



Regional Cooperation as a Driving Force for Economic Growth and Stability

Outcomes and Recommendations of the Regional Conference 4 November 2014

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Outcomes and Recommendations of the Regional Conference

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Conference Recommendations

1. Regional activities and conferences contribute to the future of the region and to strengthening of the cultural diplomacy. Intensification of regional activities, conferences, academic and cultural events will enable the opportunities for getting closer to each-other and communicate through sharing practices and experiences, lessons learnt and knowledge.
2. Reconciliation and inclusiveness are necessary steps to fulfill regional integration as the premise to European Integration.
3. Fulfillment of EU membership criteria, above all strengthening rule of law as the most important criterion to achieve other objectives. Strengthening rule of law contributes to economic growth. Fight against corruption and economic informality, and others, reduce the transaction costs, and increase the efficiency of investments.
4. The creation of a Balkan model of economic cooperation, based on the previous successful models of regional cooperation. The creation of an economic center will enable these countries to connect with other large and influential economic centers, such as the European Union. The establishment of regional coordination offices will be one of the further steps for better coordination of policies and cooperation between countries of Western Balkans.
5. The economic development and political will are strongly interconnected and will not only foster regional cooperation but will also bring long term peace and stability in the region.
6. Improvement of infrastructure is one of the main tools to connect the region and bring its countries and citizens close to each-other.
7. Advancing four economic freedoms of goods, capitals, labor and services, is at the center of economic cooperation.
8. Economic policies based on patriotism and nationalism should be avoided as harmful as they create obstacles and trade “war” for various goods between countries.
9. The need for economic convergence between countries of Western Balkans at the level of development policies. European Integration must be considered not as an annex but as a as a complementary mechanism for the economic development.
10. Kosovo-Serbia dialogue, as one of the most important issues of the regional relations, should be intensified. The recognition of the reality of Kosovo by Serbia is another step forward that further promotes closer cooperation and regional integration of Western Balkan countries.
11. Civil society organizations, as promoters of peace, dialogue and European Integration should be supported by European Union, regardless of attitudes of local authorities toward the civil society actors.
12. Civil society must actively cooperate in the region and be a strong alternative on supporting regional initiatives and focus on defending democratic functioning of institutions to defend prin-

cipals of liberal democracy.

13. The fight against terrorism should be, also, the focus of civil society of the Western Balkans, because of the rise of fundamentalism, participation of foreign fighters from the region to the war in Iran, Syria, and the risk of their return. This fight should be addressed at all levels, in education, prevention and rehabilitation, and through raising awareness as well. It requires a regional approach and an inter-institutional continuous engagement.

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Foreword



Frank Hantke

Director, Friedrich Ebert Stiftung, Tirana Office

The European Union is a region of neighbourhood

The Friedrich-Ebert-Stiftung is working in all Balkan-countries since the 90ies. From the very beginning of our cooperation-work one of the most important targets was the support of building good neighbourhood. There were two important reasons. The first reason was to help the countries to overcome the war times in a peaceful way and with auspicious perspectives. The second reason was to support the economic and social cooperation between the neighbour-countries since there are a lot of good experiences in the EU from the scratch on.

Starting good neighbourhood – The beginning of the European-Union-project

Only few years after the World-War II politicians and economists of the two former enemy-countries France and Germany started a very ambitious project – based on mutual economic reasons. Later this became – step by step - the European Union, which is still based on the same perception: countries which have trade and common economic and social interests don't shoot to each other. So the EU became the first alliance which was not based on military reasons but on social and economic ones. Today the younger generations in the EU cannot even imagine that Europe before was the area of most wars and the cradle of world wars. French, British, Danish, Polish or German citizens became friends and the EU became the most important framework for peace, stability and welfare. Of course not everything is solved in the best way and of course there are still many obstacles to cooperate even closer. The EU remains a project for Europe – but it some when has to be fulfilled. But this only will happen with the countries of the Balkans.

Common responsibility – The EU together with the Balkan-states

From this point of view both sides – the EU-countries and the Balkan-accession-countries – share the same responsibility for a common peaceful and wealthy Europe. Based on the good experience

of the northern and western European countries there also should be a way for the Balkan-countries to cooperate with each other and even to have friendly contacts. Like in the 50ies the western-Europeans did, the Balkans should start to intensify their bilateral and multilateral business and trade as a starter to become good neighbours. This would decrease distrust and even former antagonism. At the same time there would raise economic and social integration. Both capabilities – decrease of antagonism and raise of integration – are preconditions for a future membership in the EU.

A common task – EU-accession is not a duty for politicians but for citizens as well

As we learned from the beginning of the EU, the integration cannot be mastered only by politicians. In contrary, it was necessary to motivate the citizens of the states for integration. They became the engine of the European project. Beside the trade and the common business on many fields there were developed a lot of interexchange-programmes for citizens starting with the youth. But there also was the idea to organise an active participation of the civil society on political processes – not only as casual bystanders but as competent and wanted co-actors. These ideas also were mentioned as important factors for integration on the Western-Balkan-Conference in Berlin.

This conference “Regional Cooperation as a driving force for economic growth and welfare” is one of many necessary and important steps for a corporate integration process of the Balkan countries. We need more trustful cooperation and less competition among each other.

**Agim Nesho**

President, Albanian Council on Foreign Relations

Enhanced regional cooperation between the Balkan countries is key to their European integration and economic development of these countries. The international community has always been present and paid special attention to the region. Their assistance is constant to support the economic and financial development as well as to enhance functional democracy. The last Conference on the Western Balkans, held in Berlin on 28 August 2014, initiated by Chancellor Merkel, is a new impetus to achieve our major objective - the final accession into the European family.

Still, the Western Balkans remains the last geographical region to become part of the European Union. Apart from Croatia who became an EU member country in 2013, Montenegro has successfully concluded the screening process for all negotiating chapters and twelve negotiating chapters have been opened, while Serbia has formally started the accession negotiations. Macedonia is a candidate country since 2005, and Albania a newly one. Bosnia and Herzegovina seems to be the country that lags behind; while Kosovo's unresolved international status still remains a cause for discussion. The EU accession of Romania, Bulgaria, Slovenia and recently Croatia may serve to encourage the remaining Balkan states to pursue their transformation process and further their EU integration path. Therefore, it is imperative to extend and strengthen regional cooperation at all levels as a mean to reach stability in political and economic terms. Strengthening rule of law in the countries of the region through enforcing the functioning of independent democratic institutions, respecting the market economy, human and fundamental rights, introducing the values of democratic norms of the European Union, is the main objective that will contribute to creating a network of countries that operate with the same standards and aspirations.

The common denominator of Western Balkan countries is that internal problems have always impeded the process of their integration to Euro-Atlantic institutions. What is preferred by international community is that the region shares the same vision on the need for their integration to EU and possibly operating with the same speed. Western Balkan countries prior to their EU integration must reach their internal regional integration. In fact, the Balkan states have been working for years to move closer to EU, introducing

new legislation to meet EU standards, and generally trying to meet EU requirements as fast as possible. Without this prospect the modernization and reform processes in many of the Balkan states and regional cooperation as a whole, would have been even slower and above all, the stability of the region would have been more fragile as well. For this reason, it is also the duty of Western Balkans to generate ideas, to consider new initiatives and to put into practice achievements of previous initiatives as their integration becomes reality. Regional integration will bring these countries closer and facilitate their integration process. An intensive and deeper regional cooperation between Western Balkans is of utmost importance not only for the successful achievement of their EU integration process and the fulfillment of accession criteria but also for the generation of ideas to enhance closer regional cooperation.

Program of the Conference

10.00 h	Welcoming remarks, Agim Nesho , President of ACFR Key Note Speaker, H. E. Mr. Ilir Meta , Speaker of Parliament H. E. Ms. Romana Vlahutin , Head of EU Delegation to Albania H. E. Mr. Hellmut Hoffmann , Ambassador of the Federal Republic of Germany to Albania Remarks, Professor Rexhep Meidani , Former President of Albania
1st Panel: Regional Integration as a Premise for European Integration	
10.30 h	• Ambassador Željko Perović, Director General, Ministry of Foreign Affairs and European Integration, Montenegro • Mr. Arber Vllahiu, Chief of Staff of the President of the Republic of Kosovo • Professor Stevo Pendarovski, Macedonia • Dr. Dušan Janjić, President of the Executive Board, Forum for Ethnic Relations, Belgrade • Mr. Srdjan Dizdarevic, President of Human Rights House, Bosnia and Herzegovina • Discussions Moderation: Frank Hantke , Director, FES
12.15 h	Coffee Break
2nd Panel: Rule of Law, Economic Growth as Essential Criteria for Integration	
3rd Panel: Civil Society as an Important Actor for the European Integration	
11.30 h	• Professor Abdylmenaf Bexheti, Macedonia • Professor Adrian Civici, President of UET University • Ms. Elvina Jusufaj, Executive Director, ACFR • Dr. Zef Preci, ACER • Mr. Ardian Hackaj, Shteti Web • Discussions Moderation: Professor Arben Malaj , Institute for Public Policy and Good-Governance
13.15 h	Conclusions of the Conference Professor Rexhep Meidani , Former President of Albania



H. E. Mr. Ilir Meta

Speaker of the Parliament

Republic of Albania

I would like to thank for the invitation Ambassador Nesho, as I always call him. I would like to express my pleasure to be here in this significant forum, with the honorable former President, Professor Rexhep Meidani, with honorable representatives of the majority and opposition, representatives of the Ministry of Foreign Affairs and other institutions, with a lot of ambassadors representative of the European Union, Germany and other countries as well as partner organizations and honorable representatives of civil society.

