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WESTERN BALKANS: DRIFTING AWAY FROM EUROPE?

Talking Points by Majlinda Bregu, Secretary General of the Regional Cooperation Council

- Europe is Back! This message caught my attention when the first exit polls of the European elections came forth. These elections were clearly a battle between the pro-European forces and its populist, Eurosceptic or even anti-European challengers. The highest turnout in the last 25 years suggested that pro-European voters were more motivated than before, and a solid pro-European majority was consolidated (over 500 seats — out of 751).
- This is a great news for an EU that in the last decade "seemed to be moving from one emergency to the next", and that "has taken the eyes off more profound long-term challenges". How the European Union copes with its immediate problems in the next couple of years will determine how the continent will fare in the decades to come. In this respect the results of the elections are a good start towards a greater, stronger and more united EU.
- Now it is the responsibility of these majority of pro-European parties, to show the power of Europe, and progress the geo-strategic investment in peace, stability, security and economic growth in the whole of Europe, WB included.
- WB' European perspective gained on momentum in 2018 and the EU's enhanced engagement with and commitment to the region over the last year is already yielding concrete and significant results. All WB economies have continued with their reform agendas. North Macedonia reached a historic agreement with Greece resolving a 27-year old name dispute whilst Albania is pursuing a major transformation of its justice system, including an unprecedented re-evaluation of judges and prosecutors.
- This positive momentum calls for the Union's concrete and swift action, by rewarding the progress achieved and open the accession negotiations with both countries. In the words of the 2019 Enlargement package *"A tepid response to historic achievements and substantial reforms would undermine stability, seriously discourage much needed*

further reforms and affect work on sensitive bilateral issues. Strategically, it would only help the EU's geopolitical competitors to root themselves on Europe's doorstep".

- It's not new, the sense of disappointment in the region, that 16 years from the Thessaloniki summit only 1 country has managed to become a member state. We want to see our region fully integrated in the European Union. Just as WB must realistically show their commitment to join the EU, through addressing vital reforms and complete the political, economic and social transformation, so the EU Union must live up to its commitments and define a clear path for the WB membership.
- The long waiting in Europe's waiting room has significantly affected our region. UN estimates that by 2050 the WB could lose 14% of their current populations. Brain drain is particularly concerning, since it overwhelmingly includes young and highly-skilled workers and professionals. Unsurprisingly so: youth unemployment rate (over 35%) is more than double that of the EU. One third of young people do not feel the education system prepares them for the labour market. Many of them cite corruption, cronyism, and a political situation, burdened by decades-old topics, as their reasons for leaving or wanting to leave.
- To change this and reverse the negative trends it is not enough to simply tick the boxes for the sake of bureaucratic processes and quantitative benchmarks. Cosmetic changes do not suffice, and neither will economic growth be based on short-term, unsustainable boosts, or precarious, low-paid jobs. We must **strive to implement tangible, irreversible, structural reforms which bring the WB closer to the EU standards, and thus genuinely improve the citizens' lives.**
- The work of the **RCC is therefore aimed precisely at facilitating a wholesome transformation of WB economies**, through the implementation of MAP REA. And the results have indeed been encouraging, particularly with the deliverables which will be presented at the Poznan Summit of the Berlin Process.
- The **strides made forward in terms of digital integration and mobility represent real approximation to the EU standards.** They have been hard-fought battles, but the political will nevertheless prevailed, and **tangible results will show almost immediately and bring about significant socio-economic benefits.** They will be buttressed by other efforts across a number of fields – such as investment, judicial and security cooperation, sectoral and sustainable development, social integration.

