



# **ASSESSING AND STREAMLINING THE POTENTIAL OF THE OPEN BALKAN INITIATIVE**

## **REPORT ON RESEARCH TASK 1: SCREENING OF THE OPEN BALKAN INITIATIVE – COUNTRY ANALYSES**

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## List of Abbreviations

AP	Additional Protocol
AEO	Authorised Economic Operator
BIT	Bilateral Investment Treaty
BTA	Bilateral Trade Agreement
BiH	Bosnia and Herzegovina
CEFTA	Central European Free Trade Agreement
CRM AP	Common Regional Market Action Plan
DPPI	Disaster Preparedness and Prevention Initiative
eIDAS	Electronic identification and trust services
ECAA	European Common Aviation Area =
ENEC	European Network of Information Centres in the European Regio
EU	European Union
FDI	Foreign direct investment
GoA	Government of Albania
APIGP	Government Programme Implementation Action Plan
HEI	Higher Education Institution
MoU	Memorandums of Understanding
MAP REA	Multi-Annual action Plan for Regional Economic Area
	National Academic Recognition Information Centres in the European
NARIC	Union
NASRI	National Agency of Information Society
NGO	non-government organisation
OBI	Open Balkan Initiative
OP	Operational Plan
RCC	Regional Cooperation Council
REA	Regional Economic area
RYCO	Regional Youth Cooperation Office
RIA	Regulatory Impact Assessment
UNMIK	United Nations Mission in Kosovo
WB	Western Balkan

## Objectives, Scope and Methodology

The objective of this research task, as per Terms of Reference, is to collect and analyse information from national institutions (parliaments, governments, regulatory bodies) related to agendas, sessions, sector strategies etc., including interviews with political actors (government and parliaments), to determine whether these have the Open Balkan in focus. The hypothesis is that the political commitments made need to be transferred vertically to the citizens and for the benefit of the citizens through the public administration and its policy instruments. The study determines country by country if there is the political will and an administrative focus on the areas of cooperation under the Open Balkan Initiative (OBI) and whether the political will is implemented or planned to be administratively implemented to the benefit of the citizens of the Western Balkan (WB) countries.

The study encompasses data collection and analysis from public documents accessible through institutions' websites, produced and published by national institutions, chambers of commerce, academics, and the civil sector. By examining the documents, the study identifies the policy framework and specific steps the countries and their national institutions have taken or committed themselves to do so concerning the OBI and/or other regional integration initiatives of a similar character. The documents analysed include international agreements, national laws, sectoral strategies, strategic plans and annual working programmes of national institutions, public speeches and press releases of institutions' representatives, research papers, and reports. In addition, interviews were conducted with representatives of national institutions, chambers of commerce, academics and representatives of the civil sector.

The report is arranged in two sections. The first section presents the WB country positions, the narrative and arguments for/against participation in the OBI used by the government and other stakeholders, opportunities or threats identified with respect to the OBI, along with the strategic approach, decision or intention to join or remain outside the OBI and positions on other regional initiatives like the Common Regional Market (CRM).

The second section is divided into policy areas related to six trilateral agreements and two bilateral agreements together with four trilateral and four bilateral Memorandums of Understanding (MoUs). The framework for analysis is organised in the policy areas proposed by the OBI; namely, in three broad areas – free movement of goods, free movement of people, workers and services, and other areas of cooperation.

Area of cooperation	Specific areas of cooperation	Open Balkan Agreements and MoUs
<b>Free movement of goods</b>	Mutual recognition of Authorised Economic Operators	Agreements on the mutual recognition of authorised economic operators – security and safety (AEOs) authorisations Bilateral ALB–MKD–SRB
	Mutual recognition of veterinary, food and feed safety, and phytosanitary certificates	<u>Agreement on cooperation in the field of veterinary, food and feed safety, and phytosanitary in the Western Balkans</u>
	Cooperation on food security and food commodities	Agreement on food security mechanisms in the Western Balkans
	Integration of payroll systems	MoU on M-Tag toll payments North Macedonia–Serbia
	Cross-border clearances and infrastructure	Memorandum of understanding on measures to improve the movement of people and goods North Macedonia–Serbia
<b>Free movement of people, workers and services</b>	Access to labour markets	<u>Agreement on conditions for free access to the labour markets in the Western Balkans</u>
	Electronic identification of citizens and access to e-government services	<u>Agreement on the interconnection of schemes for the electronic identification of citizens of the Western Balkans</u>

		<a href="#"><u>Agreement on cooperation in the Western Balkans in the field of the mutual recognition of diplomas and scientific grades issued by HEIs and other authorised institutions</u></a>
	Regional cooperation in the field of tourism	<a href="#"><u>Memorandum of understanding on cooperation in the field of tourism in the Western Balkans</u></a>
	Regional cooperation in the field of culture	<a href="#"><u>Memorandum of understanding on cultural cooperation in the Western Balkans</u></a>
	Regional cooperation in cinematography and audio-visual arts	<a href="#"><u>Memorandum of understanding on cooperation in the field of cooperation in the field of cinematography and audio-visual activities in the Western Balkans</u></a>
<b>Other areas of cooperation</b>	Cooperation between tax authorities	<a href="#"><u>Memorandum of understanding on the cooperation of taxation administrations in the Western Balkans</u></a>
	Civic and environment protection	<a href="#"><u>Agreement on protection against disasters Civil protection OP</u></a>
	Regional cooperation in the fields of energy and mining	Memorandum of understanding on cooperation in the field of mining and energy Albania – Serbia; Serbia – North Macedonia

Regional economic integration in the WB extends beyond the OBI. Analysis of each policy area thus starts by presenting the current legal and policy framework established for regional integration. The report discusses the interplay of the obligations arising from the OBI agreements and MoUs in relation to another regional trade agreement (CEFTA) or initiative, the CRM. The analysis presents relevant programmes and policy actions that have been implemented or are planned to be done so in a given OBI policy area by both countries participating in the OBI and those not participating. This includes the state of play in terms of the ratification, adoption or approval and implementation of the OBI agreements and MoUs.

## Research limitations

The limitations of the research methodology used in the presented study stem from several aspects. First, the developing nature of the regional integration initiatives, especially the OBI, means that new initiatives are announced without any prior notification, i.e., new agreements and MoUs continue to be signed. In this respect, some policy areas announced by the OBI were not considered while designing the data collection tools, particularly the MoUs on payroll systems and the MoU on cross-border clearances and infrastructure announced at the last bilateral meeting between North Macedonia and Serbia. Moreover, even the initiatives that have already been announced, as shown by the research, remain in an early phase of implementation. Thus, the progress with implementation of the agreements and the MoUs should continue to be monitored once the project has ended.

Given that the research relies on publicly available resources, it may be that relevant documents were not available or accessible on institutions' websites due to the websites not functioning or documents not having been published. The country experts used the interactions while interviewing institutional representatives to request relevant document (s) for this research. Still, only two documents were acquired through this approach. Even though prospective interviewees were offered the opportunity to not be recorded and for their personal information to not be associated with the opinions and shared information, there was a general lack of responsiveness from state institutions, notably in Albania and Serbia.

# Introduction: Regional economic integration initiatives in the Western Balkans – Overview

Regional cooperation among the WB countries has formed part of the bilateral and multilateral relations between countries in the region and their EU accession process. A survey from 2022 suggests that there are at least 60 regional organisations and initiatives covering economic cooperation, good governance, security etc. in which some or all WB countries take part.<sup>1</sup> It is not uncommon for new initiatives to emerge in the region. Just recently, four WB countries (Albania, Montenegro, Kosovo, North Macedonia) promoted the WB QUAD, a platform promoting full harmonisation with the EU's common foreign and security policy.

Economic integration is no exception to this practice. In the last two decades, several organisations and initiatives have appeared in the spotlight. CEFTA is the only legally binding agreement to include all WB countries, as well as Moldova. Within the Berlin Process, the leaders of WB countries have agreed to implement the plan for a Regional Economic area (REA), to be followed by the Action Plan for a Common Regional Market. These plans/agendas comprise the areas of trade, investment, digital, industrial and innovation and serve as the most comprehensive framework for economic cooperation and integration in the region.

Albania, North Macedonia and Serbia started to implement the Open Balkan Initiative in 2021 as a platform to promote the free movement of goods, people, services and capital in the WB. In 2019, the countries already signalled that they were willing to acceleration regional integration during informal meetings as part of what was then called Mini Schengen. The OBI was announced as a more mature initiative upon the signing of two MoUs and one Agreement in June 2021 at the first OBI Summit held in Skopje.

## Coordination and implementation structures

The OBI stands out because it was initiated and its implementation is the sole responsibility of the participating countries whereby heads of government and relevant ministries are regularly involved in its coordination and implementation. Such coordination occurs on several levels. The OBI Summits serve as a platform for dialogue on a high level where leaders take stock of the achievements made thus far and announce new areas of cooperation. To date, five gatherings under the Mini Schengen and four OBI summits have been held. An official OBI summit has not been held since September 2022. Instead, country leaders have gathered at OBI meetings during joint tourism promotion activities<sup>2</sup> or on the bilateral level during official visits.<sup>3</sup> According to the interviews, the next summit is expected to take place in Belgrade in May or June 2023. In a similar vein, the Berlin Process summits serve as a platform for coordinating on a high political level. Unlike the OBI, all WB countries participate in the Common Regional Market (CRM). Country leaders are joined by a representative of the EU and representatives of the member states to take stock of implementation of the CRM AP at meetings of leaders and/or ministers.

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<sup>1</sup> Nedžma Džananović and others, 'The Impact of Regional Organizations and Initiatives in the Western Balkans' (221AD) <[https://idscs.org.mk/wp-content/uploads/2022/01/A5\\_The-Actual-Impact-of-Regional-Organizations-and-Initiatives-on-Regional-Cooperation-Integration-and-Good-Neighborly-Relations-in-the-Western-Balkans-Success-and-Limiting-Factors.pdf](https://idscs.org.mk/wp-content/uploads/2022/01/A5_The-Actual-Impact-of-Regional-Organizations-and-Initiatives-on-Regional-Cooperation-Integration-and-Good-Neighborly-Relations-in-the-Western-Balkans-Success-and-Limiting-Factors.pdf)>.

<sup>2</sup> Zoran Radosavljevic, "In Italy, Three Western Balkan Leaders Praise 'Open Balkan' Initiative" (3 April 2023) <<https://www.euractiv.com/section/politics/news/in-italy-three-western-balkan-leaders-praise-open-balkan-initiative/>>.

<sup>3</sup> Government of the Republic of North Macedonia, "Signed Bilateral Documents between the Governments of Serbia and North Macedonia - in Focus the Interest of the Citizens and the Economies of Both Countries [Потпишани Билатерални Документи Помеѓу Владите На Србија и Северна Македонија - Во Фокус Интересот На Граѓаните и Економиите На Двете Земји]" (31 March 2023) <<https://vlada.mk/node/32730>>.

An OBI Implementation Council was announced with the task of leading and monitoring implementation of the activities agreed to in the initiative. Rather than a formal structure or body, the initiative is currently coordinated by appointed national coordinators. All countries have appointed one person for this role: in Serbia, it is the Deputy General Secretary of the Government of Serbia, North Macedonia has appointed a National Coordinator for the Open Balkan and regional initiatives, while Albania has appointed advisors to the Prime Minister for this role. According to the interviews conducted, the role of the coordinators is to facilitate and speed up the coordination of relevant ministries with respect to implementing the signed agreements and MoUs. Multi-Annual action Plan (MAP) REA have an established structure, i.e., Sherpas, with appointed representatives from each country. The RCC and CEFTA Secretariat are involved in the process with regard to monitoring and technical support for implementation of the agreed activities. The adoption of new protocols to the Agreement have widened the scope and debt of market liberalisation. The relevant articles of the Agreement and the additional protocols establish the formal structure for decision-making, obligations and other unsettled areas of cooperation between the WB countries, and Moldova.

## Section I: Country positions on the Open Balkan Initiative

This section presents the country positions, including official government positions, along with opinions on strengths and weaknesses held by key political figures and other stakeholders toward OBI. Also discussed is the strategic approach to the OBI and other regional initiatives, the decision or intention to join or remain outside.

**Albania.** The Government of Albania (GoA) remains fully committed to the Open Balkan Initiative as expressed in the Governing Programme 2021–2025 of the GoA, the National Strategy for Development and Integration 2030 (NSDI 2030 in the draft made available for public consultation), the National Plan for EU integration 2022–2024<sup>4</sup>, the Economic Reform Programme 2022–2024<sup>5</sup> and the Economic Reform Programme 2022–2025<sup>6</sup>. All public officials involved who were interviewed confirmed the commitment and willingness to continue efforts to deepen cooperation and collaboration in the OBI framework.<sup>7</sup> Hence no indication could be found of any change in position by the Albanian government regarding OBI in the strategic document analysis and interviews with GoA representatives involved in the initiative. Still, implementation of the signed agreements lags behind the willingness. This finding affirmed that the countries engaged in the OBI have established different timings/procedures for completing the legal and other acts needed for implementation. In addition, the lack of formal coordination structures is slowing down the implementation of OBI activities foreseen in the MoUs signed. There are currently no plans to participate at OBI summits or in any relevant activities, at least according to the interviewees. The interviews reveal that the *modus operandi* is more

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<sup>4</sup> Council of Ministers of the Republic of Albania, “National Plan for EU Integration 2022-2024” (February 2022) <[https://integrimi-ne-be.punetegashtme.gov.al/wp-content/uploads/2022/02/NPEI\\_2022-2024\\_EN-.pdf](https://integrimi-ne-be.punetegashtme.gov.al/wp-content/uploads/2022/02/NPEI_2022-2024_EN-.pdf)>.

<sup>5</sup> Council of Ministers of the Republic of Albania, “Economic Reform Programme 2022-2024” (31 January 2023) <<https://financa.gov.al/wp-content/uploads/2022/02/ERP-2022-2024.pdf>>.

<sup>6</sup> Council of Ministers of the Republic of Albania, “Economic Reform Programme 2023-2025” (31 January 2023) <<https://financa.gov.al/wp-content/uploads/2023/03/ERP-2023-2025.pdf>>.

<sup>7</sup> Based on interviews with: Ms Odeta Barbullushi, PM Consultant & OBI Coordinator; Ms Valbona Paluka, Consultant to the Minister of Agriculture and Rural Development; Elira Demiraj & Arjana Dyrmishi, Ministry of Finance and the Economy; Ms Sindi Dushku, Chief of the Cabinet at the Ministry of Infrastructure and Energy; Mr Klajdi Nikolla, Director for International Cooperation and Projects, National Agency for Civil Protection (under the Ministry of Interior), along with discussions with Ms Ledia Bregu, Director of Payment Systems & Finances and Ms Elona Suljoti, Head of Financial Sector at the Bank of Albania (there are no signed agreements involving the BoA, but there are efforts at regional cooperation throughout the CRM (RCC)).



of an *ad hoc* typology than a structured and continuous one, guided by the PM's engagement with other PMs in the region.<sup>8</sup>

Stakeholders' positioning with respect to the OBI has varied considerably, ranging from positive in the pursuit of strengthened regional cooperation through to negative ones that see the initiative as risky<sup>9</sup>, potentially compromising, and substituting the purpose of the CRM as the basis of the Berlin Process.<sup>10</sup> The opposition has contested the OBI, considering it “*as divisive in the region and which threatens the national interest of Albanians with the isolation it tries to do to Kosovo*”.<sup>11</sup> For Edward P. Joseph, a journalist covering the Balkan countries, “*the dangers of Open Balkan are not well understood, although they are clear to many in the Balkans themselves*”<sup>12</sup>, and summarises the problems with the Open Balkan as “*dubious theory, naive construct, dangerous implications*”.<sup>13</sup> For the Albanian political analyst Zaimi, jumping onto the OBI bandwagon was *not a smart decision and relatively immature*.<sup>14</sup> Nevertheless, media coverage of the OBI has been limited (the press freedom index for 2022 ranks Albania 103rd out of 180 countries with a score of 56.41) *due to high political pressure on journalists and structural problematics related to the most influential media*.<sup>15</sup>

**North Macedonia.** The OBI has been high on the political agenda of two prime ministers under the Social Democrats-led government. Active participation in the regional cooperation initiatives was a priority for the government of Prime Minister Zoran Zaev who was one of the OBI's initiators.<sup>16</sup> The OBI was first added to the government's priorities in the government's multiannual programme 2022–2024, where it states that it “*stems from the Berlin Process and is an advanced regional cooperation initiative*” and that the initiative is and remains open to countries in the region.<sup>17</sup> Whether in the government programme or at public appearances of the prime ministers, the idea of a no-borders region has been highlighted as a direction in which the initiative should move. The OBI is the only regional initiative to which the government has dedicated a webpage with the signed documents available for public inspection. Over 100 press releases on the government website view the initiative optimistically with a forward-looking outlook regarding its economic potential.<sup>18</sup>

In terms of coordination, the government has two national coordinators and one advisor for regional cooperation. The National Coordinator for Regional Cooperation and European Integration and National Coordinator for the Open Balkan and regional initiatives both cover areas of the Open Balkan,

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<sup>8</sup> The Albanian public administration is characterised by a low retention rate of employees and also shifts from one position to the other (for several reasons, including political, economic, social etc.). This is believed to affect the steady progress with implementation of the OBI.

<sup>9</sup> The OBI includes only half the WB countries since Kosovo, Montenegro, and Bosnia & Herzegovina have not joined.

<sup>10</sup> Source: <https://www.monitor.al/analiza-ballkani-i-hapur-minoi-nismen-e-berlinit-thelloi-percarjet-ne-rajon/>

<sup>11</sup> BoldNews, “Berisha: The “Open Balkan” Initiative Isolates and Threatens Kosovo [Berisha: Nisma “Ballkani i Hapur”, Izolon Dhe Kërcënon Kosovën]” (23 November 2022) <<https://boldnews.al/2022/11/23/berisha-nisma-ballkani-i-hapur-izolon-dhe-kercenon-kosoven/>>.

<sup>12</sup> Elona Elezi, ““Open Balkan” Could Worsen Political Problems in Region” (18 August 2022) <<https://www.dw.com/en/open-balkan-initiative-risks-aggravating-political-problems-in-the-region/a-62834261>>.

<sup>13</sup> *ibid.*

<sup>14</sup> Nga OraNews, ““Open Balkan” initiative/Zaimi: Immature and childish policy, Rama is in a hurry, should consult with Kosovo [Nisma “Ballkani i Hapur”/ Zaimi: Politikë e papjekur dhe fëminore, Rama është nxituar, duhet të konsultohet me Kosovën]” (29 August 2022) <<https://www.oranews.tv/vendi/nisma-ballkani-i-hapur-zaimi-politike-e-papjekur-dhe-feminore-rama-eshte-n-i1003738>>.

<sup>15</sup> Reporters without borders, “Albania” (2022) <<https://rsf.org/en/country/albania>>.

<sup>16</sup> Government of the Republic of North Macedonia, “Government programme of the Republic of North Macedonia in the period 2020-2024 [Програма за работа на Владата на Република Северна Македонија во периодот 2020-2024]” (2020) <[https://vlada.mk/sites/default/files/dokumenti/programa-na-vlada-agenda2024-finalno\\_programa\\_1.pdf](https://vlada.mk/sites/default/files/dokumenti/programa-na-vlada-agenda2024-finalno_programa_1.pdf)>.

<sup>17</sup> Government of the Republic of North Macedonia, “Government programme of the Republic of North Macedonia in the period 2022-2024 [Програма за работа на Владата на Република Северна Македонија во периодот 2022-2024]” (2022) <[https://vlada.mk/sites/default/files/dokumenti/programa-na-vlada-agenda2024-finalno\\_programa\\_1.pdf](https://vlada.mk/sites/default/files/dokumenti/programa-na-vlada-agenda2024-finalno_programa_1.pdf)>.