I would not be long, because this is a much discussed theme during all these years, and what is needed and was clear from the Berlin Conference, is that we now need a more concrete cooperation in some strategic axes, which turn into necessity the regional cooperation to benefit not only more peace and stability but also to generate more wealth and prosperity for all the citizens of our region, regardless of ethnicity.

There is no need to turn back 100 years ago to understand the importance of stability, because we all know what happened 100 years ago in the Balkans, and across the continent. No need to go back even 15 or 17 years ago to understand how important and necessary is peace and stability, or even three weeks ago to see how a football match can reverse the rhetoric of the past. This means that in so long a lot is done for stability, peace and integration in the Balkans considering that some countries are now EU candidate members, including Albania, Serbia, Macedonia, and Montenegro. Undoubtedly, Bosnia-Herzegovina and Kosovo belong to the European Union - this is clearly defined – without mentioning Croatia, the newest member of the European Union from our region, the hope that this process will continue with other countries.

But it is necessary to understand that we do not simply need political stability in the Balkans, just to avoid the fight. This will now be a minimum requirement for all our countries, our societies, for our peoples, for our citizens and political, social and intellectual elites of these countries and the whole

region. I think our today's challenge is how we can transform this regional cooperation into a strong impetus for the economical development and social and economic progress of the whole region.

We live in a globalization process, but I would like to emphasize that today's world economy is regional before being global. And in this regard the creation of a more effective cooperation and a more conscious concept in all our countries to strengthen the economic dimension of the region as a whole will help us strengthen the economic dimension and perspective of each of our countries. We must not be foresighted and have short-term interests but aim for the longer term to enable the region establish confidence as a safe region, with peace and stability, through a more active, concrete and pragmatic cooperation to enable the firm belief that not only security is indisputable but also is a business friendly region. What I am referring to are big investors, who consider each of our country as a very limited market for investment, while emphasizing that the economy is primarily regional, taking into account that there are other much larger, much more attractive and striking regions regarding investments and foreign capital in other parts of the world.

We need this understanding and solidarity so that we can benefit the most out of our countries and our citizens, because if we continue to deal with the past history we will demonstrate that we are unable to learn from what has happened 100 years ago and from what happened 15 years ago or from those emotions that erupted a few weeks ago at a football match where politics is tempered more than players and fans. I say this because our responsibility is towards our children in the first place, toward the generations who want to live better and in indisputable peace, as it is certain that economic underdevelopment will turn back the region, will increase frustration, will awaken ethnic problems, will inevitably lead us to conflicts. All of these are very related to each other because history, the issue of borders and the issue of space that could belong to a nation or another, I think are resolved issues in the Balkans, because every nation in the Balkans is somewhere in a state majority and somewhere minority.

And there is no solution to any nation except that all of us respect the boundaries and all of us respect minorities to the same European standards. This is the only way that has solved and will definitely solve the future of this region. That's why I emphasize that regional cooperation should be now utilized not only to guarantee a minimum stage of political stability in the sense of avoiding conflicts and endangering peace, but also in the later stages of a more advanced economic and regional development. The Free trade agreement (CEFTA), obviously was only an instrument which is insufficient if not advanced into a regional investment agenda, which was emphasized in the Berlin Conference some months earlier. In this regard I would underline the importance of the EU financial instrument for the promotion of these investments, which I hope to be even more effective in the future and of course it is important to develop those corridors that create a more stable basis for faster development across the region and free movement of goods, people and capital. Especially in our case I would stress the importance of advancing more specifically Corridor 8 or even "Blue" Corridor. I want to express satisfaction with the progress of recent years related to interconnections lines, as the existing one between Albania and Montenegro, Albania and Kosovo and hopefully in the future, between Albania and Macedonia. This cooperation is useful not just to our country but also beneficial to the entire region and, I would like to especially thank the KfW for the extraordinary assistance to support regional programs, energy in particular, as well as the progress towards the fulfillment of TAP or IAP, which will give another dimension to regional cooperation, but also new opportunities to the economic development in our countries. In the field of tourism, there is absolutely much more to be done in this regard, towards providing a regional touristic package, as well as in the field of industrial and regional parks a more thoughtful thinking is needed in the future. This region will be competitive only if business practices are harmonized between our countries in order to create a market of over 20 million customers, capable to attract strategic investments.

Sometimes narrow interests lead to non transparent conflicts, which can return to encounters between different countries or governments. I mean some recent cases we had, not with any other country in the region, but with a very close-to-us country, Kosovo. The cases of cement and the recently emerged one regarding are cases of interest, lobbying groups in Kosovo or Albania. These issues can be resolved only through transparent policies, through discussions, through the establishment of standards which must be respected and implemented by all countries. And of course standards, while all countries are on a clear path to European integration and aim membership in the European Union are solely those. But of course if such a debate would be with another country such as Macedonia and Montenegro or Serbia, it would have other dimensions and the debate will be politicize, when in fact there are no political interests but economic interests of certain economic groups which intend to benefit or harm their rivals in the market using politics and decision-making.

How to avoid it? Only through transparency and only through the establishment of common standards, because one country's barriers to free trade will enable the rise of narrow interests of a particular group or the country itself, will create a climate of distrust and undermine the credibility of this market as a regional one with existing actors and aspiring ones with other dimensions.

I believe that history has taught us that the Balkans produces more conflict than digests. Now it is the moment to generate more cooperation in order to gain the time lost for many generations and for the region, and above all to win the future of our children. This is more important than referring to the past. The past is up to the historians. What we should do is to acquire our common European future. We are fortunate enough that all our countries our citizens aim at the European Union membership, not as an end in itself, but as an instrument to guarantee peace and prosperity for our citizens, for our societies. Let us work precisely in this direction.

Thank you for your attention!



H. E. Ms. Romana Vlahutin

Head of EU Mission to Albania¹

I am very happy to be here with you today. Thanks to the organizers.

Mr. Speaker, Your Excellency Former President.

This is for me the most natural setting for discussing these issues. We sit around the same table, have brief introductions and really then engage into a dialogue and discussion on how this region move as close to the EU, as possible, and as soon as possible.

I also sit here as kind of a crossbreed. I am head of the EU delegation but I am from this region. I was born at the shores of the Adriatic Sea, very close actually to Tirana, and it makes for me even more important the discussion that we will have here today. There is one thing that I have been in the issues of regional cooperation for many many years. But there is one issue, that I am now realizing, that for most of the Western Balkans the regional cooperation was about reconciliation, for Albania it's about inclusion. And it is a very interesting element that I am adding to this picture of the regional cooperation and what we should do with it.

The other thing from the very beginning, I remember discussions of interplay between politics and economy. For a long time there was a philosophy that if there was only economic cooperation that will by default settle all other problems. But it proved not to be the truth. What really comes before every other endeavor are political fundamentals that are laid for all other elements of cooperation, including economy. Today, we are far more advanced on these political fundamentals, and I think we have reached the stage where we can really build up, but there are still few important things to be done for growth of this region and its proximity to the EU.

The first of them is connectivity. I was born in a town which is 277 km from Tirana. It takes about

1. As delivered during the Regional Conference "Regional Cooperation as a driving force to economic growth and stability", Tirana, 4th of November 2014.

6 hours to get there, if we move with the speed of 50- 60 km per hour. Srdjan would know that to reach Tirana from Sarajevo it takes approximately the same time as going from here to Washington. When I was small, train from Zagreb would reach Belgrade in four hours. Today it takes around seven and a half - eight hours for the very same train, along the very same route. We cannot live and grow in 21st century with the speed of the 19th century. And this is, I think at the moment, the ultimate and priority for this region. What is very important is that, luckily, this is also the priority of the new commissioner for enlargement, Commissioner Hahn, and I think you will hear this word “connectivity” much more than you had, in the future. Corridor 8, Corridor 10, Corridor 5C, Blue Highway, these are things where we really have to put our brains, and or energy and money together in one part, and do everything we can to plan, not for 10, 15, 20, or 30 years, but now. I don’t think we can really waste any more time, because without this it really will be impossible, not to only have economic growth but all kind of social exchange, cultural exchange, if you wish a “civilizational” growth in what has to happen in this region.

The second thing, I think, is a priority is knowledge - built up of knowledge and mobility of knowledge. First of all, in terms of legislation or possible obstacles should be removed for recognition of qualifications, but we have to work on the built up of skills, transfer of technology, create networks of excellence. The exchange is incredibly important. I truly believe that people who share similar problems can and are in better positions to find solutions together.

