



ASSESSING AND STREAMLINING THE POTENTIAL OF THE OPEN BALKAN INITIATIVE

REPORT ON RESEARCH TASK 1: UPDATE ON THE IMPLEMENTATION OF THE OPEN BALKAN INITIATIVE – PARTICIPATING COUNTRIES

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About the Project

CENTER FOR ECONOMIC ANALYSES-CEA IS CONDUCTING A ONE-YEAR OSF PROJECT TITLED: ASSESSING AND STREAMLINING POTENTIALS OF THE OPEN BALKAN INITIATIVE (OBI).

BACKGROUND

Recognising the lack of interest of the EU in enlargement in the Western Balkans, Serbian President Aleksandar Vučić, the Prime Minister of North Macedonia, Zoran Zaev, and Albanian Prime Minister Edi Rama decided to "take destiny in their own hands" and launch a "mini-Schengen" in October 2019. In July 2021, this idea evolved into a regional initiative "**Open Balkan**¹". The initiative is no substitute for membership in the EU, but a path to accelerated membership and utilisation of the existing but insufficiently used potentials in these countries, which might facilitate additional economic growth and development, and thus, welfare for their citizens.

CHALLENGES TO KEEP THE MOMENTUM

Developing and cultivating neighborly relations in the Western Balkans in expectation of economic prosperity will require eliminating border controls and other barriers in order to facilitate the movement of people, goods and services, and capital in the region. Regional disparities analyses (for example, coastal vs. internal, NUTS 2 and NUTS 3 regions, urban vs. rural, capital cities vs. other cities) of the Open Balkan countries might offer insights when determining priorities for more accelerated growth and internal convergence of the Open Balkan region. **At the moment, there is a lack of properly elaborated analyses to assess the existing challenges.**

The Covid-19 pandemic, the food and energy crises, and the war in Ukraine illuminate the importance of internal cooperation and coordination and need for mutual understanding and solidarity among Open Balkan countries. Internal coordination and cooperation, exchange of experiences, and solidarity in the region bring value to future EU integration if the Open Balkan countries can speak in one voice.

The region's external, especially now with the war in Ukraine, emphasises the importance of cooperation and coordination and the need for mutual understanding and solidarity.

TOOLS AND INSTRUMENTS FOR ASSESSING THE POTENTIALS FOR ACHIEVING COOPERATION AND COORDINATION

While on the highest political level there is still evidence of political will for Open Balkan, on the administrative level, or "on the ground", people cannot really sense the benefits of this initiative just yet. **At the very least, what is missing is more evidence-based policy research on the bottlenecks in cooperation and potential of the six countries of the Open Balkan.**

ACTIVITIES OF THE PROJECT

An independent pool of experts from the six countries diagnosing and investigating the bottlenecks for cooperation and coordination among the Open Balkan countries will add

¹ By Open Balkan Initiative, we will define the territorial space of six countries of the Western Balkan-WB6: Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, Kosovo, and Serbia.

value to the already demonstrated political will for the Open Balkan Initiative, leading to its more structured, priority-focused, and systematic development.

Background

As per the ToR, this regional research project has four main tasks:

- TASK 1: Country analysis - screening focused on the Open Balkan Initiative-OBI
- TASK 2: Disparities analysis
- TASK 3: Administrative gaps and bottlenecks assessment
- TASK 4: Open Balkan macroeconomic forecasts

This document presents the findings of the TASK 3: *Administrative gaps and bottlenecks assessment*. As per the ToR, the TASK 3 has the following objective: *To do a fact check and prepare recommendations with a list of potential legislative changes*. This task follows after the TASK 1 of screening on the countries and after the TASK 2 on the disparity analysis.

The point with the TASK 1 was that almost any political initiative could be implemented but the ultimate goal of any political initiative should be the improved welfare of the citizens. Thus, the political idea and will behind the Open Balkan should be somehow transferred vertically from the political actors on power (executive-government and legislative-parliament) through the administration with the instruments of the meetings, sessions, strategies, action plans, programs etc. and their implementation to the citizens and even more to the improved benefit of the citizens.

The point with the TASK 2 was that each of the WB6 countries have its own characteristics thus, there are disparities within and among the countries but also similarities. That is why we want to analyse the disparities and similarities at EU's NUTS 3 regions depending on the data available. The idea is that given the OBI MoUs and the OBI Agreements and the EU's freedom of movements some NUTS regions of the WB6 countries might have more similarities among themselves than the others. Thus, those NUTS 3 regions that are clustering e.g., are showing similarities in some demographic attributes and/or some socio-economic attributes might be a platform for more efficient implementation of the EU's freedom of movements and the objectives of the OBI MoUs and OBI Agreements. This does not mean that the regions that are with more disparities cannot achieve the same objectives. It just demonstrates that for more similar regions the policies might be implemented more efficiently as they have similar challenges. Those regions that show larger disparities will probably need more resources to reach convergence and less inequalities.

The point with the TASK 3 is to do fact-check about the main initiatives with the potentials of the administration to administer the initiatives. In this part we want to identify an OBI MoU and/or an OBI Agreement and for the identified one to do the fact-check and to prepare recommendations with a list of potential legislative changes.

