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From:	European External Action Service
To:	Delegations
Subject:	Non-paper: EU reinforced engagement in the Western Balkans

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Delegations will find attached a revised version of the non-paper on the EU reinforced engagement in the Western Balkans ahead of May FAC discussion.

## NON-PAPER: EU REINFORCED ENGAGEMENT IN THE WESTERN BALKANS

### A special place in Europe

1. The importance of the Western Balkans for the European Union and the region's **clear European perspective** are **fully and unequivocally re-affirmed** by the Council, the European Commission and the European Parliament at regular intervals, including by the EU Member States at the EU-Western Balkans Sofia and Zagreb Summits in 2018 and 2020<sup>1</sup>. The Western Balkans are **an integral part of Europe**, geographically surrounded by Member States and **their future lies within the EU**.

2. **Integrating the Western Balkans is in the EU's political, security and economic interest** as a geostrategic investment in a stable and thriving Union. Indeed, the economic and demographic effect of full integration would be far smaller than from previous enlargement processes; the region's GDP is less than 1%, and its population around 4% of that of the EU<sup>2</sup>, yet the **geopolitical benefits for the EU would be significant**. Thirty years after the breakup of Yugoslavia, the unification of the continent has become a **political imperative** for the EU. Reaffirming the strength of the European project, demonstrating the EU's ability to shape its continent around its values and standards, strengthening the EU's strategic autonomy and presence, in particular in multilateral settings, and preserving its immediate neighbourhood from opposing external influences, are key geo-political priorities, and merit a political re-focus on the region as a whole.

3. The Western Balkans are **clear in their aim to become full EU members; they do not want to settle for enhanced economic, trade<sup>3</sup> and financial cooperation** only. Any suggestion of an **alternative path** is perceived as an **unhelpful distraction** from the intense work needed to realise the vision of a united, strong and prosperous Europe. Their political, social and economic systems are being transformed to meet their EU ambitions<sup>4</sup>. Implementing the necessary reforms requires extraordinary political leadership, bringing together in an inclusive manner the different strands of society and of the political spectrum.

4. Today, we need to acknowledge that despite the steadfast commitment to EU integration, and the **unprecedented levels of EU financial and economic support** – including to face the COVID-19 pandemic - the people in the region are experiencing a **sense of deep disappointment** in the enlargement process. Key factors are: the lack of decisive steps for Albania and North Macedonia after the March 2020 Council decision to open accession negotiations; the slow pace of progress in the EU path in Serbia and Montenegro, in the implementation of the key priorities for Bosnia and Herzegovina, and of the

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<sup>1</sup> The 2018 Sofia Priority Agenda, containing concrete measures for enhanced cooperation, including a strong security component, has largely been implemented, as have the elements from the Zagreb Declaration, in areas such regional economic cooperation, migration, COVID-19.

<sup>2</sup> Source: Eurostat. The Western Balkans has a population of about 18 million (BiH 3.5m, Serbia 7m, Montenegro 0.6m, Kosovo 1.8m, Albania 2.9m, North Macedonia 2.1m).

<sup>3</sup> The EU is the leading trade partner for all of the Western Balkan partners, accounting for almost 70% of the region's total trade (China 6.5%, Turkey 4.6%, Russia 4.3 %). The region's share of overall EU trade is 1.4%. Trade with the region has grown by almost 130% over the past 10 years, with the total trade between the EU and the Western Balkans reaching €55 billion in 2019. This trade expansion has benefitted both the EU and the region. In the last 10 years, the region increased its exports to the EU by 207% while EU exports to the region increased by 94%. EU companies are by far the leading investors in Western Balkans, accounting for over 65% of FDI stock in the region in 2018. FDI from China and Russia combined is around 5%.

<sup>4</sup> The concrete steps and needed reforms are spelled out in the periodic Commission reports, based on the benchmarks and criteria set by EU Member States and discussed in the European Parliament, as well as in the Stabilisation and Association Agreements (SAAs)

Stabilisation and Association Agreement in Kosovo<sup>\*</sup>; and the uncertainty regarding the Belgrade-Pristina Dialogue. A perception of tardy EU delivery of the COVID-19 vaccines<sup>5</sup> has further fed a narrative of disillusionment.

