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'EU Integration of Western Balkans: Dynamics and Challenges', Tirana, Albania

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Editors:

Dr. Jubjana Vila  
Dr. Mirela Alhasani (Dubali)  
Dr. Dea Haxhiu

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## *Welcome to ICES 2024*

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EPOKA University, in Tirana, Albania, in partnership with the Magna Charta Observatory; the Center for Southeast European Studies, University of Graz, Austria; and Faculty of Political Sciences, University of Belgrade, Serbia, organizes the 9<sup>th</sup> International Conference on European Studies (ICES'24). The conference titled '**EU Integration of Western Balkans: Dynamics and Challenges**' is held on 13-14 November 2024 in Tirana, Albania.

**ICES'24 is organized within the framework of the Jean Monnet Module "EU Integration of Western Balkans: Patterns and Issues" coordinated by the Center for European Studies at EPOKA University and co-funded by the European Commission.**

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## *Scope and Topics*

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Western Balkan countries are experiencing dynamic and challenging EU integration processes including political, economic, judicial, social, and other types of reforms and areas of integration that are all within the scope of the 9<sup>th</sup> International Conference on European Studies (ICES'24). The conference aims to promote an interdisciplinary exchange of ideas, knowledge, research, information and recommendations between scholars, professionals and students in all major subfields of political science, international relations, economics, law, sociology, and other related topics focusing particularly on the EU integration perspectives of the Western Balkan countries. The overall goal is to enhance excellence in research on EU studies and EU integration process of the Western Balkan countries

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***KEYNOTE SPEAKER***

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**Prof. Dr. Florian Bieber**



**Florian Bieber** is a Professor of Southeast European History and Politics and Director of the Centre for Southeast European Studies at the University of Graz, Austria. He holds a Jean Monnet Chair in the Europeanisation of Southeastern Europe. He is the coordinator of the Balkans in Europe Policy Advisory Group (BiEPAG) and has been providing policy advice to international organisations, foreign ministries, donors and private investors. He studied Political Science and History at Trinity College (USA), the University of Vienna, and Central European University (Budapest). He has worked for the European Centre for Minority Issues and taught at Kent University (UK). He is also a Visiting Professor at the

Nationalism Studies Program at CEU. He has been a Visiting Fellow at the LSE and New York University, and held the Luigi Einaudi Chair at Cornell University. Recent publications include *Debating Nationalism* (Bloomsbury 2020) and *The Rise of Authoritarianism in the Western Balkans* (Palgrave 2020), as well *Negotiating Unity and Diversity in the European Union* (Palgrave, 2021, with Roland Bieber).

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## **Building Connectivity with Western Balkans – From Transport to People and Cultures. Reforms, Challenges and Perspectives.**

**Dr. Alina - Carmen Brihan**

University of Oradea

**Catalina Mihaela Ficut**

European Parliament

### **Abstract**

*Connectivity is the foundation upon which the economy is built, while the transport links get us to where we need to be. Therefore, the present paper will concentrate on how transport connectivity is built, through a common endeavor of the EU and Western Balkan countries. The evolution of the Western Balkan countries' preparation for the EU membership is analyzed in connection with their comprehensive reforms in transport infrastructure. The focus is both on the present status of transport connectivity in the Western Balkan countries and on the perspective, as new strategies and instruments have been created at the EU level, to accelerate the EU integration of the Western Balkan countries. The implementation of common standards and policies, regulatory frameworks that promote cooperation, or governance reforms are some of the directions that need further attention from the Western Balkan countries if they want to succeed in their transformation process and unlock the region's economic potential.*

**Keywords:** *EU integration policy, Western Balkans, TEN-T, transport, governance*

### **Introduction**

Building transport connectivity within the Western Balkans, as well as between the Western Balkans (WB6) and the European Union, is an important endeavor that will foster regional stability, economic development, and cultural exchange between the peoples.

The present paper focuses on how each of the two actors (Western Balkans and European Union) prepare, separately and together, to reach the objective of the integration of the Western Balkans into the European Union. Our paper will approach, firstly, the evolution of the Western Balkans, on their way to EU membership – from the perspective of conditionalities, reforms, and the future merit-based accession. Secondly, the analysis regards the EU strategic and regulatory framework on connectivity and sustainable transport in the Western Balkans, and on the EU financial assistance aimed at supporting the planned reforms. Thirdly, the focus will be on the extension of the Trans-European Transport Network (TEN-T) corridors to the Western Balkans and on the new provisions that the Regulation (EU) 2024/1679 has brought. The analysis of the chapter „Trans-European networks” in the 2024 Enlargement reports on the six Western Balkan countries, as well as the 2024 Reform Agendas of the five Western Balkan countries, provide an overview of the reforms, challenges, and perspectives regarding the building of transport connectivity in Western Balkans, and on the potential benefits that the implementation of the necessary reforms in this domain would bring for the integration, reconciliation and economic development of the region.

## **The Western Balkans, on their way to EU membership**

European Union considers enlargement as a “geostrategic investment” in Europe's “peace, security, stability and prosperity” (European Council, 2024).

In the EU enlargement policy framework, the EU and the Western Balkans have a common objective: the integration of this region in the EU. The Western Balkan governments have declared that EU accession is a strategic priority, during the 2000s. To a degree, the prospect of EU membership helped channel political energies away from the often-illiberal discourse of the 1990s and served as an anchor for democratic reforms in the region (Vachudova, 2019, p. 87). But the full EU membership for the Western Balkans is not only in the interest of the countries belonging to this region but also in the Union's very own political, security, and economic interests (European Commission, *New growth plan ...*, 2023). Presently, accession negotiations are underway with four countries from the Western Balkans - Montenegro (since June 2012), Serbia (since June 2012), North Macedonia (since March 2022), Albania (since July 2022), while Bosnia and Herzegovina is a candidate country since December 2022, and Kosovo is a potential candidate for EU membership.

For the Western Balkans, three main strategic benefits of enlargement have been identified by the European Commission (European Commission, 2014, p. 3): to make Europe a safer place (by reinforcing peace and stability in the Western Balkans and promoting recovery and reconciliation after the wars of the 1990s); to help the improvement of the quality of people's lives through integration and cooperation in areas like energy, transport, rule of law, migration, food safety, consumer and environmental protection and climate change (to ensure that EU's high standards are applied beyond its borders); and to make Europe more prosperous.

The Western Balkans, located at the crossroads of important cultural and trade routes, have always been a nexus of various influences (Letnik, T., 2024; Chrzová, B., 2019). However, this strategic location has not been fully reflected in a robust transport infrastructure. The region faces significant infrastructure bottlenecks that hinder efficient mobility and economic growth (Letnik, T., 2024; Holzner, M., 2015; Roy, S., 2023). Major challenges include an underdeveloped road and rail network, limited transport corridors, and inadequate maintenance of existing infrastructure. These inadequacies not only affect regional connectivity but also the prospects for international trade and tourism. One of the most pressing problems is the lack of comprehensive transport corridors. The existing network is often characterized by missing links and sections that do not meet modern standards, which affects the efficiency and safety of transport. This is particularly evident in cross-border areas, where different standards and systems in different countries further complicate the situation. The fragmentation of transport infrastructure hinders the seamless movement of goods and people, which is a crucial factor for regional integration and economic development (Letnik, T., 2024; Charokopos, M., 2022).

A region surrounded geographically by EU Member States, the Western Balkans represent a historical and geographical area of strategic importance in the current European political landscape. With a history marked by conflicts, ethnic tensions, and genocide, this region is a constant concern of the EU, both from the point of view of maintaining stability and from the perspective of integration (Troncota et al., 2024, p. 25). According to the *Strategic Compass*, adopted in March 2022, the EU aims to strengthen dialogues on security and defense with its partners from the Western Balkans (General Secretariat of the Council, 2022, p. 60), to improve, among other objectives, the resilience of their societies and the democratic processes, political institutions and critical infrastructure in the Western Balkans (General Secretariat of the Council, 2022, p. 56).

The Stabilization and Association Agreements (SAAs), signed by all Western Balkans states



with the EU, contribute largely to providing security, stability, and prosperity in the region. The approach of shared security challenges, the stimulation of trade relations, the alignment of the region with EU standards, the fostering of good neighborly relations or EU's support for regional co-operation organizations,

to boost economic development, improve connectivity, enhance security, etc., are some of the benefits brought by the stabilization and association process (SAP). Therefore, the clear perspective of EU membership granted by the EU's Member States is, for the countries of the Western Balkans, a key stabilizing factor.

The reforms that the prospect of EU membership entail is vital for the improvement of political and economic governance, rule of law, etc. in this region. Moreover, as the accession is and will remain a merit-based process fully dependent on the objective progress achieved by each enlargement partner (European Commission, 2023), the Western Balkan states have to deliver results, so they have to demonstrate that they meet the criteria established at the Copenhagen European Council in June 1993 – specifically the political, economic and political/administrative requirements, by intensifying their reform efforts.

As joining the EU is a choice that needs political and societal consensus, a constant look to the support of the Western Balkans' citizens towards their countries' integration in the EU is necessary. The question of whether EU membership is considered, by the citizens of the Western Balkan states, a good thing or not for their economies, 59% of respondents from the region see EU membership as a good and positive thing (Regional Cooperation Council, p. 38). Regarding the potential date for achieving EU membership, 34% of respondents believe that their economy will become a member by 2030, 32% consider that this will happen in 2035, while 23% of the Western Balkan citizens believe that their economy will never join the EU (Regional Cooperation Council, p. 39).

During the last European Commission's mandate (2019 - 2024), the institution adopted an Economic and Investment Plan for the Western Balkans, in 2020, which aims to spur the long-term economic recovery of the region and accelerate regional integration and convergence with the EU (European Commission, An Economic and Investment Plan for the Western Balkans, 2020, p. 1).

On 8 November 2023, the European Commission adopted a New Growth Plan for the Western Balkans, whose aim is to prepare Western Balkan countries for accession through economic reforms and investment and to bring some of the benefits of EU membership to citizens in the region (European Commission, *New growth plan ...*, 2023, p. 2). This New Growth Plan builds on the existing enlargement methodology and creates a package of mutually reinforcing measures that will multiply the potential benefit of each measure, so it does not prejudice to the ongoing accession processes. What it does is to add progressively further opportunities for the Western Balkans, to those available under the existing Stabilization and Association Agreements (SAAs), and to provide for more incentives and the benefits of integration ahead of EU accession, thereby aiming to speed up accession negotiations. The Plan's four pillars are: enhancing economic integration with the European Union's single market; boosting economic integration within the Western Balkans through the Common Regional Market; accelerating fundamental reforms; supporting convergence through increased financial assistance (European Commission, *New growth plan...*, 2023, p. 2).

The Plan is supported by an increase of financial assistance through the new Reform and Growth Facility (which entered into force on 25 May 2024), of €6 billion for the period 2024-2027, of which at least half is going to be allocated through the Western Balkans Investment Framework (WBIF), to support infrastructure investments and connectivity, including



transport, energy, green and digital transitions.

In October 2024, the European Commission approved the Reform Agendas of Albania, Kosovo, Montenegro, North Macedonia, and Serbia. In their ambitious Reform Agendas, the five Western Balkans governments commit to socio-economic and fundamental reforms that they will undertake to spur growth and convergence with the EU under the Growth Plan from 2024 through 2027, and under the EU's €6 billion Reform and Growth Facility.

### **EU strategic and regulatory framework on connectivity and sustainable transport in the Western Balkans – a general overview**

In 2018, Juncker Commission (2014 - 2019) adopted the strategy for „A credible enlargement perspective for and enhanced EU engagement with the Western Balkans”. The strategy focuses on one side, on the priorities and areas of joint reinforced cooperation, and on the other side, it addresses the specific challenges the Western Balkans face, as the need for fundamental reforms and good unneighborly relations. In this regard, six flagship initiatives have been set out to target specific areas of common interest: rule of law, security and migration, socio-economic development, transport, and energy connectivity, digital agenda, reconciliation, and good neighborly relations (European Commission, *A credible enlargement perspective...*, 2018).

According to the strategy, as the Western Balkans are surrounded geographically by EU Member States, both the infrastructure connection between the EU and the Western Balkans and the acceleration of interconnected trans-European networks in the fields of transport, energy and digital services are important to be implemented (European Commission, *A credible enlargement perspective...*, 2018). Regarding the transport policy, the Transport Community Treaty (2017), the transport corridors between the EU and the Western Balkans - as part of the trans-European transport network, and the alignment with EU operational standards, are regarded as instruments and directions that will contribute to ensuring the planned connectivity in the region.

The Transport Community Treaty (2017) is the regulatory framework that, combined with strong political cooperation in the region, can facilitate intra-regional connectivity (European Commission, 2014, p. 7). Targeting the creation of a transport community between the EU and the six Western Balkan countries (Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, Serbia), the Treaty covers road, rail, inland waterways, and maritime transport, but it also develops a transport network and supports the trans-European transport network (TEN-T). Therefore, the main aim of the Transport Community is the integration of transport markets of the Southeast European countries with the EU, an objective that is to be achieved through the adoption and implementation of transport-related legislation, the EU *Acquis Communautaire*, and through the connectivity projects on the indicative extension of the Trans-European Network (TEN-T) that better connect not only the Western Balkans partners but also the region with the EU. In this context, the Treaty approaches the roles and responsibilities of both the EU and the Western European countries, with regard, on one side, to the bodies of this Transport Community (a ministerial council, a regional steering committee, a permanent secretariat based in Belgrade) and, on the other side, too: the railway companies operating international passenger and freight services, the inland waterway and maritime transport, the administrative procedures and formalities when crossing from one jurisdiction to another, the banning of national discrimination, the legal disputes, the cost of the Transport Community (the EU pays 80% and its partners 20%), etc. The six Southeast European countries' alignment with the EU operational standards represents an obligation that they have to properly deal with it, either we refer to the implementation of the relevant EU

social, environmental, and public procurement body of common law '*acquis*'; the development of efficient traffic-management systems; the promotion of efficient, safe and secure road transport in line with EU operating standards and policies; or the insurance that their state aid and competition legislation is gradually aligned with the EU *acquis* (*Treaty establishing the Transport Community*, 2017).

In 2024, the Transport Community has a total of 36 participants, of which the European Union member states - represented by the European Commission, the Western Balkans – six countries, and the three observing participants (Georgia, Republic of Moldova and Ukraine). Currently, the organization is working on integrating Western Balkans' transport markets into the EU by assisting the six Western Balkans partners in adopting and implementing EU legislation in the transport field and supporting projects connecting Western Balkans regional partners among themselves and with the EU. At the same time, to attain the objective of sustainable and smart mobility in the Western Balkans, the Transport Community fosters the development of cleaner, safer, smarter, resilient, competitive, and sustainable transport system.

Connectivity is at the heart of the Economic and Investment Plan for the Western Balkans, a Plan presented by the European Commission in October 2020. The Plan foresees up to €9 billion EU grants for ten flagship investments in areas including energy, transport, and the twin green and digital transitions. As regards transport, the EU will prioritize projects and programs on the indicative extension of the Trans-European Transport Network (TEN-T) core network, which is of strategic interest to the region and to the EU. Also, work with the Transport Community will be further intensified to support the creation of a fully integrated regional transport market based on the European Union's legislation and standards (European Commission, *An Economic and Investment Plan ...*, 2020, pp. 7-8).

Five years after the EU launched the first Connectivity Agenda for the Western Balkans (in 2015), the statistics show that over €1 billion from EU pre-accession funds has been allocated through grants to high-priority connectivity projects, out of which 867.2 million € were directed towards transport. The agenda is part of an ambitious plan to connect the region with Europe from East to West, and North to South – extending the core energy and transport Trans-European Networks to the region. Therefore, by improving the transport corridors connecting East to West (flagship 1 - Corridors VIII and X), North to South (flagship 2 - Corridor Vc), and the coastal regions (flagship 3), they will become faster and will comply with EU standards (European Commission, *EU Connectivity Agenda ...*, 2020, p. 18). The key flagship projects approved under the Western Balkans Investment Framework (WBIF), as part of the Economic and Investment Plan (EIP) for the Western Balkans, focus on: the Corridor X Serbia-Bulgaria railway; the Peace Highway, connecting Kosovo and Serbia; the Corridor Vc motorway in Bosnia and Herzegovina, connecting the country with the Adriatic, Hungary and Croatia; the Blue Highway in Albania; the Corridor VIII motorway in North Macedonia; and other motorway and railway interconnectors and bypasses in the region. These projects complement the connectivity investments adopted in the previous years, which include the Corridor Vc Tarcin motorway section and the Ivan Tunnel in Bosnia and Herzegovina and the Corridor IV BarVrbnica railway section in Montenegro.

Ursula von der Leyen, in her 2019 speech on the Political guidelines for the next European Commission 2019-2024, stated: I want to reaffirm the European perspective of the Western Balkans, and I see an important role in the continued reform process across the region. We share the same continent, the same history, the same culture, and the same challenges. We will build the same future together" (Ursula von der Leyen, *Political guidelines ... 2019-2024*, p. 18). Five years later, at the end of the European Commission's mandate, in the document titled

„Keeping our promise to Europe: The story of the von der Leyen Commission” (2024, p. 50), it is mentioned that, with the €6 billion in funding, „the Commission’s Growth Plan for the Western Balkans will bring some of the benefits of membership in advance of accession and boost economic growth in the Western Balkans”. The first objective of the Plan - the integration of the Western Balkans into the EU’s single market, comprises seven priority actions; facilitation of road transport is one of them and, according to the Plan, the Western Balkan countries will benefit of the EU support to integrate their road transport in the region based on the adoption of the relevant EU *acquis* and be facilitated further bilateral transport operations, through a separate agreement complementing the SAAs (European Commission, *New Growth Plan ...*, 2023, p. 4). In the same time, each Western Balkan country was invited to prepare a Reform Agenda, in which they are supposed to identify a limited set of priority reforms, broken down into qualitative and quantitative steps which will serve as payment conditions (funds will be released under the new Reform and Growth Facility according to a pre-determined timeline). The Reform Agendas of the five Western Balkan states - Albania, Kosovo, Montenegro, North Macedonia, and Serbia, have been approved by the European Commission on 23 October 2024.

Regarding the EU’s enlargement policy, Ursula von der Leyen emphasized several issues, for the next five years: enlargement is a geopolitical imperative; accession to the EU will always be a merit-based process; and the EU will intensify their support to prepare the candidate countries, notably using the investment and reforms in the Growth Plan for the Western Balkans (Ursula von der Leyen, *Political guidelines ... 2024–2029*, pp. 25-26).

Every five years, the EU leaders agree on the EU's political priorities and its strategic orientations for the future, that will guide the work of the EU institutions. Therefore, the new Strategic Agenda, 2024 – 2029, reinforces that the EU is preparing for a bigger and stronger Union, that the enlargement process is defined by a new dynamism, and that the EU will promote a merit-based approach to accession. The EU will support the aspiring membership to meet the accession criteria through appropriate instruments, but the candidate states have to carry on the requested reforms (European Council, *Strategic Agenda 2024 – 2029*, 2024).

### **Western Balkans - Connecting within and connecting with the EU, through TEN-T**

The 2014 moment in Berlin, when the Western Balkan countries Albania, Bosnia and Herzegovina, North Macedonia, Kosovo, Montenegro, and Serbia met for the first time under the term Western Balkans Six (WB6), put the basis of increased cooperation in the region, with a particular focus on building and connecting transport and energy infrastructure.

This "connectivity agenda" was aimed to improve the links within the Western Balkans and with the EU, so the extension of the Trans-European Transport Network (TEN-T) corridors to the Western Balkans was considered to bring not only investments in infrastructure but also the implementation of technical standards and soft measures - such as aligning and simplifying border crossing procedures, railway reforms, information systems, road safety and maintenance schemes, railway unbundling, and third-party access. As Griessler affirmed, the Berlin Process “made progress in sectoral integration policies” and “demonstrated that several EU members were serious about engaging with the region. It was the tool to stress the importance of the Western Balkan countries and their significance for the EU” (Griessler, 2020, pp. 23, 18).

At the 10th anniversary of the Berlin Process, in 2024, the positive role that this process has played for the region is illustrated also in the declarations of the leaders of the six Western Balkan countries, who affirmed that “a strong and thriving Western Balkans Six integrated in the EU is an indispensable investment in our collective strength, security, and competitiveness”

(Berlin Process, 2024), so they reaffirm their commitment to “furthering regional cooperation and integration within the Berlin Process” (Berlin Process Summit 2024).

In 2024, the development of the Trans-European Transport Network (TEN-T) was subject to changes brought by the Regulation (EU) 2024/1679. The TEN-T policy is a key instrument for planning and developing a coherent, efficient, multimodal, and high-quality transport infrastructure across the EU. TEN-T represents the Europe-wide network of roads, railways, inland waterways, maritime routes, ports, airports, and multimodal terminals. In Southeast Europe, TEN-T connects four EU member states (Croatia, Romania, Bulgaria, Greece) and the Western Balkans countries that are not members of the EU (Bosnia and Herzegovina, Serbia, Montenegro, North Macedonia, Kosovo and Albania).

Regulation (EU) 2024/1679 stipulates that TEN-T should be gradually developed in three steps with the overall aim to realize a multimodal and interoperable European-wide network of high-quality standards while respecting the overall Union climate neutrality and environmental objectives: the completion of a core network by 2030, of an extended core network by 2040 and of a comprehensive network by 2050 (Regulation (EU) 2024/1679, chapter 1, article 7). The existing standards of the core network must be extended to the extended core network and comprehensive network, to increase interoperability between network types and to enable more activity by more sustainable forms of transport. At the same time, cooperation with third countries, including neighboring countries, is necessary to ensure connection and interoperability between the infrastructure networks of the Union and those countries.

This Regulation identifies the European Transport Corridors of highest strategic importance (Regulation (EU) 2024/1679, chapter 1, article 1). The European Transport Corridors is an instrument to facilitate the coordinated implementation of the parts of the core network and extended core of the trans-European transport network and are intended, in particular, to improve cross-border links, to complete missing links and to remove bottlenecks within the Union and, where appropriate, to improve connections with the trans-European transport network of neighboring countries (Regulation (EU) 2024/1679, chapter 1, article 51). Member States shall take the appropriate measures for the European Transport Corridors which are to be developed to comply with Regulation 2024/1679, by 31 December 2030 for their infrastructure which is part of the core network, and by 31 December 2040 for their infrastructure which is part of the extended core network. The new Western Balkans — Eastern Mediterranean (WBEM) is one of the nine European Transport Corridors (Regulation (EU) 2024/1679, chapter 1, article 11), and it crosses eight EU Member States: Austria, Slovenia, Croatia, Hungary, Bulgaria, Greece, Cyprus and Italy, as well as Serbia, Bosnia and Herzegovina, Montenegro, Kosovo, Albania and North Macedonia. The WBEM Corridor is multimodal, but it does not include any inland waterways.

To facilitate the coordinated implementation of the European Transport Corridors, the Regulation establishes the position of the European Coordinator for each corridor and each horizontal. The Coordinator is designated by the European Commission and the Regulation details the Coordinator’s tasks, the structure of the governance of the European Transport Corridor and horizontal priority (composed of the secretariat, the ‘Corridor Forum’ and the ‘consultative Forum for the horizontal priority’, respectively), and also the format of the work plan drawn up by the Coordinator (Regulation (EU) 2024/1679, chapter 1, articles 52, 53, 54). The Coordinator for the Western Balkans — Eastern Mediterranean corridor is, since September 2024, Marian-Jean Marinescu. According to the Regulation, the Coordinator is selected for a mandate of a maximum of four years, that can be renewable (Regulation (EU) 2024/1679, chapter 1, article 52). From this position, the tasks of Marian-Jean Marinescu will be: to support the coordinated implementation of the European Transport Corridor; to draw up



a work plan and monitor its implementation; to consult with the Corridor Forum about that work plan and its implementation and regularly inform the Forum on the implementation of the work plan; to report to the EU institutions, to the Member States, and the neighboring countries on any difficulties encountered; to submit an annual status report to the EU institutions and the Member States concerned on the progress achieved in implementing the European Transport Corridor, etc. (Regulation (EU) 2024/1679, chapter 1, article 52).

### **The current state of transport connectivity in the Western Balkans countries**

The EU promotes trans-European networks (TENs) in the areas of transport, telecommunications, and energy to strengthen the internal market and contribute to growth and employment. The analysis of Chapter 21 – „Trans-European networks” in the 2024 Enlargement reports on the six Western Balkan countries, issued on 30 October 2024, provides an overview on the current state of the reforms undertaken on the transport connectivity objective, by the states from this area, their accomplishments and challenges (Albania 2024 Report, pp. 84-85; Bosnia and Herzegovina 2024 Report, pp. 83-84; Kosovo 2024 Report, pp. 81-82; Montenegro, 2024 Report, pp. 81-82; North Macedonia 2024 Report, pp. 79-80; Serbia 2024 Report, pp. 86-87). Therefore, the analysis focuses on the transportation modes comprised in the TEN-T definition, which can be found in the profile of each Western Balkan country: roads, railways, inland waterways, maritime routes, ports, airports, or multimodal terminals. In numbers, the TEN-T network in Western Balkans includes: 5,287km of roads, out of which 3,540 km are on the Core Network; 3,857km of railways, of which 2,602km on the Core Network; 1,345km of Core Network Inland Waterways, 3 seaports, 4 inland waterways ports; 10 airports.

### ***Strategic framework for transport networks***

The 2024 Report on Albania shows that the national transport strategy for the period 2021-2025 and its action plan are expected to be adopted by the end of 2024, while preparations for the new transport strategy and its action plan, by 2030, have already been initiated. The European Commission's recommendation for Bosnia and Herzegovina is to accelerate the implementation of connectivity reform measures and continue adopting multiannual maintenance plans for the entire road and rail core networks, and to strengthen the mutual relations and cross-border cooperation with neighboring countries on border crossing agreements. In North Macedonia, the National transport strategy (NTS) for 2018-2030 is in line with the development of the TEN-T, but the action plan is missing. On the transport networks, Serbia is considered to have the legislative framework partially aligned with the EU *acquis*.

### ***Priority projects for the transport sector***

The situation regarding the priority projects of the transport sector is different in the Western Balkan countries. For example, in Albania, the projects are being developed according to the National Single Projects Pipeline (NSPP) list which contains all the priority projects of the transport sector agreed under TCT, including TEN-T extension priority projects at different stages of maturity. On the other side, in Bosnia and Herzegovina, the priority connectivity projects on the indicative maps of the TEN-T core network have been planned through the single project pipeline which has not been updated since 2019, a situation that is considered to put into question its continued relevance. As for Serbia, this country continues to develop transport projects in the trans-European networks, but the preparation of technical and tender documentation for the implementation of TEN-T projects in road and rail needs to accelerate.

### ***The revised TEN-T Regulation (Regulation (EU) 2024/1679)***

All six Western Balkan countries are included in the Western Balkans-Eastern Mediterranean European Transport Corridor. In January 2024, Albania ratified the high-level agreement with the European Union for the indicative maps of the Trans-European transport network and, under the revised TEN-T regulation, Corridor VIII is part of the new Western Balkans-Eastern Mediterranean Transport corridor. Bosnia and Herzegovina are advised to continue with the development of the planned extension of the TEN-T core networks in line with the priorities identified in the economic and investment plan for the Western Balkans, the Green Agenda, and the Transport Community’s 5-year rolling work plan. In Kosovo, progress on the trans-European Transport Network (TEN-T) is limited, mainly due to insufficient interinstitutional capacities to ensure, realistic cost/benefit analysis, EU standards public procurement rules, State aid, and environmental impact assessments. As regards North Macedonia, this country ratified, in April 2024, a high-level agreement with the EU, for the indicative maps of the TEN-T in North Macedonia, which was made in line with the agreement on indicative maps for TEN-T in the Western Balkans, signed in May 2023.

### ***Roads***

In Albania, progress was made in developing and implementing the core road network in Albania notably in the Adriatic-Ionian Corridor (AIC) and Road Corridor VIII. In Bosnia and Herzegovina, challenges are encountered, on one side, with reference to the Corridor Vc motorway and with the two infrastructural investments located in the Republika Srpska entity (Corridor Vc road and rail), and on the other, at the border with Croatia – concerning Svilaj and Gradiška border crossing. As regards Kosovo, no progress has been registered on the Pristina – Merdare motorway or the ‘Peace Highway’. In Montenegro, have been observed delays with reference to the Bar-Boljare highway and to the next section of the highway (Matesevo – Andrijevisa). In North Macedonia, the European Commission considers that most of the road network is not compliant with the TEN-T Regulation, Corridor X being more advanced in this respect than Corridor VIII. Several problems have been signaled also in Serbia, where only around 10% of approved EU grant funds have been used, the tendering of section 4 between Niš and Pločnik is postponed for the end of 2024, the tendering of sections 2 and 3 depends on the completion of design documentation, and the preparation of missing project documentation on the section Pločnik-Merdare is long pending.

### ***Railway***

On the rail infrastructure, the reports signal different problems and delays in the Western Balkan countries. For example, in Albania, the rehabilitation of the railway line segment Durrës–Rrogozhine is expected to start in 2025. In Bosnia and Herzegovina, the main design for railway route 9a Tuzla–Zvornik has been finalized, also the technical documentation and the tender file for the Visoko–Konjic section of Corridor Vc, while the design studies for the Doboj–Rasputnica–Miljacka railway section are under preparation. In Kosovo, the railway works on the Orient/East-Med Corridor (Rail Route 10), connecting Fushë Kosovë/Kosovo Polje to Mitrovica/ë, continued at a slow pace, while the feasibility study for the railway connection between Durres and Pristina is underway. In Montenegro, the TEN-T rail corridor Bar-Vrbnica faced significant delay. In North Macedonia, it must be finalized the mutual agreement with Greece on establishing the Kremenica-Neos Kafkasos railway border-crossing, funding to build adequate infrastructure close to the Serbian border at the Tabanovce railway border station is still needed, and the five-year road and rail maintenance plans have not adopted yet. In Serbia, positive references regard the modernization of the Niš–Dimitrovgrad

railway line, the construction of the Niš railway bypass, the works on the remaining part of the Budapest-Belgrade line (the Novi Sad-Subotica sub-section), while the modernization of the rail corridor X, from Belgrade-Niš to the border with North Macedonia, is currently under preparation, and the commencement of works on lot 1 of the Stalać-Djunis sub-section is delayed.

### ***Airports***

In Albania, the rehabilitation of the Durrës-Tirana line and the construction of a new line to the international airport is progressing in line with contractual obligations (60% completed).

### ***Ports***

In Albania, no action has yet been taken for the transferring of the freight activities from the ports of Durrës and Vlora to the port of Porto Romano, while the construction of the new Porto Romano port has not started yet. In Bosnia and Herzegovina, the rehabilitation activities on the navigability of the Sava River are ongoing. Montenegro has ratified an agreement with Bosnia and Herzegovina for the construction of a cross-border bridge over the Tara River on the TEN-T comprehensive Route 2b, but the construction of a new inland route for the Adriatic-Ionian Highway seems to depart significantly from the plans agreed under TEN-T network and the country's Transport Community commitments.

## **The Western Balkan countries – on their way to an intensified reform process, in transport, for the EU membership**

On 23 October 2024, the European Commission approved the Reform Agendas of Albania, Kosovo, Montenegro, North Macedonia, and Serbia. In their Reform Agendas, the five Western Balkans governments commit to socio-economic and fundamental reforms they will undertake to spur growth and convergence with the EU under the Growth Plan, from 2024 to 2027. The elaboration and approval of the Reform Agendas were the necessary preliminary steps for allowing payments under the EU's €6 billion Reform and Growth Facility, which will be made upon completion of agreed reform steps (European Commission, 2024).

Albania's Reform Agenda in the field of transport includes measures directed towards the improvement of cross-border trade by deploying e-freight and Intelligent Transport Systems and critical infrastructure investments, notably in sustainable transport (Corridor VIII Railway; Blue Corridor Highway).

The key objectives of Kosovo, in the field of transport, regard the deployment of Intelligent Transport Systems and e-freight and the lowering of emissions and fuel consumption, as well as continuing the rehabilitation of the core TEN-T railway network with investments along the Rail route 10. The Reform Agenda of Montenegro targets the alignment of transport with the EU acquis and relevant standards. Specifically, the planned measures refer to the improvement of cross-border trade through the deployment of e-freight and Intelligent Transport Systems, but also to the continuation of the construction of the core TEN-T road and railways network, with investments along the Road/Rail Route 4, the Bar – Boljare Highway and Bar – Vrbnica Railway.

North Macedonia's reforms aim to improve the transport network of Corridors X and VIII, both rail and road or the deployment of e-freight and Intelligent Transport Systems.

As regards Serbia, this country is committed, also, to reforms concerning the Intelligent Transport System and e-freight. In the area of transport, the list of projects covers all priority investments in the railway sector, including Rail Route 4 between Serbia and Montenegro, the Vrbnica railway line, the Rail Route 10 connecting Serbia with Kosovo, and the proposal for

the rehabilitation of the Corridor X section Stara Pazova – Šid.

### **Building transport connectivity in Western Balkans - reforms, challenges and perspectives**

The OECD Report titled „Western Balkans Competitiveness Outlook 2024”, published in June 2024, assesses the 15 key policy areas for stimulating economic competitiveness. In this framework, the evaluation of the policies related to infrastructure and connectivity in the Western Balkan economies, lead to several conclusions: the Western Balkan countries’ economies are at different stages of developing or updating their strategic frameworks, but their effectiveness depends on their successful implementation, effective interinstitutional coordination mechanisms and long-term political commitment; the projects need to better ensure that the investments are channeled into cost-effective and sustainable infrastructure projects; there can be noticed a higher focus on the transport infrastructure investments on road networks, than on other modes (for example, railway); a gradual opening and reforming of the rail and aviation markets is in place; an improvement regarding the regional connectivity and promotion of the intermodal transport can be noticed, but with varying degrees of implementation in the region; or the transport facilitation reforms are showing gradual progress in the region (regarding the regional transport connectivity, the policies and strategies to support the development of multimodal transport) (OECD, 2024, pp. 37-74).

Therefore, the implementation of comprehensive regulatory rail reforms aligned with EU guidelines; the implementation of regulatory reforms to accelerate the development of high-speed networks; the strengthening of the cross-border institutional cooperation in transport facilitation; increased investment and policy support for the development of intermodal infrastructure; the promotion of innovation and digitalization in transport, are some of the recommendations delivered for the six Western Balkan countries (OECD, 2024, pp. 37-74).

OECD explains that institutional coordination challenges persist in some Western Balkan economies, hindering the translation of transport visions and development plans into tangible outcomes. Moreover, challenges in on-the-ground implementation are leading to delays in the implementation of key projects on the core TEN-T network, with most road and railway infrastructure projects in the region suffering delays of over two years following their approval (OECD, 2024). Indeed, the European Commission underlines that 'a prominent issue affecting the timely completion is the delay in the implementation of projects. In this past decade, only a fraction of the planned investment has been made, mainly in smaller projects, while large-scale ones have been delayed repeatedly. Particular attention should also be paid to cross-border projects, whose implementation is also experiencing significant delays' (European Commission, 2024).