Given the resources of the project we identified one OBI Agreement to do detailed fact check and to prepare recommendations with a list of potential legislative changes. This is the *Agreement on Conditions for Free Access to the Labor Market (provided this agreement enters into force its application shall begin on the date of entry into force of the agreement on interconnection of schemes for electronic implementation of the citizens of WB)*. This agreement was also pointed out as the most significant for the business community field work and discussions in Skopje and Belgrade.

We developed a tool to assess if the participating OBI countries have developed/adopted/established any bylaws, protocols or other follow-up instruments

prescribed in the OBI MoUs and the OBI Agreements. Finally, for the fact check of the implementation of the identified OBI Agreement, experts from the six countries assessed the administrative gap and came up with recommendations about the list of potential legislative changes. Thus, the TASK 3 comprised:

1. Workshop with the business community in North Macedonia and Serbia to get the perception of the businesses about the relative importance of the OBI MoUs and the OBI Agreements (participating and non-participating countries);
2. Implementing a tool to assess if the participating OBI countries have developed/adopted/established any bylaws, protocols or other follow-up instruments prescribed in the OBI MoUs and the OBI Agreements (participating countries only);
3. Fact checks about implementing the one identified OBI Agreement on Conditions for Free Access to the Labor Market and preparing recommendations with a list of potential legislative changes (participating and non-participating countries).

IMPORTANT NOTE: Country experts took a neutral stance and unbiased approach as they conducted the data collection and analysis for this research task. No matter on one's stance towards OBI, be that informed criticism or support of the initiative, their opinion should not affect the data collection process, the process of data analysis so it does not favor, nor disregard, nor encourage one answer or outcome over others.

The OBI countries from the Western Balkan (Albania, North Macedonia and Serbia) are defined for the purpose of understanding in this document as "**participating**" and the countries from the Western Balkan that are not part of the OBI (Bosnia and Hercegovina, Kosovo and Montenegro) are defined for the purpose of understanding in this document as "**not-participating**".

Introduction

This document provides an update on the state of play of the OBI, in terms of adoption and ratification of the OBI agreements and MoUs. The report focuses in more detail on the additional acts that should be developed and adopted, and derive from the OBI agreements and the MoU. These acts include bylaws such as protocols, procedures and implementation programmes. Moreover, it explores in more detail the coordination and implementation structures of OBI on technical level which should be established in each of the policy areas covered by the initiative. These structures include any mechanism for coordination and cooperation on technical level, including interinstitutional cooperation between national institutions, as well as bilateral or trilateral bodies with tasks specific to the operationalisation of the OBI.

As all countries are in phase of opening or have opened accession negotiations with the EU, it is important that the legislative proposals adopted by the governments are compliant with EU acquis or at least not in conflict with the EU acquis. In this regard, this research task has the objective to investigate the hypothesis on the complementarity of the OBI initiative with the EU accession process by obtaining the analysis by the competent national institutions. All countries have an institution that, according to government procedures, should provide opinions for all legislative acts in relation to the EU accession process. For North Macedonia, that is the Secretariat for European Affairs, the Ministry of European Integration in Serbia and the Ministry for Europe and Foreign Affairs in Albania.

Through document analysis, the experts have identified the coordination structures and bylaws foreseen to be established and adopted under the OBI agreements and MoUs. The data for this research has been collected using free access to public information. The experts translated and distributed the questions to respective national institutions by the 30th of June. Thus, it is important to point out that data following this date may not be covered by the report.

Implementation structures of the OBI

The coordination within the OBI initiative, as the authors have previously discussed, takes place on several levels. The coordination between the country leaders took place at official OBI summits. Rather than a continuation of the high-level political dialogue, the OBI has been faced with a narrative that questions its future and continuation of the planned activities. While the highest-level coordination is directed by the political agenda, the signed and ratified agreements and the MoU adopted within the OBI have opened space for the institutions to coordinate closely and commence joint or coordinated activities. The modes of cooperation between the national institutions differ significantly across the OBI agreements and MoUs in their respective policy areas. (see annex 2)

Interinstitutional cooperation between relevant institutions is foreseen in several agreements and MoUs. On the agreement on cooperation in cases of disasters, parties should inform one another of the competent authorities and make sure that the designated contact points are available at any moment for the other contracting parties. According to the answers received, coordination between the institutions exists, yet the process for cooperation under this agreement would become applicable after the agreement is ratified and in case of any possible crisis in the future.

Similarly, the agreement on veterinary, food and food safety and phytosanitary cooperation delegates the implementation to the competent authorities in the respective areas. The agreement defines the procedures and locations for the physical checks on food from animal and non-animal origin that competent authorities should follow and sets out notification procedures for non-compliance. Previous research has found that cooperation between the competent agencies of the OBI countries is already taking place.² The agreement stipulates that the coordination and communication between authorities are regulated through existing domestic legislation.