<sup>18</sup> Government of the Republic of North Macedonia, “Open Balkan” <<https://vlada.mk/node/30372?ln=en-gb>>.

and the prime minister has an external advisor concerning the Berlin Process. According to the interviews, both are involved in overall coordination of the process, channelling the work that arises from the OBI summits to relevant institutions. Sessions of working groups comprising representatives of institutions involved in a given agreement or MoU are held to discuss the implementation process on an ad hoc basis. However, publicly accessible information about achievements, including progress with implementation on the technical level, is scarce.

In terms of support for the OBI, several state and political actors contested the initiative in its early stages. Senior state officials, including the president, and political leaders of the opposition have primarily been concerned about its complementarity with the EU accession process and the Berlin Process, while the leading Albanian political parties have stressed the asymmetric integration nature and exclusionary logic with respect to Kosovo as an additional concern with the initiative.<sup>19</sup> Public opinion polls suggest while the initiative is generally accepted by the public, considerable differences exist when ethnicity is factored in. The majority of Macedonians support the OBI, while less than half the Albanians support OBI.<sup>20</sup> The private sector strongly supports the OBI, praising its potential to open new markets and boost trade among the participating countries.<sup>21</sup>

North Macedonia's participation in the initiative has not been discussed in parliament. No institution has thus far published a comprehensive analysis of the costs and benefits of participating in the OBI. Analysis of the legal and fiscal implications have been conducted by relevant institutions at the request of the government, although these documents are not publicly available, nor can we determine whether the government has requested opinions on each act the initiative has produced to date.

**Serbia.** The Programme of the Government of Serbia presented by candidate Prime Minister Ana Brnabić in October 2022 unequivocally expresses the government's official attitude to the initiative. The government pledged to continue working on the OBI in order to ensure and promote the following four European freedoms – freedom of movement of people, goods, services and capital. The government also expressed its hope that Montenegro and Bosnia and Herzegovina will soon join the initiative, while the initiative “is also open to Pristina”.

In addition, the desk research showed that in numerous public appearances, including speeches, conferences, seminars, and debates, both the president and the prime minister of Serbia, together with many government officials and members of parliament from the ruling party and its major coalition partners, have expressed unambiguous support for the OBI. For instance, the President of Serbia Aleksandar Vučić has been particularly supportive, stating that it could help strengthen the region's economic competitiveness while reducing political tensions. Nevertheless, not all relevant actors in Serbia fully support the OBI, as discussed below.

Several key points emerge from the interviews conducted as part of the presented research. Despite the Berlin Process, key interlocutors believe that its agenda is too ambitious. For instance, the Action Plan itself has over 100 items and includes a wide range of topics, from digital transformation to the green agenda to cooperation in education. No political institution is specifically tasked with implementation. Moreover, CEFTA is practically blocked and the Berlin Process relies heavily on it. Although one cannot deny that the Berlin Process has achieved certain results, the OBI is the total

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<sup>19</sup> Ristovski. S Kacarska, S., “Caught in the Middle of It – Does Open Balkan Makes Sense for North Macedonia?” (23 January 2023) <<https://tiranaobservatory.com/2023/01/05/caught-in-the-middle-of-it-does-open-balkan-makes-sense-for-north-macedonia/>>.

<sup>20</sup> IRI, “2022 Western Balkans Regional Survey January-February 2022”.

<sup>21</sup> Analytica, “The perception of export oriented companies in North Macedonia in the “Open Balkan” initiative [Перцепцијата на извозно ориентираните компании во Северна Македонија за Иницијативата „Отворен Балкан“]” (2022) <[https://www.analyticamk.org/images/Media/2022/\\_Finalen\\_zaklucok\\_WEB.pdf](https://www.analyticamk.org/images/Media/2022/_Finalen_zaklucok_WEB.pdf)>.

opposite having been set up completely ‘pragmatically’ – it has virtually no structure, neither national nor regional. There is an absence of coordination or implementation authority, no secretariat, no strategic document with official targets, or a clear methodology. In short, everything functions on an ad hoc basis through high-level political meetings and strong political PR with government coordinators and national chambers of commerce serving as support.

The OBI could prove to be successful because it was initiated at the highest political level, an aspect totally missing with the Berlin Process (for instance, the President of Serbia has not attended a single Berlin Process summit since 2017). However, in light of the above, the biggest challenge for the OBI is implementing the agreements signed. According to one interviewee, not all employees working at the Customs Administration are even completely familiar with the initiative itself. Although there is evident pressure from ‘above’ (i.e., the executive branch), authority and responsibility have not been adequately transmitted vertically.

The desk research revealed that the civil sector and political opposition in Serbia hold mixed feelings about the OBI. For instance, pro-EU and EU-funded non-government organisations (NGOs) and public intellectuals in Serbia express concern with the OBI for all the reasons mentioned above, and also because of the initiative’s quite ambivalent attitude to the EU integration process and associated EU standards and regulations. The OBI is perceived here as a ‘cheap’ alternative to the Berlin Process, which clearly lacks the latter’s inclusiveness and offers no tangible benefits except political points for the ruling party. On the other hand, pro-US and economically liberal think tanks like the Libertarian Club – Libek openly support the OBI due to its free-market orientation. The pro-Western political opposition in Serbia generally supports the goal of greater regional cooperation and integration as a way of overcoming the legacy of conflict and division in the Balkans. Yet, some members of the opposition, particularly those with nationalist or conservative leanings, have used the term "Great Albania" to criticise the government's engagement with Albania and other countries in the region, and to suggest that the initiative is a threat to Serbia's national sovereignty and territorial integrity.

**Montenegro.** Montenegro has faced strong political and institutional crises over the last 2 years. Montenegro currently has a government that lost a vote of confidence more than 6 months ago and a parliament that was dissolved in mid-March 2023.

While there is some discussion of the OBI, no common position has emerged within the parliamentary majority.<sup>22</sup> In the previous two years, two governments were elected in Montenegro with varying support in the parliament, but in both cases the OBI did not have the support of the majority, at least in the talks on this issue. The outgoing government led by Prime Minister Dritan Abazovic which is presently in power, has orally expressed complete support for the OBI, yet there are no documents or activities to support this position. Oral support is also expressed by the Deputy Prime Minister and Minister of Agriculture Vladimir Jokovic, but in the same way as the Prime Minister, namely, without any concrete steps that could show commitment to this initiative. On the other hand, after an analysis she had commissioned concerning the pros and cons of joining the OBI, the Deputy Prime Minister and Minister of European Affairs, Jovana Marovic resigned from the position of minister as well as from all party positions (she was an official at the URA, a party whose president is Prime Minister Abazovic).<sup>23</sup> Much was written in the media claiming that the reason for her resignation was precisely her disagreement over Montenegro joining this initiative. In Montenegro today, apart from the

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<sup>22</sup> Predrag Tomovic, “Pro-Western Parties against Montenegro’s Entry to the “Open Balkan”, pro-Russian Parties for [Prozapadne Stranke Protiv Ulaska Crne Gore u “Otvoreni Balkan”, Proruske Za]” (13 May 2023) <<https://www.slobodnaevropa.org/a/crna-gora-za-i-protiv-otvoreni-balkan/31848441.html>>.

<sup>23</sup> Sofija Popovic, “Montenegro: Ministry of European Affairs Published Analysis on Open Balkan” (28 November 2023) <<https://europeanwesternbalkans.com/2022/11/28/montenegro-ministry-of-european-affairs-published-analysis-on-open-balkan/>>.

declarations made by politicians that they want to be part of the OBI, or not, there is not a single activity, document or anything else that indicates Montenegro's readiness to join the initiative.

With respect to Montenegro, only one official document prepared by the Ministry of European Affairs in November 2022 "Analysis of advantages and disadvantages of participation in the regional initiative 'Open Balkan'"<sup>24</sup> stresses that the OBI coincides with the Berlin Process. The lack of a strategic plan and institutional framework, including on the monitoring methodology and a supervisory administrative/technical body, have slowed the ratification process while a possible issue concerning complementarity with the EU acquis has been noted. Further, the imbalance or lack of equal relationships and positions and Kosovo's open opposition and reservations by the EU are referred to in the document.

The civil sector in Montenegro is also quite cautious when it comes to joining the OBI.<sup>25</sup> At the regional conference "Regional initiatives in the Western Balkans – chances and misconceptions?"<sup>26</sup>, it was concluded that Montenegro should stay the course of EU integration and analyse all the details before deciding on joining the OBI. The President of the Pan European Union and the first Montenegrin Minister of European Affairs, Gordana Djurovic, a professor at the Faculty of Economics, has often publicly warned of the dangers Montenegro could face within the OBI framework, especially in terms of its path to EU integration. She has consistently argued that the OBI is not as successful imitation of the Berlin Process, which has the goal of the European integration of all the WB countries.

Montenegro has a clear negotiation structure for European integration, but only space for cooperation in any other regional initiative. In CEFTA, as well as in the Berlin Process, Montenegro has a focal point for various areas, (with the Berlin Process, Montenegro used to have an appointed structure in 2018), but not a clear structure for negotiations like in the European integration process. Generally, the same institution and appointed person are responsible for the same area. There is a significant number of strategies and action plans to achieve the EU's rules in most areas regarding the negotiation chapters, making it necessary to analyse whether any changes are planned in the existing legislative framework that could affect the OBI agreements.

**Kosovo.** The Kosovo government supports implementation of the CRM. In 2021, following a meeting with the German Ambassador to Kosovo, Prime Minister of Kosovo Albin Kurti stated that "*We hope to reach agreements in the framework of the Common Regional Market (CRM) which treat all participating countries equally and encourage development and democratisation in the region, of which citizens are the final beneficiaries*".<sup>27</sup> Kosovo also was the second country in the WB to approve the three mobility agreements under the CRM AP reached in Berlin on 3 November 2022 in the Berlin Process framework on: Freedom of Movement with Identity Cards, on Recognition of Higher Education Qualifications, and on Recognition of Professional Qualifications for Doctors of Medicine, Dentists, and Architects.

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<sup>24</sup> Jadranka Denkova, Andrej Mahojsev and Strasko Stojanovski, "Advantages and Disadvantages of the Administrative Dispute in the Macedonian Legal System (Предности и Недостатоци На Управниот Спор Во Македонскиот Правен Систем)" (Faculty of Law, Goce Delcev University, Shtip 2020) <<https://js.ugd.edu.mk/index.php/scgw/article/view/4039/3624>>.

<sup>25</sup> Aneta Durovic, "The 'Open Balkan' raises a number of practical questions ["Otvoreni Balkan" otvara niz praktičnih pitanja]" (19 May 2022) <<https://www.slobodnaevropa.org/a/crna-gora-otvoreni-balkan/31858615.html>>.

<sup>26</sup> The conference was organised by the Center for Civic Education (CGE) with the German organisations Society for Southeast Europe (SOG) and the Friedrich Ebert Foundation (FES)

<sup>27</sup> Bledar Qalliu, "Kosovo Prime Minister and German Ambassador Urge Strengthening of Common Regional Market" (19 August 2021) <<https://exit.al/en/kosovo-prime-minister-and-german-ambassador-urge-strengthening-of-common-regional-market/>>.

Kosovo joined CEFTA in July 2007. The accession treaty was signed in 2006 by UNMIK on behalf of Kosovo. Even after its declaration of independence in 2008, Kosovo continues to be represented in CEFTA by United Nations Mission in Kosovo (UNMIK), and the government in Prishtina is seeking to change this. In 2012, in the setting of the EU-facilitated dialogue for the normalisation of relations Kosovo and Serbia reached a deal on Regional Representation and Cooperation that enables Kosovo to represent itself in regional initiatives and organisations with an asterisk (\*) attached to the name of the country. Based on this agreement, Kosovo has managed to replace UNMIK with the new denomination including in the: European Common Aviation Area (ECAA) and Energy Community, but not in CEFTA. While UNMIK no longer participates in technical-level CEFTA meetings, it continues to attend the Joint Committee meetings, the decision-making body of CEFTA.<sup>28</sup> Three members of CEFTA – Serbia, Bosnia and Herzegovina, and Moldova – that do not recognise Kosovo’s independence also reject its full representation in CEFTA. In 2021, Kosovo Prime Minister Kurti proposed “to advance CEFTA to SEFTA (South East European Free Trade Agreement), modelled on the current EFTA–EEA”<sup>29</sup>, which is similar to a proposal made two years earlier by the European Stability Initiative (ESI) in its report “Hamster in the Wheel – Credibility and EU Balkan policy”.<sup>30</sup>

The Kosovo government is the only country in the WB to hold a fiercely negative position on the OBI. The government’s position towards OBI is largely shared by other political stakeholders in the country, including the main opposition parties, respectively the PDK, LDK and AAK. Based on analysis of the interviews and statements by Prime Minister Kurti and other political leaders, it seems that their concerns about the OBI is that it is seen as a “Serbian project”, even though in 2010 it was Kosovo that hosted a Presidential Summit with heads of state from the region to discuss the idea of a Mini Schengen for the region, a precursor to the OBI.<sup>31</sup> Prime Minister Kurti formulated his position on the as follows: *“I have no other position. The Open Balkans, as far as I know, does not even have a website. So, it is an initiative that has neither a platform nor a basic contract, it has neither a strategy nor an action plan. It is not according to the rules of the European Union, it does not have the financing of the European Union and I cannot support such an initiative”*<sup>32</sup>. The leader of the main opposition party in Kosovo, the Democratic Party (PDK), Memli Krasniqi, stated that while they enjoy close cooperation with Albania and Prime Minister Rama, on the issue of the OBI they do not agree. The statements by Krasniqi imply that the OBI is not seen as a platform where Kosovo would be treated as an equal.<sup>33</sup> Namely, from the Kosovo perspective, the biggest concerns with the OBI have to do with the perception that it lacks EU support and Kosovo would not be treated as an equal. However, there are other voices in Kosovo that have promoted a different position on the OBI. For instance, Vice President of the Kosovo Assembly Enver Hoxhaj, who is at the same time a senior member of the leadership of the opposition party PDK, has called on Kosovo to participate in the OBI, arguing that *“The Open Balkans is not even an organization, it is an informal group of states, like the G7 or G20. And in my view, it would be easy for Kosovo if it behaves constructively, creatively, and participates in the Open Balkans, and asks for support from the states for us to become part of the Council of*

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<sup>28</sup> Balkans Policy Research Group (BPRG), “Kosovo’s Contested Representation in CEFTA: Political and Legal Overview” (2022) <<https://balkansgroup.org/wp-content/uploads/2021/11/Kosovos-Contested-Representation-in-CEFTA-151021.pdf>>.

<sup>29</sup> See the tweet by Prime Minister Kurti, <https://twitter.com/albinkurti/status/1404802385462038538?lang=bn>

<sup>30</sup> European Stability Initiative, “Hamster in the Wheel - Credibility and EU Balkan Policy” (15 January 2020) <<https://www.esiweb.org/publications/hamster-wheel-credibility-and-eu-balkan-policy>>.

<sup>31</sup> Petrit Collaku, “Four Presidents Push for Mini Schengen Zone in Balkans” (*Balkan Insight*, 28 June 2010) <<https://balkaninsight.com/2010/06/28/four-presidents-push-for-mini-schengen-zone-in-balkans/>>.

<sup>32</sup> Politiko, “Kurti: I Haven’t Changed My Stance on ‘Open Balkan’, an Initiative without a Platform” (31 March 2023) <<https://politiko.al/english/kosova/kurti-nuk-kam-ndryshuar-qendrim-per-ballkanin-e-hapur-iniciative-pa-platf-i4787>>.

<sup>33</sup> Euronews Albania, “Memli Krasniqi: We part with Rama for Open Balkan. (10 February 2022)” <Available at: <https://euronews.al/memli-krasniqi-ndahemi-me-ramen-per-open-balkan/>>.

*Europe, to become part of the partnership for peace of NATO*".<sup>34</sup> Other stakeholders, especially from civil society, believe that Kosovo should participate in the OBI meetings and express whatever concerns it might hold about the initiative at these meetings.<sup>35</sup> One of the central concerns in Kosovo's position on the OBI is that it would only lead to the country's isolation.<sup>36</sup>

**Bosnia and Herzegovina.** The directly elected tripartite Presidency of Bosnia and Herzegovina (BiH) decides unanimously on the country's foreign policy, while the Council of Ministers and lower levels are tasked to be in line with and implement it. The Presidency has a Strategy on Foreign Policy for the period 2018 up to and including 2023, which sets EU membership and regional cooperation as one of the country's main foreign policy goals. The participation of BiH in a regional or any other initiative/organisation is decided on unanimously by the Presidency.

In September 2020, the Presidency adopted a set of Conclusions "welcoming the OBI" and asking the Council of Ministers to produce a cost/benefit analysis based on Regulatory Impact Assessment (RIA) methodology. Although the Council of Ministers requested individual ministries to jointly produce the analysis, it has not yet been developed or discussed at the Council of Ministers level.<sup>37</sup> Instead, the Ministries of Foreign Affairs and Foreign Trade and Economic Relations produced their own and internal analyses, which are neither public nor supportive of BiH's participation in the OBI. These analyses question the existence of the added value brought by the OBI (most OBI issues being covered by existing initiatives), refer to the absence of financial and political support from outside (notably the EU), the exclusion of existing regional organisations and institutions, and stress the potential political background to it (Serbia's dominance in the region).<sup>38</sup>

Since September 2020, on the request of its member coming from the Republika Srpska entity, the Presidency has on several occasions tried to put the issue of participation in the OBI on the agenda. These requests, however, were declined by the other two members of the Presidency. All political parties based in the Republika Srpska entity, and their members in state-level institutions, are very much in favour of BiH's participation in the OBI. In the other BiH entity, the Federation of BiH, the political parties are sceptical and critical of the OBI and in principle against BiH's participation in the initiative. Still, following elections in October 2022 the mood in the newly elected Council of Ministers seems to be changing. The Chairperson of the Council of Ministers, Borjana Kristo (Croat, HDZBiH), and the Minister of Foreign Affairs, Elmedin Konakovic (Bosniak, NiP), have expressed a readiness to discuss BiH's participation in the OBI (while stressing BiH's participation in the Berlin Process as a priority).<sup>39</sup> Yet, internal analysis within BiH's institutions in charge of trade continues to be unfavourable to the OBI and at that level there are no differences along ethnic lines.

On the institutional level, BiH's strategic and practical focus beyond discussions on the OBI is on other regional initiatives and organisations: from CEFTA and the CRM to over 30 other different regional

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<sup>34</sup> Talha Ozturk, "Kosovo Should Become Part of Open Balkan Initiative: Ex Minister" (13 July 2022) <<https://www.aa.com.tr/en/europe/kosovo-should-become-part-of-open-balkan-initiative-ex-minister/2635957>>.

<sup>35</sup> Forum Europe, "What Does the Open Balkan Initiative Bring to the Countries in the Region?", available at: (2023) <<https://www.facebook.com/HeartefactFund/videos/forum-europe-what-does-the-open-balkan-initiative-bring-to-the-countries-in-the-/1301280303648228/>>.

<sup>36</sup> Perparim Isufi, "Kurti's Opposition to Open Balkan Leaves Kosovo Looking Isolated" (14 July 2022) <<https://balkaninsight.com/2022/06/14/kurtis-opposition-to-open-balkan-leaves-kosovo-looking-isolated/>>.

<sup>37</sup> <http://www.predsjednistvobih.ba/zaklj/sjed/default.aspx?id=88831&langTag=bs-BA>

<sup>38</sup> Three non-papers papers have been produced, two by the Ministry of Foreign Trade and Economic Relations and one by the Ministry of Foreign affairs. To obtain most of these very relevant documents, a commitment had to be made to ensure full secrecy of the interview data to the Presidency and the Ministry of Foreign Trade and Economic Relations.

<sup>39</sup> Goran Katic, "The "Open Balkan" bypasses Sarajevo via Banja Luka ["Otvoreni Balkan" preko Banjaluke zaobilazi Sarajevo]" (31 March 2023) <<https://www.slobodnaevropa.org/a/otvoreni-balkan-banja-luka-konferencija/32342270.html>>.

initiatives. The decentralised nature of BiH's constitutional and institutional order, combined with the still unresolved issues of distribution of competence and political instability, influence the level of BiH's implementation of obligations taken on as part of the EU or regional integration.

