at the level of expert discussions because of no feedback from one Party.

The Agreement on Recognition of Higher Education Qualifications, which was coordinated by RCC, was signed in November. It is based on the Lisbon Convention for Recognition, Bologna Process and aligned with relevant EU requirements, thus being applicable to public universities and providing gradual extension to the region's private universities, with strengthened quality assurance. The Agreement defines common regional rules for recognition of levels of qualifications, common regional conditions for recognition, shortens the period of recognition to a maximum of 14 days, establishes joint standards and procedures for recognition of qualifications, and removes recognition fees for students. It also links the European Network of Information Centres in the European region (ENIC)/ National Academic Recognition Information Centres (NARIC) offices in the European Union and Quality Assurance Agencies through the WB Regional Recognition Database to facilitate the process of recognition of higher education qualifications.

The action plans on quality assurance are in place for all WB economies. These action plans support each of the economies in achieving the European Standards and Guidelines (ESG) in quality assurance, with the goal of membership in European Association for Quality Assurance in Higher Education (ENQA) and European Quality Assurance Register for Higher Education (EQAR). The developmental frameworks for vocational education and training (VET) for the WB are completed and delivered to respective economies, with the goal to support progress in this area. Progress in quality assurance takes a specific pride, having in mind that the European Universities Initiative has been opened to all Western Balkans economies, providing the opportunity for the region's Universities to become – upon meeting requirements – part of greater European alliances and exchange programmes.

The Agreement on Freedom of Movement with Identity Cards in the WB, which was coordinated by RCC, was signed in November, representing a key component and deliverable of the CRM

agenda, with an immediate contribution towards a better-connected and integrated region. It will facilitate travel within the region for WB citizens by simplifying the administrative procedure for entry, transit and short stay using only ID cards. Moreover, this agreement waivers all existing visa regimes in the WB, further promoting travel by significantly reducing time and financial costs, strengthening people-to-people relations and cultural exchanges in the region. Entry into force of this Agreement will start once the internal procedures and requirements foreseen by the relevant legislations of the Parties are finalised.

The Working Group has finalised the text on the Agreement on Freedom of Movement of Third Party Citizens within the WB. However, due to its technical complexity, the implementation modalities, such as data exchange, readmission procedures and the list of third parties subject to the same visa regime, among other, should be clearly defined and provided in the annex section of the agreement.

1.3.2 Regional Investment Area

Regional Investment promotion and policy reforms

FDI flows, as well as domestic investment decisions, are likely to be put on hold amid considerable uncertainty tied to the economic outlook of the region and its primary trading partners, which are the EU MS. In this regard, promotion of the WB as a single regional investment area remains more important than ever. The RCC has supported the Investment Promotion Agencies in the WB to conduct an investor lead generation campaign for attracting new FDI in the region. This will generate new investor leads in targeted priority sectors/value chains with the final aim of attracting new FDI. Promotional efforts focused on three sectors that were identified last year for regional investment promotion, namely the automotive, food processing and metal processing sectors. Within the platform of WB Investment Conference 2022 jointly organised by RCC and WB6 CIF, WB promotion agencies exchanged their experience and know-how with European investors from the EU MS and WB line Ministries for the sake of presenting opportunities and benefits of investing in the region.

Regional Investment retention and expansion

The development of FDI screening mechanisms for each economy remained crucial while mirroring best EU practices and harmonising these policies in line with the established EU standards, especially the EU Regulation on Foreign Direct Investment Screening (Regulation 2019/452). The work on developing regional criteria continued after WB participants shared the state of play in their economies. Regarding investor-state dispute settlement (ISDS), mediation was identified as a key process in preventing costly investment disputes for the WB economies. The work towards promoting regional exchange among experts on the potential and best practices for utilising mediation in addressing ISDS claims continued through joint dedicated workshop of RCC and GIZ. In this regard, within the framework of the GIZ project, support was also provided to the network of law academies in WB, through the organisation of training courses for judges and the creation of a regional database of legal experts.[10]

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10   More information on the GIZ project is available at: https://www.giz.de/en/downloads/giz2022-en-legal-reform-for-economic-development.pdf

1.3.3 Regional Digital Area

Digital infrastructure and connectivity

EU-WB Regulatory Dialogue was launched in June 2022 to enable high level discussion on all regulatory aspects covered by Chapter 10. High-level Regulatory Dialogue will be organised annually, with technical and dedicated workshops on areas of priority for the region. The dialogue is based on the needs of WB economies and contributes to the implementation of regional actions under CRM.

Roam Like at Home (RLAH) model was successfully introduced in WB in 2021, which allowed citizens from the region to roam without additional charges when travelling within the region, compared to what they pay at home. Traffic made by the WB users while roaming in the region in the second half of 2021 compared to the first half significantly increased: number of minutes for outgoing calls up to 237%, number of minutes for incoming calls up to 173%, number of SMS sent up to 119%, while data consumption (in MB) increased up to 459%, depending on the economy.[11] Following successful implementation of RLAH and with the objective of lowering the roaming charges between the EU and WB, RCC coordinated the process of preparation of the Roadmap for Lowering Roaming Charge between the EU and WB (Roadmap), endorsed by WB economies in late 2021. As a follow-up, a structured consultation process with mobile operators has been maintained. After intensive discussions and consultations, EU-WB Roaming Declaration was signed at the EU-WB Summit held in Tirana in December 2022. In line with the Declaration, data roaming charges will be significantly reduced between the signatories of the Declaration from 1 October 2023, while the glide path for the years ahead is to be prepared and announced by 1 May 2023. To this end, both WB and EU citizens will have data roaming charges reduced when travelling to the EU/WB, while costs for businesses will be also lower, which will encourage doing business abroad.

In line with the Roadmap as well as the commitment undertaken in the context of Memorandum of Understanding on 5G signed in Tirana in 2020, WB economies agreed to implement very important policy reforms in the area of broadband deployment and 5G developments in 2022 and 2023, aimed at improving the business environment in the telecom sector. Progress in the implementation is noted although it varies amongst the economies.

Digital upskilling and reskilling

In agreement with WB economies, the RCC initiated a fully-fledged assessment of digital skills gaps and needs of WB public administration employees working at both central and local level. This assessment is conducted based on an agreed methodological framework through an online questionnaire. This assessment, which is conducted for the first time for the region, is a flagship initiative aimed at supporting preparation of tailor capacity building programmes for public administration at regional level as well as contribute to tailor-made support matching specific needs for each economy.

Digital economy and industry digitisation

The Western Balkans Digital Summit (WBDS), a regional high-level annual flagship event on digital transformation, was organised in September 2022 in Pristina. The fifth edition provided an opportunity for exchange of ideas, knowledge and experience from the WB, as well as for discussion of policy, practice, progress, and challenges of digitalisation that the region is facing. The summit conclusions reconfirmed the region's commitment to improve the digital environment in the WB, in addition to defining actions and priorities for the upcoming year.

Another important event was the organisation of the regional competition event Balkathon 3.0 in September 2022 to support WB youth in building innovative digital solutions. As a result of all editions, close to 250 applications were submitted, while fifteen solutions were developed and marketed.[12] The first WB Digital Economy and Society Index (DESI) 2022 Report was developed at the end of 2022 under the umbrella of RCC, as a regionally owned process of calculation of the index. This report helps monitor digital developments in each economy of the region in order to provide a clear picture of the digital transformation progress in WB.

In addition, cross-border/boundary use cases in the region have been identified[13] and preparations have started to launch a regional pilot project(s) to improve cross-boundary services level interoperability. Further, Montenegro used the support of technical assistance for identification of technical interoperability, with the aim of improving interoperability readiness. In addition, North Macedonia used the support for notified electronic identification scheme in North Macedonia that would be eligible to become a notified eID scheme under eIDAS. The assistance to Bosnia and Herzegovina is ongoing, and the support is provided in the process of enhancement of interoperability and exchange of data on public services across Bosnia and Herzegovina.

