The Berlin Process: a New European Perspective or yet Another Stability Pact?

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Abstract

Being torn by bloody conflicts, open bilateral issues and poor economic development, the Western Balkan countries re-opened the Pandora’s Box in recent years by pushing the stalemate position to the verge of new conflicts. This triggered the initiative of the Federal Republic of Germany to create the so-called “Berlin process”, as a political process that would complement the European integration process, aimed at producing a framework for mutual reconciliation between the Western Balkan states through regional cooperation, youth cooperation, economic development, and infrastructural networking. The process closely follows the Franco-German model of reconciliation introduced after the Second World War and includes Macedonia, Serbia, Albania, Kosovo, Montenegro and Bosnia and Herzegovina. The states have been supported by Germany, Austria, France, Italy, Croatia and Slovenia with a four year platform framework from 2014 to 2018. By introducing the intergovernmental model through organizing annual summits where executives from the aforementioned states report on the progress made in the envisaged reforms, the format gives hope that the process will show visible results and will not be yet another Stability Pact for Southeastern Europe. The unanimously renewed and reaffirmed European perspective to these countries, while acknowledging the individual reforms of each state in the integration process represents a two-sided strategic investment in peace, democracy and stability on the European continent. This chapter analyses the different stages of development and progress made on individual aspects of the Berlin process, to conclude whether its creation shows signs of sustainability and whether or not the chosen areas for project implementation justify its existence.

Key words: Euro-integration, Europeanization, platform framework, reconciliation, good neighborly relations, infrastructural networking.
**Introduction**

Built on the premise that the Balkan states share common challenges and problems, and that by creating a comprehensive conflict prevention initiatives package, more than 40 countries and international organizations signed the Stability Pact founding document in 1999. Deeply convinced that it will replicate the new Marshall Plan by which would for once and for always de-Balkanize the Balkans, its supporters introduced a similar structure to the one in the current Berlin process. Although its primary aim was to draw the region of South Eastern Europe (SEE) closer to its perspective of full integration in the European Union, today we are witnessing the fact that it failed to deliver on its promises. In the past decade, democracy in the Balkans has been slowly, but steadily backsliding, due to the EU financial crisis and the EU’s desire for re-consolidation rather than enlargement, and going back to where it was in 2004 (Schenkkan, 2016). The EU soft power of progress reporting, legislation approximation and conditionality did not bring the expected results. This flaw has been taken advantage of by autocratic leaders creating “stabilitocratic” societies with fragile democracies, weak institutions and troublesome media. The rise of ethno-nationalism and intolerance especially among young people is evident. The destabilizing potential of bilateral disputes is melting under the surface and there is a disconcerting influence from third countries throughout the entire region.

Germany, taking the lead in 2014, learning from its own experiences with France, with the support of Austria, Italy, Slovenia and Croatia, the EC and the international financial institutions, decided to launch the Berlin Process for the remaining non-EU aspiring countries: Macedonia, Serbia, Albania, Montenegro, Kosovo, and Bosnia and Herzegovina. The Berlin Process was envisaged as an instrumental process to address their key issues on their Euro-Integration path. The aim was to enhance their endeavors to make real additional progress in the reform process, in resolving outstanding bilateral and internal issues and in achieving reconciliation within and between the societies in the region (Final Declaration, Berlin 2014). With the ultimate aim of making sustainable growth and stable regional cooperation, the Berlin process headed towards making a real difference and bringing tangible results across the states concerned. As a four-year platform with possibility of further extension, the process focuses on unresolved bilateral issues, youth and civil society cooperation, infrastructure, energy and Small and Medium-sized Enterprise (SME) development and innovation (Figure 1).
Being complementary to the integration process engine, it provides assistance on sensitive issues and complex reforms that require additional financial means to be implemented.

**Unresolved Bilateral Issues**

The Western Balkans has remained a synonym for a region overwhelmed by conflicts and disputes and as a troublemaker in terms of the security of the European continent. All of these unresolved issues have hidden potential for serious consequences in bilateral relations and on the stability of the region.