Equally, ensuring public financial management is essential, including in the field of connectivity, as this also allows for public and encourages private investments. According to the European Commission’s *Communication on EU Enlargement Policy 2023*, a lack of effectiveness and integrity of the public financial management system erodes trust and affects both public revenue generation and expenditure management in most enlargement countries. Budgetary transparency and public expenditure effectiveness are critical issues, especially in times of increasing fiscal constraints. Public procurement systems still have too many loopholes to ensure efficient allocation of taxpayers’ money. A culture of managerial accountability and internal and external audits would ensure the sustainability of a country’s finances, but this is not yet the norm. The quality of asset and investment management needs to improve much more to enable enlargement countries to close the infrastructure gap with EU Member States and reap the benefits of future EU membership, including funding for



investments' (European Commission, *2023 Communication on EU Enlargement Policy*, 2023).

Strong, independent, and proactive regulatory authorities are needed to ensure the proper functioning of the transport, energy, and electronic communications markets in the Western Balkan economies, in line with the requirements of the EU *acquis*. The alignment of secondary legislation in a wide range of sub-sectors is also a key prerequisite for the implementation of the *acquis* and requires significant regulatory and legislative efforts, which can be hindered by a lack of administrative capacity in the Western Balkan economies. Currently, the regulation of transport modes in the region is improving through efforts to update legislation and establish regulatory bodies to enhance safety standards, promote competition, and ensure compliance with EU regulations. However, inconsistencies in implementation, limited institutional capacity, and infrastructure deficiencies hinder full alignment with the EU *acquis* across the region (OECD, *Western Balkans Competitiveness Outlook 2024*).

The path toward enhanced connectivity necessitates significant reforms in governance, legal frameworks, and socio-economic policies. The EU's progress reports on candidate countries highlight that commitment to the rule of law and institutional reform is crucial for successful integration.

Achieving improved connectivity, both within and among countries, requires a robust framework of comprehensive reforms across various sectors. These reforms are pivotal not just for infrastructure development, but also for fostering sustainable economic growth, social equity, and political stability. Specifically, there are several key areas where reforms are essential:

**Governance Reforms:** Effective governance is fundamental for any reform initiative. Establishing transparent, accountable, and efficient governance structures can instill public confidence and promote civic engagement. It is critical to strengthen democratic institutions and ensure that government actions are aligned with the needs and expectations of citizens.

**Legal Frameworks:** An inclusive and adaptive legal framework is necessary to facilitate cooperation across borders and sectors. This entails the reform of existing laws and the enactment of new legislation that supports innovation, protects rights, and provides clear guidelines for investment and trade. The legal system must also be equipped to handle disputes effectively, ensuring the rule of law prevails.

**Socio-Economic Policies:** Comprehensive socio-economic reforms can enhance resilience to economic shocks and promote inclusive growth. This includes investing in education and training programs to equip the workforce with the necessary skills, as well as implementing social safety nets to protect vulnerable populations. Economic policies should also focus on sustainability to balance development needs with environmental protection.

**Commitment to the Rule of Law:** The EU's progress reports on candidate countries underscore the critical importance of a steadfast commitment to the rule of law. This not only includes judicial independence but also the fight against corruption, ensuring that all citizens have equal access to justice. Strong legal institutions are vital for ensuring stability and predictability, which in turn attract foreign investment and facilitate trade.

**Institutional Reform:** Strengthening institutions is crucial for the effective implementation of policies and reforms. This involves enhancing the capacity and efficiency of public administration, ensuring that institutions are staffed with qualified personnel, and fostering a culture of meritocracy and professionalism.

In conclusion, the journey toward improved connectivity and integration demands a holistic approach that encompasses reforms in governance, legal structures, and socio-economic

policies. The commitment to these reforms is essential for cultivating a stable environment conducive to growth and collaboration, ultimately leading to successful integration into broader socio-economic networks.

Modernizing infrastructure to meet the EU standards is essential for the Western Balkans to increase connectivity. This includes upgrading roads, railways, and ports to integrate seamlessly with the EU's broader transport network. Without such modernization, bottlenecks, poor-quality roads, and outdated rail systems will continue to hinder connectivity.

According to the European Investment Bank (EIB, 2024), 'there is a substantial public infrastructure gap in the Western Balkans, which remains an obstacle to faster private sector development, economic prosperity and integration into the European single market'. According to an International Monetary Fund analysis, average infrastructure development in the region is about 50% lower than the EU average. Existing infrastructure bottlenecks also hamper economic convergence and integration into global value chains. Well-defined public infrastructure development, along with stronger public investment management frameworks, could considerably increase the efficiency of public spending and help leverage financial support from the European Union, international financial institutions, and donors. As indicated in the World Bank Report for the Western Balkans, past improvements in infrastructure have increased real income by around 5%, with the potential to boost it further by 7% in the case of EU accession' (World Bank, 2023).

According to the World Bank (2023), in the Western Balkans, 'transport-related infrastructure also requires attention - their current quality undermines export potential. [...] Higher-quality infrastructure in transportation, supported by improved quality and, for some countries, higher levels of public investment spending, would facilitate the shipping of goods to markets.'

As for the challenges of public infrastructure investment in the Western Balkans, the European Investment Bank (EIB, 2024) notes that 'as they work towards EU membership, countries in the region are strongly encouraged to continue upgrading their infrastructure and to swiftly introduce the necessary reforms. However, harmonizing the legal framework with that of the European Union and developing modern infrastructure both depend on the ability of countries to bring forward new strategies and projects. Limited fiscal space means that scaling up public investments can be a challenge. Through different funding mechanisms such as the Instrument for Pre-Accession Assistance, the enlarged countries have access to EU funds even before becoming an EU member state. To fully leverage this advantage, they need to have mature, well-prepared projects eligible for EU funding. Preparing these kinds of projects and equipping national project management teams with the necessary knowledge and resources are key to successfully seizing these opportunities.

The growth of connectivity in the Western Balkans – through regulatory framework, reforms, infrastructure development, etc. - will bring important benefits to the countries in this region.

Regulatory frameworks that promote cooperation among the Western Balkan countries (concerning customs, border control, and transport standards) are important to facilitate travel and trade. At the same time, efforts in regulatory harmonization are critical in reducing bureaucratic hurdles that often slow down transport and contribute to inefficiencies in logistics. The implementation of common standards and policies will enhance the attractiveness of the Western Balkan states to foreign investors and will improve the overall business environment. By prioritizing and investing in connectivity involving transport, cultural integration, and regulatory reforms, the region will gain significant socio-economic benefits. Economic growth, regional stability, and enriched cultural exchanges will be the results of the enhanced connectivity in the region. So continued collaboration among the Western Balkan nations,

supported by the EU and international partners, is crucial to fully realize this potential and create a more connected, prosperous future for all.

Investment in transport infrastructure is vital to unlocking the region's economic potential. Improved road networks, railway systems, and air transport can facilitate trade not only within the region but also with European Union markets and beyond. The EU has recognized the significance of this connectivity and has invested significantly through initiatives like the Western Balkans Transport Community and the EU's Connectivity Agenda. These efforts aim to modernize infrastructure, harmonize transport regulations, and enhance interoperability within the transport sector.

The Western Balkans' integration into the EU's Trans-European Transport Network (TEN-T) is a critical component of regional development, facilitating trade, investment, and overall economic growth. However, fully leveraging the benefits of TEN-T connectivity requires comprehensive reforms in governance, infrastructure, and public administration. These reforms are essential to align the region with the EU standards, address institutional weaknesses, and ensure the efficiency of projects linked to TEN-T.

Governance reforms are pivotal in maximizing the Western Balkans' benefits from TEN-T integration. As outlined in the consecutive Commission's Enlargement reports, many Western Balkan states face governance challenges, such as corruption, bureaucratic inefficiency, and lack of transparency, which undermine their capacity to implement complex infrastructure projects effectively. At the same time, robust and transparent governance frameworks are important to ensure transparency in the allocation of EU funds, especially for large-scale infrastructure projects under TEN-T. Without improved governance, the region risks inefficiencies in project execution and difficulties in attracting private investment, crucial for long-term infrastructure development.

Therefore, delivering sustainable transport systems depends on good governance, which requires political will, effective legal and regulatory frameworks, institutional capacity, accountability, commercial discipline, and best practices (European Bank for Reconstruction and Development, *Transport Sector Strategy 2019-2024*).

Improving connectivity within the Western Balkans, as well as between the Western Balkans and the European Union, is a key factor for growth and jobs and will bring clear benefits for the region's economies and citizens. In the same time, connectivity in the Western Balkans is a cornerstone for fostering regional stability, economic development, and cultural exchange. Improved travel links and communication channels foster people-to-people connections, enabling the movement of not just goods, but also ideas, traditions, and cultural practices. Educational exchange programs, cultural festivals, and collaborative initiatives among local communities can serve to strengthen mutual understanding and respect among the diverse ethnic groups in the region.

## **Conclusions**

Transport connectivity is a key enabler for integration, reconciliation, and economic development in the Western Balkans, a region still grappling with the legacy of conflict and fragmentation. The expansion of the Trans-European Transport Network (TEN-T) corridors, especially the Mediterranean Corridor, offers a strategic opportunity to link the Western Balkans more closely to the European Union (EU) and its major capitals. These corridors not only improve physical infrastructure, but also serve as a bridge to European values, fostering shared history, cultural exchange, and mutual understanding among the countries in the region. By enhancing connectivity, the Western Balkans can integrate more deeply with the European market, boosting trade, investment, and economic competitiveness. Better transport links will

facilitate the movement of goods, services, and people, offering improved access to education, healthcare, and employment opportunities. The resulting economic growth can help reduce unemployment, foster entrepreneurship, and attract foreign investment, all of which are vital for the region's stability and prosperity. Additionally, increased connectivity will encourage cross-border cooperation and help reduce ethnic tensions by facilitating people-to-people contact, thereby contributing to reconciliation efforts.

However, to fully benefit from these opportunities, the countries in the Western Balkans need to undertake significant political, economic, and institutional reforms. Reforms are needed to align national policies with EU standards, particularly in areas such as governance, rule of law, public procurement, and environmental protection. Strengthening institutions and addressing corruption are essential for ensuring that infrastructure projects are implemented efficiently and transparently. Moreover, reforms in the transport and logistics sectors will be necessary to modernize and harmonize regulatory frameworks with EU requirements, ensuring the seamless integration of the region into the EU's transport system. In this context, the development of TEN-T corridors is not only an infrastructure project but a catalyst for broader transformation. By connecting cities like Tirana, Skopje, Sofia, and Bucharest, the Western Balkans can gradually integrate into the EU, not only through improved mobility, but by embracing the values of democracy, good governance, and social cohesion. The success of these transport projects depends on the region's commitment to reforms, which will ultimately pave the way for closer ties with the EU and foster a more peaceful and prosperous future for the region.

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## Causes of Democracy Drawbacks in the Western Balkans

Dr. Avdi Smajljaj

*EPOKA University*

### Abstract

*The Western Balkans region remains a grey-colored area on the EU map. This greyness, among others, represents the hybridity of Western Balkan democracies. The six Western Balkan democracies have been in their fourth decade of democratization since the transition started. Yet, the fate of their democracies continues to be shakable with significant drawbacks. The paper looks at the causes of democratization drawbacks in the six Western Balkan countries: Bosnia and Herzegovina, Serbia, Kosovo, North Macedonia, Montenegro, and Albania. It pertains to focusing on the similarities and differences among the cases concerned. The paper explores the causes of democratization drawbacks based on the model of democracy consolidation provided by Wolfgang Merkel, at the four levels of consolidation: institutional consolidation, representative consolidation, behavioral consolidation, and civic consolidation. The paper will rely on the data of measurements by international institutes, and other secondary sources.*

**Keywords:** Democracy consolidation, democratization drawbacks, the Western Balkans

### Introduction

The eve of the 90s brought hope along Eastern Europe, up to the Western Balkan region. It broke the Iron Curtain and provided a historical opportunity for freedom, liberty, and democracy. Such a development was embraced with high enthusiasm. The level of enthusiasm at that time blurred the shortage of potential preparedness to manage freedom, liberty, and democracy. As time passed, the necessity to possess some vital conditions for democracy to be rooted came to the forefront. Soon the daily usual concerns started to observe the opportunities and challenges accompanying the liberalization and democratization process. Some in a better position, like political elites, very skillfully started to make use of the opportunities that democratization in such an uneasy context brought to them personally, their kin, and closed circles. On the other side, those outside of the circle of political caste, society at large, started to bear the costs of challenges accompanying the democratization process. So, the process of democratization in the Western Balkans is associated with considerable upheavals. Despite considerable achievements during the phase of regime change, from communism to democracy, remarkable pitfalls are observable. Even after more than three decades of democratic transition, it looks like there is no end to it. In addition, there are obvious drawbacks in the process of democratization. At some level of democracy consolidation that appeared to have achieved a degree of consolidation, there are clear democracy declines and democracy consolidation drawbacks.

Thus, the paper aims to explore the causes of democracy consolidation drawbacks in the Western Balkan countries. Democracy backsliding can be studied from several perspectives

and at various focuses since it is a multi-encompassing issue. Yet, our focus here is only on the causes of such developments. The paper uses the model of democracy consolidation developed by Merkel (1999). The multilevel model of democratic consolidation is comprised of the four levels of consolidation. The institutional/constitutional level of consolidation includes the creation and setting of a democratic constitution and the main democratic institutions. In terms of the time demand, this level is expected to take less time and constitutes the first step towards democratic consolidation. It is a level that takes place usually at the elite level. In the case of the Western Balkans countries, this level of consolidation was considerably swift, though at large very much due to the support of the international community, sponsors of democracy in the region, the US, and the EU. The second level of consolidation is representative consolidation. It is also an elite consolidation, but to some extent also a mass consolidation. When we speak of political parties that are the main actors at this level, then we also speak of masses, not only elites. Democracy consolidation at this level is expected to take a bit longer than the first level, especially if we consider the democratic behaviors and attitudes of political parties as the main actors at this level. Political parties and party systems in the region proved to be the main actors in promoting democracy at the initial stages of democratization. The dose of democracy that was provided by political parties at the beginning of consolidation proved quite sufficient. For instance, setting democratic constitutions and institutions. Yet, later demands of democratization were not sufficiently addressed by political parties. To some extent, they even started to play the role of the obstacle to further consolidation. They could not deliver in terms of further democratic values engineering. The third level of consolidation is behavioral consolidation. At this level, consolidation is meant to bring under democratic rule any of the actors that might have a tutelage power that might challenge democracy. In some cases, military counts on such behavior and power. But, in the case of the Western Balkan countries, it is organized crime that has such power (Merkel 2007). Informality and organized crime continue to be among the main challenges to democracy consolidation. The fourth level is the consolidation of civic culture. Here it is expected to be a sort of value change at the cultural and mass level. It takes longer and it is very much interrelated with the other three levels of consolidation. It gives to and takes from the three levels. In the Western Balkans, the consolidation of civic culture is far back from expectations.

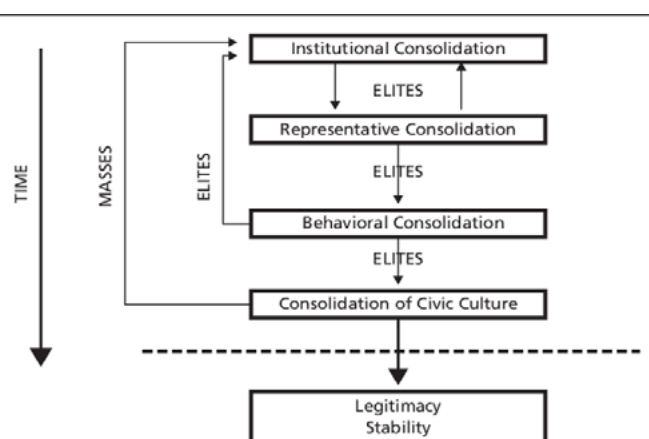


Fig. 1 Four levels of democracy consolidation (Merkel 1999)

Rendering to the most influential international measurements of democracy index, the Western Balkans continue to roll around flawed democracies and hybrid regimes. According to the Economist Intelligence Unit (EIU 2023), the six Western Balkan countries oscillate within the



flawed democracies and hybrid regimes, making points forward and backward within the category of flawed democracies. Montenegro, Serbia, North Macedonia, and Albania are flawed democracies while Bosnia and Herzegovina is counted as a hybrid regime. On the other hand, almost the same rating about the Western Balkan countries is given by the Freedom House (Freedom in the World 2024). In terms of the freedom scale Kosovo, Albania, North Macedonia, Serbia, Montenegro, Bosnia, and Herzegovina are placed under the category of partly free. While in terms of the democracy index, they are considered transitional and hybrid regimes. Several studies also highlight the state of democracy in the region (Caglić 2024; The Crisis of Democracy in the Western Balkans 2017).

Despite being in the fourth decade of transition and democratic consolidation, the Western Balkan countries continue to struggle with the problems of transition. To some extent, there was a perceived success story of democratization. Yet recently there a clear drawback in this process, increasing the likelihood of a sort of reversible process. Considering the above-explained model of consolidation, and the drawbacks in the democratization process in the region, the paper will apply it to study the causes of democratization drawbacks at each of the levels in the Western Balkan countries. Speaking about causes, one needs to take into account the multiple levels of causes and multiple causations in the chain of causes. However, the paper will focus on the immediate level of causes, the ones that directly impact the drawbacks in each of the four levels.

### **Causes of Institutional Consolidation Drawbacks**

Institutional and Constitutional democratic consolidation in the Western Balkans formally was set very swiftly. Immediately after the fall of the communist regimes the door for democratic institutions was open. The democratic constitutions replaced the authoritarian ones, and democratic parliaments and governments soon followed the fall of the previous regimes. This was largely developed with the support of sponsors of democracy in the region the EU and the US (Đukanović 2024). Such support smoothed the institutional transition process. It helped in the formal structuring of the institutions through the knowledge and expertise provided. Moreover, it added to the legitimacy of such institutions, initially mostly legitimized on transition enthusiasm grounds. Meanwhile, this had its side effect. It opened the way for less input from the society level to the institution and constitution-building process. At first sight, it made the process easier, but soon the discrepancies between society's values, demands, needs, and the institutions and constitutional values emerged and took hold. At later stages, it created difficulties in terms of functioning, legitimacy, and sustainability of institutions and credibility of constitutions as well. Such a gap provided a safe bed for the development of informality (Kmezić 2020, Cvetičanin, Popovikj, Jovanović, 2019) that today poses one of the main causes of democratization drawbacks in the region. In a milieu with a high level of informality that challenges formal institutions, it is easy to emerge and dominate politicians with authoritarian values. The weak formal institutions find it difficult to put under the rule of law such powerful politicians. It provides a very good opportunity for those powerful politicians consistently to erode the power that the formal institutions used to have at the very beginning. Nowadays, state capture in the Western Balkans (Zúñiga 2020) is one of the main games in town. In terms of institutional and constitutional consolidation level, such developments decrease the prospects for such a consolidation, especially if we speak of stable and sustainable democracy. Furthermore, it endangers even the formal/on-paper constitution and institutions. Since such constitutions and institutions lack immunity capacities to any

authoritarian tendencies to replace them with authoritarian ones. This is reflected also in their functioning, in terms of their inability to deliver. Consequently, the inability to deliver leads to the erosion of legitimacy at first, then later even to their collapse. Nothing can stand for long if it can't deliver.

### **Causes of representative consolidation drawbacks**

Political pluralism in the Western Balkans took root soon after the fall of communism. At this stage, it was important to have political parties that would serve as the main linkage between society and governing institutions, and most importantly to populate the parliament as the main representative and legislative institution in democracy. A considerable number of parties emerged (Laštro, Bieber 2023). Several elite figures organized among themselves supporters based on what they created political parties. Usually, the number of parties at the beginning was very high. Later, political pluralism was structured around a few major dominating parties in the countries. Such party systems fulfilled the countable criteria of a party system constituting political pluralism. However, as it was the lack of young democratic institutions and constitutions, political parties emerged in a chaotic environment in terms of democratic values. Political parties as organizations were shaped by semi-authoritarian values present among a considerable number of elites. This was matched with a high degree of authoritarian values at the societal level. As such, political parties could not be trusted as agents of sustainable democratization. They served largely as did the institutions, formally/on-paper democratic institutions (Passarelli 2019). The lack of internal democracy and undemocratic competition among the parties decreased the potential that political parties could serve as legitimizers of democracy and facilitate democracy consolidation. They skillfully used weak institutions to colonize them, weakening them further. The authoritarian organization of political parties, with unchallenged leaders at the forefront reflected authoritarianism further. In addition, often parties served as polarizing actors in society. However, the type of polarization they provided is mostly a personalistic one, as often they are known for lack of ideological orientation. Personalistic polarization served as a machine of authoritarian values in society. Therefore, this is also reflected in the low level of representation and integration of society in politics, which is vital in the process of democratization. And such a low of representation decreased the likelihood of future democratization prospects, as it deteriorated the trust of society in political parties, democratic institutions, and democracy in general. With such political parties in the Western Balkan democracies are known for party/parties state democracies, where almost everything is dictated by political parties, leaving not much space for independent institutions and the public sphere where a democratic-oriented civil society could flourish, as democracy requires. In such a milieu, one could hardly speak of the development of the main principles of democracy, accountability, transparency, and responsibility. It is of importance to be highlighted that recently even the pluralism in numbers is proving unsustainable itself. The recent domination of party systems by a single party in some Western Balkan countries is a clear signal of the beginning of the erosion of political pluralism as well. Ethnicity and ethnic parties remain the significant guarantees of pluralism in the region.

On the other hand, civil society, at the level of representative consolidation, is considered to have a complementary role in democracy and democratization. The number of organizations within the sphere of civil society emerged very rapidly with the transition. In terms of numbers and the field of activities they deal with they constitute a huge number of such organizations

(Bojicic-Dzelilovic, Ker-Lindsay, Kostovicova 2013). However, regardless of the huge number of such organizations, do not seem sufficient in terms of their role as promoters and developers of democracy. Probably this is also due to the fact, that the civil society in the Western Balkans does not rely on its members coming from the middle class that have a financial independence as a necessary to political influence. Civil society in the Western Balkans continues to remain highly dependent on donors, initially international donors, and later increasingly government donors (Donor Strategies and Practices for Supporting Civil Society in the Western Balkans, 2013). Therefore, civil society also largely failed to contribute to the consolidation of democracy in the second level of consolidation.

The feeble political and social pluralism produced by such political parties and civil society organizations is not promising for democracy consolidation, and therefore we have the never-ending transition.

### **Causes of Behavioral Consolidation Drawbacks**

All the levels of democratic consolidation are interlinked, they give to and take from each other. The same is the case for the third level of consolidation. The Western Balkans after the wars they experienced were free from any potential exercise of tutelage power by the militaries. Their strength was mostly gone with the collapse of the communist regime which relied a lot on them to enforce their rule. However, in the Western Balkans, there were other actors that exercised tutelage power (Merkel 2007) and could not be brought under democratic rule. In a high level of informality and weak institutions flourished organized crime (Measuring organized crime in the Western Balkans, 2020). Organized crime in the Western Balkans was and continues to be very influential, penetrating at all levels, from the top up to the low levels. As such, it decreased the prospects for a clear division between politics and economy, and institutions of justice and security. The most responsible body, normatively, responsible for countering and fighting organized crime, the state and its institutions, was not developed sufficiently to be able to do so. Moreover, if we speak of the presence of state capture in the region, then organized crime often incited and mediated it. Thus, organized crime compromised comprehensively the democracy consolidation prospects and is counted as one of the main causes of democracy backsliding in the region.

In this regard, it is important to highlight the approach of the international community to combating such a tutelage power in the Western Balkans. The main sponsors of democracy in the region, the EU and the US, consistently condemned the presence and the role of organized crime in the region. But, due to their stabilitocratic approach (Zweers et.al. 2022) towards the governments in the region, no impactful measures were taken to pressure the government to fight organized crime. The prospect of democracy consolidation with such a tutelage power, organized crime, is bleak.

### **Causes of Civic Culture Consolidation Drawbacks**

The fourth level of democratic consolidation, theoretically and empirically, is very much dependent on the three other levels of consolidation. They are meant to give and contribute to the fourth level, which is much more a long-term level of consolidation. The three other levels were meant to generate democratic and liberal values if the consolidation was to work well there. Yet, in their failure to happen, democracy consolidation in the Western Balkans was accompanied by long-rooted authoritarian values. Different from Eastern Europe, the Western

Balkans lacked historical experience with democracy. It was almost all the time exposed to various degrees of authoritarianism, that made societies in the region embody very much authoritarian values (Bieber 2018). This is coupled with the lack of consolidation at other levels that could promote democratic values. Furthermore, during the almost four decades of transition, society could not socialize much with democratic and liberal values. As stated above, the values promoted by political pluralism, political parties, and civil society organizations did not reflect democracy and liberalism. So, society was not able to socialize itself with democratic and liberal values. On the contrary, the authoritarian behaviors and attitudes dominating politicians and civil society reinforced the long-rooted authoritarianism among the societies in the region. Such development brought society to two possible worldviews. Either empowering the traditionally held authoritarianism as an ideal or considering the authoritarian behaviors present during the transition as a workable way of things, compromising democracy and blurring further consolidation prospects. Any openly authoritarian politician that aims to consolidate its autocracy has a safe bed to do so.

## Conclusion

The direct appealing causes of the failure of democracy consolidation in the Western Balkans are to be found at all four levels of the multi-level democracy consolidation model. Starting from the wide gap between formal and informal institutions as a result of formal/on-paper institutions set on widely foreign grounds, not much reflecting the context. It provided a sort of short-term consolidation, unable to give much to the other three levels. Later, as confronted with reality being weakened consistently to a level of easy ridden by authoritarian tendencies. At the representation level, the political pluralism and party system developed largely quantitatively, in numbers, with a high number of political parties. However, it failed to materialize the substantial political and social pluralism. And now it is threatened by being dominated by a single party. Civil society as well, lacking its spring from the middle class, became highly dependent on international and later government donors. It compromised its independence as a requirement for it to deliver. The behavioral consolidation lagged due to the powerful organized crime mediating politics, economy, and institutions. Making democracy unable to serve as a system for all, but rather just for a few. Consequently, the last level of consolidation reflected the developments in the three previous ones, as they could not engineer democratic values among society. In this way, authoritarian values, being active or passive, or both, present in society empowered themselves stronger, as a refresh to manifest themselves now in another context that oscillates between formal democracies and real autocracies.

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## **The Importance of Online Customer Reviews as a Key Influencer in Purchase Decision-Making in the Industry of Tourism: Evidence from the Albanian Coastline**

**Dr. Besjon Zenelaj**

*EPOKA University*

**Enxhi Brahimaj**

*EPOKA University*

### **Abstract**

*This research examines the intricate patterns of online reputation management within the hotel sector along the Albanian coastline. In the rapidly evolving landscape of modern tourism, the hospitality industry plays a crucial role in shaping the online reputation of destinations. This research identifies the key factors influencing the online identity of the hotel industry and its perception by integrating scholarly literature, digital platforms, and comprehensive analysis of internet data. By analyzing online reviews and optimizing website performance, the research meticulously investigates each detail to assess its impact on hotel reputation and visitor booking behavior. By encompassing a sample of 45 hotels sourced from Booking.com, all classified within the 4-star and 5-star categories, this research offers a comprehensive analysis and pragmatic recommendations for hotel managers aimed at enhancing traveler experience and improving the online reputation of the Albanian coastline in the contemporary digital landscape. By advocating for substantial investments in customer service quality and infrastructural development, the region can effectively position itself as a premier travel destination along its picturesque shoreline. These strategic improvements are essential for attracting discerning travelers and fostering sustainable tourism growth in the area.*

**Keywords:** *Tourism, Destination Management, Decision-Making, Consumer*

### **Introduction**

Reputation might be an intangible resource that can provide a long-term competitive advantage. (Barney, 1991; Fombrun, 1996; Fombrun & Shanley, 1990). Taking it into consideration it becomes more challenging when social media merges because it provides new platforms for shaping and sharing perspectives. The concept of "online reputation" is frequently used for professional purposes and Albanian tourism needs its presence, especially the role of social media.

Among all of the facilities, it is vital to mention the increasing role and effective connection between businesses and customers. During the pre-purchase inspection phase, customers may not be exposed to all important data and must rely on accessible clues and signals for determining trustworthiness. That is why online reviews have a strong impact because potential customers would rather trust internet reviews more than approved destination or hotel recommendations.

The introduction of Internet platforms even for the Albanian market, has transformed how travelers take in consideration and choose locations. Tourists generally use social networking sites to provide comments on their experiences. Feedback consists of ratings, viewpoints, and

remarks submitted. They may be found on websites like Booking.com and TripAdvisor which are the most popular ones. These online platforms collect feedback from users and assign ratings to each property. Additionally, all this information, which is easily accessed, helps everybody interested and affects their decisions. Lately, hotels have created their business pages to help guests and potential customers interact with each other.

As mentioned above, Booking.com and TripAdvisor are among the major hotel review networks with worldwide exposure. However, they both take distinct approaches to hotel reviews where TripAdvisor allows anybody to publish reviews, regardless of whether they have been or not at the hotel. This leads to potential false reviews, giving this website poor reliability. Meanwhile, on Booking.com there needs to be a reservation through this web page, to leave an opinion. According to Ivanov (2014), Booking.com reviews and ratings are more unbiased as well as less manipulated than TripAdvisor.

Among the hotels of the Albanian Coastline, analyzing 4-star and 5-star hotels was considered the best choice for the research, since they provide valuable insights delving into the experiences and perceptions of high-end accommodations. First of all, choosing to stay at 4-star and 5-star hotels typically increases the expectations of customers, regarding overall guest experience and service quality when compared to lower-rating accommodations. Furthermore, their evaluation helps to identify the aspects that contribute to fulfilling these high standards, enabling them to customize promotional methods and service offers to more effectively fit their requirements. Additionally, offering fine dining areas, gym and spa facilities, and luxury accommodation, the review analysis will also help in deciding the most valued variables and their problems.

For the research 4 and 5-star hotels were taken into consideration since they already have a strong brand reputation, which will help the researcher to analyze how well these promises are kept which is crucial to being loyal to the tourism industry. The tourism environment is competitive too, and studying only this category enables one to benchmark performance against the same league competitors. But even though they tend to put themselves apart through attention to detail, the analysis of 4-star and 5-star hotels facilitates assessment the degree to which these properties fulfill their claims.

Another aspect worth mentioning, for this research is, reviews from 15 August 2023 to 30 September 2023 were analyzed since monitoring during peak and slower times, helps in understanding the pattern of customer behavior and satisfaction. Furthermore, it reveals variables affecting the overall rating which simply means that if clients are complaining about the same thing even in different seasons, then this without a doubt leads to the conclusion that there is an area for improvement.

To sum up everything that has been stated so far, this research focuses carefully on the complex structures of managing online reputation in the hospitality industry, with a particular emphasis on hotels located in the attractive landscape of the Albanian Coastline. Also uncovering the key factors that influence consumer behavior, in the realm of hospitality. This study covers Booking.com's database more because of its larger quantity of accommodations when compared to TripAdvisor. Additionally, to address the research purpose, over 5,000 reviews by visitors were analyzed. Finally, this study wants to provide hospitality professionals with the information and resources they require to be successful in the age of technology.

Albanian Coastline is well known for its breathtaking coastline, where the rich cultural heritage emerges and becomes an increasingly popular choice for tourists looking for an original Mediterranean adventure. Lately, the introduction of online platforms and website reviews has completely changed the perspective of how travelers research, book, and even review their

accommodations. Review websites have become a key source of information providing details about the overall experience, customer service, and quality offered by hotels on the Albanian Coastline.

The importance of internet reviews in travelers' booking selections needs to be pointed out. According to study data, a large percentage of tourists check online feedback before the reservation process, and favorable evaluations have a great impact on their decision of lodging. In contrast, negative feedback could discourage potential customers, resulting in missed reservations and income from hotels.

Addressing the fundamental elements influencing internet reviews is critical for hotels on the Albanian Coastline looking to sustain a positive image and welcome tourists. Customer service, positioning, facilities, hygiene as well as value for money are all significant variables in determining customer satisfaction and, as a result, online feedback rankings.

Furthermore, hotel management's response to customer complaints and suggestions has a significant impact on the website reviews. Guests enjoy accommodation that respond to their problems quickly and efficiently, and pleasant encounters with managers may result in great ratings and stronger customer relationships.

Moreover, to customer experiences, there are plenty of external variables involving reputation management methods, competition, or internet exposure, that have a direct effect on these ratings. To distance themselves from their rivals or the competitive market, hotel managers should maintain a visually pleasing updated web presence and regularly interact with their guests on review sites, which automatically leads to receiving good feedback.

Considering these considerations, these online powerful tools for hotels in Albanian Coastline will help to attract and satisfy customers. By unlocking the key factors, that influence online reputation and executing efficient public image management techniques, hotels will not only boost their reservations and improve their online reputation but also succeed in Albania's dynamic hospitality market.

The main goals can be broken in these research questions:

What are the key factors influencing online reviews of Albanian Coastline hotels?

How do the quality of service, facilities, cleanliness, value for money, location, or other crucial components as well as response to visitor opinion influence online review ratings?

How can hotels use favorable online feedback to set themselves apart from rivals and offer a unique advantage in the Albanian Coastline accommodation market?

## **Literature Review**

### **The Albanian Coastline: Tourism and Hospitality Environment**

Albanian Coastline refers to the stunning Albanian coastline that has grown into an attraction for tourists looking for unforgettable moments, where historical depth emerges with unspoiled scenery. This literature research investigates the interwoven connection that exists between the Albanian Coastline's tourism environment and the hospitality industry, offering insight into the region's points of difficulties, interest, and prospects for healthy tourism growth.

Tourism and hospitality are more than intertwined, both affecting and complementing each other, where the nature of beauty serves as a backdrop for a thriving lodging sector that provides a variety of accommodation, as well as activities to satisfy various tourist tastes. Research by Gjergji et al. (2020), highlights the coastline's born attraction as a magnet for tourists. Based on insights obtained from the Albanian Ministry of Tourism and Environment,



the nation's coastline, involving Dhërmi, Himara, and Ksamil, draws approximately 1.5 million people yearly and these numbers are constantly increasing.

### **Tourism development regarding infrastructure**

During the last few years, the Albanian Coastline has experienced a beautiful dramatic change due to plenty of improvement and funding in tourism-related infrastructure, such as the growth of traveling networks, lodgings, and places to relax.

