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PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**A credible enlargement perspective for and enhanced EU engagement with the Western
Balkans**

A CREDIBLE ENLARGEMENT PERSPECTIVE FOR AND ENHANCED EU ENGAGEMENT WITH THE WESTERN BALKANS

In his **2017 State of the Union address**, President of the European Commission Jean-Claude Juncker re-affirmed the European future of the Western Balkans countries:

"If we want more stability in our neighbourhood, then we must also maintain a credible enlargement perspective for the Western Balkans. It is clear that there will be no further enlargement during the mandate of this Commission and this Parliament. No candidate is ready. But thereafter the European Union will be greater than 27 in number. Accession candidates must give the rule of law, justice and fundamental rights utmost priority in the negotiations."

EU Heads of State or Government have supported the European path of the region consistently, most recently in conclusions by the President of the European Council in March 2017:

"The European Council [...] reaffirmed its unequivocal support for the European perspective of the Western Balkans. Welcoming the progress made by the countries of the region, the European Council stresses that the EU remains committed and engaged at all levels to support them in conducting EU-oriented reforms and projects."

The Western Balkans are **part of Europe**, geographically surrounded by EU Member States. The peoples of the EU and the region have a common heritage and history and a future defined by shared opportunities and challenges. The EU has long been strongly engaged in the region. From the Thessaloniki European Council in 2003, it has supported the future of the region as an integral part of the EU.

Since then, the European perspective of the region has helped the countries to achieve overall political and economic reforms with improved democratic processes. Visa liberalisation and much improved regional cooperation are fostering more open societies. In 2016, the region's total trade with the EU was over EUR 43 billion, up 80% since 2008 and with significant further growth potential. EU companies are also the biggest investors in the Western Balkans, with over EUR 10 billion of Foreign Direct Investment in the region in the past five years alone. The interlinkage and interdependence of the region with the European Union was evident in the migration crisis. The countries of the region are increasingly acting as partners on the global stage.

This firm, merit-based prospect of EU membership for the Western Balkans is in the Union's very **own political, security and economic interest**. It is a geostrategic investment in a stable, strong and united Europe based on **common values**. It is a powerful tool to promote democracy, the rule of law and the respect for fundamental rights. A credible accession perspective is the **key driver of transformation** in the region and thus enhances our collective integration, security, prosperity and social well-being. It remains essential for fostering reconciliation and stability.

Furthermore, the EU's enlargement policy must be part and parcel of the larger strategy to strengthen the Union by 2025 set out by President Juncker in his State of the Union speech of September 2017. It is **an investment in the EU's security, economic growth and influence** and in its ability to protect its citizens.

However, **our Union must be stronger and more solid, before it can be bigger**. This is why, in line with its Roadmap for a More United, Stronger and more Democratic Union¹, the Commission will throughout this year put forward a number of initiatives aimed at improving the democratic, institutional and policy framework for the Union of 2025, based on the current Treaties. In particular, these initiatives will include proposals to improve the effectiveness of decision-making within the EU by enhancing qualified majority voting in areas such as foreign policy or internal market matters.

By that date, the EU could become larger than 27 Members. Accession negotiations are already well underway with Montenegro and Serbia. With strong political will, the delivery of real and sustained reforms, and definitive solutions to disputes with neighbours, they could potentially be ready for membership in a 2025 perspective. This perspective is extremely ambitious. Whether it is achieved will depend fully on the objective merits and results of each country.

All the Western Balkan countries must now urgently redouble their efforts, address vital reforms and complete their political, economic and social transformation, bringing all stakeholders on board from across the political spectrum and from civil society. Joining the EU is far more than a technical process. It is a generational choice, based on fundamental values, which each country must embrace more actively, from their foreign and regional policies right down to what children are taught at school.

The Western Balkan countries now have a **historic window of opportunity** to firmly and unequivocally bind their future to the European Union. They will have to act with determination. Accession is and will remain a merit-based process fully dependent on the objective progress achieved by each country. The countries may catch up or overtake each other depending on progress made.

The Commission is ready to prepare recommendations to open accession negotiations with Albania and the former Yugoslav Republic of Macedonia, on the basis of fulfilled conditions. With sustained effort and engagement, Bosnia and Herzegovina could become a candidate for accession. Kosovo* has an opportunity for sustainable progress through implementation of the Stabilisation and Association Agreement and to advance on its European path once objective circumstances allow.

Everyday life in the Western Balkans should progressively become closer to life within the European Union. Ultimately, citizens yearn to live in countries that are prosperous and equal, where the rule of law is strong and corruption is rooted out. This Strategy sets out how with increased support from the EU, including through participation in certain Union policies and programmes, the Western Balkan countries can already benefit from an increased stability and prosperity that will in turn facilitate progress on their European paths.

¹ https://ec.europa.eu/commission/sites/beta-political/files/roadmap-factsheet-tallinn_en.pdf

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

I. A CREDIBLE ENLARGEMENT PERSPECTIVE REQUIRES CREDIBLE EFFORTS AND REFORMS IN THE WESTERN BALKANS²

The Western Balkan countries **will be able to join the European Union** once the criteria of Article 49 of the Treaty on European Union, including the Copenhagen criteria, are met. While **none meets these criteria today**, the region has come a long way since the end of the 1990s. Overall, significant progress has been made both on reforms and on overcoming the devastating legacy of war and conflict. But in order for the countries **to meet all membership conditions and strengthen their democracies, comprehensive and convincing reforms are still required in crucial areas**, notably on the rule of law, competitiveness, and regional cooperation and reconciliation.

First, **the rule of law** must be strengthened significantly. Today, the countries show clear elements of state capture, including links with organised crime and corruption at all levels of government and administration, as well as a strong entanglement of public and private interests. All this feeds a sentiment of impunity and inequality. There is also extensive political interference in and control of the media. A visibly empowered and independent judiciary and accountable governments and administrations are essential for bringing about the lasting societal change that is needed.