## **Section II: Areas of cooperation under the OBI**

### **Free movement of goods**

Before all WB countries joined CEFTA, there were Bilateral Trade Agreements (BTAs) that aimed to facilitate trade in goods between countries in the region. All countries, but Kosovo, had signed bilateral agreements with each other in the 2000s. Kosovo had BTAs with Albania and North Macedonia only, while such agreements have not been concluded with Bosnia and Herzegovina, Montenegro, or Serbia.<sup>40</sup> CEFTA consolidates the level of market liberalisation of the bilateral arrangements in a single agreement between the WB countries and Moldova with a view to eliminating trade barriers and distortions of trade and to facilitate the movement of goods in transit and the cross-border movement of goods and services. The Additional Protocol (AP) 5, commonly referred as the Additional Protocol on Trade Facilitation, establishes three priorities to which parties have committed themselves. It aims to simplify inspections related to all clearance procedures and reduce formalities, to enable the exchange of data between customs authorities, and mutually recognise the national AEO Programmes in a CEFTA party, provided that they are set and implemented in line with the EU's acquis.<sup>41</sup>

Rather than considering every aspect of cooperation covered by CEFTA and AP5, this section concentrates on the cooperation areas that the OBI has promoted. It examines the bilateral agreement on Mutual recognition of AEO programmes, the Agreement on recognition of veterinary, food and feed safety, and phytosanitary certificates, and the Agreement on food security. As mentioned, areas of cooperation promoted recently, like the MTAG Tool payment cooperation, the MoU on enhanced Border Crossing Point (BCP) infrastructure, and the one-stop shops of Serbia and North Macedonia are not covered in this report.

#### **Mutual recognition of authorised economic operators – security and safety**

Authorised Economic Operators (AEOs) are standards for business entities which form part of the international movement of goods approved by the Customs Administration that should comply with the World Customs Organisation (WCO) or equivalent standards. The WCO SAFE Framework of Standards provides the global framework, while the European Union has transposed this framework in the EU Customs code.<sup>42</sup> WB countries have agreed to recognise each other's programme independently of the EU accession process within CEFTA so long as both the legislation and implementation of each national programme is fully in line with the relevant EU acquis. The status of the implementation of the AEO programmes and the OBI bilateral AEO agreements are presented below.

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<sup>40</sup> Richard Grieveson, Mario Holzner and Goran Vukšić, "Regional Economic Cooperation in the Western Balkans: The Role of Stabilisation and Association Agreements, Bilateral Investment Treaties and Free Trade Agreements in Regional Investment and Trade Flows" (2020) 450 <<https://wiiw.ac.at/regional-economic-cooperation-in-the-western-balkans-the-role-of-stabilisation-and-association-agreements-bilateral-investment-treaties-and-free-trade-agreements-in-regional-investment-and-trade-flows-p-5362.html#:~:text=The%20Central%20European%20Free%20Trade,Serbia's%20SAA%20with%20the%20EU>>.

<sup>41</sup> CEFTA, "Additional Protocol 5 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement" <<https://cefta.int/wp-content/uploads/2023/02/Appendix-2-AP5-with-its-Annexes-and-Appendixes-MS-SEED-2023-01-lot-2-1.pdf>>.

<sup>42</sup> *ibid.*

**Albania.** The Albanian AEO Programme was assessed as positive by the CEFTA team in June 2022.<sup>43</sup> Eight AEOs have been approved in Albania, and ten applications are under consideration. Besides these positive developments, the mutual recognition of AEO programmes has not been done between CEFTA parties due to the political issue of approval of the CEFTA decision on the recognition of validated AEO programmes. The AEO Programme is included in the official website of the General Customs Directorate that gives information about the AEOs, the benefits, the criteria, and other supporting documents.<sup>44</sup> The government of Albania within the ERP 2023–2025 plans to further implement the mutual recognition of AEO protocols with Serbia and North Macedonia.<sup>45</sup>

**Serbia.** The Republic of Serbia introduced the AEO concept with the Customs Law adopted in 2010, while in 2014 requests for approval of this status began. The AEO Programme is open to all economic entities, including SMEs, regardless of their role in the international supply chain. Under Article 27 of the Customs Law, the status of an authorised economic entity entails different types of approval: an AEO for Customs Simplification (AEOC) and an AEO for Safety and Security (AEOS). Each type of approval includes various benefits. To obtain AEO status in Serbia, businesses must meet certain criteria related to customs compliance, financial solvency, and security and safety standards. The certification process involves a comprehensive evaluation of the applicant's operations, including their supply chain security, record-keeping, and compliance with customs regulations. To date, Serbia has signed and ratified in the National Assembly bilateral agreements on the mutual recognition of AEOs with China, North Macedonia, and Albania. According to the latest data from the Customs Administration, there are 49 AEOs in Serbia.<sup>46</sup>

**North Macedonia.** In June 2020, the Customs Administration of North Macedonia commenced the procedure to validate the AEO Programme.<sup>47</sup> The Macedonian AEO programme became the first among the CEFTA countries to obtain international recognition in February 2021, confirming that the programme, its procedures and AEO processes are in harmony with EU and WCO standards.<sup>48</sup> Thus far, 23 economic operators with AEO status have been approved.<sup>49</sup> The Strategy on AEO programme promotion for 2021–2023 includes the priority to strengthen and promote this concept by fully realising the benefits of the programme across the CEFTA region, including via mutual recognition agreements with all countries in the WB region.<sup>50</sup> The Customs Administration credits the OBI's direct contribution in context of regional cooperation in this area, and acknowledges that the bilateral

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<sup>43</sup> CEFTA, “#AEO Validation Mission in #Albania Has Been Successfully Completed [..]” (*Facebook*, 96 2022) <<https://www.facebook.com/ceftatreaty/posts/571448827835071>>.

<sup>44</sup> Customs Administration of the Republic of Albania, “AEO” <<https://dogana.gov.al/english/c/170/284/authorized-economic-operators>>.

<sup>45</sup> Council of Ministers of the Republic of Albania, “Economic Reform Programme 2023-2025” (no. 9).

<sup>46</sup> Customs Administration of the Republic of Serbia, “AEO” <<https://www.carina.rs/en/business-community/AEO.html>>.

<sup>47</sup> Customs Administration of the Republic of North Macedonia, “Macedonian Authorised Economic Operators Internationally Recognized in CEFTA” (13 February 2021) <<https://customs.gov.mk/en-GB/ns-newsarticle-makedonskite-ovlastenite-ekonomski-operatori-ke-bidat-megunarodno-priznati-vo-cefta.nsp>>.

<sup>48</sup> *Ibid.*

<sup>49</sup> Customs Administration of the Republic of North Macedonia, “AEO” <<https://customs.gov.mk/en-GB/pocetna/biznis-zaednica/ovlasten-ekonomski-operator.nsp>>.

<sup>50</sup> Customs Administration of the Republic of North Macedonia, “Strategy for Improvement of the AEO Status 2021-2023 [Стратегија За Унапредување На Статусот На Овластен Економски Оператор 2021-2023]” (2021) <[https://customs.gov.mk/images/biznis\\_zaednica/ostanato/StrategijaUnapreduvanjeStatusOvlastenOperator2021202307072021.pdf](https://customs.gov.mk/images/biznis_zaednica/ostanato/StrategijaUnapreduvanjeStatusOvlastenOperator2021202307072021.pdf)>.



agreements with Albania and Serbia help to create a better business climate and establish a regional market.<sup>51</sup>

**Bosnia and Herzegovina.** The mutual recognition of AEOs lies in the competence of state-level legislation, the Ministry of Foreign Trade and Economic Relations, as well as the Indirect Tax Unit. BiH established a legal basis for AEOs and procedures for applications with the Indirect Tax Unit, which are possible since 1 August 2022. The legal basis for AEO status in BiH is Articles 7 and 8 of the Law on the Customs Policy of BiH; Articles 23 to 42 of the Decision on implementation of the Law on customs policy of BiH; Articles 3, 25 to 27. The verification procedure for the AEO programme has been in place since 1 August 2022. Several letters of intent by businesses have been sent to competent authority, but by 23 March 2023 not a single application had been made, and hence also no approvals for an AEO. This issue has been addressed through CEFTA. Several issues like the recognition of a CEFTA-agreed AEO sign are still pending.

**Montenegro.** Montenegro adopted a new Customs Law in August 2022 that entered into force in February 2023, together with the Regulation on the enhanced implementation of customs procedures and customs formalities in March 2023. The aim of this law is to harmonise it with the *acquis* of the EU. Within these regulations, the procedures and rules for obtaining AEO status are defined. According to the current regulations, an AEO for safety and security may be subject to being validated by other countries. With one more authorisation issued in 2022, the number of AEOs in the country became three. In accordance with information from the Taxis and customs administration, the status of an AEO for safety and security can be subject to being validated by other countries, and this year they plan to start the validation procedure of the AEO Programme at the CEFTA Secretariat, after which companies with the status of an AEO for safety and security will enjoy privileges in CEFTA contracting parties. It thus follows that certain procedures for granting AEO status should be reviewed before mutual recognition is accepted. Still, all of this is already defined in the Decision accepted by all countries of the Western Balkans through CEFTA.

**Kosovo.** The AEO programme in Kosovo is implemented by Kosovo Customs. The programme is governed by several legal acts and regulations, including the Law on Customs<sup>52</sup>, which provides the legal basis for establishing the AEO programme in Kosovo. The Administrative Instruction on Authorised Economic Operators sets out the requirements and procedures for obtaining and maintaining AEO status,<sup>53</sup> and the administrative Instruction on Customs Simplifications and Procedures, which outlines the customs simplifications and procedures that can be granted to businesses holding AEO status. Kosovo has issued Guidelines for AEOs.<sup>54</sup> In October 2019, Kosovo submitted its application for mutual recognition of AEO status to CEFTA.

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<sup>51</sup> Customs Administration of the Republic of North Macedonia, “Open Balkan Initiative” <<https://customs.gov.mk/en-GB/pocetna/za-nas/megjunarodna-sorabotka/otvoren-balkan.nsp#>>.

<sup>52</sup> Law no. 04/L-216 on Customs

<sup>53</sup> No. 03/2018

<sup>54</sup> Ministry of Finance of Kosovo, “Authorised Economic Operators Guideline” (15 November 2017) <<https://dogana.rks-gov.net/wp-content/uploads/2017/11/Authorized-Economic-Operators.pdf>>.

## **OBI Agreements on the mutual recognition of authorised economic operators – security and safety**

North Macedonia and Serbia signed an Agreement on the mutual recognition of AEOs in August 2019 and ratified in December 2019, before the Open Balkan Initiative was announced.<sup>55</sup> The implementation protocol of this agreement was signed between the customs authorities of Serbia and North Macedonia following the OBI Nis ministerial meeting in October 2021 at the Preshevo border crossing point.<sup>56</sup> Bilateral agreements on AEO programme mutual recognition between Albania, and Serbia and North Macedonia were signed at the OBI Tirana summit in December 2022. The agreement between Albania and North Macedonia entered into force upon a Decision of the Council of Ministers and after being ratified in the parliament in July 2022.<sup>57</sup> The agreement between Albania and Serbia also entered into force with a decision of the Council of Ministers and when ratified in the parliament of Serbia. Implementation protocols were adopted and the agreements are being implemented.<sup>58</sup>

Three concerns should be noted with regard to the implementation of these agreements. The small number of approved AEOs may limit the benefits of this programme in terms of trade facilitation.<sup>59</sup> Moreover, implementation of these agreements and the protocols is relatively new, which means challenges could arise that need to be resolved to implement their provisions fully. The differences in the procedures and processing speeds of the countries involved are some of the key factors contributing to delays with practical implementation of the agreement.<sup>60</sup> Last but not least, the interviews with the chambers of commerce from Serbia and North Macedonia suggest that in practice having only one AEO lane at the BCP creates a bottleneck for effective implementation of this agreement.

This area of cooperation could prove even more challenging when seeking to expand to countries not participating in the OBI. The number of approved AEOs is also low among these countries. The AEO validation procedure in CEFTA has not taken place and thus an assessment of conformity with the EU's rules has yet to commence for all three non-participating countries. Above all, it remains questionable whether this area of cooperation under the OBI is attractive to non-participating countries. CEFTA decisions in this area should grant similar, if not the same, benefits to their AEOs. The decisions on establishing the validation procedure for the mutual recognition<sup>61</sup> and common AEOs logo were adopted in 2019 and 2020, respectively. As noted already, the decision on the mutual recognition of the AEOs is still waiting to be adopted by the CEFTA Joint Committee.<sup>62</sup>

## **Mutual recognition of veterinary, food and feed safety, and phytosanitary certificates**

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<sup>55</sup> Customs Administration of the Republic of North Macedonia, "AEO" (n 52).

<sup>56</sup> Customs Administration of the Republic of North Macedonia, "Signed Protocol with the Republic of Serbia for Mutual Recognition of AEO Authorisations" (3 December 2021) <<https://customs.gov.mk/ns-newsarticle-potpisan-protokol-so-republika-srbija-za-vzaemno-priznavane-na-odobrenijata-za-ovlasten-ekonomski-operator.nsp>>.

<sup>57</sup> Official Gazette of the Republic of North Macedonia, "Law on the Ratification of the Agreement between the Government of the Republic of North Macedonia and the Council of Ministers of the Republic of Albania on the Mutual Recognition of Approvals for Authorized Economic Operator Safety and Security (AEOS)" (4 July 2022) <<https://dejure.mk/zakon/zakon-za-ratifikacija-na-spogodbata-pomegju-vladata-na-republika-severna-makedonija-i-sovetot-na-ministri-na-republika-albanija-za-zaemno-priznavanje>>.

<sup>58</sup> Interview with the Prime Minister's Office and the Ministry of Finance of Albania and the Customs Administration of North Macedonia.

<sup>59</sup> Report from the Serbian Chamber of Commerce, Interview with the Customs Administration of North Macedonia.

<sup>60</sup> Interview with the Ministry of Finance of Albania.

<sup>61</sup> CEFTA, "Decision of the Joint Committee of the Central European Free Trade Agreement Establishing the Validation Procedure for the Mutual Recognition of CEFTA Parties" National Authorised Economic Operators' Programmes with Regard to the Safety and Security (AEOS)" (18 December 2019) <[https://website-cefta.azurewebsites.net/wp-content/uploads/2018/12/Decision-No-1\\_2019-on-AEOs.pdf](https://website-cefta.azurewebsites.net/wp-content/uploads/2018/12/Decision-No-1_2019-on-AEOs.pdf)>.

<sup>62</sup> CEFTA, "Can the Economic Crisis Give New Momentum to Regional Cooperation" (9 December 2022) <<https://cefta.int/news/can-the-economic-crisis-give-new-momentum-to-regional-cooperation/>>.

Agriculture is an essential economic sector for national economies. Besides its importance for ensuring food supply, health and disease protection, it is an important dimension of trade policies related to the agriculture sector. Article 12 of CEFTA prescribes that WB countries cooperate with a view to applying relevant regulation in a non-discriminatory manner, on request share information on sanitary and phytosanitary measures, including veterinary matters, and where appropriate negotiate agreements on harmonisation or mutual recognition in these matters according to relevant provisions of the WTO Agreement on the application of Sanitary and Phytosanitary Measures and other relevant international agreements. AP 5 aims to simplify inspections related to all clearance procedures and reduce formalities to the maximum extent. AP 5 also defines the data to be exchanged by competent authorities involved in the clearance of goods as well as veterinary health certificates and phytosanitary certificates.<sup>63</sup> The 2020 Decision on facilitating trade in fruit and vegetables triggered the mutual recognition of programmes, documents and inspections. It allows for the mutual recognition of Multi-Annual Control Plans, which contain multiannual control programmes for food safety, plant health and quality to verify compliance with the rules for the production and trade in fruit and vegetables with the EU's rules, and plans for the recognition of those on the Register of Professional Operators Trading in Fruit and Vegetables of Another CEFTA Party.<sup>64</sup>

One of the first and most notable achievements of the OBI was the signing of an Agreement on cooperation in the field of veterinary, food and feed safety, and phytosanitary in the Western Balkans. The process of ratifying this agreement occurred at different paces in each country. Serbia ratified the agreement in the National Assembly<sup>65</sup> and officially started to implement the agreement in January 2022. Albania adopted the agreement with the decision of the Council of Ministers. The draft law for ratifying the agreement has not yet been ratified in the parliament of North Macedonia.<sup>66</sup> Under Article 11, the agreement will enter into force on the date of last written notification of the completion of the procedures as required by the domestic legislation, meaning that the agreement has not yet entered into legal force. Nonetheless, as the desk research and interviews suggest, all three countries have started to implement the provisions of this agreement.

A report obtained from the Ministry of Agriculture and Rural Development of Albania on the level of implementation shows the following activities have been implemented:

- a list of harmful organisms/ phytosanitary areas;
- the exchange of quarantine lists with the status; survey programmes of harmful organisms; monitoring plans, active and passive control plans, and disease reports; all monitoring and national plans or programmes of official controls in food, feed, plant, animal and mixed origin and also for food-to-trade purposes;
- harmonisation of the list of plant and plant products requiring a phytosanitary inspection certificate in line with EU regulations;

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<sup>63</sup> CEFTA, "Additional Protocol 5 to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement" (no. 44) 5.

<sup>64</sup> CEFTA, "Decision of the Joint Committee of the Central European Free Trade Agreement No. 1/2020 on Facilitating Trade for Fruit and Vegetables" (02 2022) <[https://superhost.com.mk/cefta/wp-content/uploads/2021/07/Decision-No-1\\_2020-on-Facilitating-Trade-for-Fruit-and-Vegetables.pdf](https://superhost.com.mk/cefta/wp-content/uploads/2021/07/Decision-No-1_2020-on-Facilitating-Trade-for-Fruit-and-Vegetables.pdf)>.

<sup>65</sup> Government of the Republic of North Macedonia, President of the Republic of Serbia and Council of Ministers of the Republic of Albania, "Agreement on Cooperation in the Field of Veterinary, Food and Feed Safety and Phytosanitary in the Western Balkans" (21 December 2021), <[http://vlada.mk/sites/default/files/dokumenti/Otvoren\\_Balkan/agriculture.pdf](http://vlada.mk/sites/default/files/dokumenti/Otvoren_Balkan/agriculture.pdf)>.

<sup>66</sup> Parliament of the Republic of North Macedonia, "Draft law on the ratification of the Agreement on cooperation in the field of veterinary medicine, food and feed safety, and phytosanitary area in the Western Balkans [Предлог на закон за ратификација на Спогодбата за соработка во областа на ветеринарството, безбедноста на храна и на добиточна храна и фитосанитарна област во Западен Балкан]" <<https://www.sobranie.mk/detali-na-materijal.nspx?param=7e92a250-cd60-4b09-bfa5-10c365f21bcb>>.

- recognition and acceptance of laboratory analyses by accredited laboratories and accredited methods, publishing and updating the list on the website of the respective ministry;
- phytosanitary certification and physical checks for plants and plant products are done at the place nearest to the border inspection point at the customs terminal. Other shipments go directly to the destination point where the quarantine and documentary and identity checks are implemented (food of animal and non-animal origin, feed, live animals, and mixed origin);
- pre-notification of live animals will help the competent authorities identify the destination point. Harmonisation of an animal disease list (OIE); standard adopted on the international level;
- a list of approved food business operators and animal establishments for food of animal and non-animal origin and the exchange of notification of food business operators without requirements for on-site controls, only implementing the exchange of the monitoring plan;
- an agreement on a set of criteria for transporting UHT dairy products and other food products that do not require refrigeration while being transported; and
- the 24/7 working hours of border crossings is.