The agreement on cooperation in the field of mutual recognition of Diplomas and Scientific Grades also foresees interinstitutional cooperation between relevant national institutions. This agreement outlines the responsible ministries, agencies and centres in the countries. The cooperation between the institutions is conducted through the facilitation of communication between institutions in view of shortening mutual deadlines for the procedures of recognition of diplomas and scientific degrees.

The MoU on the cooperation between taxation administration also relies on interstitial cooperation. As signatory parties, each tax administration may appoint one or more persons for contact and coordination of planned activities. According to the answers received, North Macedonia and Serbia have delegated the MoU implementation to the departments for international cooperation. The research team did not manage to acquire information from the authorities in Albania. To date, only one meeting has been held between the tax authorities of North Macedonia and Serbia.

The MoU on cultural cooperation, on the other hand, does not refer to any institutions that are responsible for its implementation other than the Ministries of Culture as the "contracting parties". The MoU does not specify how Ministries of Culture would coordinate among themselves or how they will cooperate to implement an extensive list of planned joint activities.

The other OBI acts provide coordination **through designated bodies** between the contracting parties. The agreement on cooperation for food security in the Western Balkans foresees a **Joint Working Group** to be established with representatives from national institutions responsible for agriculture, trade and customs and representatives of the chambers. The representatives should be at least the head of the department, and deputies may be appointed. The working group will have the role to monitor the implementation, detect and prevent possible misuses and suggest how the cooperation in this policy area can be improved. Based on the information received, the agreement is still not in force as the ratification and notification procedures are not finalised in Serbia and North Macedonia. The latter has, however, nominated 5 members who will sit in the working group.³ The parties have an obligation to establish the working group 30 days from the day of the entry into force of the agreement.

A **Joint Committee** should be established for the implementation of the agreement on for free access to labour markets. This agreement defines the number of representatives, at least five per contracting party, with no specification on their profile. The committee is tasked to organise, coordinate and control the agreement's implementation. The draft protocol on implementation of this agreement specifies that each party should appoint one person tasked to lead and co-chair Joint Working Group meetings and be the main contact point for coordination

² https://cea.org.mk/wp-content/uploads/2019/09/1.-OBI-Project-Regional-Report_Task-Final_NAJFINAL-CIP29052023.pdf

³ <https://vlada.mk/2023-135>

of the implementation of the Protocol and that may appoint as many members as deemed to fulfil the obligations of the cooperation areas. The working group should hold at least one annual meeting and report to the Governments, i.e. the contracting Parties, about the implementation. Even though the agreement stipulates that the Joint Committee should hold its first meeting within 30 days of its entry into force, the committee is not established yet. Thus, no rules of procedure have been adopted as stated in the agreement.

Unlike the agreement on cooperation in cases of disasters, the Operational Plan in the Field of Civil Protection foresees the establishment of a **Cooperation Group** for cross-broader project-based cooperation. The Group as a formal body is not been established. The overall implementation of the Operation Plan, however, is implemented through points of contact. North Macedonia and Serbia have designated the points for contact for the plan's implementation. The research team did not manage to obtain information for the Albanian counterparts.

A **Joint Working Group** with representatives from national institutions, representatives of tourist chambers, associations, and organisations, as well as representatives of the academic community should be established. This working group will be tasked to monitor and assess the implementation of jointly agreed biannual arrangements and activities in the area of tourism. The appointed representatives should be the least heads of department, while parties may appoint deputy members and meet regularly. As of September 2023, the working group for cooperation in the field of tourism has not been established, and the communication remains on an inter-institutional level among the relevant institutions from the OBI countries. According to the Ministry of Economy of North Macedonia, after analysing the results of the current tourist season, it planned to initiate a meeting with the institutions and start a procedure for forming a working group with specific tasks and activities.

The MoU on cooperation in cinematography and audio-visuals foresees the establishment of a **Mixed Commission** that would be responsible for its implementation. The MoU stipulates that the commission should be composed of an equal number of competent bodies and expert representatives but does not specify their number nor the institutions that should be represented in this body. This is the only OBI act determining the length of the mandates for an implementation body member at two years with the possibility for extension to an unspecified time period. According to the responses from the ministries of Culture of North Macedonia and Serbia, the Mixed Commission has not been established yet.

Bylaws, procedures and implementation plans in the OBI

The OBI countries have committed to implementing activities on the national level and joint actions by national authorities that would benefit the contracting parties' citizens and businesses. In some cases, the OBI countries have to develop and adopt additional acts so the OBI agreements and the MoU can be fully implemented. These acts include bylaws such as joint protocols and standardised procedures and implementation programmes like common plans and calendars for joint activities (see annex 3).

The two agreements that should allow free access to the labour markets have been ratified by all countries, with North Macedonia being the last country to do so in February 2023. In the following period, the relevant institutions have developed the **implementation protocols** for the Agreement on free access to the labour market and the Agreement on interconnection of schemes for electronic identification. The protocol on the former sets out the conditions for the

implementation and the common criteria for registration of citizens, work and residence of citizens of Contracting Parties in the territory of the Receiving Party. The protocol on the latter sets out the technical aspects of OBI number and the technical process of national software solutions interconnection that enables the federation of electronic identities. These protocols are agreed upon on a technical level, and the service "access to the labour market" has been set up through the eGovernment services. The protocol has to be approved and signed and would enter into force on the date of the receipt of the last written notification through the Depository.