11   Roaming Data Report 2022, available at: Regional Cooperation Council | Western Balkans Roaming Report 2022 (rcc.int)

12   For more on Balkathon competition, available at: https://www.rcc.int/balkathon/

13   Identified cross-border/boundary use cases: (i) Real-Time Document Validity Confirmation, (ii) Business Registry Card Service, (iii) Tax Clearance Certificate Service, (iv) Diploma Validation Service

1.3.4 Regional Industrial and Innovation Area

1) Innovation

Integration into the European Research Area

The WB Innovation & Research platform has been operationalised to coordinate actions of the key relevant European and international organisations, in addition to research and innovation projects supported by the EU. Existing and upcoming innovation initiatives were discussed between more than 50 stakeholders during two regional meetings organised in 2022. A website has been launched to assist the promotion of innovation ecosystem developments in the WB through the publication of more than 150 pieces of content, including key regional documents relevant to this policy area.[14] The region improved participation rate in the Horizon Europe Programme by winning more than EUR 30 million, including a significant increase in the European Institute of Innovation and Technology (EIT) and COST programmes. The first regional Butterfly Innovation Award has been inaugurated with innovative solutions awarded in six categories related to the CRM and Green Agenda for Western Balkans (GAWB). This Award aims to support WB economic development by embracing the twin green and digital transitions and promoting innovation culture by showcasing achievements from the region. The Award Ceremony was organised in June 2022 in Tirana during the Ministerial Meeting of the WB Platforms on Culture, Research and Innovation, Education and Training.

The RCC has also facilitated participation of the WB in the implementation of UNESCO Recommendations on Open Science[15] through working groups that focus on high-impact areas for open science, by means of capacity building, policies, financing and incentives, infrastructures and monitoring progress. The second Butterfly Innovation & Business Forum, a regional annual event on innovation, was organised in December in Sarajevo. The Forum was designed to enable a better understanding of existing innovation initiatives in the WB and further assist the development of a regional innovation ecosystem, while it focused on promoting sustainable models of academic and business cooperation and the power of Digital Innovation Hubs (DIHs).

Supporting regional research and innovation Infrastructures

The first regional Research and Innovation Infrastructure Roadmap has been prepared and published aimed to portray the region's research and innovation (R&I) landscape.[16] This regional roadmap is a strategic policy document that outlines the overall vision for R&I infrastructure in WB, and future steps towards its implementation. In addition, it identifies R&I capabilities and opportunities to increase regional interconnectivity, while promoting the WB as a reliable partner in this area. Importantly, this roadmap will assist the preparation of smart specialisation strategies (S3) in four economies of the region that have not developed these strategies yet. RCC launched the second part of the Technology Transfer Support Programme in WB to assist technology transfer practices. Lastly, the first steps have been made towards estab-

lishing the EIT Community Regional Innovation Scheme (RIS) Hubs in all RIS-eligible Western Balkan economies by creating a pilot Hub in North Macedonia.[17]

Regional Diaspora Knowledge Transfer Initiative

The first Regional Diaspora Forum was organised in February 2022, as part of the regional Diaspora Knowledge Transfer Initiative. The Forum concluded that WB should focus on designing policy actions around the needs of the diaspora communities to encourage matching with needs of local communities, creating programmes that leverage the power of digital transformation including skilling and upskilling, in addition to other relevant practical actions. Compendium on Diaspora Best Practices in the WB has been prepared and published, which features a comprehensive overview of legislative frameworks, in addition to sharing existing and recently implemented diaspora engagement good practices from the region. The compendium provides also a list of economy-specific and regional recommendations for a more structured engagement with WB diaspora communities, such as on sourcing and attracting investments, organising mentoring and internship schemes and conducting matchmaking with the scientific diaspora, among other.[18]

Regional Network of Women in STEM for the Next Decade

The RCC and UNDP continued to jointly support the WB Network of Women in Science, Technology, Engineering, and Math (STEM) by enabling regional networking in person and online. This Network aims to empower girls and women when considering STEM education and careers. In this regard, a regional role-models social media campaign has been launched to encourage girls and young women to pursue their higher education and careers in STEM fields. The STEM Network also focused its efforts on introducing the first regional mentorship programme in the first half of next year to promote and further support STEM education/careers for young women in the region.

2) Industry

Regional Supplier Development Programme

With an objective of implementing Regional Supplier Development programme, 2600 WB small and medium companies (SMEs) have been reached with trade promotion activities, 950 SMEs received individual, tailor-made support to look for business and funding opportunities abroad. A number of activities were conducted within this framework, such as updating free online tool for WB companies *Market Access Database*[19] and *Market Intelligence Database*[20], providing technical assistance to 60 WB SMEs regarding access to finance, and organising 10 info days and 2 trainings focusing on the implementation of CRM Action Plan as well as the benefits and challenges it brings to WB businesses.

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14   More information on the website is available at: https://balkaninnovation.com/

15   UNESCO Recommendations, available at: https://balkaninnovation.com/unesco-recommendation-on-open-science/

16   WB Research and Innovation Infrastructure Roadmap, available at: https://www.rcc.int/pubs/149/western-balkans-research-and-innovation-infrastructure-roadmap

17   More information on the call is available at: Call for the EIT Community RIS Hub in North Macedonia - WB Innovation and Research Platform https://www.eiturbanmobility.eu/ (balkaninnovation.com)

18   Compendium is available at: https://www.rcc.int/pubs/148/compendium-on-best-practices-in-diaspora-engagement-in-the-western-balkans

19   https://www.market-access.wb6cif.eu/ and

20   https://market-info.wb6cif.eu/

A continued and structured dialogue between the EU decision makers and WB business community was ensured through several platforms. Namely, the "EU-WB6 Business Platform" and the meeting "Common Regional Market a catalyst for deeper regional economic integration and a stepping stone towards EU Single Market" aimed at assessing the current state of play and achieved results of CRM. The EU-WB6 Chamber Academy – Chamber's Services – Bringing EU Standards Closer to Companies enabled the exchange on new services or companies related to green transition and standardisation with more than 40 representatives of the EU and WB chambers of commerce. During the 5th WB Digital Summit, a side event "EU-WB6 Chambers Digital Services Academy" saw participation of more than 30 representatives of the EU and WB chamber of commerce, exchanging best practices and information on digital services. Digitalisation, global challenges and the inclusion of WB companies in the global supply chains was discussed at the top business network event InterConnect Executive Summit, where WB6 CIF organised the panel on new nearshoring destination that could strengthen EU supply chain resilience.

The third report "Monitoring the implementation of the Common Regional Market Action Plan (2021-2024) – Key business insight on priority action points" was prepared based on the inputs received from more than 1000 companies from the region, while the Study No 4. "Demographic crisis with an emphasis on youth" is under preparation. The 23rd International Economy Fair Mostar 2022 was organised with the participation of 30 WB agri-food companies and 7 big distribution chains. The B2B event on different industries in the region was organised for more than 100 agri-good-organic producers, as well as the Conference for agri-food companies "Opportunities for projects, networking and gathering information" to assess challenges in doing business, possibilities, benefits and applicability of circular economy in the region, benefits of CRM and regional cooperation. Within the 1st Call for Proposals of Regional Challenge Fund, 37 consortia applied consisting of educational institutions and businesses aimed at developing and implementing dual or cooperative education. 154 companies from the region are involved in awarded consortia, while the overall value of supported projects is EUR 15.38 million.

Creative Industries

The creative industry was identified last year by the WB as one of the key industries in terms of its potential for regional industrial development. In this regard, RCC initiated a regional dialogue which aims at developing creative industries in the region. A mapping study was published, which analysed the policy environment, challenges and opportunities in the region, in addition to identifying the key creative industry stakeholders, networks, clusters and initiatives, including recommendations and next steps.[21]

Women Economic Empowerment

In the framework of the RCC Women Economic Empowerment Agenda and in line with actions in support of SME growth, the Western Balkans Women Entrepreneurs of the Year 2021[22] Initiative was launched to recognise and promote women-led entrepreneurship in the region, divided into six categories: green entrepreneurship, creative entrepreneurship, travel and

hospitality, minority groups, start-ups and young entrepreneurs. This initiative was organised back-to-back with the Women Who Launch: Regional Network of Women in Entrepreneurship event in March, the latter marking the launch of the Network, following the adoption of its constitutive Declaration.[23] In line with the Declaration and the Initiative's objectives, the RCC provided the first regional mentorship programme targeting WB women entrepreneurs during the time period between June and October 2022. Good examples from the region were continuously promoted through partnerships and various organisations, activities and events and through dedicated campaigns and platforms, including the RCC's WE Campaign. In addition to meetings with businesswomen across the region, a dedicated platform was established that facilitates upgrading of the database of women entrepreneurs in the region, and enables information sharing and connections.