Second, critical parts of the **region's economies** are uncompetitive, with too much undue political interference and an underdeveloped private sector. None of the Western Balkans can currently be considered a functioning market economy nor to have the capacity to cope with the competitive pressure and market forces in the union. In spite of all progress on reforms, many structural issues remain, which in turn affect labour markets and notably employment opportunities for younger people.

Third, there are still important **bilateral disputes** between countries in the region which remain to be solved. The EU will not accept to import these disputes and the instability they could entail. Definitive and binding solutions must be found and implemented before a country accedes.

Last but not least, **joining the EU is a choice**. It needs political and societal consensus and the support of the hearts and minds of the people. There can be no ambiguity by leaders about where the Western Balkans belong and the direction in which they are heading. This is necessary to secure and sustain the support of their own and of EU citizens, and must be reflected in leaders' communications and outreach to citizens.

The respective European paths of the Western Balkan countries are flanked by various initiatives, such as the Berlin Process,³ sectoral platforms such as the Energy and Transport Communities, and regional actors, such as the Regional Cooperation Council.

It is now up to the countries' authorities, with the support of their societies, to take ownership and deliver on the well-known conditions for accession. To make the ambitious best-case scenario a reality, **action must be taken now**. Ultimately, the region's citizens will judge their own governments on whether or not they are willing and able to deliver on their European ambitions.

²The Commission will adopt its regular communication on EU enlargement policy together with comprehensive country reports in April 2018.

³ The most recent summit of the process took place in Trieste in July 2017.

1. Rule of law, fundamental rights, governance

Addressing reforms in the area of **rule of law, fundamental rights and good governance** remains the most pressing issue for the Western Balkans. It is also the key benchmark against which the prospects of these countries will be judged by the EU. The region must embrace these fundamental EU values much more strongly and credibly. Their non-respect is also a deterrent to investment and trade. Strengthening the rule of law is not only an institutional issue. It requires societal transformation.

The **independence, quality and efficiency of the judicial system** must be ensured. The independence of the judiciary and of individual judges is essential to ensure fairness and to hold the executive and legislative branches of government to account. This is a precondition for any democratic society based on the rule of law and for its economic development.

The countries must root out **corruption** without compromise. Strong and independent institutions are crucial to prevent and tackle corruption and conduct more effective investigations and prosecutions, leading to final court **rulings that are enforced**, and include **dissuasive sanctions**. Specialised prosecutorial structures to fight corruption and organised crime and judicial bodies should be significantly strengthened. This should include the allocation of special police units to prosecution offices. Measures should be pursued and enforced such as the stripping of illegally acquired assets, the loss of the right to hold public office, stricter compliance rules for public officials and accessible information and complaints mechanisms for citizens.

Countries must also put in place a strong framework for the prevention of corruption. More transparency is needed in the management of public funds especially at all stages in **public procurement**, an area particularly prone to corruption. There have been several examples in the Western Balkans of confidential procedures for procuring goods and some major contracts have been awarded without a public tender. There have been allegations of politically connected local subcontractors being favoured and of illicit payments. Countries should substantially increase the transparency, competitiveness and fairness of public procurement tenders, limit the use of confidential procedures and introduce safeguards excluding political influence on bidders. The use of transparent, publicly accessible **e-procurement** should be fully rolled out. This should enable citizens to see clearly how their taxes are spent, from the initial tender to final execution of contracts. Managerial accountability and an internal control culture in public institutions are also crucial.

Organised crime's foothold on the Western Balkans remains strong, whether in terms of trafficking in human beings, drugs and weapons or risk of criminal infiltration of the political and economic systems. The authorities must **dismantle criminal networks and their economic bases** more effectively, making systematic use of financial investigations and applying more **targeted tools** like the precautionary freezing of criminal proceeds, third-party confiscation, the reversed burden of proof on holding certain types of assets, non-conviction based confiscation to tackle inexplicable wealth, full ownership disclosure requirements for companies, and enhanced judicial cooperation. A **concrete and sustained track record in tackling corruption, money laundering and organised crime** should be established as a matter of urgency.

Fundamental rights are largely enshrined in the legislation of the Western Balkans countries but more needs to be done to ensure they are fully implemented in practice. Particular focus is needed to safeguard the freedom of expression and independence of media as a pillar of democracy. Decisive efforts are needed to protect minorities and fight

discrimination, notably against the Roma - for whom social inclusion should be more robustly promoted - and the LGBTI community. Equality between women and men must also be ensured and domestic violence tackled.

Strengthening the functioning of **democratic institutions** is essential. This includes ensuring constructive dialogue across the political spectrum, notably within the **parliaments**. The government needs to ensure that the opposition has the possibility to fully perform its role. And the opposition needs to engage constructively in the democratic process. Elections should be free and fair and the recommendations of election observation missions properly implemented. The rules for the public and private **financing of political parties** also require substantive reform.

Public administration reform is paramount to strengthening governance at all levels. This includes improving the quality and accountability of administration, increasing professionalism, de-politicisation and transparency, also in recruitment and dismissals, more transparent management of public finances, and better services for citizens. An appropriate balance between central, regional and local government also needs to be found.

Governments should ensure stakeholders can actively participate in the reform and policy making process, for example by establishing **inclusive structured dialogues on reform priorities** with the involvement of an empowered civil society. An enabling environment for civil society organisations is therefore crucial.

All these reforms remain at the heart of the region's EU path. Only with delivery of tangible and sustainable results will the necessary credible momentum be achieved.

2. Strengthening the economy

The Western Balkans region has significant **economic potential**. Growth rates are higher than that of the EU and it is an increasingly interesting market for EU goods and services that is gradually becoming part of European value chains. The level of economic integration with the Union is already very high, due to the Stabilisation and Association Agreements.

