Trade and economic relations with Western Balkans

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The European Parliament adopted by 522 votes to 12, with 15 abstentions, a resolution on trade and economic relations with Western Balkans.

The own initiative report had been tabled for consideration in plenary by Bastiaan **BELDER** (IND/DEM, NL), on behalf of the Committee on International Trade.

Although the Parliament welcomes the progress made in the implementation of the Interim Agreements, it now calls on the countries of the Western Balkans to continue their reform efforts and calls 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. The Parliament also calls for measures to strengthen trade and economic relations between the EU and the Balkan countries. Moreover, it calls on the Western Balkan governments to adopt greater trade liberalisation measures and to align themselves with the community acquis.

A European perspective: reiterating "the European perspective" of the countries of the Western Balkans, the Parliament points out 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 the Parliament, only a **serious prospect of EU membership** can act as a catalyst to encourage a move away from nationalism and 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. In this context, the Parliament notes that the Central European Free Trade Agreement (CEFTA) - which consolidated 32 bilateral free trade agreements in the Southern European Region into a single comprehensive regional free trade agreement - contributes significantly to the preparation of the Western Balkan countries" accession to the European Union.

An individual approach: although the Parliament is in favour of an overall approach for all of the countries of the Western Balkans, it reiterates, however, that it is essential to take account of differences between the countries of the region as regards their respective levels of economic development. It stresses, therefore, the importance of a **strictly individual path** for each of the Western Balkan countries.

European assistance and Western Balkans' ownership of the reform process: the Parliament calls 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. It stresses, however, that the countries of the Western Balkans are the **only "owners" of their reform process**. It therefore calls on these countries to formulate a sufficient number of ambitious projects in order to be able to use the available European funds without being too passive and **dependent on European initiatives**. It also calls 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. Other measures are called for 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, the Parliament calls on the Commission to submit for approval to the Parliament any new proposals aiming to provide **exceptional budgetary assistance** to the Western Balkan countries. It stresses 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. The Parliament also stresses that the international financial crisis may have an indirect effect on trade and foreign investment in the Western Balkans. It therefore calls on the Commission to monitor developments and, if necessary, to adopt adequate measures in order to guarantee the smooth continuation of the Stabilisation and Association Process.

Economic policies, energy and transport: in order to reform the countries of the Western Balkans in greater depth, measures are needed in terms of infrastructure. That is the Parliament calls 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 and work towards intensifying economic reforms by developing **strategic development plans** to implement investment projects of significance to the region as a whole. 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. Other measures are provided for in terms of energy, port infrastructure (for example, the development of the port of Rijeka) or to increase agricultural trade with Croatia too (so that when Croatia accedes it can align itself as smoothly as possible with the common agricultural policy).

Environmental reforms: in terms of the environment, the Parliament stresses the need for efficient and environmentally friendly use of the Danube River. In this respect, it supports 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. It welcomes 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, the Parliament calls on the Commission and the Western Balkan countries to make sufficient financial resources available for infrastructure modernisation.

Financial services, customs, fight against organised crime and corruption: the Parliament considers it essential for the economic development of the countries in the region that they substantially reform their banking and insurance systems, establish an efficient micro-credit system and improve the regulation and supervision of banking activities, thus laying the ground for a gradual opening of their financial markets. 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. Moreover, States in the region must take all appropriate measures to ensure that their customs services operate in a better, more transparent way, in line with the standards laid down by the EU and the World Customs Organisation. The Parliament is 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).