Green and Circular Economy Value Chains

In supporting SME growth, CRM agenda is to be linked with the GAWB Action Plan pillar on Circular Economy. The latter foresees supporting innovation in the circular economy area to enable the region's swift transition to new climate-friendly business models, while improving the economies' competitiveness. In this regard, a mapping study to identify the green and circular economy stakeholders in WB is ongoing, in addition to a survey research of their needs and obstacles. A dialogue process has already been initiated to support the greening of value chains and green entrepreneurship with the final aim to establish a regional stakeholders' platform, including a dedicated green start-ups network.

3) Sustainable Tourism

Development of the WB tourism sector in a sustainable way has been identified as one the CRM priority areas by the region's leaders. Along these lines, Tirana Ministerial Tourism Conference was organised in May 2022, gathering Ministers in charge of tourism in WB, EC representatives and other relevant tourism sector stakeholders. Participants discussed and reiterated the great potential of tourism sector in the region to accelerate its economic development and progress, and proposed novel marketing and promotion approaches for destinations in the WB by targeting global audiences to further attract international tourist inflows in the region. Lifting of barriers in tourism through further regional cooperation was accentuated to strengthen political stability, cohesion, peace, resilient common future and enable free movement of people and economic prosperity of WB under the CRM umbrella. This was reiterated at the Conference "Fostering regional tourism products", with a particular emphasis on contribution from the private sector in promoting the region as a tourist destination.

A RCC-WB online tourism portal for coordination and promotion of WB regional routes and tourism has been launched to provide essential information on the already established joint Western Balkan Routes[24]. Likewise, the RCC is continuing to support economies in coordinating the region's sustainable tourism development efforts through development of common occupational standards for tourism, improvement and harmonisation of WB tourism data and statistics, and lastly establishing a WB Tourism Crisis Committee to improve the resilience of tourism industry in the region.

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21   The mapping study on the creative industry in the WB is available at: https://www.rcc.int/pubs/137/mapping-of-the-creative-industries-in-the-western-balkans

22   For more on this initiative, information available at: https://www.rcc.int/women-entrepreneurs-of-the-year

23   For more on the Regional Network of Women in Entrepreneurship, information available at: https://www.rcc.int/docs/613/declaration-on-the-launch-of-the-regional-network-of-women-in-entrepreneurship and https://www.rcc.int/wwl/

24   For more information on the joint Western Balkan Routes, available at: https://emc.al/rcc/western-balkans-routes/

2

KEY ACHIEVEMENTS AT CRM – ECONOMY LEVEL

2.1 ALBANIA

Digital Area

♦ The 2022-2026 Digital Agenda was approved in June to promote investment in key areas of advanced computing and data handling, artificial intelligence, cyber security and the advanced digital skills necessary to deploy them. With digital skills being one of the main pillars of the digital agenda, during 2022 the ICT curricula were updated to include coding skills and critical thinking since the first grade through a pilot project in 100 schools.

♦ Digitalisation of public services has been prioritised in recent year, with currently 1226 electronic services on e-Albania platform which amounts to 95% of all public services and 2.7 million citizens and businesses that are registered users on this platform. As of May, all public services applied on e-Albania, the response is provided electronically from the service-providing institution with a stamp or e-signature. In addition, every service and response of the public administration is monitored in real-time and physical counters have been almost completely eliminated. The introduction of the Document on Circulation System with Electronic Signature allowed for monitoring the work of public administration for the prompt response, stimulating improvement of public services.

♦ On broadband development and transposition of EECC directive, technical assistance provided by the EU has started. The first draft of the law transposing this EU directive and the Regulatory Impact Assessment (RIA) document were prepared in May. This draft law finalised the public consultation process in November and is being reviewed based on the comments and suggestions received.

♦ EU technical assistance is being used for providing recommendations and reviewing the provisions of the Law on development of high-speed electronic communications networks which transposed the EU Broadband Cost Reduction Directive (CRD). The effective implementation of this directive is additionally supported through the adoption of 4 by-laws which were approved by the Government in March.

♦ Western Balkans Investment Framework (WBIF) project for broadband atlas was completed end of November. This project aimed to develop the broadband atlas by including the last mile information as well as to provide the methodology for the creation of four types of maps, specifically mapping broadband infrastructure, service mapping, mapping of internet request, and map of Broadband Investment and Financing.

♦ Special working group was established to address the policy reforms required to streamline building permission for new networks such as 5G, to consider current procedures and to propose their optimisation in a way that is suitable for 5G development and Next Generation Networks (NGN). Furthermore, the amendments to the building permission rules in order to facilitate the permission for electronic communication networks entered into force in June.

♦ A study was prepared for new mobile Broadband technologies, and 5G strategic plan was approved by the Authority in March.

2.2 BOSNIA AND HERZEGOVINA

Regional Trade Area

♦ Bosnia and Herzegovina supported the initiative for continued expansion of Green Lanes with EU Member States and exploring the possibilities for establishing a framework for customs cooperation with EU MS to allow for data exchange from EU MS to CEFTA. It is expected that ITA BiH and Customs Authority of Croatia sign an MoU on establishing Green Lines between them on 9 December 2022.

♦ In accordance with Article 7, paragraph 4 Publication of Fees and Charges Imposed on or in Connection with Importation and Exportation and Penalties of the CEFTA Additional Protocol 5, Bosnia and Herzegovina submitted the Integrated list of fees and charges in cross-border/boundary trade of goods of Bosnia and Herzegovina.

♦ SEED+ - Bosnia and Herzegovina agreed to complete the technical work on establishment of connectivity between non-neighbouring customs administrations and start data exchange as of 1 January 2023. Open statistical data at the level of BCPs/CCPs that is currently available to registered users enable re-use of those CEFTA data on TCT Transport Observatory Database tracking the performance of TEN-T network.

♦ Decision on Establishment of CEFTA Veterinary Working Group - CEFTA Parties endorsed the Draft Decision on Establishment of CEFTA Veterinary Working Group.

♦ Decision of the Joint Committee of the Central European Free Trade Agreement No. 1/2021 amending Annex 4 of the Central European Free Trade Agreement (CEFTA 2006), setting out the Protocol Concerning the Definition of the Concept of Originating Products and Methods of Administrative Cooperation referred to in Article 14, paragraphs 1 and 3, and repealing and replacing Decision No. 3/2013 and Decision 3/2015 of the Joint Committee of the Central European Free Trade Agreement – Adopted by the Council of Ministers. It will be submitted for publication in the Official Gazette - International Agreements.

♦ After CEFTA Additional Protocol 6 on liberalisation of trade in services entered into force and in order to raise business awareness a series of workshops has been organised with business community.

♦ Bosnia and Herzegovina signed Agreement on Recognition of Professional Qualifications for Doctors of Medicine, Dentists, and Architects.

♦ In 2022, Centre for Information and Recognition of Qualifications in Higher Education (CIP) of Bosnia and Herzegovina participated in public consultation organised by the Ministry of Security of Bosnia and Herzegovina, with the aim to change the Law on Foreigners related to temporary and occasional residence of foreigners in Bosnia and Herzegovina which might help in the implementation of three regional agreements: Decision of the Joint Committee of the Central European Free Trade Agreement on the removal of requirement of work permits for professional activities under Additional Protocol 6,

Decision of the Joint Committee of the Central European Free Trade Agreement on the Disciplines Establishing a General System for Recognition of Professional Qualifications and Agreement on the Recognition of Professional Qualifications of Doctors of Medicine, Doctors of Dental Medicine, and Architects in the Context of Central European Free Trade Agreement Region. As a result of the consultation, a new provision in the Law on Changes and Amendments to the Law on Foreigners would allow foreigners to enter and reside in Bosnia and Herzegovina based on International Agreement to which Bosnia and Herzegovina is a contracting party, which should be evidenced by the institution in Bosnia and Herzegovina competent for implementation of that International Agreement.

♦ Additionally, as the contact point for regulated professions in Bosnia and Herzegovina, CIP organised a meeting with sub-contact points in Bosnia and Herzegovina with the aim of informing them about the two regional agreements and Bosnia and Herzegovina obligations in that respect once the agreements are signed.

♦ Bosnia and Herzegovina has completed the internal procedures for approval of the Joint Committee Decision on e-commerce.