5. The widespread perception in the Western Balkans is that the **prospect of accession is receding**, and that European aspirations are lost under a complex set of conditions and procedures that keeps the Western Balkans locked into a Sisyphean destiny. Despite the prevailing negative perception, public opinion is, across the region, still largely in favour of EU accession, albeit in various proportions. In the perceived absence of an **EU integration process**, which would provide the broader space for the **coexistence of a plurality of national identities**, **exclusionary nationalistic rhetoric and politics** are regaining momentum.

6. The main challenge lies in the Western Balkans' ability to meet standards and obligations deriving from membership, and in the EU's effectiveness and assertiveness in supporting needed reforms. **Full membership** requires efficient political and economic governance, highest standards of adherence to the rule of law, and the ability to meet obligations deriving from EU treaties and legislation. Hence **the focus on the fundamentals, including the rule of law in the new enlargement methodology**, and the extensive assistance provided by the EU to accompany the transformation of the societies. Yet, **with the offer of EU membership**, the EU has at its disposal the **most powerful transformational political tool**; it is a comprehensive approach **complemented by sectoral, security and defence cooperation** and brings a considerable proportion of EU financial and technical assistance.

7. It is important **to sustain the highest level of political engagement** with the region, to unleash joint potential, to work as real partners in addressing global challenges and to shape together a joint future within the EU through urgent and concrete action. Bearing in mind the depth and complexity of the transformation required, it is important that the **benefits of the process can be progressively felt and incentives remain visible**. In this regard, the new enlargement methodology has already built in elements of acceleration, early integration opportunities, renewed dynamism and more political inter-governmental work with EU Member States.

8. Furthermore, when the EU looks at its place in the world and in the **multilateral international system**, our friends and allies in South East Europe offer welcome support and help strengthen the pursuit of a rights-based agenda. CFSP alignment is at 100% for some Western Balkan countries, yet stagnates between 55-70% for others. When the EU is not actively and visibly present in the region, the leaders turn elsewhere and political space is left to those with different and often competing interests to those of the EU. Increasing the region's resilience is key to **strengthening the EU's strategic autonomy**, and its ability to project stability in its immediate vicinity, especially as regards **new global security challenges, hybrid threats, including disinformation campaigns and cyber-attacks**.

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<sup>\*</sup> 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.

<sup>5</sup> The COVID-19 pandemic has acted as an accelerator of geopolitical trends and challenges, highlighting the necessity of a close partnership between the EU and the Western Balkans for the effectiveness of our joint response on the continent, demonstrating how the Western Balkans look first and foremost towards the EU. At the start of the pandemic, the EU treated the partners in a privileged manner, giving them access to a number of initiatives normally reserved for Member States. It is important to remain firmly committed to helping the region also in the aftermath of the pandemic as regards economic recovery and improving the living standard of the population. To this end, the Commission put on the table a significant Economic and Investment Plan for the region in October 2020.

9. The region has already taken additional steps to advance convergence with the EU and to "build back better", including actions for a **green and digital transformation and protection against environmental degradation**, which will in turn contribute to the EU's own economic recovery and sustainable development. The EU supports such actions with significant funding through the Economic and Investment Plan for the Western Balkans, launched by the Commission in October 2020.

### **Elements for reinforced EU engagement in 2021**

10. 2021 is a year that offers good prospects for concrete and significant progress: four of the six Western Balkan partners held parliamentary elections in the last 10 months and Albania will follow in late April 2021. Also with newly elected parliaments and governments in place, the EU and the Member States should **jointly push for the acceleration of EU-related reforms**, in particular in the area of **rule of law**, as well as for inclusive regional cooperation and sustainable economic recovery, **to keep the region firmly on the EU strategic track**.

11. Strengthening **good neighbourly relations** is of utmost importance. Further and decisive efforts to finding and implementing definitive, inclusive and binding solutions to partners' bilateral disputes and issues rooted in the legacy of the past<sup>6</sup>, address **remaining outstanding issues** and work on much needed **reconciliation are urgently needed**. EU high-level political engagement can in this regard be helpful.