However, **further efforts** are needed to increase the competitiveness of the Western Balkan economies, to address high unemployment, especially among the young, to increase prosperity and to create business opportunities not least for local players. Stronger skills-based economies will also help to attenuate the brain drain that exists, turning it into brain circulation. The further modernisation of the regional economies will in turn attract further EU private investment and increase demand for EU goods and services in the Western Balkans. The necessary structural reforms need to be underpinned by appropriate economic and fiscal policies.

The region's economies face many **structural weaknesses**, with inefficient and rigid markets, low productivity, limited access to finance, unclear property rights and a cumbersome regulatory environment, leading to low competitiveness and high unemployment. Overall, the levels of investment and growth rates are insufficient to significantly reduce the gap with the EU. Economic development is further hampered by an entrenched grey economy. State involvement and undue political interference in the economy remain high, while competition policy and other flanking policies are still too weak. Structural reforms outlined in the Economic Reform Programmes must be pursued with more rigour. Measures tackling social challenges and structural unemployment must be prioritised. Privatisation processes must be advanced in full transparency. State–

owned enterprises must be reformed as a priority and corruption addressed. Growth potential and competitiveness continue to be hampered by weaknesses in the rule of law and poor functioning of institutions.

Successful economic integration within the region and with the EU will only be possible with enhanced **connectivity**. Far too many obligations from regional agreements have not yet been met. The countries must fully comply with the Energy Community Treaty and Transport Community Treaty and EU rules relevant for the European Common Aviation Area, by which they have committed to adopt the energy and transport *acquis* as well as related standards (e.g. environment and competition) well before accession.

The region should also ensure existing agreements and commitments are made operational, for example in the context of Central European Free Trade Agreement, which should be reformed to better address the needs of the region. The adoption of a Multiannual Action Plan for the development of a Regional Economic Area, agreed by the leaders of the Western Balkans in July 2017, is promising: its implementation will further strengthen trade, investment and mobility within the region and between the region and the EU. It will help integrate the markets into the European and global value chains and promote the digitisation of the region's economies. It will also help accelerate enterprise and skills development, research and innovation and smart growth.

3. Applying EU rules and standards

Core issues such as the rule of law, fundamental rights, strengthening democratic institutions, public administration reform, as well as economic development and competitiveness remain key priorities in the enlargement process. They form the basis for any aspiring Member State to ensure it has the necessary administrative and judicial capacity in place to properly apply EU rules and standards not only in law but in practice.

Much remains to be done across the board to align with the EU's *acquis*, to establish or build up the related institutions, and to ensure implementation capacity, whether in terms of single market rules, social policy, energy and transport *acquis* or EU environmental law.

Implementation of the obligations stemming from the Stabilisation and Association Agreements and other sectoral agreements will support preparations for meeting the requirements of EU membership. Full use should be made of the significant technical assistance available in particular institution building support through the Technical Assistance and Information Exchange Instrument.

4. Reconciliation, good neighbourly relations and regional cooperation - prerequisites for accession

Regional cooperation and good neighbourly relations are essential for progress on the countries' respective European paths. In addition to existing regional initiatives such as the Regional Cooperation Council, formats for political cooperation up to the highest level driven by the region and recent summits have provided new momentum. This needs to be further exploited in order to continue contributing to political stabilisation and to create economic opportunities.

Together with improved regional cooperation, further efforts towards reconciliation are crucial to firmly anchor peace and ensure lasting stability in the region. The wounds of the 1990s still need time to heal. But 25 years on, it is time to address open issues with new vigour. All countries must unequivocally commit, in both word and deed, to

overcoming the legacy of the past, by achieving reconciliation and solving open issues well before their accession to the EU.

Regional co-operation, good neighbourly relations and reconciliation cannot be imposed from outside. The leaders of the region **must take full ownership** and lead by example. They must avoid and condemn any statements or actions which would fuel inter-ethnic tension and actively counter nationalist narratives. There is no place in the EU for inflammatory rhetoric, let alone for glorification of war criminals from any side. The process of **transitional justice** is incomplete. The outstanding sensitive issues such as the handling of war crimes cases, including through full cooperation with the Mechanism for International Criminal Tribunals and the Kosovo Specialist Chambers, the fate of missing persons, refugees and internally displaced persons, as well as the identification and removal of remaining landmines in the region must be urgently addressed.

The role of **education** must be given a higher priority especially in terms of fostering greater tolerance, promoting European values and strengthening the cohesion of society. The Western Balkans should invest more in their younger generation, our future EU citizens, and give them a perspective for the future, not the past. Cooperation in the field of **culture** with and within the region should also be enhanced.

The EU's enlargement policy must continue to export stability. Therefore the EU cannot and will not import **bilateral disputes**. They must be solved as a matter of urgency by the responsible parties. Achieving this goal will be facilitated by an atmosphere of good neighbourly relations, but will also be a litmus test for how sound these relations really are. Where border disputes are not resolved bilaterally, parties should submit them unconditionally to **binding, final international arbitration**, the rulings of which should be fully applied and respected by both parties before accession and taken into account in preparation of Accession Treaties. The Commission will pay particular attention to the process of resolving these disputes and provide support as appropriate. All countries must abstain from misusing outstanding issues in the EU accession process. As a matter of principle, the frontrunners on the EU path have a strategic interest in being advocates, not spoilers, of the aspirations of their neighbours. The countries of the region are inter-dependent and will progress faster if they help each other along the way.

Without effective and comprehensive **normalisation of Belgrade-Pristina relations** through the EU-facilitated Dialogue there cannot be lasting stability in the region. A comprehensive, legally binding normalisation agreement is urgent and crucial so that Serbia and Kosovo can advance on their respective European paths.