The data gathered from the interviews and desk research suggest several observations in terms of implementation of the agreement. Implementation of the agreement has contributed, as the interviewees from Albania and North Macedonia revealed, to better coordination and regular contacts between relevant authorities. Competent authorities are carrying out physical checks directly at the destination point or at the customs terminal as prescribed by the agreement.<sup>67</sup> However, information from the Chambers of Commerce of North Macedonia and Serbia suggests that issues have arisen in terms of the working hours of the inspection authorities on the Serbia–North Macedonia border.

In terms of cost-related matters pertaining to import/export controls, Serbia abolished inspection fees in January 2022 and a working group was formed for the abolition of fees for phytosanitary measures, although the negotiations on this have stopped. On the North Macedonian side, the Ministry of Agriculture and Rural Development and the Health and Veterinary Agencies informed the Ministry of Finance of the financial implications of removing the existing fees, but yet is no information showing that a decision to abolish fees has been taken.<sup>68</sup>

### **Regional cooperation on food security and commodities reserves**

The war in Ukraine had caused concerns over food security around the world. Global shortages of food supply, coupled with higher prices on crude oil and fertilisers have caused prices of food commodities to increase. In the wake of these developments, the OBI countries signed the Agreement on food security mechanisms in the Western Balkans at the Belgrade summit in September 2022. President Aleksandar Vucic’s statement that “*Everything ours will be available to North Macedonia and Albania and vice versa*” means that the agreement prescribes that the parties will not impose bans on essential food products, map shortages and storage capacities, and develop a food security roadmap and a Joint Working Group tasked to monitor implementation of this agreement.<sup>69</sup>

**Albania** – The food security and reserves in Albania are under the competence of the General Directorate of Material Reserves of the State (organised in five Regional Directories) at the

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<sup>67</sup> Report from the Serbian Chamber of Commerce; interviews with the Ministry of Agriculture and Rural Development of North Macedonia; interview with the Health and Veterinary Agency of North Macedonia.

<sup>68</sup> Interviews with the Ministry of Agriculture and Rural Development of North Macedonia; interview with the Health and Veterinary Agency of North Macedonia.

<sup>69</sup> Government of the Republic of North Macedonia, President of the Republic of Serbia and Council of Ministers of the Republic of Albania, “Agreement on Food Security Mechanisms in the Western Balkans” (2 September 2022) <[http://vlada.mk/sites/default/files/dokumenti/Otvoren\\_Balkan/id\\_agreement.pdf](http://vlada.mk/sites/default/files/dokumenti/Otvoren_Balkan/id_agreement.pdf)>.

Ministry of Defence.<sup>70</sup> The Ministry of Finances and the Economy is also involved. The activity of the General Directorate of Material Reserves of the State is regulated by law no. 9900/2008 “On the material reserves of the state”.<sup>71</sup> The State Export Control Authority is the institution involved in regulating export activity. The material reserves and reserve commodities nomenclature and quantities are classified as secret. No information could be discovered during the desk research regarding the agreement on food security mechanisms based on a search of the directorate's official website.

**North Macedonia.** In relation to food security, the government adopts a national strategy for agriculture and rural development that is implemented by the Ministry of Agriculture, Forestry and Water Economy.<sup>72</sup> The ministry implements the annual programme for financial support for food producers and a programme of financial support for agriculture, which includes direct payments for agricultural production and livestock farming and state aid for the development of agriculture.<sup>73</sup>

The trade law of North Macedonia defines the circumstances in which the government may restrict trade and limit exports and imports on certain goods.<sup>74</sup> The agreement on the food security mechanism forbids a ban on exports and re-exports on specific food products.<sup>75</sup> The agreement is still not ratified in North Macedonia and thus the obligation for such an exemption does not exist. After the agreement was signed, the government annulled the Decision on the export restriction of wheat and wheat flour,<sup>76</sup> citing the obligation under the OBI agreement.<sup>77</sup> The decisions on export restrictions on eggs<sup>78</sup> and wood and pellets<sup>79</sup> are in effect, yet these product types are not covered by the agreement. According to a representative of the Ministry of Agriculture, Forestry and Water Economy, the parties have conducted analysis and talks on the technical level of food storage capacities.

**Serbia.** When it comes to food and food security, the institutions responsible include the Ministry of Agriculture, Forestry and Water Management, the Ministry of Trade, Tourism and Telecommunications, and the Customs Administration (within the Ministry of Finance). The key aspect of the Agreement on food security mechanisms in the Western Balkans is that the countries will not impose bans on trade in essential agro-food products within the Open Balkan. The mechanisms for limiting exports of agro-food products in Serbia are regulated by several items of legislation, including the Law on Foreign Trade, the Law on Food Safety, and the Law on Customs. The specific mechanisms for limiting exports of agro-food products include

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<sup>70</sup> Ministry of Defence of the Republic of Albania, “General Directorate of Material Reserves” <<https://dprmsh.gov.al/dprmsh/drjetori-i-pergjithshem/>>.

<sup>71</sup> Ibid.

<sup>72</sup> [https://www.mzsv.gov.mk/CMS/Upload/strateski%20dokumenti/ns\\_16\\_2021.pdf](https://www.mzsv.gov.mk/CMS/Upload/strateski%20dokumenti/ns_16_2021.pdf)

<sup>73</sup> Government of the Republic of North Macedonia, “Programme for Financial Support of Agriculture for 2023 [Програма За Финансиска Поддршка Во Земјоделството За 2023 Година]” (9 February 2023) <<https://www.mzsv.gov.mk/CMS/Upload/programi2023/>>.

<sup>74</sup> Official Gazette of the Republic of North Macedonia, “Trade Law [Закон За Трговија]” <<https://www.economy.gov.mk/Upload/Documents/%D0%97%D0%90%D0%9A%D0%9E%D0%9D%20%D0%A2%D0%A0%D0%93%D0%9E%D0%92%D0%98%D0%88%D0%90%20.pdf>>.

<sup>75</sup> Parliament of the Republic of North Macedonia, “Draft law on the ratification of the Agreement on cooperation in the field of veterinary medicine, food and feed safety and phytosanitary area in the Western Balkans [Предлог на закон за ратификација на Спогодбата за соработка во областа на ветеринарството, безбедноста на храна и на добиточна храна и фитосанитарна област во Западен Балкан]” (no. 69).

<sup>76</sup> <https://dejure.mk/zakon/odluka-za-ogranichuvanje-na-izvozot-na-oddelni-stoki-2>

<sup>77</sup> <https://vlada.mk/node/30432>

<sup>78</sup> Official Gazette of the Republic of North Macedonia, “Decision on Determining the Highest Prices for Individual Products in Retail Trade and the Obligation of Traders to Acquire and Sell Certain Types and Quantities of Individual Goods to Consumers According to a Certain Order” (21 March 2023), <<https://www.economy.gov.mk/content/documents/Odluki>>.

<sup>79</sup> Ibid.

quotas, export licences, export bans and export taxes. In addition, as a result of supply chain disruptions due to the war in Ukraine, in March 2022 the government of Serbia imposed a temporary ban on exports of vital agro-food products like corn, wheat flour and sunflower oil. This ban was gradually relaxed and transformed into export quotas and already abolished by the middle of the year. However, in September 2022 the government introduced a ban on the export of milk and milk products that remained valid until 31 January 2023. Yet, the clause which forbids a ban on exports of essential agro-food is fully implemented in Serbia, which means the OBI countries have preferential treatment in this regard, i.e., the restrictions will not apply to them.

**Bosnia and Herzegovina.** The issue of food security and food commodities reserves falls within the competence of two entities and their respective directorates for commodity reserves. Neither directorate has developed a web presentation, while the Federation Strategy (not available online) does not reveal any intention for stronger regional cooperation or put any focus on it. The limiting of exports of any products is regulated by the Law on foreign trade policy of BiH (state level). The Ministry of Foreign Trade and Economic Relations of BiH proposes decisions for the Council of Ministers of BiH to adopt regarding the limiting of exports from BiH. BiH did not impose any restrictions on agro-food exports in view of the war in Ukraine. The sole restriction imposed appeared in June 2022 on certain types of forest wood, firewood and wooden products, and no preferential treatments were given for any country. During the interview with the representative of the Ministry of Foreign Trade and Economic Relations, it was noted that for political reasons for a de facto ban in BiH on exports or imports from the Republic of Serbia is impossible.

**Kosovo.** Mechanisms for limiting exports of agro-products implemented by the Ministry of Agriculture, Forestry and Rural Development include export quota and export permits, a ban on exports, and custom duties. The Department for Agricultural Policies and Markets at the Ministry of Agriculture, Forestry and Rural Development is inter alia in charge of implementing the customs regime on agricultural products. Law no. 08/L-072 on Agriculture and Rural Development provides the overall legal and policy framework with respect to agriculture<sup>80</sup>. Kosovo introduced export restrictions on a number of agricultural food products without justifications or prior consultation with the Commission.<sup>81</sup> In 2022, following Russia's invasion of Ukraine, and the growing global food security crisis, Kosovo introduced bans on exports of certain food products like wheat.<sup>82</sup> In May 2022, Kosovo lifted all of the biggest restrictive measures put in place to limit the severity of the COVID-19 pandemic. Kosovo also adopted two fiscal packages to address the pandemic's economic and social impact. Government support programmes included an increase in subsidies paid to agricultural producers.

**Montenegro.** The Ministry of Economic Development and Tourism is the institution responsible for food security in Montenegro. There have been no commodity reserves since 2003 when they were abolished by the Law on Intervention Procurement. Under that Law, the Intervention Procurement Plan is prepared and adopted by the government. In the event of a disturbance to the market, the government passes a decision on the state of emergency that caused the disturbance on whose basis funds can be secured from budget reserves for the

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<sup>80</sup> See Law no. 08/L-072 on Agriculture and Rural Development, available at: <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=71733>

<sup>81</sup> European Commission Country Report for 2022, p. 7, available at: <https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Kosovo%20Report%202022.pdf#page=117&zoom=100,93,506>

<sup>82</sup> Kosovo to ban certain food exports amid food security crisis. Available at: [https://www.euractiv.com/section/politics/short\\_news/kosovo-to-ban-certain-food-exports-amid-food-security-crisis/](https://www.euractiv.com/section/politics/short_news/kosovo-to-ban-certain-food-exports-amid-food-security-crisis/)

intervention procurement plan. Montenegro is a large importer of food, with annual food imports at the level of around 450 million per year. Food shortages can easily occur, especially given that Montenegro does not even have mandatory commodity reserves. Therefore, the supporters of the Open Balkan Initiative present this very arrangement as one of their main arguments.

In the event of food shortages, Montenegro applies the Law on Intervention Procurements when food shortages are caused by serious disruptions to the market. The provisions of this law were used only once during the COVID pandemic to procure wheat for the needs of commodity reserves. Still, the market stabilised very quickly and there was no longer a need to store commodity reserves. Article 10 (on market stabilisation measures) of the Law on Agriculture and Rural Development gives the possibility to forbid imports in certain cases.

However, after a renewed threat of food shortages the Ministry of Economic Development and Tourism commissioned a feasibility study regarding the re-establishing of commodity zones, which had been abolished in 2003. The feasibility study is not publicly available but it was reviewed by the authors of this report and for this analysis an important determinant of the feasibility study is that among the models for keeping compulsory commodity reserves a model whereby another country would keep commodity reserves for Montenegro was presented.

Taking note of the country analysis, several conclusions may be regarding this area of cooperation. The agreement on food security is to enter into force once the last written notification has been submitted to the depository. Since the Assembly of North Macedonia has not yet ratified the agreement, technically no obligations are imposed on any of the parties involved. Nevertheless, the commitment to not impose bans on food product exports has not been violated by any of the three countries. The only bans to be imposed were by Serbia and North Macedonia, with the latter imposing export restrictions on products not covered by the agreement. The mapping of food storage capacities has been conducted through the exchange of information among the three countries. Full operationalisation of this agreement may be attractive to Montenegro.

## Free movement of people and services

The free movement of workers and the right of establishment and to provide services is an important part of the EU accession process and access to the EU Single Market. Like with the case of trade in goods, the WB countries have committed themselves to liberalisation and enabling the free movement of services in CEFTA. Additional Protocol 6 (AP 6) of CEFTA on the provision of services set the legal grounds for market liberalisation in the WB, and Moldova. AP 6 establishes obligations for the signatory parties to remove existing restrictions and guarantees that no new restrictions on market access will be introduced in terms of the (maximum) number of service suppliers, (maximum) value of service provided, number of transactions or other form of output, number of physical persons that can work in a particular service sector, whether via numerical quotas or economic needs tests or requirements for a legal entity or joint venture in the receiving country, or capital participation in domestic companies.<sup>83</sup>

According to AP 6 of CEFTA, market access may be made conditional on qualification requirements and procedures, technical standards and licensing requirements and procedures that do not constitute unnecessary barriers to trade in services. The Schedule to AP 6 (Annex III) lists the obligations and exemptions for certain sectors, modes of service supply and types of restrictions on market access and national treatment. Under AP 6, the parties are committed to considering recognising the education or

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<sup>83</sup> CEFTA, “Additional Protocol 6 on Trade in Services to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement” 6 <<https://cefta.int/wp-content/uploads/2021/07/Additional-Protocol-6-on-Trade-in-Services-.pdf>>. Articles 4, 10 and 11

experience obtained, requirements met, licences or certifications granted in another party based on an agreement, an arrangement between the parties, or autonomously.<sup>84</sup>

In relation to the provision of services, three main areas are observed in this report with regard to the OBI. OBI countries signed an Agreement on labour markets and electronic identification schemes and access to government e-services, as well as on the recognition of diplomas and scientific grades and qualifications to facilitate access to labour markets. The MoUs on cooperation in the fields of tourism, culture and cinematography also provide measures for joint activities and the facilitation of trade in tourism and creative industries.

### **Free access to the labour markets**

Annex I of AP 6 foresees the obligation to allow natural persons to temporarily enter and stay, for 6 to 12 months, under specific conditions in each category of key personnel, trainees, business service sellers, contractual service suppliers, and independent professionals.<sup>85</sup> AP 6 does not apply to measures affecting natural persons seeking access to the employment market of a Party, nor to citizenship, residence or employment on a permanent basis<sup>86</sup> and it is “*important to mention that this initiative does not include persons who seek work in other CEFTA markets*”. The OBI agreement may thus offer a new avenue for deeper integration between the WB countries.

The agreement for free access to the labour markets in the Western Balkans signed by the OBI countries grants *equal access to the labour markets* in the Receiving Party, the right of entry and residence for work purposes provided that individuals have a valid ID card or biometric travel document for at least 90 days counting and including the expiring date, has no ban on their entry and stay in the territory of the other Contracting Party, nor poses a threat to the public order, national security, public health or international relations.<sup>87</sup> Approval allows the right to stay in the territory of the Receiving Party for up to 2 years with the possibility of re-registration, while the right to employment could be exercised without the need to obtain a work and residence permit in the Receiving Party.<sup>88</sup> No application fees or tariffs as per the domestic legislation apply.<sup>89</sup> In the section below, an overview of the national legislation regarding access to labour markets of each WB country is presented, before turning to implementation of the OBI agreement and its possible application to all all six WB countries.

**Albania.** Entry and exit, stay and access to the labour market is regulated by law no. 79/2021 “For foreigners”.<sup>90</sup> It improves the legislative framework on migration, ensuring better alignment with the relevant EU directives, the use of mechanisms for electronic visas online, the provisions for the readmission of foreigners, and the management of irregular migration.<sup>91</sup> The main novelties introduced by the law include the granting of a unique permit for foreigners through a single application procedure for those intending to stay and work in Albania and the

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<sup>84</sup> Ibid.

<sup>85</sup> Ibid., Annex 1.

<sup>86</sup> Ibid., Article 8 and Annex 1.

<sup>87</sup> CEFTA, “Additional Protocol 6 on Trade in Services to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement” (no. 86), Articles 3 and 4.

<sup>88</sup> Ibid., Article 7.

<sup>89</sup> Ibid., Article 7.

<sup>90</sup> The law abrogated the previous Law no. 108/2013 “*On foreigners*”, as amended. The Law was published in Official Gazette no. 162 on 18.10.2021 and was to enter into force on 02.11.2021.

<sup>91</sup> Deloitte, “LegalNews Special” (October 2021)

<[https://www2.deloitte.com/content/dam/Deloitte/al/Documents/legal/Deloitte%20Albania\\_Special%20Legal%20News\\_October2021.pdf](https://www2.deloitte.com/content/dam/Deloitte/al/Documents/legal/Deloitte%20Albania_Special%20Legal%20News_October2021.pdf)>.



granting of a residence permit for different categories of foreigners.<sup>92</sup> While residing legally in Albania, citizens from the Western Balkan countries, including BiH, Montenegro, Kosovo, Serbia and North Macedonia, can freely access the labour market. A declaration is provided by the employer, or by the foreigner in the case of self-employment.

Regarding preferential access for open positions allocated through the National Agency for Employment and Skills, Article 74 of law no. 79/2021 “For foreigners” on the employment of a foreigner states that the National Agency for Employment and Skills, prior to the approval of a request to employ a foreigner, must advertise the position to candidates (upon the meeting of criteria) to unemployed jobseekers from Albania, foreigners, family members of Albanian citizens, member states of the USA and EU, and their family members, and citizens of the Western Balkan countries, including BiH, Montenegro, Kosovo, Serbia and North Macedonia. Foreigners' visas can be obtained in person and electronically through e-Albania and the e-visa portal. An application for a permit is made at the border and migration directorates in the region where the activity is carried out and approved of the National Agency of Employment and Skills.

**North Macedonia.** The Law on the employment and work of foreigners and the Law on foreigners govern access to the labour market in North Macedonia, The Law on employment and work prescribes that foreigners are subject to a temporary residence permit for the purpose of work, seasonal work or posted workers issued by the Ministry of Internal Affairs after receiving a positive opinion from the Employment Agency.<sup>93</sup> In relation to a submitted request, the Agency issues its opinion for the period specified in the request, but for no longer than 1 year.<sup>94</sup> With several exceptions, working permits are subject to quotas following a decision of the government after an opinion given by the Employment Agency.<sup>95</sup> If a foreigner holds a temporary residence permit for the purpose of work based on family reunification, for the purpose of the work of a family member – a citizen of the Republic of North Macedonia, or for the purpose of work for humanitarian reasons, they can apply to the Employment Agency in order to obtain a work permit that would enable them to access the labour market.<sup>96</sup> In 2022, the number of permits for workers from Albania and Serbia was 205 and 389, respectively, or 11.88% of all permits issued, with a total of 83 permits for workers from Bosnia and Herzegovina and Montenegro.<sup>97</sup> North Macedonia has already signed bilateral agreements on social security with all WB countries, Albania in 2016, Serbia in 2002, Bosnia and Herzegovina in 2005, Montenegro in 2005, and an agreement on pensions with Kosovo from 2013 where the obligation for social security is determined according to the legal regulations of the contracting state in whose territory the individual works, with the exception of posted workers for whom the laws of the sending country apply.<sup>98</sup>

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<sup>92</sup> au pairs, job search or entrepreneurs for researchers and students, stateless persons, retirees, a unique residence permit for digitally mobile employees, a temporary residence permit for the exploitation of immovable property located in the Republic of Albania; Granting a 5-year residence permit for citizens of the USA, EU member states, and the Republic of Kosovo.

<sup>93</sup> Law on Foreigners 2018 (Official Gazette of the Republic of Macedonia no. 97).

<sup>94</sup> Official Gazette of the Republic of North Macedonia, “Law on Employment of Foreigners” (11 December 2015) <<https://www.pravdiko.mk/wp-content/uploads/2013/11/Zakon-za-vrabortuvane-i-rabota-na-strantsi-11-12-2015.pdf>>.

<sup>95</sup> Ibid.

<sup>96</sup> Ibid.

<sup>97</sup> The data were obtained from a report by the Employment Agency of North Macedonia that is not publicly available. No data on Kosovo are found in the document.