Nevertheless, infrastructural weak points, fluctuations in demand, or even insufficient management, continue to affect tourists' overall experience and as a result competition among destinations. To strengthen Coastline's adaptability to both environmental and economic crises, Krasniqi et al. (2021) emphasized the vital importance of long-term building projects, while incorporating environmentally friendly technologies.

In parallel, the hospitality sector has another pivotal role in supporting economic vitality. WTTC stated in 2021 that tourism is growing and contributes more than 20% to the overall Albania's GDP, along with upgrades to infrastructure encouraging tourist increase flow followed by revenues.

### **Hospitality service quality as a crucial component**

Considering factors like authenticity, high-quality service, hygiene or even cost-efficiency this section delves into the diverse character of hospitality services along the Albanian Coastline and their influence on tourists' overall pleasure. Furthermore, a wide range of studies in the field of hospitality administration demonstrate the immediate need for quality.

While traveling, customers are looking for a home apart from their real one and this duty belongs to the hotel managers. Mihali et al. (2020) supported this point of view and declared that accommodation shapes the tourists' expectations of the destination's level in addition to delight. In general, without mentioning the basic services, it is more than valued when it comes to personalization and facilities are provided to the customer since it means that there was effort conducted by the staff to maintain high standards. Another research was provided by Krasniqi et.al. (2019) underlines the importance of cost as well as price among hotel options, especially for tourists on a budget. It is believed that you can have fun even at a low or average cost, but all of this needs to be balanced according to the hospitality or assistance quality.

In conclusion, capital investment in infrastructure improvements, employee training, and product variety is critical for guaranteeing that tourism amenities meet altering consumer tastes, resulting in lasting alongside satisfying encounters for visitors considering the Albanian Coastline's breathtaking and socioeconomic marvels.

### **Online reviews from clients**

Studies regarding online consumer reviews have shifted their focus on the consumer decision-making process and under its effect, it has widely examined the idea of trustworthiness in online evaluations, considering that there is some degree of confusion surrounding the quality of the products. Smith and Wheeler (2002) claimed that reviews are a type of electronic words-of-mouth (eWOM), that has a big impact on what customers decide to buy. Cheung et al. (2008) also declared that this gives visitors insightful information on the caliber of the products, the level of care provided, and overall client satisfaction.

The impact of online reviews on businesses can be both negative and positive. Anderson (2003) claims that to lower the insecurity connected with online transactions and perceived danger, customers frequently rely on online reviews. The improved image of a business is followed by

a boosted income, and this fosters a sense of trust among customers which is strongly related to positive client feedback, Dellarocas et al. (2007) declared. On the other hand, Chevalier & Mayzlin (2006) on their research discussed that bad assessments may negatively impact on a business's image, leading to customer loss. Furthermore, Zhu and Zhang (2010) stated that to preserve a positive online presence, firms must take control of their web presence and have a reaction toward client critiques.

Mudambi and Schuff (2010), examined the usefulness of reviews as an indicator of what is considered helpful in the decision-making process, represents information diagnosticity, and showed that reviewing in depth had benefits. Additionally, review trustworthiness was studied by Baek et al. (2012) using sentiment modeling to mine review content. Researchers discovered customers frequently concentrate on several sources of detail, including reviews, and rely upon the duality system hyperresearch. In particular, central information processing refers to the entire number of words in feedback and the number of unfavorable ones influences the step of evaluating options. In contrast, external cues refer to star ratings that are helpful during the research phase.

To keep going, numerous earlier studies delved into the relationship between online sales and level of satisfaction. Although some studies have found that higher review scores correlate with greater corresponding sales via the Internet, Chen and Wu (2005) and Duan et al. (2008) proved that higher product ratings do not always translate into higher sales. They clarified that customer preferences may vary to the point where various consumers use diverse viewpoints to inform their own purchasing decisions.

As a result of the tourism and hospitality sector, a few academics investigated how online critiques go through decisions made about journeys (Xiang & Gretzel, 2010), lodging establishments (Sparks & Browning, 2011), and travel agencies (Duverger, 2013; Ogut & Tas, 2012). Their outcomes indicate that online reviews level up consumers' perceptions of hotels, which in turn supports in the development of their expectations.

### **Perceived usefulness of online reviews and factors affecting it**

Throughout the colorful ecosystem of the Albanian hospitality sector, online ratings have a considerable impact on travelers' selections, acting as virtual mentors in their search for the ideal hotel stay. A poll by the Albanian Tourism Association reported that 85% of tourists read internet reviews before considering booking lodgings in Albania. Nevertheless, worries concerning fraudulent assessments are widespread, with 70% of those surveyed questioning the legitimacy of evaluations. Identifying these elements that influence the perceived usefulness is associated with such ratings that work both ways, guests and hotels navigating the nation's changing tourism industry.

Previous studies, by Cheung et al. (2008) have been focusing on finding elements that impact information usefulness and find it a crucial driver of customer compliance. In general, clients are more prone to respect and believe, reviews that appear to be unbiased and authentic. Ye et al. (2009) discovered that customers are becoming greater skeptics of evaluations on the Internet as a result of the frequency of false as well as manipulative evaluations. In addition, Luca (2011) found that platforms that verify comment legitimacy via authentication techniques and transparency measures improve the perceived value of their evaluations.

Furthermore, consumers like reviews that include precise information, in our case, about hotel facilities, cleanliness, location, or service quality. Vermeulen and Seegers (2009) on their research, provided that the most favorable reviews are the ones that concentrate on their personal experience or issues, helping them to shift towards valuable choices. Schindler and Bickart (2012) as well, in their study stated that visitors check reviews based on their content

and style. In accordance, this research delves into the subjective features of online communications using Mathwick and Rigdon's (2004) perceived enjoyment and Korfiatis et al. (2012) fluency of reviews.

To keep going with the volume and consistency of hotel online reviews, it also affects their perceived usefulness. An insight was declared by Filleri (2015), showing that a high number of reviews by clients on the business site is for sure related to higher customer interest, since it represents a fuller grasp of the hotel's weak and strong points. Additionally, a larger number of reviews also refers to different perceptions of the hotel's quality.

The total rating of internet reviews is an important variable as well. Positive evaluations with favorable scores tend to be considered more useful to guests simply because they represent a pleasant experience. But we cannot underestimate the power of unfavorable evaluations, which may be useful as they offer beneficial criticism along with suggesting possibilities for growth. Xie et al. (2011) observed that a combination of both positive and negative feedback, without a doubt improves the perceived utility of online reviews by presenting a balanced perspective.

### **Reviewers' expertise**

In travel domains, the reviewer's expertise is more than a need. Kim and Srivastava (2007) highlighted the importance of expertise, meanwhile, Bristor (1990) referred to it as the alleged capacity to convey accurate information and influence reviewers who are "too lazy to verify". Gotlieb and Sarel (1991) also declared that on a certain topic, an 'expert' concept is defined by its level of expertise and comprehension.

Expert reviewers can often be seen as legitimate in their field possessing insights and knowledge that bring credibility to their evaluations. As mentioned above there is an emergence for verifying the falsified reviews and this is brought into the spotlight by Ott et al. (2011), who highlighted the need to expertise them. To be more specific, in the tourism industry travel bloggers, industry professionals, or regular travelers are considered professionals or even better experts of these reviews. There is research provided by Gretzel et al. (2007), where the impact on updating opinions regarding location qualities is analyzed, consisting of places to visit, accommodations, or even cultural activities, therefore affecting expectations and perceptions.

Still, Cheung et al. (2008) stated that what makes it challenging to analyze the sensitive data refers to the insufficient web resources. In a nutshell, the limited resources make it difficult to verify the product expertise based on their traits and social history. This way it leads the expertise to heavily rely on the only opportunity left, earlier comments. Cheung, et al. (2008) additionally specified that people are vulnerable to having a higher perception when reviews are made by experts.

To sum up, studies by Chevalier and Mayzlin (2006) and Lee and Youn (2009), illustrate that consumers tend to shift towards reviews made by experts of the field, as they are capable of providing unbiased logical opinions intertwined with facts.

### **Online booking platforms**

The development of online reservation systems has contributed to an important shift in the way in which tourists organize and reserve their hotels, trips, and adventures. The hospitality industry has evolved to rely heavily on websites like Booking.com and TripAdvisor, which provide travelers with an easy way to browse and schedule a variety of choices. Research by Gretzel and Yoo (2008), provided insights and analyzed the establishment of online travel marketplaces while emphasizing how innovation has influenced how consumers behave and

how travel-related goods and services are distributed.

An analysis by the Albanian Hotel and Hospitality Association states that websites like Booking.com is accountable for more than 60% of reservations for accommodation along the Albanian Coastline. Furthermore, apps are efficient promotional instruments of tourist spots, allowing to promote of attractions, hotels, and other activities to a worldwide audience of tourists visiting.

Buhalis and O'Connor (2020) were the ones who made a study about the relationship between customers and booking platforms and this study declared that online booking platforms have made a major impact on how and what tourists decide. At the heart of online booking platforms, lies the customer experience for which user-friendly interfaces are provided in addition to tailored suggestions. They provide facilities by allowing each user to compare prices, read reviews, and make a reservation without even bothering. At any time, 24 hours per day, 7 days per week no matter what increases accessibility, Sigala (2019) is one of the researchers who supported enhancing the booking experience, reducing struggle, and as a result increasing the number of sales.

Additionally, Xiang et al. (2015) investigated the variables affecting how customers use booking platforms. In their research, they brought to light the important role of credibility, ease, pricing, and reviews in influencing what customers want and their choices. Additionally in his investigation of how internet reviews affect consumers' decisions, Filieri (2015) emphasized the value of reputation administration and the control takeover of review sites for hotels.

In a nutshell, this literature review has illuminated the significant role of online booking platforms, which are establishing themselves as transforming influences in the Albanian tourism industry.

### **Dominance of Booking.com over TripAdvisor**

Switching from conventional reservation techniques to internet-based ones that provide a greater variety, comfort, and transparency. As stated by the INSTAT, bookings made via the platforms increased by 30,1% compared to the previous year, highlighting the growing significance of the Albanian Market.

To begin with, research by Gretzel and Yoo (2008), provided insights into and analyzed the establishment of online travel marketplaces while emphasizing how innovation has influenced how consumers behave and how travel-related goods and services are distributed. This connection was supported by the Visit Albania poll, which stated that 92% of foreign visitors and 85% of local visitors to Albania base their choices on internet reviews.

Providing a little background, even though there is not an exact date, Booking.com (Founded : 1996, Amsterdam by Geert-Jan Bruinsma) was part of the Albanian market around the mid-2010's, meanwhile TripAdvisor (Founded : 2000, Massachusetts by S.Kaufer, L.Steinert, N.Shanny and T.Palka) is known in Albania around late 2010's and is focused more on restaurants rather than hotels. Around 80 % of the overall properties are registered on Booking.com, compared to TripAdvisor which deals with the remaining 20%. Albanian Hotel and Hospitality Association, provided the information that approximately 80 out of 100 hotels, were found listed on Booking.com. Today according to my research, in Booking.com there is a total of 843 hotels, only on the destinations chosen to be analyzed around the coastline: Velipojë, Shëngjin, Durrës, Vlorë, Dhërmi, Jala, Himarë, Ksamil, Sarandë.

In comparison, Booking.com offers a larger variety of travel preferences. Sigala (2015) discussed that success arises from the integrated user-friendly interface and helpful customer

support. Additionally verified reviews, since there needs to be a reservation before posting a review leading to decreasing the chance of false reviews. Surveys made by STR (2020) and Jones and Yang (2021), found out that the majority of hotels reported an increase on bookings after cooperating with it. As reported by Wang and Fesenmaier (2018), tourists appreciate Booking.com's credibility and satisfaction rating, hence it is their first choice for lodging reservations.

On the other hand, between several studies on TripAdvisor, Luca (2011) emphasized the presence of false reviews on the platform, which raised worries among businesses regarding the validity and trustworthiness of reviews, reducing people's trust in the site. A study by Xiang, Du, Ma, and Fan (2017) too, addressed the concern of difficulties in reaching customer support, time-consuming interfaces, or even not dealing with issues effectively, leading to instant dissatisfaction.

In conclusion, this literature review sheds light on the major pros and cons of both platforms and as a result, differentiates Booking.com as a better alternative.

### **Interaction throughout customers and hotel management using Booking.com**

Feedback is more than important on both sides of the medallion, on one hand, hotel managers and the other customers. According to an investigation conducted by Xie and Law (2019), it is critical to accommodate consumer needs while offering personal interaction as they book online, but also important to react to their feedback after visiting and considering it. Furthermore, these kinds of encounters have a major positive impact on total consumer happiness.

The significance of online booking engagements in fostering enduring ties among hoteliers and their guests was highlighted by Kim and Lee (2020). By promptly attending to inquiries while taking initiative, they may develop trust or nurture a devoted clientele. It is important to gather feedback too. The analysis made by Liang and Han (2017), stated that through proactive feedback collection on opinions as well as circumstances, businesses benefit from important insights for ongoing growth of their services.

Moreover, active client interaction over the booking phase enables hotels to anticipate and handle problems before they arise, but even after visiting prevents the hotel management team from making sure the problems will not be repeated. According to research by Chen et al. (2021), prompt answers to questions and efficient problem-solving lead to higher levels of customer fulfillment.

This current research, in general analysis, emphasizes the significance of utilizing online booking engagements to generate favorable experiences for guests, cultivate client loyalty, plus optimize the income prospects of lodging establishments. The hospitality sector's success is greatly influenced by exchanges among establishments and guests' opinions and critiques via Internet booking platforms.

### **Methodology**

In this study, the objective is to dig into the web-based popularity of establishments on the Albanian Coastline along with how it influences reservation practices. Additionally, to achieve it the survey type consists of a mixture of both quantitative and qualitative tools. Quantitative because it contains reviews or numerical data from online evaluations on the platform which are organized and categorized to explain the correlations, and qualitative because the research relies heavily on these reviews, to catch a glimpse of the key factors influencing online reputation. Therefore, this approach allows a comprehensive analysis of the online reputation



of the Coastline, while capturing both numerical evaluations as well as narrative input.

### **Data Collection and Sources**

For the research, 45 hotels located among the Albanian Coastline and more precisely Velipojë, Shëngjin, Durrës, Vlorë, Dhërmi, Jala, Himarë, Ksamil, Sarandë, were analyzed. Between them 11 out of the total belong to the 5-star hotel category, meanwhile, the remaining total of 34 hotels belong only to the 4-star hotel category. The primary source of data is collected on Booking.com, referring to the reviews for each lodging for the timeline, 15 August 2023 to 30 September 2023. Meanwhile, secondary data is related to incorporated literature and professional papers to provide underlying knowledge along with perspective.

### **Ethical Considerations and Limitations**

During the research all the legal norms were followed, ensuring information safeguarding in addition to confidentiality. Furthermore, Respecting customer and location privacy while discussing outcomes. Considering limits that include prejudices when conducting online feedback, accessibility to data limits, and universality concerns as well as developing approaches that address those restrictions. Finally, any sources of information utilized throughout this paper will appropriately be cited followed by acknowledged.

### **Results and Recommendations**

#### **Hotel distribution**

Albanian Coastline was taken into consideration for this research and the chosen destinations are: Velipojë, Shëngjin, Durrës, Vlorë, Dhërmi, Jala, Himarë, Ksamil, Sarandë. The table with the data, indicates the varying concentrations of hotels across different cities. About 4.4% of hotels on the coastline according to Booking.com, are located in Velipojë, 5.8% in Shëngjin, 18.5% in Durrës, 21.8% in Vlorë, 4% in Dhërmi, 2.9% in Jal, 5.2% in Himarë, 18.1% in Ksamil and Saranda has a hotel frequency which is equal to 20%.

A total of 848 hotels among the coastline were found in Booking.com and on the table represented it is more than clear that Vlorë has the highest frequency, which is equal to 21.8% (185 hotels).

#### **Hotel Rating**

After researching 45 hotels, for each of them, the overall rate on Booking.com was collected and summarized according to the location as shown on Table 2. The lowest score is for Jal (7.3) and the highest score is for Himare (8.98). Worth to be mentioned is the fact that most of the hotels with high ratings, on their Booking.com pages, reacted to their customers; reviews. This automatically confirms that hotel managers took into consideration every comment made about their business and implemented them.

Furthermore, an analysis of what the market offers were made, as shown in Figure 1. showed that 306 (36%) of the lodgings were 4-star, 34 accommodations (4%) were 5-star and the remaining part 509 (60%) are 3-star, 2-star, 1-star or even unrated. The results indicate that there is a higher proportion of 4-star hotels which indicates a larger choice of lodging alternatives responding to various price categories. Meanwhile, the existence of 5-star hotels leads to a premium accommodation provision in certain areas.

#### **Overall rating**

Taking into consideration the 45 hotels chosen to be analyzed, based on Table 2. Insights into



the overall rating on Booking.com:

Location	Number of hotels	Hotel star rating		Average rating on booking
		4 star	5 star	
Velipoje	38	2	-	8.1
Shengjin	50	11	1	8.1
Durres	157	55	8	8.54
Vlore	185	70	6	8.82
Dhermi	34	15	1	8.5
Jale	25	14	5	7.3
Himare	44	17	5	8.98
Ksamil	154	55	2	8.8
Sarande	161	59	4	8.4

5-star hotels =  $(8.8+8.2+9.2+8.9+8.7+8.2+8.8+8.2+8.9+7.3+7.2)/11=8.4$

4-star hotels =

$(8.9+8.2+6.7+8.6+8.3+8.8+9.2+8.1+8.2+8.8+8.4+8.1+8.4+8.6+9.5+8.9+9.1+8.8+8.7+8.3+7.4+9.5+5.4+8+8.4+9.7+8.6+9.1+8.5+8.9+8.9+9.4+8.5+8.8)/34=8.5$

While upholding high standards of service and amenities, according to the overall rating with an average of 8.5 for 4-star hotels, which is slightly greater than 8.4 for the 5-star hotels, we are shifted towards a conclusion that there are areas for improvement. Sometimes the rating was related to specific experiences and others to encounter issues. Hotels can use this overall rating around 8, to analyze guest feedback and make changes to elevate and differentiate themselves from competitors even though they provide satisfactory experiences to guests in general.

Review number	Frequency	Percentage
Less than 100 reviews	6	13.4%
100-250 reviews	11	24.4%
More than 250 reviews	28	62.2%
Total	45	100%

## Reviews and classification

The analysis of hotel review data reveals valuable insights regarding customer engagement and satisfaction levels within the hospitality industry. Based on the data set provided and organized in Table 3, the majority of 28 hotels have on Booking.com web page with more than 250 reviews, which in other words means high customer interaction and feedback. For the smaller subsets (less than 100 reviews and 100-250 reviews), in some cases, they had fewer reviews because the hotels were new and some of them just had not received the attention or feedback. It's worth mentioning the distribution across different areas, when compared some of them have a higher concentration of lodgings, promotional incentives, fame or tourism activity, and

the others just being at a lower stage.

### Complaints and recommendations



On the data analysis made; after taking into consideration more than 5000 reviews from 45 Hotels, these were the weakest points of the hotels. The highest number of complaints goes to Breakfast and Facilities, both with 136 complaints, followed by Untrained staff with 131 complaints. Meanwhile, the lowest score goes for Wifi.

To begin with, cleanliness with 76 complaints that in general consist of uncleaned sheets, dirty walls, smelly rooms, and on some cases moldy bathrooms with clogged showers, means that hygiene remains essential towards visitor pleasure. While this might seem as a low number compared to other categories, it still alerts for improvement in maintaining standards, especially for the hotels being 4 and 5 stars.

A vacation is considered relaxing and noise-related issues are a key worry for 78 vacationers, who were concerned by the noise coming from the street, the hotel itself, or businesses around it. Therefore, hotels might be forced to use insulation measures, impose peaceful time, as well as handle the causes of noise pollution to improve the quality of visitors' sleep and their whole stay.

Additionally, with breakfast being important, this high number of 136 complaints indicates dissatisfaction with poor variety, cold and not enough food for everybody, and lack of fresh juices or espresso as well. Hotels need to review their breakfast menu and consider having a larger variety to meet everybody's expectations.

Infrastructure-related complaints encompass issues like small rooms or pools, and outdated and not well-maintained issues. Considering 62 complaints, hotels certainly need to prioritize investments as well as upgrades to ensure maximal comfort for guests. Employee instruction and proficiency are mandatory for delivering outstanding customer service. 131 complaints mostly refer to the staff being rude or incompetent, lack of communication with guests, and offering slow and poor service, which leads to an immediate need for investment in training programs so that staff possesses the needed skills and information.

It is fair enough for customers waiting to receive what they have paid for, and 87 complaints indicate that managers are urged to reconsider what they are charging. Additionally, modify charges in proportion to the facilities given and service quality provided.

Even though it has a low number of 11 complaints, it is still a key attribute specifically for travelers on business. Hotels need to ensure high-speed Wifi that covers the business area.

Furthermore, when considering options for booking, location is one of the most valued components. For some of the hotels, it is not the best and reviews complained about bad road infrastructure, and being far from the beach or city center, which makes it hard for travelers who don't own a car or have a rental. With 73 complaints concerning location, hotels should take into consideration security, easy access, and closeness to activities to successfully take care of customers' issues.

Last but not least, facilities provide an extensive selection of features, and it appears to be quite problematic for the hotels analyzed with 136 complaints. Some of them referred to the spa, pool or parking lot not being included in the price, but what was more concerning was that a welcoming bottle of water was mostly not offered which appears to be a standard for 4-star and 5-star hotels. Guests were also disappointed when a tea or coffee machine was missing from their rooms, considering the high prices paid. To sum up, this means that hotels need to invest and be more careful towards their clients, to ensure they meet their expectations and needs.

## **Conclusion**

Considering the analysis made of hotel distribution, ratings, overall reviews, and guest complaints, this project sheds light into the hospitality sector of Albanian Coastline. Among the selection of destinations of Velipojë, Shëngjin, Durrës, Vlorë, Dhërmi, Jala, Himarë, Ksamil, and Sarandë there is a fluctuation in the distribution ratio where Vlora has the majority of lodgings. It becomes clear that the region appeals to meet an extensive range of traveling interests followed by reasonable budgets.

The overall rating research demonstrates the contrary, where 4-star establishments have somewhat higher overall scores than 5-star establishments. Nevertheless, there is potential for growth in every single category. The result emphasizes the significance of constantly aiming towards improvement within offering services and client delight, particularly at facilities that currently provide enjoyable visits.

Moreover, the analysis of reviews and classifications reveals the high level of customer engagement through Booking.com, where hotels with more than 250 reviews own the majority. Thus, the geographical distribution of evaluations among regions indicates variations of tourism ventures and advertisement advantages, showing potential for development strategies.

Perhaps the most important point consists of guest complaints that underscore areas for improvement that range from hygiene, noise-related problems, breakfast quality, staff training, value for money, wifi connectivity, location, to facilities. These issues are more than crucial for hotel managers who are seeking to provide guests satisfaction and maintain their online business reputation on the pedestal. To differentiate themselves in the very competitive hospitality environment of the Albanian Coastline, these concerns need to be focused on, and solutions need to be implemented.

To sum up, everything that has been stated so far, this research provides valuable analysis and reasonable recommendations for hotel managers, which will improve the travelers' quality and enhance the online reputation of Albanian Coastline in today's digital age. Via significant investments in customer service quality as well as infrastructure, the region can position itself as a premium travel destination along the picturesque shoreline.

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## Albania and North Macedonia: Understanding Their Diverging Paths to EU Membership

Dr. Doris Malaj

University of Tirana

### Abstract

*For over two decades, Albania and North Macedonia followed a coupled path towards EU integration. However, in September 2024, the EU decoupled Albania's accession process from North Macedonia's, underscoring not only their differing trajectories toward membership but also recognizing the distinct strategic crossroads and contingent futures these nations face. This study aims to critically assess the evolving EU integration paths of both countries. Although influenced by similar challenges, such as EU enlargement fatigue and geopolitical pressures, their paths have diverged due to varying internal and external dynamics. Albania, with its unified political support and fewer external disputes, has effectively leveraged geopolitical shifts, including the Russian invasion of Ukraine, to solidify its position as a stable EU partner. On the other hand, North Macedonia's journey is hindered by unresolved bilateral disputes, particularly with Bulgaria, which continue to delay its EU progress. The EU's strategic engagement with both nations reveals a complex balancing act between conditional support, required reforms, and geopolitical recalibration. This paper offers a comparative analysis, highlighting Albania's comparative advantage in the integration process and the broader strategic implications for the Western Balkans.*

**Keywords:** EU integration, Albania, North Macedonia, bilateral disputes, strategic crossroads, Western Balkans

### Introduction

The EU's recent decision to decouple Albania and North Macedonia's accession processes has allowed Albania to advance, opening its first negotiation cluster in 2024 and setting its sights on EU membership by 2030. Albania's path focuses on meeting EU demands for governance and economic reforms, while North Macedonia continues to face obstacles due to unresolved historical issues, especially with Bulgaria.

Although both countries share the goal of EU integration, their challenges differ due to distinct historical and political contexts. Albania transitioned from an isolated communist state to democracy in 1991, pursuing Euro-Atlantic integration, applying for EU membership in 2009, and achieving candidate status in 2014. Its progress has been hampered by issues around rule of law, corruption, and organized crime, prompting significant reforms (EEAS, 2022). Formal negotiations began in 2022, partially reflecting EU efforts to strengthen Western Balkan ties amid rising geopolitical tensions, including concerns about Russian influence (Malaj & Mahmutaj, 2023). North Macedonia, which declared independence in 1991 during Yugoslavia's dissolution, sought EU and NATO membership early on but was delayed by a naming dispute with Greece. This issue was resolved in 2018 with the Prespa Agreement, enabling NATO membership in 2020, though EU negotiations were postponed until 2022 due to the need for unanimous EU member support (Mojsovska, 2021). The unique histories of each country continue to shape their EU accession paths—Albania's reform-driven journey and North Macedonia's challenge with historical disputes. To explore the distinct journeys of Albania and North Macedonia toward EU membership, three critical questions arise. First,

what strategic crossroads do these countries encounter on their integration paths? Second, in what ways have recent conflicts altered Albania and North Macedonia's trajectories toward EU accession? Finally, what role does the EU play in navigating these nations through their uncertain futures? These questions frame the complexities and nuances that shape each country's journey, offering insights into their unique challenges and opportunities in pursuing EU membership.

### ***Balancing internal perceptions, requested reforms and geopolitical hurdles***

The EU has long perceived the Western Balkans, including Albania and North Macedonia, as a region prone to conflict and instability, often labeling it as "periphery of the periphery" (Bechev, 2012). Historically overlooked, particularly due to Brexit and other EU crises, this region has faced a slow, complex path to EU membership. The EU's ambivalence, shaped by a power imbalance between supranational bodies and individual member states, has exposed the limitations and credibility challenges of the enlargement process. For instance, conflicting views within the EU, especially between the European Commission and the European Council, have consistently delayed North Macedonia's accession and raised skepticism about the EU's commitment to the Western Balkans (Vogel, 2018). Despite these challenges, Albania and North Macedonia remain largely supportive of EU integration. Albanian society, in particular, demonstrates overwhelming pro-European sentiment, with 98% of the population backing EU membership, according to the Western Balkan Security Barometer Survey (2023). EU accession remains Albania's top national objective, with 71% attributing the slow progress to domestic issues such as weak democratic structures and corruption rather than to EU hesitancy or bias. In contrast, support in North Macedonia, though still a majority, is fragmented along ethnic and political lines. A 2021 survey revealed that 68% of North Macedonia's population supported EU membership, with a significant ethnic divide: 82% among ethnic Albanians versus 63% among ethnic Macedonians. Political affiliations further influence support levels, with 94% of Social Democratic Union voters in favor compared to only 55% among VMRO-DPMNE supporters (Damjanovski, 2022). Additionally, 43% of respondents blamed neighboring EU member states for blocking their EU path, expressing concerns over constitutional changes, cultural identity threats, and loss of sovereignty as obstacles to EU accession.

Public opinion in both Albania and North Macedonia broadly favors EU membership, though it seems that this support is increasingly pragmatic, focused on material benefits rather than alignment with democratic ideals. While many in the region see EU membership as a pathway to improved living conditions (Stratulat, et al., 2021) the EU's influence, particularly in North Macedonia, is waning, with its soft power increasingly questioned in favor of non-Western actors (Tzifakis et al., 2021). Political dynamics have also influenced EU support, especially in North Macedonia. Under Nikola Gruevski and the VMRO-DPMNE, progress stagnated due to a lack of political will, which shifted when the Social Democratic Union of Macedonia (LSDM) prioritized EU integration, resolving issues like the name dispute with Greece (Mirel, 2018). Yet, recent governmental changes in 2024 may stall EU accession as the new nationalist leadership resists necessary constitutional amendments to meet EU conditions (Ivkovic, 2024). In Albania, though occasional critiques of the EU have emerged, these remain isolated and do not signify a broader Eurosceptic trend (Kalemaj, 2022).

EU perspectives on enlargement have also evolved. Initial support, rooted in identity and moral commitments, has largely shifted toward "enlargement fatigue," driven by economic and political concerns. However, applications from Ukraine and Moldova have rekindled enthusiasm, framing enlargement as a means of promoting peace and stability (Bonomi & Rusconi, 2023). Notably, a 2023 survey of public opinion in France, Germany, Austria,

Denmark, Poland, and Romania shows varied support for expanding the EU to include candidates like Albania and North Macedonia, with enthusiasm differing by country and region (European Council on Foreign Relations, 2023). This division between Albania's strong pro-EU stance and North Macedonia's mixed sentiments underscores the unique challenges the EU faces in fostering unity and stability in the Western Balkans while balancing internal EU dynamics and regional geopolitical pressures.

Albania and North Macedonia have faced lengthy and complex journeys toward EU membership, with setbacks often influenced by both internal reforms and external geopolitical dynamics. Albania first engaged with the EU in 2000, gained candidate status in 2014, and made significant strides with judicial and public administration reforms (European Commission, 2016), but despite these efforts, it took until July 2022 for negotiations to begin due to internal EU divisions and enlargement fatigue, delaying the process for Albania and North Macedonia alike (European Commission, 2016). North Macedonia, on the other hand, faced additional hurdles due to its 27-year naming dispute with Greece, resolved only in 2018 with the Prespa Agreement (Georgievski, 2019). This agreement enabled North Macedonia to join NATO but did not immediately open EU negotiations due to further vetoes, including from Bulgaria over historical disputes. On the other side, the EU's internal challenges, such as enlargement fatigue and conflicting member-state interests, have further complicated the accession process in general, and for those countries in particular.

In 2019, France's and the Netherlands' vetoes underscored the EU's internal skepticism, with France calling for a restructuring of the accession process (Politico, 2019; Reuters, 2019). As a result, despite a renewed EU strategy in 2018 to re-engage the Western Balkans, Albania and North Macedonia were left in a prolonged waiting phase, raising dissatisfaction and concerns about EU credibility. In July 2022, amid shifting geopolitical dynamics following the Ukraine crisis, the EU initiated accession talks with both Albania and North Macedonia, driven also by concerns over the influence of third party actors in the Balkans (Malaj & Mahmutaj, Assessing determinants and impact of possible Russian influence in the Western Balkan countries, 2023), although significant reforms were still required in both countries. For Albania, reports underscored the importance of tackling corruption and organized crime, while North Macedonia faced additional complications, particularly pressure from Bulgaria to amend its constitution to acknowledge an ethnic Bulgarian minority (European Commission, 2023b; Cvetkovska, 2023). In this context, Bulgaria's veto on North Macedonia's EU accession talks—rooted in longstanding historical and cultural disagreements markedly slowed the enlargement process for both nations. Consequently, Albania's negotiations once again suffered as “collateral damage of Bulgaria's intransigence” (Brunnbauer, 2022, p. 724).

In March 2020, Bulgaria initially allowed the European Commission's proposal to begin accession talks with North Macedonia, but by June, it issued a veto, frustrated that the Commission's framework had disregarded its cultural and historical demands (Telma, 2020). Bulgaria then delayed the process further, using its EU membership to insist that North Macedonia acknowledge historical and cultural ties before joining the EU (Vangelov, 2021, p. 7). Although European Council President Charles Michel emphasized a strong political will to re-engage with the Western Balkans (European Council, 2022), the EU-Western Balkan Summit in June 2022 failed to advance accession talks, as Bulgaria held firm. Western Balkan leaders expressed disappointment in the EU's internal divisions, with Albania's Prime Minister Rama lamenting, “It is good to be here among Europeans, but bad because we are still not heard as Europeans, but as guests in a divided house” (BIRN, 2022).

In July 2022, the EU lifted the final veto blocking accession talks for North Macedonia and Albania, marking what many considered a “historic moment” as the two nations began their

formal negotiations with the EU (Euronews, 2022). This breakthrough came after a French-proposed compromise, requiring North Macedonia to amend its constitution to recognize an ethnic Bulgarian minority, which both Bulgaria and North Macedonia accepted. Occurring shortly after the Ukraine crisis began, the decision reflected the EU's strengthened unity and assertiveness against external influences, offering a "window of opportunity" for enlargement (Malaj & Mahmutaj, 2023, p. 166).

By the end of 2023, Albania and North Macedonia had completed the EU's initial screening meetings; however, delays in opening the first negotiation cluster signal that significant challenges remain. Although the screening meetings for EU accession with Albania and North Macedonia were completed by the end of 2023 (European Commission, 2023a), further setbacks have delayed the opening of the first negotiation cluster, highlighting that substantial work remained for their EU accession. However, this changed in October 2024, when the first cluster were officially opened for negotiations for Albania. North Macedonia faces a more complex situation, with the 2023 progress report marking it as one of the most critical evaluations in recent years (Cvetkovska, 2023) and a polarized political climate that hindered parliamentary work and delayed key appointments by weakening democratic institutions.

In general, one can summarize that Albania and North Macedonia stand at crucial strategic crossroads in their path to EU membership, confronting internal reform demands, enlargement fatigue, and geopolitical pressures—alongside the complex internal dynamics within the EU. However, for North Macedonia, a central issue remains the constitutional amendments required for EU accession progress, a result of Bulgaria's 2020 veto. This amendment, intended to acknowledge an ethnic Bulgarian minority, remains highly controversial domestically due to Bulgaria's stance on the Macedonian language and national identity (Cvetkovska, 2023). Following recent parliamentary elections, this issue has intensified, with VMRO-DPMNE leader Mickoski pledging to resist the changes and suggesting a delay until full EU membership is granted (Ivkovic, 2024). In response, Bulgaria's Ministry of Foreign Affairs warned that renegotiating established commitments could further stall North Macedonia's EU accession, stressing that continued provocations have already hindered progress and reaffirming Bulgaria's firm stance (Ministry of Foreign Affairs - Republic of Bulgaria, 2024). Under these circumstances, challenges are likely to persist, not only for both countries as they work to meet EU standards and requirements but also for the EU itself, which must balance geopolitical considerations, internal divisions, and credibility issues as it decides on the future of the accession process for these nations.