The third priority is a given, and there are the EU standards. I think the EU standards are something that should be the absolute framework for everything that is done in this region and it should start from the rule of law. Rule of law is the fundamental reform in each and every country in the Western Balkans, because without it would be impossible to create a kind of trust and predictability, that is important not only for bilateral regional relations but also for the relations with the EU. All this is possible only if there is persistent political commitment. And this is why I also think the importance of the upcoming visit of Prime Minister Rama to Belgrade, is something that we have to pay high attention to. It is very important to move as much as possible, and I think closer proximity to the EU will ask and request for much more bolder moves in the future. We have to be ready for that as political communities, as analyst communities, we have to create contacts to encourage the political elites to really take the fate and the future of this region into our hands in a way that would jump steps and would make it possible for us to talk about opening of negotiations in not such a long time, joining the EU in not such a long time, and the EU really stands ready to help you in that.



H. E. Mr. Hellmut Hoffmann

Ambassador of the Federal Republic of Germany to Albania

Mr. Speaker,

Mr. Nesho,

Ladies and Gentlemen,

Why does regional cooperation among Western Balkans states matter?

The answer is pretty simple: The European Union is a system of regional integration of nation states. Such a system is only possible if and when neighbours who are part of this system or who aspire to become part of it sort out serious problems they have with one another and learn to work together in a productive way, since the entire concept of regional integration of nation states under the common roof of the European Union would otherwise be absurd.

But „Brussels“, that is to say governance through and by central EU institutions, cannot solve all problems – if the EU is to be successful, much must grow from bottom up.

People are now more aware than in the past that it was a serious mistake to admit countries to the EU which had fundamental problems with neighbours. The lesson from this is obvious: The EU must see to it that such problems are sorted out between the respective parties in an acceptable manner before accession so they are not imported into the EU with all the negative consequences this would otherwise entail. So in a sense the absence or, where necessary, the resolution of serious neighbourly problems constitutes the minimum standard.

It is not difficult to come up with a couple of issues which need to be addressed and resolved at some point in the Western Balkans, like e.g. the Macedonian state-name-issue, the Kosovo status/recognition issue, the Albanian-Greek maritime border question and more broadly the relations between Albania and Serbia. With respect to the latter one can only welcome that in a few days a first visit of an Albanian Prime Minister to Belgrade in well over 60 years will at long last take place.

But beyond sorting out old problems, what is of course desirable is *proactive* regional cooperation. Such cooperation can take place on different levels: on the state-to-state level, but also on a subregional level, the best known case being frontier regions cooperating across state borders. A good example of this is the cooperation of the subregions around Lake Constance in Austria, Germany and Switzerland, which has yielded many good practical results.

In view of the history of tensions and conflict in the Balkans the strengthening of state-to-state regional cooperation appears to be of particular importance here. There are many forms in which such cooperation can develop. What is important is that such cooperation transcends the level of the customary good sounding communiqué language production emanating from routine neighbourly visits and meetings of a great number of regional initiatives, but materializes on the contrary in concrete and tangible projects of neighbourly and/or regional cooperation.

There is no reason to fear that the expectation of such proactive action would be tantamount to forcing states into unwanted political relationships. In this connection I remember when I was with the German Embassy in Zagreb in the mid 1990s how the Croats were highly suspicious that the EU's recommendation to engage more actively in regional cooperation might be a sinister scheme to force them into a new Yugoslavia.

There are many opportunities to advance regional cooperation in the Balkans. Just think of transportation infrastructure, like the completion of the Adriatic-Ionian Highway or the rehabilitation of the run-down railway system across the region. One could also think of using regional airports in a coordinated way across state boundaries, so as to avoid a waste of resources (e.g. Ioannina airport in Greece serving 100 km away Saranda in Albania).

The Western Balkans states are small, some of them very small, which is an obvious impediment for direct foreign investment. The more effective these states cooperate regionally in diverse fields, the more attractive they become for investors, since investors will welcome anything which can help to enlarge markets.

In the political field a good example for successful regional cooperation of EU-pre-accession states is the Visegrad cooperation between the Czech Republic, Hungary, Poland and Slovakia, which has been instrumental in coordinating positions of these states.

One of the key objectives of the Western Balkans Conference in Berlin on 28 August 2014 held at the invitation of the German Government was indeed to assist the countries of the region to strengthen cooperation among themselves, i.a. by encouraging them to get together and work out project proposals of strategic regional relevance. I am pleased to note that this has led in the meantime to an examination of concrete infrastructure projects not only by these states but also by relevant EU bodies, so that there are good prospects for the follow-on conference in Vienna in August next year to take operational decisions on some projects.

In conclusion, I would say this: proactive regional cooperation in the way I have tried to describe it is in my understanding not a legal or formal requirement for EU accession, but common sense would suggest that it can help a great deal to advance much more quickly on that road.



Professor Rexhep Meidani

Former President of Albania

Opening Remarks

Nowadays, there are three basic networks with considerable weight in regional cooperation: a) *trade of communication* and telecommunications and its respective infrastructure, b) *energy and environment* and c) *media* (traditional and social one). But, we can also add two other “forces”: 1. Demography with its problems of *employment, cultural education, gender equality and human migration*; - 2. The penetrating and versatile interconnection among all countries of the region. Indeed, in this sense, regional integration, as laid out in the Berlin meeting of 28 August, is an essential premise for European integration. Some of the regional initiatives closely related with the European integration are briefly summarized in my notes below.²

2. 1. **The Southeast European Cooperation Process (SEECP)** is an initiative proposed by Bulgaria in 1996, to increase the level of security and political situation, to intensify economic relations and the interaction in the field of human resources, democracy and justice, the fight against illegal and criminal activities. The main goal was the integration of its member states to the Euro-Atlantic institutions.

2. **The Stability Pact for South Eastern Europe (SP)**. The Stability Pact was the response of the international community to the crisis in former Yugoslavia with a preventive and inclusive strategy. With the EU initiative, it was adopted on 10 June 1999, in Keln, the document of the Stability Pact, with more than 40 partners and organizations were committed to assist in the efforts of countries of South East Europe to strengthen peace, democracy, the respect for the human rights and economic prosperity, toward peace and stability in the region. The stability Pact was confirmed during the Sarajevo Summit, on 30 July 1999. In February 2008, this pact was replaced with the Regional Cooperation Council (RCC), to have a more regional vision or “color”.

3. **Central European Free Trade Agreement (CEFTA)**, is a trade agreement between former Socialist Countries of CEE, not EU members. Bosnia and Herzegovina, Kosova, Macedonia, Montenegro, Moldova, Serbia and Albania are yet not EU members. (This membership is interrupted with the EU integration.)

4. **Central European Initiative (CEI)** is a political, economic, cultural and scientific organization established in 1989. It includes 18 member countries, Austria, Belorussia, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Italy, Montenegro, Macedonia, Moldova, Poland, Czech Republic, Rumania, Serbia, Slovakia, Slovenia, Albania and Ukraine. Since the beginning, its main objective was the assistance to the countries in transition in their efforts for European integration and the achievement of a satisfied level of social economic development. In the context of the EU enlargement, CEI role is focused in its member states, not yet EU members (Western Balkan countries, including Kosovo, or other countries such as Belorussia,

1. In particular, the Stability Pact has been much hopeful. He offered high expectations for infrastructure projects; while more attention was paid to contacts and communication, interaction and idea reformation; enough time and money was spent on seminars and conferences. Also, it was there where the concept of the Balkans shifted to the concept of Eastern Europe, which became Western Balkans after the integration of Bulgaria and Romania. In this sense should be even considered “the 10 billions” declared by former European Commission President, Barroso, at the time when joint projects are required to be supported.

- The Balkans (Southeastern Europe) integration is achieved with three different speeds. Specifically: I. Slovenia (05/01/2004 - Big Bang in Europe); II. Romania and Bulgaria (01.01.2007) and III. Croatia (01/07/2013). It would be more advisable and less problematic the joint integration of the Western Balkans at a third stage, considering the first phase of Slovenia's membership, (although Slovenia didn't like its belonging to the Balkans!) and the second one of Croatia. So, in the near future, all remaining countries - Albania, Kosovo, Macedonia, Montenegro, Serbia, Bosnia-Herzegovina - would be better to adhere together to EU. In this sense, regional integration between these countries accelerates their EU integration. That is a precondition of the latter (EU). .

- But, in view of regional cooperation and the cooperation with the EU as a whole, or its member countries in an individual prospect, other initiatives for joint regional projects should be developed. Such initiative is also the 16 + 1 one between CEE (16 countries in Central, Eastern and Southeastern Europe) and China (1) that, in total, can accomplish the realization of joint investments in an anticipated amount of \$ 10 billion. But these initiatives or similar ones, alike the Berlin meeting of 28 August, should be expanded, including other countries, e.g., Kosovo, which was represented in Berlin as *an equal among the equals*...