<sup>98</sup> Finance Think, “How will the workforce move in the Open Balkan? Critically review of the proposal framework for regulation of the existing one as well work regulation for foreigners” (March 2023) <[https://www.financethink.mk/wp-content/uploads/2023/03/PolicyBrief\\_no61-MK.pdf](https://www.financethink.mk/wp-content/uploads/2023/03/PolicyBrief_no61-MK.pdf)>.

**Serbia.** Pursuant to the Law on the Employment of Foreigners, for a foreigner to be employed in Serbia they must first obtain a work and residence permit from the Ministry of the Interior, and then prove that all possibilities of employing a person holding Serbian citizenship for that position have been exhausted. After fulfilling these conditions, a foreigner acquires the same rights and obligations as employed citizens of Serbia. However, a work permit can last for a period no longer than one year, after which it must be extended, which requires additional administrative procedures. Currently, citizens of the Western Balkan countries are treated the same as other foreigners according to the Law, which means that they are also issued work and residence permits.

**Bosnia and Herzegovina.** The competences regarding access to the labour market of BiH are exercised on the state level, the two entities and the Brčko District. The state is competent for regulating the requirements and procedures for the entry and stay of foreigners and establishing quotas for the access of foreigners to the labour market. It also takes care of internal coordination. On the state level, the Ministry of Civil Affairs is in charge of internally coordinating negotiations for international agreements in the fields of employment and social security, whereas the Labour and Employment Agency, in cooperation with the entity and District employment bureaus, is responsible for implementing these agreements. The Ministry of Security and its Service for Foreigners' Affairs is responsible for regulating and monitoring the entry, stay and movement of foreigners. On the entity and cantonal levels, there are ministries and other institutions in charge of social security, including for pensions, disability and health. The entities and cantons also have employment services responsible for issuing work permits to foreigners within the quota limit established on the state level. In BiH, rules covering access to the labour market do not differentiate along citizenship lines and thus there are no special rules for citizens of the countries in the region. All foreign nationals are viewed as being the same.

**Montenegro.** In addition to the Law on Foreigners, which regulates the stay of foreigners in Montenegro, the Labour Law, which is also harmonised with EU legislation, is in force. The Law on Foreigners defines the method of employing foreigners in Montenegro, while the Labour Law prescribes the same rules for foreigners employed in Montenegro as for Montenegrin citizens. However, under the Law the government adopts a decision on the yearly number of permits for the temporary residence and work of foreigners (an annual quota) in line with the migration policy and the situation and trends in the labour market in Montenegro no later than by 30 November of the current year for the following year. WB nationals have equal access to the labour market, except in the case of a certified diploma where the diploma was issued in the countries of former SFRY before 25 January 2008. Specific provisions for EU nationals are found in the Law on Foreigners and will be applied as of the date of accession.<sup>99</sup>

**Kosovo.** The procedure for obtaining access to the labour market in Kosovo depends on an individual's status and citizenship. Kosovo nationals and citizens of other Western Balkan countries enjoy free access to the labour market in Kosovo and are not required to obtain work permits or visas. Yet, citizens of non-WB countries may need to obtain a work permit or visa to work in Kosovo. The Kosovo Agency for Employment is responsible for issuing employment quotas and work permits in Kosovo.<sup>100</sup>

For longer stays in Kosovo, foreigners must apply for a residence permit in Kosovo at the Foreigners' Registration Office. A temporary residence permit may be issued to a foreigner for: tourism and entertainment reasons; employment and business reasons; study reasons in an

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<sup>99</sup> The EU Report on Montenegro in 2022 indicates that the Montenegrin legislation has been set up so that the application of certain provisions will begin on the day of Montenegro's accession to the EU.

<sup>100</sup> See the website of the agency for more information: <https://apr.k.rks.gov.net/Content/Agency/Index>

educational institution in Kosovo; the reason of family reunification with a permanent resident of Kosovo; the reason of family reunification with a member of diplomatic corps in Kosovo; and the reason that they are married to a permanent resident of Kosovo<sup>101</sup>. A residence permit can be extended if the reasons for issuing the permit have not changed and the application for extension is justified with relevant documents. Any company or organisation employing non-Kosovar citizens or foreigners must register the individual involved at the Ministry of Internal Affairs<sup>102</sup>. In terms of legislation and the policy framework, access to the labour market for non-Kosovar citizens is regulated by law no. 04/L-219<sup>103</sup> on Foreigners, as well as Regulation (GRK) No. 09/2019 for the integration of foreigners.<sup>104</sup> There are also bilateral agreements between Kosovo and other countries on access to the labour market. For instance, Kosovo applies preferential treatment for citizens of Albania, who are not required to obtain a work permit to work for 6 months if they hold a residence permit.

### Agreement on conditions for free access to the labour market in the Western Balkans

The Agreement is seen as a means to simplify procedures for accessing labour markets in an easier and cheaper way for both workers and companies. The procedure is expected to be fully digitalised, with the Open Balkan ID number to be centre in the process. Currently, only Albania has a digital platform in place for applications. According to the interviews with the government representative and the Agency for Employment in North Macedonia, the system is operational and being tested.

The Agreement foresees the adoption of an implementation protocol that has still not been published. Based on the interviewees at the government and the Agency for Employment in North Macedonia, coordination during OBI summits and communication at regular online meetings has taken place between relevant institutions to discuss details of implementation aspects of the agreement. This protocol is to regulate matters related to the information system enabling registration, and matters related to the stay, movement and work of citizens in the territory of the Receiving Party.<sup>105</sup> The protocol may require the alignment or harmonisation of national procedures for granting a residence permit, access to the labour market or working visa regimes, changes in secondary law with regard to administrative charge and tariffs and quotas for access to labour markets that were not investigated as part of this research task.

The Agreement also states that a social security agreement should be concluded. The desk research shows that a bilateral social security agreement has not been concluded between all WB countries, including between Albania and Serbia. Yet, this is essential for effective implementation of the labour access agreement and is a precondition for protecting the rights of workers.

Social security agreements	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania		<u>Agreement on social insurance</u>				
North Macedonia			<u>Agreement on social insurance</u>	<u>Agreement on social insurance</u>	<u>Agreement on pension schemes</u>	Agreement on social insurance
Serbia				Agreement on social insurance		Agreement on social insurance

<sup>101</sup> For more on applications for temporary residence permits, including for the purpose of employment, see: <https://mpb.rks-gov.net/f/45/Temporary-residence-permit-for-foreigners>

<sup>102</sup> For more, see: <https://mpb.rks-gov.net/f/51/Registration-of-applicant-as-employee>

<sup>103</sup> See Law 04/L-219, available at: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8876>

<sup>104</sup> See regulation 09/219, available at: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=21006>

<sup>105</sup> Article 16 [https://vlada.mk/sites/default/files/dokumenti/Otvoren\\_Balkan/working\\_permits.pdf](https://vlada.mk/sites/default/files/dokumenti/Otvoren_Balkan/working_permits.pdf)

Bosnia and Herzegovina						Agreement on social insurance
Kosovo						
Montenegro						

**Agreement on the Recognition of Professional Qualifications of Doctors of Medicine, Doctors of Dental Medicine, and Architects in the Central European Free Trade Agreement Context**

The agreement signed at the EU–WB summit in Berlin in November 2022 establishes rules for the automatic recognition of formal qualifications for the three regulated professions through a common procedure provided that the minimum training and language requirements are met (for Doctors of Medicine, Doctors of Dental Medicine, and Architects). The agreement will enter into force 30 days following formal notice of the ratification, acceptance or approval of the three signatory countries. After the Parliament of North Macedonia votes on the agreement, it will become the third country to ratify it after Kosovo and Albania, and the agreement is expected to enter into force and to apply to the three countries, and a joint committee will be established.<sup>106</sup> Ratification of these agreements is pending in Bosnia and Herzegovina. The Ministry of Civil Affairs is preparing them for the Council of Ministers to adopt them after which both houses of the Parliamentary Assembly of BiH and the Presidency must adopt them. The agreement has been approved by the governments of Serbia and Montenegro and is awaiting a vote in the parliaments.<sup>107</sup>

**Electronic identification schemes and government e-services**

The agreement on the interconnection of schemes for the electronic identification of citizens of the Western Balkans countries provides supplementary mechanisms for the operationalisation of the agreement on free labour market access. The agreement establishes procedures for the creation and operationalisation of a unique identification number, i.e., an OBI ID number, for the purpose for using electronic services within the OBI. Access to labour market should be enabled through the interconnection and interoperability of ID schemes and the trusted relation of a federation of electronic identities of the government service. The progress made in establishing such registers per country and progress with implementation of the agreement is presented below.

**Albania.** The country switched to e-government services based on the e-Albania platform established in 2015 in alignment with the Cross-cutting Strategy “Digital Agenda of Albania 2015–2020” and the “Digital Agenda of Albania 2022–2026”. A list of public institutions and agencies providing their services on e-Albania is available at the portal. Based on the information available, the “Trusted List” of Qualified Trust Service Providers Accredited in the Republic of Albania includes: National Agency of Information Society (NASRI) and ALEAT ShPK, responsible for issuing the National Identity Cards and Passports.<sup>108</sup> A review of relevant documents revealed that certain measures have been taken towards implementing the tasks outlined in the agreement, which is considered a high priority for the Ministry of Interior. Yet, it should be noted that the above information could not be validated and detailed through interviews because no response was received from the institution's representatives involved.

**North Macedonia.** Pursuant to the Law on Electronic Documents, Electronic Identification and Confidential Services, the Ministry of Information Society and Administration maintains

<sup>106</sup> CDI, “Update on #CRM 3 Mobility Agreements (3MA)” (19 April 2023) <<https://www.facebook.com/CDIAlbania/posts/pfbid0r9dYoqYN62QtHdsxkW6QQwcAmbMVZkXcz3hPKvexXAmGYXQyPzBuyZo9bGZe5qiCl>>.  
<sup>107</sup> Ibid.  
<sup>108</sup> EAleat, “What Are Identity Services?” <<https://www.aleat.al/en/identity-services>>.

a register of trusted service providers and electronic identification schemes.<sup>109</sup> The ministry is responsible for the availability and technical functioning of the e-services portal, while other national institutions act as competent authorities for the provision of the e-services. Together with the agreement on labour market access, the parliament of North Macedonia ratified this agreement in February 2023.<sup>110</sup> The service(s) for a residence permit for the purpose of work and a work permit are currently not available. The Ministry of Information Society and Administration planned funds in its annual budget for 2023 to upgrade the e-service portal and enable technical implementation of the OBI labour market access service.<sup>111</sup>

**Serbia.** The government of Serbia has fully established working e-government services in many areas (e.g., health, personal documents, taxes, education etc.) and the legal framework Law on E-government was completed in February 2022. In addition, foreigners can create a personal account on the e-administration website to apply for a work visa and for temporary residence in Serbia. The Ministry of Information and Telecommunication has also established the Register of Electronic Identification Service Providers and Electronic Identification Schemes. As stated in the programme of the government of Serbia, the electronic identities of citizens of North Macedonia, Albania and Serbia will be mutually recognised in order to provide access to the first electronic service within this initiative – Free access to the labour market. As noted by the key interlocutors, the Open Balkan ID number has not yet become operational. A meeting on the technical level is expected to be held in March to determine how these protocols will work. When it comes to Serbia, the Internet portal is ready and available in four languages.

**Bosnia and Herzegovina.** The state-level Law on Electronic Signatures has been in force since 2006 and does not fully support initiatives complaint with electronic identification and trust services (eIDAS). A new draft Law on Electronic Identification and Trust Services for Electronic Transactions (Law) has been prepared and adopted by the Council of Ministers, but has yet to be adopted by the state-level Parliamentary Assembly (delayed due to a political dispute over competences). The draft Law is fully aligned with the eIDAS Regulation. Activities to prepare the implementing acts will start once the Law on Electronic Identification and Trust Services for Electronic Transactions has been adopted.

**Montenegro.** The government has established an e-government service<sup>112</sup> but its services are very limited. For working permits and visas, there is no e-service available. In accordance with the Law on Electronic Identification and Electronic Signatures,<sup>113</sup> a system for electronic identification was established in Montenegro together with a register of trusted service providers.<sup>114</sup>

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<sup>109</sup> “Law on Electronic Documents, Electronic Identification and Trust Services”

<[https://mioa.gov.mk/sites/default/files/pbl\\_files/documents/legislation/law\\_on\\_electronic\\_documents.pdf](https://mioa.gov.mk/sites/default/files/pbl_files/documents/legislation/law_on_electronic_documents.pdf)>.

<sup>110</sup> Parliament of the Republic of North Macedonia, “Draft Law on ratification of the Agreement on the interconnection of schemes for the electronic identification of citizens from the Western Balkans [Предлог на закон за ратификација на Договорот за интерконекција на шеми за електронска идентификација на граѓаните од Западен Балкан]” (13 February 2023) <<https://www.sobranie.mk/detali-na-materijal.nsp?param=e97fb03f-1b85-40f3-b48d-d2fff3b678ca>>.

<sup>111</sup> MIOA, “Annual Plan for Public Procurement for 2023 of the Ministry of Information Society and Media” (30 January 2023) <[https://mioa.gov.mk/sites/default/files/pbl\\_files/documents/godisen\\_plan\\_javninabavki\\_2023.pdf](https://mioa.gov.mk/sites/default/files/pbl_files/documents/godisen_plan_javninabavki_2023.pdf)>.

<sup>112</sup> “EGovernment Portal of Montenegro”.

<sup>113</sup> Government of Montenegro, “Certificates [Certifikati]” <<https://www.gov.me/clanak/certifikati>>.

<sup>114</sup> Government of Montenegro, “List QSCD [Lista QSCD]” (20 July 2022)

<<https://www.gov.me/en/documents/eb8e4463-4a81-4a18-bdb1-dfbc457f4923>>.

**Kosovo.** Kosovo launched the e-Kosovo web-based platform for access to services with over 30 different services being offered on this platform, organised around 15 categories.<sup>115</sup> The platform also allows payment for services online. In addition to e-Kosova, the government has launched a web-based platform called E-Konkursi to digitise the process of applying for employment in the public sector.<sup>116</sup> Kosovo has made significant progress in developing its e-government infrastructure and implementing digital identity and authentication systems, and is likely working to establish such registers and schemes as part of its broader e-government strategy.

Implementation of the agreement should enable a new feature on e-government service portals for access to labour markets that should speed up and lower the administrative costs for users of the service. According to information available from all three countries, the IT systems have been set in place and are being tested. The whole system is expected to be fully operational by 25 May 2023 for the next OBI summit in Belgrade. Should non-participating countries wish to join the initiative, implementation of the agreement will be challenging for Kosovo and Bosnia and Herzegovina since neither country has established a register of trusted service providers.

### **Free movement with identity cards**

The Agreement on Freedom of Movement with Identity Cards was signed at the Berlin Summit in November 2022. This agreement signed within the Berlin Process is an important step towards the free movement of citizens and could complement the two agreements signed within the OBI. The agreement was ratified by the parliament of North Macedonia, thereby becoming the third country to ratify the agreement after Kosovo and Albania. The agreement has thus entered into force and applies to the three countries.<sup>117</sup> The free movement of people with IDs, however, is only partly implemented as Kosovo citizens still cannot enjoy free movement with Bosnia and Herzegovina. The agreement has now been ratified by the parliament of Kosovo, and is expected to be ratified by the Bosnian side. At the moment, the Ministry of Civil Affairs is preparing the Agreement for the Council of Ministers to adopt it. Before it is ratified and comes into force, the Parliamentary Assembly of BiH (both houses) and the Presidency must adopt it. Unlike the other WB countries with which BiH has already signed bilateral agreements on free movement with ID cards, BiH has a very strict visa regime with Kosovo which should be abolished upon the coming into force of the agreement.

### **Mutual recognition of professional qualifications, diplomas, and scientific grades**

The procedures for the recognition of the professional qualifications and diplomas of a foreigner in a receiving country, or the other way around, the recognition of these qualifications obtained in a country other than the home country may be a source of barriers to movement and access to labour market and the market for the provision of services. At the Ohrid Summit in 2022, OBI countries signed an Agreement on cooperation in the Western Balkans in the field of the mutual recognition of diplomas and scientific grades issued by Higher Education Institutions (HEIs) and other authorised institutions. At the EU–WB summit held in Berlin in November 2022, all WB countries signed the Western Balkans Agreement on the Recognition of Higher Education Qualifications.

Besides the most visible contrast in the number of signatory parties, several differences can be noted. The Berlin agreement stipulated that only public HEIs are covered by the agreement, unlike the OBI agreement which does not specify this. Apart from recognition of the qualifications obtained, the agreement from Berlin opens an avenue for the recognition of qualifications arising from short

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<sup>115</sup> 115

<sup>116</sup> See the E-Konkursi platform: <https://konkursi.rks-gov.net/>

<sup>117</sup> CDI (no. 109).

educational courses offered by HEIs so long as they correspond to ECTS or learning outcomes in relevant frameworks and regulations of the receiving country. Moreover, alongside cooperation between the HEIs and European Network of Information Centres in the European Regio (ENEC)/ National Academic Recognition Information Centres in the European Union (NARIC) centres, it foresees a joint Commission of HEQ with three representatives per country and coordinated by the Regional Cooperation Council (RCC), with its own rules and procedures and tasked to coordinate and monitor activities, and vote by consensus. While confirmation of the authenticity of the diplomas and qualification is required within 14 days and free of charge in both agreements, a possible shortcoming of the Berlin agreement is that it does not set deadlines for the procedure to be concluded.

The country analysis presents the procedures currently in place regarding diploma recognition for all WB countries. Given the similarities between the two agreements, it highlights the status of ratification, approval or adoption of the agreements as well as the expected changes in terms of the scope of their application.

**Albania.** The institution involved in implementing the cooperation agreement in the WB in the field of the mutual recognition of diplomas and scientific grades is the Ministry of Education and Sports (Educational Services Centre). The procedure for the recognition and unification of certificates, diplomas, degrees, scientific degrees (e.g., PhD) and academic titles (e.g., Professor, Associated Professor) issued by foreign institutions of higher education is carried out by the Ministry of Education and Sports in Albania. The recognition procedure can take up to 45 days when an application is submitted in e-form and up to 3 months when an application is submitted on paper. The recognition procedure costs EUR 17.<sup>118</sup> An online procedure exists for the recognition of diplomas and scientific grades, although it is not related to the OBI with applications being made through the e-Albania portal.<sup>119</sup> No special particular conditions are applied to students from OBI-participating countries and non-participating countries.

Apart from a press release about the signing,<sup>120</sup> no publicly available documents contain any discernible traces of the OBI Agreement. The Agreement was approved by the Council of Ministers in October 2022. Albania signed an agreement in the framework of the Berlin Process for the recognition of diplomas and scientific grades between the WB countries that was approved by the Council of Ministers.<sup>121</sup>

**North Macedonia.** The Law on Higher Education describes the procedure for the recognition of scientific grades. The law sets the procedure, the documents required to accompany the request for notification, the deadline for decisions on recognition or rejection, while the Minister for Education determines the administrative charges. Only diplomas from the world's best-ranking universities enjoy preferential treatment in terms of deadlines, although the same charges of around EUR 75 apply to all levels of higher education and different foreign

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<sup>118</sup> Educational Services Center of Albania, "Recognition and Unification of Certificates, Diplomas, Degrees, Scientific Degrees (PhD) and Academic Titles (Professor, Associated Professor) Issued by Foreign Institutions of Higher Education." <[https://arsimi.gov.al/wp-content/uploads/2022/12/for-E\\_albania.pdf](https://arsimi.gov.al/wp-content/uploads/2022/12/for-E_albania.pdf)>.