### **Strategic crossroads and EU's response**

As highlighted above to address Albania and North Macedonia's strategic crossroads on their path toward EU membership, three key areas are essential to consider:

1. reforms and governance,
2. enlargement fatigue and geopolitical pressures, and
3. the internal dynamics within the EU, particularly member-state vetoes.

For over two decades Albania's primary hurdle was rooted in the need to reform its judiciary and curb corruption (European Commission, 2023b). Despite substantial progress set out by yearly progress reports of the European Commission, challenges persist due to deeply entrenched issues of corruption and organized crime. The country's political environment, however, remains relatively stable, with broad bipartisan support for EU integration. This consensus among major political players facilitates Albania's reform efforts, providing a level of consistency and predictability in its approach to EU membership requirements.

North Macedonia, in contrast, faces more complex internal challenges. The country's political



landscape is marked by ethnic divisions and polarization, making reform efforts fragmented and inconsistent. Moreover, as highlighted fluctuations in political commitment toward EU integration among various political elites add further uncertainty. Considering the above mentioned, Albania’s unified political support for EU integration offers an advantage in advancing reforms, whereas North Macedonia’s ethnic and political divides make sustained reform efforts more challenging.

On the other side, it is also evident that both countries’ EU paths are shaped by the EU’s enlargement fatigue and external geopolitical pressures. The analysis highlights that Albania has managed to position itself as a stable partner in the Western Balkans, using recent geopolitical shifts—such as the heightened focus on stability following Russia’s invasion of Ukraine—to underscore its strategic importance to the EU. This has somewhat alleviated the impact of enlargement fatigue, signaling Albania’s growing reliability in the region, which was less evident a few years ago. North Macedonia’s journey, however, has been obstructed by longstanding bilateral disputes, initially with Greece and more recently with Bulgaria. These disputes have generated considerable external pressure intensifying internal political tensions and eroding public confidence in the EU accession process.

Compared to Albania, which mainly grapples with the EU’s internal hesitations about enlargement, North Macedonia’s obstacles are heavily tied to external factors. Resolving these bilateral issues is crucial for North Macedonia, while Albania’s progress is more directly linked to its internal reforms and the EU’s overarching enlargement strategy. Finally, both Albania and North Macedonia have been affected by vetoes from EU member states, but the impact has been more profound for North Macedonia. The country’s path has been complicated by identity politics, as neighboring EU members have leveraged historical grievances to block progress, making North Macedonia’s future in the EU uncertain. Albania, while also facing delays due to member-state vetoes, encounters a less complex situation. If Albania meets the EU’s reform demands, it has a clearer path forward; meanwhile, North Macedonia remains hostage to unresolved identity and historical disputes, which heighten the unpredictability of its accession journey.

In summary, Albania and North Macedonia’s paths toward EU membership involve navigating internal reforms, geopolitical pressures, and EU dynamics. Albania’s stable political support for integration aids its progress, but it must continue reform efforts to meet EU standards. North Macedonia’s journey, however, remains fraught with external pressures and internal divisions, making its EU aspirations more uncertain.

On the other side, we have to take into consideration that as discussed, the role of recent conflicts and the EU’s strategic response to Albania and North Macedonia’s integration journeys highlights how geopolitical shifts impact the EU’s approach to stability in the Western Balkans. The Russian invasion of Ukraine has intensified the EU’s focus on security, compelling it to enhance support for its southeastern allies to counter external threats. This shift has created both opportunities and constraints, especially as the EU tries to balance the stabilization of the Western Balkans with its own internal pressures against further enlargement. Overall, for Albania, the conflict seems to have reinforced its value as a pro-Western, stable ally. As a result, the EU has responded by increasing its support for Albania, providing additional financial aid, technical assistance, and political backing to accelerate necessary reforms. North Macedonia, on the other hand, faces strategic constraints as unresolved bilateral disputes limit the EU’s ability to fully engage and prioritize its integration. These ongoing disputes restrict North Macedonia’s access to the same level of support, leading to a mixed approach from the EU in terms of prioritization. Therefore, it seems that while both Albania and North Macedonia are strategically significant, Albania is better positioned to

leverage the current geopolitical landscape due to the lack of external disputes and a more cohesive internal support for EU integration.

In general, when trying to evaluate the EU's strategic response to the countries' EU integration, it seems clear that it reflects a nuanced strategy for Albania and North Macedonia. While in the case of Albania the EU has adopted a proactive engagement by prioritizing Albania's reform agenda, with increased financial and technical support that reinforces its ability to meet EU accession standards and thus recognizing the country's role in regional stability.

In contrast, the EU's engagement with North Macedonia remains conditional and is largely dependent on the resolution of bilateral disputes and the continuation of internal reforms. Although the EU acknowledges North Macedonia's strategic importance, its progress is hindered by those unresolved issues, making the EU's support less straightforward. This means, that while the EU does offer targeted assistance for North Macedonia's reforms, this support comes with reservations, as addressing bilateral disputes remains a prerequisite. In summary, this means that the EU's response to Albania is more streamlined and effective, unencumbered by the complex bilateral issues that affect North Macedonia. This allows Albania to make quicker progress, while North Macedonia's path remains conditional on resolving external disputes, which restricts the scope and impact of EU support.

### **Outlook and scenarios – from a comparative perspective**

The journey to EU membership for Albania and North Macedonia has been challenging, with significant implications if integration efforts stall. Both the EU and the Western Balkans have pointed to each other's shortcomings: the EU highlights political gridlocks and governance deficiencies within the Balkans, while Balkan leaders warn that a stalled integration process could harm Europe's image and credibility. Notably, the term "powder keg," once a European label for the Balkans, is now used by Balkan leaders themselves to reflect the potential volatility if integration is delayed.

Despite the benefits of political stability, security, and economic growth provided by EU pre-accession funds, prolonged uncertainty around candidate status may lead to frustration among citizens and political elites (Lemstra, 2020). This frustration risks slowing political reforms and economic development, as a perceived lack of progress could foster Euroscepticism, especially in North Macedonia, where the political elite is already fragmented.

Barriers to EU membership for Albania and North Macedonia are both country-specific and EU-driven. According to Freedom House, both countries are classified as "partly free," with stagnant democratic performance since 2002. Albania has avoided democratic backsliding but has made limited progress in enhancing political and civil rights (Malaj & Polo, 2023, p. 221). Similarly, the Bertelsmann Transformation Index categorizes both countries as "defective democracies" (BTI, 2022). These findings align with European Commission progress reports, which highlight the need for further political and judicial reforms, as corruption and organized crime remain persistent challenges to meeting EU standards. Additionally, regional disputes, such as North Macedonia's tensions with Greece and Bulgaria, further complicate the accession process.

Beyond these country-specific issues, the EU's own "enlargement fatigue" presents a significant obstacle. Reluctance to accept new members, rooted in internal political dynamics, credibility concerns, and divisions among member states, has slowed the process for the entire region (Zweers, et al., 2022). This "institutional paradox" in enlargement policy, characterized by a lack of consensus among EU members, continues to delay the path to integration for the Western Balkans (Vogel, 2018, p. 23).



However, when considering the future scenarios from a comparative perspective, the analysis shows that Albania seems to have a comparative advantage, which lies in its relatively unified political support, fewer external disputes, and a strong public consensus for EU membership. The EU's strategic focus on stabilizing the Western Balkans, combined with Albania's proactive reforms and diplomatic efforts, enhances its prospects for eventual integration. In this regards, Albania's ability to capitalize on recent geopolitical shifts, such as the increased European focus following the Russian invasion of Ukraine, further boosts its strategic relevance to the EU. On the other side, North Macedonia's complex Path, however, is more challenging and uncertain. The country's EU aspirations are hindered by unresolved bilateral disputes, particularly with Bulgaria, as well as internal political fragmentation. Despite its strategic importance, these historical and cultural grievances complicate North Macedonia's integration efforts. In addition, a fragmented public opinion and divided political landscape make consistent reform implementation and diplomatic progress difficult.

Given the current dynamics, the most likely scenarios for Albania and North Macedonia's EU paths differ due to their unique challenges and advantages: For Albania, the most plausible scenario is an enhanced strategic partnership with the EU without immediate full membership. Albania's steady reform progress, coupled with its unified political support for EU integration and relatively fewer external disputes, positions it well for deepened cooperation with the EU. This scenario, while falling short of full membership, would still provide significant economic and political benefits. Albania's stable progress may eventually pave the way for membership, but the timeline remains uncertain due to EU enlargement fatigue and internal divisions among EU member states.

For North Macedonia, the most probable scenario is a prolonged integration process with potential stalls due to unresolved internal and external challenges. Bilateral disputes, particularly with Bulgaria, and political fragmentation make consistent reforms challenging and slow progress toward EU criteria. North Macedonia may enhance its EU partnership without achieving full membership, which could lead to rising Euroscepticism and political instability if citizens and political elites grow frustrated with the lack of advancement. Alternatively, if internal divisions and external disputes persist, North Macedonia may face pressure to diversify alliances outside the EU, introducing geopolitical uncertainty.

Ultimately, while full membership remains the desired goal for both countries, the likelihood of achieving it in the near future depends heavily on overcoming internal reforms, resolving bilateral conflicts, and the EU's willingness to address its internal enlargement fatigue. The EU's decision-making will be influenced by political considerations and the broader geopolitical context, making it essential for both countries to maintain strategic engagement with the EU while navigating these challenges.

## Conclusions

The paths of Albania and North Macedonia toward EU membership illustrate the intricate interplay between internal reforms, external pressures, and EU dynamics. While both countries share the aspiration of joining the EU, their journeys have diverged due to distinct political landscapes, historical issues, and strategic challenges. Albania, with its unified support for EU integration and recent reform efforts, has managed to make steady progress, evidenced by the opening of its first negotiation cluster in 2024. Its relatively stable political environment and fewer external disputes position it as a credible partner for the EU, allowing it to capitalize on the EU's renewed focus on stability in the Western Balkans amid the Ukraine crisis.

In contrast, North Macedonia's path is more uncertain, hindered by complex internal divisions and unresolved disputes with neighboring countries, particularly Bulgaria. These ongoing

challenges have delayed its EU integration, creating frustration among citizens and political elites. While Albania's journey appears more straightforward, allowing it to benefit from an enhanced EU partnership, North Macedonia faces a prolonged and conditional process, with its future largely contingent on resolving external conflicts and sustaining internal political commitment to reform.

In conclusion, while full EU membership remains the ultimate goal for both countries, the likelihood of achieving it in the near term is limited. Albania is better positioned to leverage its current momentum through strategic partnerships with the EU, which could lead to eventual membership. North Macedonia, however, faces a more prolonged and complex integration path, with significant risks of Euroscepticism and geopolitical uncertainty if progress stalls. The EU's internal "enlargement fatigue" and need for consensus among member states add further complexity, underscoring the importance of continued strategic engagement by both countries. Success will ultimately depend on the EU's ability to navigate its internal dynamics while supporting these Western Balkan nations in meeting accession standards, fostering a more unified and stable European future.

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## **Digitalization as a Way to Fight Corruption and Promote Participatory Democracy. Some Evidence from Romania**

**Assoc. Prof. Cristina Matiuta**

*University of Oradea*

### **Abstract**

*The use of digital technologies to improve the efficiency and accessibility of public institutions and to invigorate the traditional forms of interaction between them and citizens is one of the European Union's priorities, which put on the table significant resources to support the digital transformation of its member states. The paper examines the spread of digital technologies across the European Union, and particularly in Romania, and their potential to promote transparency and accountability within the public institutions, to fight against corruption and to expand citizens' social mobilization. Even if Romania has much to do to provide quality online public services, to increase the efficiency in public administration, and to improve the communication between citizens and institutions, the examples and best practices mentioned in the chapter highlight the potential of ICT both as anti-corruption and participatory tools.*

**Keywords:** *digitalization, digital inclusion, anticorruption tools, participatory tools, institutional transparency*

### **The progress of digitalization across the European Union**

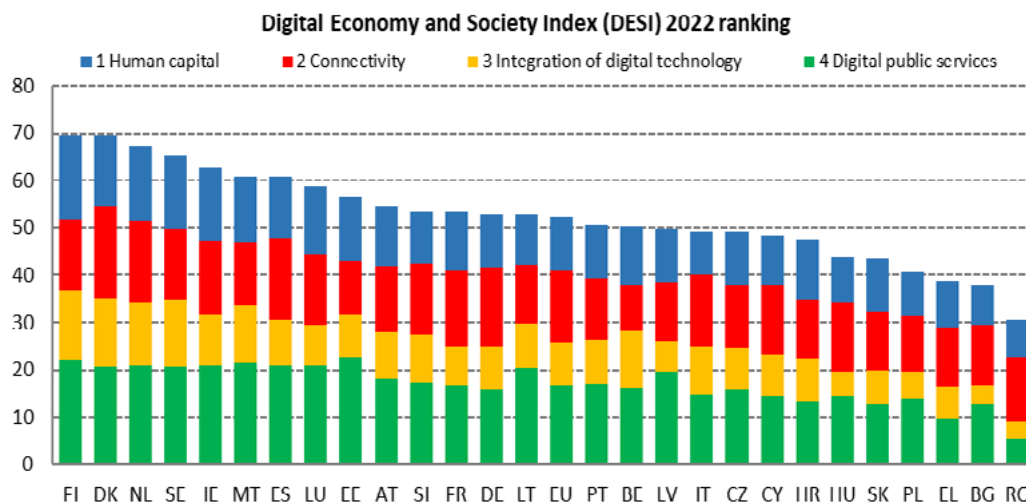
Digital technologies have transformed our world, completely changing social relationships, from the labor market and how to do business, to interpersonal relations and citizens' relations with political environment and state institutions. The interest of researchers in the use of digital technologies for better governance increased as well and the literature on digital governance has expanded a lot in the last two decades. Scholars stress the importance to distinguish between digitization, digitalization and digital transformation, which, although used many times interchangeable in literature, mean different things. Digitization is the transition from analog to digital processes; digitalization should be understood as a method which focuses on potential changes in the procedures beyond mere digitizing of existing processes and forms; and digital transformation involves deeper organizational changes, that also have cultural, organizational, and relational consequences" (Urs and Vrabie, 2022). Digitalization reshapes society, leading to an extensive process of digital transformation. "Digitalization determines digital transformation. Digital transformation is the process of integrating digitalization through which society and organizations adapt to change" (Androniceanu *et al.*, 2022).

Digitalization as a way through which many domains of social life are restructured around digital communication and infrastructure is a priority at the European Union's level, given the potential of digital technologies to foster economic growth, innovation and progress. Since 2014, the European Commission has monitored Member States' digital progress through the Digital Economy and Society Index (DESI). The Digital Economy and Society Index (DESI) for 2022 tracks the evolution of the EU Member States in digital performance, calculated as weighted average of four main indicators (see Figure 1): a) human capital (the skills needed to take advantage of the possibilities offered by a digital society, from basic user skills to advanced skills of workforce that enhance productivity and economic growth); b) connectivity



(meaning access to fast broadband-enabled services and their quality, 5G coverage); c) integration of digital technologies (measures the use of digital technologies for business-electronic information sharing, social media, big data, cloud, AI, e-invoices, as well as the e-commerce turnover and selling online cross border); and d) digital public services (measures the digitalization of public services for citizens and business, e-government users, pre-filled forms, open data, in order to deliver better services for citizens).

**Figure 1: The Digital Economy and Society Index (DESI) 2022**



(Source: <https://digital-strategy.ec.europa.eu/en/policies/desi-romania>)

We see that digital developments are uneven across the EU and Romania ranks last in this index, with an overall score of half compared to the best performing country (Finland) and far below EU average. Finland, Denmark, Sweden and the Netherlands are the highest performing countries, not only ahead in the EU, but also as world leaders in digital. According to Digital Economy and Society Index data (DESI, 2022), Romania is lagging for several indicators in the human capital dimension, with a very low level of basic digital skills compared to the EU average (28% vs. 54%). In terms of connectivity, Romania has to improve its overall take-up of fixed broadband, which stagnates at 66% and is significantly below the EU average (78%), in spite of low broadband costs, stagnation explained by country's skewed demographics and low level of basic digital skills. Romania scores poorly in the integration of digital technologies as well, all indicators remaining below the EU average. With 12% of small and medium size enterprises (SMEs) selling online and 4% selling online cross-border, the country is lagging most EU Member States. The take-up of advanced technologies like cloud reached only 11% compared to the EU average of 34%. As regards artificial intelligence, only 1% of enterprises adopted such technologies (EU average: 8%). Big data remains comparatively low as well, with 5% vs. the EU average of 14%.

Digital public services continue to be a big challenge for Romania. The country performs significantly below the EU average on all indicators, including the availability of digital public services for citizens (a score of 44, compared to the EU average of 75) and businesses (a score of 42 compared to the EU average of 82). The digital interaction between public authorities and the public is low, as only 17% of internet users are using e-government services. The deployment of e-ID cards and digital signature for Romanians would be necessary in enabling the interactions between public authorities and citizens and there are no concrete steps in this direction until now.



However, with the support of almost EUR 6 billion from the European Union through the Recovery and Resilience Plan (RRP), Romania has the opportunity to address most of the country's digital shortcomings. The digitalization of public administration would also contribute to the achievement of the objectives of the *The Digital Decade Policy Programme 2030*, whose target is to have 100% online provision of key public services for European citizens and businesses by 2030.

Considered one of the flagship initiatives of the European Union, *The Digital Decade Policy Programme 2030* adopted by the European Parliament and the Council of the European Union in December 2022, is emphasizing EU's vision for 2030 to empower citizens and businesses through digital transformation. The document underlines that a successful digital transformation in Europe by 2030 needs structured and close cooperation between the EU and the Member States in order to boost European digital capacities and capabilities around four cardinal points: skills, public services, infrastructures and business. The Digital Decade Policy Programme sets clear targets and objectives for Europe's digital transformation. The European Parliament, the Council, the Commission and the Member States cooperate with a view to achieving the digital targets in the Union by 2030. The European Commission monitors the progress of the EU's Member States towards the general objectives and the digital targets and publishes reports every year measuring the performance of the EU as a whole and of each Member State in these areas. The table below (Table 1) shows the percentages of digital skills, digital infrastructures, digitalization of business and digitalization of public services across the European Union in 2023 and the targets for 2030, using data from *The Digital Decade Policy Programme 2030*.<sup>1</sup>

**Table 1: The Digital Decade policy programme 2030 targets**

	EU average (2023)	Target for 2030
<b>Digital Skills</b>		
Adults with basic digital skills	54 %	80 %
Employed ICT specialists & gender balance	8.9million	20 million
<b>Digital infrastructures</b>		
Gigabit network coverage	70 %	100%
High-speed mobile coverage	66%	100%
(at least 5G)	10%	>20%
The EU production of semiconductors (% of world production)		
<b>Digital transformation of business</b>		
Cloud computing services	34 %	75 %
Big data	14%	75%
Artificial Intelligence	8%	75%
SMEs with at least a basic level of digital intensity	55%	90%
<b>Digitalization of public services</b>		

<sup>1</sup> See <https://digital-strategy.ec.europa.eu/en/library/policy-programme-path-digital-decade-factsheet> (accessed on October 12<sup>th</sup>, 2024).

Citizens access to eID,	75 %	100 %
electronic health records & online public services	82%	100%
Businesses access to key public services (related to career, regular business operations)		

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We can see that European Union aims to have, by 2030, a digitally skilled population and highly skilled digital professionals, achieving at the same time gender balance (at least 80 % of those aged 16-74 to have at least basic digital skills by 2030 and at least 20 million ICT specialists to be employed within the Union, while promoting the access of women to this field and increasing the number of ICT graduates). As far as the digital infrastructure is concerned, the goal is that all populated areas to be covered by next-generation wireless high-speed networks with performance at least equivalent to that of 5G and to increase the production of semiconductors in the Union to at least 20 % of world production in value. The digital transformation of businesses will lead to at least 75 % of EU' enterprises which will have taken up cloud computing services, big data and artificial intelligence in their business operations. At the same time, more than 90 % of the EU's small and medium size enterprises (SMEs) will reach at least a basic level of digital intensity (an indicator measuring the extent to which EU enterprises are digitalized). In the area of the digitalization of public services the target for 2030 is 100 % online accessible provision of key public services for citizens and businesses in the European Union to interact online with public administrations. All the EU's citizens should have access to their electronic health records and to secure electronic identification (e-ID) recognized throughout the Union, enabling them to have full control over identity transactions and shared personal data.

Romania is still far from these goals and the digitalization of the public services needs to be improved, being that modern public services offered online in an efficient manner are a vehicle for reduction of public administration expenditure and for gaining in efficiency for both administration and citizens. It needs to do more progress on all these chapters and, as the paper seeks to emphasize further, digitalization could be an useful tool in reducing corruption, by increasing transparency of public institutions activities, as well as in stimulating the involvement of citizens in community, in order to influence decisions that affect their lives.

### **Digitalization as a way to fight corruption**

The citizens' access to public information and the transparency in the public institutions' activity, especially in the way the public resources are spent, are essential to open administration towards citizens, to make it more accountable and responsive to the needs of society and to fight corruption. The most common definition of corruption (World Bank, Transparency International) is the misuse or the abuse of public office for private interests, resulting in a biased allocation of public resources. To control corruption means to have the capacity, as a society, to restrict authorities from distributing public goods and resources in their own interests, in other words, to have the capacity "to constrain corrupt behavior in order to enforce the norm of individual integrity in public service and politics and to uphold a state which is free from the capture of particular interests and thus able to promote social welfare" (Mungiu-Pippidi, 2013, p. 5). The transparency in the activity of public officials, civil servants, board members, managers is thus the surest way of guarding against corruption and increasing the trust of citizens in public institutions.

Unfortunately, enacting legislation meant to make more transparent the activity of public

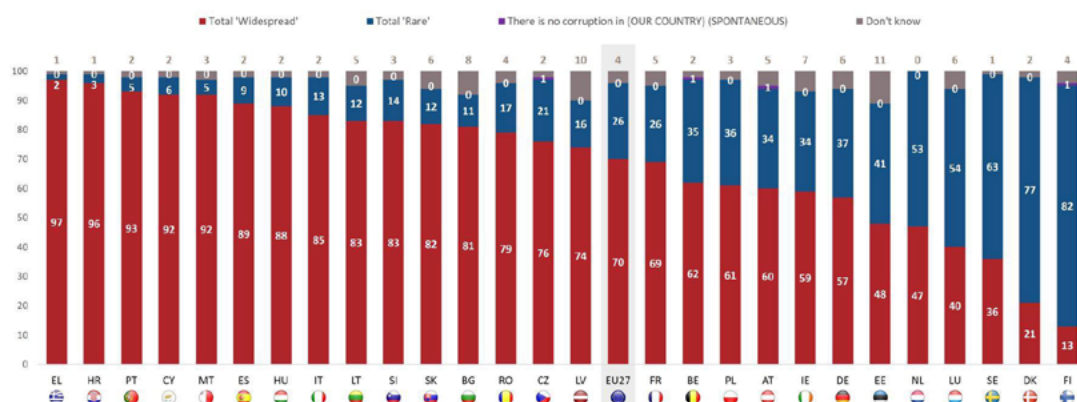
institution and to bring the decision-making process closer to citizens took more than a decade after the fall of communist regime in Romania and a culture of transparency is even more difficult to create. The first and most important laws that created the framework to fortify the control of civil society over the activity of public institutions were the *Law of free access to information of public interest*, adopted in 2001 and the *Law of decision-making transparency in public administration*, adopted in 2003, both of them considered at that time as great victories of the civil society organizations in relationship with public authorities. These laws regulate the possibility and the limits of citizens' involvement in the activity of public administration institutions, making it practically impossible to ignore them and increase the transparency of these institutions that compel them to publish information relating to or resulting from their activities.

But their existence does not automatically bring with them a culture of participation and transparency. Much research (Matiuta *et al.*, 2008, Bucheru, 2014) indicate citizens' apathy, distrust, lack of interest and ignorance of leverages by which they can influence decision-making and access to information concerning the activity of public institutions. Often, even if citizens know their rights, they invoke the lack of time, the lack of skills to use these rights and especially the futility of such an approach. Many citizens believe that important decisions cannot be influenced without knowing someone "within the system", that informal contacts are preferable to have success in an issue or to make your rights respected. On the other side, the representatives of public authorities consider that they respect the legal framework which allows citizens' involvement, but their recommendations often lack consistency and cannot be included in draft legislation and, frequently, citizens' participation is not active, but reactive, as post-factum reactions to authorities' decisions.

The results of such research are confirmed by survey data, which show the acceptance by the public to give money, or a gift or do a favor in return for something obtained from the public administration or public services. According to Special Eurobarometer 534, published in May 2023, over two thirds of European citizens (70%) think that corruption is widespread in their own country (and 79% of Romanian citizens believe that) and almost as many (67%) agree that bribery and the use of connections is the easiest way to obtain certain public services in their country.

**Figure 2: Citizens' perception of the spread of corruption**

QAS How widespread do you think the problem of corruption is in (OUR COUNTRY)?  
 (%)

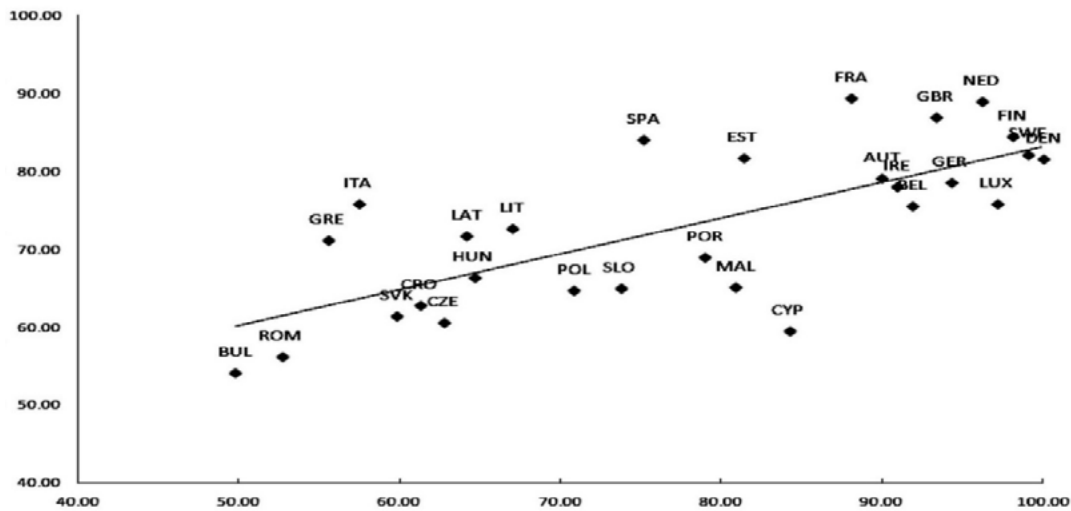


(Source: Special Eurobarometer 534 *Citizens' attitudes towards corruption in the EU in 2023*)

More than a quarter of Europeans (26%) think that it is acceptable to do a favour in return for something that they want from the public administration or public services or to do a gift in return for something that they want (27%), while more than half of them believe that bribery and the abuse of positions of power for personal gain is widespread among political parties (59%) and politicians at national, regional or local level (56%). Across the areas of public services, corruption is perceived to be more widespread among officials awarding public tenders (44%), those issuing building permits (43%), police/customs and healthcare system (each with 29%), tax authorities (21%), tribunals (20%), public prosecution service (15%), social security and welfare authorities (14%). A regional analysis shows that respondents living in the 13 Member States that joined the EU in or after 2004 are more likely than those from the Member States already part of the EU in 2004 to agree they are personally affected by corruption in their daily life (35% vs. 21%) and to agree that corruption is part of their business culture. A divide could be also seen between the Northern part of the continent, where the percentage of respondents that think corruption is widespread remains low and the Southern and South-Eastern Europe, where corruption is a problem directly experienced by a significant minority of those living in these countries. Not the least, there is a clear split in socio-demographic terms: those with lower levels of education, the unemployed and the economically vulnerable are both likely to see themselves as having recently been victims of corruption and to see it as a more widespread phenomenon in general (Special Eurobarometer 534 - *Citizens' attitudes towards corruption in the EU in 2023*).

In this context, the Information and Communication Technologies (ICTs) have great potential to promote transparency, accountability and anti-corruption goals, to reduce bureaucracy and the costs for accessing and sharing government information, to strengthen relationships between citizens and institutions and to expand their social mobilization (Bertot *et al*, 2010, Matiuta, 2019). The more the public information and services are available online, the more citizens are encouraged to participate and the more corruption and clientelism decrease. The figure below (Figure 2) draws the relationship between availability of online public services and control of corruption in the European Union's countries, indicating a strong correlation between low availability of online public services for citizens and low control of corruption (1 meaning the worst control and 100- the best control and the less corruption). As we can see, Romania and Bulgaria, two of the most corrupted countries in the European Union, are the less developed regarding transparency (from fiscal transparency, to transparency of assets for public officials and transparency of decision-making) and online delivery of key public services (such as income taxes, job search services, social security benefits, personal documents, registration of a new company, health-related services, enrollment in higher education, car registration, application for building permits, social contribution for employees, announcement of moving etc.). On the opposite side, the Nordic countries have both a very high level of corruption control and a high advancement in e-government.

**Figure 3: Relationship between the availability of online public services for citizens and control of corruption, 2015** (source: <http://sar.org.ro/raport-sar-buna-guvernare>)



One of the main ways by which ICTs could be useful tools for reducing corruption is the online availability of government revenues and expenditure, of state budget allocations and government contracts. Unfortunately, Romania has a rich experience of wasting public money, even when one cannot reproach the authorities for the lack of transparency or lack of access to information. An illustrative example in this regard is the management of public funds for infrastructure. A project developed by NGO Romanian Academic Society about the public procurement in the construction sector reveals that, although large amounts of public funds were spent, public contracts were often awarded to companies based on corrupted practices or political connections, the focus being on redistributing public money and not achieving high quality construction works (SAR, 2015b). To prevent such practices, necessary improvements should be made to the electronic public procurement system, in order to have a functioning unitary database and more verification and selection filters. In other words, new online tools have the potential to reduce corrupt practices and to make more transparent the whole process of budgetary allocation.

We should notice that encouraging steps in this regard have been made in recent years, for example by establishing an online platform called budget transparency (<https://mfinante.gov.ro/transparenta-bugetara>), meant to bring more transparency in public administration and in the way the public money are spent. It seeks to improve the management of budgetary resources by introducing verification tools and budgetary control automatically. The platform provides information, in an aggregated manner, on how public funds are distributed on different budget lines, on how they are spent, and which are the results. All public entities across the country, both at central and local levels of administration, must upload information regarding their revenues and expenses that can be accessed by any interested person. Any citizen can find out how funds are distributed and spent by a company in which the state is a shareholder, from enterprises to research institutes. The purpose of the platform is to reduce the risks of fraud or corruption and to track the implementation of public policies that require budgetary outlays.

Another avenue for transparency, anti-corruption, openness and collaboration offered by ICTs is the use of social networking sites (e.g. Facebook) and platforms in interaction between



public institutions and citizens. Social media gives users a platform to speak; it is collaborative and participatory by its nature. Social networks like Facebook are used to a certain extent by public institutions in Romania. Sometimes, communication through these networks replace the classic institutional dialogue, the president and the prime minister choosing to communicate through their Official Fan Pages accounts instead of communication through the press departments of presidential administration and government. However, a pilot-study analyzing the communication through Facebook of county councils in Romania emphasizes that most county councils do not have an official account on this social network or, if they have, it is no longer active (no posts in the last six months). Those who have such accounts (the study stops on Cluj and Dolj county councils) send messages not adapted to this type of interaction. Communication paradigm remains overwhelmingly unidirectional: comments, even when present, are not part of a real dialogue and those responsible for content do not enter into conversation with commenters (Urs, 2015, p. 131). Therefore, the new technologies are not enough integrated as part of institutional communication and their potential for a real dialogue between public institutions and citizens is rather limited.

The Covid-19 pandemic revealed once again the important role of digitalization in public administration and the necessity to create more online tools for citizens' interaction with public institutions. Many city halls in Romania have implemented virtual civil servant applications, based on artificial intelligence and trained to answer questions related to urban planning, taxes and other issues of local interest. The first *virtual public servant*, named Antonia, was created before the pandemic, in 2018, at the municipality of Cluj-Napoca, a leader in digitalization among cities in Romania. According to a press release of the institution upon its launch, citizens are thus able to register a number of 60 requests, remotely, without going at the institution's registry office or at one of the neighborhood town halls. This shortened the circuit of documents in the institution by 40%, citizens' requests being registered directly with the heads of services or offices under whose authority was the processing of the request and the preparation of the response to the citizen<sup>2</sup>.

In the same purposes, of making government more open, accountable and responsive to citizens and involving them in decision-making process, other digital applications have been developed both by government and non-governmental organizations. The next section brings two examples, which can be considered examples of good practice.

### **Good practices in using ICTs as participatory tools in Romania**

*Piata de spaga/ The bribery market* (<https://www.piatadespaga.ro/>) is an interactive platform, developed by EPAS Association and Funky Citizens, NGOs whose assumed mission is to inspire and to educate citizens to act responsibly in the public space. The platform is an information tool that monitors the "right price" on market bribes, based on reports made by citizens across the country (whose privacy is ensured) regarding the bribe paid to certain public services, the amount and who asked for it. The project speaks about the experience of people who have paid (or not), where, when, for what or how much was paid the most, how much was paid the least and how satisfied were those who paid before you, convinced that the more we use this information tool, the more we have the chance to reduce prices bribes. We can find out there are places where problems are solved without bribe and we must be aware that corruption affects each of us primarily because we participate, we do not reject, we accept. Or that is the purpose of this platform, to educate us to reject, to denounce this scourge that affects our society.

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<sup>2</sup> <https://primariaclujnapoca.ro/informatii-publice/comunicate/comunicat-2679/>



*Participatory budgeting platform* (<https://decide.direct/>), is an online tool for municipalities that involve citizens in identifying and prioritizing community needs to decide together how to spend part of the local budget. It is conceived as a bridge between local authorities and citizens, based on concept of participatory budgeting. The platform aims to involve citizens in defining the development priorities for their community. It can be used both by local authorities in the public consultation process of local development strategies, as well as by the members of civil society. The platform does not intend to replace the decisions of local authorities, but to contribute in taking better and more informed decisions. The main objective is to facilitate a process of identifying a list of priority projects in the long list included in the local development strategy. The easiest and the most effective tool for prioritizing a list of projects is a clear operational budget for a clear implementation period. Therefore, the first step in this exercise of prioritization is the analysis of the local development strategy approved by the local council. A second step involves the identification, from the development strategy approved by the local council, of a package of priority projects/programs of which values is less or equal to the operational budget. A first proposal of the priority programs/projects will be made by those who assume the use of this platform in their communities, either local authorities or civil society representatives. This proposal will be available to the public, to collect opinions and suggestions. Those who access the package of priority projects for their city have more options available: they can agree with the first proposal; they can agree with a proposal made by another person; they can make budget reallocations from one project/program to another; they can add other project proposals in the same intervention area. Each option registered in the system will be stored in a database and the result of this process will be made available to local authorities to be considered in establishing the list of priority programs/projects. And once the list has been established, the users of the platform can monitor the implementation of the programs/projects. This online tool is available in several Romanian cities, in which citizens can contribute also in this way to influence the future of their community.