Unresolved bilateral issues remain an essential precondition - sine qua non- for EU membership. Aware of the bilateral disputes among the Western Balkan 6 (WB6), the Vienna Summit was concluded among other things, with the signing of a “Declaration on the solving of bilateral issues” (Vienna Summit, 2015), in which governments committed themselves to work on and find a solution to all open bilateral issues in a good neighborly spirit. The document treats border disputes mainly related to the demarcation of borders, political disputes related to statehood and national identity issues and minority rights disputes. Leaders agreed not to block each other but rather to encourage each other in the EU integration process. The fact that at the very end several agreements were signed, was taken as a positive signal that things would move forward in this field. Namely, the Prime Ministers of Serbia and Kosovo finalized four agreements on energy, telecoms, the establishment of the Association/Community of Serb majority municipalities and the Freedom of Movement over Mitrovica Bridge. Also the border agreement between Bosnia and Herzegovina and Montenegro was signed at the same meeting, which opened up the path for future agreements. The first months of 2018 witnessed two further important resolutions of outstanding issues, such as the ratification and entering
into force of the Agreement between Macedonia and Bulgaria and the ratification of the Border Demarcation Agreement between Kosovo and Montenegro. Talks between Macedonia and Greece in a bid to end the name dispute are taking on an intensity, with a very high probability of having some palpable results in the following few months.

The positive approach, started with the Berlin process, should be well-preserved and maintained for the remaining disputes. History and experience has shown that such issues cannot be solved alone and between the states concerned; rather that they can be encouraged and assisted from outside, together with other regional initiatives, by civil society and international actors. The problem of the disproportion of power once a country enters the EU, having open issues with an accession country, also presents a major problem in terms of a quicker resolution of such issues. That said, one must conclude that the EU and its member states should invest more efforts to safeguarding the credibility of the European project and the membership perspective of the WB6 countries.

Youth Cooperation

Investing in youth represents a valuable investment in the European integration process, by motivating their involvement in politics, reconciliation processes and regional cooperation, in order to increase social inclusion and employment as opposed to marginalization, and possible radicalization and extremism. Past studies (Topali, 2016) imply that high youth unemployment rates (Figure 2), inappropriate education and a poor economic situation in the so-called “stabilitocracies”, made youth indifferent towards activism and engagement in the socio-political life in their states.

![Figure 6.1. Youth unemployment rates in EU28 and SEE countries in 2014 and 2015 (%)](image)

**Figure 2. Youth unemployment rates in the EU and SEE**
Youngsters in the region lack awareness of the EU in general, but they strongly believe in a better future within the European Union (Figure 3).

The “Positive Youth Agenda for the Western Balkans” launched within the Brdo Process and supported by the Slovenian Government was upgraded with the commitment in Berlin to establish a youth office that will promote the spirit of reconciliation and cooperation between young people in the WB6. This was based on the Franco-German model of reconciliation established in 1963 after the Second World War and upon the initiative of the Prime-Ministers of Serbia and Albania, who signed a Memorandum of Understanding on Youth Cooperation. During his historical visit in Serbia, the Albanian Prime Minister stated that:

...the visionary program of student and youth exchanges, founded by Charles de Gaulle and Chancellor Adenauer initially to facilitate overcoming of the bitter history between France and Germany, serves as an encouraging model, showing the power youth can have for a rapid progress in the cooperation between countries, if it is given a role to play.

The Regional Cooperation Office (RYCO) was established during the Paris 2016 Summit with the Secretariat located in Tirana. It is mainly focused on the promotion of regional cooperation, the promotion of mobility among young people, support of the reconciliation process, and actions that will contribute to peace-building and stability and will provide the conditions for ensuring a sustainable future for young people in the region. During its first year of existence, the RYCO organized a series of events that are aimed at bringing young people closer together in working for their better future and prosperity and overcoming animosities that existed in the past due to the unresolved bilateral issues and historically abused events in their education. Setting a rather broad mandate for the RYCO, the office aims to make the region aware of its past in a way that will not jeopardize its future. The reconciliation
process is part of its core activities since it provides lasting peace and the continuum of good cooperation among the participating states. The initial exchange programs show promising results (Hackaj & Peci, 2017). The first impressions are that people understand that this provides an opportunity to re-establish bridges and overcome stereotypes and prejudices that exist in the region. However, the results of another survey show troubling trends in young people’s perceptions of their wider social, economic, and political contexts, which confirm the perception for the need to invest in the education and political engagement of youth (Jusic & Numanovic, 2017). Youth are the future of the region and depending on their proper engagement, one can shape the future European perspective of the Western Balkans.