5. Next steps in the respective European paths of the Western Balkans

In the coming years, all Western Balkan countries will have the chance to move forward on their respective European paths, on the basis of their own merits and at the speed at which they achieve them. Montenegro and Serbia are the current front-runners in the process and the following subsection illustrates the remaining milestones on their paths. Albania and the former Yugoslav Republic of Macedonia are making significant progress on their European path and the Commission is ready to prepare recommendations to open accession negotiations, on the basis of fulfilled conditions. The Commission will start preparing an Opinion on Bosnia and Herzegovina's membership application following receipt of comprehensive, complete answers to its Questionnaire. With sustained effort and engagement, Bosnia and Herzegovina could become a candidate for accession. Kosovo has an opportunity for sustainable progress through implementation of the Stabilisation and Association Agreement and to advance on its European path once

objective circumstances allow. Kosovo will also benefit considerably from a definitive normalisation agreement with Serbia.

5.1 Indicative illustration of steps required for Montenegro and Serbia to complete the accession process in a 2025 perspective

This section sets out the key steps and conditions in the accession negotiations required in view of a possible 2025 perspective. This illustration is purely indicative and based on the best case scenario. It implies no automaticity; the process is and will remain objective and merit-based. It serves to illustrate how quickly the transformational reforms set out above would have to be adopted and implemented for this scenario to be realised. Each country will be evaluated independently on its own merit in accordance with the progress achieved in meeting the established conditions.

➤ Completion of interim benchmarks:

An even stronger focus on meeting the **interim benchmarks in the rule of law** area is vital. These requirements and conditions are already clearly spelt out by the Commission in its regular reporting. The countries' leaders must now tackle the existing challenges forcefully and with clearer commitment. In Serbia's case, the interim benchmarks related to the normalisation of relations with Kosovo (chapter 35) must be met and a comprehensive, legally-binding normalisation agreement concluded urgently.

➤ Definition of EU common positions in key policy areas:

The Commission will prepare a Communication with **assessments of the effect of future accession** on key policy areas such as agriculture, cohesion policy, and the budget. This will enable Member States to define EU common positions for the negotiations in the relevant chapters with a full understanding of the likely impact as well as to define any transitional measures. The application of the principle of free movement of workers to new Member States is an issue of concern to EU and Western Balkan citizens alike. The nature of transitional measures in this area will therefore have to be addressed in the negotiations. In the case of Serbia, implementation of the comprehensive, legally-binding agreement on normalisation of relations with Kosovo will need to have advanced substantially.

➤ Closing negotiations:

Once all closing benchmarks for all chapters have been met, including a credible and sustainable track record of reform implementation, notably on the rule of law, Member States would be in a position to agree to **closing overall negotiations** in an inter-governmental conference. This would require continued, irreversible progress on the reform agenda. In the case of Serbia, irreversible implementation of the comprehensive, legally-binding agreement with Kosovo reflecting the consolidation of the full normalisation of relations will need to have been reached.

➤ Signature of the Accession Treaty:

Once the country or countries have concluded negotiations, the **Accession Treaty** can be signed, after the opinion of the Commission, the consent of the European Parliament and the decision of the Council on the admission of the new Member States.

➤ Accession:

Once the ratification of the Accession Treaty in all EU Member States and the acceding country or countries is completed, taking into the account the respective national constitutional requirements, **accession could then take place.**

II. A CREDIBLE ENLARGEMENT PERSPECTIVE – REQUIRES SUPPORT FROM THE EUROPEAN UNION

The enlargement perspective of the Western Balkans is first and foremost in the hands of the countries themselves. For its part, the EU must remain credible, firm and fair, while upgrading its policies to better support the transformation process in the region. And it must fulfil its commitments as the Western Balkans fulfil theirs – in Europe's own strategic interest.

The section below, together with the Action Plan in annex, sets out a range of flagship initiatives representing a significant enhancement of the EU's engagement with the countries of the Western Balkans, in mutual interest. These initiatives will require concrete support from the European institutions as well as from the EU Member States.

The EU's enlargement policy and the stabilisation and association process and the tools and instruments these provide remain the bedrock of its support to the Western Balkans. The Commission will endeavour to ensure enhanced coordination of all relevant activities, also with other stakeholders, including International Financial Institutions, and further promote regional ownership, crucial for bringing the region forward.

The EU should enhance its policy engagement with the Western Balkans, focusing on areas of joint interest such as justice and home affairs, including security and the fight against organised crime, the economy and the single market, energy, transport and digital policy, social policy, education, research and innovation, as well as on foreign affairs and defence.

Cooperation in these fields would be supported by increased participation of the Western Balkans in **informal Councils** as well as regular **Ministerial level contacts**. The Commission will, for its part, include, as appropriate, the Western Balkans in **technical committees and Commission working groups**. Following the Western Balkans summit in Sofia in May 2018, EU Leaders should continue to engage with their counterparts in the Western Balkans, including at summit level.

Relevant EU internal policies and funding programmes should be further extended to the Western Balkans and support provided so they make better use of existing participation in these programmes and EU networks.

The Commission will enhance its technical assistance to the Western Balkans to help them align with EU legislation and ensure its effective implementation in practice. Exchanges with **the administrations** in the region will also be boosted and **people-to-people formats** further facilitated such as local partnerships between municipalities across the region with those in EU countries.

To pursue our shared interest in strengthening our security, structured Common Foreign and Security Policy/Common Security and Defence Policy dialogues should also be expanded and deepened with increased contributions to EU missions and operations worldwide with individual partners as appropriate, as well as further developing participation in actions related to hybrid threats, intelligence, space issues and defence and security sector reform. In this context, the countries of the Western Balkans must also speed up their alignment with all EU foreign policy positions, including restrictive measures. Joining the EU is a choice, and one that requires sharing the principles, values and goals the Union seeks to promote in its neighbourhood and beyond, including full alignment with the common foreign and security policy.