## **Conclusions**

Such collaborative platforms are useful exercises to increase transparency, to control corruption and to fill the gap between citizens and institutions. From my point of view, digitalization has the potential to refresh traditional forms of participation and interaction between citizens and their elected representatives and to fight against the lack of civic and political participation, which is undoubtedly one of the most relevant problems even in consolidated democracies.

As shown by data used in this article, Romania ranks last in the European Union in 2023 in terms of digital inclusion and literacy, digitalization of business and public services, so that it should make steps forward to cutting red tape, to make the public administration more efficient and transparent and to better exploit the benefits of new technologies. Efforts should be on all sides. Institutional firstly, by improving citizens' access to online services more diversified and sophisticated, by encouraging participatory processes and dialogue with civil society and citizens and not the least by embracing ICTs-enabled transparency measures. There is a need for better integration of online communication in the public administration, by training officials assigned to this type of interaction with the public, by setting clear rules, procedures and contents approved for online communication. We should not forget that e-Government works well only in honesty, accountability and competence of the public administration.

On the other hand, citizens have the responsibility to not accept corrupt practices and to use the levers that allow them to get involved in decision-making. By changing attitudes of acceptance of corruption, they can ultimately protect themselves from the corruption. Both school and civic organizations should play a more active role in learning civic attitudes and

skills, in mobilizing people around issues of civic interest, incorporating new technologies in this process. Only through joint efforts and through a real partnership between public authorities, school and civil society we can talk about a good and democratic governance.

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## **Preliminary Investigations and Comparison with Italian Legislation**

**Dr. Dorina Saja**

*Faculty of Law, University of Tirana*

### **Abstract**

*Preliminary investigations form the basis of criminal proceedings. They involve one of the most delicate phases of the administration of criminal justice. The legal due process and its guarantees start precisely at this stage of the criminal proceedings. During this phase, a series of important problems are solved, such as evidence that cannot be repeated is obtained, security measures are set, the accusation is announced, and the necessary data are collected for the determination of the criminal offense and the individualization of the author of its commission. The basic and dominant figure for the investigation phase is the prosecution body, which is represented by the Prosecutor. During this paper, special attention was paid to the figure of the prosecutor, his role and duties during preliminary investigations, the judicial police, and the judge of preliminary investigations. Then, we analyzed the preliminary investigations in the field of Italian legislation. This paper elaborates on the phases of the investigation, and the role of the prosecution body, but with a difference from other papers, since for each legal moment a comparison is made with the Italian legislation. What prevails in this paper is not only the elaboration of the investigation phase but the comparison of the links of the provisions of our Code of Criminal Procedure with the Italian one.*

**Keywords:** *preliminary investigations, prosecutor, judicial police, Italian legislation*

This is a stage in which the public prosecutor, personally or through the judicial police, conducts research to assess whether the report of the crime is found or not: in the first case he will carry out criminal actions based on the article. 405 c.p.p., while in the second he will submit to the judge for preliminary investigations a request for dismissal based on the article. 408 k.p.p. The judicial body responsible for guaranteeing and controlling the investigation phase is the preliminary investigation judge, who intervenes "in the cases provided for in the law", according to the provisions of the article. 328 c.p.c., or when the presence and participation of this body appears necessary.

### **Judge for preliminary investigations**

The judge for preliminary investigations has a guaranteed function to the initiatives of the investigative bodies which are based on the fundamental freedoms of the individual subject to the investigation, i.e. personal and property freedoms, which may be infringed by preliminary or preventive measures, and moral freedoms which may be limited by measures that may affect confidentiality in communications, correspondence or residence.

It also has a guarantee function for verifying the duration of preliminary investigations: in this regard, it is important to note the important control imposed on the judge for preliminary investigations by the Cartabia Reform in terms of assessing the time limits of registration from a part of the investigative body; the art. 335 quater regulates, for this purpose, a special investigative procedure, at the request of the suspect, that must be filed in the judge's registry with the evidence of the notification of the public prosecutor within twenty days of the

knowledge of the documents showing the delay of registration. Which may affect the maximum duration of preliminary investigations), with the penalty of inadmissibility and with the indication, again with the penalty of inadmissibility, of the reasons behind it and of the procedural documents from which the delay results. The judge orders the return of the date (which can also be requested from the "proceeding judge" at the preliminary hearing or during the hearing) when "the delay is clear and unjustified". Again concerning the registration in the register of crime reports, the judge of preliminary investigations, must carry out an act of procedure, if he considers that the crime for which he is being processed, must be attributed to a person who has not yet been registered in the specific register of crime reports, orders, with a reasoned decision, the public prosecutor to regulate the registration of the person in question in the register of crime reports (Article 335 ter c.p.p.).

In the phase of preliminary investigations, the judge of preliminary investigations can intervene, always with guarantee and control functions, for the early acquisition of evidence that cannot be postponed to trial with the guarantees of cross-examination (evidence incident), or for the issuance of a provision based on *res iudicanda*: this is the case when the preliminary investigation judge issues the decision on the plea agreement or the decree of criminal punishment.

### **Activities initiated by the judicial police**

Art. 55 c.p.p. it is clear in the findings that the judicial police, even on its initiative, must consider the crimes, prevent those that lead to further consequences, search for the perpetrators, perform the necessary actions to secure the sources of evidence and collect everything else. that may be useful for the enforcement of the criminal law, for the performance of any investigation and activity ordered or delegated by the judicial authority: the judicial police may act on its initiative or with the delegation or provisions of the Public Prosecution.

Following art. 348 c.p.c., even after the communication of the news of the crime to the prosecutor's office, the judicial police can continue to carry out activities with autonomous initiative, respecting the instructions of the Public Prosecutor who is responsible for conducting investigations and proceedings for the performance of delegated acts, for reconstruction of the crime and identification of its author.

For this purpose, it also continues:

- a) searching for items and traces related to crime, as well as preserving them and the state of the places.
- b) searching for people capable of on reporting important circumstances for the reconstruction of facts;
- c) identification of the person against whom investigations is being carried out and of persons capable of reporting on important circumstances for the reconstruction of the facts (Article 347 of the Civil Code);
- d) receiving summarized information from the person against whom investigations are being carried out (Article 350 of the Civil Code);
- e) obtaining summary information from people who can report useful circumstances for investigations (Article 351 c.p.p.);
- f) personal and local controls in the cases and within the limits defined in the article. 352 c.p.p.;
- g) the purchase of closed packages and in general correspondence by the provisions of the article. 353 c.p.p.;



h) for investigations and findings about the state of places and things, as well as for findings about people other than the inspection of people (Article 354 c.p.p.)

The judicial police can carry out activities or operations that require specific technical skills, using appropriate people (so-called assistants), who must be kept separate from the technical consultants of the public prosecutor referred to in the article. 359 c.p.p., i.e. subjects with specific skills, whose activities will be subject to evaluation by the public prosecutor and the judge.

Judicial police can perform both typical activities, such as those regulated in detail by law, as well as atypical activities that are not subject to any regulatory definition, such as identification and photographic recognition.

## **Prosecutor**

In the stage of preliminary investigations, the public prosecutor, as defined by the article. 326 c.p.p., carries out, within his duties, the necessary investigations into the decisions inherent in the exercise of criminal proceedings, i.e. both the exercise and non-exercise and, for this purpose, in the application of the article. 358 c.p.c., also conducts investigations for facts and circumstances in favor of the person subject to the investigations.

According to the provisions of the article. 335 c.p.p., the public prosecutor immediately records the report of the crime in the relevant register kept in his office (form 21 or form 44, i.e. September 30, 1989, depending on whether the name of the perpetrator of the crime is known; there is also a third register, mod. 45, which records everything that, although formally presented as news about a crime, is not such, so-called. register of relevant documents).

By crime report, we mean based on the article. 335 c.p.p. "the presentation of a fact, specific and not remote, that is hypothetically attributed to an incriminating case"; again, according to the provision in question, the Public Prosecutor must register the name of the person to whom the crime is attributed as soon as "indications against him" arise, simultaneously with the registration of the news of the crime or after.

The deadlines for the completion of preliminary investigations begin from the moment of registration of the crime report; Pending the expiration of these deadlines, the public prosecutor, to achieve the goals defined in the above rules, can perform a series of activities:

may request evidence using one of the means provided for in the law (inspections, checks, seizures, interceptions); can carry out repeatable technical assessments (such as phonometric measurements) and non-repeatable assessments (such as the assessment consisting of the so-called STUB, aimed at the search for traces of explosives on the person of the subject under investigation);

may order the forced collection of biological samples through the technical consultant, autonomously, in the case where there is the consent of the interested party, or by requesting authorization from the GIP in the case where the consent of the subject is absent and is being prosecuted for an intentional or unintentional crime, committed or attempted, for which the law provides for life imprisonment or imprisonment exceeding three years at most, the investigation seems necessary to establish the facts;

can continue with the identification of people and items "when necessary for the immediate continuation of investigations..." (Article 361 of the Civil Code);

may continue to receive information from "persons who can report useful circumstances for investigations" (Article 362 c.p.p.);

may order the questioning of a suspect or a person accused in a related or related proceeding or of an accused participating in the same crime.

may order the execution of security measures and request the implementation of security measures.

However, it is clear that the knowledge of the investigative documents through their disclosure, which generally happens with the notification of the end of the same where the prosecutor has decided to carry out the criminal proceedings, has an important function of guarantee as it allows the suspect to verify the credibility of the sources of the required evidence and to request evidence in his favor. To achieve a balance between these conflicting needs, the code of procedure has provided for some exceptions to the principle of secrecy, distinguishing between "guaranteed acts" and "unexpected acts".

The term warranted acts refer to those in which the defender has the right to be present, subject to prior notice, which must be given at least twenty-four hours before the act (for example, interrogation, inspection and confrontation, non-repeated technical evaluation based on Article 360 c.p.p., etc.) or, in any case, immediately, in case there is a well-founded fear that the delay in performing one of these acts may jeopardize the search for sources of testimony. The right to assist in these investigative actions is granted to protect the suspect, if he is present, and to ensure the regularity of the offense.

Unexpected acts, on the other hand, are those in which the defender has the right to testify without having the right to be notified in advance (control, seizure).

The report must be made both for warranted actions and surprise actions, as it is completely irrelevant whether the defense lawyer participated in them or not, the filing of which must be made at the public prosecutor's office within three days of the action being carried out, with the defender. has the right to examine the reports and issue copies within the following five days.

### **Duration of preliminary investigations**

The purpose of preliminary investigations is to allow the public prosecutor to make decisions regarding the exercise of criminal proceedings or to allow the public prosecution body to decide whether to carry out criminal proceedings or request dismissal. Preliminary investigations clearly cannot have an indefinite duration to guarantee the person who is subject to and subject to precise time limits following art. 111 of the Constitution, which defines the principle of reasonable trial duration.

The usual deadline for completing preliminary investigations is six months when proceeding for a misdemeanor, one year when proceeding for crimes other than those provided for in the article. 407, co. 2, paper. a), c.p.p., or for particularly serious crimes or organized crime, one and a half years for the latter.

The deadline for the completion of the investigations can be extended, only once, for a period not longer than six months, in case of the complexity of the investigations (see article 406 c.p.p.).

The procedure for establishing a request for an extension works differently depending on whether the crimes involved are organized crimes or ordinary crimes. In case of proceedings for mafia crimes and similar crimes, the judge of preliminary investigations decides on the public prosecutor's request for extension with an order issued within ten days of the request, without hearing and without questioning. even if it decides not to accept the request for continuation.

In other cases, it is necessary to establish an interrogation; the judge for the preliminary investigations ensures that the request for continuation is notified to the suspect and the injured party, who has stated that they want to be informed (eg in the complaint or in a subsequent document) and these entities can present a record within five days. days from notification. The judge decides within ten days of the deadline for submitting the minutes.

If the judge decides to make the request in the state of the documents, the decision will be taken without hearing and without questions; otherwise, it sets the date of the hearing and notifies the public prosecutor, the suspect and the victim. In this case, the proceedings take place in chambers and the decision is taken by irrefutable order.

Art. 407 c.p.p., provides the maximum limits in case of extension; The maximum term is one year in the case of misdemeanors, eighteen months for ordinary crimes, two years in the case of: a) preliminary investigations for serious crimes or organized crime defined by law; b) particularly complex investigations due to the number of related crimes or suspects or victims; c) investigations that require the performance of actions abroad; d) in the case of related procedures.

### **Notice of completion of preliminary investigations**

If the public prosecutor decides to initiate criminal proceedings, he must notify the suspect and his lawyer before the deadline to request an indictment, even if extended, (and when it comes to crimes of mistreatment of family members and cohabitants and crimes of prosecution, also to the offended person and his lawyer) notification of the completion of preliminary investigations.

This notification is intended to guarantee the suspect the opportunity to concretely exercise the right of defense and to clarify his position to possibly encourage the prosecutor to reconsider; so much so that the failure to notify causes the summons to be declared invalid.

The Public Prosecutor, with a notice, provides a summary overview of the fact, the legal provisions that are allegedly violated, and the date and place of the fact, with a warning:

that the documentation related to the investigations is deposited in the Prosecutor's secretariat and that the suspect and the defense have the right to see it and obtain a copy.

that, for wiretapping operations for which authorization provisions have been issued as of March 1, 2020, the suspect and his lawyer have the right to review in person the electronic documents submitted in connection with the wiretapping and to listen to the recordings or to be aware of computer or telematic communication flows. and who has the right to obtain a copy of records or streams indicated as relevant by the public prosecutor (the defender may, within twenty days, submit a list of further records considered relevant and of which he requests copies and, in case of refusal of the prosecutor to ask the investigating judge to proceed in the manner indicated in Article 268 of the Criminal Code);

that within twenty days the suspect can: submit documents; to produce documents; submit documentation related to defense investigations; and request the Prosecutor to conduct further investigations (which must be conducted within 30 days of the request, extended only once for no more than 60 days by the investigating judge); to make statements for the Prime Minister; ask to submit to questioning (failure to do so will render the subpoena invalid), ask to have access to restorative justice programs (notice of this option is also given to the offended person).

As can be seen, this is a very important moment in the final phase of preliminary investigations, attributing to the suspect several faculties that allow him to communicate with the Prosecutor,

potentially and hopefully foreshadowing further investigative developments in his favor, if not direct redeterminations by the Prosecution with the exercise of criminal proceedings (think for example the case in which decisive alibi evidence is offered).

the frequency of deadlines for making decisions regarding the exercise of criminal proceedings. The rights and entitlements of the suspect and the offended person

If the notification of the conclusion has not been notified despite the expiration of the deadline for the completion of preliminary investigations and dismissal has not been requested or a criminal offense has been committed, according to the new article. 415 ter c.p.p. the investigation file must be deposited in the prosecutor's office and notification of this deposition must be made to the suspect, the injured party who requested to be informed of the end of the investigation, as well as the district prosecutor.

This notice should also inform the suspect and the victim of the right to examine the documents and obtain a copy of them, as well as the possibility of contacting the judge to assess the reasons for the delay and, if they are unjustified, to order the Prosecutor to make decisions regarding the exercise of the criminal offense: the judge, after listening to the public prosecutor, takes measures for the request within twenty days; if he has not authorized the postponement of the deposition (see below) or there is no need for postponement, the judge orders the public prosecutor to make decisions on criminal prosecution within twenty days.

Art indeed. 415 ter c.p.p. recognizes the right of the public prosecutor to ask the GIP to postpone the filing of the investigation file.

Before the expiration of the terms in accordance with the article. 407-bis c.p.p., the public prosecutor may request a postponement if the immediate presentation of the findings of the investigation may harm the investigations

(a) in the case of a request for detention or house arrest, when the judge has not yet done so or the measure has not been carried out;

b) when the disclosure of investigative documents poses a risk to someone's safety, to the safety of the state or if it is prosecuted for one of the crimes under the article. 407, paragraph 2 of the Code of Criminal Procedure, for other concretely identified investigative activities, still in development and aimed at identifying and apprehending the responsible persons or seizing money, goods, or other services, the confiscation of which is mandatory; when one of the situations provided by letters a) and b) occurs to crimes related to the article. 12 c.p.p. or connected under paragraph 2 of the article. 371 c.p.p., for which the deadline for action provided by the article has not yet expired. 407 bis c.p.p.).

If the public prosecutor requests the postponement, the judge of preliminary investigations decides within 20 days from the submission of the request and authorizes with a reasoned decision the postponement when he deems the request justified, for the time strictly necessary and in any case for a period not exceeding six months or, if the proceedings are carried out for one of the crimes mentioned in the article. 407, paragraph 2 of the Code of Criminal Procedure, not more than one year.

Paragraph 5 of Art. 415 ter finally determines that, after the expiration of the term following the article. 407 bis c.p.p. The Prosecutor General may order the initiation of investigations or may order the Public Prosecutor to take the necessary decisions, however, the Prosecutor General may act in this sense only if the postponement of the deposition has not been ordered or if the corresponding request is presented and it has not yet been refused.

The exercise of criminal prosecution by the prosecuting body in Albania constitutes the main attribute for the exercise of functions by the prosecution. The criminal prosecution expressed

in the sense of dismissing the case or not starting the procedure, before the changes that the Code of Criminal Procedure underwent, was carried out by the accusing body without being influenced by any decision of another body.

The only procedural moment when the actions of the prosecutor in the framework of suspension or non-starting pass-through control filters, is when an appeal is filed against the decision. Even in this case, the control that was exercised was formal and not substantial, which means that the court verified whether the investigation is complete and whether there was a need for other investigations to receive and administer the evidence. With the law 35/2017 of changes in the Code of Criminal Procedure, the way of handling the aspects of suspension of criminal prosecution is widely based on the provisions of the provisions of the Italian Code of Procedure. The legal situation in the Italian system appears to have a dual character or "the existence of duality" in decision-making. From the treatment done on the Italian system, it was identified that the dismissal of the case is not done mainly and only by the prosecution body. This means that in the conditions when the prosecution assesses that the case should be dismissed, it does not mainly decide, but submits a request for the archiving of the case, but is the judge of the preliminary investigations (the figure already included in our criminal procedural regulation), the one who does not evaluate the case in essentially approves the dismissal or non-opening of the case. Another essential difference between the two procedural systems lies in the phase of preliminary investigations in the framework of reporting.

Both our procedural criminal code and the Italian one highlight the right, but also the obligation, that citizens have to report the criminal offense. What is seen and constitutes the difference is the fact that the Penal Code (ours) does not provide detailed rules on the conditions that exist for the rejection of the report when it turns out to be unfounded, a fact that is defined in the Italian Penal Code in a taxative manner.

In Italian law, the concept of unfoundedness is elaborated in detail, the last provisions of the Penal Code, namely in d.f.125, where it is determined that unfoundedness is related to the insufficiency of the data obtained from the preliminary investigations to support the charge in the trial. In doctrine, this is known as the case of a request for filing for "insufficiency of evidence" and this broad category also includes more specific cases of circumstances when the evidence is not proven or is incomplete and contradictory about the existence of the fact, the execution of the fact by of the defendant and the criminal legal definition of the fact. Of course, the question of the insufficiency of the evidence is not a fact that belongs to the objective reality, and it constitutes the result of an assessment that can be expressed on a scale, a value that goes from a minimum to a certain maximum or otherwise called a possible insufficiency to that of clear insufficiency.

Both in article 408 of the Penal Code and in the last provision 125, the definition of the insufficiency of the evidence with the term "clearly" is missing. In addition to the above elements, an important procedural moment is the resolution of preliminary investigations. From the content of Article 323 of the Criminal Code, it follows that the prosecutor in specific circumstances and conditions can extend the deadline for preliminary investigations. This decision of the prosecutor is appealable, and in the eventuality of filing an appeal and its acceptance by the court, the issue that is raised for resolution is what is meant by the evidence obtained after the extension of the deadline, the extension which is considered incompatible with the law.

Under the terms of the legal formulation, the position is maintained according to which the evidence will be unusable. Meanwhile, this legal fact in the Italian Penal Code, orients a different solution, if the court assesses whether the appeal is based on the decision to extend the deadline, but maintaining the usability of the evidence collected after the extension of the



deadline. This problem was fixed with the changes made to the Code by law 35/2017 by adding point 3/1 to its article 325. An interesting issue in the context of the comparison is the issue of security measures and their impact in the context of the suspension of the case. According to the Italian system, in the event of a possible recourse to the Supreme Court on the measure of security, it is established that there is no evidence or serious evidence for the purpose of attributing the crime, the prosecutor has the legal obligation to turn to the court with a request to archive the case.

This element is not provided for in our code of criminal procedure, leaving it in the hands of the prosecutor to make such a procedural assessment. The Italian procedural system presents an advantage and guarantees a more objective process because it enables the prevention of abuses by the accusation. 236 A comparative overview with the Italian Code of Procedure, from which the legislator was supported for the drafting of our procedural code, we will find that the prosecutor did not know the rights before the changes to dispose of the rest of the proceedings.

This right is recognized by a special entity that stands between the prosecution body and the judicial bodies, the judge for preliminary investigations (articles 409/4, 409/5, 420/1, 425 of the Italian Penal Code). In this context and to the Albanian reality, the influence that the Italian Code of Procedures has had was followed by changes establishing the presence of the investigation judge, who has the authority to review the request presented by the prosecution for dismissing the case when he assesses that there are no causes and the case should be dismissed or the case should be decided not to start.

In the inquisitorial system, preliminary investigations are initiated by the police (it is a special sector of law enforcement called the Judicial Police and is subordinate to the prosecutor) or by the victim (who files a complaint with the police) or autonomously by the prosecutor now that he receives notification that a criminal offense may have been committed.

In countries such as Germany until a few years ago and Italy, the prosecutor should start preliminary investigations as soon as he receives the notification of the "notitia criminis", that is, as soon as he becomes aware of the fact that a crime may have been committed.

If, after all the preliminary investigations have been carried out, he thinks that there are all the necessary elements for bringing criminal charges, then he is obliged to exercise the latter; in other words, the prosecutor does not normally enjoy discretionary power. This type of discretionary power exists anyway in other countries, such as France and Belgium. In some countries, such as in France, criminal proceedings can be initiated by the victim himself or by private entities such as unions or associations, etc. if they assess that they have been harmed by this crime and use the so-called constitution de partie civile, through which they request the body criminal judge a compensation.

In 1975, the figure of the judge of preliminary investigations was removed in some countries of Western Europe. We mention here the case of Germany. Likewise, Switzerland achieved the same result when the Federal Criminal Procedure Code entered into force on January 1, 2011. Meanwhile, the figure of the preliminary investigation judge is in force in the legal order in Italy and France, where in this country Juge d' Instruction is the model from which several countries have been inspired. We mention here again the case of Italy and Belgium. In other countries such as Spain and Portugal, this special figure exists but has a limited role, and can be considered symbolic, since it does not have a real and active role in this phase as in the other countries mentioned above.

### **Discussions on the role and expansion of the functions of the preliminary investigation judge in Italian legislation**

The charge, understood as the attribution to a subject of a criminally important fact, emerges from the completion of a verification work and the basis of the *notitia criminis*, which undoubtedly requires in general cases a period of time suitable for preliminary investigations, during which the presence of a judge is essential not only because the investigations end up affecting the spheres of freedom guaranteed by the constitution, but also because the prosecutor's decision not to start proceedings has a jurisdictional character and it should be the judge who decides the need for a trial on the merits. In the article. 46 of the Italian law on the organization and operation of the judicial system expressly provided that: "In every ordinary court composed of sections, a section of judges responsible for the dispositions provided by the code of criminal procedure for the phase of preliminary investigations and for the preliminary session is set up"

The judge of the preliminary investigations is a special figure of the Italian criminal procedure. At the request of the parties, he intervenes in some procedures established at the stage of preliminary investigations to ensure their proper functioning and legality, guaranteeing the basic rights and freedoms of the person who is involved in the criminal process by controlling the activity of the prosecutor and the judicial police. In this way he exercises a jurisdiction of guarantee. This figure was introduced by the Italian legal order, criminal procedure, to replace the figure of another judge who was called the instructor judge (*giudice istruttore*). The judge of the preliminary investigations acts in the cases provided by the law based on the requests made by the prosecutor, the person under investigation, the victims and the private parties. Simple examples in this direction can be mentioned: the control of the duration of the preliminary investigation phase when the decision is issued on the appeal of postponement of deadlines; taking security measures, revocation, modification or extension at the request of the prosecutor or the person under investigation of preventive measures (*misure cautelari*) which affect the freedom or property of the person under investigation; the decision to validate the arrest in *flagrante delicto* or detention carried out by judicial police officers or the prosecutor, etc. The judge of the preliminary investigations thus exercises a function of guaranteeing personal freedom as well as checking the legitimacy of all actions raised by the accusation. In fact, the prosecutor is the exclusive holder of the criminal charge and the phase of preliminary investigations, but the Italian legislator has foreseen the possibility for each phase of the process to be checked and appealed to a third and impartial judicial body.

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## **Dynamics of Longer-Term Economic Growth in a Developing non-EU Economy: Empirical Investigation of the Albanian Economy**

**Gresi LIKA**

*EPOKA University, Albania*

### **Abstract**

*This project examines the Albanian economy and its long-term economic growth characteristics. We utilized time series data spanning the years 1998 to 2019. Real GDP at constant prices is the dependent variable. Household consumption, capital creation, government final consumption spending, and net exports are the independent variables. All the information comes from World Development Indicators. The E-Views program was used to construct all the tests required for our empirical inquiry. We used ADF and PP for the unit root test. After the unit root test where some variables were stationary and some nonstationary, we decided to use the ARDL test. The results, in the long run, LOGHCON and LOGGCEXP are positively related to LOGGDP. This implies that when LOGHCON and LOGGCEXP rise with time, so does LOGGDP. After long-run and short-run relationships between independent and dependent variables, we checked for homoscedasticity, serial correlation, data distribution, structural breaks, and the Granger causality test. All the results are shown in the continuation of this paper.*

**Keywords:** *GDP, household consumption, capital formation, government final consumption expenditure, Granger causality test, Albania.*

### **Introduction**

Long-term economic growth dynamics are critical for any economy's long-term development, but they are especially critical for rising economies like Albania. Albania's economy is small, open, and transitional, having experienced considerable economic changes since the early 1990s. These reforms sought to shift Albania from a centrally planned to a market-oriented economy, with a special emphasis on privatization and liberalization. Albania has enjoyed tremendous economic development since the implementation of these reforms, with annual GDP growth rates averaging approximately 5% over the last decade. Despite this expansion, Albania has substantial economic issues, including high unemployment, low labor force participation, high informality, poor productivity, and a bad business climate.

Understanding the mechanics of longer-term economic growth in Albania is critical for addressing these difficulties. This empirical study will look at the elements that have contributed to Albania's economic growth throughout time to determine the primary drivers of long-term prosperity. To understand the trends and patterns of the Albanian economy, we will analyze numerous economic indicators such as real GDP, household consumption, capital creation for investment, state expenditure, and net export.

Furthermore, we will investigate the impact of policy and institutional elements in promoting Albanian economic growth. We will evaluate the efficacy of previous economic policies and find areas for improvement to sustain long-term economic growth. Overall, this analysis will give important insights into the mechanics of Albania's longer-term economic growth.

Understanding these dynamics allows policymakers and investors to devise solutions to solve the problems confronting the Albanian economy and encourage long-term economic growth.

### **1.1 Objective of the Project**

The first goal is to examine the dynamics of long-term economic growth in Albania and identify the primary drivers of long-term growth. The second is to investigate the trends and patterns of major economic indicators such as GDP, employment, inflation, trade, and productivity, among others, to better understand the variables that have contributed to Albania's economic progress over time. The third is to examine the efficiency of previous economic policies and institutional variables in fostering Albanian economic growth. The fourth goal is to identify and solve the difficulties confronting the Albanian economy, such as high unemployment, low labour force participation, high informality, low productivity, and a weak business climate. The final goal is to give crucial information for policymakers and investors wishing to connect with the Albanian economy and encourage long-term economic progress. To understand the dynamics of economic growth in Albania through time, examine the trends and patterns of major economic indicators such as real GDP with constant prices from 1998 to 2019, household consumption, and capital formation for investment, state expenditure, and net exports. Identify the policy and institutional variables that have led to Albania's economic growth and evaluate their efficacy in supporting long-term growth. Provide crucial information for policymakers and investors interested in engaging with the Albanian economy and promoting long-term economic progress.

### **1.2 Motivation**

The relevance of understanding the elements and mechanisms that drive sustained economic development in Albania drives the incentive to study the dynamics of long-term economic growth in the Albanian economy. This research aims to provide valuable insights into the key drivers and patterns of economic growth in Albania through empirical investigation, which can inform policy decisions, foster informed economic planning, and contribute to the overall understanding of economic dynamics in the region

## **2. Theory and Policy Implementation in Albania**

The process of turning academic concepts and ideas into real actions and repercussions within a given setting is commonly referred to as theory and policy implementation. It involves the creation, execution, and evaluation of policies and strategies that address social challenges and achieve the intended results (Montjoy & O'Toole, 1979). Albania is a country with a small economy which had so much improvement in its theories and policies implementation through the years. The transition that Albania had, going from a centralized communist regime to a market-oriented democratic economy, brought so many challenges and difficulties. The theory and policy implementation for Albania aimed to improve governance, develop the economy, and bring the overall well-being of all citizens part of this country and not only. The process of theory and policy implementation for Albania brought to life so many reforms and improvements in different fields of economy, politics, sociology, etc. The overall improvement created a better environment for the country, including economic growth, reforms, protection and promotion of natural resources and a sustainable society for its citizens.

In this chapter, I am going to cover the theory and its equation for my project. Also, I am going to explicate the policies and their implementation in Albania throughout the years taken into consideration for my project. The next step is the explanation of the main macroeconomic indicators in Albania. Lastly, I am going to cover the longer-term economic growth and macroeconomic performance of the Albanian economy from 1998 till 2019.

## 2.1 Theory and its Equation

The relevant theory  $Q=C+I+G+N_x$  it world widely known as the classical model of an Open Economy. The classical open economy model is an economic model that analyses the dynamic relationship of markets at home and abroad in the context of free trade as well as capital flows. It depends upon conventional economic concepts and assumptions, such as the principle of comparative advantage and optimism regarding market equilibrium (Mankiw, 2009). Albania was under a dictatorship for approximately 46 years, from 1944 to 1990 so they were a closed economy for many years. After 1990 Albania became an open economy and started to trade with other countries.

The classical model of an open economy:

Consumption depends positively on disposable income:  $C = C(Y - T)$

Investment depends, in turn, negatively on the real interest rate  $r$ :  $I = I(r^*)$

Government expenditure based on public expenditure:  $G$

Net exports based on exports and imports:  $NX = Ex - Im$

The equation:

$$RealGDP_t = C_t + I_t + G_t + Nx_t + \varepsilon_t$$

Where:

RealGDP: it's the real GDP with constant prices for the period from 1998 to 2019.

C: its household consumption for the period from 1998 to 2019.

I: gross fixed capital formation (% of GDP) for the period from 1998 to 2019. G: General government final consumption expenditure (% of GDP) for the period from 1998 to 2019.

$N_x$ : Exports of goods and services (constant 2015 US\$) - Imports of goods and services (constant 2015 US\$) for the period from 1998 to 2019.

$\varepsilon$  : Error term.

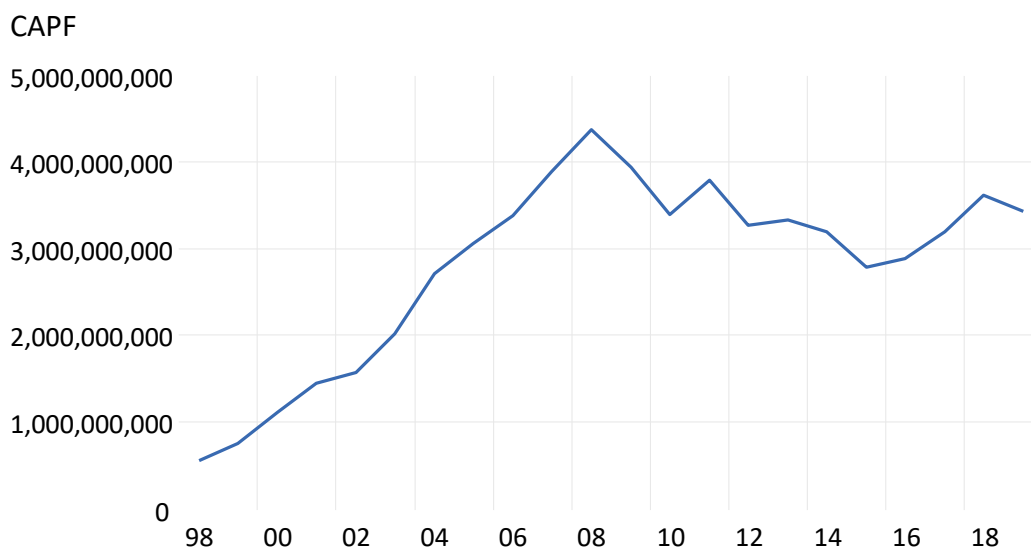
## 2.2 Policy and its Implementation in Albania

Policy and implementation are important components of a country for its government and the ability to make good decisions. A policy is offered as a guiding tool to build strategies, define some objectives, and accomplish the goals in a particular area. However, the success of a policy will always be its implementation at the right time and framework. The implementation takes effort, hard work, good planning, coordination of work, evaluation, and effectiveness. In Albania for the years 1998 to 2019, there were so many policies and implementations to make this country a better economy-oriented one. Some of the most important policies and implementations are below:



**Economic stabilization:** Albania for the period from 1998 to 2019 implemented some policies to achieve economic stabilization (Almarin Frakulli, 2017). The first one was fiscal consolidation was implemented through some fiscal targets and reforms such as tax reform, expenditure control, and public debt management. The second one is inflation control and exchange rate management. The country implemented a combination of monetary policy and fiscal policy to deal with inflation pressures. The Bank of Albania played a crucial role in implementing these new policies. They aimed to achieve price stability, control of money supply growth, and management of interest rates and exchange rates. The exchange rate policy was to adopt a floating exchange rate, and the government aimed to keep the exchange rate movement as stable as they could.

