

6. Regional cooperation

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Introduction

‘Regional cooperation is, no doubt, one of the buzzwords in Southeast Europe (SEE). One comes across it in every official speech, policy paper and media piece dealing with the politics and economics of the area. The growth of different schemes has been a defining feature of the Balkan political landscape since Dayton peace. Local diplomatic jargon abounds with barely pronounceable acronyms such as SEECP, SECI [...]. Regional cooperation, to a large degree, is a process driven by powerful extra-Balkan actors such as the EU, NATO, USA and the international financial institutions (IFIs)’ [Bechev, 2006].

Ten years after the EU-Western Balkans Summit in Thessaloniki, regional cooperation is still the buzzword in South East Europe. But the buzzword is beginning to signify an opportunity to find and deliver not only stability and security but also a regional development agenda. At the same time the local actors are developing an awareness of the importance of regional cooperation. This chapter analyses the progress made by the Western Balkans, and by South East Europe more broadly, as well as the challenges encountered in the field of regional cooperation since the Thessaloniki Declaration.

BACKGROUND

Regional cooperation as an element of EU policies towards the Western Balkans was introduced in 1996, when the Regional Approach was launched with the purpose of underpinning the Dayton Peace Agreement. It was clear that the new Dayton constitutional framework for Bosnia and Herzegovina (BiH) was dependent on the relationship between Sarajevo, Belgrade and Zagreb [Delevic, 2007]. Soon afterwards, the EU introduced another comprehensive strategy towards the region, the Stabilisation and Association Process (SAP) launched in June 1999 and strengthened at the Thessaloniki

1. The views expressed in this chapter are those of the author and do not necessarily reflect the official position of the Regional Cooperation Council and its Secretariat.

Summit in June 2003 when it took over elements of the accession process. Regional cooperation became part of the EU's conditionality towards the countries in the context of the EU accession criteria. The European Union promotes regional cooperation because this is an essential part of its DNA; the cooperation in coal and steel production between the six neighbouring countries led gradually to further cooperation – and integration – in other policy areas. This 'spillover effect' lies at the heart of the rationale exported by the Union to the Western Balkans, whereby interdependence and *de facto* cooperation between neighbouring countries in one area (e.g. infrastructure, transport, energy, free trade) could lead step by step to further cooperation in a broader range of areas, to regional stability, reconciliation and ultimately to European integration. The Instrument for Pre-Accession Assistance (IPA) I (2007 – 2013) supports this objective by providing financial assistance to all beneficiary countries through the Multi-Beneficiary programmes under component I (Transition Assistance and Institution Building) and through its component II (Cross-Border Cooperation). The support is planned to continue in the IPA II (2014 – 2020) and will consist of five policy areas: (1) the transition process towards Union membership and capacity building, (2) regional development, (3) employment, social policies and human resources development, (4) agriculture and rural development and (5) regional and territorial cooperation. It is planned to replace the component structure by comprehensive regional and national strategies addressing policy areas, through multi-annual country and multi-beneficiary strategy papers [EC, 2011]. The Commission also jointly initiated with the international financial institutions (IFIs), bilateral donors and the governments of the Western Balkans, the Western Balkans Investment Framework (WBIF) which was launched in 2009 in order to boost infrastructure projects and socio-economic development in the region.

To start with, the Stability Pact (SP) for South Eastern Europe was initiated by the EU and launched in 1999, in Sarajevo, as a coordinated attempt by the international community to address the growing needs in the Western Balkans and to support regional cooperation. The closing down of the Stability Pact and its transformation into its successor organisation, the Regional Cooperation Council (RCC), took place in 2008, with the commitment and support from the South Eastern European countries, donor community, European Union, NATO, OSCE and international financial institutions. The RCC mandate was amalgamated from the Stability Pact's role to oversee cooperation processes in SEE and to support European and Euro-Atlantic integration of the region. However, a new element was introduced: the regional ownership dimension. This implies not only providing expertise and funds from the region and representing SEE, but also providing guidance and leadership in regional cooperation [Minic, 2009].

This regional ownership dimension of an externally driven regional cooperation process has been institutionalised through the operational links between the RCC and the South East European Cooperation Process (SEECP)². Indeed, in parallel to the Stability Pact and the SAP developments, internal impetus in this direction came originally from Bulgaria in 1996 when the Ministers of Foreign Affairs of the Balkan countries launched the SEECP and commenced the structured cooperation at high political level. The first SEECP summits sent messages that reconciliation at the highest political level was starting to become reality and that by working together the region could make faster progress towards not only reconciliation but also economic prosperity and European integration. Since 1997, the Heads of State and Government of the countries participating in the SEECP meet annually to review the overall process of regional cooperation and to offer guidance and recommendations for future activities [SEECP Bucharest Charter, 2000]. Since 2007, the RCC has provided the SEECP with operational capabilities as well as with a forum for the continued involvement of the members of the international donor community engaged in the region. Therefore, the RCC's regional ownership has been ensured by its role as the 'operational arm' of SEECP. In practice, regional ownership of RCC activities is strengthened by the cooperation with regional partners and initiatives, and is guided by the highest level political meetings in SEE, the SEECP Meetings of Foreign Ministers, followed by SEECP summits, which endorse the RCC strategic documents as well as the annual reports and multi-annual strategies.