2. The ugly sportive event in Belgrade and its respective political reactions, demonstrate a region with nationalistic reminiscences and ethnic hatred. Hence, solutions must be found at the regional level, nurturing, above all, economic interaction, especially in regional joint projects in various areas. As such, working together will guarantee the economic growth. On the other hand, the joint fight against corruption, economic crime and terrorism is part of our efforts, not just fulfilling the integration criteria but also the needs of our own societies.

The interaction and cooperation related to law enforcement, security, peace and good understanding is very crucial. It requires a common and honest commitment in the field of security; finding the answers and the necessary solutions to the issues of concern. For example, what is the motivation of young people from all over the world, including the educated ones; or their affiliation under the banner of IS? Why are they willing to kill and be killed in unknown territories to them, such as Syria and Iraq, why are they subject to a “sermon” previously unknown to their parents and their communities, to accept and nurture such barbarous actions as beheading! ... So, instead of some political pathetic and alarming statements on the risk of ISIS (ISIL) in our region, we should work in each of our countries to restore confidence and trust between peoples, religions and ethnicities.

Moldova and Ukraine).

5. **Southeast European Cooperative Initiative (SECI)** is proposed in 1995 and further developed in 1996, with the initial idea of applying a model of the Marshall Plan (1947), which helped to rebuild Europe after the war. In 2009, it was created the Regional Cooperation Council (RCC), with the objective of peace, democratization and economic empowerment. Member States are: B & H Herzegovina, Bulgaria, Greece, Yugoslavia (Serbia & Montenegro), Croatia, Hungary, Macedonia, Moldova, Romania, Albania, Slovenia and Turkey. .

6. **Black Sea Economic Cooperation (BSEC)**, with its headquarters in Istanbul, is established in 1992, as a multilateral political and economic initiative, to enhance cooperation and harmony among the 11 member states, to ensure peace, good neighborly relations, stability and prosperity in the Black Sea region. In 1997 it was established the Black Sea Trade and Development Bank (BSTDB) as an international financial institution with the objective to support economic development, regional cooperation, trade promotion and financing of joint projects of public or private enterprises, of the member countries. Its authorized capital in 2009 was estimated around 1.5 billion dollars. BSEC founding countries are: Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia (Russian Federation), Albania, Turkey and Ukraine (later on Serbia).

3. A special role has had, is having and will have the civil society; such as for example, in Albania, Albanian Council on Foreign Relations, IDM, etc. A new political balance, but also a new assessment is needed for false dichotomies such as: *Stability - Democracy* or *Democracy- Effectiveness*. An analysis is needed to that purpose but also the settlement of *frozen conflicts*. Such conflicts in the region characterize the relations between Greece and Macedonia on the Macedonia's name and blocking the process of Macedonia's membership to NATO, Serbia-Kosovo relations related to the recognition of Kosovo, etc.³ The settlement of such crises, and other critical situations, require the intensification of two main mechanisms: *Cultural diplomacy and economic diplomacy*; despite the fact that the football match in Belgrade demonstrated the opposite.

3. There are a lot of such frozen conflicts in the world, for ex., *the "frozen relations" between India and Pakistan* on the issue of Kashmir (since 1947), *the division of Korea* (1953), *the Arab-Israeli conflict* on the Palestinian issue at its heart ("frozen" in 1948); the old Serbian-Albanian conflict with an attempt for its unblocking through bilateral meetings in Brussels, *the conflict in Western Sahara* (1991); *the division of Cyprus* (1974); *the situation in Transnistria, Moldova* (1992); *the war in Nagorno-Karabakh* between Azerbaijan and Armenia (1994); *Abkhazia-Georgia conflict* (2008); *the conflict Ossetia - Georgia* (2008), both with Russian support; or *the today's conflict between Ukraine and Russia*, with the tendency of Kremlin to treat it as a frozen one, after Crimea's annexation, etc.

❖ *Panel: Regional Integration as a Premise for European Integration*

Moderator: Frank Hantke



Ambassador Zeljko Perovic

Director General

Ministry of Foreign Affairs and European Integration, Republic of Montenegro

The Balkans has always been a turbulent area. In this part of the world, in the last quarter of a century, four bloody wars were taken, with great victims and destruction. After the end of the wars, began the phase of talks and negotiations among the countries, and with the dissolution of the former Yugoslavia seven new states emerged. I would say that now we are living in the time of great perspectives for the Balkans. Nonetheless, we still need to keep our eyes wide open to avoid challenges that we have faced in our history. Unfortunately, we have witnessed more than once, that anything bad that happens in the Balkans, can easily spread across the region. And, it is still the case, as the football match has confirmed.

What is extremely important not only for the stability of the Western Balkans, but for the European Union as well, is that all the countries of the Western Balkans have two common priorities - **EU membership and good neighborly relations**, and almost everyone aspirations to **NATO integration**.

Dialogue and cooperation is a **pillar** of the Western Balkans future. Both Albania and Montenegro, as all the others, fully contribute to reconciliation and aspirations of the region towards full membership of each country in the European family of nations.

However, it seems that we should jointly do additional efforts in cooperation with other countries in the region when we talk about economic development, since **economic relations do not follow excellent political relations**. Besides the fact that it is one of the expectations both from Brussels and other major political, economic and financial centers, it is **our common interest**.

Engagement and special focus of the Western countries, headed by Germany, is of **critical**

importance for all the countries of the Western Balkans. A historic gathering of the prime ministers of the Western Balkans with Chancellor Angela Merkel took place in Berlin. The main message is that **only with mutual cooperation we can all achieve development benefits**, and therefore reach the goal, that is **better life for the population** of the Western Balkans. It has been confirmed that it is of crucial importance to continue to carry out our **joint initiatives - Adriatic Ionian Highway and Ionian Adriatic Pipeline**.

All of this gives me the right to say that with full contribution and cooperation of all countries of the region, and under the auspices of EU countries, we are living **a good momentum** in the Balkans.



Mr. Arbër Vllahiu

Chief of Staff

President of the Republic of Kosovo

I am honored, as a representative of the Office of the President of the Republic of Kosovo, to participate to this Conference, and I would like to express my deep gratitude for the Albanian Council on Foreign Relations for the organization of such a Conference at such an important momentum for our countries and South-East Europe as a whole.

At a time when political ferment, in this part of Europe - that we are accustomed to call the Western Balkans - are threatening to reverse the rhetoric of the past, which has left so many unhealed wounds in our societies, it is imperative that we find the strength to overcome our differences, to build another way of living and cooperation that accelerates our integration path.

First, regional integration has to do with the perception of others on us, not with our perception on ourselves. The Western Balkans is often characterized as a) a fragile region, b) a region of crisis, c) a region of ethnic violence, d) a non-developed region due to impatience among themselves, e) a region of organized crime and corruption. These are some reasons why there is a huge setback to the path of European integration of the Western Balkans region, because of the deep political motives and the possibility of returning to the nationalistic past.

Second, we have our own domestic problems in countries of the Balkan region, primarily the integration of our citizens in social and institutional life of our countries. Despite the idea that we are working to be civic states of equal peoples, we are facing the mistrust between our citizens and in some cases ethnic intolerance among them.

Third, of no less importance, is the issue of stability and security in the region, which arises from the internal stability of each country in the Western Balkan region and contributes to the overall stability.

Regional Integration of the Western Balkans

- All countries of the Western Balkans together, do not amount to the GDP level of Hungary, which is the closest EU country of our region.
- The need to build a level of cooperation without prejudice and with equal status among the Western Balkan countries.
- As countries in transition, with a prolonged transition from controlled market to the free market, we must find ways of economic cooperation, while preserving our own special characteristics.
- a) The level of political cooperation determines the level of economic cooperation and *vice versa*. But through easing the cooperation between the Western Balkan countries the process of European integration is accelerated.
- b) The prevailing criteria for European integration must be translated into criteria of Balkans' integration, such as :
 1. Political stability - which means building closer relations between the Western Balkan countries
 2. Security - which means stability and peace in the region as well as political stability
 3. Cooperation of security mechanisms - to combat organized crime, corruption and trans-border crimes.
 4. In this context, Kosovo should be included in all regional structures, including the security ones as well as in other collaborations, and above all to become part of EUROPOL and INTERPOL.
 5. Good neighborly relations - which implies an important process of regional and Euro-Atlantic integration.
- The dialogue between Kosovo and Serbia, which has produced concrete agreements, and which should be applied strictly, is a major step for the region of Western Balkans.
 1. In the political sphere – this dialogue has helped the political stability in the Balkan region and has helped to build cooperative relations in the higher levels, as well.
 2. In terms of security, it has reduced tensions in the Balkans and created prerequisites for cooperation among all countries.
 3. In the economic sphere, the dialogue has helped the relaxation of relations within CEFTA initiative involving Kosovo as an equal member.
 4. Regarding regional cooperation, the dialogue has helped Kosovo's membership in a large part of regional initiatives. There is still much work and help needed.
- The region must speak with one voice, because the European integration relies fully on the integration of the Balkans itself; the level of cooperation among us; the level of economic development; the economic, social and cultural cooperation, and above all on our political will.
- There is no European integration without a complete relaxation of relations between our countries.
- EU is not the place where we will solve our problems. We become EU members only when we will be willing to accept that level of cooperation among us, the level of democratic culture in our countries, the level of the eradication of the negative phenomena and crimes in general, has reached a significant level.