<sup>119</sup> The application can be completed online and printed and sent to the relevant institution. Also see: <https://wb-qualifications.org/recognition-of-academic-qualifications/recognition-procedures-for-employment.php?region=albania>

<sup>120</sup> Ministry of Education and Sport of the Republic of Albania, "Open Balkan, the Signing of the Agreement on Education / Kushi: Simplification of Procedures and Shortening of Deadlines for the Recognition of Diplomas and Scientific Degrees [Ballkani i Hapur, Nënshkrimi i Marrëveshjes Për Arsimin / Kushi: Lehtësim Procedurash Dhe Shkurtim i Afateve Për Njohjen e Diplomave Dhe Gradave Shkencore]" (8 June 2022) <<https://arsimi.gov.al/ballkani-i-hapur-nenshkrimi-i-marreshjes-per-arsimin-kushi-lehtesim-procedurash-dhe-shkurtim-i-afateve-per-njohjen-e-diplomave-dhe-gradave-shkencore/>>.

<sup>121</sup> CDI (no. 109).

universities.<sup>122</sup> As of November 2022, the procedures are digitalised and conducted through the e-government service portal.

The agreement signed within the OBI has not been ratified despite having been in the parliamentary procedure for over 6 months.<sup>123</sup> As such, it has not been operationalised and hence no changes in the diploma recognition procedures have taken place. According to the interviews with the Ministry of Education and government representatives, the trilateral agreement has been side-lined and a push for its ratification is not expected. Instead, one may expect that the agreement from the Tirana Summit, signed just 3 months later, will be prioritised.<sup>124</sup> The Assembly of North Macedonia voted to approve the Law on Ratification of the Agreement on the Recognition of Higher Education Qualifications in the Western Balkans on 19 April.<sup>125</sup>

**Serbia.** An expected outcome of the Government Programme Implementation Action Plan (APIGP) for 2023–2026 is to conclude an agreement on the recognition of professional qualifications in the Western Balkans region by the end of 2024. The Ministry of Education, Science and Technological Development is responsible for this activity. The procedure for recognising a diploma from abroad in Serbia is currently the same for citizens of the Western Balkan countries as for other foreigners. If the recognition of a foreign diploma is made for the purpose of employment in Serbia, this procedure is carried out by the Qualifications Agency. Starting in 2020, the request can be submitted online through its website. For employment in the private sector, validation of a diploma is generally not necessary, while for employment with a state institution that step is required. If graduates of foreign universities wish to continue their education in Serbia, it is necessary to contact the university and faculty where they want to continue their studies since each has its own system for the recognition of foreign diplomas. Serbia signed the agreement on diploma recognition which enables swifter procedures in recognising diplomas with smaller administrative burden and lower costs. However, although it has been ratified in the National Assembly, its implementation has not begun. In addition, within the framework of the Berlin Process, three agreements were signed between the six WB countries, where two concern the recognition of university degrees and professional qualifications. The Serbian parliament ratified the three agreements from Berlin, thereby becoming the fourth country from the region to do this.<sup>126</sup>

**Montenegro.** The Law on the Recognition of Foreign Educational Documents and Equalisation of Qualifications and the Rulebook on the Content of the Application Form and the Documentation Submitted in the Procedure for the Recognition of Foreign Educational Documents prescribe the procedure for the recognition of foreign diplomas. A request is submitted to the Ministry of Education, which is responsible for the adoption and implementation of regulations in this area.

The procedure for recognising foreign educational documents in primary, secondary (general or professional), higher and higher professional education is initiated upon the request of the holder of the document. Educational documents issued in the republics of former SFRY are not subject to the procedure for the recognition of documents in line with the provisions of this law if they were acquired before the date those republics were internationally recognised. The law also stipulates that educational documents acquired in the Republic of Serbia before 25 January 2008 are not subject to the process of document recognition.

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<sup>122</sup> <https://mon.gov.mk/stored/document/zakon-za-visoko-obrazovanie-star-mk.pdf>

<sup>123</sup> <https://www.sobranie.mk/detali-na-materijal.nspx?param=d07c3989-709b-4a46-8922-9f7cb39c046f>

<sup>124</sup> Interview with a representative of the government.

<sup>125</sup> CDI (no. 109).

<sup>126</sup> EWB, “National Assembly of Serbia Ratifies Agreements Signed within the Berlin Process” (3 May 2023)

<<https://europeanwesternbalkans.com/2023/05/03/national-assembly-of-serbia-ratifies-agreements-signed-within-the-berlin-process/>>.



The law on the recognition of foreign educational documents and equalisation of qualifications is in force in Montenegro and is in harmony with the law on confirmation of the agreement on the recognition of higher education qualifications in the Western Balkans, which the government of Montenegro confirmed as an agreement signed as part of the Berlin Process. The agreement from Tirana has been adopted by the government but has yet to be ratified.<sup>127</sup>

**Kosovo.** In Kosovo, the Ministry of Education, Science and Technology is responsible for overseeing the recognition of professional qualifications, diplomas, and scientific grades. The procedure for recognising diplomas and scientific grades in Kosovo depends on an individual's qualifications and the country where their qualifications were obtained. The Ministry of Education, Science and Technology assesses each individual case and determines whether the qualifications meet the requirements for recognition in Kosovo. The procedure can vary depending on the type of qualification and level of education. Kosovo has signed and ratified the Agreement on the Recognition of Diplomas, Certificates and Other Evidence of Formal Qualifications in Higher Education within the Western Balkans Region, which is part of the Berlin Process.

**Bosnia and Herzegovina.** The competences in education lie predominantly with the Republika Srpska entity, the Brčko District, and the ten cantons, with the Federation entity playing a coordinating role. The state-level competence primarily takes the form of internal coordination based on the constitutional responsibility to represent and commit the country on the international level, and to oversee implementation of the framework legislation. In the area of education several competence disputes have emerged. In October 2022, within the Berlin Process and Common Regional Market, BiH signed Agreements on the Recognition of Higher Education Qualifications, and the Recognition of Professional Qualifications for Doctors of Medicine, Dentists, and Architects. Ratification of these agreements is pending. The Ministry of Civil Affairs is preparing the law. The Council of Ministers, the Parliamentary Assembly of BiH (both houses) and the Presidency must adopt them before the agreement is ratified.

The agreement(s) should offer uniform processes for diploma recognition through cooperation between national institutions and HEIs that lower the existing barriers to the labour and service market for WB citizens who obtained their qualifications at universities in the region. Noting the process of ratification undertaken by the countries, both agreements should be in effect. The agreement signed within the OBI was ratified by Serbia and approved by the Council of Ministers of Albania and is thus in effect for these two countries. The country analysis shows that the agreement is not being implemented since neither Albania nor Serbia have made changes to their procedures for recognition. On the other hand, the agreement from Tirana will soon come into effect as Albania, North Macedonia and Kosovo are three countries that would trigger its entry into force. Parallel application of these agreements, given the differences between the two, may create ambiguity in the procedures and the cooperation between institutions and a lack of clarity for service users.

### **Cooperation in the field of tourism**

Cooperation between WB countries in the field of tourism has two aspects. First, there is the regulatory cooperation which WB countries are engaged in within CEFTA. Under the Schedule of specific commitments (Annex III) of CEFTA AP 6, all market access barriers in the field of tourism should be removed, except for 1-year residency and national requirements for tour guides.<sup>128</sup> Yet, in practice market access barriers exist beyond those agreed. Licences in tourism, with varieties in terms of scope conditions and procedures found in the legislation of Albania, Bosnia and Herzegovina, North

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<sup>127</sup> CDI (no. 109).

<sup>128</sup> CEFTA, "Additional Protocol 6 on Trade in Services to the Agreement on Amendment of and Accession to the Central European Free Trade Agreement" (no. 86). Annex III

Macedonia, Montenegro and Serbia, and with requirements related to the legal form of establishment and minimum number of employees may go beyond what is necessary to guarantee the quality of the service.<sup>129</sup> The CEFTA intra-regional regulatory cooperation aims to remove market access barriers and address key barriers such as licences for tourism agencies and tour operators for companies seeking establishment in or provide services temporarily in CEFTA parties.<sup>130</sup> Negotiations on the mutual recognition on licences with a view to enabling the free movement of services by travel agencies and tour operators is ongoing, although CEFTA decisions have not yet been presented publicly.<sup>131</sup>

Since all WB countries are prioritising tourism in their political and economic agendas,<sup>132</sup> another aspect of cooperation between the Western Balkans countries concerns joint promotion and destination and tour management. Regional policy or common tourism policies among neighbouring countries that does not override national efforts and initiatives could enhance their impact and efficiency.<sup>133</sup> Here, countries have committed themselves to such actions in their national strategic documents and policies. Bilateral agreements and MoUs which support the cooperation of WB countries as well as regional initiatives like the OBI offer an avenue for cooperation in the tourism sector.

### **Regional cooperation in the field of tourism in national strategies**

**Albania.** The relevant institution for implementation of the MoU in tourism in the WB is the Ministry of Tourism and Environment and related institutions, including the National Tourism Agency, the National Coast Agency, the National Forest Agency, and the National Environment Agency. No actions, agreements, programmes or initiatives could be identified in the tourism field that promote and provide support for tourism cooperation in the WB based on publicly available information.

**North Macedonia.** The Ministry of the Economy is responsible for monitoring market conditions and the development of economic policy and specific measures in the area of tourism and hospitality. The Agency for the Promotion and Support of Tourism is a government agency whose main function is to promote inbound tourism to foreign markets, management and give support in tourism development projects. The expired tourism development strategy (2015–2020) did not contain any priorities, programmes or activities for regional cooperation in tourism. Nonetheless, both the Ministry of the Economy’s tourism development programme<sup>134</sup> and the Agency’s strategic plan provide financial support for regional cooperation in this field in North Macedonia and joint promotion abroad, respectively. The Agency’s strategic plan places strong emphasis on the OBI, joint participation at major tourism events, and BCPs marking. Cooperation with other WB countries, or better regional cooperation, with North Macedonia goes beyond the OBI.<sup>135</sup> In 2018, Montenegro, Serbia and

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<sup>129</sup> Goran Petkovic, “Assessment of Domestic Regulatory Frameworks in Tourism in CEFTA to Support Facilitation of Trade in Tourism Services” (2022) <<https://kopaonikschool.org/wp-content/uploads/2022/11/Revija-2-2022-Goran-Petkovic.pdf>>.

<sup>130</sup> CEFTA, “Tourism” <<https://cefta.int/what-we-do/trade-in-services/tourism/>>.

<sup>131</sup> CEFTA, “One Step Forward Closer to First #CEFTA Decision Enabling True #CommonMarket in #tourism” (2022).

<sup>132</sup> Enrico Porfidoa, “Tourism Development in the Western Balkans: Towards a Common Policy” (2020) <<https://www.co-plan.org/wp-content/uploads/2020/12/Tourism-Development-in-the-Western-Balkans-Towards-a-Common-Policy.pdf>>.

<sup>133</sup> Ibid.

<sup>134</sup> Ministry of the Economy of the Republic of North Macedonia, “Strategic Plan 2023-2025 [Стратешки План 2023-2025]” (January 2023) <<https://economy.gov.mk/content/%D0%A1%D1%82%D1%80%D0%B0%D1%82%D0%B5%D1%88%D0%BA%D0%B8%20%D0%9F%D0%BB%D0%B0%D0%BD2023-2025.pdf>>.

<sup>135</sup> Agency for the support and promotion of tourism of the Republic of North Macedonia, “Strategic Plan 2023 [Стратешки План 2023]” (2023) <<https://tourismmacedonia.gov.mk/wp-content/uploads/2022/09/Stratesko-planiranje-na-APPT-za-2023.pdf>>.

North Macedonia signed an MoU on joint promotion, and together participated at a tourism fair in Singapore in 2019 under the slogan "Gateway to the Balkans".<sup>136</sup>

**Serbia.** The Ministry of Trade, Tourism and Telecommunications is responsible for this area. In 2016, Serbia adopted the Tourism Development Strategy for the period 2016–2025 and this is the only strategy to have emerged in this area. However, there is no action plan to support this strategy. One of the priority activities at tourist destinations is the development of international and regional cooperation and the creation of regional tourist products.<sup>137</sup>

**Montenegro.** The key institutions in the field of tourism are the Ministry of Economic Development and Tourism, the National Tourism Organisation of Montenegro, and local touristic organisations that most local governments have established. Montenegro's Tourism Development Strategy until 2025 does not include a programme for developing tourism in the Western Balkans. According to information from employees in the tourism field, cooperation chiefly refers to participation at tourism fairs, although there is informal cooperation among the competent institutions of countries in the region.

**Kosovo.** The national strategy for the development of tourism in Kosovo seeks to increase tourist numbers, extend the duration of their stay, and boost the income generated from tourism. The strategy additionally focuses on improving the quality of tourism services, promoting cultural and natural heritage, and developing new tourism products and destinations. Kosovo has several programmes that promote and provide support for tourism cooperation in the WB. For example, the Kosovo Tourist Information Centre provides information and assistance to tourists and promotes tourism opportunities in Kosovo and across the region. The Kosovo–Serbia Tourism Cluster Initiative aims to promote tourism cooperation between Kosovo and Serbia, and includes joint tourism packages and marketing activities.

**Bosnia and Herzegovina.** The Tourism Development Strategy of the Federation of BiH entity between 2022 and 2027, for example, foresees implementation of a project worth EUR 1.3 million intended to improve the offer in adventure tourism, as well as to develop new offers in cooperation with neighbouring countries. Another project (worth EUR 4.4 million) outlined in the strategy aims at the establishment of regional cooperation with Montenegro and Serbia with a view to attracting tourists from China.<sup>138</sup>

**Bilateral agreements and MoUs.** All WB countries have initiated bilateral cooperation in the area of tourism. Such cooperation is based primarily on bilateral agreements, except for that between Serbia and Montenegro that is based on an MoU. All neighbouring countries have engaged in some form of cooperation, but Kosovo only with Bosnia and Herzegovina, Serbia, and Montenegro.

Bilateral Agreements/MoUs	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania		<u>Agreement on cooperation in the field of tourism</u>	<u>Agreement on cooperation in the field of tourism</u>	<u>Agreement on cooperation in the field of tourism</u>	MoU for cooperation in the field of tourism	

<sup>136</sup> Ibid.

<sup>137</sup> Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia, "Tourism Development Strategy of the Republic of Serbia 2016-2025" (November 2016),

<<https://mtt.gov.rs/extfile/sr/765/STRATEGIJA%20RAZVOJA%20TURIZMA%20RS%202016-2025.pdf>>.

<sup>138</sup> "Tourism Development Strategy of the Federation of Bosnia and Herzegovina 2022–2027 [Strategija Razvoja Turizma Federacije Bosne I Hercegovine 2022–2027]",

<[https://www.fmoit.gov.ba/upload/file/2020/Kabinet%202020/NACRT%20-%2020FBIH%20STRATEGIJA%20RAZVOJA%20TURIZMA%202022-2027%20BHS\(1\)\(1\).pdf](https://www.fmoit.gov.ba/upload/file/2020/Kabinet%202020/NACRT%20-%2020FBIH%20STRATEGIJA%20RAZVOJA%20TURIZMA%202022-2027%20BHS(1)(1).pdf)>.

North Macedonia			<u>Agreement on cooperation in the field of tourism</u>		<u>Agreement on cooperation in the field of tourism (not ratified)</u>	<u>Agreement on cooperation in the field of tourism</u>
Serbia				<u>Agreement on cooperation in the field of tourism</u>		MoU in the field of tourism
Bosnia and Herzegovina						<u>Agreement on cooperation in the field of tourism</u>
Kosovo						
Montenegro						

**OBI – the Open Balkan as a tourism destination.** A memorandum of understanding on cooperation in tourism in the Western Balkans was signed between Albania, North Macedonia and Serbia in June 2022. This MoU in principle establishes the priority of creating favourable conditions for the industry’s development, cooperation between relevant stakeholders (tourism associations and organisations, tour operators and agencies) and joint initiatives for promoting new local and regional itineraries.<sup>139</sup> Most activities that have taken place under this MoU were related to wine tourism and the joint promotion of the Open Balkan as an attractive tourism destination. To date, one wine festival was organised in Belgrade in 2022 that, besides appearances by senior political figures, hosted professional gatherings and discussions and B2B meetings for winemakers and buyers.<sup>140</sup> All three countries jointly presented their wineries at a wine fair in Italy in 2023. According to the interviews with the representative of the Ministry of the Economy of North Macedonia, the OBI countries have declared that they will cooperate in the area of wine tourism with a digital map currently being developed. The Tourism Agency and the ministries of Albania and Serbia are in negotiations regarding joint participation at a major tourism fair in 2024.

**Other regional initiatives.** As part of the CRM, all WB countries have committed themselves to developing tourism packages for the region and conducting joint promotional efforts, with a focus on working towards the development of sustainable regional tourism and a management framework.<sup>141</sup> In line with the Tirana Declaration signed in 2021 on joint regional protocols to support the sustainable recovery and growth of tourism, the RCC has taken the lead on implementation of the tourism pillar of the CRM. With a renewed mandate the Tourism Expert Group – TEG (CRM TEG) will have the role of maintaining regional dialogue on sustainable tourism, promoting regional tourism routes/trails, the digital transformation of common occupational standards, and establishment of a Western Balkans Tourism Crisis Committee (WBTCC).<sup>142</sup>

<sup>139</sup> Ministry of the Economy of the Republic of North Macedonia, Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia and the Ministry of Tourism of Albania, “Memorandum of Understanding on Cooperation in the Field of Tourism in the Western Balkans” (8 June 2022), <[https://vlada.mk/sites/default/files/dokumenti/memorandum\\_of\\_understanding\\_on\\_cooperation\\_in\\_the\\_field\\_of\\_tourism\\_in\\_the\\_western\\_balkans.pdf](https://vlada.mk/sites/default/files/dokumenti/memorandum_of_understanding_on_cooperation_in_the_field_of_tourism_in_the_western_balkans.pdf)>.

<sup>140</sup> Chamber of Commerce and Industry of Serbia, “Wine Vision by Open Balkan” <<https://wine-vision-by-open-balkan.b2match.io/>>.

<sup>141</sup> RCC, “Common Regional Market Action Plan” (9 November 2020) <<https://www.rcc.int/download/docs/Final.%20CRM%202021-2024%20AP.DOCX/b881f4de43f2753241c8bcb55a6ed8a9.docx>>.

<sup>142</sup> RCC, “Common Regional Market Report on Implementation for 2021” (2022) <<https://www.rcc.int/pubs/145/common-regional-market-report-on-implementation-for-2021>>.

## Cooperation in the field of culture

Even though WB countries share a cultural space, cooperation in the area of culture between the WB countries is not a priority on the political agenda. Initiatives for fostering regional cultural and artistic ties have been limited, and while some partnerships can be found in some areas of culture, structural and political support from regional leaders is lacking. This section presents the national commitments made to support regional cooperation in the field of culture and provides an overview of the institutional arrangements between countries on the bilateral and regional levels.

### Efforts by WB countries to support regional cooperation in the field of culture

**Albania.** The relevant institution for implementation of the MoU is the Ministry of Culture in Albania and institutions associated with the Ministry of Culture<sup>143</sup>. In the National Strategy for Culture 2019–2025, policy goals include improving and expanding cultural heritage; preservation and protection of tangible and intangible cultural heritage; promoting and representing the cultural values of Albanian arts and heritage (tangible and intangible) in important international activities and presenting good practices; supporting the creativity of Albanian artists and expanding cultural and artistic activities; and the designing and implementing of an educational platform. The strategy, however, does not refer to any activity nor mentions regional cultural cooperation.

**North Macedonia.** The Ministry of Culture is responsible for this area. The national strategy for development adopted by the government recognises that cooperation here could contribute to good neighbourly relations, and gives the Ministry of Culture the task of developing solutions for institutional arrangements to facilitate regional cooperation, including joint funds.<sup>144</sup> The Ministry of Culture’s programme for 2023–2025 contains a programme for international cooperation that includes financial support for regional cooperation and partnerships between institutions and cultural organisations in the region and active participation in existing regional initiatives and for the initiation of new projects.<sup>145</sup> No regional initiative is particularly identified, nor has the OBI memorandum been added to the portfolio of planned activities.