♦ Bosnia and Herzegovina has completed the internal procedures for approval of the Joint Committee Decision on prevention of unjustified geo-blocking.

♦ Bosnia and Herzegovina has completed the internal procedures for approval of the Joint Committee Decision on inter-party parcel delivery.

♦ Joint Committee Decision on work permits has not been finalised yet at the expert level for which the Ministry of Civil Affairs of Bosnia and Herzegovina is responsible.

♦ Decision of the Joint Committee of CEFTA on facilitating trade in services supplied by travel agencies and tour operators is under negotiation. There are still some articles to be discussed and confirmed.

♦ Continuation of the negotiation of Additional Protocol 7 on Dispute Settlement Mechanism - so far, 9 rounds of negotiations have been held in 2023.

Digital Area

♦ Policy of the electronic communications sector for the period from 2023 to 2027 prepared and Working Group formed.

♦ The Agency for Identification Documents, Records and Data Exchange (IDDEEA) was registered in the register of certifiers maintained by the Ministry of Communications and Transport. IDDEEA can now issue qualified certificates in the identity card of citizens of Bosnia and Herzegovina (electronic signature) that will be fully recognised in legal transactions within and beyond Bosnia and Herzegovina.

♦ "Supporting the initiative to improve service data interoperability of public administration" project was implemented in the period from October 2022 to February 2023 with the support of RCC.

♦ The Ministry of Communications and Transport has initiated establishment of an interdepartmental working group at the level of the Council of Ministers, which will monitor

the work of the Committee for Artificial Intelligence, participate in drafting the text of the convention on artificial intelligence, human rights, democracy and the rule of law and in discussions regarding the regulation of the field of artificial intelligence and formulation of a common position in international context.

- Finalisation of the Framework Strategy for Development of Broadband Access and harmonisation of its text by all administrative levels are underway.

- Open Data Readiness Assessment for Republika Srpska prepared as part of Support to e-Government Reforms and Digitisation of Services in Bosnia and Herzgovina project.

- Guidelines for Strategic Framework for Cyber Security were developed; preparation of cyber security strategy is ongoing; implementation of cyber security solutions to enable automatised cyber security monitoring of key ICT infrastructure of Republika Srpska was finalised.

- Cooperation with the World Bank launched on a project aimed at analysing the level of digital skills of employees in public administration, with a special focus on IT employees.

- The Ministry of Scientific and Technological Development, Higher Education and Information Society of Republika Srpska, cooperation with UNDP, delivered the Academy for Digital Transformation training programme as part of "Digital Transformation in the Public Sector in Bosnia and Herzegovina" project, with the aim of developing new types of digital skills of civil servants and employees in local self-government units.

Industrial and Innovation Area

- Preliminary draft strategy for development of science and technology, higher education and ICT industry of Republika Srpska 2022-2028 has been prepared in line with the 2030 Agenda for Sustainable Development and Sustainable Development Goals Framework in Bosnia and Herzegovina, including other strategic sectoral documents of Republika Srpska, such as the Strategy for Development of Small- and Medium-Sized Enterprises 2022-2027, Industry Development Strategy 2021-2027, and Employment Strategy 2022-2027.

- Grant funding has been provided by the Council of Europe through UNDP in the amount of EUR 540,000 for the preparation of STP preliminary and main design, and for technical support to the team managing STP. STP construction is expected to begin in mid-2023, and be completed through borrowing by the Government of Republika Srpska.

- Preliminary draft law for establishment of the Fund for Development of Scientific Research and Innovation Activities of Republika Srpska was prepared as a key prerequisite for the Fund. The law is expected to be adopted in 2023, to be followed by the Fund establishment.

2.3 KOSOVO*

Regional Trade Area

- One-stop-shop in rail BCP/CCP Hani Elezit has been finalised. The agreement enables all agencies involved from both economies to share the facilities and perform the activities jointly. All modalities concerning controls and procedures have been set up. The facility renovation was completed by customs authorities. The start of joint operations in the rail station is pending due to rehabilitation of the rail track to the crossing point with North Macedonia and re-establishment of the cross-border/boundary rail traffic.

- BCPs/CCPs Merdare and Hani Elezit and Vermica are equipped with functional infrastructure for separation of cars, buses and trucks.

- In the framework of Trade Facilitation and increasing the movement of goods in export, customs authorities have granted 4 certificates for Authorised Economic Operator (AEO) for simplified procedure and 5 for security and safety. In total 9 AEO certificates for simplified procedures and for security and safety have been granted by now. Additionally, customs authorities authorised 76 operators for simplified procedures. These operators experience minimum delays at the crossing point, and lower costs, by eliminating entries in the terminal for approximately 1.7 million € less payment. During 2022, 42,853 consignments utilised this procedure, with 17.43% of goods from the overall traffic in imports.

- The REX (registered exporters) system was used by economic operators aiming to export goods to Switzerland and Norway. Customs has registered 125 new local companies in the REX system.

- Time Release Study (TRS) project financed by World Bank and implemented by IFC to measure customs clearance waiting time. Results were published in March 2022. The study found that the time needed to complete clearance of a consignment in import improved by 34.3%. For export, this completion time for a consignment from declaration to the final exit of BCP improved by 16.8%. The measuring includes import, export and simplified procedure on BCPs Hani i Elezit, Vermica, Merdare, inland office Pristina, Prizren and Merdare.

- Committee on Trade Facilitation was established and completed/replaced with new officials. The aim of NCTF (National Committee for Trade Facilitation) is to coordinate the process with the private sector.

- All permits, licenses, fees and charges related to exports, imports and transit of goods procedures are published on the MIET website.

- Internal procedures regarding transitional rules of origin with the EU and CEFTA, deriving from PEM Convention were completed.

- New Regulation 01/2021 on Gas Appliances has been approved.

- The concept document in the field of General Products Safety has been approved. It paves the way for the revision of the Law on General Product Safety by outlining the key proposed changes.

- Three bylaws in the area of construction products have been approved (for doors and windows; terrazzo tiles; and thermal insulations products –EPS).

- The online register of technical regulations, draft technical regulations, foreign documents of conformity and designated Conformity Assessment Bodies (CABs) was launched (intranet).

- Programme for Removing Obstacles to Trade under Articles 34 throughout 36 of TFEU (2021 – 2025) has been approved.

- Law No. 08/L-022 on Electronic Identification and Trust Services in Electronic Transactions was published in Official Journal on 23 December 2021.

- Law No.08/L-172 on General Product Safety has been approved by the Assembly of Kosovo* in March 2023. This Law is fully compliant with Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety and Directive 357/87/EC of 25 June 1987 of the European Parliament and of the Council on imitation food products.

- Annual Report on the implementation of the Programme for Elimination of Trade Barriers 2021-2025 was approved. The report included ten (10) screened 2022 legal and sub-legal acts to determine if they constitute barriers to trade.

- The Action Plan for Transposition and Implementation of EU Regulation on Market Surveillance and Product Conformity and EU Regulation 2019/515 on Mutual Recognition of Goods for the preparation of the new Law on Product Market Surveillance was approved.

- The Concept document for the Market Surveillance and Product Conformity has been finalised and sent for public discussion.

- Regulation No.02/2022 on equipment for potentially explosive atmospheres (ATEX) has been approved in December 2022.

- Administrative Instruction (MIET) No. 08/2022 on setting the conditions for placing ready-mixed concrete on the market was approved in August 2022.

- Law on Consumer Protection was approved, transposing EU Directive on better enforcement and modernisation of Union consumer protection rules.

- Active participation regarding adopting the regional Disciplines on Domestic Regulation based on the EU position in the WTO.

- Pro-active participation in negotiations on recognition of professional qualifications under RCC and CEFTA for three qualifications: Medical Doctors, Dentists and Architects.

- The accreditation agency received ENQA Affiliate status as a result of a series of implemented reforms in the area of higher education.

- On free movement of capital, analysis of domestic legal framework and its compliance with EU acquis in payment services was conducted. The study assesses readiness for participation in SEPA. In this regard, legal changes were identified and prepared in line with the requirements for joining the Single Euro Payments Area (SEPA).

- Agreement on the Mutual Recognition of Diplomas, Certificates and Scientific Degrees issued by Higher Education and other Certified Institutions signed with Albania in November 2021, which provides for electronic verification and aims at eliminating paperwork-based bureaucratic recognition procedures.