The bilateral agreements on mutual recognition of AEOs foresee the adoption of **Protocols** that define the validation process of AEOs programmes and methods of conducting the validation visits. All three bilateral protocols have been signed and adopted by the Customs Administrations. The next step is the creation of validation teams, with three AEO experts per signatory countries, that should conduct the validation visits at the sites of accredited companies in the parent countries.

The agreement on veterinary, food and food safety and phytosanitary cooperation prescribes that **harmonised certificates** should be adopted on the specific list of products. As a result of this agreement, the Veterinary Agency of North Macedonia has issued specific certificates for imports of meat and animal food products (like milk and eggs) originating from North Macedonia. The other veterinary and sanitary institutions have not sent standardised certificates on requests for this research. Under this agreement, OBI countries are expected to adopt an additional **Protocol** to be signed for the costs related to import export control, which is yet to be adopted.

The Council of Ministers of Albania has adopted the agreement on mutual recognition of diplomas and scientific grades with decision (DCM), and the Serbian Parliament has ratified it, which puts it into effect between these two countries. This agreement is an example where even the implementing countries had to amend **existing laws bylaws**. Albania made changes in the Guidelines on diploma recognition in 2022 after the agreement was adopted, while in Serbia, these changes have been made before the signing of the agreement. In the case of North Macedonia, according to the Ministry of Education, there will be a need for amendments in the Law on Higher Education to implement this OBI agreement.

To jointly address concerns on food shortages and food security, the contracting parties committed to developing a **Common Policy Plan** to increase storage capacities for essential agro-food products. Moreover, OBI countries are committed to developing a food **security roadmap/action plan** that should identify the risks and challenges and increase sustainability in food production through climate risk mitigation, greening and digitalisation of the production process. The OBI countries have already exchanged information on existing storage capacities.⁴ Yet, as the ministries of agriculture of North Macedonia and Serbia inform, these documents are not developed as the agreement is still not in force. The plans should be developed 90 days after the agreement enters into force.

As indicated before, the agreement on cooperation in disasters foresees the development of standard operating procedures for assistance provision in disasters and simplified boundary-crossing procedures for rescuing teams and assistance. Due to the fact this agreement is not ratified in North Macedonia and the notification procedure is not finalised for Serbia, the parties

⁴ https://cea.org.mk/wp-content/uploads/2019/09/1.-OBI-Project-Regional-Report_Task-Final_NAJFINAL-CIP29052023.pdf

are not obligated to develop the operating procedure as prescribed by the agreement. In the period between, the national rescue institutions rely on already adopted national cross-border assistance and rescue procedures.

Under the MoU on cooperation in the field of culture, the OBI participating countries have agreed to create a **Common Cultural Calendar** as soon as possible. According to the answers received from the Ministries of Culture, such a document or plan has not been developed. Nevertheless, the ministries of culture reported joint cultural activities on bilateral or multilateral levels in the region and third countries. The MoU on cinematography and audio-visual arts cooperation stipulates that it will financially support joint activities. The Ministers of Culture have announced the creation of a joint co-production fund, but no specific financial instruments have been agreed to date.⁵

Discussion

The major barrier to the enactment of the OBI initiative remains the pace of the ratification process for the OBI agreements. However, North Macedonia has caught up in the process in the past months. Two acts remain not ratified by the country, particularly the agreement on cooperation in protection against disasters, which is still pending vote. In contrast, the agreement on cooperation on diplomas and scientific grade recognition has been side-lined. A vote on this agreement is not expected in a vote in the Parliament. The standstill in the ratification processes in the past years affects the establishment of the Joint Working groups and the adoption of bylaws, procedures, and implementation programmes.

The bilateral agreements on mutual recognition of AEOs, the agreement on interconnection of electronic schemes and the agreement on free access to the labour markets have been ratified by all countries. Regarding the former, the implementation protocols have been signed and adopted by the customs administration, which allows for operationalisation. Regarding the latter two, regular meetings between national institutions in an informal working group have occurred in the following months. The draft implementation protocols for both agreements have been adopted on a technical level, which set out the path for review and decision procedures have been agreed upon, establishing the interconnection of electronic schemes. In light of the above, these two agreements are in most advanced stage of implementation and could potentially yield results for OBI in nearest future. As our previous research has shown, the other OBI agreements or MOUs, are already covered with ongoing initiatives for their respective policy areas.⁶ Thus, the package of these two agreements would allow the most extensive labour market access for citizens of contracting parties and are unique for the OBI. Further research could focus on the capacities of national institutions in this area and monitoring the implementation process and the results this service could achieve.

