

EU assistance to the Western Balkans: Supporting regional and EU integration

May 2007

The Western Balkans are undergoing a dramatic reform process, economically and politically. The objective is clear: future membership of the European Union. This process is long and complex. In order to help countries achieve their EU aspirations, the European Commission has provided a large package of assistance. The European Agency for Reconstruction manages the bulk of that assistance in Serbia, UN-administered Kosovo, Montenegro, and the former Yugoslav Republic of Macedonia.

This paper looks at how the Agency is helping to bring about EU and regional integration through programmes which further regional cooperation and which put in place better managed borders and stimulate trade.

At EU level the governments of the Western Balkans have committed themselves to creating new institutions and adapting legislation in line with the EU's *acquis communautaire*. Only these often complex and challenging reforms will enable the region to better exploit the set of trade preferences granted by the EU, providing free access for nearly all exports, and to increase its trade with the EU.

At a regional level, by signing the Central European Free Trade Agreement (CEFTA), under the auspices of the Stability Pact in December 2006, the countries aim to establish a free trade zone for over 29 million people. In 2005 the Energy Community Treaty for South East Europe was signed with the aim of creating a common regional energy market; followed by the Aviation Area Treaty, aimed at establishing a 'Single European Sky'.



More trade means more jobs, whilst also helping to bring about reconciliation. But adopting the *acquis* and signing international treaties and agreements needs to be backed up with practical and often difficult measures which will allow trade to flourish and economies to grow.

Better borders — enhanced trade facilitation

Since 2000 the Agency has, through the Community Assistance for Reconstruction, Development and Stabilisation (CARDS) programme, focused on a range of subjects aimed at allowing businesses to trade more easily with their neighbours, the EU and other international markets.

There has also been support under the EC's Cross Border Cooperation programme in fields such as developing tourism potential, cooperation on environmental issues or reinforcing older cultural links. But the main concentration has been on two areas: developing better managed borders; and creating the institutions and legal framework that are essential for trade to flourish.

More efficient and secure borders: Integrated Border Management

The EU's agreements with the region call for the complete modernisation of border crossings and customs management. This includes de-militarising and strengthening border police; updating customs, veterinary and phytosanitary services; and putting in place modern border facilities across the region. Since 2000, the Agency has spent more than €100 million on integrated border management activities. And this has been complemented with assistance in modernising a number of major road and rail border crossings.

Borders built or upgraded with EU support

Serbia

Horgos (between Serbia and Hungary)
Batrovci (between Serbia and Croatia)
Vatin (between Serbia and Romania)
Presevo (between Serbia and the former Yugoslav Republic of Macedonia)
Dimitrovgrad (between Serbia and Bulgaria, to start in 2007)

Montenegro

Scepan Polje (between Montenegro and Bosnia and Herzegovina)
Debeli Brijeg (between Montenegro and Croatia)
Bozaj (between Montenegro and Albania, under planning)

Kosovo (As defined by UN Security Council Resolution 1244)

Vermnica (between Kosovo and Albania)
Qafa e Morines (between Kosovo and Albania)
Qafa e Prushit (between Kosovo and Albania)
Kula Border Police and Customs stations (between Kosovo and Montenegro)
Globocica, and Hani Elezit (between the former Yugoslav Republic of Macedonia and Kosovo)

The former Yugoslav Republic of Macedonia

Blace (between former Yugoslav Republic of Macedonia and Kosovo)
Tabanovce (between the former Yugoslav Republic of Macedonia and Serbia)
Kafasan (between the former Yugoslav Republic of Macedonia and Albania)

Besides the physical upgrading of frontiers, new equipment and training was provided for border police, civil servants and various inspectorates. Operational Guidance manuals were provided, procedures and certificates reviewed and improved; and vehicles and other modern inspection equipment supplied. Amongst the many improvements, border points were equipped with cold storage facilities, allowing border guards and customs officials to properly inspect refrigerated goods, while EU required laboratory inspection facilities were installed at crossing points. New equipment has also improved communications and cooperation between key players such as health and safety inspectors at borders.

While speeding up transport and trade, these investments are also an essential element in the fight against cross-border crime.

Helping trade to flow

Enhancing trade and integration does not only require functioning borders; having appropriate laws in place and the means to implement them are also essential. If products and services are to be exported to the EU and beyond, appropriate health, safety and standardisation regulations need to be in place; and the institutions that administer them need to be reformed or created.

The Agency, working closely with the Commission, has helped the region's governments to take on this complex challenge, providing assistance in key areas such as improving quality standards; intellectual property rights; export promotion; and new phytosanitary and food safety standards in the agriculture sector.