Investment Area

- Preparation for the implementation of Investors Lead Generation Campaigning commenced, with the support of RCC, to generate new investor leads in target priority sectors/value chains with the final aim of attracting new FDI.

Digital Area

- Ministry of Economy is implementing the Digital Economy Programme (KODE) with the support of the World Bank. Through this programme, a competitive grant-matching scheme was introduced to support private sector investment in the broadband connectivity of rural areas.

- Full coverage of rural areas with broadband – fiber-to-the-home (FTTH) technology, specifically 203 white areas, 105 schools, 43 healthcare institutions.

- Number of mobile broadband users through 4G mobile networks is growing steadily, and now the penetration of internet-mobile access exceeds 100%.

- Ministry of Economy has established the Broadband Competence Office (BCO) within the ICT Department to support broadband infrastructure development. The Ministry has also continued to support the development of next generation of mobile networks by connecting mobile towers with fiber technology to prepare for the deployment of 5G network. During 2022, 21 additional mobile towers were connected and the connection of another 25 mobile network towers was in the process of implementation.

- Regarding 5G Roadmap, the Regulatory Authority of Electronic and Postal Communications (ARKEP) approved the Frequency Release Plan after public consultations with interested parties. This plan includes all frequency bands with important economic value, namely 700 MHz, 800 MHz, 900 MHz, 1,800 MHz, 2.1 GHz, 3.4-3.8 GHz, 2.6 GHz and 26 GHz. ARKEP has planned to assign the 800 MHz and 3.5 GHz bands to enable deployment of 5G technology. During the assignment process, ARKEP will take into consideration the relevant EU recommendations specified in the 5G connectivity toolbox, with focus on improving the business environment: ensuring investment friendly access to 5G radio spectrum, promoting opportunity of infrastructure sharing, and combining coverage obligations with financial incentives. In addition to assigning frequency capacities for operators, ARKEP also foresees certain capacities for private users (90 MHz in the 3,710-3,800 MHz band). During 2022, ARKEP reduced annual fees for frequencies by 40%, and approved the new frequency allocation table, which is in line with the European

common allocation table, and the plan for distribution and utilisation of the 3.5 GHz frequency band[25].

♦ On digital skills and competence, the Research and Education Network (KREN) was established which is connected to the pan-European GÉANT network and offers opportunities for the academic community and businesses regarding access to knowledge and research networks in Europe and beyond. In addition, a data centre has been created in line with the needs of the academic community as well as a dedicated connection with KREN for all institutions of higher education. The expansion of the portfolio towards connecting primary and secondary schools is planned as a prerequisite to digitalisation of education.

♦ To address the digital skills gap, with IPA II support the Ministry of Economy is in the process of training more than 1,500 beneficiaries in skills in becoming ICT specialists, such as programming, cyber security, and relevant high specialised tailored training courses. Likewise, in cooperation with KODE project, an additional 2,000 young people will benefit from training in the most in-demand digital skills. Over 1,300 young people have been trained so far through these two programmes.

♦ The Ministry of Economy has finalised the draft Digital Agenda for Kosovo* 2030 strategic document and its 2023-2025 action plan. The following strategic objectives were defined: advanced secure digital infrastructure, digital transformation of businesses, digitalisation of public services, digitally skilled population and innovative R&D ecosystem, and sustainable cybersecurity ecosystem.

♦ On trust and security, following the adoption of the Law No. 08/L-022 on Electronic Identification and Trust Services in Electronic Transactions, the Ministry of Economy together with other stakeholders from public and private sector embarked on the process of drafting ten sublegal acts in December 2022. Five of them will be approved until the end of 2022, while five others in the Q1 2023. In addition, the EU Office in Pristina is leading the project implementation for the creation of eIDAS System, which is scheduled to be completed by 2024.

♦ Regarding the Cybersecurity Law, the process of drafting was led by the Ministry of Interior and it was approved by the Parliament in October. The cybersecurity strategy has been finalised.

♦ The Government approved the Education Strategy 2022-2026 in November, one of the key areas being Digital Education, which focuses on improving digital skills for citizens.

Industrial and Innovation Area

♦ On Regional Supply Chain Protocol, the Ministry of Industry, Entrepreneurship and Trade (MIET) conducted four Studies. The first one on Value Chains for mineral non-metallic

industry has been published on Ministry's website.[26] The three studies on Value Chains for Chemical industry, Food and Beverages industry and ICT, have been drafted with GIZ support and are to be published soon.

♦ Annual Report on Industry Development for 2021, Sector C- manufacturing industry, was developed and published in November.[27] In addition, booklets on this annual report were printed and distributed to private sector and relevant institutions during the period of January throughout March 2022.

♦ First draft of the Strategy for Industry Development and Business Support 2030 has been finalised and sent for public consultations. This Strategy is aligned with the overall vision of the National Development Strategy (NDS) 2030 and is most closely linked with NDS development pillar 1 on Sustainable Economic Growth, and pillar 2 on Equitable Human Development.

♦ The Law on Sustainable Investments and the Law on Economic Zones (now Law on Industrial and Technological Parks) have been finalised and sent for public consultation.

♦ The Law on Tourism was approved in May and is published in the Official Gazette.

♦ The Ministry of Culture, Youth and Sports supported a series of projects related to the creative industry through the Public Call for Art and Cultural Heritage 2022 and Mobility Call 2022. In addition, for the first time, works of art have been supported through the 2022 Public Call focusing on local artists.

♦ To increase participation of women in STEM, the Ministry of Education Science, Technology and Innovation initiated a new policy on Fellowship Scheme for women that study STEM fields at public universities. For this purpose, the Ministry provided grants for 1922 scholarships, out of which 1365 fellowships were granted to women who study STEM in public universities in a total amount of 1,365.000.00 € of financial support.

25   In February 2023, ARKEP assigned the 800MHz and 3.6GHz frequency bands to the operators Kosovo* Telecom and IPKO Telecommunications LLC to enable deployment of 5G technology. During the assignment process, ARKEP has taken into consideration relevant EU recommendations specified in the 5G connectivity toolbox, with focus on improving the business environment: ensuring investment friendly access to 5G radio spectrum, promoting opportunity of infrastructure sharing, and combining coverage obligations with financial incentives. In addition to assigning frequency capacities for operators, in February 2023 ARKEP also assigned 90 MHz in the 3,710-3,800 MHz band for first private 5G network.

26   More information on the Study is available at: https://mint.rks-gov.net/desk/inc/media/2051C72F-4B2E-4824-9D45-352AF46430B6.pdf

27   More information on the Annual Report is available at: https://mint.rks-gov.net/desk/inc/media/7AF2DD19-AC60-4236-B9E2-381B869473E8.pdf.

2.4 MONTENEGRO

Regional Trade Area

♦ Transport Community project "Technical assistance for the preparation of technical documentation for the modernisation and improvement of infrastructure at selected border/boundary crossings on the extended TEN-T network in the Western Balkans" began in February, including the crossing point Božaj (MNE) - Hani and Hotit (Albania). The project was financed by the EC with the aim of creating technical documentation for development of the Main Project of future joint crossing point Božaj-Hani and Hotit and providing technical assistance for the conclusion of a bilateral agreement between Montenegro and Albania.

♦ Within the extension of Green Lanes initiative in September, Montenegro Revenue and Tax Administration signed an MoU with Excise Customs and Monopolies Agency of Italy regarding Blue Lanes, an extension of Green Lanes project in maritime transport. Quadrilateral meeting on implementation of Green Lanes on Croatian BCP/CCP with CEFTA parties was held in November.

♦ Three economic operators have AEO status in the Revenue and Customs Administration. In 2022, one company submitted the application and is in the process of validating the fulfilment of the conditions for obtaining AEO status.

♦ A Time Release Study (TRS) – In order to monitor the efficiency of the implementation of measures and activities in the field of trade facilitation, as well as to identify potential barriers to trade, the Revenue and Customs Administration conducted the second TRS on the measurement of average transit time of goods with the technical assistance of the International Finance Corporation (IFC). The results were published in June on the official website of the Revenue and Customs Administration in Montenegrin and English languages.

♦ Common rules of origin - The Stabilisation and Association Council of the EU and Montenegro adopted Decision No. 1/2022 in January on the amendment of the Stabilisation and Association Agreement between the EU and Montenegro replacing its Protocol 3 on the definition of the term "originating products and methods of administrative cooperation". The Decision entered into force and applies from the day of its adoption in February.