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<https://kultura.gov.mk/%D0%BA%D0%BE%D1%81%D1%82%D0%B0%D0%B4%D0%B8%D0%BD%D0%BE%D0%B2%D1%81%D0%BA%D0%B0-%D1%81%D1%82%D0%BE%D1%98%D1%87%D0%B5%D0%B2%D1%81%D0%BA%D0%B0-%D1%84%D0%BE%D1%80%D0%BC%D0%B8%D1%80%D0%B0%D0%BC%D0%B5/>

⁶ https://cea.org.mk/wp-content/uploads/2019/09/1.-OBI-Project-Regional-Report_Task-Final_NAJFINAL-CIP29052023.pdf

Compliance and complementarity with the EU accession process

As the OBI is directly related to policy areas regulated with the EU acquis, the OBI participating countries need to check whenever any of the areas of cooperation related to the initiative touch upon the European integration process. These compliance checks may be related to how OBI agreements correspond with European law, whether these agreements are related to already transposed EU regulations or directives at a certain stage of the accession process, and most importantly, whether the bilateral and trilateral agreements have the effect of reducing or by any way violate the already achieved level of meeting EU accession criteria and EU standards.⁷ In that regard, all three OBI participating countries have established a procedure for checking if the legislative proposals by the ministries or other relevant institutions adopted by the government comply with the EU acquis.

According to the procedure of the Government of North Macedonia, all materials submitted by ministries and other bodies of the state administration to the Government for consideration and adoption, including international agreements, have to be previously submitted for consideration and opinions from other appropriate and interested authorities of the state administration. It is mandatory to consult several ministries and institutions, among which the Secretariat for European Affairs, on all proposals for laws, regulations and other acts related to the National Program for Adoption of EU Law that refer to obligations which derive from the process of European integration or refer to the use of EU or other fund of foreign aid.⁸

The Ministry of European Integration of Serbia monitors and encourages alignment of the regulations of Serbia with the regulations and standards of the EU and provides support to the ministries and special organisations in aligning the regulations with EU regulations.⁹ According to the [Rules of Procedure of the Government of the Republic of Serbia \("Official Gazette of the RS," No. 61/2006 - consolidated text, 69/2008, 88/2009, 33/2010, 69/2010, 20/2011, 37/2011, 30/2013, 76/2014, and 8/2019 - another regulation\)](#), the proposer shall, along with the draft law and draft regulation, attach a Statement of Compliance with the regulations of the European Union and a Table of Compliance with the regulations of the European Union. These two documents shall also be submitted with the proposal for a decision to harmonise the Republic of Serbia's regulations with the European Union's regulations, using the forms established by a special act of the Government. In this latter case, the proposer shall obtain the opinion of the Office for European Integration (now the Ministry for European Integration), particularly regarding whether the Statement of Compliance with the regulations of the European Union and the Table of Compliance with the regulations of the European Union have been properly completed. The opinion of the Ministry shall also be sought regarding the proposal for a development strategy. The requests for opinions of relevant state administration bodies on the draft law for the ratification of an international agreement are submitted by the state administration body whose scope of authority pertains to the issues

⁷ Interview with representative from the Secretariat of European Affairs of North Macedonia, 30.03.2023

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<https://vlada.mk/sites/default/files/dokumenti/%D0%94%D0%B5%D0%BB%D0%BE%D0%B2%D0%BD%D0%B8%D0%BA%20%D0%BD%D0%B0%20%D0%92%D0%BB%D0%B0%D0%B4%D0%B0%D1%82%D0%B0%20%D0%BD%D0%B0%20%D0%A0%D0%B5%D0%BF%D1%83%D0%B1%D0%BB%D0%B8%D0%BA%D0%B0%20%D0%9C%D0%B0%D0%BA%D0%B5%D0%B4%D0%BE%D0%BD%D0%B8%D1%98%D0%B0.pdf>

⁹ <https://www.mei.gov.rs/eng/>

regulated by the international agreement. The proposer is not obliged to accept the provided opinion but must provide a written response to all comments that have not been accepted.

The primary responsibility for policy development and alignment rests with the ministry or ministries entrusted with drafting legislation according to their respective expertise, as defined by the Regulation of the Council of Ministers. The ministry proposing the project must provide compatibility ratings and present them in the written relation to the proposed project. PM Order No. No. 46, dated April 1, 2009, among others, established the Interinstitutional Coordination Committee for European Integration (KKNIE). Along with other outlined responsibilities, KKNIE is responsible for assessing the impact of the legislation's alignment with the EU's acquis. Amendments to the Regulation of the Council of Ministers of 2006 charge the ministry responsible for EU integration to coordinate and ensure the alignment of Albanian legislation with the EU acquis (currently the Ministry for Europe and Foreign Affairs, MFEFA). The MFEFA oversees fulfilling a series of verifications of compatibility of a draft act with the acquis according to the "Instruments of Approximation" provided in the Annex to the Regulation of Council of Ministers. In this framework, the MFEFA plays two important roles in the process of approximation of legislation: (i) it helps line ministries, especially in the initial phase of drafting, to identify those acts of the EU acquis that will converge in a certain field; (ii) after the act is drawn up, it verifies the level of compliance of the Albanian legislation with the acquis (the Evaluation Report of Approximation Scale and Compatibility Tables). Following this check, the MI has the right to return the project to the responsible Ministry if it does not contain the relation and the compliance tables. The control of the compliance of the draft act does not end at the level of government with the approval of the draft act by the Council of Ministers and sending it to the Assembly. According to articles 68/2 and 68/4 of the Regulation of Parliament, each draft law must have a written report attached about the approximation of the legislation. The draft law is returned to the proposing institution if this report is not attached.

