Trade and economic relations with Western Balkans

2008/2149(INI) - 02/12/2008

The Committee on International Trade adopted the own initiative report by Bastiaan **BELDER** (ID, NL) on Trade and Economic relations with Western Balkans, welcoming the progress made in the Stabilisation and Association Process and, in particular, the recent signing of the Stabilisation and Association Agreements (SAAs) with Bosnia and Herzegovina and with Serbia.

Overall, MEPs welcome the progress made in the implementation of the Interim Agreements and call on the Western Balkan countries to continue their reform efforts. Reiterating 'the European perspective' of these countries, MEPs stress that the future accession of the Western Balkan countries to the European Union is strictly conditional on the fulfilment of the Copenhagen membership criteria and the successful fulfilment of the Stabilisation and Association Process, which includes regional cooperation, good neighbourly relations and full cooperation with the International Criminal Tribunal for the former Yugoslavia. According to MEPs, only a **serious prospect of EU membership** for the Western Balkan states can act as a catalyst to encourage them to move away from regressive nationalism and sectarian violence. Such a prospect will improve the image of the Western Balkans within the European Union and will, in turn, stimulate EU companies to increase their business in the region.

MEPs encourage the European Union to continuously demonstrate its engagement with the Western Balkans and to realise that it is not in the advantage of both the European Union and the Western Balkans to create a 'black hole' in Kosovo. The EU Institutions must therefore be actively engaged in order to avoid regional tensions.

Towards an overall approach that takes account of differences between the countries concerned: while MEPs are in favour of an overall approach for all of the countries of the Western Balkans, they consider, however, that it is essential to take account of differences between the countries of the region as regards their respective levels of economic development. They stress, therefore, the importance of a **strictly individual** path towards EU membership for each of the Western Balkan countries. Moreover, MEPs call on the Commission and the Council to implement all appropriate measures to encourage deeper integration of the Western Balkans into the world trade and economic system, in particular through WTO accession, and to strengthen their trade and economic relations with the EU. MEPs also call on the Western Balkan governments to further explore the possibility of greater trade liberalisation measures and to align themselves with the *acquis communautaire*.

European assistance and Western Balkans' ownership of the reform process: while MEPs support the Western Balkan countries' efforts for reform and regional cooperation, those efforts are far from being enough. They therefore call on the Commission and the Member States to endow the Instrument for Pre-Accession Assistance (IPA) with the additional financial resources needed to provide effective assistance at local and regional levels. They call on the Commission to guarantee a high level of transparency in connection with the granting of Community funds and to take suitable measures to prevent corruption. MEPs also proposed other measures to strengthen the process of reform in these countries, such as strengthening local public structures, offering the Western Balkan countries so-called 'government-to-government' programmes which give these countries specific assistance, training and coaching in their national departments, strengthening civil society and cross-border cooperation, etc. In particular, MEPs call on the Commission to submit for approval to the Parliament any new proposals aiming to provide

exceptional budgetary assistance to the Western Balkan countries. They stress that further financial assistance to the Western Balkans (and notably to Kosovo) should be conditional on the establishment of a comprehensive and realistic long-term economic development plan.

Economic policies, energy, transport and environment: in order to reform the countries of the Western Balkans in greater depth, measures are needed in terms of infrastructure. That is why MEPs call for a series of additional measures in terms of macroeconomic stability, reforms in the areas of tax policy and customs and private sector development (through intensified cooperation with the European Investment Bank and the European Bank for Reconstruction and Development). It is also necessary to create a favourable investment climate. Other measures are provided for in terms of energy, port infrastructure (for example, the development of the port of Rijeka) or the environment, in compliance with EU legislation. With regard to the environment, MEPs stress the need for efficient and environmentally friendly use of the Danube River. In this respect, they support the regional initiatives underway and organisations (and in particular the International Commission for the Protection of the Danube River – ICPDR) working towards environmental protection, better use of inland waterway transport capacity and a higher level of disaster prevention for the Danube river. They welcome the launch of major sub-regional transport projects such as the 'South-Eastern axis' which will facilitate the inclusion in real terms of the Western Balkans countries in the wider energy pipeline network linking the EU with Turkey and the countries of the Caucasus. In particular, they call on the Commission and the Western Balkan countries to make sufficient financial resources available for infrastructure modernisation. Efforts must also be made to remove the administrative obstacles to retail trade, to support the development of SMEs and to expand the scope of cooperation in the field of education and science, etc.

Financial services, customs, fight against organised crime and corruption: MEPs consider that reforms are also needed in the banking and insurance systems in the Western Balkans. Increased supervision of banking activities is particularly important, as well as tough measures to **combat corruption**. Customs checks must also be increased in order to combat smuggling, counterfeiting and piracy of goods. MEPs are particularly concerned about the existence of cartels and the abuse of market power by so-called 'tycoons' in some of the Western Balkan countries. Measures are therefore needed to effectively strengthen competition. Lastly, measures are also called for in terms of employment, the fight against unemployment and the informal economy, as well as streamlining public procurement (an important building block of a truly integrated regional market and of the overall economic development of the region).