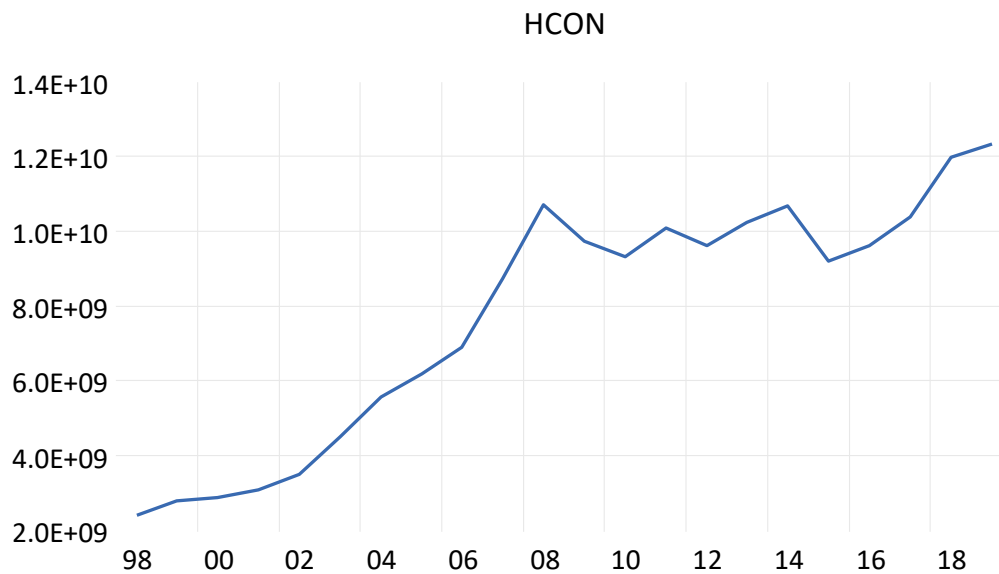
**Structural reforms:** The structural reforms in Albania included privatization, market liberalization, and deregulation (Treichel, 2002). The main objective of privatization was to improve private sector development, stimulate economic efficiency, and attract foreign investment. This policy increased employment, and it had a positive impact on economic performance. Market liberalization was an economic reform and transition for a market-oriented economy. Albania implemented trade liberalization to import and export with other countries so they could be part of international markets. Deregulation was implemented to reduce bureaucratic obstacles and simplify business procedures so they could create a more business-friendly economy.



Source: author.

*Figure 2.1 Capital Formation from 1998-2019*

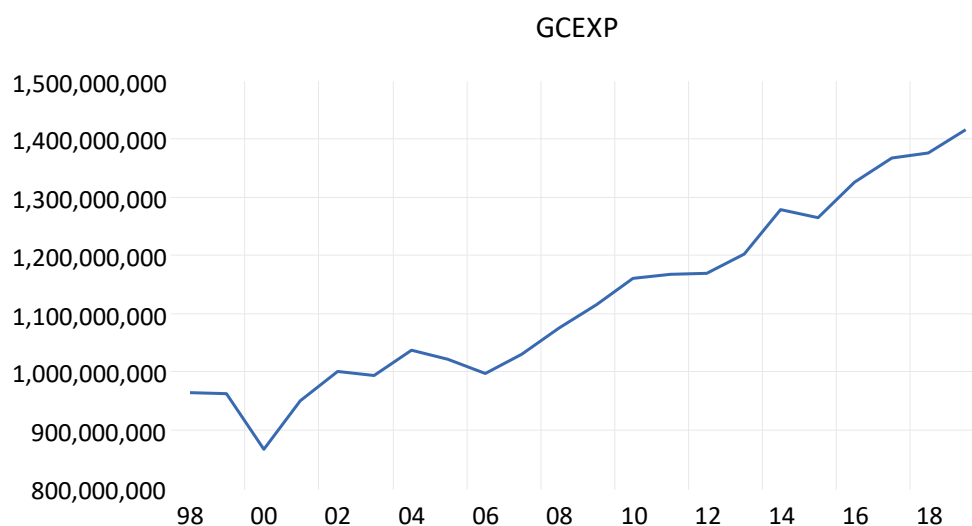
**Human Capital Development:** Albania made improvements in its education system through some reforms and initiatives (Bajrami & Leka, 2020). This included education policy reforms, curriculum development, teacher training and professional development, education infrastructure etc. These policies impacted human capital accumulation, labor market outcomes, and overall economic growth.



Source: author.

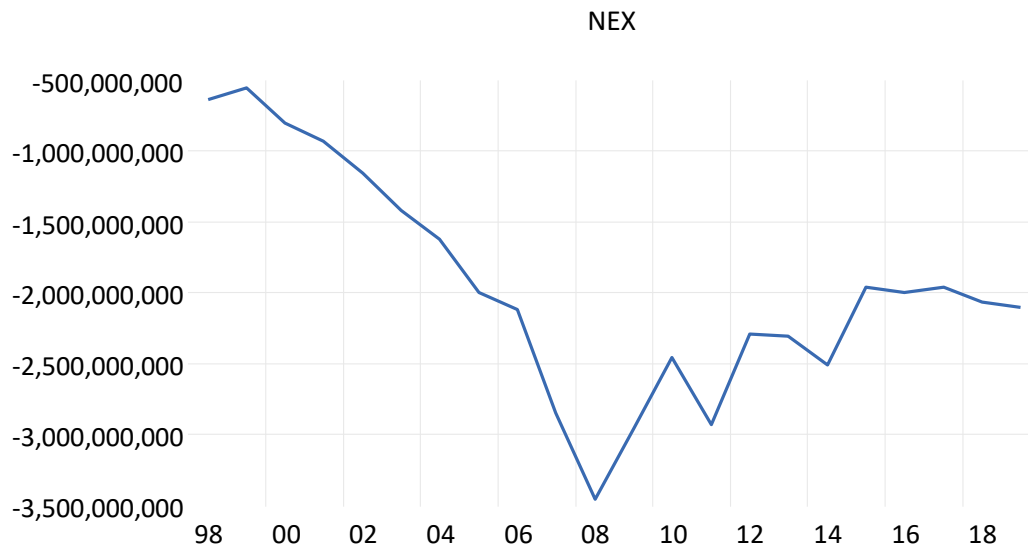
*Figure 2.2 Household Consumption in Albania*

European integration: Albania implemented new policies and reforms to achieve European Union standards and requirements. These efforts were part of Albania's aspiration to join the EU and be part of their community. Some of the policies and reforms were legislative reforms, institutional strengthening, justice, and law system reforms, economic reforms, and social labour market reforms. These new policies aimed to bring Albania closer to EU standards to improve governance, strengthen the rule of law and enhance economic competitiveness.



Source: author

*Figure 2.3 Government final consumption expenditure in Albania*



Source: author.

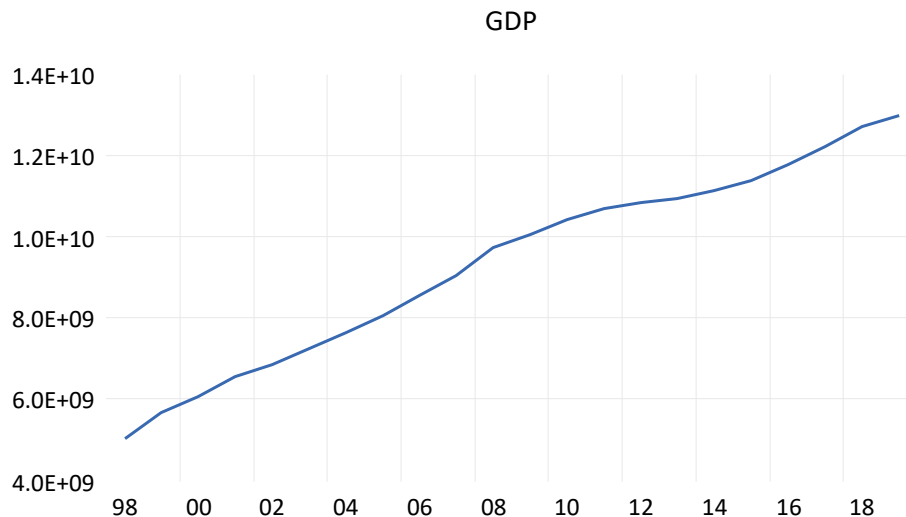
*Figure 2.4 Net Exports in Albania*

### 2.2.1 Main Macroeconomic Indicators in Albania

Albania like all the economies in the world has its main macroeconomic indicators which evaluate the overall performance of the economy. This indicator helps to understand and work with different aspects of economic activity such as trade, employment, inflation, output etc. Analysts, investors, and policymakers use these indicators to understand the current state of the economy and decision-making process (Gali, 2015). Here are the main macroeconomic indicators that Albania used from 1998 to 2019:

Real GDP it's a measure of a country's economic production that has been corrected for inflation. It is the entire cost of all products and services produced within the boundaries of a nation during a given period, often a year, expressed in constant prices. During

1998-2019 Albania's real GDP fluctuated. In the first 9 years, Albania had an increase in GDP because of so many reasons one of the most important ones was that Albania's economy was recovering from the collapse of communism. During the global financial crisis of 2008-2009, Albania was not resistant, so the GDP had a slight decrease, and the economic growth was slowing down. From 2010 to 2019 GDP remained growth even with small steps.



Source: author.

*Figure 2.5 Real GDP in Albania from 1998 to 2019*

Unemployment is the number of people who are not working but who can work and are looking for it. It is an important component that talks about the number of people who are part of the labor force but are not currently working. When the GDP of Albania increased during some different periods it also reflected in the employment rate, which means that when Albania had increasing economic growth, the number of unemployed decreased. It is a negative relationship between GDP growth and unemployment.

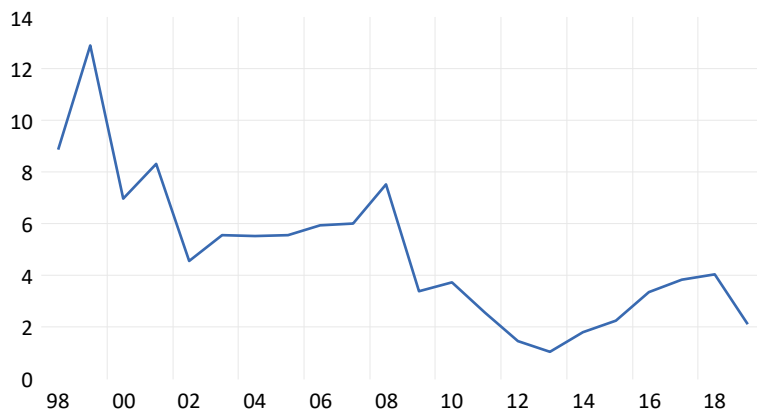
Inflation tells how much does price level changes in a country. It is a good indicator of the cost of living. The stabilization of inflation is a must for economic growth, and it is so important for long-term macroeconomic statistics.

Interest rate it's another macroeconomic indicator in Albania but not only. It tells the cost of borrowing and directly indicates the level of investment based on price level and other variables. It's an important indicator for Albania's economy, especially after the big change that Albania had going from an economy to an open market economy. (Turan, 2014)

### **2.2.2 Longer-term economic growth and macroeconomic performance of the Albanian economy**

Albanian economy from 1998 to 2019 went through some significant shifts and many difficulties. From 1998 to 2008 Albania had great economic growth where the GDP increased by 6% per year. The main factors that indicated this growth were foreign investments, tourism, infrastructure development, etc. In 2008, the global financial crisis affected Albania too. It reduced the foreign investments and made the economic growth slowdown. This crisis revealed all the problems and weaknesses of Albania's economy so the government should undertake some new reforms. These reforms included fiscal packages and impacted infrastructure investments and banking sectors (Turan & Bala, 2014).

GDP growth (annual %)



Source: author.

*Figure 2.6 GDP growth of Albania from 1998 to 2019*

However, since Albania became a market-oriented economy, there are different key factors for its economic growth. One of them is participation in the World Trade Organization in 2000, as well as the status of a candidate for EU membership. Improvement of economic growth and macroeconomic performance of Albania's economy is for the reason of the usage and implementation of good macroeconomic policies. Fiscal control reduced public debt, improved the well-being of businesses, and helped investors to be more positive and confident. Also, price stability was targeted by monetary policy strategy, to improve different sectors of the economy so the development of the economy of Albania keeps continuing. Albania's government focused on tourism, technology, natural resources etc. building a favourable business environment through the years. In conclusion, in the long-term economic growth and macroeconomic performance of Albania have been improved by many factors but the most important ones are economic liberalization, structural and all reforms, and integration into global markets.

### 3. Literature Review

This literature review investigates the dynamics of longer-term economic growth in transition countries, developing countries, African countries, and group of countries such as the EU and WBs. We are focusing on the independent variables such as household consumption, capital formation for investment, expenditure and net exports. We are going to interpret and understand the effect that these variables have on the dependent variable which is real GDP.

Household consumption is one of the components that about individuals' and families' expenditure on necessary items such as food, healthcare, education, utilities, etc., and on non-essential goods and services such as different activities, luxury items etc. This variable as an independent one, affected GDP in different perspectives. In developing countries such as Tanzania, consumption is one of the most important components that affect GDP. (Kira, 2013). In this paper variables that the author has taken are consumption, exports, imports, and investments using Keynes's model for the years 1970 to 2009. Imports and investments were inactive in the affection of GDP; the study showed that developing countries' GDP is mainly influenced by consumption and exports. A negative long-run effect of consumption tends to increase household debt and household debt-to-GDP ratio increases till it reaches 60%. That's what a study of 54 different countries for the respective years of 1990–2015. (Lombardi, 2017) Another good paper shows that household consumption is closely related to economic growth and real GDP growth for Hubei Povice from 1980 to 2010. The author used the ADF unit root



test approach and the Johansen co-integration test approach to make an empirical analysis. The results showed that there is a stable positive relationship in the long run between household consumption and economic growth. (Tapsin & Hepsag, 2014) has done an analyse of household consumption expenditure affecting GDP for the years from 2000 to 2012 for EA-18.

Using the panel data model this paper shows that if household consumption increases by 0.566 Dollars the GDP will increase by 1 Dollar. An empirical study about household consumption, foreign direct investment, international trade, and domestic savings and their effect on GDP in Pakistan showed that with the multiplier effect of 5.587 and the value of MPC of 0.821 confirmed that the growth of GDP in a developing economy like Pakistan is affected by household consumption patterns (Naveed, Ahmed & Shaikh, 2015). The average estimated household final consumption expenditure is valued at US \$64008.64 m. Furthermore, the estimated change in GDP due to the given change in household final consumption expenditure, with the multiplier effect has been averaged to of US \$ 357616.27m. (Mehmood, 2012) made a comparison between Pakistan and Bangladesh economies with time series for the years 1976 to 2009 using the multiplier regression model. Dependent variable is economic growth using GDP and independent variables gross national expenditure, final consumption expenditure, goods exports & imports, services exports & imports, external debt stocks, gross saving, FDI inflows, FDI outflows, gross domestic income, net income from abroad and worker's remittances and compensation of employees paid. This paper found that in Pakistan the final consumption expenditure increase has a positive effect on GDP, while in Bangladesh it had a negative effect on GDP.

The process of expanding the stocks of capital items in a market through time, it's called capital formation. It includes the establishment, acquisition, and perpetuation of physical and financial assets utilized in production of goods and services in a country. In other words, it's called investment in tangible or intangible asset such as machineries and equipment, land and buildings, soft skills, hardware, human capital, and training etc. In developed countries capital formation is one of the most important components that indicate the most to the economic growth or GDP. A paper from 2017 discusses capital formation and its relationship with economic growth, an empirical analyse for China (Chow, 2017). For the period from 1952 to 1985, the author of this paper took to analyse the income of 5 producing sectors. From 1952 till 1980 technology affect was not part of Chinese economy, only capital formation played an important role for it. The increase in output in 5 sectors taken in consideration and the increase of total capital formation included on GDP growth of China. (Adhikary, 2011) did great research about Bangladesh economy. He studied the relationship between FDI, trade, capital formation and Economic growth with time series for the period from 1986 to 2008. All his variables were stationary at 1<sup>st</sup> difference with both tests ADF and PP. The author proceeded with Johansen-Juselius, and the results showed a strong long-run relationship between capital formation and real GDP. Another paper made by (Zaman, 2021), took on study BRI, Belt and Road initiative. In this paper they researched about IT exports, gross capital formation, FDI and trade openness in relation with economic growth. They used annual panel data from 2013 till 2018 for some developing and developed countries part of BRI. In this research paper, the authors concluded that IT exports and open trade were in a negative relationship with economic growth but in the other hand FDI and capital formation had a positive impact on economic growth. Research was conducted in Africa from (Feddersen, 2017). They took in consideration for this paper exports and capital formation in relationship with economic growth. The authors used quarterly time series (1975q1-2012q4) and Johannes's cointegration procedure. The results showed that in short-run exports affected positively economic growth, directly. But in long run exports indicated to the capital formation increase and then to economic growth.

(Gibescu, 2010) did an interesting research paper. He took in consideration different countries like Romania, Bulgaria, Czech Republic, Poland and Hungaria to study the relationship between gross fixed capital formation and economic growth. The author used quarterly time series (2003q4-2009q4) and as independent variable was only GFCF (gross fixed capital formation, the dependent variable was GDP (economic growth). The results showed that these two variables had direct strong positive connection for all the countries taken in this study.

Government final consumption expenditure it's a section of national accounts that represents the amount of government spending that is spent on goods and services which directly benefits the population. It includes different public services like education, healthcare, national defence etc. OECD is an organization which includes 34 developed countries like USA, UK, Luxembourg, Switzerland, Israel, Japan, France etc. (Connolly & Li, 2016) did research about these countries' economic growth. They used panel data from 1995 to 2011 and GMM estimation technique. As independent variables, the authors took government consumption spending, public social spending, and public investment. The results showed that an increase in public social spending had a negative effect on economic growth but in the other hand, an increase in government consumption spending and public investment did not affect the economic growth for OECD countries. (Agalega & Acheampong, 2013) did research on a developing country economy such is Ghana. Taking in consideration inflation, government consumption expenditure and policy rate as independent variables, and real GDP as dependent variable. They used annual time series for the years 1980-2010 and a modern time series econometrics methodology such as unit root test and VECM for short-run and long-run estimations. In long run, it resulted that inflation and policy rate had a positive effect on real GDP while the government consumption expenditure had a negative effect. But in short-run inflation and government consumption expenditure had a positive effect and policy rate had a negative effect on real GDP for Ghana. Research was made in Thailand by (Kraipornsak, 2010), about government spending and if it influenced GDP of the country. Thailand government created a stimulus fiscal package to handle the recession of financial global crises in 2008. Using vector error correction mechanism, for the years 1993 till 2009, the author results showed that government capital spending has an insignificant effect on GDP, but government consumption expenditure had a negative effect on real GDP of Thailand. Republic of Croatia is one of the most developed countries of Western Balkans. A paper was made by (Blaževski, 2018) to study the effect of government final consumption expenditure and final consumption expenditure of household, to economic growth. The author used quarterly data from 2000 to 2017, and unrestricted vector autoregressive model (VAR), for this research paper. The results showed that final consumption expenditure of household had a positive effect on economic growth. In the other hand, government final consumption expenditure had no effect on economic growth, it was insignificant. But economic growth only impacted the government final consumption expenditure, but it didn't affect the final consumption expenditure of household.

The last independent variable of this study is net exports, which means the difference between exports and imports in a country. Exports are all the goods and services that are produced in a country and that are sent off to another country for different reasons one of them being economic growth. On the other hand, imports are all the goods and services that are produced in another country and transported off in the home country. There are so many papers about the effect of net exports on real GDP or economic growth, but I have chosen some of them for this literature review. Canada is a developed country that has a lot of exports and imports activity. A research paper from (Triyawan, 2019) studied the relationship between exports, imports, and GDP for Canada. The author used secondary data from 2010 till 2019 and multiple linear regression analysis. The result showed that there is no significant effect of exports and

imports on economic growth in terms of level of GDP for Canada in the period that this study took place. (Ahmed, Hoque & Jobaer, 2013) did research for Bangladesh economy. Bangladesh is a country that is considered as a developing country. The authors took annual data from 1972-2006 for this study. The independent variables are only exports and imports, and the dependent variable is real GDP. The results showed that exports had a positive relationship with real GDP of Bangladesh, but the imports had a negative relationship with it. Another paper is from (Mohsen, 2015) taking into study Syria, a developing country but considered one of the most dangerous countries in the world. He used annual data for the period 1980 - 2010 and ADF for the unit root test. With Johansen cointegration test, exports and imports had a positive relationship with GDP of the country but with Granger causality test there is a bidirectional causality relationship between exports, imports and GDP in the short-term and long-term. The author also suggested for the country that after fixing all other problems that they have; they should focus on trade with other countries so they can start developing more and have a improvement on economy growth. A study was made about Arab countries by (Hamdan, 2016). It is panel data research for the years from 1995 till 2013 including all 17 countries (Jordan, United Arab Emirates, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Oman, Qatar, Kuwait, Lebanon, Egypt, Djibouti, Mauritania, Morocco, Yemen and Palestine). The independent variables were exports, imports, gross capital formation and Labor force. The dependent variable was real GDP. The results showed that all independent variables affected positively the GDP of Arab countries for the period taken into consideration for this study. Lastly it is a paper for Albania which is a developing country part of Western Balkans. The authors, (Turan & Karamanaj, 2014), used annual data from 1984 till 2012. The independent variables were only exports and imports, and the dependent variable was real GDP.

The results showed that exports had a positive relationship with real GDP. For a 1% increase in exports, there was an increase in GDP by 0.58%. On the other hand, imports had a negative relationship with GDP. For a 1% increase in imports, there was a decrease in GDP by 0.23%. In the conclusion of this chapter, the literature review showed us different studies for different countries made in different years for various periods. Some of the studies showed that variables had a positive effect on real GDP; some of the others said that they had a negative effect, and some said that had none. In our paper, we focus on all these research papers to conclude with a result based on my research on the dynamics of longer-term economic growth for Albania

#### **4. Empirical Investigation**

Empirical analysis includes in the first step, data sampling, empirical method, data specification, and variables. The second step is to model the hypothesis, and the third step is to create the descriptive statistics with the E Views program. Moving on to the fourth step which is unit root tests for all the variables taken into consideration for this research. Based on the performance of the data in each variable about the unit root test, the next step is to choose between the Johansen Co-integration test and the ARDL test. The next one is the ECM test then the Granger causality test. In the end, based on all the results I am going to make an analysis of the results and discuss them also explain the limitations of this project.

##### **4.1 Data Sampling, Empirical Method, Data Specification and Variables**

This project uses the time series method, and data sampling is the process of gathering data from a dataset. The dataset that I have used for this project is the World Bank Development Indicator, for the time from 1998 to 2019. I have gathered all the data for real GDP using constant prices from 1998-2019 annual data, as well as for all independent variables such as

household consumption, capital formation, government consumption expenditure, exports, and imports, all of them for the same period from 1998 till 2019.

For the empirical method, firstly I have modelled the hypothesis based on all independent variables. Secondly, I created a descriptive statistic table with the E-View program showing the mean of all variables, standard deviation, range, sum, and minimum. 25<sup>th</sup> percentile, median, 75<sup>th</sup> percentile and maximum for the independent and dependent variables.

Next is the unit root test for all variables using PP and ADF with the combination of level intercept level-intercept and tend first difference-intercept and first difference-intercept and trend. Unit root test is to test if variables are non-stationary. I am going to use ARDL test to separate the long-run and short-run effects and to test of cointegration. The next test is going to be ECM model; it is a standard way to model time series equations and deals with non-stationary data. The last test is the Granger Causality test which seeks to determine the causal link between two variables by examining their previous values.

All the data gathered from the World Bank Indicator are from 1998 to 2019, a sample of 21 years. The dependent variable is Real GDP with constant prices of the year 2015. The first independent variable is household consumption, the second one is capital formation, the third one is government final consumption expenditure, and the last one is net export. Net export is a variable found in the difference between exports and imports in Albania from 1998 till 2019.

Table 4.1

*Variables description*

Variable	Definition	Units if measurement	Source
<b>GDP</b>	Real Gross domestic product	Constant 2015 US\$	WDI
<b>HCON</b>	Household final consumption expenditure	Constant 2015 US\$	WDI
<b>CAPF</b>	Gross fixed capital formation	Constant 2015 US\$	WDI
<b>GCEXP</b>	General government final consumption expenditure	Constant 2015 US\$	WDI
<b>NX</b>	Net export	Constant 2015 US\$	WDI

Source: author.

## 4.2 Modelling and Hypothesis

In this project, the modelling and hypothesis are based on the independent variable and their effect on the dependent variable, whether there is any relationship between Real GDP with household consumption, capital formation, government final consumption expenditure, and net exports. Are these independent variables all significantly related to the dependent variable and what relationship do they have, is this relationship positive, or negative or they are not in a relationship at all?

Hypothesis:

*H01: There is a significant relation between Household consumption and Real GDP.*

*Ha1: There is no significant relation between Household consumption and Real GDP.*

*Ho2: There is a significant relation between Capital formation and Real GDP.*

*Ha2: There is no significant relation between Capital formation and Real GDP.*

*Ho3: There is a significant relation between Government final consumption expenditure and Real GDP.*

*Ha3: There is no significant relation between Government final consumption expenditure and Real GDP.*

*Ho4: There is a significant relationship between Net exports and Real GDP.*

*Ha4: There is no significant relation between Net exports and Real GDP.*

Modelling the equation

$$\log(gdp)_t = \beta_0 + \beta_1 \log(HCON)_t + \beta_2 \log(CAPF)_t + \beta_3 \log(GCEXP)_t + \beta_4 NEX_t + \varepsilon_t$$

Where:

Log(gdp): it's the logarithm of GDP with constant prices for the period from 1998 to 2019.

Log(HCON): it's the logarithm of household consumption for the period from 1998 to 2019.

Log(CAPF): it's the logarithm of gross fixed capital formation for the period from 1998 to 2019.

Log(GCEXP): it's the logarithm of the General government's final consumption expenditure for the period from 1998 to 2019.

NEX: Exports of goods and services (constant 2015 US\$) - Imports of goods and services (constant 2015 US\$) for the time from 1998 to 2019.

$\varepsilon$ : Error term.

$\beta_1 \beta_2 \beta_3 \beta_4$  : is the coefficient that is going to be estimated later on and tells the relationship that the independent variable is going to have with the dependent variable.

$\beta_0$  : is the intercept.

### 4.3 Descriptive Statistics

Descriptive statistics is a collection of statistical measures used to summarize and characterize the key features of the dataset that I relied on. It seeks to offer an easily digestible and relatable summary of the data, assisting in gaining insights and understanding the distribution, central tendency, variability, and other significant properties of the data. I have used the E-Views program to generate the table of descriptive statistics, and it shows all the measurements for each variable.



Table 4.2

*Summary of Statistics*

	LogGDP	LogHCON	LogCAPF	LogGCEXP	NEX
Mean	22.92253	22.65185	21.63886	20.83116	-1.96E+09
Median	23.01412	22.94812	21.88572	20.81415	-2.04E+09
Maximum	23.28573	23.23461	22.19874	21.07132	-5.57E+08
Minimum	22.33611	21.60243	20.12013	20.57943	-3.46E+09
Std. Dev.	0.279118	0.539797	0.561787	0.139646	7.86E+08
Skew ness	-0.571956	-0.799771	-1.475380	0.190827	0.204115
Kurtosis	2.160774	2.090122	4.111848	1.938422	2.360856
Jarque-Bera	1.845099	3.104210	9.114591	1.166557	0.527227
Probability	0.397504	0.211802	0.010590	0.558066	0.768271
Sum	504.2956	498.3407	476.0550	458.2855	-4.31E+10
Sum Sq. Dev.	1.636044	6.119003	6.627693	0.409522	1.30E+19
Observation	22	22	22	22	22

Source: author.

The dependent variable is LogGDP, its skew ness is equal to -0.571956 which means that the tail of the distribution is skewed to the left, and the data is concentrated towards the right side of the distribution. The kurtosis has a value of 2.160774 means that it has a positive excess kurtosis. Positive excess kurtosis means that the distribution has heavier tails and more outliers than a normal distribution. A Jarque-Bera has a value of 1.845099 which means that the data does not significantly deviate from a normal distribution; the test does not provide strong evidence to reject the null hypothesis that the data is normally distributed. A probability has a value of 0.397504 which means that, under the null hypothesis, there is a 39.75% probability of observing a test statistic as extreme as the one calculated or more extreme. The first independent variable is LogHCON, its skew ness is equal to -0.799771, same as the previous variable, and this skew ness means that the tail of the distribution is skewed to the left.

Also, the kurtosis, which is equal to 2.090122, means that it has a positive excess kurtosis, meaning that the distribution has heavier tails and more outliers than a normal distribution. The Jarque-Bera has a value of 3.104210 which means that there is a significant departure from normality. The probability has a value of 0.211802, which means that under the null hypothesis, there is a 21.18% probability of observing a test statistic as extreme as the one calculated or more extreme. The second independent variable is LogCAPF, its skew ness is equal to -1.475380 which means that the tail of distribution is skewed to the left, but its more bells shaped than the other two variables. The kurtosis value is 4.111848 which mean that is

relatively high positive excess, indicating that it is far from a normal distribution compared to a value closer to 0. The Jarque-Bera has a value of 9.114591 which means that there is a significant departure from normality. The probability has a value of 0.010590, which means that under the null hypothesis, there is a 1.05% probability of observing a test statistic and it is statistically significant at 0.01 levels.

The last variables, LogGCEXP and NEX, the skewness is positive which means that they are right tail distribution. They have a slight positive skew in the data distribution, but it is not strongly skewed. Both kurtoses of the variables indicate departures from a normal distribution, but the second value of kurtosis has a higher degree of positive excess kurtosis compared to the first variable value. For both variables, the Jarque-Bera values are relatively low which means that the variables are close to a normal distribution. The probability for the first variable (LogGCEXP) is 0.558066 which means that there is a 55.81% probability of observing a test statistic as extreme as the one calculated. On the other hand, the probability of NEX is 0.768271 which means that there is a 76.82%,

Table 4.3

<i>Correlation analysis</i>					
	LogGDP	LogHCON	LogCAPF	LogGCEXP	NEX
LogGDP	1	0.96761170	0.85378613	0.91304011	-0.7379482
LogHCON	0.96761170	1	0.91784743	0.83199825	-0.8675976
LogCAPF	0.85378613	0.91784743	1	0.60367291	-0.9018277
LogGCEXP	0.91304011	0.83199825	0.60367291	1	-0.4895679
NEX	-0.7379482	-0.8675976	-0.9018277	-0.4895679	1

Source: author.

The correlation analysis table is calculated with the E-Views program. The table shows us that the variables are strongly correlated with each other. LogGDP, LogHCON, LogCAPF and LogGCEXP are positively correlated with all independent variables but only negatively correlated with NEX. On the other hand, NEX is strongly negatively correlated with all other variables.

#### 4.4 Unit Root Test

A statistical technique called a unit root test is used to determine if a time series of data has a unit root or not. In simple terms, a unit root indicates that the data is non-stationary, for example, it doesn't have a constant mean or variance but instead has a trend or pattern that varies over time. For this study, we are going to test all the variables to see which is stationary and which is non-stationary. Down below is the table with all variables showing where the null hypothesis is rejected and at what level.

Table 4.4 *Unit Root Test*

Variables	Level		First Difference	
Test Type	Intercept	Intercept & trend	intercept	Intercept & trend
<b>ADF</b>				
Loggdp	-2.331086	-1.136902	-3.601274*	-4.089937*
Loghcon	-2.196278	-1.073635	-3.032963*	-3.293328
Logcapf	-5.447565***	-2.917265	-2.477662	-3.242236
Loggcexp	1.557079	-3.884884*	-5.175063***	-4.925178**
Nx	-1.793915	-1.196036	-4.317428**	-4.786549**
<b>PP</b>				
Loggdp	-5.185664***	-2.685584	-3.583431*	-4.020536*
Loghcon	-2.059482	-1.173648	-3.005271	-3.177362
Logcapf	-5.447565***	-2.960220	-2.380819	-3.176646
Loggcexp	1.549525	-4.069225*	-6.418528****	-9.530135****
Nx	-1.789346	-1.096607	-4.318123**	-4.876818**

\*, \*\*, \*\*\*, \*\*\*\* denotes rejection of the null hypothesis at 10%, 5% and 1%.

Source: author.

The unit root test table is created with E-Views for each variable. Two different tests are used, the first one is ADP (Augmented Dickey-Fuller) and the second one is PP (PhillipsPerron). All the variables with both tests are non-stationary at level-intercept and levelintercept and trend, meaning that we accept the null hypothesis. After taking the 1<sup>st</sup> difference-intercept and 1<sup>st</sup> difference-trend and intercept, the variables such as LogGDP, LogGCEXP and NEX are stationary with the ADF test and PP test, meaning that we reject the null hypothesis. While in the other hand, the variables such are LogHCON and LogCAPF are non-stationary in all testes which means that we accept the null hypothesis. That is why we are going to use the ARDL test for this study.

#### 4.5 ARDL Test

Autoregressive Distributed Lag is referred to as ARDL. In a time, series environment, the ARDL test is a statistical technique used to look at the long-term relationship between variables. When the variables are non-stationary, or have a unit root, it is frequently used.

When a model contains both stationary and non-stationary variables, the ARDL test is especially helpful. Even though they have various orders of integration, it enables the estimate of a dynamic connection between these variables. Since in our model we have both stationary and non-stationary variables we are going to use ARDL. Down below we are going to show the results of ARDL bounds test generated with E-View program.

Table 4.5

*Results of ARDL bounds test.*

Test statistics		Value				
F-statistic		61.28395				
Significance	10%		5%		1%	
Bounds	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
Critical values	2.2	3.09	2.56	3.49	3.29	4.37
	2.525	3.56	3.058	4.223	4.28	5.84

\*I(0) and I(1) are respectively stationary and non-stationary bounds.

Source: author.

In table 5, we have the F-statistic, which is equal to 61.28395, which means that our variables are significant at all levels. This happens because the F-statistic value is greater than all bounds of critical values. In these results, we say that we reject the null hypothesis and that there is a long-run relationship between variables. The sign and significance of the coefficients in the ARDL model can further provide insights into the direction and magnitude of the relationship which we are going to show in a long-run form and bound test.

The table below is the long-run form and bound test done with E-Views. We used ARDL model and after we proved that there is a long-run relationship between variables, now we are going to see which variables have a long-run relationship with the dependent variable, which are the coefficients and what direction they effect the dependent variable in the long-run relationship. The dependent variable is LogGDP, the selected ARDL model is (1, 0, 0, 0, 0) and the case chosen is case 2, restricted constant and no trend.