STATE OF PLAY

Ten years after the Thessaloniki Summit, regional cooperation has come to encompass a plethora of political, economic, security and other thematic areas of cooperation, a variety of participating countries or regions, various levels of government representation, and involvement of civil society and donor support. Since the beginning of the last decade, more than 40 different regional task forces and initiatives have emerged, active in a broad range of areas, from free trade to disaster preparedness to cooperation in transport, energy or gender issues. The relevance of regional cooperation activities can be measured by the number of task forces and initiatives in which the countries participate. Of the analysed 42 task forces and initiatives, Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia and the former Yugoslav Republic of Macedonia participate in almost all of them. [RCC, 2011] The RCC has developed partnership relations with more than 40 regional initiatives, which have been a relevant source of information

2. SEECP membership includes Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey, Bulgaria, Greece, Romania, Slovenia and Moldova. With Croatia's accession to the EU, the number of EU member states in the SEECP has increased to five.

Excerpt of the book 'The European future of the Western Balkans – Thessaloniki@10 (2003-2013)', published by the EU Institute for Security Studies
<http://www.iss.europa.eu/publications/detail/article/the-european-future-of-the-western-balkans-thessaloniki10/>

and analysis in the wider process of identifying gaps and opportunities in regional cooperation [RCC, *Strategy and Work Programme 2014-2016*].

With the support of the EU and of the RCC, considerable progress has been achieved in the socio-economic area of regional cooperation. In this regard, the Central European Free Trade Agreement (CEFTA) signed in 2006 is a key achievement as it facilitates trade liberalisation, improvement of the investment climate, competitiveness and industrial policy. Furthermore, regional cooperation structures have been established in the energy, transport and environmental sectors such as the Energy Community, the European Common Aviation Area (ECAA) and the South East Europe Transport Observatory (SEETO), and the Transport Community Treaty has been negotiated. Development of human capital through education, culture and research is an objective that is also pursued at the regional level through initiatives and networks such as the Regional School of Public Administration (ReSPA), the Education Reform Initiative of South Eastern Europe (ERI SEE) and RCC Task Force for Culture and Society (TFCS).

Since 2003, efforts have also been made in the political and security dimensions of regional cooperation. As the rule of law, the fight against corruption and organised crime are high priorities for the EU, cooperation in justice and home affairs has been developed through various regional activities and structures including the Regional Strategy in the area of Justice and Home Affairs, the Southeast European Cooperative Initiative Regional Centre for Combatting Trans-border Crime, the Southeast European Law Enforcement Centre (SELEC), the Regional Anti-Corruption Initiative (RAI), the regional mechanism of cooperation among the Chiefs of Military Intelligence (SEEMIC), among the Heads of the SEE National Security Authorities (SEENSA) and the South East European Counter-Intelligence Chiefs Forum (SEECIC). [RCC, *Strategy and Work Programme 2011-2013*]. Moreover, regional initiatives in parliamentary cooperation such as the Regional Secretariat for Parliamentary Cooperation in SEE (RSPC SEE), Conference of the European Integration Parliamentary Committees participating in the SAP (Western Balkans COSAP) and Cetinje Parliamentary Forum (CPF) have been established in order to strengthen political cooperation and parliamentary dialogue in the region.

However, a number of issues which already or potentially hamper regional cooperation and delay the accession process of individual countries remain. The constitutional setup and inter-ethnic governance issues in BiH, the name dispute between the former Yugoslav Republic of Macedonia and Greece and Kosovo's status are serious issues, which continue to need external, creative, coherent and targeted approaches and support. Kosovo was accepted in February 2013 as a participant in the RCC under an agreed appellation formula: Kosovo* with the footnote 'This designation is without prejudice

to positions on status, and is in line with UNSC 1244 and the ICJ Opinion on the Kosovo declaration of independence'. This decision is the result of joint political efforts of Serbia and Kosovo, of the EU High Representative mediated dialogue between the Prime Ministers of the two sides and of the RCC Secretary General's active engagement to implement the agreement on regional representation to ensure the inclusiveness of the process. On 19 April 2013, an agreement was reached in order to normalise relations between Pristina and Belgrade regarding northern Kosovo, which specifies that neither side will block or encourage the other side to block progress on the path to EU accession. Following this deal, the European Commission recommended opening negotiations for an SAA with Kosovo and accession negotiations with Serbia.