- There are certainly **real results stemming from regional efforts**. Targets for 2020 in employment, education and trade balance have been either met or exceeded. The positive effects have been recognized by regional citizens – the Balkan Barometer survey records a steady rise in people’s satisfaction with the way things are in their economy. Support for regional cooperation and European integration is at an all-time high.
- The picture is of course far from being rosy, and **serious challenges remain**. Convergence is still far off, and bilateral issues often threaten to overshadow reform initiatives. **Nevertheless, we should not lose sight of good reasons for optimism and continued determination**.
- However, the enlargement process is evidently not only about the progress which WB economies make. It is also inseparably linked to processes and developments within the EU itself.
- In one way or another, the EU today is being challenged. Its values of democracy and freedom have somehow become a matter of debate among the Member States themselves, and among the people who have in large numbers been turning to populist, isolationist political alternatives. The Brexit drama can perhaps be seen as a culmination of a process of European nations re-evaluating who they are and what they stand for.
- However, the EU cannot assume that business as usual will provide stability in WB. It should take a much more political and strategic approach in the region. **EU must be ready to realistically make the Western Balkans its geopolitical priority and to shape the political conflict in WB as a struggle for or against Europe**. This approach will help maintain stability and influence in its own troubled backyard.
- **Let us be very clear on the costs of non integration. What are the consequences of giving in to the enlargement fatigue and of tolerating the attempts to undermine European values?** Not providing a credible perspective to the WB has real potential to slow down reforms and open space for politicians to instead mobilize their supporters around populism, xenophobia, nationalism and inflammatory rhetoric.
- Moreover, losing sight of the European horizon opens the doors to influences of other players. Instability or foreign influence at a European doorstep would certainly not be a geopolitical win in an increasingly unpredictable international situation.

- Several concerns were raised that some countries in the region were borrowing heavily from China¹ and Russia to pay for infrastructure and raising the risk of long-term damage to their fragile economies².
- As many Europeans today, WB citizens also ask themselves to what extent their democratic choice is undermined by these actors' money and disinformation campaigns which help populist parties score high in elections.
- Populist messages can become very easily attractive when the institutions have a hard time coping with the society's concerns and new challenges, and fail to look beyond their own narrative.
- Obviously no one is trying to prevent WB economies from nurturing good relations with any world players or states; **however, we must at all cost avoid any destabilizing anti-democratic or populist forces to take root in the region. Western Balkans belong to the European value-chain, and must remain firmly on the path of democracy, freedoms, individual rights and sustainable development.**
- It will serve also to encourage others who have perhaps showed more of a stagnation that there is an end of the road in sight. If the EU is committed to a common future, and the WB economies are as well, **there is no reason for the integration process to be limited and halted.**
- Firstly, **dialogue and negotiations can continue apace**, with anticipation of the moment when benchmarks are fulfilled. **Strengthened ties between the EU and WB**

¹ The 2019 Munich Security Conference report: China's economic outreach in the Western Balkan region poses risks for the EU, notably in terms of increased reliance on Chinese loans.

The report, contains a special chapter on the Balkans in which the focus falls on the increased influence of non-European powers, notably China and Russia, at a time when EU membership prospects for non-member ex-Yugoslav states are dimming. It underlines the indebtedness of four Balkan countries in particular to Beijing, with Montenegro leading in terms of the percentage of its external debt owed to China – 39 per cent of total external debt. A loan of 809 million euros to build the first stretch of a highway to Serbia has sent Montenegro's debt level soaring to 80 per cent of its GDP, raising concerns about China subjecting Montenegro to what the report calls "debt-trap diplomacy". North Macedonia ranks second in relative indebtedness to China. A fifth of its external debt comes from loans from China. It is followed by Bosnia and Herzegovina and Serbia. They owe 14 and 12 per cent of their total foreign debt to Beijing respectively.

² Enlargement commissioner Johannes Hahn concerned at level of borrowing from Beijing.

<https://www.ft.com/content/4ba18efa-377b-11e9-b72b-2c7f526ca5d0>

and their active and consistent engagement can only contribute to spreading the European sentiment and accelerating the learning process.

- Secondly, we have seen the **important accomplishments and benefits of regional cooperation. Integration into REA is a win for everyone.** Intra-regional connectivity increases trade volumes, enriches the labour pool and provides greater employment opportunities, makes the region more attractive to FDI. It also nurtures good neighbourly relations and encourages mutual learning and exchange of good practices among economies faced by similar challenges. **The upward trends in economic indicators as well as public perceptions surveys showcase the benefits of MAP REA implementation.**
- Moreover, **the exercise in regional integration is likewise an exercise for the future integration into the EU.** Finding common ground, developing consistent mechanisms of cooperation and committing to regional standards bring the region closer to the EU standards and will thus make the eventual transition into the common market easier.
- In other words, regional integration is not an alternative to the EU integration, but a welcome and highly beneficial process in the meantime. It does not absolve the EU of real and credible commitment and enlargement perspective, or the WB economies of fulfilling the *acquis* requirements. The accession of countries of the region to the EU is interdependent and will progress faster if they help each other in this challenging process.