12. In the Western Balkans and also within the EU, progress on EU integration will continue to require cross-party consensus, intra-governmental and intra-parliamentarian cooperation to drive the accession process forward and avoid its negative polarisation. The role of the **European Parliament** is important in this regard.

13. **Presence, visits, joined-up action with missions / embassies / delegations on the ground:** a strong EU presence is the best way to prevent the Western Balkans from drifting away. Representatives of the EU institutions will continue to welcome Western Balkans counterparts and stakeholders in Brussels, and travel to the region, COVID-19 circumstances permitting. Regular visits by the leaders and foreign ministers of the Member States are equally important and needed under a common **approach**, coordinated with EU Delegations, the EEAS and the Commission. Regular EU-Western Balkans summits and intensified ministerial contacts will also help to strengthen political and policy engagements.

14. Continued engagement of the EU and its Member States remains crucial to use all tools at hand to promote the EU's policies in the region and a more positive narrative of the Western Balkans in the EU. Pursuing a **coherent and articulate public diplomacy and strategic communication** in this regard is key, both towards the partners as well as towards EU citizens.

15. The HRVP will facilitate the continuation of high-level meetings under the **Belgrade-Pristina Dialogue** and presides all Western Balkans Stabilisation and Association Councils (SACs). COVID-19 circumstances permitting, HRVP/Commission visits in the region are envisaged, as are enhanced engagement at leaders' and FMs level, including at the SEECP and Berlin Process and the next EU-Western Balkans Summit during the Slovenian Presidency.

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<sup>6</sup> <https://www.consilium.europa.eu/media/43776/zagreb-declaration-en-06052020.pdf> - Zagreb Declaration

16. EU Member States should agree to advance cooperation on **core security issues** with more determination and in a systemic way, including at operational level. A closer partnership and cooperation in the areas of **CSDP/CFSP**, building on the work done under the **Sofia Priority Agenda** is important. Work is ongoing to examine the possibilities for enhanced joint action on hybrid threats, including disinformation; cooperation on intelligence, space issues, defence procurement, PESCO, defence and security sector reform, and military mobility to ease the access of civil-military assistance to the region in case of pandemics and natural disasters. EU Member States have a particular role to play in addressing jointly with the partners issues related to irregular migration, fight against organised crime and illicit trafficking.

17. Further enhancement of **political dialogue and partnership on CFSP-related issues** is needed to consolidate our substantive interaction with all partners in the region. Joining the EU is a choice that requires sharing the principles, values and goals the Union seeks to promote in its neighbourhood and beyond, including reaching full alignment with the CFSP, and refraining from any actions contrary to it. To **deepen the existing notion of progressive alignment**, we should combine our expectations for adherence to EU statements, positions and restrictive measures (value-based cooperation) with a stronger issue-based cooperation on common initiatives, building alliances in relation to global governance in areas such as climate change, digital, artificial intelligence. The EU's clear objective is thus to reinforce engagement, cooperation, partnerships with the Western Balkans in the **multilateral dimension**, corresponding with and building on the broad objectives outlined in the Joint Communication on multilateralism<sup>7</sup>.

18. With the new enlargement methodology, sufficient progress by Western Balkan partners on agreed reform priorities should clearly lead to **closer integration with the European Union and phasing-in to individual EU policies, the EU market, EU programmes and EU Agencies**. Particular attention should be paid to unleashing the significant economic integration potential and removing technical barriers to trade, while ensuring a level playing field. This builds on the approach reflected in the Commission's February 2020 Communication, endorsed by the March 2020 Council Conclusions<sup>8</sup> on **enhancing the accession process**, by providing tangible incentives of direct interest to citizens. In this new context the Inter-Governmental Conferences for negotiating countries and the Stabilisation and Association Councils will provide an opportunity for **political dialogue** on reforms, for stronger monitoring of progress, and to address aspects of accelerated integration. The creation of a common regional market, as agreed with the WB partners, is an essential element for the development of the region. The deepening of the regional economic integration, based on EU rules and standards, and the political reforms will open new economic opportunities and make the region more attractive for investments, underpinning political reforms with much needed economic dynamism.<sup>9</sup>