1. Strengthened support to the rule of law

Efforts should be intensified to guide rule of law-related reforms in the region, to support the ambitious steps to be taken by the countries themselves. The tools developed during the negotiations with Montenegro and Serbia under the rule of law chapters should also be used in other Western Balkan countries as a stimulus for early adoption of key reforms. This will include analysis of legislation and practice in this field, leading to the **establishment of detailed action plans** prioritising key issues, and close monitoring of implementation and delivery of concrete results.

There is great benefit in increased Member States' and experts' contributions to support and bring pressure to bear on reform implementation. More detailed rule of law assessments should be undertaken and **advisory missions extended to the whole Western Balkans**, building on the experience of the earlier advisory missions. Monitoring of implementation and enforcement should be enhanced including through more systematic, case-based peer-reviews organised by the Commission with the participation of Member State experts. Trial monitoring in the field of serious corruption and organised crime should be introduced. Work developing indicators of reform implementation should be undertaken. Progress in judicial reform needs to be measured by the effectiveness of justice that the system is able to provide to its citizens and businesses.

The **negotiating frameworks** for Montenegro and for Serbia place particular emphasis on the need for rule of law reforms to be addressed early in the negotiations. The Commission **recommends that greater use is made of the leverage provided in the negotiating frameworks**. Accordingly, a substantial improvement should be required on the rule of law and in particular concrete results in judicial reform and in the fight against corruption and organised crime before technical talks on other chapters of the accession negotiations can be provisionally closed.

- The Commission will bring these actions together in a flagship initiative to **strengthen the rule of law** in the Western Balkans.

2. Reinforcing engagement on security and on migration

Enhanced **strategic and operational cooperation** between the EU and the Western Balkans on **security**, including through **relevant agencies**, is pivotal to addressing effectively and efficiently the existing security and terrorism threats that affect the Union and the Western Balkan region. Law enforcement cooperation and information sharing at national and at regional level among Western Balkan partners should also be enhanced.

Much work is already under way at EU level to help build capacities in the Western Balkans and facilitate international police and judicial cooperation to counter threats originating from organised crime and terrorism, including radicalisation leading to violent extremism, the challenge of foreign terrorist fighters and the trafficking of firearms and explosives. This engagement should be further reinforced, based on successful initiatives in the field of security and counterterrorism and be underpinned by the ongoing security policy dialogue between the Union and the Western Balkans. The Western Balkan partners should – on an ad hoc basis – be more closely associated to relevant security policy discussions taking place in the EU.

EU Agencies⁴, supported by Interpol, will be further called upon to play a prominent role in enhancing strategic and operational police and judicial cooperation, including posting Europol liaison officers in the region and further promoting Joint Investigation Teams. Cooperation agreements with Eurojust should be finalised as soon as necessary data protection standards are in place.

A reinforced engagement on **counter-terrorism and radicalisation** should include strengthening strategic, legislative and institutional capacities in partner countries, building on dedicated counter-terrorism dialogues and joint action plans, and continuing the deployment of counter-terrorism expertise in the Western Balkans. Cooperation should be enhanced along the internal-external security nexus with the help of EU Agencies and Interpol, including information exchange on foreign terrorist fighters, and extending the support of the Radicalisation Awareness Network to the Western Balkans. Coherence and synergies of actions should be ensured via the Western Balkans Counter-Terrorism Initiative.

Operational cooperation on countering various types of **organised crime** in the context of the Policy Cycle should increasingly be expanded to include the Western Balkans. Particular attention will be paid to providing increased support to capacity-building in the area of **cyber-security and fight against cyber-crime**. Cooperation with relevant EU agencies such as Europol and the European Network and Information Security Agency will be enhanced.

At the same time it is essential to further step up strategic and operational cooperation with the Western Balkans on **migration and border management**. This includes ensuring access to international protection, sharing of relevant information (such as risk analyses), enhancing border control, ensuring the effective implementation of readmission and return policies and the fight against irregular migration and migrant smuggling. Strengthening international and regional cooperation (including with EU agencies⁵ and the respective liaison officers in the region), and further consolidating border and migration management capacities is also necessary.

The Commission therefore proposes to continue the process of concluding the European Border and Coast Guard status agreements with the Western Balkans partners, providing for a clear legal framework and safeguards for closer operational cooperation. This should include the possibility of deploying and implementing joint operational activities of the competent national authorities of the EU Member States and of the Western Balkans countries together with the European Border and Coast Guard Agency. Deepening regional cooperation and enhancing the exchange of information between the Union and the Western Balkans in this area will be equally essential.

In order to follow up on the various actions to be taken forward by the EU Agencies related to the Western Balkans, the Commission aims to create and coordinate an **EU inter-agency Task Force**, in line with their respective mandates.

⁴ The European Union Agency for Law Enforcement Cooperation (Europol), the European Border and Coast Guard Agency (EBCGA), the European Union's Judicial Cooperation Unit (Eurojust), the European Union Agency for Law Enforcement Training (Cepol)

⁵ The work of the above mentioned agencies is relevant, as well as that of the European Asylum Support Office.

- The Commission will bring these actions together in a flagship initiative to **reinforce engagement on security and on migration** in the Western Balkans.

3. Supporting socio-economic development

An investment in the Western Balkans is an investment in Europe. Investments will only increase if economic governance is strengthened and structural reforms pursued to increase competitiveness. The measures below serve to support this goal and to enhance growth and job creation in particular for the region's youth. The **Western Balkans Investment Framework** financed through the Instrument for pre-Accession Assistance will be increasingly at the core of fostering investments in the region. To that effect, it will be expanded to further attract and coordinate bilateral donors' and International Financing Institutions' investment. Increased funding in the fields of transport, energy, the social sector, the environment, and private sector development, including the digital economy is foreseen. To link socio-economic development in the region to the Union's investment priorities, the Commission aims to **significantly boost the provision of guarantees under** the Western Balkans Investment Framework to crowd in private investment in the region, in full complementarity with existing initiatives. With a view to the next Multi-annual Financial Framework, the Western Balkans should also be adequately covered in possible future external lending arrangements.