Investment Area

♦ Programme for Improving the Competitiveness of Montenegrin Economy for 2022 was approved and is already being implemented. This document aims to encourage development of existing processes, products and services in order to strengthen the competitiveness and export potential of SMEs through improving productivity and profitability.

♦ The Ministry of Economic Development and Tourism, in cooperation with the World Bank Group and relevant public institutions, such as line ministries, Montenegrin Investment Agency, Chamber of Commerce, Eco-Fund, etc., completed the update of the 2022 Investment Incentives Inventory with a comprehensive overview of available financial and non-financial support programmes. This Inventory is intended for domestic and foreign investors providing information on incentive measures for investments.

♦ On Investment Promotion, the Montenegrin Investment Agency signed a Letter of Arrangement with RCC in July, based on which financial support was provided for covering the costs for investor lead generation campaign logistics. The Agency conducted the first outreach mission to Luxembourg in October, prioritising the ICT sector. Further outreach missions in other EU MS are being planned. Through the financial support of RCC, promotion materials for specific sectors, such as agriculture, energy, ICT, and tourism were prepared for the distribution to investors during the outreach missions. Separate reports will be produced for each of these missions.

♦ Under the framework of Legal Reform for Economic Development in the Western Balkans project, GIZ has engaged experts who have concluded the analysis of the existing legal and institutional framework in Montenegro. In coordination with partner institutions, a draft Communication Strategy was developed for the first channels of communication between foreign investors and line institutions, including the 2nd Strategy for Mediation of Investment Disputes. Both documents aim to reduce the risk of investment disputes and improve coordination and cooperation with foreign investors.

Digital Area

♦ "Feasibility study for identification of technical interoperability in Montenegro" has been completed and published, containing the relevant list of technical standards.[28]

♦ The new Law on Information Security is in the initial stage of drafting.

♦ The Law on Electronic Documents has been submitted to the Parliament for adoption.

♦ Procedure for accession to the Digital Europe Programme has been initiated, currently in the negotiation stage on the Agreement to join this programme.

♦ Activities started on establishing the Digital Academy of Montenegro, as a platform for strengthening digital skills and competencies of public officials, students and the entire young population through improving awareness of the importance and benefits of digital transformation.

♦ A Letter of Intent was signed to establish a regional centre for cyber security with the aim of developing cyber capacities and cyber security education. The establishment of this centre is supported by the Embassies of France and Slovenia in Montenegro.

♦ Two new e-services were launched for submitting applications for enrolment in private preschool institutions and student dormitories.

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28   More information on the feasibility study, available at: https://www.rcc.int/pubs/147/feasibility-study-for-identification-of-technical-interoperability-in-montenegro

- Expansion of Digital School with the possibility of online self-learning through Digionica, based on the Learning Passport platform.[29]

- Implementation of the Strategy for Digitisation of Education System progressed, in addition to the creation of digital content for students, teachers and parents, with the aim of raising the level of knowledge as well as developing digital skills of these target groups. In addition, the training on improving digital skills for 1,200 teachers was implemented.

- Montenegro started participating in the e-Twinning community.

- Working Group on the drafting of the new Law on Electronic Communications that will transpose the European Electronic Communication Code (EECC) directive was established.

- Strategy for the introduction of 5G mobile communication networks will be completed by the end 2022.

- The application for technical assistance under WBIF aimed at preparation of Terms of Reference for the Technical Documentation Update, Tender Documents and Environmental and Social Action Plan for the Montenegro Broadband Infrastructure Development was and submitted; it is awaiting for approval by the parties expected by the end of 2022.

- On 5G deployment and spectrum allocation from pioneering 5G bands, the spectrum auction for free frequency blocks in the 2 GHz and 2.6 GHz bands was completed in February. Two of the three mobile operators in Montenegro launched commercial 5G services in these bands based on DSS. At the end of Q3, it is reported that 70% of the population is covered by 5G network. From April all three mobile operators are testing the 5G in the 3.6 GHz band on the basis of temporary approvals. In October, the Agency for Electronic Communications and Postal Services (EKIP) launched public bidding procedure for awarding radio-frequencies in the bands 700 MHz, 3.6 GHz and 26 GHz for mobile networks. The auction process is planned to be finished in Q1 2023.

- Progress in providing fixed broadband internet access in Montenegro for 85.11% of the population has been noted. In addition, 81.7% of households have access of fixed broadband internet with the speed of at least 30 Mbps.

Industrial and Innovation Area

- Implementation of the Industrial Policy of Montenegro 2019-2023 continued with the report on its implementation during 2021-2022 adopted in June showing that 83.8% of its planned investments were made, amounting to EUR 197.06 million from EUR 235.24 million.

- The 2022 Programme for Development of Manufacturing Industry was published in March in order to support the competitiveness of manufacturing industry through technological modernisation and purchase of new equipment. In line with this programme, EUR 1 million has been allocated for supporting Montenegrin industrial companies to invest in modernisation of their capacities. Furthermore, in order to enable development of enterprises in municipalities whose development index is below 100%, the grants are

increased by 10% with an amount ranging from EUR 5,000 to 100,000 for companies operating in these municipalities. In February, 2 additional programmes were adopted on Improving the Competitiveness of the Economy for 2022 and for Development and Promotion of Handicrafts with a budget of EUR 200,000.

- On SME policy, implementation of strategies for Development of Women's Entrepreneurship; Development of MSMEs; and Lifelong Entrepreneurial Learning continued. In July, the Reports on Implementation of the Action Plans of these strategies[30] were adopted by the government. In addition, the Ministry of Economic Development and Tourism and Japan International Cooperation Agency (JICA) signed a new Memorandum of Cooperation in July for a period of three years to further improve the operations of SME sector.

- Negotiations on Montenegro's participation in the new Single Market Framework Programme (Single Market Programme – SMP) are at the final stage, with signature of the Agreement expected in early 2023.

- Launch of a dedicated website[31] in June for supporting SMEs by collecting relevant data on financial and non-financial support. This portal serves as a channel of communication between the private sector and public administration by providing accurate and transparent information.

- Ministry of Economic Development and Tourism partnered with UNDP to initiate the process of creating the National Strategy for Circular Transition until 2030 with accompanying Action Plan for 2023-2024. In preparation to this process, the Road Map towards a Circular Economy was developed, and published in April. Moreover, the draft Strategy with the Action Plan is going through a one/month public debate process, which started in November. The Strategy defines six strategic goals, with defined four strategic goals per identified priority sectors namely agriculture, forestry, construction and tourism, and the two strategic goals related to horizontal topics as preconditions for circular transformation in these four sectors.

- For creative industries, the Public Call for support was launched by the Ministry of Culture and Media in July. Funding available for the project was doubled from EUR 100,000 to EUR 200,000 and the scope of this year's Call was extended to all areas defined as creative industries, including architecture, publishing and ICT, among others.

- On S3, the implementation framework for innovation and smart specialisation has been operationalised with the Interinstitutional S3 Group and the innovation working groups per each S3 priority area fully functional as of September.

- The Innovation Fund of Montenegro is fully functional with institutional capacities built and staff trained under two support projects, namely IPA 2022 TASIS3 and second phase of UNDP implemented project "Norway for you", in addition to two innovation programmes implemented.

- Ministry of Science and Technological Development progressed in the implementation of the Programme for Innovation 2021-2024, through the participation in EUREKA, integrat-

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29 More information on "Digital School" and "Digionica" platform, available at https://digitalnaskola.edu.me/en/index.html

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30 The Report on the Implementation of the Strategy for Development of Micro, Small and Medium Enterprises for 2018-2022, for 2021; the Report on the implementation of Action Plan for the Implementation of the Strategy for Development of Women's Entrepreneurship; and the Report on Implementation of the Action Plan for 2021 of the Strategy for Lifelong Entrepreneurial Learning 2020-2024.

31 More information is available at https://bizniscg.me/

ing the special EUREKA call for Danube Region, protection and development of patents, innovation culture, S3 educational programmes and engagement in the Horizon Europe – Pillar III Innovative Europe.

♦ The Register for Innovation Activity is fully functional with 70 subjects registered.

♦ Working Group created for the improvement of the Law providing incentive measures for innovation; consultations with the private sector started.