**Serbia.** The institution responsible for this area is the Ministry of Culture and Information. As concerns the strategic framework, Serbia has only adopted the Strategy for the development of the culture of the Republic of Serbia for the period 2020–2029. A specific goal of the Strategy is to improve international cooperation and the process of European integration in the field of culture. Still, there is no mention of the WB countries nor any action plan for implementing the strategy.

**Bosnia and Herzegovina.** The competence for culture mostly lies with the Republika Srpska entity, the Brčko District, and the ten cantons, with the Federation entity playing a coordinating role. The state-level competence principally takes the form of internal coordination based on the constitutional responsibility to represent and commit the country on the international level. The declared goal in BiH’s state-level and entity strategies and their action plans is to join regional initiatives for cooperation on cultural issues, while obligations to participate in regional programmes are self-imposed.<sup>146</sup>

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<sup>143</sup> Institutions related to the Ministry of Culture of Albania include: National Theatre of Opera, Ballet and Popular Ensemble, the National Theatre, the Experimental National Theatre “Kujtim Spahivogli”, the National Arts Gallery (not yet populated with info), National Children’s Centre for Culture and Theatre, the National Film Centre, the National Cirk and others listed here.

<sup>144</sup> [https://drive.google.com/file/d/1gfzA76RBOTS1\\_A00fNn62n352E3nr8kB/view](https://drive.google.com/file/d/1gfzA76RBOTS1_A00fNn62n352E3nr8kB/view)

<sup>145</sup> Ministry of Culture strategic programme 2022-2024.

<sup>146</sup> Strategy for cultural policy in Bosnia and Herzegovina, adopted in 2008 and still the only state-level document in this area, recognises the need for the “establishment and support for programmatic and planed connectivity at international and regional level”. It also recognises as a goal to have activities on the regional level. The Strategy of development of culture in the Republika Srpska entity from 2017 to 2022 recognised cooperation on the regional level as a good experience that should be further supported in areas ranging from cooperation between museums to music/recording

**Kosovo.** Kosovo adopted the Cultural Heritage Strategy for the Republic of Kosovo 2019–2023. This strategy aims to preserve and promote the cultural heritage of Kosovo, including intangible cultural heritage and cultural diversity. Specific actions for promoting cooperation in the field of culture are mentioned, such as establishing a network of cultural heritage institutions and promoting cooperation with cultural heritage institutions in the region.

**Montenegro.** The institution competent for the field of culture in Montenegro is the Ministry of Culture and Media. The strategies Montenegro once had in the field of culture expired in 2020 and have not been replaced by any new ones.

**Bilateral cooperation.** In terms of bilateral cooperation, the institutional arrangement to support cooperation in this area draws an axis that divides the region. Kosovo and Albania do not have agreements on cooperation in the field of culture with either Serbia or Bosnia and Herzegovina. Our desk research reveals that only North Macedonia has established cooperation agreements and multiannual programmes for cooperation with all WB countries, followed by Montenegro that only does not have an agreement on cooperation in the field of culture with Albania.

Bilateral agreements and cooperation programmes	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania		Agreement 2006 Programme for cultural cooperation for 2021–2026			Agreement on Cooperation in the Field of Culture 2013	
North Macedonia			Agreement on cooperation in the areas of culture, education and sport 1997	Agreement on cooperation in the area of culture 2003  Programme for cultural cooperation 2017–2020	Agreement on cooperation in the area of culture 2013	Agreement on cooperation in the area of culture 2007  Programme for cultural cooperation 2015–2019
Serbia				Agreement on cooperation in the areas of education, culture and sport 2010		Agreement on cooperation in the field of culture 2017
Bosnia and Herzegovina						Agreement on cooperation in the area of culture (2003)
Kosovo						Agreement on Cooperation in the Field of Culture 2019
Montenegro						

**Open Balkan – MoU on cooperation in culture.** The OBI provided a new avenue for cooperation in the field of culture. The MoU regulates possible forms of cultural cooperation between institutions of the three parties through joint calls for project financing, makes it easier for artists to move around within the Open Balkan, and the issue of residency etc. The MoU is expected to provide a platform for

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studios. In the Federation entity, strategic documents are adopted on the cantonal level. For example, the draft Strategy for the development of culture in the Sarajevo Canton for the period until 2027, still not adopted, also acknowledges that regional cooperation is beneficial.

more intensive cooperation in all spheres of culture and thereby lead to deeper ties among the countries in the Open Balkan Initiative. In terms of implementing the MoU, the desk research only shows that representatives of the national theatres of Serbia, North Macedonia and Albania have signed a cooperation protocol on an “Open Balkan theatre festival” for the exchange of experiences, teachers, artists and performances.<sup>147</sup> All three countries have announced that cultural centres will connect to each other in order to bring their culture closer to the citizens of other participating countries. Despite several attempts to establish contact with the ministries in all three participating countries, no interview could be arranged to gain insights into implementation of this agreement.

**Regional cooperation initiatives.** Other than the OBI, multilateral cooperation in culture has been facilitated by various other initiatives. The RCC established a taskforce on Culture and Society, yet information about their meetings and proceedings since 2012 is not publicly available. The Regional Youth Cooperation Office (RYCO) is an international mechanism that aims to promote reconciliation and cooperation among young people in the WB region. The Western Balkans Fund was established to support regional cooperation and development of the region and provides financial support for cultural projects. These two initiatives directly involve and benefit all six WB countries. Through the Creative Europe programme, the EU supports projects that intend to boost cultural cooperation in the region and with EU member states, and strengthen the competitiveness of the cultural and creative industries in the Western Balkans.<sup>148</sup>

### **Cooperation on cinematography and audio-visual arts**

Cooperation in the area of film and audio-visual arts, besides facilitating the coming together of various people, serves to support the development of the creative industries. All WB countries have already established some form of support for this industry.

**Albania.** No publicly available information could be found regarding any WB-level initiatives in the field of cinematography and audio-visual arts. A further check on the website (07/04/2023) shows that a Memorandum of Understanding on Cooperation in the Field of Cinematography and Audio-Visual Activities in the Western Balkans in the OBI framework had been uploaded to the website. Through administration of the public fund, the National Centre of Cinematography (CCK) enables the development of film industry in Albania and supports Albanian filmmakers, especially with regard to international co-productions.<sup>149</sup>

**North Macedonia.** The Ministry of Culture carries out activities in the area of the culture and related industries, including cinematography. In addition, the film industry law established the Film Agency of North Macedonia and sets rules for the financing of film production and support for development of this profession. The Agency is financing film festivals across the country and the film production of Macedonian artists in coproduction with production companies from the whole region.

**Serbia.** The Film Centre of Serbia is a government-owned and -funded cultural institution responsible for supporting and developing the film industry in Serbia. It also engages in regional cooperation in the area of cinema and audio-visual arts. For instance, the FCS participates in the Sarajevo Film Festival, which is one of the most significant film festivals in

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<sup>147</sup> Macedonian Opera and Ballet, “Theater artists from Serbia, North Macedonia and Albania become part of the ‘Open Balkan’” [Театарските уметници од Србија, Северна Македонија и Албанија стануваат дел од „Отворен Балкан“]” (21 September 2022).

<sup>148</sup> “Cultural Cooperation in the Western Balkan” (<https://coopwb.cultureinexternalrelations.eu/>).

<sup>149</sup> RCC, “Mapping of the Creative Industries in the Western Balkans” (1 July 2022)

<<https://www.rcc.int/pubs/137/mapping-of-the-creative-industries-in-the-western-balkans>>.

the Western Balkans. The festival promotes regional cooperation in film production and distribution and provides a platform for presenting new films from the region.

**Bosnia and Herzegovina.** The competence for culture mostly lies with the Republika Srpska entity, the Brčko District, and the ten cantons, with the Federation entity having a coordinating role. The state-level competence refers to internal coordination based on the constitutional responsibility to represent and commit the country on the international level. This means that the area of cinematography is primarily regulated on the entity and cantonal levels. In both entities, funds for cinematography are available. In the area of cinematography, BiH’s state-level Ministry of Civil Affairs, and its Department for Culture, seem to be focused on Council of Europe and EU platforms and funding opportunities. Available funding (on the entity level) is provided for co-production mostly with, but not exclusively, neighbouring countries (EU member Croatia, and Serbia).

**Montenegro.** The Film Centre of Montenegro is a public institution founded in 2017 with the aim of improving and developing Montenegrin cinematography. One of the Centre’s key tasks is to create the conditions for the promotion, presentation and integration of contemporary filmmaking into regional and international trends. The National Cinematography Development Programme 2018–2023 adopted by the government strongly encourages international cooperation and is not limited to the WB framework.

## **Memorandum of understanding on cooperation in the field of cinematography and audio-visual actions in the Western Balkans**

With respect to the film industry, the OBI countries have taken the first step to operationalising on a multilateral level the commitment to cooperation in the creative industries. The MoU seeks to further improve cooperation in the field of cinematography and audio-visual arts, encourage mobility among professionals, and establish financial arrangements, i.e., a film fund to support joint cooperation projects. In terms of implementation, the desk research and information obtained in the interviews in Albania and North Macedonia suggest that no activities under the MoU have yet been implemented.

In terms of regional cooperation, the WB countries have jointly agreed to conclude regional supply chain protocols in selected industries/value chains. In the Regional Industrial and Innovation Area of the CRM AP, the commitment to develop creative industries in the region has mapped the film industry to jointly encourage and increase the film industry’s contribution to overall growth and jobs creation. In this regard, the RCC has conducted a mapping of the creative industries, including Film as one of the key ones.<sup>150</sup>

## **Other areas of cooperation**

### **Cooperation among WB countries with regard to protection against disasters**

A framework for cooperation in this area among the WB countries is established on the bilateral level, regionally between some or all countries, alongside cooperation with the EU. On the bilateral level, the desk research revealed that the institutional framework for bilateral cooperation here is quite limited.

Country/Mode of cooperation	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania					<u>Agreement on mutual cooperation</u>	Agreement on cooperation and mutual

<sup>150</sup> *ibid.*



					<u>and assistance in cases of natural and other disasters</u>	assistance in emergency situations (2018)
North Macedonia				Agreement on cooperation and protection from natural and other disasters MoU on cooperation in case of disasters Standard Operational Procedures for providing support in cases of natural or other disasters	Declaration of cooperation in a crisis in case of natural disasters	Agreement on cooperation in protection against natural and other disasters (2009) Standard Operational Procedures for providing support in cases of natural or other disasters
Serbia				Agreement on cooperation in protection from natural and other disasters		Agreement on cooperation in protection against natural and other disasters
Bosnia and Herzegovina						Agreement on cooperation and protection from natural and other disasters
Kosovo						
Montenegro						

**The OBI agreement and action plan.** The OBI countries have signed two documents thus far concerning protection of the people and the environment: the Agreement on cooperation in protection against disasters and the Operational Plan in the field of civic protection. The Agreement establishes the framework for cooperation on protection measures, the notification of threats, procedures for cross-border assistance in the event of disasters, cooperation on education and training, and the production of equipment. Serbia ratified the agreement in 2021, and it was approved by a decision of the Council of Ministers of Albania.<sup>151</sup> The parliament of North Macedonia has not voted on the Draft law on ratification of the agreement<sup>152</sup> and hence the agreement technically only applies to Albania and Serbia. The government of North Macedonia, however, has stated that the country received assistance under this agreement from the OBI partners during the wildfires in 2021.<sup>153</sup> The Operational Plan in the field of civic protection sets out joint commitment to ensure cooperation through meetings and rescue protection activities, joint projects and information exchange. No information could be found regarding implementation of this agreement.

**Other regional initiatives.** There are several initiatives and platforms in which all WB countries participate. The Stability Pact for South Eastern Europe launched the Disaster Preparedness and Prevention Initiative (DPPI) as a platform that contributes to the creation of a regional strategy for

<sup>151</sup> Stefan Ristovski and Simonida Kacarska, “Open Balkan, Berlin Process and EU’s acquis Rapid Analysis within the assessing and streamlining the potential of the Open Balkan Initiative” (2022) <[https://cea.org.mk/wp-content/uploads/2019/09/1.-ENG-CEA-on-OB\\_Berlin-P-and-EU-Acquis\\_EPI\\_FINAL\\_FINAL.pdf](https://cea.org.mk/wp-content/uploads/2019/09/1.-ENG-CEA-on-OB_Berlin-P-and-EU-Acquis_EPI_FINAL_FINAL.pdf)>.

<sup>152</sup> Parliament of the Republic of North Macedonia, “Agreement on Cooperation in the Protection against Disasters in the Western Balkans [Предлог На Закон За Ратификација На Договорот За Соработка Во Заштита Од Катастрофи Во Западен Балкан]” (14 October 2022) <Предлог на закон за ратификација на Договорот за соработка во заштита од катастрофи во Западен Балкан>.

<sup>153</sup> Government of the Republic of North Macedonia, “Open Balkan” (no. 21).

disaster preparedness and prevention for its 10 member states, all WB 6 except Kosovo, Turkey and the EU member states Bulgaria, Croatia, Slovenia and Romania. The platform fosters regional cooperation and coordination concerning disaster preparedness and prevention for natural and man-made disasters in South-east Europe.<sup>154</sup> The RCC has supported this initiative with a view to bringing the SEE countries closer to the Civil Protection Mechanism of the EU as part of preparing for their integration into the EU's structures.<sup>155</sup>

To date, all WB countries but Kosovo are part of the EU's Civil Protection Mechanism. The Mechanism aims to strengthen cooperation between the EU countries and the nine participating states on civil protection to improve the prevention, preparedness and response to disasters. Serving as a single place point for coordinated support, disaster preparedness and the prevention activities of national authorities, the mechanism helps with the exchange of best practices.

### Cooperation between the taxation administrations

All WB countries have already established cooperation in relation to the avoidance of double taxation on personal income and tax on capital and other taxes, and on the fight against tax evasion. All countries have bilateral agreements in place on these matters – except for Bosnia and Herzegovina, Montenegro, and Serbia that do not have such agreements with Kosovo.

Bilateral agreements/MoUs	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania		Agreement on avoiding double taxation in relation to income tax and capital tax and the prevention of fiscal evasion	<u>Agreement on the avoidance of double taxation in relation to income and property tax</u>	<u>Agreement between on avoidance of double taxation in relation to income and property taxes, as well as prevention of tax evasion</u>	<u>Agreement on avoiding double taxation in relation to income tax and capital tax and the prevention of fiscal evasion</u>	<u>Agreement on avoiding double taxation in relation to income tax and capital tax</u>
North Macedonia			Agreement on the avoidance of double taxation in relation to income tax and capital tax	<u>Agreement on avoidance of double taxation in relation to income and property taxes</u>	Agreement on the avoidance of double taxation and protection from fiscal evasion in relation to income and capital tax	Agreement on avoidance of double taxation in relation to income tax and capital tax
Serbia				<u>Agreement on avoidance of double taxation in relation to income and property taxes</u>		<u>Agreement on the avoidance of double taxation in relation to income tax</u>
Bosnia and Herzegovina						<u>Agreement between Bosnia and Herzegovina and Serbia and Montenegro on the avoidance of double taxation in relation to</u>

<sup>154</sup> DPPI SEE, "About Us" <<http://dppi.info/dppi-see/about>>.

<sup>155</sup> RCC, "Newsletter 6/2010 - Our South East Europe Region Focuses on Disaster Risk Reduction" <<https://www.rcc.int/articles/35/region-focuses-on-disaster-risk-reduction>>.

						income and property taxes
Kosovo						
Montenegro						

A Memorandum of Understanding on the cooperation of taxation administrations in the Western Balkans was signed by the OBI countries with a view to facilitating cooperation in the exchange of experiences and to improve their performance, knowledge transfers, and voluntary tax compliance, and prevent, detect and combat tax evasion. This MoU may help reaffirm the commitments made and facilitate trilateral cooperation between the parties. Yet, the desk research and interviews conducted did not reveal information on the joint activities of the tax authorities of the three countries. To date, at a bilateral meeting between the directors of the tax authorities of North Macedonia and Serbia, where possibilities for arranging cooperation in the area of data and information exchange in relation to tax evasion were discussed. No information could be found showing that such meetings have been held with the tax administration of Albania.

### Cooperation in the field of mining and energy

Cooperation within the OBI in this area was announced in a MoU on cooperation in the field of mining and energy. According to those we spoke to in Serbia, a working group on energy was formed during July and August 2022. The goal was to list all regional energy capacities, opportunities for cooperation in the field of energy, electricity production and joint investments in the energy sector. Although the initiative was officially announced and a MOU was prepared, not all parties have signed it. Instead, Serbia and Albania signed a bilateral memorandum of understanding on cooperation in mining and energy at the Belgrade OBI summit held in September 2022. The MoU aims to foster collaboration between the two countries in terms of supporting investments in new capacities. This includes the development of renewable energy sources, constructing an LNG terminal in Albania, and building mutual ties in these fields.<sup>156</sup> The memorandum also outlines the exchange of scientific and technological research related to green energy and encourages closer business and economic ties in the energy sector, such as utilising transportation, transmission, and storage capabilities. Moreover, the document highlights the importance of cooperation in the geology and mining sectors, focusing on cleaner technologies and sustainable development.<sup>157</sup>

In addition, during an official visit to Belgrade in March 2023 the Minister of Mining and Energy of Serbia and the Minister of the Economy of North Macedonia signed a MoU on cooperation in the field of mining and energy. This memorandum establishes a comprehensive framework for collaboration between the two countries in the energy and mining sectors to combat the consequences of the crisis and to guarantee greater security of supply. Among the cooperative efforts outlined in the memorandum is the planned construction of a gas interconnection between Serbia and North Macedonia, which is important for the diversification and security of gas supply in the region.<sup>158</sup>

Beyond the MoUs signed under the OBI, several others were signed in the past. North Macedonia signed an MoU on the energy sector with Kosovo in 2010 and Albania in 2015, a general document that sets out the creation of a joint cooperative team of experts from both ministries of the economy and representatives of their national companies with a view to creating a mechanism for the regular exchange of information and to discuss future joint projects. An MoU between the Ministry of Capital Investments of Montenegro and the Ministry of Mining and Energy of the Republic of Serbia was

<sup>156</sup> Memorandum of Understanding on cooperation in the field of mining and energy

<sup>157</sup> Memorandum of Understanding on cooperation in the field of mining and energy

<sup>158</sup> “Bekteshi and Gjedović signed a Memorandum of Cooperation in Mining and Energy between North Macedonia and Serbia [Бектешки и Ѓедовиќ Потпишаа Меморандум За Соработка Во Рударството и Енергетската Помеѓу Северна Македонија и Србија]” (31 March 2023) <<https://vlada.mk/node/32733?ln=mk>>.

signed on cooperation in the field of mining and energy in 2021, which refers to the exploitation of hydropower potential, one hydroelectric power plant project, and two mineral exploration projects.

### Investment promotion and facilitation

A bilateral agreement was signed regarding the reciprocal promotion and protection of investments that acts as the primary instrument for the cooperation of the WB countries in this area. According to the desk research conducted, all countries except Kosovo have Bilateral Investment Treaties (BITs) between themselves.<sup>159</sup> Only Albania has a BIT with Kosovo from 2004, while North Macedonia signed such an agreement with Kosovo in 2016. Bosnia and Herzegovina, Serbia as well as Montenegro do not have a BIT with Kosovo. CEFTA serves as the basis for the area of cooperation and investment facilitation within and between the countries. All parties are committed to ensuring fair and equitable treatment and full protection and security of investments made by the parties, to exchange information on laws and regulations and investment opportunities, and aim for the broad coordination of their investment policies.<sup>160</sup> Still, a recent study finds that the BITs have not contributed to intraregional foreign direct investments (FDI) nor have they directly helped to attract investments from third countries.<sup>161</sup>

	Albania	North Macedonia	Serbia	Bosnia and Herzegovina	Kosovo	Montenegro
Albania		<u>Agreement</u> for the promotion and reciprocal protection of investment	Agreement on the Reciprocal Promotion and Protection of Investments	Agreement on the reciprocal improvement and protection of investments	Agreement on the Reciprocal Promotion and Protection of Investments	Agreement on the Reciprocal Promotion and Protection of Investments
North Macedonia			<u>Agreement</u> on the Reciprocal Promotion and Protection of Investments	<u>Agreement</u> on the promotion and protection of investments	<u>Agreement</u> on the promotion and reciprocal protection of investments	Agreement on the improvement and protection of investments
Serbia				<u>Agreement</u> on the promotion and protection of investments		Agreement on the promotion and protection of investments
Bosnia and Herzegovina						<u>Agreement</u> on the improvement and protection of investments
Kosovo						
Montenegro						

Intending to facilitate the creation of a regional investment area, all WB countries have committed themselves to implementing the activities for regional investment promotion, investment retention through cooperation and reform investment policies under the CRM AP. The RCC reports that that the achievements here to date relate to the identification of sectors for regional investment promotion

<sup>159</sup> CEFTA, “Annex 6 Existing Bilateral Investment Agreements between Parties Referred to in Article 30, Paragraphs 1, 2 and 3” 3 <<https://cefta.int/wp-content/uploads/2021/07/Annex-6-Existing-Bilateral-Investment-Agreements-FINAL.pdf>>.