Six agreements have been signed within the initiative: two bilateral AEOs between Albania, Serbia and North Macedonia and four others that regulated trade or free movement of goods, services, people and worker mobility, and cooperation in civil protection.

Agreements on mutual recognition AEOs directly related to the Chapter 29 Customs Union in the EU accession process. The EU monitors the progress of implementing these programmes and if they are aligned with the EU Customs code and the relevant delegated and implementation acts.¹⁰ Moreover, compliance with the EU rules in this area may be a precondition for agreeing and implementing mutual recognition agreements on AEOs programmes between the accession countries with the EU prior accession.¹¹ Only in the case of Serbia did the Ministry of Finance submit a letter to the Ministry for European Integration to provide an opinion on the compatibility with EU regulations regarding the Agreement on AEOs mutual recognition with Albania in December 2021. The Ministry responded that they had no objections to the submitted material, yet further noted that the draft law had not been subject to consultations with the European Commission as it was considered that it does not align with EU regulations. In the case of North Macedonia, the Secretariat of European Affairs has not prepared an opinion on the Agreement on AEOs mutual recognition with Albania, as the institution did not request it. In the case of Albania, the institutions did not provide an answer on this matter.

¹⁰ https://taxation-customs.ec.europa.eu/customs-4/aeo-authorized-economic-operator/aeo-legislation-and-management-instruments_en

¹¹ https://taxation-customs.ec.europa.eu/customs-4/aeo-authorized-economic-operator/mutual-recognition_en

In the EU accession process perspective, the policies related to veterinary, phytosanitary and food safety are negotiated in Chapter 12. Chapter 12: Food safety, veterinary and phytosanitary policy. Accordingly, agreement on cooperation in the field of veterinary, food and feed safety and phytosanitary in the Western Balkans may be directly or indirectly related to the content of one of the most extensive negotiating chapters with more than 5,000 EU regulations that have been or should be transported in the national legislation. While no answer to the questions submitted to the relevant institution in Albania was provided, both the Secretariat of European Affairs in North Macedonia and the Ministry of European Integration in Serbia have informed that no opinions have been issued on this agreement as the responsible institutions did not request an opinion on this agreement.

Agreement on Food Security Mechanisms in the Western Balkans forbids ban on exports of specific food products and plans for cooperation in food production that is directly related to Chapter 1: Free Movement of Goods and Chapter 11: Agriculture and Rural Development, i.e. the articles of the Treaties related to the establishment of Single Market, as well as common agricultural policy. The responsible institutions in North Macedonia and Serbia, the Secretariat of European Affairs and the Ministry of European Integration, respectively, have responded that both have not prepared an opinion on the complementarity with the EU acquis on this agreement as there was no request.

Agreement on Cooperation in Western Balkans in the field of Mutual Recognition of Diplomas and Scientific Grades Issued by Higher Education Institutions may be in direct relation to Chapter 2: Freedom of Movement for Workers and Chapter 3: Right of Establishment and Freedom as the procedure of recognition of academic diplomas procedures and on recognition of professional qualifications are regulated on EU level. As in the cases above, both the Secretariat of European Affairs in North Macedonia and the Ministry of European Integration in Serbia have not been asked to issue an opinion on the compatibility of this agreement with the EU acquis. In the case of Albania, the relevant institution considers that this agreement does not concern the EU acquis.

Agreement on Conditions for Free Access to the Labour Market in the Western Balkans and the Agreement on Interconnection of Schemes for Electronic Identification of the Citizens of the Western Balkans are the pair agreements that facilitate the movement, stay and work of citizens of the OBI countries. Nonetheless, the agreements are related to different chapters of the acquis. The former primarily related to Chapter 2: Freedom of Movement for Workers, as it addresses access to the labour market to third-country nationals, while the latter to Chapter 24: Freedom, Justice, and Chapter 10: Digital Transformation and Media, and Public Administration reform as it refers to electronic identification and trust services. The Albanian institutions did not respond to the request to share if and what is their opinion of both agreements. The Governments in North Macedonia and Serbia have not been requested to prepare an opinion, thus, they have not prepared such acts for both agreements related to the service of "free access to the labour market".

Agreement on Cooperation in Protection against Disasters in the Western Balkans builds mechanisms for cooperation like cooperation and preparedness in case of natural disasters and, as such, is related to the Environment and climate change acquis and policies addressed in the negotiating Chapter 2. In the same vein as the above-mentioned agreements, the research team does not know if a request for an opinion from the relevant national institutions has been submitted and if an opinion has been issued in the case of Albania. The Secretariat of European Affairs has not prepared an opinion in the case of North Macedonia and the Ministry of European Integration in the case of Serbia, as the responsible institutions have not requested such acts to be prepared.