Professor Stevo Pendarovski

University American College

Skopje, Macedonia

Comparing the intensity and structure of the intra-regional cooperation in the past 15 years in the Western Balkan (WB) region it is far from what we have witnessed in other parts of post-communist Europe (Visegrad Group or Baltic states). The truth is that even the present level of cooperation has been achieved due to the constant push by our EU partners, not because of the sincere efforts on the part of the regional elites. They are even nowadays still more in favor of cooperation with Germany, Italy, Turkey or USA than with their direct neighbors. As an explanation the local politicians are frequently applying the term “strategic partnership” when describing the relations with the most powerful states ignoring the disparity in resources and the fact that the total GDP of all WB countries is smaller than, for example, GDP of Greece.

In my view, two points feature prominently as main obstacles for cooperation: first, communist legacy which for decades had preferred isolation while not fostering the entrepreneurial spirit of the people and second, the lack of trust because of the bloody series of wars and conflicts in the 1990-ties when neighbors clashed over the same territories.

Apart from its formal status regarding the EU, the WB region is sliding back in the past few years along all the vital parameters of democracy mainly because the international community is only symbolically present and the region is left completely in the hands of the domestic elites whose democratic credentials are notoriously weak.

Crisis in Ukraine have sharpened existing cleavages in the region and facilitated deeper penetration of Russia into the Balkans even more than in 2008 when Kosovo declared independence. To the surprise of many it even brought back the main dilemma of early post-communism: East or West? In the WB for years we are not pursuing the most important debates on values of democracy and human rights we have not enjoyed at all during the long decades of communism. Politics should not and cannot be limited to the trade and economic cooperation only. Western Balkan people and our Euro-Atlantic partners should immediately re-establish mutual understanding on the basics of

democracy. Otherwise, we are going to see more authoritarian tendencies and pseudo democracies whose main aim is through formal elections to provide the external legitimacy of, in essence, illiberal regimes.



Dr. Dusan Janjic⁴

President of the Executive Board

Forum for Ethnic Relations

Belgrade

When I am thinking of the first priority, Serbia is basically switching from the past, traumatized with the inter-ethnic conflicts, with disputes, and especially with the idea to be a leader somewhere to the new agenda which is the Euro-Atlantic integration. That is the first priority. That is not sufficient. In that framework, it is clear that the rule of law and strengthening of institutions is something that must be done by Serbia and other countries. When we are talking about that, we have to know that it may be not achieved by itself. In the past we had a lot of international actors, as well as civil society organizations, business representatives, and the leaders of government and countries. But political parties have not done that job.

Governments will change, in Belgrade and in any other country. As the leader of the Social Democratic Party, entitled Active Serbia, I would like to inform you, and I am really glad and happy, that in the March next year we will have in Serbia the representative of Social Democratic parties from Albania, Kosovo, Macedonia, Bosnia Montenegro and Serbia, to discuss one issue – the normalization of our countries, including the normalization of relations between Serbia and Kosovo. What is the point of this meeting? We initiated this meeting two years ago. It is not an easy job. But I personally learned one lesson from the drone incident during the football match between Albania and Serbia in Belgrade: we have to work on our job, the job of political parties, their leaders and the job of the rest of other leaders. For that, I am really happy about the visit of Prime Minister Rama in Belgrade. We are organizing a round-table on the cooperation between Albania and Serbia, which will be an opportunity to make more profit from the visit of Prime Minister Rama. The visit is not only historical, as a visit itself. We know very well that Mr. Ilir Meta and president Meidani tried a lot on the normalization of relations between

4. As delivered during the Regional Conference “Regional Cooperation as a driving force to economic growth and stability”, Tirana, 4th of November 2014.

the two countries. But that visit is happening during the Rama mandate.

But we want the visit to have more public effect. That gathering will be basically the opportunity not only for Prime Minister Rama, but also for business representatives from Serbia, political leaders, MPs, civil society organizations, and diplomats to discuss on what Serbia and Albania can do better to improve their bilateral relations.

On the agenda of economy, I must say that finally European bureaucracy is coming to the reality. Maybe that is the pressure coming from the bottom, maybe there is some change that happened with the last mandate of Merkel in Berlin. I will tell you why I love Germany in the last two years, because they used to make to so called “to do list”. And up to date they used to make the check list - what you basically implemented from your promises. That is something that we need. I suppose, I hope that this policy will be also endorsed by the Italian representatives. It is really a good momentum that the Germans and Italians are involved. They know us, and they have to use that opportunity, but please don’t make one mistake – the one made by Ashton-don’t produce more cooperation than we can consume. I am thinking of Kosovo, Serbia and so on, and about Croats. But for the stability, for the better cooperation of Western Balkans, it is necessary to normalize the relations between Serbia and Albania.

The Benelux model is a good one for cooperation between countries of Western Balkans. But that model is not built based on politics. It was built on energy issue. Energy and the environment is the beginning of our cooperation, plus infrastructure.

Finally, I am fond of Germany, because they initiate and finish the job. We registered all projects that were important for the cooperation between countries of the region, starting with Serbia and Kosovo. To be precise, basically the first cooperation is the one on the existing resources. We have the hydro potential and we can use that in production of electro-energy from our existing resources. The next one is the future is the cooperation in gas sector. Mr Meta mentioned the Trans Atlantic Pipeline which is a good initiative of cooperation. But that project does not include Serbia. There is also the question of Bosnia. We need diversification, and we need more infrastructures including the gasification one.

Anyway I think that we could start from the bottom in economy, meaning privatization of energy companies, to all of capitals but the governments must insist on economy, the energy resources that we already have, in order to easily get to joint interests. And I will finish with quoting Edita Tahiri, Vice President of Kosovo, during the Aspen Conference, “on why Kosovo will buy energy, when Kosovo could export the energy”. Meaning we are causing, the interdependence between countries.

Recognition of Kosovo is part of the agenda. If the politicians are insisting in the past that is the crucial issue. If they switch to the future that would be the first act, the recognition of Kosovo is something that must be done at the beginning or close to the beginning of membership of Serbia and Kosovo in European Union. And for that, in our internal Serbian discussions is really stupid to say that we will never recognize Kosovo. Minister Hoxha has so good bilateral contacts with minister Dacic. And it is slowly working. The good experience of the agreement between two Germanys is a good example. We have to learn from the others but we also have to respect the specific situation in our countries. But one thing is sure. Without regional cooperation we are nobody from nowhere. If you want to achieve something we have to get together in the fields that we can work on the basis of respect and interest of all the partners.



Srdjan Dizdarevic

President of Human Rights House, Sarajevo

The civil society actors, NGO's primarily, are facing different situations and different challenges depending whether they work in Bosnia and Herzegovina, Kosovo, Serbia, Montenegro, Albania, Macedonia. Yet, they have in common that they started dealing with issues such as democratization, human rights, rule of law only in the 90's, after the fall of the one party regimes. As relatively young, they had to face the transition to market economy and democracy, the painful process of promoting human rights and fighting corruption, which was also something they were sharing. In addition, some of these countries had a difficult way from war to peace with the issues of justice, reconciliation...

Nevertheless, the NGO's were the first relevant actors that did in a clear manner articulated the idea of peace, of peaceful relations in the region; they have established contacts and cooperation during the time when their armies were severely fighting each other committing worst possible crimes, including war crimes, crimes against humanity and genocide. That way, they basically have anticipated the regional cooperation and it's character. The Civil Dialogue between NGO's from Serbia and Kosovo at the time of armed conflict is one example. The other could be the Igman Initiative, between BH, Serbia, Montenegro and Croatia; in that context, the activists from Serbia, Croatia and Montenegro were visiting Sarajevo during the siege of the Bosnian capital sending a clear message that peaceful cooperation is possible. Many other initiatives are also illustrating the role of civil society actors as anticipators of what we have today as cooperation in the region.

The NGO's in the region are promoting, at the national but also at the international level, the principle of dialogue between citizens and authorities, the consultation processes... Basically, they are promoting the principles that do exist in the Lisbon agreement, article 11, which regulates that issue within the EU. At the same time, citizens and NGO's are sincerely in favor of European values and they are sincerely promoting pro-European reforms and the idea of joining the EU, which is not the case with official authorities in some of the countries that do prefer the absence of the rule of law in order to do what they do in impunity.

The EU has to establish a strategy for each country in the region, it has to clearly state that all

European countries that have reached EU standards are welcome as future members.

At the same time, the EU should support the genuine pro-European civil society movement in each of the countries, regardless of the attitudes of local authorities towards the civil society actors. Only these twofold efforts can pay and “Europeanize” the region meaning also permanent stability and peace in the region.