The **Regional Economic Area** is an essential step for furthering economic integration between the EU and the Western Balkans and boosting the attractiveness of the regional market. The Commission will continue supporting the development of intraregional economic integration, including by mobilising its expertise to assist with the implementation of Regional Economic Area action plan, in particular in areas covered by the EU *acquis*.

While trade between the EU and the Western Balkans was over EUR 43 billion in 2016, there is significant further growth potential. To realise this potential, the Commission **will further facilitate EU-Western Balkans trade**. This will include developing mutual recognition programmes on the basis of Central European Free Trade Area and Regional Economic Area (e.g. Authorised Economic Operators). Membership of **the World Trade Organisation** is a prerequisite for EU accession and can spur economic growth and foster significant investment for the region. The Commission will continue assisting Bosnia and Herzegovina and Serbia in their World Trade Organisation accession process.

The development of a **robust private sector led by entrepreneurs both from within the region and from the EU** will better harness the dynamism of the region's **youth** and foster mutually beneficial economic integration. Links between the diaspora business community in the EU and entrepreneurs in the EU and the Western Balkans will continue to be encouraged, including through the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises. Measures are needed to increase access to finance and harness the growth potential of small and medium-sized enterprises. In order to boost entrepreneurship and innovation, the Commission will roll out a scheme supporting technology transfer and **start-ups** across the region and support efforts aimed at smart specialisation as well as the circular economy. The EU's Framework Programmes are already open to the Western Balkans. To ensure their more effective participation, further integration into the existing knowledge networks in the EU should be foreseen, including research and innovation capacity building. Collaboration can be further developed under other initiatives, including EU macro-regional strategies.

The Commission will work on supporting the professionalism and independence of **public procurement** officials and on strengthening oversight mechanisms to enable monitoring of the full tender cycle. For these efforts to be efficient, a firm political commitment is needed to address corruption.

The annual **economic reform programme** exercise led by the Commission with all Western Balkan countries is a crucial tool for supporting the modernisation of their economies and achieving closer economic coordination with the EU. The Commission will strengthen this exercise, bring it even closer in line with the existing European semester for EU Member States and provide more advanced technical assistance.

The European Pillar of Social Rights reflects principles and rights that are essential for fair and well-functioning labour markets and welfare systems. Through a **new reinforced social dimension** for the Western Balkans, the Commission will work to support employment and social policy in the region, encouraging appropriate engagement from all levels of government, social partners and civil society. This will include an increased focus on **employment and social reforms** through greater monitoring of relevant policies, including in the context of the economic reform programmes. The Commission proposes an annual EU-Western Balkans Ministerial meeting on social and employment issues to exchange views. More financial assistance should be foreseen in the social sector, notably investment in education and health to support social inclusion.

Enhanced support should be provided to education, in particular **vocational education and training and skills** as well teacher training and pre-school education **Funding under the Erasmus+ programme will be doubled** to help even more young citizens of the Western Balkans to study and gain experience in the EU thereby furthering economic development and promoting common values. A pilot mobility scheme for **learners and trainers in vocational education and training** will be established in close cooperation with stakeholders including the European Training Foundation.

- The Commission will bring these actions together in a flagship initiative to **support socio-economic development** in the Western Balkans.

4. Increasing connectivity

Enhancing connectivity within the Western Balkans represents a strategic interest for both sides. Increasing transport and energy connections will allow for increased competitiveness, economic growth and security of supply, and is at the same time an important prerequisite for economic integration within the Western Balkans. The Energy Community Treaty and the Transport Community Treaty as well as the European Common Aviation Area provide for advanced regulatory frameworks that can – combined with strong political cooperation in the region – largely facilitate intra-regional connectivity.

The Western Balkans are surrounded geographically by EU Member States and it is a political priority to **connect infrastructure also between the EU and the Western Balkans** and to accelerate the development of interconnected trans-European networks in the fields of transport, energy and digital services. Investment in infrastructure networks brings tangible benefits clearly recognised by citizens and business in the EU and Western Balkans alike. In addition to increased funding of these networks and the creation of a new guarantee scheme for private investment, the Commission will work to ensure more effective use of existing provisions of the **Connecting Europe Facility** for the Western Balkans countries. The Commission will explore possibilities for

simplifying their participation in the next Multi-annual Financial Framework.

An energy union with the Western Balkans: To strengthen the **EU's Energy Union**, **all of its dimensions** should be expanded to the Western Balkans: supporting energy security, market integration and energy transition, including energy efficiency and renewable energies. In this context, each country should complete all necessary reforms and streamline their policies fully in line with the five pillars of the Energy Union. Capacity building of **energy regulators and transmission system operators** in the Western Balkans should be supported so that they can participate fully in EU-level networks. Work to complete the **Regional Electricity Market** in the Western Balkans should be pursued and its integration into the EU Internal Electricity Market assured.

Towards a true transport union with the Western Balkans: Implementation of the Transport Community Treaty which entered into force in 2017 will be the key step leading to progressive integration of the region into the EU transport market. Agreements on priority transport corridors between the EU and the Western Balkans as part of the trans-European transport network are already in place. These now need to be made a reality to ensure their contribution to increasing the competitiveness of the continent as a whole. In addition to investments, the priority is to align with EU operational standards. This will require – among other key reforms - enhanced measures to **remove administrative bottlenecks and barriers at borders** with a view to promote integrated road and rail operations. A **new rail strategy** is needed to bring the Western Balkans into the main EU network and market and to promote opening of the regional rail market. Moreover, targeted efforts will be needed to reduce the disproportionately high number of road fatalities through a **new road safety strategy**.