Discussion

The OBI is inevitably linked and interacts with the EU acquis. The OBI participating countries have to ensure an assessment of how the international agreement signed within the initiative affects the EU accession process. As elaborated above, in all cases, but the bilateral AEOs agreement in the case of Serbia, the OBI agreements have been adopted and went through parliamentary procedures without obtaining opinions from relevant institutions on compliance with respective European rules and regulations. These findings, however, do not imply that the OBI agreements are not in line with the EU acquis. It points out that the procedures established by the Governments of OBI participating countries to verify if these international agreements are in line with the EU acquis are not followed. Moreover, one should not derive that the OBI is the sole example where Governments do not require opinions on complementarity. Further research may investigate in more detail the compliance of each agreement with the EU acquis and the frequency of circumventing "compliance checks" in legislative procedure.

Nevertheless, deliberate decisions to not consult institutions for compliance with the EU acquis are harmful to the OBI on several grounds. Should a reasoned opinion support the complementarity of the initiative with the EU accession process, it could benefit the initiative and the narrative surrounding the OBI rather than otherwise. If non-compliance exists for any agreements, the changes would be addressed early in the negotiation phase. Any changes in the later phase so the OBI meet EU requirements would require lengthy procedures to amend the international agreements for all OBI participating countries. Moreover, having rules and procedures other than the ones prescribed by the EU would not be beneficial. Should the countries remain on their EU track, any diversion would be a costly investment, particularly if physical and IT infrastructure have to be acquired. The administrations would have to follow different procedures rather than a unified approach. As users of public services, businesses and citizens would as well have to adapt to different procedures for interacting with the OBI and EU counterparts. The costs of obtaining information and adopting new procedures may be perceived as small, yet not negligible economy-wide.

Annex 1– Adoption and ratification of OBI Agreements

Year	Albania	Serbia	North Macedonia
Agreement on cooperation in protection against disasters in the Western Balkans	<u>Signed, approved with Decision by Council of Ministers</u>	<u>Signed and ratified</u>	<u>Signed, in legislative procedure</u>
Agreement on cooperation in the field of veterinary, food and feed safety and phytosanitary in the Western Balkan	<u>Signed, approved with Decision by Council of Ministers</u>	<u>Signed and ratified. The notification procedure.</u>	<u>Signed and ratified</u>
Agreement on mutual recognition of Authorised Economic Operators – Safety and Security (AEOs)	With North Macedonia – <u>Signed and ratified</u> With Serbia – <u>Signed and ratified</u>	With Albania – <u>Signed and ratified</u> With North Macedonia – <u>Signed and ratified</u>	With Albania – <u>Signed and ratified</u> With Serbia – <u>Signed and ratified</u>
Agreement on interconnection of schemes for electronic identification of the citizens of the Western Balkans	<u>Signed and approved with Decision by the Council of Ministers</u>	<u>Signed and ratified</u>	<u>Signed and ratified</u>
Agreement on conditions for free access to the labour market in the Western Balkan	<u>Signed and approved with Decision by the Council of Ministers</u>	<u>Signed and ratified</u>	<u>Signed and ratified</u>
Agreement on cooperation in the Western Balkans in the field of mutual recognition of diplomas and scientific grades issued by Higher Education Institutions and other authorised institutions	<u>Signed and approved with Decision by the Council of Ministers</u>	Signed and ratified	<u>Signed, in legislative procedure</u>
Agreement on food security mechanisms in the Western Balkan	<u>Signed and approved with Decision by the Council of Ministers</u>	Signed. Ratification procedure was not completed.	<u>Signed and ratified</u>

Source: 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), updated based on <http://www.parlament.gov.rs>; <https://sobranie.mk/>, and answers to the question for Free Access to Public Information.

Annex 2– Coordination and implementation bodies, per OBI Agreements and MoUs

Area of cooperation	Specific areas of cooperation	Modes of coordination and cooperation	Composition	Roles and responsibilities	Status on implementation
Free movement of goods	Mutual recognition of Authorised Economic Operators	Interinstitutional cooperation AEOs Validation teams	Cooperation between national institution and private companies Three AEOs expert per contracting party	Grant AEOs from contracting parties agreed benefits Notify other contracting parties on non-compliance Conduct validation visits and assessment Prepare validation reports	n/a
	Mutual recognition of veterinary, food and feed safety, and phytosanitary certificates	Interinstitutional cooperation	Cooperation among veterinary, sanitary institutions	Recognise the reports on testing To carry out the physical checks in locations determined by the agreement	Ongoing, regular communication and coordination between authorities
	Cooperation on food security and food commodities	Joint working group	Members from national institutions agriculture, trade and customs, and chambers of commerce Heads of department and possible appointment of deputies	Monitoring the implementation of the agreement Detect and prevent missuses Suggest policy measures for enhances cooperation	Not established. Will be established 30 days following the day of the entry into force of the agreement
Free movement of people, workers and services	Access to labour markets	Joint committee	Five members per contracting party	To organise, coordinate and control the implementation of the agreement Adopt its own rules of procedure	Not established. Should be established 30 days following the day of the entry into force of the agreement. The rules of procedure are not adopting.
	Electronic identification of citizens and access to e-government services	Interinstitutional cooperation	n/a	Coordination and communication between the competent authorities for legal and technical implementation	No data due to unresponsiveness of the institutions.
	Recognition of diplomas and scientific grades	Interinstitutional cooperation	Albania: Educational Services Centre and the Ministry of Education Serbia: Qualifications Agency (ENIC/NARIC Centre) North Macedonia: Ministry of Education and Science - Unit for recognition of foreign diploma	Cooperation in facilitating the recognition of diplomas and scientific degrees Shortening the mutual deadlines for the procedures of recognition of diplomas and scientific degrees	The cooperation has not commenced. The agreement is not ratified in North Macedonia