Table 4.6

*Long-run coefficient of the estimated ARDL model.*

Variable	Coefficient	Std. Error	t-Statistic	Prob.
<b>LogHCON</b>	<b>0.326703</b>	<b>0.142616</b>	<b>2.290791</b>	<b>0.0369</b>
LogCAPF	-0.047628	0.077900	-0.611398	0.5501
<b>LogGCEXP</b>	<b>0.532259</b>	<b>0.276198</b>	<b>1.927090</b>	<b>0.0731</b>
NEX	1.18E-11	4.84E-11	0.243520	0.8109
C	5.508079	3.908605	1.434803	0.1719

Source: author

In table 6, we identified that LogHCON and LogGCEXP has a p-value less than 0.1. This means that these two variables have a long-run relationship with the dependent variable LogGDP. The relationship between LogHCON and LogGDP is a positive relationship, when LogHCON increases with 1%, the dependent variable LogGDP will increase with 0.33%. Also, the relationship between LogGCEXP and LogGDP is positive, which means that when LogGCEXP increases with 1%, the dependent variable LogGDP will increase with 0.53%. The results show that an increase in household consumption and government final consumption expenditure will affect positively the Real GDP of Albania in long run. The table below is a

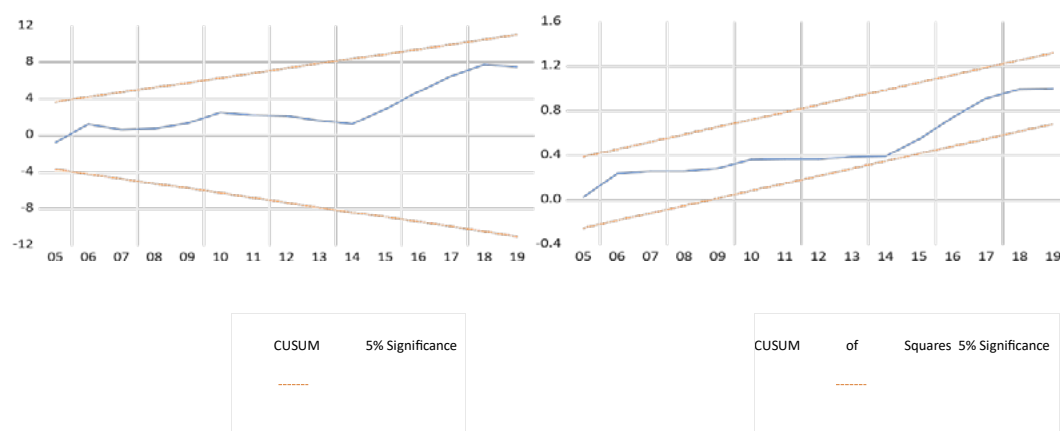
summary of some testes such as Heteroskedasticity: Breusch-PeganGodfrey, Breusch- Godfrey Serial Correlation LM Test, Jarque-Bera normality, Correlogram of residual squared, Correlogram Q Statistics, CUSUM and CUSUM of squares. All these testes are generated with E-Views program. Heteroskedasticity p-value is greater than 0.1 which means that we accept the null hypothesis that our variables are homoscedastic. Serial correlation p-value is 0.1 which means that we accept the null hypothesis and say that our variables have no serial correlation. Jarque-Bera normality test is equal 0.69, is greater than 0.1 which means that we accept the null hypothesis and say that our variables are normally distributed. Correlogram of residual squared has a value of 0.92 refers to the autocorrelation coefficient at lag 1; it indicates a high positive autocorrelation in the squared residuals. This means that there is a strong relationship between the squared residuals at adjacent time points. Correlogram Q Statistics has a pvalue less than 0.1; it suggests that there is no significant autocorrelation in the residuals. Therefore, the null hypothesis of no autocorrelation cannot be rejected at the 0.1 significance level. A time series or regression model's structural changes or shifts may be tracked and detected using the statistical techniques CUSUM (Cumulative Sum) and CUSUM of Squares. When there has been a major shift in the connection between the dependent and independent variables, they are very helpful for detecting it. As we can see from the figure 7, generated with E-View, both graphs are stable which means that the relationship between the variables is consistent over time and there are no structural breaks in this study.

Table 4.7

*Results of diagnostic inspection tests.*

Diagnostic tests	P-value
Heteroskedasticity: Breusch-Pegan-Godfrey	0.84
Breusch- Godfrey Serial Correlation LM Test	0.10
Jarque-Bera normality	0.69
Correlogram of residual squared	0.92
Correlogram Q Statistics	0.10
CUSUM	Stable
CUSUM of squares	Stable

Source: author



Source: author.

Figure 4.1 *CUSUM and CUSUM of squares.*



#### 4.6 ECM Test

Error Correction Model is referred to as ECM. A statistical test called the ECM test is used to determine if two or more variables in a time series setting have a short-term equilibrium connection. I have used ARDL model (1, 0, 0, 0, 0), case 2 which is restricted constant and no trend for this ECM regression. Down below is the table generated with E-Views showing the ARDL Error Correction Regression.

Table 4.8

*ECM Test.*

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	1.658354	1.047865	1.582603	0.1344
<b>LOGGDP</b>	<b>-0.295708</b>	<b>0.063495</b>	<b>-4.657215</b>	<b>0.0003</b>
<b>LOGHCON</b>	<b>0.096609</b>	<b>0.047747</b>	<b>2.023359</b>	<b>0.0612</b>
LOGCAPF	-0.014084	0.022061	-0.638406	0.5328
LOGGCEXP	0.157393	0.093376	1.685588	0.1126
NEX	3.49E-12	1.45E-11	0.240415	0.8133

Source:author

In table 8, we identified that LOGHCON and LOGGDP has a p-value less than 0.1. This means that these two variables have a short-run relationship with the dependent variable LOGGDP. The relationship between LogHCON and LOGGDP is a positive relationship, when LogHCON increases with 1%, the dependent variable LogGDP will increase with 0.096%. Also, the relationship between LOGGDP and LOGGDP is negative, which means that when LOGGDP increases with 1%, the dependent variable LogGDP will decrease with 0.29%. The results show that an increase in household consumption will increase the Real GDP in Albania in short-run, and the LOGGDP, which represents the lagged value of the logarithm of the variable GDP, indicates that the lag is one period behind the current time period, will affect negatively the Real GDP of Albania in short-run.

#### 4.7 Granger Causality Test

The Granger causality test determines if one time series variable may predict or "Granger cause" another time series variable. It aids in determining the causal link between two variables based on their previous values. Table 9 shows Granger Causality test table generated with E-Views. We reject the null hypothesis when the p-value is less than 0.1. In our cases null hypothesis is rejected firstly with LOGGDP which does Granger Cause LOGGCEXP, where we can see that probability is equal to 0.0199. Next one is NEX does Granger cause LOGCAPF, where we can see that probability is equal to 0.0442 and also LOGCAPF does Granger cause NEX where we can see that probability is equal to 0.0340.

In all these cases the probability is less than critical values that's why we reject the null hypothesis. In all other cases, the null hypothesis is accepted because the probability is greater than 0.1, which means that in other cases, variables does not Granger causes between each other.

Table 4.9

*Granger Causality Test table.*

Null hypothesis	Obs.	F-statistic	Prob.
LOGHCON does not Granger Cause LOGGDP	21	0.49620	0.4902
LOGGDP does not Granger Cause LOGHCON		0.34122	0.5664
LOGCAPF does not Granger Cause LOGGDP	21	0.25672	0.6185
LOGGDP does not Granger Cause LOGCAPF		1.37910	0.2556
LOGGCEXP does not Granger Cause LOGGDP	21	0.87834	0.3611
<b>LOGGDP does not Granger Cause LOGGCEXP</b>		<b>6.53116</b>	<b>0.0199</b>
NEX does not Granger Cause LOGGDP	21	0.00090	0.9763
LOGGDP does not Granger Cause NEX		0.00666	0.9359
LOGCAPF does not Granger Cause LOGHCON	21	2.95904	0.1025
LOGHCON does not Granger Cause LOGCAPF		2.67273	0.1194
LOGGCEXP does not Granger Cause LOGHCON	21	0.03655	0.8505
LOGHCON does not Granger Cause LOGGCEXP		2.31170	0.1458
NEX does not Granger Cause LOGHCON	21	0.54675	0.4692
LOGHCON does not Granger Cause NEX		0.11754	0.7357
LOGGCEXP does not Granger Cause LOGCAPF	21	1.17725	0.2922
LOGCAPF does not Granger Cause LOGGCEXP		2.40140	0.1386
<b>NEX does not Granger Cause LOGCAPF</b>	<b>21</b>	<b>4.68309</b>	<b>0.0442</b>
<b>LOGCAPF does not Granger Cause NEX</b>		<b>5.26613</b>	<b>0.0340</b>
NEX does not Granger Cause LOGGCEXP	21	1.24813	0.2786
LOGGCEXP does not Granger Cause NEX		0.52277	0.4790

Source: author.

#### 4.7 Analysis of Empirical Results and Discussion

Several key insights emerged from our examination of empirical results and discussion. First, we discovered high correlations between all variables in our analysis. This shows that there is a substantial link between these variables and those interdependencies that exist. Secondly, we performed stationary tests and discovered that LOGGDP, LOGGCEXP, and

NEX are stationary; however, LOGHCON and LOGCAPF are not. This means that LOGGDP, LOGGCEXP, and NEX have a consistent long-term trend, but LOGHCON and LOGCAPF have a non-constant mean or a unit root. We used the ARDL test since we had both stationary and non-stationary data. The ARDL test examines the long-run connection between variables while taking their qualities into consideration. Furthermore, our ARDL test produced

significant findings at all levels, indicating a long-term link between the variables. We observed that, in the long run, LOGHCON and LOGGCEXP are positively related to LOGGDP. This implies that when LOGHCON and LOGGCEXP rise with time, so does LOGGDP. In addition, our empirical study and testing revealed crucial information on the characteristics of our variables. Because our variables are homoscedastic, their variances remain constant across time. We also found no evidence of serial correlation, indicating that the defects in our model are not consistently related. In addition, our variables showed a normal distribution, indicating that the normality requirements were met. Finally, we discovered no structural cracks, indicating that the relationships were stable across the time investigated. In the short term, we observed that only LOGHCON had a positive relationship with the dependent variable. This means that an increase in LOGHCON has a positive effect on the dependent variable in the short run. We also performed Granger causality tests to evaluate the causal relationships between the variables. LOGGDP Granger results in LOGGCEXP, NEX Granger results in LOGCAPF, and LOGCAPF results in LOGCAPF. According to our research, Granger creates NEX. For the remaining variables, we accepted the null hypothesis, which is they do not Granger cause each other. In general, our empirical data analysis provides a comprehensive picture of the interactions between factors, both short and long-term. These findings help us better understand the mechanics of long-term economic growth in the context of the Albanian economy.

#### **4.8 Limitations of the Project**

This project has some limitations that made the work harder. Firstly, data collection was a bit difficult because Albania's economy had a huge shock in 1997, so we had to start the investigation in 1998; also, another shock was in 2020 because of Covid-19 so we had to stop the investigation in 2019. Another limitation was the difficulty of finding research papers for the variable of household consumption. Lastly, a limitation of this study was finding macroeconomic research for Albania economy.

#### **5. Conclusion and Recommendations**

This project is a study of Albania's economy and its dynamics of longer-term economic growth. We used time series data for the period from 1998 to 2019. The dependent variable is Real GDP with constant prices. The independent variables are household consumption, capital formation, government final consumption expenditure, and net exports. All the data are gathered from World Development Indicators. The e-Views program is used to generate all the tests that we need for our empirical investigation.

In our empirical investigation, we proved that all variables are strongly correlated with each other. Real GDP, household consumption, capital formation, and government final consumption expenditure are positively correlated with all independent variables but only negatively correlated with net exports. On the other hand, net exports are strongly negatively correlated with all other variables. We used ADF and PP for the unit root test and it showed us that Real GDP, government final consumption expenditure and net exports are stationary, but household consumption and capital formation are non-stationary. From this test we concluded that we should use ARDL test. With ARDL test we saw that all variables are significant at all levels. In long-run relationship household consumption affected Real GDP positively. If we increased household consumption with 1%, real GDP would increase by 0.33%. Also, the relationship between government final consumption expenditure and Real GDP is positive, which means that when government final consumption expenditure increases with 1%, the dependent variable Real GDP will increase with 0.53%. In short-run relationship only household consumption affected Real GDP positively, when household consumption increases

with 1%, the dependent variable Real GDP will increase with 0.096%. Since household consumption is so important in Albania economy in short-run but also in long-run, Albania government should focus more on it.

To stimulate household consumption, the government can enact policies such as lower income taxes, savings incentives, and the implementation of specific social welfare programs. These policies have the potential to enhance disposable income and consumer expenditure, hence improving economic development. On the other hand, the government's final consumption expenditure affects Real GDP in the long run. To stimulate economic growth government should also improve its final consumption expenditure; one way of doing it is to enhance Public Expenditure Efficiency. This includes prioritizing productive investments, ensuring effective allocation of resources, and improving public service delivery. It is important to invest in sectors that generate positive externalities and have a multiplier effect on the economy.

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## Challenges in the New Geostrategic Context for the EU Enlargement Policy in the Western Balkans

Assoc. Prof. Enver Abdullahi

*Mother Teresa University-Skopje*

### Abstract

*The effective actorness of the EU as a global actor has long been the subject of academic debate. Niche researchers of this paradigm understanding the EU as a normative power agree that its greatest transformative power (transforming by absorbing, which is realized by the EU enlargement policy, which allows to transform (reform) countries that wish to become EU members through strong conditioning. Therefore, is it quite important to analyze the new methodology of accession negotiations (2020), with the changes that the Russian Invasion brought into European geopolitics to assess attempts of the EU's foreign policy via specific form-enlargement policy to preserve its transformative power about candidate countries in the Western Balkan by focusing mostly in the cases of North Macedonia and Albania. Despite the changes in the EU's regional approach to the enlargement policy and to further strengthen the mechanisms of conditionality that accompany this process. By examining the changes in the new methodology, we aim to address the central research question: how consistent is the EU enlargement policy of the EU to present its consistency in its foreign policy in the Western Balkans?*

**Keywords:** *European Union, normative-transformative power, Western Balkans, revised enlargement methodology.*

### Introduction

The latest EU enlargement methodology was undoubtedly brought about in very different circumstances from previous enlargements. Russia and China are presented as two new political actors in the Western Balkans, trying to penetrate the region each with their interest, China (China 16+1 Initiative) the initiative for the new Silk Road, and Russia with malign influence with minimal investment in the Western Balkans (mostly via fake news). After the failure of the Minsk 1 and 2 Agreements, the Commission under the leadership of Junker and the famous declaration that there would be no expansion during his mandate, which was accompanied by the biggest euroscepticism in the Western Balkans and was accompanied by democratic sliding which resulted in the perfect atmosphere for the elite-driven euro integration process to be hijacked by the same elite and bring about the state capture. The beneficial effects of the enlargement policy did not readily extend to the Western Balkans because of the slow prolonged process, the EU's ambivalence over the realistic prospect of membership with a proper timeline, enlargement fatigue in European societies, and the weak and not serious commitment to reform in the region. Initiating the Berlin Process was quite innovative by the leading member states of the EU (Germany, France, and the UK).

There is a consensus in European studies that the credibility of the EU membership and coherence of the enlargement process have proven to be fundamental to motivating candidate countries to undertake painful domestic reforms. While for the Western Balkan countries' enlargement fatigue has created reform fatigue and euro-skepticism. The Russian war against Ukraine has played a defining role in the pace and focus of the EU enlargement process. This "new momentum" for enlargement is a concrete demonstration of the widespread recognition that the process needs to be revitalized, for the sake of Europe's security and its weight in the

world if the EU wants to become a relevant factor in international relations. EU member states took historic political decisions to open accession talks with Ukraine and Moldova, something surely unthinkable before 24 February 2022. Meanwhile, the EU has decided to open talks with Bosnia and Herzegovina and officially started the accession negotiations talks with Albania and North Macedonia in July 2022.

### **Literature and different paradigms in analyzing the Enlargement of the EU**

It is quite important to analyze the new methodology of enlargement within the context of the new geostrategic momentum in the Western Balkans, where other international actors exercise influence and how the new methodology effects the internal politics of the local state actors, on the other hand this is directly involving the actorness of the EU in Western Balkans.

In the enlargement literature, there is a broad consensus that the EU is in a unique position to impose its system of governance on the membership candidates. In some respects, the EU seems to be able to enforce more strict criteria for candidates than for current members (Grabbe, 1999:9). Research question in this niche research is therefore not related to the applicants, but to why the EU would want enlargement (Schimmelfennig, 2008:30) as the most recent surveys on EU member states barometer show there is a greater support for the enlargement after the Russian invasion of Ukraine.

Different scholars and researchers approach the heterogeneity of the EU from political, social, economic and cultural factors which have an impact on the decision-making process at the EU level. On the other hand, it has been found that the process of adoption and fulfilment of membership criteria (absorbing by transforming) of new member states is more difficult despite the plethora of pre-accession programs made in political criteria such as: fundamental rights, democratic institutions, fighting corruption and economic criteria such as development and cohesion issues. However, one should not underestimate the multiple -crisis EU has to deal within the given period such as: to deal with the 2008 economic crisis (banking union), the refugee crisis (2015) (FRONTEX strengthening), Brexit (2016-20) and latest to deal with the COVID-19 pandemic. Under this scenario, the EU gives preference to its internal strengthening and stability rather than to enlargement.

The EU Commission (2019-2024) understood that enlargement to the Western Balkans is in the EU political, economic, and security interest; in addition to a geostrategic move to make the EU more stable, strong, and united. During her first speech as President of the EU Commission, Von der Leyen (2019) put particular emphasis on a strategic enlargement to the Western Balkans. The most important challenge that the EU Commission faced in making the EU a relevant geopolitical actor (in the Western Balkans) remains to be the lack of unity among member states towards Western Balkans. The fact that France refused to make any progress towards Western Balkans enlargement allowed external competitors to exercise greater influence in the region.

The EU Commission emphasized that promoting an enlargement policy towards the Western Balkans would be essential to ensure the credibility, success, and influence of the EU in the region, especially considering the current global scenario characterized by great geopolitical rivalry.

### **Returning to the debate widening deepening**

Many researchers agree that approaching the enlargement of the EU should not be taken as a fixed actor, namely, the enlargement process was crucial to reshaping the EU (historically), which made the decision-making process more complex. It is this differentiated integration (Leuffen, Rittberg, and Schimmelfennig, 2013) of the EU that currently manages the new stage

of enlargement. And according to some researchers, EU has a limited capacity to be a unified international actor (Anghel & Jones, 2022) because it faces internal tensions over the future of enlargement.

It is interesting to see chronologically, how the enlargement of the EU in terms of decision-making in the EU Council made it more difficult by increasing the number of veto players. It was French President Emmanuel Macron (in office since 2017) the leading figure of no-further widening of the EU and pro-deepening of the EU capacities. It all started in the June 2019 EU Council meeting when he vetoed the Commission's recommendation to open negotiations with Albania and North Macedonia. He decided to revert to the issue no later than October 2019. Later on in October meeting the EU Council postponed the issue of Enlargement before the EU Western Balkans summit of May. Importantly the meeting highlighted deep divisions among the EU Member States on the opening of accession negotiations with two countries. France vetoed the opening whilst, Denmark and Netherlands vetoed the opening with Albania.

This was shocking for the candidate states of the Western Balkans because it was recently that Greece, which had blocked Republic of Macedonia's application for membership due to a long-standing dispute over the name "Macedonia" until the country changed its name to North Macedonia. As mentioned above the fatigue of enlargement resulted in the 15 years that North Macedonia from being a top reformer, in backsliding by all democratic means. The European Commission noted in its 2016 report that "the country was faced with the continuation of the most severe political crisis since 2001. Democracy and rule of law have been constantly challenged, due to state capture affecting the functioning of democratic institutions and key areas of society". (This was another case of typical example that once the candidate state gets blockaded from a member state does isolate and backslide in democratic capacity)

On the other hand, Albania had unlike North Macedonia, the conditions of accession talks were not based on cultural dispute and historical narratives (with Bulgaria, explained latter). Although, the country received the EU's official support previous year in March. The update reports on Albania underlined further advancing in the reform of judiciary system (new institutions for the self-governance of the judiciary were fully functional and effectively operating) and a proactive approach in the fight against corruption and organized crime (members of the Special Prosecution Office for Corruption and Organized Crime had been selected by the vetting institutions and had sworn). Police and judicial cooperation with the EU agencies and Member States law enforcement authorities had also increased and brought tangible results such as the creation of joint investigation teams, the conduct of successful large-scale law enforcement operations and the lowering of unfounded asylum application lodged by Albanian citizens to EU Member States. The update on North Macedonia underlined the continuing progress on reforming public administration (i.e., adoption of the 2019-2021 Transparency Strategy), the continuing functioning of the reformed judiciary, and the consolidation of the track record on investigating, prosecuting, and trying corruption and organized crime cases.

A few weeks later France reaffirmed its "unequivocal support to the European perspective of the Western Balkans countries" and circulated a brief non-paper advocating for a "renewed approach to the accession process" to make it more effective, concrete and responsive. The core idea was to organize negotiations "on several successive stages, which would form coherent policy blocks" to enable gradual access of candidate countries to EU policies and programs until full accession. Accession negotiations would no longer be based on the simultaneous opening of many thematic chapters but on a few "policy blocks" or "stages". Only the completion of each stage would allow the candidate country "to move to the next stage, open up the possibility to participate in EU programs, to be involved in certain sectoral

policies and, where appropriate, to benefit from certain targeted finance” The “gradual association” would also require precise and detailed criteria linked to “easily and objectively verifiable indicators” (inspired by indicators set out by the EU and other international organizations) and stringent conditions to be effectively respected for moving from one stage to the next as well as tangible benefits and increased financial support to be provided by the EU and its Agencies.

The French proposal was also grounded on the principle of reversibility (“whereby the candidate country, in whole or in part, no longer meets certain criteria or ceases to fulfill the commitments it has undertaken”) and urged for stronger political governance of the new process by Commission and Member States.

France proposed to organize the accession process in seven stages which would replace former corresponding chapters: 1) rule of law, fundamental rights, justice and security (once completed this stage, for instance, the candidate country would enter into cooperation agreements with Eurojust); 2) education, research and space, youth, culture, sports, environment, transport, telecommunications and energy (Erasmus+ and Horizon funds would then be available); 3) employment, social policy, health and consumer protection, competitiveness (once completed this stage, participation in the EU’s industrial policy and/or involvement in important European projects would be possible); 4) economic and financial affairs (candidate country would then enter the banking union and the capital markets union); 5) internal market, agriculture and fisheries (access to the customs union and participation in the internal market); 6) foreign affairs (consular cooperation arrangements and possible involvement in defense programs); 7) other matters (once completed this final stage, there would be full accession to the EU).

### **Macedonian and Bulgarian bilateral dispute**

On 9 October 2019, ahead of a European Council meeting where the opening of accession negotiations with North Macedonia was on the agenda, the Bulgarian Council of Ministers adopted a so-called “framework position” regarding EU enlargement (Brunnbauer, 2021:7). The framework position opened with a telling sentence: “Bulgaria cannot allow the integration of the Republic of North Macedonia into the EU to be followed by European legitimization of a government-sponsored ideology on anti-Bulgarian foundations” Council of Ministers of the Republic of Bulgaria. A day later, the Bulgarian parliament passed a similar declaration. Throughout, the document listed Bulgarian concerns related to issues of historiography, language and national identity—in short, Bulgaria’s ultimate demand was the adoption of its official view of Macedonia’s history and identity (Brunnbauer, 2021:8). The national Macedonian interpretation of history, as it had emerged since the establishment of the Macedonian Republic within federal Yugoslavia in 1944, was classified as an “anti-Bulgarian ideological construction of Yugoslav totalitarianism.”

The Framework Position consists of detailed conditions, in general for the accession and separately for the first and second intergovernmental conference, as well as for chapters 35 and 10. This document was followed by a Statement of the Bulgarian Government annexed to the Council conclusions of March 2020, focusing on the general conditions, the conditions for the first intergovernmental conference, and Chapter 35.

The statement consists of three parts: the Bulgarian position that the accession process for North Macedonia will be conditioned on its own interpretation of the Friendship Treaty MK-BG; requests for inclusion in the negotiating framework for the Republic of North Macedonia, as well as a request related to the negotiating framework for Albania.

In March 2020, the General Affairs Council decided to open accession negotiations with North

Macedonia and endorsed the Commission Communication on a revised methodology “Enhancing the accession process - A credible EU perspective for the Western Balkans” of February 2020. The decision was endorsed by the European Council. In July 2020 the draft negotiating framework was presented to the Member States

The EU summit on 22 June 2021 failed to produce a breakthrough either, despite a meeting of the heads of government and foreign ministers of Bulgaria and North Macedonia a few days earlier. As was to be expected, the Bulgarian blockade provoked a backlash in Skopje, albeit not from the government, which was striving for de-escalation, but from the parliament. On 29 July 2021, North Macedonia’s National Assembly unanimously adopted the “Resolution for the

Strengthening of the Macedonian State Position in the Context of the Blockades of European Integration”, with only one abstention. This resolution is also dug deep into the bag of national historical rhetoric. According to the resolution, talks with Bulgaria must be conducted with “respect for the value of the Macedonian people” and “must recognize, without reservation, the findings of Macedonian social sciences, humanities and cultural studies in connection with the autochthony of the Macedonian people and their historical, linguistic, cultural and religious continuity”. The Macedonian negotiators were asked to consider not only the findings of “Macedonian” research but also the “facts and accepted theories as well as empirical studies of contemporary international Slavic studies, linguistics, historiography, and international law,” regarding the “centuries-old” continuity of the Macedonian language and identity. Quite apart from the question of the extent to which there is a scholarly consensus on these issues, there is none - the problem here is of a much more fundamental nature. Greater Bulgarian primordialism is challenged by North Macedonia’s version, in which the Macedonian people have always existed and where everything that happened on the territory of today’s North Macedonia is part of a national Macedonian narrative.

The Commission published on 5 February 2020 a Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of The Regions, titled “Enhancing the accession process - A credible EU perspective for the Western Balkans”. It is strongly mentioned in the Communication that the proposed changes are only aimed at the negotiation process.

To do that, negotiations on the fundamentals will be opened first and closed last and progress on these will determine the overall pace of negotiations. To sum up the new approach to the negotiations on the fundamentals will be guided by: A roadmap for the rule of law chapters, equivalent to the previous action plans, will constitute the opening benchmark. Interim benchmarks will continue to be set. No other chapter will be provisionally closed before these benchmarks are met. A roadmap on the functioning of democratic institutions and public administration reforms. A stronger link with the economic reform program process to help the countries meet the economic criteria. b. A stronger political steer This includes the creation of new opportunities for high-level political and policy dialogue with the countries through regular EU-Western Balkans summits and intensified ministerial contacts, especially in areas where alignment is progressing well, and key criteria are being met. Such increased engagement could lead to countries participating as observers in key EU meetings on matters of substantial importance to them. To achieve this: Member States will be invited to contribute more systematically to the accession process. The Commission will continue to take stock of overall progress in negotiations. It will propose in its annual enlargement package the way ahead for the following year in greater reform detail, for approval by member states, including proposals for corrective measures. Country-specific IGCs should take place after the publication of the Commission’s annual package of reports on each country and provide the



fora for political dialogue on reforms. The Stabilization and Association Councils will also provide an important and complimentary moment for political dialogue on reforms. A more dynamic process to inject further dynamism into the negotiating process. These clusters will follow broad themes such as good governance, internal market, economic competitiveness, and connectivity. Negotiations on each cluster will be opened as a whole, after fulfilling the opening benchmarks, rather than on an individual chapter basis. Finally, the clusters will be aligned with SAA sub-committees, so that progress in the cluster can be monitored and specific measures of accelerated alignment taken under the SAA structures. Predictability, positive and negative conditionality.

Based on this revised methodology, in 2020 the European Council voted to open accession talks with North Macedonia and Albania, but four years later talks remain stalled. Albania was now blocked by Greece due to a dispute over the jailing of an ethnically Greek mayor for vote buying. North Macedonia was blocked by Bulgaria over issues related to the teaching of history and the country's Bulgarian minority. As all voting on enlargement is done by unanimity, any one Member State can block candidate countries from moving to the next step, even over bilateral issues that are not directly related to the EU accession process.

On July 22, 2022, North Macedonia and Albania started their negotiations with first Intergovernmental Conference, soon after they started the screening process. On 24 November and 7 December, the last screening meetings were held respectively with Albania and North Macedonia.

Screening is the analytical examination of the EU acquis and has been divided in two phases: explanatory and bilateral meeting sessions. It represents the first step in the accession negotiations process. Albania and North Macedonia will also need to prepare a roadmap on the functioning of democratic institutions, and progress on its implementation will be monitored through the inter-governmental conferences. The roadmaps aim to make the process simpler and more strategic. On 24 July 2023, the European Commission released screening reports on the state of the “fundamentals’ cluster” in North Macedonia and Albania. Based on these reports, the Council will make the decisions on opening the cluster.

Before this, however, the countries will also have to adopt a roadmap for reform in the rule of law chapters, a roadmap for the functioning of democratic institutions and a roadmap for public administration reform. This is an element of the new enlargement methodology which sets out the general commitments of the country for reforms in the respective areas with a timetable and the key steps envisaged.

Albania has taken a significant step toward joining the European Union. At a meeting in Luxembourg, Albania formally opened talks on Cluster 1 – Fundamentals, as part of its EU accession negotiations. 16/10/2024

The analysis of the Bulgarian requests demonstrates that they either significantly deviate from the essence of the articles of the Friendship Treaty MK-BG or add up new conditions that have no grounding in the Treaty. Bulgaria opted to use its newly gained position as an EU Member State for coercion and impose its own interpretation of the Treaty as a basis for endorsing its national interests or rather the current perception/understanding of its national interests.

Bulgaria has promoted itself as a strong advocate for the EU accession of North Macedonia by supporting the political decisions for opening the negotiations. However, if Bulgaria insists upon the conditions it has set for the first and second intergovernmental conferences, this will have the impact of blocking the actual start of negotiations. In accession negotiations so far, the First Intergovernmental Conference was the presentation of the Negotiating Framework, while the Second Intergovernmental Conference was the actual start of the negotiations and

opening of chapters.

How the new challenges posed by the Bulgarian positions will be dealt with will have numerous implications, which can be observed in various ways – for the accession process of North Macedonia, for the region, for EU enlargement and for foreign policies. In this section, we explore the possible implications and options for the negotiating framework, as the first next step, which is setting the conditionality framework for the entire accession process. Furthermore, the analysis is conducted given the new enlargement methodology, as the negotiating frameworks for North Macedonia and Albania are its first real test, especially for the key principle of credibility.

### **Ongoing debate about bilateral blockages and reforming veto voting**

An area in which reform is more intensely sought pertains to blockage due to bilateral disputes between Member States and prospective member states. Such stalemates are often unrelated to the actual fulfillment of the Copenhagen criteria such is the case of North Macedonia. Whose EU accession progress has been blocked in the Council, successively by Greece and Bulgaria. To overcome such bilateral blockades and by extension facilitate and expedite EU decision-making on enlargement, the EU institutions and some member states are debating the possibility of introducing qualified majority voting (QMV) in the Council of the EU.

A January 2024 Slovenian German non-paper to the General Affairs Council proposed ideas for “empowering the Council to decide by qualified majority about certain (technical) interim steps of the enlargement process”. The non-paper proposed the opening of negotiating clusters, including the Opening Benchmark Assessment Reports (OBAR), proposing that they be decided by QMV in the Council, while the closing of negotiating chapters would still need approval by unanimity. This proposal seems to be a middle-way position between overhauling the process (as proposed for example in the French German expert report) and the position of keeping the process completely unchanged. However, most importantly, if there is a political decision to move forward it can be implemented immediately without any need for Treaty change.

Further, possible bilateral problems through QMV should prompt the EU and its member states to rethink its role and instruments in facilitating the settlement of disputes between member states and future member states. Such bilateral disputes that are unrelated to the Copenhagen criteria and can be characterized as isolated disputes between specific member states and candidate countries, should be left outside the context of the enlargement process altogether. Finally, the new methodology introduced recently decreased the number of veto points by introducing clusters instead of opening individual chapters, however, the trend needs to continue by providing the Commission with more freedom in reaching technical decisions in the intermediate stages of the negotiation process.

In September 2023 a Franco-German group of 12 experts tasked with analyzing how the EU could reform to allow for enlargement, published a report that puts forward ideas on voting reform and a multi-speed Europe as well as an emphasis on the rule of law; it further calls for a higher budget to mitigate the challenges that the EU will have as a Union of 30 plus members.

The worry in the Western Balkans is that access to the single market could mean moving away from full EU membership and this would be detrimental for the region's future. Some countries are members of the single market alone, like Norway or Switzerland. However, these are wealthy economies that pay into the EU budget for their membership and benefit from access to such a big market. The countries of the Western Balkans are poorer and are running a significant trade deficit with the EU. A recent economic assessment notes that at current rates of development, it will take the Western Balkans 70 years to fully catch up with the average

EU living standards.

### **Differentiated Integration and the Growth Plan for the Western Balkans**

In parallel, the phasing-in approach for gradual integration into the EU, providing economic incentives to the Western Balkans countries to transform their societies and institutions, has also gained ground in EU institutions and member states<sup>[17]</sup>. The European Commission is seeking ways to introduce a more gradual accession process for the candidate countries in which they can benefit from the EU even before the actual membership. The widening economic and social gap between the Western Balkans and the EU countries over the last decade means that the real benefits for the citizens in the region would come from access to the EU single market and funds related to the potentially high market including competitiveness shocks.

Part and parcel of the new approach has become the Reform and Growth Facility for the Western Balkans, which was adopted in May 2024<sup>[18]</sup>. The stated aim of the facility is to offer the Western Balkan countries progressive integration into the EU single market and socio-economic convergence with the EU, in return for the countries' concrete reforms on the "fundamentals cluster" in support of their alignment with the EU's values, laws, standards, policies and practices. The Western Balkan countries would need to adopt a Reform Agenda with specific benchmarks and a timeline to explain how they will implement concrete reforms.

### **Macedonian Election**

Between April and May 2023, the International Republican Institute (IRI) conducted a survey in which citizens expressed their view of the situation in North Macedonia, their trust in politicians and the political system, as well as the country's European perspectives. Almost 80% of the citizens declared that they are in favor of EU membership, but half of the citizens do not support the current negotiation process, i.e. the inclusion of the Bulgarian minority in the Constitution and other concessions requested by Bulgaria (Kapital, 2023). Two-thirds of the total number of respondents (65%) do not agree with the constitutional changes necessary to complete the phase of opening membership negotiations. A solid majority of 80% of ethnic Macedonians are against constitutional changes, 53% of respondents who identify as ethnic Albanians support these amendments (Velinovska, 2023).