2.5 NORTH MACEDONIA

Regional Trade Area

♦ At its 95th Session held on 25 October 2022 the Government of North Macedonia adopted the Agreement on recognition of professional qualifications for Doctors of Medicine, Dentists and Architects in the Western Balkans and the Agreement on Recognition of Higher Education Qualifications in the Western Balkans.

♦ On Free Movement of People, the e-service for Recognition of Academic Qualifications and for Recognition of Vocational Education and Training (VET) was upgraded and as of November 2022, the process for recognition is only digital (applicants are no longer required to submit hard copies of the documents).

♦ In November 2022, the Ministry of Education and Science of North Macedonia and the Ministry of Education and Sport of Albania signed a Cooperation programme in the field of education and scientific research for the period 2023-2026.

♦ North Macedonia actively participated in Erasmus+, Union's programme for education, training, youth and sport, as well as in the European Solidarity Corps programme.

Digital Area

♦ The radio frequency spectrum 700 MHz and 3.6-3.8 GHz was assigned for 5G to the existing two mobile operators in July. 2x10 MHz in 700 MHz band and 3.5-3.6 GHz frequency band are reserved for new network operators.

♦ Ministry of Information Society and Administration in cooperation with the Broadband Competence Office (NBCO) applied in June for EU technical assistance to prepare a Feasibility Study for the development of a National Transport Optical Network in accordance with the adopted National Operational Broadband Plan.

♦ NBCO prepared and published in September the 6th Report on broadband development in accordance with DESI Methodology.[32]

♦ An Operational Plan on Active Measures and Employment Programmes 2022 amounting to EUR 30 million was adopted aiming to support unemployed persons, youth, women, persons with disabilities and to ensure their return to the labour market. In this plan, the measure on "training for the development of digital skills" covered 424 unemployed persons and was fully implemented. Of the covered persons, 308 were youth up to 29 years old, which is more than 70%.

♦ Through financing from EBRD, the development of 13 new modules of e-inspector system and GAP analysis for the current state of this system have been initiated.

32   More information on the 6th Report is available at https://bco.mioa.gov.mk/wp-content/uploads/2022/11/Sixth-Report-for-broadband-development-in-the-country-and-implementation-of-National-Operational-Broadband-Plan.pdf

- National Competence Centre (NCC) for High Performance Computing (HPC), High Performance Data Analytics (HPDA), AI was part of a regional consortia for procurement and establishment of HPC system Daedalus[33] lead by Greek NCC.

- The Personal Data Protection Agency adopted the Decision on Determination of the Methodology for Harmonisation of Sectoral Legislation which entered into force in February. The methodology contains guidelines for actions of line ministries regarding the process of harmonisation of sectoral legislation with the Law on Personal Data Protection. Furthermore, the EU funded twinning project Support to the Implementation of the Modernised Data Protection Legal Framework was finalised in October. Twelve data protection trainings were organised in 2022 with participation of 302 persons.

- Through the Supreme Court institution, 34 law courts have been equipped with servers and other ICT equipment. In addition, Organisation for Security and Cooperation in Europe (OSCE) supported five pilot courtrooms, which were equipped with audio, video and ICT equipment to conduct remote judging. Interoperability agreements have been signed between the Ministry of Justice (on behalf of the courts) and nine public bodies and institutions. Two new court services have been digitalised regarding the issuance of criminal records certificates for physical and legal persons.

Industrial and Innovation Area

- Roadmap on Research Infrastructure prepared with RCC support and adopted.

- Public call for research institutions and universities for granting funds to improve scientific and research capacities through modernisation of laboratories (e.g. accreditation of laboratories and/or methods, introduction of new analytical methods in laboratories, procurement of new equipment, etc.). Total of 44 applications were approved in the amount of 224 million denars.

- 7 scientific research projects of economy-level research institutions in the total amount of 19 million denars supported.

- Being in the final stage of preparation, Smart Specialisation Strategy is expected to be adopted in 2023.

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33   More information on the Daedalus regional consortia is available at https://eurohpc-ju.europa.eu/way-open-building-eurohpc-world-class-supercomputer-greece-2022-11-28_en

2.6 SERBIA

Regional Trade Area

- At Initiative of the Customs Administration of Croatia, the technical level meeting was held in November 2022, with the aim of addressing the possibility of introducing prearrival data via SEED system.

- During 2021-2022 three new laws, together with relevant bylaws, regarding free movement of goods have been innovated in order to further harmonise with EU acquis. (Law on Technical Requirements for Products and Conformity Assessment, Law on Accreditation, and Law on Precious Metal Articles). In addition, in October 2022, EA confirmed that ATS remains a signatory to the EA MLA in the field of calibration (EN ISO/IEC 17025), testing (EN ISO/IEC 17025), including medical testing (EN ISO 15189), inspection (EN ISO/IEC 17020), certification of management systems (EN ISO/IEC 17021-1), certification of products, processes and services (EN ISO/IEC 17065), certification of persons (EN ISO/IEC 17024) and extend the EA MLA agreement to PT providers (EN ISO/IEC 17043). In 2022 "EU4Business: Fostering common regional market through quality infrastructure and e-commerce" project organized two meetings. Draft Decision of the Joint Committee of Central European Free Trade Agreement No XX/2022 on Recognition of the Results of Conformity Assessment of Industrial Products amongst CEFTA Parties was presented and discussed at the second meeting. The draft has been forwarded to authorised institutions for consultations. Further engagement in this project will be discussed.

- The Report on Time Release Study has been published on the Customs Administration website, both in Serbian and English.

- The Protocol between the Ministry of Finance – Customs Administration of Serbia and the Ministry of Finance – Customs Administration of North Macedonia on the implementation of the Agreement between the Government of Serbia and the Government of North Macedonia on Mutual Recognition of Approvals of Authorised Economic Operators (AEOS) for security and safety was signed in December 2021.

- The Agreement between the Government of Serbia and the Council of Ministers of Albania on Mutual Recognition of Approvals of Authorised Economic Operators (AEOS) for security and safety was signed on 21 December 2021.

- The Protocol between the Ministry of Finance – Customs Administration of Serbia and the Ministry of Finance – General Directorate of Customs of Albania on the implementation of the Agreement between the Government of Serbia and the Council of Ministers of Albania on Mutual Recognition of Approvals of Authorised Economic Operators (AEOS) for security and safety was signed on 1 September 2022.

- Customs Administration of Serbia participated in the joint action regarding the control

of wood packaging material which started on 31 October 2022. This action is planned to last until the end of November.

♦ With regard to phytosanitary area, documents relevant for implementation of the Fruit and Vegetable Decision with other CEFTA Parties were harmonised in the previous period:

   • Guideline for Certification Procedures (endorsed by SC Meeting for Agriculture on 17.05.2022);

   • Guideline for Surveillance of Fruit and Vegetables;

   • 16 pest-specific survey programmes for priority pests;

   • In 2022, Serbia implemented priority pests surveys in accordance with the harmonised guidelines and programmes.

♦ Harmonised implementation of pest detection surveys in all CEFTA Parties, enabling to define the Party's Pest Status, and further elaboration of a risk-based approach for Fruit and Vegetable control.

♦ Two pilot Joint Customs-Phytosanitary Actions (JCPA) on Wood Packaging Material (WPM) were organised in 2022 for the implementation of ISPM 15 standard in order to reduce the risk of introduction and spread of quarantine pests associated with the movement in trade of WPM made from raw wood. The first Joint Action was organised for two weeks at the end of March, when three (3) consignments were found to be in unconformity with ISPM 15. The second Joint Action is in progress and will last for 4 weeks.

♦ Within CEFTA Project SEED+ (Systematic Exchange of Electronic Data), in 2022 Serbia started exchanging necessary data from its own system to the CEFTA TRACES system for export consignments of plants and plant products for which a Phytosanitary Certificate is mandatory.

♦ Internal procedure for the adoption of CEFTA Decision on facilitation of electronic commerce has been finalised.

Digital Area

♦ Preparation and adoption of the Law on Electronic Communications aimed at full alignment with the European Electronic Communications Code (Directive (EU) 2018/1972) to create conditions for safe use of 5G network initiated. It was submitted to the European Commission for internal consultation. The Draft Law was adopted by the Government in February 2023.

♦ Rural Broadband Rollout project launched. The first project phase includes construction of 4,787 km of optical routes by Serbia alone and will cover 706 rural settlements, 118,934 households, and 728 schools. The total estimated investment value of phase 1 is around 240 million euros, of which 120 million euros are public investment (CAPEX incentives), while the remaining 120 million euros will be invested in infrastructure by electronic private electronic communications.