**RECOM**

The Trieste Summit also endorsed the initiative to set up a regional intergovernmental commission for the establishment of facts – RECOM. It will work on facts related to the victims and missing persons during armed conflicts. As such, it has great potential in enabling a longterm and genuine reconciliation in the Western Balkans, since only regionally-based processes can help find the facts without prejudice with regard to the conflicts that affected many states, with a more objective approach to the matter that should eventually lead to the gradual elimination of ethnic chauvinism and nationalism among young people (Milekić, 2017). The Presidents of Serbia, Montenegro, Macedonia and Kosovo, and the Bosniak member of the Presidency of BiH in October 2017, appointed personal envoys who, in cooperation with the Coalition for RECOM, should draft an agreement on its establishment as Regional Commission. Although more than half a million people supported the initiative, we still have not seen any progress in making it operational.

**Civil Society Forum**

The 2015 Enlargement Strategy of the European Commission recalls that civil society has the power to enhance political accountability and promote a deeper understanding of accession-related reforms. Hence, an important role in the Berlin process is played out by the establishment of the Civil Society Forum (CSF), through the network of civil society organizations that will provide their expert support in the building of strong, powerful civil societies via progressive reform processes with the ultimate goal of EU membership. The Forum has been acknowledged as an equal partner in the process of EU-related reforms in all the WB6 countries in the Berlin process. To act in a more comprehensive and effective manner, the Forum gathers civil society organizations (CSOs) working on the defined priorities in the process, which debate and adopt final conclusions, together with regional politicians and EU representatives so that their voice is taken into account in the incoming national reform processes. The Forum engages more than 100 activists, CSOs, experts and think-tanks with
relevant expertise in the chosen fields in order to produce maximum results in its work. In this regard, the Berlin process has provided civil society within the region with an opportunity to play a significant role at a such a high-level event. The Forum meets regularly upon follow-up initiatives from the annual Summits to work more specifically and with concrete actions on the recommendations adopted after each summit.

Another initiative launched in the framework of the Berlin process has been the Reflection Forum on the Western Balkans, a body made up of experts, analysts and researchers focusing on the EU enlargement of the WB6. The Reflection Forum is organised every year following the Berlin process summits, as an interactive platform for the exchange of opinions between experts from national and European administrations and institutions, as well as with researchers affiliated with European think-tanks and universities in the EU and the Western Balkans.

Civil society has been positioned as a political actor that should be fully engaged in the reforms and European integration developments in the WB6 due to its ability to facilitate reconciliation, closely monitor their governments in the implementation of reform priorities and to improve citizens’ comprehension of democratization of the society. Their regional networking is done due to similar existing problems shared among different states in order to have a common regional CSOs voice during the integration process. The region faces a myriad of problems and open issues which imply different and more complex strategies and mechanisms which, among other actors, can be well-established and delivered by CSOs. They proved to be a valuable and accountable partner during the migrant crisis on the so-called Balkan Route, providing humanitarian assistance to those in a need, but also in other areas identified under the Berlin process.

**Connectivity Agenda**

**Energy**

Energy has been assessed as one of the areas with a significant backlog in several aspects. Losses of energy transmission and distribution caused by theft are another aspect of energy disadvantages (Figure 4).

![Figure 4. Losses in electricity transmission in WB6](image)
Europe and the Balkans

Cross-border trading is below the potential due to high level of market fragmentation. The WB6 countries committed themselves to implementing a list of energy legal and regulatory measures, in order to establish market-based electricity trading. The signed Memorandum of Understanding (MoU) on regional electricity market development, provides the basis for developing the regional electricity market further that will eventually lead to regional water, wind and sun energy integration within the region and as a second phase, with the neighboring EU Member States. The process may be only hampered by the non-compliance of Serbia to the signed energy agreement with Kosovo, which had refused to sign the MoU. This blockade of the membership of Kosovo in the Energy Community is costing Kosovo-based companies huge amounts of euros (BPRG, 2018).

The annual summits have provided an opportunity to make further progress in that area. The parties welcomed the launch of an initiative to ramp up investment in energy efficiency in residential buildings and sustainable development through additional EU funding of €50 million. In addition, the EU has commissioned a regional hydropower master-plan for the Western Balkans for the development of the hydropower potential in the region to address equal regional energy development and environmental problems (Final Declaration, Paris, 2016). The Connectivity Europe Facility (CEF) has been mobilized for the first time in the region, providing an EU grant of €11.4 million, that has provided reporting on past connectivity reform measures and on developing a roadmap for the functional regional electricity market to be developed by the ‘Central and South Eastern Europe Gas Connectivity’ initiative. This initiative has also permanent structure, in the CESEC Electricity and the Energy Community Secretariat that will follow and work together with individual countries institutions on implementation of the agreed projects.