Key findings of the First Panel

- ❖ The right momentum for the organization of a regional conference of Western Balkans
- ❖ The right momentum to push for increased economic cooperation between countries of Western Balkans
- ❖ Connectivity as the main element of economic and social development of Western Balkans societies. The improvement of the regional infrastructure to bring closer the countries of Western Balkans.
- ❖ Share of knowledge - knowledge for cooperation, mobility knowledge - which will be enabled from the excellence network, exchange of knowledge for the most advanced ones, etc.
- ❖ Fulfillment of EU membership criteria and above all strengthening rule of law, as the most important criterion to achieve the other objectives.
- ❖ Need for EU support to pro-european civil society movements
- ❖ Stability and security in the region originates from the internal countries' stability and security thus generating a stable and secure region of Western Balkans
- ❖ The European integration of Western Balkan countries is the sole and only alternative for these countries
- ❖ The importance of the dialogue between Serbia and Kosovo for the stability, security, economic and regional cooperation of the Western Balkans.
- ❖ Trade and economic cooperation between countries of WB is necessary
- ❖ Local political elites of the Western Balkans should be monitored actively by citizens and international community to distance themselves from the authoritarian tendencies of illiberal regimes.
- ❖ The spirit of cooperation should begin by political parties
- ❖ Cooperation is much better between WB countries and big players countries than between neighboring countries of WB
- ❖ The lack of a more involvement of international community to counter balance /weaken the strong hand of domestic elites with weak credentials.

❖ *Panel: Rule of Law and Economic Growth as Essential Criteria for Integration*

Moderator Professor Arben Malaj



Professor Abdylmenaf Bexheti, Macedonia

Dear participants

Member of the Academy of Science, Macedonia

First of all, I would like to thank the President of the Albanian Council on Foreign Relations, Ambassador Agim Nesho, and the Director of Friedrich Ebert Stiftung, Mr. Frank Hantke, for the invitation to participate to such an important regional conference. At the same time, I would like to use this opportunity to salute all the participants to this conference, especially diplomatic representatives in Albania as well as the present mediums.

Being aware of the timing, without a general overview of the regional economic cooperation, I would like to directly raise two issues for discussion, one of which, despite conventional for its decreasing trend is worrisome for the regional economic cooperation.

1. First issue has to do with basic indicators of the most conventional regional cooperation -trade exchange and mutual investments, in the triangle of Macedonia, Albania and Kosovo but also from the bilateral approach.

Macedonia-Albania: Since 2008 when the peak export reached 107 mil. \$ and imports 36m. \$, the trend has surprisingly deteriorated at the level of 20-25%, instead of being at least with those increasing levels. As of August 2014, the level of cooperation between two countries stands at 34.7 m. \$ on Export and 21.4 m. \$ Import! The level of foreign direct investment from Albania to Macedonia, during the years 2010 to 2013, on average amounts to about 38 mil. \$. This is not the same as per FDI from Macedonia to Albania.

The reasons may be of different nature. Usually the economic factors should advocate a positive trend taking into account a relative improvement of infrastructure (at least road infrastructure on the part of Albania), but also geographically very close markets, with a similar level of economic development and

with a relatively good degree of sectoral complementarity. It would be worse if other factors would have influenced negatively affected. The period, solely, is indicative!

In these circumstances, the cooperation of business associations (B2B) should be initiated, supported and motivated to bring them together and let them find ways and better opportunities of cooperation. Governments must necessarily be proactive in this regard. It is needed as soon as possible an action plan and the harmonization of the dynamics for the Infrastructure of Corridor 8, which exists only declaratory determination and at least there is made concrete action, especially here flounders Macedonia. Merkel Initiative can help a lot here.

The situation is worse for Kosovo. During the last three (3) years, commercial exchange is halved, from \$ 541 million export in 2011 to 276 mil. \$ 2013! While imports stands at the same level, about \$ 30 million - The higher surplus of Macedonia in trade exchange with the outside world. The reasons are different, but still noticeable impact will also have the political agreement between Kosovo and Serbia. This trend will continue to deteriorate to the detriment of the Macedonian economy.

2. The second issue I would like to posit is the need for harmonization of economic policies of countries in the region. Copying from one another looks more like an effort to grab the lead in the competition toward foreign investors than how to create synergy in our fragmented markets. An approach to competition in cooperation would be the most productive form in this regard. The Equidistance of economic opportunities to all neighbors will also assist to the return of trends in positive directions.

The creation of regional institutions such as regional trade and economic chambers, or a regional Burse or a regional agency for access to common funds (with an emphasis on cross-border cooperation in the sector of Environment and Energy), can be also more productive than divergent approaches. Regional convergence would be the most productive in the absorption of funds than actual differences.

Such regional conferences contribute in this regard.



Professor Dr. Adrian Civici

President of European University of Tirana

The effective operation of the Albanian economic common space

The initiative for the creation or the efficiency of a common Albanian economic space in the Balkans embodies an obvious requirement in the period or stage where particularly Albanian and Kosovo economies stand. Nowadays it is highlighted as a necessity the creation of larger spaces of economic and financial activity, not only regarding territory but also human, capital, investment, trade, services and other spaces. In this perspective, *the idea of promoting a common Albanian economic space in the Balkans can be considered as a step toward searching the growing of importance and the breathing of economic and financial system, markets and exchanges of all types for the Albanian economy, the Kosovar one, as well as for the economies of other countries of South-East Europe such as Macedonia, Montenegro, Serbia, etc. Away from ideas or practices of economic and political nationalism, this initiative intends to analyze, study and bring forward concrete proposals to generate action, economic policies, economic development strategies, to implement projects with significant impact, to increase direct absorption of foreign investments, to increase efficiency of the realized investments, to coordinate the interests and the sphere of private business operation, to use the comparative advantages of each other, to coordinate trade policies and mutual trade, to coordinate energy policies, to increase cooperation between chambers of commerce and industry, etc.*

The expansion and well-functioning of a Balkan market in general, and a pan-Albanian one in particular, would be a step toward the European integration. Moreover, one of the today's challenges of globalization is the challenge of integrating the economies of different countries with one-another, their openness to the global economy, their endurance toward international competition, which appears to become increasingly difficult, if the economies of different countries or markets are small and isolated. Precisely for this reason, we must seek and strive to expand our cooperative space and the interdependence of our economies, not only between Albania and Kosovo but also through the entire Balkan region.

There are a lot of measures and policies to be taken. As such we can mention: the deepening of the scope of action and effect of trade agreements and exchange of goods or services; the use of resources and productive factors on complementary basis between countries; the design and coordination of joint projects on transport, especially road and railway transport; coordination of policies and investments in energy sector considering that we could be complementary in generation of power; the improvement and harmonization of legislation and the removal of unnecessary administrative barriers to facilitate the procedures for the exchange of goods, services and factors of production between countries; Joint involvement in European and international programs; harmonization of supply and qualitative tourism products to become an important touristic regional pole; coordination of macroeconomic, fiscal and budgetary policies to create a common, stabilized economic and financial area safe from crisis; the design and implementation of common policies to improve the business climate and to stimulate sustainable economic growth; to encourage cooperation between chambers of commerce and industry for the coordination of private business as a fundamental factor to our economies; a better interaction of financial markets and banks; the legal and institutional coordination to combat financial and economic crime, money laundering, elimination or detection of illegal transactions or payments, etc. Such policies and measures may be considered as important contributions toward the regional financial integration.



Dr. Zef Preci

Albanian Center for Economic Research

Since the fall of Berlin Wall, countries of Western Balkans are positioned at having market economies and empowerment of democracy through some similar schemes of transformative forms such as privatization of public ownership, trade liberalization, price liberalization, opening toward new investments, thus contributing to the building of institutions of market economy. The most concerned issue for countries of Western Balkans is the functioning of these institutions. It can be learnt from achievements but also from the mistakes of each country of the region, which stands at different level of Euro-Atlantic integration and regional integration.

Regarding regional cooperation, there exist many initiatives - sometimes complimentary, continuous to each other, or new ones, - that aim to enhance this cooperation. The most successful form of cooperation, in the economic sector, is the Jugo-sphere one. The cooperation between countries of former Yugoslavia has functioned much better than CEFTA, or other forms of economic cooperation, due to trade relations, mutual recognition, but above all the level of transactions enabled from this form of organization. Regarding regional cooperation, different regional initiatives, such as the last Berlin Conference, as a milestone in the steps taken, lack the enforcement mechanisms. Such expressed political will are not further materialized and remain up to the will of individuals.

The economic diplomacy is another aspect, which has been given thoughtful consideration and greater focus by the Albanian Ministry of Foreign Affairs in recent years, with the aim to present the country, its legal and institutional framework and opportunities to increase trade and institutional cooperation. However our countries continue to be dependant to European centers, such as Rome, Brussels, Berlin, etc. In essence, it is not yet transmitted to the citizens the message that the EU integration process is decided in our countries, and not in Brussels. This is conditioned in fulfilling the EU accession criteria, in strengthening rule of law.

The regional cooperation, as the Benelux model, is one of the means to accelerate the EU

integration process. Every step toward closer regional cooperation contributes to the integration of the region as a whole to the European Union.