- The Commission will bring these actions together in a flagship initiative to **support connectivity** in the Western Balkans.

5. Launching a Digital Agenda for the Western Balkans

The development of the **EU Digital Single Market** contributes to developing businesses, creating growth, boosting productivity, promoting innovation, transforming public services and improving citizens' quality of life. It is essential that the Western Balkans are included in the EU's efforts to embrace technological change for them to be able to benefit from digital tools, ensuring a prosperous and sustainable future for their citizens.

Together with the partners in the Western Balkans, the Commission will launch a **Digital Agenda for the Western Balkans**, including a roadmap to facilitate lowering the cost of **roaming**. Support will be provided to the **deployment of broadband** within the Western Balkans. The **digital society** should be developed and so support will be provided in particular to eGovernment, eProcurement and eHealth services as well as to the development of **digital skills**. The Commission will support capacity-building in **trust and security** and the **digitalisation of industry** in the Western Balkans to ensure that all sectors benefit from digital innovations. These efforts will be complemented by enhanced support for the adoption, implementation and enforcement of the *acquis* in the area of the digital single market.

- The Commission will bring these actions together in a flagship initiative **for a Digital Agenda** for the Western Balkans.

6. Supporting reconciliation and good neighbourly relations

Fostering good neighbourly relations and reconciliation needs strong ownership in the Western Balkans and should be led first and foremost by the countries of the region. Good neighbourly relations should continue to be reinforced through regional cooperation initiatives. The Commission stands ready to continue to support this cooperation, whether on the connectivity agenda, through the WB6 format and initiatives which bring together heads of state and government from the region or other initiatives which strengthen their ownership of regional co-operation.

The Commission will further extend support to reconciliation initiatives, including those that address transitional justice and seek to overcome the legacy of recent conflict. There will be a continuation of support for the work of Mechanism for International Criminal Tribunals, and the Kosovo Specialist Chambers. The Commission will also explore how best to further the work of International Committee for the Red Cross and the International Commission on Missing Persons in fostering regional cooperation to resolve the issue of missing persons and examine what more can be done to reduce the scourge of landmines.

Supporting the education and potential of young people in the Balkans is crucial for the region's further development and a prerequisite for peaceful coexistence and reconciliation. In addition to education, cooperation will be increased in the field of **culture, youth and sport**. The scope and reach of the **Regional Youth Cooperation Office** will be widened. In addition to increasing funding under Erasmus +, the Commission will continue to foster the cultural links with the region. This will include work to protect the Western Balkans cultural heritage and promote its cultural and creative industries.

- The Commission will bring these actions together in a flagship initiative to **support reconciliation and good neighbourly relations** in the Western Balkans.

III. PREPARING THE EU TO WELCOME NEW MEMBERS

1. Institutional issues

The EU itself needs to ensure that it will be ready institutionally to welcome new Member States once they have met the conditions set. **The Union must be stronger and more solid, before it can be bigger.**

The use of qualified majority voting in the Council is a key tool that enables the necessary decisions to be taken in a European Union of 27. To ensure effective decision-making it will be necessary to at least maintain policy areas under qualified majority voting in the Council. The Commission will adopt Communications on the possibility of further enhancing the use of qualified majority voting in the third quarter of 2018.

Being a member of the European Union means accepting and promoting its values. When considering the future of the European Union, a more effective mechanism needs to be put in place to ensure that effective measures can be taken to tackle a systemic threat to or a systemic breach of these values by any one of the EU's Member States. The Commission will present an initiative to strengthen the enforcement of the Rule of Law in the European Union in October 2018. The accession treaties could provide a legal basis for such a mechanism to be established within the framework of the Treaties.

The accession of Western Balkan countries will have an **impact on the existing institutional arrangements in the EU**. Proposals to address these institutional issues will be needed in advance of the closure of negotiations. When addressing the institutional arrangements for the next enlargement, account should be taken of the future membership of other Western Balkan countries. In particular, the use of qualified majority voting in the Council is a key tool that enables the necessary decisions to be taken in a European Union of 27.

Special arrangements and **irrevocable commitments** must also be put in place to ensure that new Member States are not in a position to block the accession of other Western Balkan candidates. Special arrangements will also be needed with respect to national languages of the future Member States.

Well before overall accession negotiations are closed, the Commission will provide **assessments of how** key policy areas, such as agriculture, cohesion policy and the budget will be affected by the accession of a new Member State. This will enable Member States to define EU common positions for the relevant chapters with a full understanding of the likely impact, and to take any mitigating measures.

2. Providing the financial means for a successful accession

The Instrument for Pre-Accession Assistance supports the Western Balkans in their preparation for accession and facilitates regional and cross-border cooperation. Between 2007-2017, the EU has invested more than EUR 8.9 billion in the region through the Instrument for pre-Accession Assistance. In 2018, EUR 1.07 billion is foreseen. Instrument for Pre-Accession Assistance funding will be even more tailored to the needs of the countries. The implementation of this strategy will require increased funding. The Commission therefore envisages a gradual **increase of Instrument for Pre-Accession Assistance support for the Western Balkans until 2020** in so far as reallocations within the existing **Instrument for Pre-Accession Assistance** envelope allow.

Taking into account lessons learned from previous enlargements, a **gradual and seamless transition** from pre-accession status to that of Member State should be foreseen to allow the necessary **absorption capacity to be developed**. This should entail a gradual increase in the new Multi-annual Financial Framework of Instrument for Pre-Accession Assistance funding before accession, accompanied by a phasing-in of expenditure after accession. This will effectively mean that while a new Member State cannot expect to receive full allocations of EU expenditure immediately upon accession, its access to pre-accession funding will be correspondingly significantly boosted before it joins.