			qualification	Regular communication on matters of the agreement	
	Regional cooperation in the field of tourism	Joint working group	Representatives from national institutions, tourist chambers, associations, and organisations, and academic community	Monitoring and assessment on the implementation of jointly agreed biannual arrangements in the field of tourism	The Working Group not established. Ministry of Economy of North Macedonia plans to initiate the process for establishment.
	Regional cooperation in the field of culture	Mode of cooperation not specified. Ministries of culture responsible for the implementation of the MoU	/	/	Implementation of the Agreement has commenced.
	Regional cooperation in cinematography and audio-visual arts	Mixed Commission	Equal number of representatives of the competent bodies and experts	Responsible for the implementation of the MoU	Not established
Other areas of cooperation	Cooperation between tax authorities	Interinstitutional cooperation	Albania: n/a North Macedonia: General Directorate of the Public revenue office - Sector for international cooperation Serbia: Central Tax Administration - Department for International Cooperation and Information Exchange	Exchange of experience and transfer of knowledge Stimulate voluntary tax compliance Prevent, detect and combat tax evasion	Bilateral meetings held between tax authorities of North Macedonia and Serbia.
	Civic and Environment protection	Interinstitutional cooperation for the agreement on cooperation in cases of disasters Cooperation group for the implementation of the Operation Plan	No data on the list of competent authorities responsible for the implementation of the agreement North Macedonia and Serbia nominated points of contact. No data for Albania.	Elaborate standard operating procedures Direct communication and notification on threats and potential disasters Adequate protection and assistance to rescue teams and individual experts from the Assisting Contracting Party. Provide telecommunication links among authorities, rescue teams and individual experts engaged in assistance Exchange of information in the field of international projects Joint application in cross-border and international projects.	The agreement is not ratified in North Macedonia. No joint standard operating procedure are adopted. Until their adoption, established procedures of competent national emergency services are applied.

Source: Authors own elaboration.

Annex 3– Implementation acts for OBI agreements and MoUs

Area of cooperation	Specific areas of cooperation	OBI acts	Scope	Status on implementation
Free movement of goods	Mutual recognition of Authorised Economic Operators	Implementation protocol	Defines AEOs programmes validation process and methods for validation visits	Adopted
	Mutual recognition of veterinary, food and feed safety, and phytosanitary certificates	Harmonised certificates	Food and food safety and phytosanitary for import and export	Veterianry agency of North Macedonia adopted certificates. No data on Albania and Serbia Not adopted
	Cooperation on food security and food commodities	Additional protocol	Regulate cost related to import export control	
		Common policy plan	Increase storage capacities for essential agro-food products.	The OBI countries have exchanged information on storage capacities documents, the plan is not developed. Not developed as the agreement is not into force.
	Security roadmap/action plan	Increase sustainability in food production		
Free movement of people, workers and services	Access to labour markets	First implementation protocol	Implementation conditions and common criteria for registration of citizens, work and residence	Draft protocol agreed on technical level. The be signed. Notification procedure to follow.
	Electronic identification of citizens and access to e-government services	Technical protocol cooperation	Technical aspects for OBI number Technical process on national software solutions interconnection that enable federation of electronic identities	Draft protocol agreed on technical level. The be signed. Notification procedure to follow.
	Recognition of diplomas and scientific grades	Changes in national bylaws	Shortening deadlines for recognition of diplomas and scientific degrees Abolition of tariffs and fees for recognition of diplomas and scientific degrees	Albania and Serbia made necessary changes to the national bylaws. North Macedonia could have amend Law on Higher Education.
			Regular communication on matters of the agreement	
	Regional cooperation in the field of tourism	Changes in national legislation	Harmonisation of rules for tour operators.	The parties have not initiate establishment of the Working Group tasked to monitor this process.
	Regional cooperation in the field of culture	Common cultural calendar	Plan for joint bilateral and trilateral activities in the field of Culture	Common calendar not established. Activities in the field organised as part of bilateral cultural programmes.
Regional cooperation in cinematography and audio-visual arts	Co-production fund	Financial arrangements for cooperation arrangements	Not established	
Other areas of cooperation	Cooperation between tax authorities	n.a	n.a	n.a
	Civic and Environment protection	Standard operating procedures	Competent authorities to develop procedures for provision of assistance in the event of disasters;	The procedures are not developed. Assistance is provided following existing national operating procedures.

Source: Authors own elaboration.