Several major projects were adopted for the region, the most important electricity project being the power line from Albania - Elbasan to Macedonia – Bitola, a joint investment of an estimated EUR 120 million, as well as the Trans-Balkan corridor in Central Serbia to the amount of EUR 28 million. There are several strategic natural gas infrastructure projects like the construction of two Liquid Natural Gas (LNG) terminals, one from Croatia to Albania and its linkage to the planned construction of the Ionian-Adriatic Pipeline (IAP) along the coasts of Croatia, Montenegro and Albania. The ratio behind the Connectivity Agenda, apart from improving the energy and transport networks, is also about teaching public administrations to observe and work according to the European standards. The South East Europe Transport Observatory (SEETO) and the Energy Community Treaty (EnCT) have a role in this regard to serve as a prioritization and control mechanism for the investment projects.
Transport

One of the core priorities of the Western Balkans Six (WB6) has been the connectivity agenda, mainly dedicated to the implementation of regional infrastructural projects, technical standards and soft measures for simplifying border crossing procedures, road safety and maintenance schemes. Being a reform laggard compared to EU Member States, the Balkans states showed structural underdevelopment, poor infrastructure, low competitiveness and a huge rate of unemployment especially among young people after decades of transition. The concept of the Trans-European Transport Networks (TEN-T) presupposes that infrastructural connectivity in the field of rail, road and sea is the main driver bringing closer the countries in the region, boosting economic growth and competitiveness.

The milestone achievement of the Berlin Process is the signing of the Treaty Establishing the Transport Community in 2016 in Brussels by the WB6, placing a legal framework for the development of the transport network with the European Union and progressive integration of transport markets in the EU, including the adoption of the relevant acquis. The establishment of the permanent secretariat for its implementation, the annual summits, as well as the annual evaluation by the European Commission of the individual progress achieved by each of the WB6 states leaves space for confidence in its sustainable perspective.

Although some progress has been noted over the past decades in the construction of transport infrastructure under different mechanisms and instruments, still the road and rail infrastructure continues to fall way below European standards. The “Core Network and Priority Projects” defined within the Berlin process by the WB6, are expected to bring results in the long run, and to create jobs in the coming years. According to the analysis (Holzner, Stehrer & Vidovic, 2015), the comprehensive financial package of EUR 7.7 billion for a period of 20 years is expected to bring additional growth of 1 per cent per annum and to create around 200,000 new jobs in the region. The Trieste Summit accepted 7 additional connectivity projects with a total investment of over 500 million, of which €194 million in EU grant co-financing and the balance loans from the EIB and the EBRD and national funding by the Western Balkans. This brings total connectivity funding since 2015 to more than €1.4 billion for a total of 20 investment projects.

The current position shows that there is a varying level of road transformation and road construction network among the WB6, with Albania being the leader in building over 300 km of motorway, Serbia with around 240 km, Kosovo with 80 km, BiH and Macedonia each around 40 km, and 0 kilometres in Montenegro. The discrepancy in infrastructure development made the WB6 and the other parties involved in the Berlin process prioritize the project that would eventually lead to balanced regional development.

The South East Europe Transport Observatory (SEETO) examines in detail also the viability of each project in terms of planning status and project progress. Hence, SEETO gave priority to
the next four road construction projects out of 11, with a total length of 221 km amounting to EUR 2.9 billion connecting the Croatia-BiH, Montenegro-Kosovo-Serbia and Belgrade bypass with the highest expected rate of return by 14 per cent. Rail projects with a total length of 189 km and an estimated cost of EUR 1.1 billion are aimed to relate Macedonia-Albania-Bulgaria (Corridor 8), Kosovo-Macedonia, Croatia-Montenegro, Hungary-Serbia-Macedonia with an estimated total investment of about EUR 1.4 billion, and Albania – Montenegro EUR 139 million, with total the amount EUR 1.6 billion. There are also projects for reconstruction and dredging along Sava and Danube with estimated costs of EUR 100 million (Holzner, Stehrer & Vidovic, 2015). The total costs estimates of these projects vary around EUR 2.3 billion, with participation by the EU of EUR 1 billion.

The projects have been carefully chosen in the most underdeveloped areas of the WB6, and areas which connect not only the region, but also the region with EU Member States. So far, we see some delay in their implementation, but a good thing is that almost all financing agreements and work contracts are already signed with the companies as implementers (Figure 5).