Much attention has been paid to the building of infrastructure - roads, ports, airports, hydro-power plants, etc., - but the legal framework still suffers from politics of coordination and cooperation, models to be used, etc., including market regulation and competition. There is a tendency, mentioned also by other speakers, that mafia, oligarchy, economic lobbies, etc., are more interested in better cooperation and better functioning, and the industry tries to control regulatory entities, thus keeping these countries at low level of competitiveness. The index of doing business, demonstrates improvements, while the competitiveness index presents a more realistic assessment and the whole region is faced with serious problems regarding markets control, and a suitable functioning of regulatory entities.

In a closer context, Macedonia, Albania and Kosovo within the region might cooperate much better through sharing experiences and human resources, using their comparative advantages - energy infrastructure, ports, airports, etc., through common public, private or public-private investment projects. On the other hand, as it was mentioned, the establishment of coordination offices will enable harmonization through acquaintance and coordination of policies that may lead to effective use of potential sources of these countries. Pointing out the comparative and competitive advantages of each country as premises for increasing the competitiveness of each specific country and the region as a whole, would lead to the economic convergence.

Finally, building mutual confidence among the countries of the region, at the basic level – business, trade and investment level will contribute to building the confidence at political level. Thereby, the devise of future development, I think will be the encouragement of freedom of movement of peoples, cultures, goods and capitals.



Professor Arben Malaj

President

Institute for Public Policy and Good-Governance

Brief Notes

- EU - is a project that inspires, is the project that through cooperation and economic integration enables “enemies” to become partners to eliminate conflicts and wars and to support peace and prosperity.
- The EU has reached a noble mission the elimination of wars and conflicts. Western Balkans has suffered from conflicts until 2000.
- A road map for the Western Balkan countries – the successful history of EU.
- Cooperation at regional level is a precondition for test and preparation for the Balkan economies to be faced with greater openness and competition.
- EU started strategic cooperation in the energy sector. The concept of strategic sector must direct even the priority of cooperation at the regional level.
- Advancing of the four economic freedoms in the center of economic cooperation.
- Economic policies based on patriotism or nationalism have proved harmful. There were obstacles / trade wars for various goods between Albania and Kosovo, between Serbia - Macedonia, Kosovo and Macedonia, etc.
- Regional cooperation should be based on medium and long-term regional strategy which should optimize and harmonize the priorities of individual countries aligned with priorities with regional impact where spill-over effect becomes greater for all. This vision and commitment facilitates the support of EU policies and funds and its financial institutions.

- Deepening cooperation and real materialization of regional and European integration requires (i) vision; (ii) strategy and (iii) the relevant institutions at the regional level.
- EU institutions, the embryos of the European Council, the Council of Ministers the European Commission and European Parliament are born together with the EU project and are responsible for the success of the project.
- Balkans has not yet created any of these institutions, so the process is hampered by spontaneity. There are many project ideas, meetings and statements but less successful regional projects.
- The Schuman declaration of 9 May 1950 clarifies that the European Union will not be fulfilled based on a single plan and within a date. It will build on the successes that will create de facto solidarity.
- Balkans has not yet generated a concrete success in regional cooperation. We are positioned amidst the challenge of enlargements that are narrowing us. After each enlargement, EU becomes overwhelming larger. After each enlargement, the rest of the Balkans becomes increasingly smaller.
- The challenges the Balkan countries are faced with are the elimination of delays, elimination of mentalities, policies and protectionist –nationalistic attitudes.

Key findings of the Second Panel

- ❖ The interconnection between rule of law and economic growth. The fights against corruption, economic informality, etc., reduce the transaction costs, and increase the efficiency of investments. Strengthening rule of law through reducing transaction costs influences the creation of basic premises for economic development and economic growth, thus enables getting closer to EU countries, towards EU integration.
- ❖ The strong relation between economic development and political will. The need to build mutual trust between countries of the region in the basic, economic and investment level will lead to building trust at the political level.
- ❖ The lack of connectivity among countries of the region. The need for the creation of a model of Balcanic model of economic cooperation, The Balkans necessitates and is able to create a center of its own so to be able to connect with other centers, such as European Union.
- ❖ The need for economic convergence between countries of Western Balkans at the level of development policies. European Integration must be considered not as an annex but as a as a complementary mechanism for the economic development.
- ❖ Sufficiency of CEFTA agreement *versus* the need for a deeper economic cooperation.
- ❖ Regional initiatives by foreign countries, such as the Berlin Conference of Western Balkans, are important milestones regarding the political will to strengthen regional cooperation between the Western Balkans. But they all fail to be materialized as they remain prone to the individual will.
- ❖ Economic diplomacy a powerful tool to be used for increasing economic and trade cooperation
- ❖ A high level of dependence by the leading economic countries, while the Balkan countries need to work hard to fulfill their homework – EU criteria – to get closer to their European integration
- ❖ The low level of competitiveness for the whole region of Western Balkans because of the control on markets and the functioning level of regulatory entities.
- ❖ Economic convergence between countries of Western Balkans will be achieved through pointing out the competitive and comparative advantages of each country, through increasing their competitiveness and that of the region.

❖ *Panel: Civil Society as an important actor for the European Integration*

Moderator : Professor Arben Malaj

Elvina Jusufaj

Executive Director

Albanian Council on Foreign Relations

The theme of regional integration has always been attractive for civil society during the democratic transition. The Balkan societies have reached a stage of development that considers European integration as a necessity, not only for improving life standards and development in general, but also as a means to consolidate and resolve our long dilemma: which civilization do we belong to, and which directions should we take. Old historical problems, carried on time, delay this development, moreover in the Balkans, where sharp divisions and distrust of what we can accomplish together still continue. On the other hand, the prolonged democratic transition has led to prevail of stability *versus* functional democracy, strengthening of the rule of law, and a free society. Delays in the integration process seem to coincide with the interests of the local political classes to maintain the status-quo.

Membership of the Western Balkans countries to the European Union is increasingly becoming a necessity as it is required and needed to strengthen the rule of law, to actively fight against corruption that is increasingly eroding state institutions, and to enable free movement of people, ideas and goods in our common spaces.

The initiative of German Chancellor, Angela Merkel, and the Berlin Conference of 29 August 2014, is a new impetus to the EU integration of Western Balkan countries. This integration course will be conducted primarily through effective cooperation in common projects and regional investment that will bring closer countries of our region. There is no European integration without the Balkan's integration. These joint projects will certainly bring us closer to each other and will prepare us for a better future.

Which would be the role of civil society? Will we continue to stand as part of Balkan politics' emotions or will we take the role of the advocate or opponent, to promote integration at the level of civil society across the region? An increasingly extension and strengthening of the network of Western Balkans civil society organizations is necessary to achieve that purpose. Civil society can extend its communication not only through joint projects and activities but also through increasing its presence in social networks with European ideas. Civil society should prevent inciting ethnic conflicts and instability caused by extremist forces and must take the leadership role on EU integration issues. It should try to fulfill what state institutions have difficulties to achieve - the disappearance of ideological borders, nationalism and the struggle for open society, and to push for accountability. This is not a successful struggle without partners and our countries are now aware of its importance. Civil society should not be seen as an appendix of power. Financial support to civil society organizations remains limited and in many cases carried out through a *clientelist* approach, something that must not go on.

At the same time, the European project requires a special attention to civil society. Emergency assistance from the international community to create civil society institutions already seems as a "job done". Initiatives and projects are implemented to help minorities, Roma, vulnerable population, etc. If we

look for maintain the strong voice of civil society, the latter should be supported strongly. On the other hand, this will contribute to the strengthening of an important vector that will push our problems related to integration. The European integration process is a comprehensive one and requires the participation and involvement of all civil society actors. In many cases, the consultation with civil society is carried out through selectivity and with organizations close to the majority. In terms of civil society transition, unfortunately during transition it was positioned across political lines and interests, thus damaging its functionality as a horizontal force control of democratic institutions. One of the main tasks of civil society to enhance its role is the reinstatement of the independence of many of organizations and their affiliation against certain political forces. Even in the case of European integration, in many cases, this consultation is done through clientelist approach, excluding the wider and independent opinion that conveys the need for the independence operation of civil society.

An important task in the process of European integration is regional cooperation of civil society, outside agendas imposed by state institutions. Topics of discussion, important issues that serve to bring closer to European integration our societies, should not be determined by the interests of the state but by the interests of the society itself. The civil society of countries in our region should focus more on major themes of interethnic harmony, functional democracy, gender equality, minority rights, and all other problems that the Balkan society must overcome to enable its integration into the European Union.

Mr. Ardian Hackaj

Director of Shtetiweb.org

Cooperation & Development Institute

Rule by Law and Role of Civil Society in Albania

Rule by Law characterizes a democracy where “...law is an instrument of government and government is considered above the law⁵”.