<sup>160</sup> Articles 30-33 CEFTA <https://cefta.int/wp-content/uploads/2016/05/ANN1CEFTA-2006-Final-Text.pdf>

<sup>161</sup> Grieveson, Holzner and Vukšić (no. 43).

(automotive, food-processing, metal-processing) and the creation of a regional investment incentives database so as to enhance the transparency and predictability of investment policies in the region.<sup>162</sup>

Within the OBI, there is no formal agreement on the free movement of capital and cooperation on attracting investments. The information arising from the desk research and interviews suggests that several activities have been considered. The information from Serbia indicates that a Draft Memorandum of Understanding has been prepared with regard to the harmonisation of investment policies. One interviewee stated that Albania has developed a draft concept for creating a common regional agency for investments and a roadmap, which has been shared with relevant parties. Finally, an interviewee from North Macedonia informed that the adviser to the government, the TIRZ, and the Agency for Attracting Investments with Counterparts from Serbia are working on a joint investment portfolio and the establishment of a mechanism for attracting investments.

## Conclusion and recommendations

The OBI stands out for the fact that it is the first regional economic integration initiative launched and governed by countries in the region themselves. The Open Balkan Initiative has been created with the ambition to become an active incubator for maturing cooperation and coordination in a non-institutionalised environment for the three participating countries. The participating countries see it as an incubator to bring the countries to a level that mimics the EU's four freedoms. It is not considered to be binding on the countries and not as competing with other initiatives, but instead it energises the journey for achieving the countries' strategic interests towards full-fledged EU membership and serves as a message from the regions that these countries want full EU membership.

Countries participating in the Open Balkan Initiative consider it as an energiser of efforts targeting EU accession, as the creator of fresh momentum.

The direct and regular involvement of the different country leaders highlights the political will of the countries involved, reflected on the strategic level in government programmes and strategic documents that prioritise implementation of this initiative. In terms of the implementation structure, the OBI relies on inter-institutional coordination of the relevant institutions regarding implementation of the signed agreements and MoUs, as facilitated by OBI coordinators. The regional and national coordination is based on ad hoc meetings rather than a structured dialogue between established regional and national structures.

The OBI does not have contain a plan that sets the course for cooperation. Instead, it announces new priorities periodically. Its terms of transparency, or the lack thereof, it has been observed that the Albanian authorities have refrained from publishing the signed agreements. This is not the case with North Macedonia, though. The governments of Serbia and North Macedonia publish the documents on the parliamentary websites, with the latter having an OBI-dedicated website. Further, there is no single point that monitors implementation of the initiative, which means that no report on the process made so far can be found concerning any of the signed Agreements and MoUs under the OBI. This shows why this research matters, as it took a closer and detailed look at the OBI.

These operating practices were noted as an issue and concern with the OBI among the institutions and country officials of countries not participating in the OBI. The ministries of foreign affairs of Bosnia and Herzegovina and Montenegro have produced analysis of the OBI, with neither being favourable to the OBI. The absence of strategic plans and governance frameworks was described as a weakness

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<sup>162</sup> RCC, "Common Regional Market Report on Implementation for 2021" (no. 145).

of the initiative. The interplay, or lack of it, with other existing regional organisation and initiatives, the complementarity with the EU acquis and absence of solid support from the EU were raised as issues by representatives of all three countries. Still, it should be noted that there is political will among the OBI non-participating countries, particularly Bosnia and Herzegovina and Montenegro, whose political leadership supports the OBI and shows a readiness to discuss their possible participation in the OBI. Given the national context and issues at stake in both Bosnia and Herzegovina and Kosovo, as elaborated above, the political capital the OBI generates for political leaders may be attractive to Montenegro for the time being. Transparency with regard to progress with implementation as well as clarity on governance and monitoring matters could help to build trust that the initiative is truly open for all WB countries.

The issue of non-participation in the OBI relates not simply to the initiative itself. For Bosnia and Herzegovina, as the Republika Srpska entity has embraced the OBI and, in some way, turned it into an ethnic issue, feeding into the narrative used in the Federation of BiH that primarily sees it as a political project for the dominance of Serbia. Kosovo is the only country whose government is firmly against the OBI. Apart from several political figures and CSO representatives, this position is largely shared among political stakeholders in the country. Based on the interviews conducted, the results of the normalisation process with Serbia could prove decisive if Kosovo decides to participate in the OBI. As the country analysis shows, Kosovo–Serbia relations are already damaging the patterns of bilateral cooperation. Kosovo has not established bilateral cooperation with Serbia, Kosovo, and Bosnia and Herzegovina in OBI-relevant policy areas like culture, tourism, taxation and investments. Moreover, the fact that Serbia, Bosnia and Herzegovina, and Moldova do not recognise Kosovo’s independence and reject its full representation in CEFTA means that Kosovo is not represented in the CEFTA structures on the technical level.

The OBI sheds light on the need and importance of the countries’ administrative capacities to vertically transpose the political will and determination for governmental cooperation and coordination. In terms of practical implementation of regional economic integration by policy areas, two general observations can be made. First, the OBI interplays with the operating regional agreement (CEFTA) or regional initiatives (MAP REA and CRM AP), particularly in the areas of the free movement of goods and free movement of workers – areas in which the OBI is most advanced in implementation terms. CEFTA AP 5 paves the way for mutual recognition programmes for AEOs and veterinary, food and feed safety, and phytosanitary certificates. Since the AEO programmes of Albania, Serbia and North Macedonia have gone through (positive) validation procedures, the OBI might offer an effective means for collaboration to advance and provide solutions to make progress in this area. The agreement on veterinary, food and feed safety, and phytosanitary certificates, on the other hand, creates a new legal framework that allows the countries to agree on lists of products to be regulated outside of CEFTA. While export bans are covered by CEFTA, the agreement on food security promises new cooperation for addressing food shortages and the use of storage capacities.

In terms of trade in services, AP 6 sets the legal framework for the liberalisation of trade in services. Nevertheless, liberalisation of the labour markets seems to be the major novelty the OBI has brought to the table. While CEFTA explicitly refrains from regulating this area, the OBI establishes a legal basis and policy tools to facilitate access to the labour markets. As the mechanisms and instruments foreseen by the agreement, including the implementation protocol, are not yet official or implemented, there is no evidence whether the two agreements will bring any significant change to the terms and procedures and whether they truly offer free access to the labour markets. In the area of the mutual recognition of professional qualifications, diplomas, and scientific grades, the research shows that having two initiatives may not always be beneficial. On one hand, challenges with implementation may arise if the two agreements on the recognition of diplomas and scientific grades are applied simultaneously. On the other hand, the agreements on the mutual recognition of professional

qualification of regulated professions (Doctors of Medicine, Doctors of Dental Medicine, and Architects) could supplement the agreements on the labour markets. Cooperation on tourism in the CEFTA/CRM and OBI frameworks differs, with the former specifying the regulatory aspects and the latter activities for joint destination and product promotion.

The second general observation is that the political commitments of the OBI-participating countries are vertically streamlined and being implemented at a slow pace. The majority of the political promises repeated at the OBI summits and public appearances by OBI leaders have yet to be operationalised. The ratification process of all OBI agreements has taken a long time, notably for North Macedonia. Only the agreements on the mutual recognition of AEOs were ratified promptly. To date, the labour market agreement and the agreement on the interconnection of schemes for electronic identification are the only trilateral agreements to have been ratified by all three OBI-participating countries. Since the agreement on food security has not been ratified by North Macedonia, it is not yet in force.

The OBI has implemented or is in a preparatory phase for implementing the agreements related to trade in goods and the free movement of workers. Economic operators utilise the benefits arising from the mutual recognition of the AEO programmes, but the concept is relatively new and the number of AEOs remains small. Further, although the agreement on cooperation in the field of veterinary, food and feed safety, and phytosanitary has not been ratified by all parties, the implementation of its provisions has commenced. Three countries have harmonised the list of plant and plant products requiring a phytosanitary inspection certificate, the monitoring plans and official controls, recognised the laboratory analysis, and approved business operators. The controls have moved inside the territory of the countries with a view to lowering border crossing waiting times. Yet, the (non)abolition of the fees and tariffs as prescribed by the agreement shows that the agreement cannot ensure that the countries are bound to the agreed provisions, and may lead to unequal implementation of the agreement. In a similar vein, apart from the agreement on food security not being ratified by North Macedonia, all countries respect the clause referring to no ban on exports and have exchanged information on food storage capacities. No evidence could be found in the desk research or the interviewees conducted that the agreement on protection against disasters and its civic protection operational plan have been implemented.

The two agreements that would enable free labour market access to citizens of OBI-participating countries are still in a preparatory phase of implementation. According to the interviewees, the IT systems are operational and in the testing phase. Still, how the e-service “access to labour markets” will be implemented in practice has not been made official. The implementation protocol, as foreseen by the Agreement on conditions for free access to the labour market, should provide clarity on this matter once it is fully agreed by the parties and made public.

In the other policy areas, the situation varies considerably. The MoUs on cultural cooperation and cinematography and audio-visuals have not been implemented. Other than isolated cases of cooperation based on the initiative of individual cultural institutions, the relevant ministries have not started actions that would facilitate cooperation or the creation of a joint film fund. The MoU on the cooperation of taxation administrations in the Western Balkans is in the initial phase of implementation as only one bilateral meeting between the Serbian and North Macedonian tax authorities has been held recently to discuss avenues for cooperation. The only exception is the MoU on tourism, which has been implemented. Organising joint events and joint participation at tourism events has been one of the most visible activities of the OBI, with wine tourism being the primary focus of the initiative.

While considering the countries not participating in the OBI in the context of the implementation of OBI relevant policies, several conclusions may be drawn. The slow pace of implementing the announced activities shows no value proposition, or added value, arising from participation in the OBI.

The level of preparedness of the OBI non-participating countries to join the ongoing initiatives should, however, also be considered. As the country analysis shows for the AEO area or the establishment of electronic identification and trust services and access to labour markets suggests, Bosnia and Herzegovina and Kosovo might not even be prepared to implement the agreed obligations under the OBI. In addition, the (non) complementarity with the EU acquis has been pointed out as potentially decisive for (non) participation in the OBI. Further investigation should focus on this aspect for each agreement signed within the OBI, with priority given to those that are already implemented or in an advanced stage of preparatory activities.

- **The OBI could better elaborate its vision for regional economic integration on the path towards EU integration of the WB and crystallise the initiative's mandate with a medium-term roadmap.**<sup>163</sup> This roadmap should provide an overview of the policy areas that the initiative intends to cover in the foreseeable future, along with the instruments (Agreements, MoUs, programmes, policy actions) that will ensure the political commitment is operationalised on the ground. The implementation periods should be set realistically and revised periodically. To the extent possible, the roadmap should reflect on the interests of the Western Balkans as an entry point for all countries in the region. The OBI roadmap should consider the level of preparedness to implement policy actions in line with the EU acquis.
- **Consider developing a governance structure that delineates the coordination, implementation and monitoring functions and responsibilities on the regional and national levels.** In the ad hoc coordination approach, a policy action is taken when an agreement is reached. In an institutionalised mechanism, centralised decision-making could be made collectively or by an institution acting on behalf of the participating countries. Should the initiative aim to address persistent and structural challenges in a longer perspective, an institutionalised formal mechanism may be preferred. If the challenge is more short term, an ad hoc mechanism would be a more efficient instrument for dealing with the challenge. It is noted however that the ad hoc mechanism is less efficient and would require greater time for negotiations and some form of forum to facilitate the negotiations.<sup>164</sup>
- **Improve the overall transparency to increase the accountability and avoid adverse perceptions from within and outside the OBI.** Transparency could be improved by making all the Agreements and MoUs signed thus far, the products of the agreements (like implementation decisions, bylaws etc.) as well as any document(s) produced on the regional or national levels (reports, minutes, conclusions etc.) publicly available in the languages of the participating countries. The national institutions should inform who is the responsible person(s) and about implementation of the OBI Agreements and MoUs relevant to their scope of work. Moreover, the initiative could be made transparent and open to all stakeholders, including CSOs. The OBI would benefit if civil society is able to monitor and openly discuss the initiative's achievements.
- **Accelerate the implementation of bilateral or multilateral Agreements and MoUs that facilitate regional cooperation and integration.** With sufficient human and administrative resources, the political commitments would be realised as concrete policy actions and increase the credibility of the regional integration project. The Agreements and MoUs should be adopted

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<sup>163</sup> Ristovski and Kacarska (no. 154).

<sup>164</sup> For more, see: Ghosh A. and Masson P. (1994): Economic cooperation in an uncertain world; Oxford, UK; Cambridge, Mass., USA: B. Blackwell.



or ratified, and fully implemented to avoid unequal implementation among the parties. Regional cooperation should be perceived and implemented as a stepping stone towards the EU's single market and hence all policy actions should be in line with the EU's rules and standards.

## Annex 1: Overview of OBI Agreements and MoUs

Area of cooperation	Specific areas of cooperation	Open Balkan Agreements and MoUs	Status of implementation	Description	Challenges of implementation	Corresponding Agreements/Initiatives	Status/Challenges of implementation
Free movement of goods	Mutual recognition of Authorised Economic Operators	Agreements on the mutual recognition of AEO authorisations Bilateral ALB–MKD–SRB	Implementation ongoing; Bilateral agreements ratified/adopted	- All countries have a positive validation procedure in CEFTA - Bilateral protocols signed	The small number of approved economic operators  High standards required, not suitable for SMEs	CEFTA Additional protocol 5 on Trade Facilitation regulates AEO mutual recognition under EU rules	- CEFTA Decision on the recognition of AEO programmes is waiting to be adopted  - Bosnia and Herzegovina, Kosovo, and Montenegro have not gone through the CEFTA validation procedure
	Mutual Recognition for veterinary, food and feed safety and phytosanitary certificates	<u>Agreement on cooperation in the field of veterinary, food and feed safety, and phytosanitary in the Western Balkans</u>	Implementation ongoing; Agreement not in force (not ratified in North Macedonia)	- Inspections held at a customs terminal/destination point as per the agreement - Harmonised lists - Data on quarantine lists, monitoring plans, approved food business operators and establishments exchanged	- Import/export control fees not abolished equally - Chambers of Commerce report inspections not available 24/7 - Compliance with the EU's acquis should be investigated in terms of harmonised lists; accredited laboratories; business operators	CEFTA Additional protocol 5 on a Trade Facilitation common framework for risk management, common risk criteria and common priority control areas MRPs for agricultural products (veterinary) in line with the EU's acquis planned in CRM AP	- CEFTA AP 6 not ratified by Kosovo
	Cooperation on food security and food commodities	Agreement on food security mechanisms in the Western Balkans	Implementation ongoing; Agreement not in force (not ratified in North Macedonia)	- No export bans on agreed food lists - Food storage capacities mapped and exchanged between parties	- Short list of products covered by the agreement	CEFTA regulates trade restrictions Sustainable food systems part of the Green Agenda for the WB	Do not provide a mechanism for cooperation on food security
	Integration of Payroll systems	An MoU on M-Tag toll payments North Macedonia – Serbia	N/A	N/A	N/A	N/A	N/A
	Cross border clearance and infrastructure	MoU on measures to improve the movement of people and goods North Macedonia–Serbia	N/A	N/A	N/A	N/A	N/A
Free movement of people, workers and	Access to labour markets	<u>Agreement on conditions for free access to the labour market in the Western Balkans</u>	Preparatory phase Agreement ratified/adopted	Implementation protocol is being finalised -	No Social security agreement ALB–SRB - Complementarity	- CEFTA AP 6 foresees removing work permits for intra-company transfers and service providers	- CEFTA AP 6 does not regulate rights to move, stay and work for all citizens in existing provisions regarding

<b>services</b>			by all parties		with EU acquis should be investigated Complementarity with EU acquis in terms of procedures on right to stay, move, work	- Agreement on the Recognition of Professional Qualifications of Doctors of Medicine, Doctors of Dental Medicine and Architects in the Central European Free Trade Agreement Context	natural persons - CEFTA AP 6 not ratified by Kosovo - Agreement not ratified/adopted by Bosnia and Herzegovina, Montenegro
	Electronic identification of citizens and access to e-government services	<u>Agreement on the interconnection of schemes for the electronic identification of citizens of the Western Balkans</u>	Preparatory phase Agreement ratified/adopted by all parties	Implementation protocol is being finalised	E-service access to labour market not yet available	Agreement on Freedom of Movement with Identity Cards	In force, not implemented Not ratified/adopted by Bosnia and Herzegovina, or Montenegro
		<u>Agreement on cooperation in the Western Balkans in the field of mutual recognition of diplomas and scientific grades issued by HEIs and other authorised institutions</u>	In force, not implemented; Not ratified by North Macedonia	Not implemented	In force parallel to another agreement of the same nature	Agreement on the recognition of higher education qualifications	In force, not implemented Not ratified/adopted by Bosnia and Herzegovina, or Montenegro
	Regional cooperation in the field of tourism	<u>Memorandum of understanding on cooperation in the field of tourism in the Western Balkans</u>	Implementation ongoing	Joint participation at tourism fairs	Wine tourism in focus	CEFTA AP 6 on market access barriers; TEG WG CRM sustainable tourism BAs' cooperation	- CEFTA AP 6 not ratified by Kosovo
	Regional cooperation in the field of culture	<u>Memorandum of understanding on cultural cooperation in the Western Balkans</u>	Some activities implemented	Cooperation protocol between National theatres Cultural centres shared between OBI countries	No state support provided	RCC taskforce on culture and society Western Balkans Fund Create Europe	
	Regional cooperation in cinematography and audio-visual arts	<u>Memorandum of understanding on cooperation in the field of cinematography and audio-visual activities in the Western Balkans</u>	Not implemented	/	/	CRM AP Industrial and Innovation Area	RCC conducted a mapping of creative industries State film funds in all WB6
<b>Other areas of cooperation</b>	Cooperation between tax authorities	<u>Memorandum of understanding on the cooperation of taxation administrations in the Western Balkans</u>	Initial phase of implementation	Bilateral meeting held between MKD-SRB tax authorities	/	BAs on the avoidance of double taxation; tax evasion on income and capital tax	Bosnia and Herzegovina, Montenegro, and Serbia do not have bilateral agreements with Kosovo The cooperation is limited to double taxation and tax evasion
	Civic and environment	<u>Agreement on protection against disasters</u>	Not implemented;	/	/	Disaster Preparedness and Prevention Initiative	Kosovo is not member of the EU's Civic Protection

	protection	<u>Civil protection OP</u>	Not ratified by North Macedonia			EU Civic Protection Mechanism	Mechanism
	Regional cooperation in the fields of energy and mining	Memorandum of understanding on cooperation in the field of mining and energy Albania – Serbia; Serbia – North Macedonia	Not implemented	Bilateral MoUs signed recently	/	Energy community Economic and Investment plan	