19. Beyond the core EU-Western Balkans relations and engagement, the special role of candidate countries and aspiring candidates would also warrant associating the region to **EU strategic reflections**, such as the **Conference on the Future of Europe**, which would give

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<sup>7</sup> [https://eeas.europa.eu/sites/default/files/en\\_strategy\\_on\\_strengthening\\_the\\_eus\\_contribution\\_to\\_rules-based\\_multilateralism.pdf](https://eeas.europa.eu/sites/default/files/en_strategy_on_strengthening_the_eus_contribution_to_rules-based_multilateralism.pdf).

<sup>8</sup> The highest level political steer is needed to work on the swift implementation of the new Economic Investment Plan (EIP) for the Western Balkans. <https://www.consilium.europa.eu/en/press/press-releases/2020/03/25/council-conclusions-on-enlargement-and-stabilisation-and-association-process/>.

<sup>9</sup> <https://www.consilium.europa.eu/media/43776/zagreb-declaration-en-06052020.pdf>

partners in the region additional positive impetus in advancing the European agenda. Further work will be undertaken to flesh out possible actions in this regard.

20. The new **US administration's intent to work on strengthened EU-US joint action** in the Western Balkans, in addition to consolidating NATO's role in the region and their support for the EU perspective of the region, offers the right momentum to show case that we can deliver on a joint agenda. In parallel to promoting NATO's engagement, the US' foreign policy in the region **is based on the premise that the EU will consolidate the unity of Europe and integrate the Western Balkans.** The US actively supports this process and the underlying reforms, but it also expects **the EU to lead and deliver on this vision.** The HRVP intends to work closely with the US Secretary of State and his team on the region.

### **Looking ahead at the region**

21. In the coming period, work will continue jointly, based on firm messaging and action, using our political leverage to the full, both bilaterally and regionally, including through established regional fora. Using the Stabilisation and Association process in full is also crucial.

21.1. In **Bosnia and Herzegovina**, progress on the 14 key priorities from the Commission Opinion is essential to move the country decisively from Dayton to Brussels. This year - as a non-election year - provides the opportunity to give a new impetus to the country's EU path, by pushing forward key reforms, which would contribute to **improving the functionality of the country**, starting with electoral/constitutional reform. The EU will work towards this end, including through its EU Special Representative in BiH, as well as with the US and other partners.

21.2. For **Albania** and **North Macedonia**, **the EU accession process itself** has provided the strongest incentive for reforms and as such, more democracy, stability and prosperity for the respective populations. **It is now key that accession negotiations are launched as soon as possible and move forward, alongside maintaining the momentum of reforms in the two countries.**

21.3. The ongoing EU integration processes for **Serbia** and **Montenegro** need to be accelerated. The two countries need to increase the dynamism in their reform agenda, particularly on rule of law and governance, and to consolidate their geopolitical orientation. More political investment is needed to this end.

21.4. Considering that both governments in **Serbia** and **Kosovo** have now leaderships with solid political mandates from their electorate, they should **seize the opportunity to reach a comprehensive normalisation agreement.** Neither has time to lose. Strong support to the HRVP and the EUSR requires the enabling environment to continue the EU facilitated Dialogue process. Progress on **visa liberalisation for Kosovo should be treated as a matter of urgency by the EU Member States.** Kosovo should make determined reform efforts based on the implementation of the SAA and progress in the EU-facilitated Dialogue to enable Kosovo to advance further on its European path.

### **Working together**

22. **The EU can only succeed if it works as one**, with a multiplicity of tools and substantial resources but with one strategic objective: working together on a common future,

anchoring the Western Balkans firmly to the EU. The work at institutional level will be done jointly with all Member States and all relevant EU institutions, including our EU Delegations and CSDP missions on the ground.

23. The HRVP and the Commission will revert to the Council regularly on this joint undertaking in the course of the coming year.