Figure 5. Connectivity Agenda Project Status 2018
Chamber Investment Forum

The Berlin process has been seen as an opportunity to restart the integration package and to re-organize joint past initiatives in the field of regional economic cooperation (RCC, SEETO, SEECP, MARRI, CEFTA, ECS, as well as CEI, OSCE, EUSDR, and EUSAIR). Business community connectivity gained in intensity after the launching of the Berlin process, i.e. “anchor the WB6 economic structure -industrial production and services- to the EU one, not only through unhinged market exchanges [i.e. establishment of a more integrated regional market], but by regular networking and establishment of sustainable business relationship” (Marciacq, 2017). Despite the efforts of the EU in the past decades in terms of intensive engagement for deep economic reforms, the region is still lagging behind, the simple fact being GDP per capita, which remained the same, around 40-60 per cent of the average GDP per capita in Central and Eastern European countries.

The establishment of the Chamber Investment Forum (CIF) of the Western Balkans is considered the great success of this process. The chambers of all the WB6 states, as well as those of Croatia and Slovenia take part in the initiative. The main role of the forum is to get companies on board to cooperate together in creating a favorable business environment in their states and to normalize their business relations, by helping to normalize state relations. The forum encompasses around 350,000 companies, mostly SMEs and has established a Management Board as a permanent structure with three working groups in the field of transport and energy infrastructure, the improvement of the business and investment climate and private sector development. The forum is working on a platform for the exchange of information and data, the creation of joint register of its members and sources of funding and standardization, and this rightfully considered as a successful example of regional cooperation for the time being.

Deeper regional trade cooperation will add additional value to the local economies of the WB6 and consequently contribute to their general state and citizen welfare. The EU and its international partners should also work on integrating the remaining countries in the WTO as soon as possible so that they can harmonize the required trade rules. The planned projects despite the strengthening of their mutual cooperation, will also help to improve local businesses, push toward major transport and energy reforms that will attract more investment and will accelerate the Euro-Integration process and the integration in the European macro-regional policies (EU Strategy for the Danube Region, EU Strategy for the Adriatic-Ionian Region).
Conclusions

The Berlin process as a positive experience model has so far proven itself to be instrumental in keeping both leading EU members states and participating states committed to the envisaged priorities, due to the overall political will for reforms. It also sent a clear signal to the WB6 states that the EU will continue to play a strategic role in the region. The concept of the process differs from the Stability Pact, placing at the core of the process the open issues and bilateral disputes. By solving them at the beginning of the process, and involving young people and civil society in the implementation of the necessary criteria for EU membership, it leaves room for focusing on real-time projects in the field of economy, energy, and transport. What was missing in the Stability Pact was the lack of funds for such projects, unlike in the Berlin process which shows promising results in its initial phase. On a positive note, the inauguration message sent to the leaders of the WB6 was that the European perspective of the region is realistic and that evaluation of the individual efforts by each state is not enough if there is no regional cooperation. All these identified areas require deeper regional cooperation and integration that will eventually lead to European integration. What has been achieved so far implies that it will be a successful model for regional cooperation and for solving outstanding bilateral issues in a European manner. This is achieved by cultivating procedures and customs that foster peace, establishing networks of consultations, communications, and gatherings of leaders and citizens in the region, and establishing cooperation as a way of life and the dominant culture of mutual relations (Minic, 2017).

The projects have been carefully chosen in the most underdeveloped areas in the WB6, and areas which connect not only the region, but also the region with EU Member States. So far, we see some delay in the implementation, but a good thing is that almost all financing agreements and work contracts are already signed with the companies as implementers. What is missing in terms of having a clear picture of the process in general is finding comprehensive information of all ongoing projects and initiatives. Public reporting, like the management, seems to be scattered among civil society organizations, regional initiatives, the RYCO, SEETO and the European Commission. National governments or founding countries of the process should make the implementers of these projects aware that promotion and advocacy are considered to be strong instruments in achieving process goals and objectives. The establishment of a joint PR Office that will collect and present the projects may be considered an option. This will also help leaders of the WB6 to explain better to their public the ongoing processes and reforms envisaged within the Berlin process, with the assistance of the civil society organizations.

To conclude, by bringing to the forefront the most painful and most complex issues on the agenda, Germany demonstrated a clear proactive role with a strong message that the region needs real projects, rather than feasibility studies. Being satisfied with its successes, the leading EU states decided to extend the mandate of the process for the coming years. Time has finally come for the Balkans to speak of actions, which are always louder than words.
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