PROSPECTS

Considering the effects of the economic crisis, the next phase in consolidating regional cooperation is the implementation of the SEE 2020 Strategy, which aligns regional economic development in the Western Balkans with the Europe 2020 Strategy. In 2010 the EU launched its Europe 2020 Strategy, which promotes smart, sustainable and inclusive growth through five main objectives: (i) employment; (ii) innovation; (iii) climate change and energy; (iv) education, and (v) poverty reduction and social inclusion. This strategy is also relevant for the Western Balkan countries in view of their preparation for future EU membership, as it offers the enlargement countries an anchor for reforms. The Commission welcomed the fact that the countries of the region adopted regional and national targets in line with Europe 2020. To implement and design the SEE 2020 Strategy, the external *push factors* were counterpointed by visible regional *pull factors*. In the region, the RCC launched the idea of borrowing elements of the Europe 2020 Strategy in SEE in order to deliver a common regional approach in dealing with the consequences of the economic crisis.

An initial set of key priority themes for what was initially the Western Balkans 2020 project idea was identified during 2010, at the meetings of representatives from the countries in the Western Balkans, the public and private sectors, academia and non-governmental organisations. Defining the focus of the Western Balkans in 2020 took into account the already existing complex network of various regional cooperation programmes, initiatives, structures and task forces [RCC, Background Note]. In November 2011 SEE Ministers of the Economy endorsed a '2020 Vision for SEE', targeting 'consistent implementation of economic reforms to foster integrated, smart, sustainable and inclusive growth underpinned by good governance and the rule of law' ['Building a 2020 Vision for SEE']. To deliver the 2020 Vision, regional targets were agreed upon and

adopted at a Ministerial Meeting in Tirana on 9 November 2012. The Council of the EU recalled the role of the RCC, welcoming the RCC's focus on the growth targets in the context of the SEE 2020 strategy, which aimed to adapt the Europe 2020 process to the regional needs and realities [Council, 2012].

The RCC together with national administrations, the donor community, specialised agencies and regional platforms has developed the SEE 2020 governance structure to operationalise five pillars: three pillars comprising integrated, smart and sustainable growth (Europe 2020) and two additional pillars specific for SEE, inclusive growth and good governance for growth. The comprehensive regional competitiveness and job creating growth strategy presents a challenging opportunity to hammer out and implement the regional development agenda. Within all five pillars of SEE 2020, regional platforms were associated, identifying 14 dimensions for policy intervention and appointing regional structures to take on the role of dimension coordinators in the SEE 2020 development and implementation. For example, the RCC Secretariat and CEFTA agreed on integrating CEFTA achievements into the SEE 2020 strategy primarily in relation to trade liberalisation, trade facilitation, a positive investment climate and competitiveness as important components of the integrated and sustainable growth pillars.

The governance structure of SEE 2020 includes national governments, regional structures and the RCC. The SEE 2020 targets, particularly the national ones, adopted by the countries in the policy areas of trade, investment, employment, energy, social development and governance will be pertinent for the Stabilisation and Association Process, especially given the envisioned close link between the SEE 2020 and IPA II support. The SEE 2020 governance structure would thus provide the opportunity to take an in-depth look at these policy areas and provide clear recommendations at the national level that will not only support the SEE 2020 implementation, but the overall accession process [RCC, *SEE 2020*].

In addition to economic development, security, stability and the 'deep democratisation process' will remain high on the regional cooperation agenda. The core of the enlargement agenda is designed around conditionality, with the rule of law at its centre. The new approach of the EU favours getting an early start on the toughest negotiation chapters – such as Chapter 23 on Judiciary and Fundamental Rights and Chapter 24 on Justice, Freedom and Security [Balfour and Stratulat, 2012]. 'Tackling these areas early in the negotiations gives maximum time to enlargement countries to establish the necessary legislation, institutions, and solid track records of implementation before the negotiations are closed. This ensures that reforms are deeply rooted and irrevers-

ible, fostering stability and reducing the risks of illegal immigration and infiltration of criminality' [Commissioner Füle, 2013].

These developments indicate that the new regional cooperation landscape has been constituted with the strong support of external forces but that the process also encompasses the growing impact of operating principles of regional ownership and leadership. It has been a long journey towards stability and the growing European integration agenda of the region since the Dayton Agreement and the EU-Western Balkans Thessaloniki Summit.