Conditionality attached to our bilateral assistance will be strengthened. Increased funding in both the current and next Multi-annual Financial Frameworks should be linked to progress on implementing fundamental reforms and good neighbourly relations.

Given the region's relatively low Gross Domestic Product and population levels, the impact of Western Balkans accession on the EU budget is expected to be very limited. Nevertheless, the enlargement of the European Union has a cost and will entail further expenditure for all Member States. The Multi-annual Financial Framework reflects the EU's political priorities. Needs for accession preparations will have to be taken into account in the next **Multi-annual Financial Framework**, where specific provisions on enlargement will be included. If some candidates are ready to join during the period of the next Multi-annual Financial Framework, **necessary adjustments** would then need to be made.

3. Communication

For the accession process to be a success, its **opportunities and challenges** must be communicated more clearly, in the region and in the EU. In the Western Balkans, it is primarily the responsibility of governments to provide adequate information to citizens and business, and to forge a national consensus around their strategic goal.

On the EU side, it is incumbent upon Member States to inform their citizens and provide them with the facts about the opportunities and challenges of the process. The Commission will support these endeavours by stepping up its **strategic communication** in the countries and in the Union and to ensure the visibility of enlargement policy.

IV. CONCLUSIONS

The EU has long supported the European perspective of the Western Balkans. The future of the region as an integral part of the EU is in the **Union's very own political, security and economic interest**. The EU's enlargement policy is part and parcel of the larger strategy to strengthen the Union by 2025. With strong political will, delivery of real and sustained reforms, and definitive solutions to disputes with neighbours, Serbia and Montenegro **could potentially be ready for membership by this date**. Accession is and will **remain a merit-based process** fully dependent on the objective progress achieved by each country.

In order to **meet the well-established membership criteria** and in their own interest, the Western Balkan countries need to implement **comprehensive reforms** in crucial areas. The **rule of law, fundamental rights and governance** must be strengthened significantly. Judicial reforms, the fight against corruption and organised crime and public administration reform needs to deliver real results and the functioning of democratic institutions seriously enhanced. Economic reforms must be pursued with vigour and structural weaknesses, low competitiveness and high unemployment addressed.

All countries must unequivocally commit, in both word and deed, to overcoming the legacy of the past, by achieving reconciliation and solving open issues well before their accession to the EU, in particular border disputes. There needs to be a **comprehensive, legally-binding normalisation agreement** between Serbia and Kosovo so that they can advance on their respective European paths.

The **EU will significantly enhance its support** to the transformation process in the Western Balkans. The Commission foresees an **Action Plan in Support of the Transformation of the Western Balkans**, annexed to this Strategy. It includes **six Flagship Initiatives** targeting specific areas of interest for both the EU and the Western Balkan countries themselves including through a number of new measures in areas of strong mutual interest:

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| <p><u>Initiative to strengthen the rule of law:</u> Existing negotiation tools, such as detailed action plans, will be expanded to all Western Balkan countries. Assessment of reform implementation will be enhanced, including through new advisory missions in all countries. Greater use will be made of leverage provided in the negotiating frameworks with Serbia and Montenegro.</p> |
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Initiative to reinforce engagement on security and migration: Reinforced cooperation for fighting organised crime, countering terrorism and violent extremism and on border security and migration management. **Europol liaison officers** will be posted in the region; **Joint Investigation Teams** further promoted and **status agreements with the European Border and Coast Guard Agency** concluded.

Initiative to enhance support for socio-economic development: will include expanding the **Western Balkans Investment Framework**, a **significant boost in the provision of guarantees to crowd in private investment**, support to start-ups and SMEs and greater trade facilitation. A new **reinforced social dimension** will see more focus on employment and social policies, with increased financial assistance to support the social sector, in particular education and health. Funding under **Erasmus+ will be doubled**.

Initiative to increase transport and energy connectivity within the region and with the EU, including **new investment support**. More effective use will be made of the **Connecting Europe Facility** in the Western Balkans countries. To strengthen the **EU's Energy Union**, **all of its dimensions** should be expanded to the Western Balkans.

Initiative for a Digital Agenda for the Western Balkans: will include a roadmap to facilitate **lowering roaming costs**, support to the **deployment of broadband** in the region and development of **eGovernment**, **eProcurement**, **eHealth** and digital skills.

Initiative to support reconciliation and good neighbourly relations: will include supporting transitional justice, missing persons and increased cooperation in education, culture, youth and sport, and expanding the scope of the **Regional Youth Cooperation Office**.

In March 2018, the Commission services will convene a kick-off coordination meeting with the Member States in close coordination with the European External Action Service to discuss the Action Plan and mechanisms for operational cooperation for its implementation.

The **EU needs to be prepared** to welcome new members, including from an institutional and financial perspective, once they have met the necessary conditions. The Commission will prepare impact assessments in key policy areas well before accession. In order to ensure **adequate funding to support this strategy** and a seamless transition to membership, the Commission proposes to **gradually increase funding** under the **Instrument for Pre-Accession Assistance** and ensure adequate provision is made **in the next Multi-annual Financial Framework** to cater for possible accessions. To ensure effective decision-making it will be necessary to at least maintain and consider enhancing policy areas under qualified majority voting in the Council. A more effective system should be put in place to tackle systemic threats to or breaches of the rule of law in any EU Member State. Communication activities will be enhanced.

The European perspective of the Western Balkans is clear and unambiguous and the conditions and criteria for EU membership are well established. Through this strategy, the EU will be able to provide **unprecedented support to this goal**. Much work lies ahead for the countries concerned to be in a position to meet these criteria. Governments must ensure more inclusive reform processes that bring all stakeholders and society at large on board. Most fundamentally, leaders in the region must leave no doubt as to their strategic orientation and commitment. It is they that ultimately must assume responsibility for making this historical opportunity a reality.