♦ Connected Schools project continued its implementation, envisaging a comprehensive improvement of information and communication infrastructure in all primary and secondary schools. Within the Pilot Phase, Phase 2, and Phase 3 wireless local computer network has been set up so far in over 1800 school buildings. Remaining several dozens schools will be completed by June 2023.

♦ The Draft Action Plan 2023-2024 of the Digital Skills Development Strategy finalised in December and adopted in February 2023. The activities planned to be implemented by the end of 2024 include the following:

   • Analysis of the current level of digital skills of citizens in Serbia;

   • Development of rural broadband infrastructure;

   • Implementation of training programmes aimed at enhancing digital skills of girls and women living in rural areas;

   • Implementation of Digital Literacy for Women programme;

   • Development of training models and programmes for enhancement of digital skills of vulnerable groups and other groups at risk of exclusion (senior citizens, NEET, persons with disabilities, marginalised youth, persons living in poverty or at risk of poverty);

   • Awareness programmes for safe use of Internet for children and minors;

   • Development of a structured approach and cooperation mechanisms between the government, private sector, civil society and academia for protection of children and minors on the Internet;

   • Development of accredited programmes aimed at enhancement of digital skills of women entrepreneurs and young women not in education, employment or training;

   • Increase in ICT training as active labour market policy measures;

   • Establishment of Digital Skills Coalition as a platform for all relevant stakeholders for the assessment of needs for digital skills and exchange of best practices;

   • Promotion of ICT professions among girls and women in order to enhance female presence in ICT markets.

♦ Membership application for Forum of Electronic Signature Authorities (FESA) was submitted in November 2022 and was approved soon thereafter.

♦ Serbian Cybersecurity Challenge 2022 competition, supported by the Ministry and OSCE, was organised in September 2022; Serbian team participated in the European Security Challenge supported by ENISA. The Ministry support is to be continued in 2023.

The second year of CRM implementation marked a series of significant achievements in terms of regional cooperation, regardless of continuing challenges. At the same time, continuing work to facilitate fulfilment of the CRM objectives throughout all its policy areas has created a strong basis for future deliverables expected in the coming years. Hence, this section will provide a brief picture of the challenges, which will be taken into account in the future.

Firstly, through the WB leaders' political endorsement and signature of the three mobility agreements, the region achieved an important success in the framework of the CRM agenda. Nonetheless, timely ratification will demonstrate regional ownership, as well as the pre-implementation work to be carried out in good faith and in the spirit of regional cooperation. Furthermore, the responsible authorities for implementation worked in a highly volatile international situation coupled with important elections held in the region which led to changes in political priorities and administration staff for different levels of governance. In this regard, RCC continuously focuses on maintaining high-level political consultations to ensure that CRM agenda benefits are reiterated and that there is commitment on the agreed political objectives in such a way that technical discussions can continue without political pressures and will focus only on results that provide maximum benefit to the region's citizens and businesses. Moreover, as CRM has a broad societal impact in the WB, an aligned and consistent approach in communication is necessary with all relevant stakeholders, such as regional organisations, International Financial Institutions (IFIs), private sector, and civil society organisations (CSOs), among other. This is key to promote exchange of information among interested actors, maintain momentum of implementation and communicate properly the tangible benefits associated with the implementation of the CRM agenda.

Along these lines, trade remains one of the cornerstones of the CRM, given it enables free movement of goods and services, creates trade friendly regulatory environment and contributes to other aspects of regional economic integration. In this context it should be noted that administrations of the WB economies have made significant effort in delivering new trade arrangements which are formalised in discussions on 15 CEFTA Joint Committee Decisions and 1 CEFTA Additional Protocol. Out of these 16 processes, 4 have been brought to the point when all conditions are met for these documents to be adopted by Joint Committee. In addition, another 3 Decisions are almost ready for adoption, whereas 6 are in mature phase of discussions on the text. However, the Joint Committee, the only decision-making body in CEFTA, has failed to adopt the decisions which were made ready for adoption in 2022, which directly delays reaping the benefits for companies and citizens and upsets legislative and policy plans of CEFTA Parties agreed in the above-mentioned Decisions.

Secondly, the limited capacities of WB administrations remain a challenge, especially when it comes to coordinating and implementing the regional actions listed in the CRM Action Plan within the agreed timetable. In order to ensure an effective implementation of CRM at the economy-level, necessary financial and human resources are needed in addition to a good level of inter- and intra-institutional coordination of the responsible line ministries and agencies. Moreover, as an ambitious and cost-intensive regional agenda, CRM necessitates continuous commitment from EC to support its implementation through the Economic and Investment

3

KEY CHALLENGES IN THE SECOND YEAR OF IMPLEMENTATION

Plan for the WB (EIP)[34], in addition to reiterating its importance in the EC Enlargement Progress reports.

Thirdly, the CRM Action Plan is based on EU strategies, rules, standards and guidelines whose implementation requires an effective harmonisation with relevant EU *acquis communautaire*. Even though all WB economies aim for EU membership, they are currently at different stages of the EU accession process. This state of affairs makes regional coordination more challenging as each of the economies have different needs and priorities when it comes to implementing the CRM agenda. By establishing and working through agenda-specific regional working groups, the RCC aims to mitigate difficulties that might arise. A strong participation and coordination of efforts is required also among line EC Directorates-General (DGs) in this respect to support timely implementation of activities through targeted expertise and guidance. This aspect is important when adapting to EU mechanisms and regulatory framework, in addition to EU wide-trends and relevant best practices.

Lastly, CRM agenda success is reliant upon a whole-government approach, and its implementation directly impacts WB societies. The first year of implementation revealed a high public interest on the CRM implementation progress, especially from the region's think tanks, non-governmental organisations (NGOs), CSOs, and academia. Therefore, consistent communication targeting the public on the direct and tangible benefits of the CRM Agenda is key. In this regard, visibility and communication aspects on CRM actions will continue to be in line with EU requirements while complementing relevant activities of DG NEAR and EU Delegations in the region. CRM is not only a bureaucratic document but an inclusive regional process where all relevant actors are allowed to contribute to its implementation based on their expertise and areas of responsibility. It is important that CSOs and NGOs with an interest in this process have the adequate regional coverage, capacity and expertise to contribute effectively towards the implementation of CRM.

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CONCLUSIONS AND NEXT STEPS

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34   European Commission, An Economic and Investment Plan for the Western Balkans, 6 October 2020, available at https://neighbourhood-enlargement.ec.europa.eu/system/files/2020-10/communication_on_wb_economic_and_investment_plan_october_2020_en.pdf

This report has demonstrated that there was notable progress and implementation in all key areas in the second year of CRM agenda. The endorsement and signature of the three mobility agreements should be highlighted as a significant step due to the political importance and the direct benefits which they grant to WB citizens on free travel and increased employment and educational opportunities. The foundation laid by the mobility agreements allows for further expansion, which will be a priority for the next year, showing a continuous development of the work over the past two years.

The success of the CRM can only bear fruit as a whole-of-society approach, which utilises the experience and expertise from a multitude of relevant actors that are active in the WB. Apart from the public administration authorities responsible for effective implementation of CRM, the coordination and cooperation between the regional partners listed in the Action Plan and the continued assistance from EC services and IFIs remains more important than ever. With regards to this, the RCC and CEFTA will also promote the engagement of non-governmental stakeholders which have both a high-interest and capacity to contribute to the implementation of CRM agenda, such as NGOs, universities, and research institutions.

External risks arising from the current geopolitical crisis and the rise in commodity prices reinforces the purpose of CRM agenda that continued all-inclusive regional cooperation remains key towards strengthening the economic resilience of the WB. In addition, progress in implementation of this agenda brings the region closer to the EU single market, while reducing the development gap between the region's economies and EU MS. In this regard, the work and progress achieved in terms of regional cooperation, with concrete deliverables that directly impact citizens in a tangible and positive way, shows that the CRM agenda needs to be further encouraged and promoted in terms of the benefits it yields. For 2023, the RCC foresees a list of priority actions, which were drafted in agreement with PM Sherpas and in line with the CRM Action Plan. These actions will build on the work implemented during the last two years, whilst continuing to deliver concrete results on all CRM policy areas.

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