Improving quality standards

Better quality standards for certification, standardisation, metrology, accreditation, conformity assessment, testing-certification-inspection, and market surveillance will allow local products to be produced to international standards. This not only allows the local business community to gain better access to markets and exploit the EU's trade preferences, but this technical support helps the countries to comply with WTO rules and the EU *acquis*.

EC funded projects helped modernise quality assurance institutions in all parts of the region. Laboratories often had to be extensively refurbished or newly constructed, and provided with modern equipment. In parallel to providing the infrastructure, it was also crucial to help provide expertise and training for the staff. These laboratories are now ready to play their part in the economic development of the region.

It is also essential to underpin these improvements by helping bring about reform of the existing legal framework.

Strengthening intellectual property rights

Targeted training focused on a range of subjects including patents, community trademarks and combating piracy. This needs to go hand in hand with help in ensuring that intellectual property rights are properly enforced. So for example, in Serbia support focused on redrafting laws, while also helping the Serbian Intellectual Property Office to better implement and enforce reform. Whilst in Kosovo, the Agency is currently funding a study that will provide recommendations on how to meet EC and international requirements on intellectual property.

Quality standards: some examples of EU assistance

Serbia
Strengthening Quality Standards laboratories in Belgrade – €2.5 million
29 Regional and 2 National Reference Veterinary, Phytosanitary, and Sanitary laboratories in Serbia – €4.4 million
Animal identification system – €1.5 million

Montenegro
Food safety laboratories in Podgorica – €0.8 million
Veterinary laboratories in Podgorica – €0.52 million
National animal identification system – €0.8 million

Kosovo (As defined by UN Security Council Resolution 1244)
Quality Standards laboratories (Institute of Public Health, Kosovo Food and Veterinary Agency and Kosovo Institute of Agriculture) – €1.5 million
Development of a measuring, standardisation, testing and quality framework, UNMIK – €2 million

Former Yugoslav Republic of Macedonia
National animal identification system – €3.65 million
Standardisation, Metrology, Accreditation and Quality Validation institutes - €3.75 million
Phytosanitary service and laboratory - €0.9 million

Supporting export promotion

Even prior to CEFTA's signature, a series of Agency initiatives in Belgrade, Podgorica, Pristina and Skopje focused on export promotion, including training sessions for entrepreneurs and the design, production and dissemination of marketing export manuals for businesses and government. These initiatives have helped stimulate contacts with investors who are looking to establish export oriented businesses. To date more than 400 companies in the region have benefited.

Introducing new standards in the agriculture sector

Agriculture continues to be a major employer which has considerable export potential. However, farming methods and equipment were often out of date, as were laws and government institutions dealing with animal health and food safety thus making exports difficult.

Adherence to EU standards and requirements, especially on phytosanitary and food safety issues, have enabled exporters to gain much improved access to the EU's trade preferences and therefore to the wider EU market. A good example of this work is the support for the "tagging" of animals. This means that animals in the food chain are counted and registered, and then entered into centrally managed IT databases - so meat can be traced from the farm to the consumer. It also means that the authorities now have an early warning system in place to combat bovine disease and illness.

Wine is an important regional export product, which requires considerable investments and upgrading. With the Agency's support some key issues are being addressed including: grape standards, quality assurance of production, packaging, marketing, and export promotion. Direct EC support and expertise through 'Twinning' arrangements (an agreement where civil servants from EU Member States provide specialised assistance) are being used to deal

with these issues in both the former Yugoslav Republic of Macedonia and Serbia.

Looking ahead

A great deal has been achieved over the past seven years. EC support, managed by the Agency, has helped to make borders safer and improved cross-border cooperation. New structures and laws are encouraging more trade by bringing legal frameworks and facilities of the region up to EU standards. All of this together with the EU's trade preferences and the Stability Pact brokered CEFTA agreement have helped to create new opportunities by encouraging regional cooperation and by putting the region on track to EU integration.


However, much remains to be done. Levels of trade and investment are too low, and the EU's trade preferences have not been fully exploited by businesses in the region. The governments in the region have to redouble their efforts on internal reforms, whilst strengthening cooperation with their neighbours and the EU. This will involve work in a number of areas ranging from border management, enforcement of intellectual property rights, addressing the widespread non-tariff barriers to trade and to fighting cross-border crime. For its part, the EU will continue to support this process with assistance that is carefully planned and timely delivered.



European Agency for Reconstruction

The European Agency for Reconstruction is responsible for the management of the main EU assistance programmes in the Republic of Serbia (including UN-administered Kosovo), the Republic of Montenegro and the former Yugoslav Republic of Macedonia

For more information about the Agency, see:

 www.ear.europa.eu

For the European Commission's Enlargement Directorate-General in Brussels, see:

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