One democracy size fits all

The democracy building in Albania started with the destruction of the communist regime and its institutions. Little attention was paid to any existing valuable social, political and economic building blocks that could have been re-used. No importance was given to the pool from where the new democratic institutions would get the “new democratic blood”, neither to its vetting process. Generally if the change of regime in the Western Balkans was the result of a popular movement, the construction of new democratic institutions was an elite-driven process designed and encouraged by Western democracies.

The democracy checklist

To keep it efficient, the democratization was designed as a result-oriented process with measurable results and tick-boxes for each “democratic deliverable”. Right-wing political parties were duly created, often with members from old Communist Party. A modern executive arm and a democratically elected parliament were set up with technical assistance from abroad. The old justice system was dismantled and hastily arranged six-months training sessions (in a beach resort), provided the much-needed new judges that would become today the guardians of the rule of law. Similar institution-building techniques were applied to build up media and civil society.

Simply stated, democracy building in Albania was based on Western design, with its quantifiable objectives, efficient actions and deliverables, focused on what could be done in the shortest of times. Almost all efforts were concentrated in the capital, Tirana. As a consequence the historical building blocks of the Albanian social capital that define the quality of democracy of a country, were ignored. The family, the community, the village, the city neighborhood, work-based communities, etc. missed the democratization train.

Rent-creating democracy

As a result it was the most opportunistic individuals - not the most democratic or professional - who profited from the opening of this new market in democratic institution building. They ended by converting the democratically designed institutions into vehicles that served at least in spirit the interest of their new occupants. Today those institutions are proving to be an obstacle to a fully-fledged functioning of the

5. UN Chronicle – the Magazine of the United Nations, at <http://unchronicle.un.org/article/rule-law-and-democracy-addressing-gap-between-policies-and-practices/>

democratic state, enmeshed in corruption accusations, *clientelism*, and immunity from law. Citizens got democracy but the new elites got the institutions. The Rule of Law was diverted into the Rule by Law, a Potemkin democracy characterized massive transfer of income from citizen to political elites, blurred frontiers amongst politics and business, and the paradox of democratic institutions protecting a flawed system.

Societal actors vs. elite-controlled institutions

This system is doomed to fail in the long term due to its inherent miss-allocation of resources and social tensions created by the unfair and extreme inequality that it produces. Currently Rama government has started the much-needed reforms but finds itself in front of its biggest challenge - reforming the institutions against the will of their current occupants. It is here that Albanian societal actors can contribute through increased monitoring of public institutions, un-biased & professional analysis of public policies, information of the citizens, mobilization of community energy and knowledge, regional partnerships, and exploration of alternative and country-adapted solutions. This involvement can provide the much-needed “extra” that can tip the balance in favor of the reforms.

Also, the EU candidate status provides the rails in which the Albanian reform train must advance. To get out the best of Albanian society, EU aid should increase its support towards valorization of local building blocks such as social capital, family, communities, bottom-up movements, modern trade unions, etc. It will be Albanian society that will have to provide the fuel the real democratic institutions need to properly function in the country.

Key findings of the Third Panel

- ❖ The need for the active role of civil society in the Western Balkans considering the organizing levels of opposition, state-capture of media etc.
- ❖ European Integration and the cooperation between EU and countries of the region is a very comprehensive process and need to involve all actors of the society, not only the representatives of the government. Religion is having an increasing role in the society of Western Balkans.
- ❖ Functional democracy is sacrificed for the sake of stability in the countries of Western Balkans.
- ❖ The actions of civil society and its outcome demonstrate the importance of bottom –up approaches in advancing the EU integration process of Western Balkan countries.
- ❖ The lack of a community and social infrastructure in the countries of Western Balkans.
- ❖ Regional integration of Western Balkans as a necessity that will enhance a closer integration and cooperation between different communities and entities to bring solutions to the ethnic clashes and disagreements, thus contributing to European integration of all countries of the region.
- ❖ The need for supportive mechanisms in favor of EU integration, using means of cultural diplomacy, conferences, cultural and academic activities, civil society activities, etc., that contribute to a closer regional integration, using the model of existing EU schemes of cooperation.
- ❖ Juridical diplomacy - the need to cooperate in fighting corruption, against organized crime and terrorism between countries of Western Balkans. This cooperation and effectiveness in strengthening rule of law through cooperation between countries, will guarantee economic success. The economy defines the politics and it must be more comprehensive.

Conclusions of the Conference

Professor Rexhep Meidani

Former President of the Republic of Albania

Based on the theme of the three panels and the respective discussions, we can debate about three types of integration: a) the domestic integration, the cohesion and interaction between groups and communities, especially the ethnic ones (for e.g., in Bosnia and Herzegovina, Macedonia, Kosovo, Serbia); b) the integration at the regional level, which is necessary for Kosovo to be involved in all acting activities and structures of regional instruments; c) the European integration. In view of these integrations, it is required to further develop old and new economic mechanisms. But alongside them, other measures and actions should be included to enhance economic development and welfare and restore confidence among peoples, such as the ones related to cultural diplomacy (including educational and scientific, artistic and sportive ones); socio-economic and legal diplomacy; Youth and touristic diplomacy (youth meetings, various Olympiads in various fields, students and teachers visits exchanges, etc.).

Below, I will try to summarize in a more generalized way, the ideas discussed in these panels, in the framework of cultural and economic diplomacy.

1. Specifically, the handling of the above topics by the discussants, demonstrates the new dimensions of *cultural diplomacy*, the cultural and constructive dialogue, the improvement of multilateral communication and cooperation, renouncing misunderstandings, the decrease of social and ethnic-cultural conflicts, and their effects. As such is, for example, the dialogue and interaction between leaders and religious communities in Albania, considered as an aspiring model by the Holy Father. Also, a valuable advance in value was the dialogue between Serbia and Kosovo, despite the fact that Serbia today still remains a hostage of the age-long colonialism past over Kosovo ...

However, cultural diplomacy is not something new in concept. Over the centuries, the exploration and trade have enabled the exchange of ideas, knowledge, concrete practices, various goods, including cultural exchanges. Various actors have served as „cultural diplomats“, in costumes of merchants, explorers, missionaries or religious people, pilgrims, teachers, artists, athletes, etc. Nowadays, there are quite many artists, writers, journalists, etc., - highly distinguished at the international levels - who serve as cultural ambassadors around the world. The same applies at the regional level, for example the interaction and competition among writers in the Balkan region. But the problem becomes quite serious when cultural diplomacy (sport activities) influence the opposite, and promotes clashes, create ethnic tensions and arise the dormant hatred.

Cultural diplomacy is also active through various initiatives in education, academic research, such as the Bologna Process, Humboldt programs, Schuman, etc .; programs such as TEMPUS, ERASMUS within the EU; scientific congresses and conferences, scientific Olympiads, etc. Equally important are the activities at the level of non-government – organizations and civil society in general. Even various political meetings of different formats, alongside the specific political content, embody a specific aspect, often much more important, of the cultural diplomacy. To this purpose served also the Berlin meeting of 28 August, 2014. Furthermore, various alliances are often forged, not only strictly limited to economic and geographical lines, but also cultural and linguistic ones.

2. *Economic diplomacy* as well, combined with traditional diplomacy, helps to increase political and economic influence. Even this perception of economic diplomacy should not be considered as new. Its creation is influenced by the contribution of “*commercial diplomacy*” between European countries in the 19th century or “*Dollar diplomacy*” in the early 20th century. But today, the process of globalization has an irreplaceable role in its new invigoration. New circumstances are also created for all countries to adopt a more active economic diplomacy. US-China relations illustrate this new development, where business considerations weigh much more than political relations (or ideological differences). With a considerable weight and influence are also the instruments of economic diplomacy in the EU (such as *Euro*, Lisbon Treaty, or the *Berlin meeting* with the leaders of the Western Balkan countries); or those in the United States of America (Taft’s dollar diplomacy, Bretton Wood Institutions, the Marshall Plan, etc.).

In this sense, politics does no longer leads the economy, but the economy drives politics, which means that economic considerations should be at the forefront of our efforts in the region. This is also what implies the regional economic integration. Therefore, George Soros was right in 1999, when he launched the idea of a joint Balkan market through customs unification, which was not supported by the Balkan policy, thus creating different speeds of integration, consistent with geopolitical concrete interests. But, in my opinion, unlike the idea of Prof. Civici for a regional economic interaction of Benelux model, today, something like that no longer makes sense for the remaining Balkan countries, because the process of European integration has already been designed and is following, step by step, its European matrix! Much more important is that this process should be simultaneous for all the Balkan countries, to prevent unnecessary stalemates or veto in the concrete decisions...

Finally, even the economic diplomacy brings *nothing new*! Today, in addition to investment, lending or borrowing, subsidies, free trade agreements, etc .; it summarizes also concrete issues of economic policy, i.e., the specific activities of local delegations in structures such as the WTO, World Bank, IMF, etc. In this sense, it activates not only economic resources, but sanctions as well (as happened, for example, against Serbia during the Kosovo crisis, or against Russia during the Ukrainian crisis). But also, it is advisable to not be indifferent and set aside the “rewards”, especially to business. This should be borne in mind in our Albanian and regional circumstances (terms)...