In fact, from the moment the issue of constitutional amendments regarding the Bulgarian minority was raised there has been wide international support for North Macedonia regarding the implementation of the amendments in the pursuit of EU membership. However, the Macedonian citizens witnessed the same kind of international support in the period before the Prespa Agreement (2018) and the name change to North Macedonia. This change was presented to the citizens as the last obstacle before the start of negotiations with the EU, and the question put to the voters in the 2018 Referendum was formulated to that end. The events which followed the name change – i.e. the start of the negotiation process vetoed by Bulgaria – had a significant impact on Macedonian citizens' acceptance of any new constitutional amendments. Hence, it is very likely that the ruling Macedonian political parties will initiate the constitutional changes, which will then be rejected in Parliament and face defeat in the upcoming parliamentary elections.

Parliamentary elections were held in North Macedonia on 8 May 2024. The slow pace of EU integration and corruption were the main issues during the campaign. The right-wing opposition coalition led by the nationalist VMRO - DPMNE party decisively won the election receiving 45% of the vote and 58 seats which were three short of an outright majority. The incumbent center-left coalition led by the Social Democratic Union of Macedonia lost 18 seats

and collapsed to 16% of the popular vote. The second round of the 2024 presidential election was held on the same day which was also won by the VMRO-DPMNE candidate Gordana Siljanovska Davkova.

Among the significant issues during the election was corruption. The opposition VMRO-DPMNE (pro-nationalistic party) accused the ruling coalition of presiding over a "pandemic" of corruption in the country, while the Social Democratic Union of Macedonia, a member of the coalition, supported the confiscation of illegally acquired property from corrupt officials. The ruling government supported revising the Constitution to include recognition of a Bulgarian minority in North Macedonia, a condition set by Bulgaria to allow the country's accession to the European Union. The VMRO-DPMNE called the acceptance of such conditions a "capitulation" to Bulgaria. It has also expressed interest in forming a coalition government with the VLEN coalition comprising ethnic Albanian parties but has ruled out entering one with the Democratic Union for Integration, which was part of the ruling coalition and which it had called "corrupt". The VMRO-DPMNE also pledged to create tens of thousands of jobs amid the country's sluggish economic situation, mass emigration and rising inflation.

### **European Elections: What's in it for Enlargement**

On the backdrop of important enlargement policy changes and political decisions made during the 2019–2024 term, the new leaders in the EU institutions will need to work on further propelling and even completing the EU enlargement process with the accession countries both from the East and Southeast of Europe that have made the necessary reforms. Regardless of the shift to the right in many member states in the European elections, with populist radical right parties gaining votes and seats - and in some cases the government - across the EU, and liberal and green parties losing ground, the European Parliament will likely continue to support EU enlargement.

The election results showed that pro-enlargement mainstream political families in the European Parliament, together with those European Conservative and Reformist parties that support enlargement, remain a strong majority in favor of continuing the policy of EU widening. Pro-enlargement groups, therefore, maintain most of the agenda-setting power, including over the choice of the next European Commission president and the new Commissioner responsible for EU enlargement. As such, the expectation is that the pro-accession groups will keep the future of enlargement policy high on their agenda when negotiating over the profiles of the political leaders who will fill key positions in the Commission as well as when the Chair of the European Parliament's Foreign Affairs Committee will be appointed. Moreover, having in mind its role in the EU budgetary powers, the new European Parliament could exhibit its pro-enlargement stance by reminding other EU institutions of their political commitment to the candidate states. With negotiations for the upcoming Multiannual Financial Framework set to begin next year, the European Parliament can influence decisions so that funds are earmarked for the accession of at least some of the candidate countries during the next budgetary term.

### **Other actors in the Western Balkans**

Increased Russian influence, and the arrival of Chinese influence, in an era of great power competition in the world, shows that the Western Balkans is in play in a new competition between the free and democratic world and the autocratic powers. In 2017, then-EU High Representative Federica Mogherini openly voiced the new concerns that "Moscow's presumable goal is to loosen the region's connection to the EU and present Russia as an alternative to a dissolving union.". With so much focus on the wars in the Middle East. Beyond

its abstract influence, Russia has strong economic interests in the region in the form of energy transportation routes and arms control. In recent years, it became clear that the Kremlin's strategy is not only to maintain and increase its influence in the region but also to disrupt the process of NATO and EU integration by exploiting the weak institutions and actively politicizing and exacerbating existing ethnic and religious tensions. Moscow's increased influence, acting as an opportunistic spoiler to exploit internal weaknesses, brought new concerns about the consolidation of the democratic transition in the Western Balkans. In the Western Balkans, as Ritsa Panagiotou (2021) put Russia is among the five guarantors of the Dayton Accords and did not raise any opposition to the promise of EU membership for the new post-Yugoslav states. Russia officially pursues five foreign policy goals in the WB: maintain its historical presence in the region, prevent NATO enlargement, secure the interests of Russian businesses notably in the energy sector, preserve the region as a negotiation card with the EU, and maintain the idea of Slavic brotherhood.

China is another actor excreting influence via the Initiative 16 +1 in Southeast and Eastern Europe mostly via strategic investment in infrastructure, according to some reports over 20 billion euros for the period of 2017-2024. In North Macedonia, two highways — Miladinovici to Shtip and Kichevo to Ohrid – cost 519 million euros and are being built by Sinohydro Corp. Ltd. In Albania, China's state-backed Everbright Group acquired Tirana National Airport, and Geo-Jade Petroleum Corp. bought the largest oil refinery in the country, accounting for 95% of Albania's crude oil, for 396 million euros.

## **Conclusion**

The enlargement process has played a critical role in reinforcing peace, democracy, and stability in Europe, while also enhancing the EU's capacity to tackle challenges and reinforcing its transformative power for the European continent. However, the EU must adhere to its fundamental values when dealing with the Western Balkans to maintain its credibility and legitimacy to enforce its actorness in the Western Balkans in the times of competitive actors in the region, and to enhance its power as a global actor. Only if the EU continues to remain a normative power for the Western Balkans countries in its geostrategic approach could lead processes of democratization and simultaneously meet expectations compatibly regarding democratic demands and extend the geostrategic approach from the EU to the Western Balkans.

The Western Balkans countries are at different stages in their accession process, reflecting the extent to which they have made progress on the EU's reform priorities. Some have been candidate states for ten years (Montenegro, Serbia, Albania) or twenty years (North Macedonia), others have Differences in the progress of domestic reforms and their distributional consequences defy the EU's single approach to enlargement therefore the 'new methodology considers efforts of these Western Balkans countries based on merits with possible predictability, positive and negative conditionality.

The relationship of the EU with the Western Balkans in a new geopolitical momentum, one with joint interests and a willingness to prioritize this relationship with prospective members, may be enticing in terms of parity and emphasis on realizable targets pursued in tandem. It certainly may eliminate the need for the EU to present itself as a normative paragon at a time when internally it suffers from questions of democratic legitimacy and is hostage to accusations of hypocrisy. And it will recast the idea of transformative power in Europe into a more practical light which can be more readily accepted by both EU and Western Balkans audiences at all levels. Ultimately, a renewed accession push based on mutual trust and enhanced credibility will only be viable when the EU and its member states make progress on internal questions of government currently challenged by fragmentation and disintegration. When this is achieved



a fundamental dimension of enlargement resistance will disappear and more elements of absorption capacity will be easier to deal with.

New methodology and the new geostrategic momentum to the prospective accession of the Western Balkans state it is a clear indication that the EU, which is quite hesitant about committing itself to unrealistic target dates and goals, views enlargement to the Western Balkans as a central theme of its external relations. The Berlin Process, which replaced formal EU-WB relations (after Juncker's no enlargement speech), now can be superseded by 'Country-specific Intergovernmental Conferences' and 'Stabilization and Association Councils' emphasizing the need for enhanced political dialogue rather than discussion in extra-EU format on technical issues of 'connectivity' and infrastructure projects such as stopping the Chinese Infrastructure investments. However, with the problem of North Macedonia and the blockage from Bulgaria how can proceed with starting official negotiations with the EU, starting the Second Intergovernmental Conference?

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## **WB Candidate Countries Transformation in Complying with the EU Economic Criteria: Lessons Learned and Future Challenges**

**Dr. Elena Polo**

*Institute for European Studies, University of Tirana*

### **Abstract**

*The WB region candidate countries are fully committed to the EU integration as the latter remains and will remain the main driver for their political and socio-economic systems development. To the moment, being involved for many years in some long, complex, and complicated integration processes with all their difficulties in principle based on "conditionality", it seems that the social and economic dimension of transformation has not been adequately addressed in the region. The EU itself remains also committed to the region, as it has (mostly recently) shown to be relatively dynamic, reflective, and proactive in its approach towards enlargement, with a revised methodology and new non/financial instruments introduced. Objectives of this paper are: (a) to identify and explore further the need to discuss the real economic transformation of these economies in their efforts to integrate, beyond the fulfillment of the economic criterion, as well as on new models in the field; and (b) to identify and discuss some lessons learned from previous enlargements to improve the approach of the EU and of the WB economies along their integration and negotiation processes. For this purpose, the focus will be on the evaluation and comparison of the current stage of the WB candidate countries based on a series of indicators that explain and influence their economic openness, development, and transformation, aiming at reducing the convergence gap with the EU.*

**Keywords:** *EU, WB, economic criteria, real economic transformation, convergence*

### **Introduction**

European integration remains a strategic priority and target destination for the WB. The EU itself remains engaged and has continuously articulated that the WB (will) have a place within the union soon. Despite these reciprocal approaches, the EU integration processes of each candidate country in this region have proven to be quite long, complex, and complicated, with many dynamics and large fluctuations. Mostly today, EU membership of the region, if based only on the policy of conditionality, remains far away, despite mutual efforts.

The performance of the economy and the macro/microeconomic conditions (related to the economic criteria) tend to change in the long term, as they require to be supported with sustainable policies and long-lasting reforms, but also with appropriate and adequate financial support. Today, WB countries have achieved some significant results in the development of their economies, but they still face some important and difficult challenges. On the other hand, there are some lessons learned from previous enlargement and integration processes beyond the region (albeit in different economic and especially geopolitical conditions), but also from the regional experiences with these integration processes to date. These lessons drawn will have to be taken into consideration for the successful completion of these journeys, serving better economic performance and final membership in the union.

After the so-called "enlargement fatigue", the new and revised 2020 enlargement methodology had the primary purpose of promoting WB integration processes, through a new pace of membership negotiations development. This methodology also aims to support these countries of the region in a better understanding and evaluation of their progress and preparation throughout these processes and for membership, having more interaction with the EU, and

therefore more transparency and mutual trust. Still today, there are critics of the prospect of enlargement under the lenses of this revised methodology and the so-called "difficulties of EU conditionality".

From a technical point of view, this methodology has introduced the approach of a complex and multiple assessment, through the introduction of some new elements such as (a) grouping the chapters of the *acquis* into clusters, (b) placing the focus on the "fundamentals" or "group 1", (c) penalizing negative progress in fulfilling the criteria, as well as (d) strengthening conditionality also in terms of the pre-accession financial support. However, strengthening the conditionality does not necessarily bring an improvement in the adequacy or appropriateness of assessing compliance with the criteria. Even today, there are many critics articulated concerning the increasing bureaucracy, formalities, and reporting as integral parts of the integration processes, making them even more difficult, indeed. Moreover, the "difficulties or even the failure of conditionality" as articulated at the EU level, have not been addressed in any self-reflection approach on the EU side, also regarding its role as a power of economic transformation.

Objectives of this paper are: (a) to identify and explore further the need to discuss the real economic transformation of these economies in their efforts to integrate, beyond the fulfillment of the economic criterion, as well as on new models in the field; and (b) to identify and discuss some lessons learned from previous enlargements to improve the approach of the EU and of the WB economies along their integration and negotiation processes. For this purpose, the focus of the paper will be on the evaluation and comparison of the current stage of the WB candidate countries based on a series of indicators that explain and influence their economic openness (concerning trade and investments), development, and transformation also supported financial and non-financial initiatives/instruments dedicated to the WB, aiming at reducing their convergence gap with the EU.

The paper provides the main developments related to the regional and European economic integration for WB countries, through the dynamics of trade flows, investment flows, and pre-accession financial support. The main achievements and challenges for the economies of the countries of the region will be compared to the achievements and lessons learned from the negotiations and integration of other regions, in the previous waves of EU enlargement.

After theoretically dealing with the importance of the Copenhagen criteria, as well as with the dynamics and criticism of the economic criterion, with a focus on the main difficulties of assessing its fulfillment, the paper will articulate and further explore the logic of the need to move from the fulfillment of the economic criterion to the real transformation of the economy and convergence, especially necessary for WB countries. Finally, the paper summarizes some findings on how to further support the WB economies in their performances not only in complying with the economic criteria but also for unlocking their growth potential and for growth acceleration to catch up and narrow the social and economic development gaps with the EU.

### **Economic development toward integration**

For the WB countries, the EU integration processes have taken many years so far (from 15 to 20 years from the moment of application) and these countries still need time/years to enter the union (even countries that have been negotiating for a decade, still need preparation for membership). Meanwhile, for the countries of Central and Eastern Europe (CEE), these processes run more smoothly, with an average of 8-10 years from the application to full membership, except for Romania and Bulgaria, which took 11 years each.



**Table 1: Status of the EU accession processes in the WB region**

	<i>Applicat ion for member ship</i>	<i>Status of candidate country</i>	<i>SAA</i>	<i>Opening of negotiations / The first intergovern mental conference</i>	<i>Current stage/ status</i>	<i>Years from the moment of applicat ion</i>	<i>Years in negotia tions</i>
<i>Albania</i>	April 2009	2014	2009	2020 <sup>1</sup> -2022	Process of screening; Opening of Cluster 1; 2 <sup>nd</sup> Intergover nmental Conferenc e	15+	2
<i>North Macedonia</i>	March 2004	2005	2004	2020 <sup>2</sup> -2022	Process of screening	20+	2
<i>Montenegro</i>	Decemb er 2008	2010	2010	2012	Opened 33 chapters, 3 of which temporari ly closed <sup>3</sup>	16-	12
<i>Serbia</i>	Decemb er 2009	2012	2013 <sup>4</sup>	2013-2014	Opened 22 out of 35 chapters, 2 of which are temporari ly closed	15-	10

<sup>1</sup> EC recommendation in 2018, European Council approved in 2020

<sup>2</sup> EC recommendation in 2009, European Council approved in 2020

<sup>3</sup> The 15<sup>th</sup> Accession Conference held

<sup>4</sup> Entry into force, signed in 2008

Source: Author's visualization, 2024

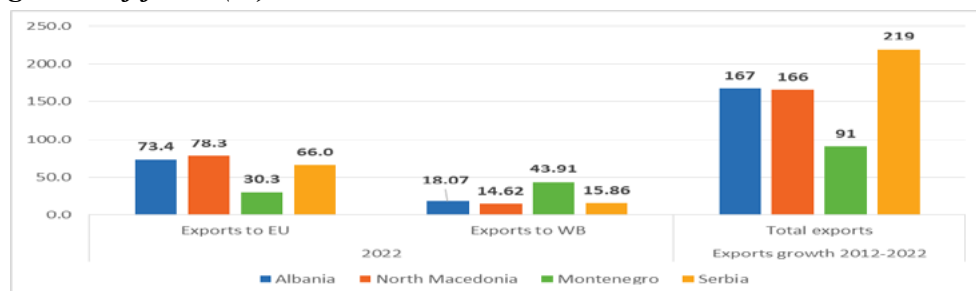
## Trade integration

For the WB region, economic integration is mainly related to trade integration. The graph shows the progress of exports over a decade. It is noted that although there has been an increase in total export flows from the economies of the region (albeit at different rates), at the end of 2022, export flows within the region as a share of total export flows remain low for each

country (again with certain differences between countries). Despite efforts to promote regional integration and cooperation, also in terms of a common regional market, the WB region remains insufficiently integrated.

Montenegro appears to be the weakest performer in terms of exports, trading relatively more with the region, as the share of exports to the EU about the total has declined over the years. Albania and North Macedonia export relatively more (to their total export flows) to the EU compared to the other two countries that started negotiations much earlier. Among the two, North Macedonia has registered the strongest increase in exports to the EU at the end of a decade. However, Serbia was the largest exporting country in 2012 and recorded the strongest growth in total international exports at the end of a decade.

**Figure 1: Performance of exports in the region and the EU (% of total exports) and the growth of flows (%), 2012-2022**



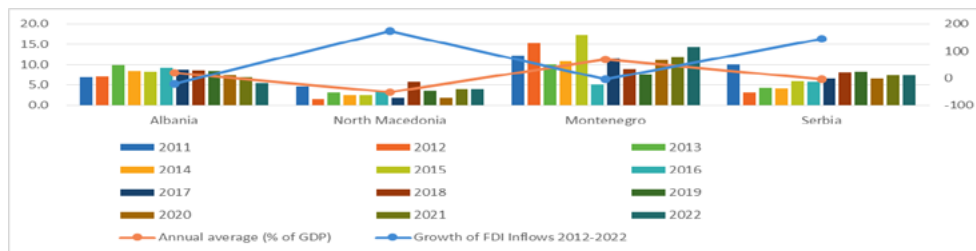
Source: Author's calculations based on Eurostat data, 2024

### Financial integration

Inflows of foreign direct investments (FDIs) reflect the absorptive capacity of foreign financial flows from the economies of the region, as well as issues related to the stability, reliability, and potential of these economies, as perceived by foreign investors. As a ratio of GDP, there are some differences between the levels of inward FDIs in the economies of the region. Montenegro remains for the decade, the highest absorber of foreign financial flows, with an annual average of 11% of GDP. North Macedonia turns out to be the lowest absorber with an annual average of 3% of GDP for the whole period. Albania and Serbia have had average FDI inflows at levels of 8% and 6% of their GDP, respectively.

Over the years, there have been large fluctuations in inward foreign direct investment flows to the countries of the region, for which Montenegro ranks first (with the largest fluctuations, but the highest value reached in 2015). At the end of 2022, Albania recorded a decrease in FDI flows compared to 2012 (the highest value reached in 2013), followed by Montenegro with a relatively lower decrease. North Macedonia and Serbia result in increased flows at the end of 2022.

**Figure 2: FDI inflows and annual average (% of GDP) and growth 2012-2022 (% , in the right)**



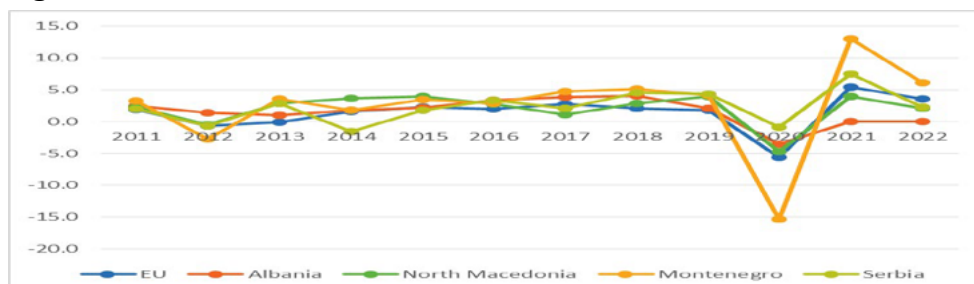
Source: Author's calculations based on Eurostat data, 2024

### Economic growth and convergence

Growth rates of GDP per capita (like real GDP) with all the fluctuations throughout the period, reflect insufficient economic growth to reduce the economic and social development gaps with the EU. Over a decade, on average, per capita income has less than doubled in the region. Montenegro and Serbia have converged more with the EU level at the end of a decade.

GDP per capita in the region averages 38% of average GDP per capita in the EU in 2022, with slight improvements from levels of 35% of the EU average in 2017 and 32% in 2012. Currently, the region's low convergence with the EU can be explained as a result of the early structural weaknesses of those economies (small economies, with fragmented markets and non-sustainable models of economic growth, not exploiting the full potential of resources and productivity); as well as a result of the lack or poor implementation of structural reforms related to market structures, competition policies, labor market dynamics, the skills gap, the absorption of foreign capital, and other similar reforms. In particular, the opening of the regional economy and individual economies to higher trade and investment flows (greater economic openness, or greater economic integration) is estimated to potentially have the greatest impact on the region's convergence with the EU (Siljak & Nagy, 2018).

**Figure 3: Growth of GDP per capita (% annual) and GDP per capita (in PPPs) in the WB region and in the EU**



Source: Author's visualization based on data from the WDI, WB, and Eurostat, 2023

Regarding the dynamics of convergence of other previously member regions, this convergence of the region remains comparable. During the decade 1995-2004, GDP per capita increased by 117% for the Baltic countries, by 65% for the Visegrad countries, and by 38% for Bulgaria and Romania. The high rate of convergence for the Baltic countries is also linked to the relatively higher support provided with pre-accession funds. On the other hand, the GDP per capita of all three regions increased more strongly/significantly after EU accession, except for Hungary (WIIW, 2022).

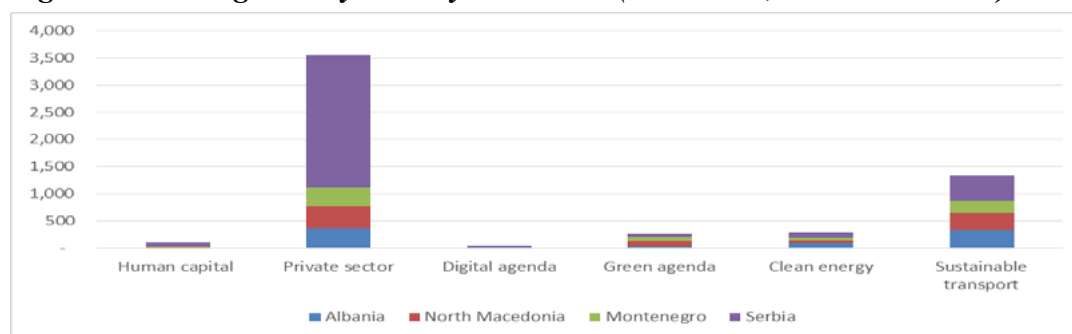
## Pre-accession assistance

The instruments of pre-accession (IPAIII), the Economic and Investment Plan (EIP) as a booster of the Common Regional Market (CRM) and linked to the Western Balkans Investment Framework (WBIF), as well as the recent New Growth Plan for the Western Balkans (NGP) are the main financing instruments, which also reflect the dynamics of EU policy-making in support of the WB region. The details of forecasts, potential, disbursements, and combinations according to countries and priority areas over time, reflect not only the priorities of reforms and investments according to the EU or the agreements between countries and the EU but also the absorptive capacities of these funds, by countries, years and sectors. These instruments have aimed at reforms and investments serving institutional development and economic growth, promoting regional cooperation and investments in infrastructure and connectivity.

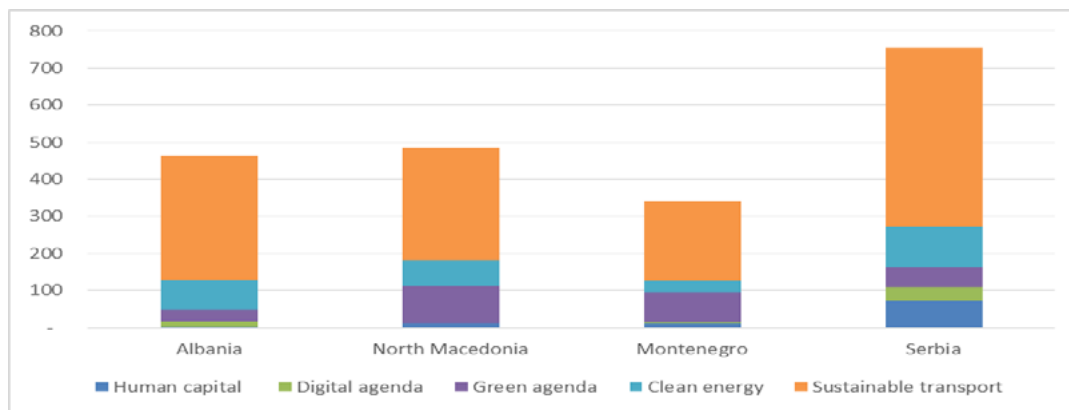
Since 2009, the WBIF instrument/platform/framework, as a joint initiative of the EU, the financial institutions, the donors and the WB governments, has supported social and economic development, as well as the EU integration of the region, through financing and technical assistance for strategic investments. With the lessons learned from earlier, investment projects through WBIF that combine grants (EIP/IPA) with concessional loans from partner financial institutions are generally highlighted as a success story (Bartlett, Bonomi, & Uvalic, 2022). The purpose of this initiative (WBIF) has been precisely the coordination of the EIP/IPA funds, mixing the pre-accession grant funds with other grants, loans, and funds from specific countries.

As can be seen in the graphs below, transport and energy are the two areas that have received the largest share of WBIF grants in absolute value, followed by investments in climate and environment and social infrastructure/human capital, while the private sector and infrastructure digital have benefited far fewer grants. For the total of fields/sectors, Serbia turns out to have benefited more grants from the WBIF, during 2009-2023, followed by North Macedonia, Albania, and finally Montenegro.

**Figure 4: WBIF grants by country and sector (2009-2023, in EUR millions)**



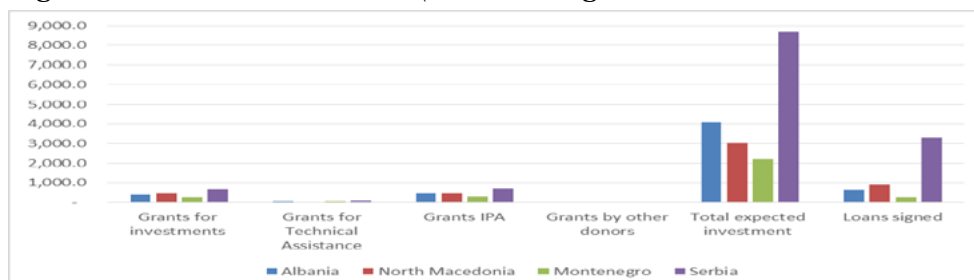
**\* Support with EU grants = EUR 578 millions**



Source: Author's calculation based on WBIF data, 2024

If we look in detail at the support provided through WBIF, it is noted that investment grants make up many grants (over 80%), while technical assistance is less than 20%. Grants from other donors are very small (quite insignificant), most project grants under WBIF come from IPA grants. The expected investments are considerable, also targeting loans. Serbia is the highest absorber of investment projects under WBIF, being also the highest absorber of IPA grants and with a total estimated/expected investment more than double the other three countries.

Figure 5: WBIF combinations (2009-2023, grants-loans-investments in EUR millions)



Source: Author's calculation based on WBIF data, 2024

It is estimated that implementation of investment projects is generally low, with almost 1/5 of grants taking more than 3 years to start implementation. On the other hand, the rate of financial leverage for grants (IPA and others) offered through WBIF is on average 5-fold (with variances according to sectors/fields), thus each Euro grant attracts another 5 Euro loans to support investment projects, mainly in infrastructure (Bartlett, Bonomi, & Uvalic, 2022).

### Economic and Investment Plan (EIP)

The Economic and Investment Plan (EIP) 2021-2027 has planned to mobilize a total of EUR 30 billion for the WB. This amount for the 7 years is approximately 1/3 of the WB regional GDP (as of 2022, of EUR 97 billion). For one year, this amount (potential to benefit) is calculated approximately as 4.2% of the region's GDP. In the total of the Plan, only EUR 9 billion is predicted to be granted, always for the period 2021-2027 and all 6 WB countries. In other words, it is only EUR 1.28 billion per year or 1.3% of the annual regional GDP.

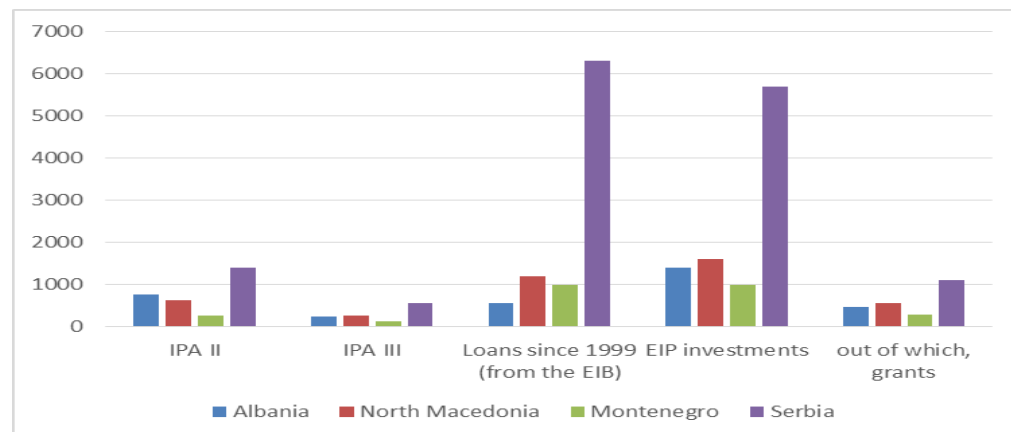
Grant support through the EIP appears insufficient, being at slightly higher levels compared to previous IPA packages for the region (I and II). Moreover, from the potential forecast of



support to the actual benefit (disbursement and implementation in practice), there are many obstacles (based on previous experiences, according to which the utilization of pre-accession funds is continuously below 100%). By the end of 2023, the EIP has financed with grants a total of EUR 4.6 billion (about half of the forecast for the first half of the forecast period).

As can be seen in the graph, Serbia has been the biggest beneficiary of pre-accession funds as well as of EIP investments and grants, but also of loan support from the European Investment Bank (EIB) since 1999, with a significant difference from the three other countries.

**Figure 6: Pre-accession funds until 2023 (in EUR millions)**



**Source: Author's calculations based on the EC data, 2024**

### Instruments of Pre-accession (IPA)

IPA is the basic program through which, since 2007, the aim is to support financial assistance (budgetary support), technical assistance, and policy dialogue to WB candidate countries in support of their implementation of key economic, social, political, and institutional reforms. The IPA packages themselves have been almost unchanged over the three EU budget cycles. During IPA II, the Connectivity Agenda was also launched in the Berlin Process 2015, targeting public infrastructure investment projects in transport and energy (about EUR 1 billion of grants, of which 12.4% in technical assistance, for a total of 37 projects in transport and 8 in energy).

IPA II introduced the sectorial approach to promote sectorial reforms based on drawn-up sectorial strategies. This approach fostered further consultation and coordination of sectorial efforts, as well as better management of IPA programs, despite the difficulties of low absorptive capacities and bureaucratic delays.

IPA III has continued to further emphasize the focus on the sectorial approach and public infrastructure (in line with the enlargement requirements), to support sectorial reforms by increasing the overall coherence between national strategies, sectorial policies, resource allocation, and expenditure policies. Also, this package has further emphasized the "conditionality policy", through providing recognition for good performance or penalization for poor performance. Window 3 and 4 (respectively, Green Agenda and Sustainable Connectivity, as well as Competitiveness and Inclusive Economic Growth), are related to the preparation of the National Single Project Pipeline (NSPP) with the support of the EU and WBIF, where relevance is provided to the conception and preparation of investment projects, in the form of matured projects. IPA III has also introduced the innovative approach of the coordination of funds/assistance (as lessons learned from before, also from the WBIF instrument), between the EU and member countries, ensuring coherence, stability, and

completeness of funds through ongoing communications and consultations.

Table 2 reflects that the annual grants from the EU (institutions or member countries) have constituted almost 70% of the grants until 2013 (IPA I period) and the same amount in relative terms for 2013-2020 (IPA III period). The increase in the proportion of grants from EU institutions (from 1/3 of grants to 42%) has compensated for the decrease in grants based on bilateral agreements with EU member countries (from 33% to 27%).

**Table 2: Proportion of annual grants to WB, by donor**

	2007-2013	2013-2020
<i>EU institutions</i>	36%	42%
<i>EU member states (bilateral)</i>	33%	27%
<i>Bilateral DAC</i>	22%	20%
<i>Bilateral non-DAC</i>	4%	5%
<i>Multilaterals</i>	5%	6%
<i>Total</i>	100%	100%

**Source: OECD Statistics for International Development, 2022**

### **The New Growth Plan for the WB**

This plan was launched in 2023, to provide a new instrument, complementary with (not replacing) previous instruments and with a dedicated focus on promoting economic growth in the WB region and promoting convergence as a result. Through the Reform and Growth Facility 2024-2027 (a combination of grants and loans, through WBIF or budget support), promoting regional cooperation, further strengthening "conditionality", as well as allowing the preliminary entry of WB candidate economies into the system of Single European Payment Area (SEPA), this plan aims to support and further incentivize the necessary reforms and investments in the region.

Each candidate country, in coordination with the EC and the identified priorities, was expected to prepare the political document of the Reform Agenda by mid-2024, summarizing the priority measures identified to be undertaken to further promote market-oriented economic preparations for accelerating the entry of the Albanian economy into the EU single market and towards achieving greater convergence with EU member states.

The priority areas/pillars identified and proposed by the Albanian Government are: (1) *Business Climate* (with a focus on tax administration, cadasters and lands; public investments, state aid, PPPs and state enterprises; transport; promotion of exports); (2) *Human Capital* (focusing on matching VET with the labor market; revising curricula and adopting to education levels; digital skills; efficiency of unemployment policies; strengthening the environment for R&D); (3) *Digital Transition* (with a focus on digitization of public services; cyber security; support for innovative businesses); (4) *Energy / Green Transition* (focusing on market integration with the EU; tariff adjustments; renewable energy; energy efficiency); and (5) *Rule of Law / Fundamentals* (focusing on the recovery and re-use of confiscated real estate properties; corruption and organized crime at the highest levels; preventing and combating money laundering; independence, accountability, transparency and efficiency of the judiciary; reducing corruption and freedom of expression).

### **Current challenges to be addressed by the WB**

Over the years, WB countries have been able to undertake and implement substantial reforms

in the economic, social, legal, and institutional policymaking areas. However, despite efforts over two decades, the progress of these countries regarding the EU integration processes has been low. Their economic integration with the EU has occurred mainly in the markets of goods and services, in the financial market, and partially also in the labor market influenced by the high migratory flows. But currently, the low level of economic development reflects the limited convergence of the region with the EU.

Connectivity-related initiatives promoted to link WB with major European transport and energy corridors have taken a long time to materialize and have further encountered several implementation constraints (Bartlett, Bonomi, & Uvalic, 2022). The EIP has aimed to promote economic growth and development, supporting the green and digital transition, as well as promoting regional integration, and to accelerate the convergence of WB countries with the EU standard of living. According to the expectations of the EU, the economic advancement of the countries of the region can potentially serve as a pre-condition for the improvement of the political context/criterion, for the progress in fundamental reforms as well as for the acceleration and successful finalization of the integration processes.

Since the early 2000s, some of the important economic reforms undertaken by the economies of the region were related to the liberalization of the commercial and financial systems, the privatization of enterprises and banks, and the gradual improvement of the business environment, supported by legal and institutional reforms.

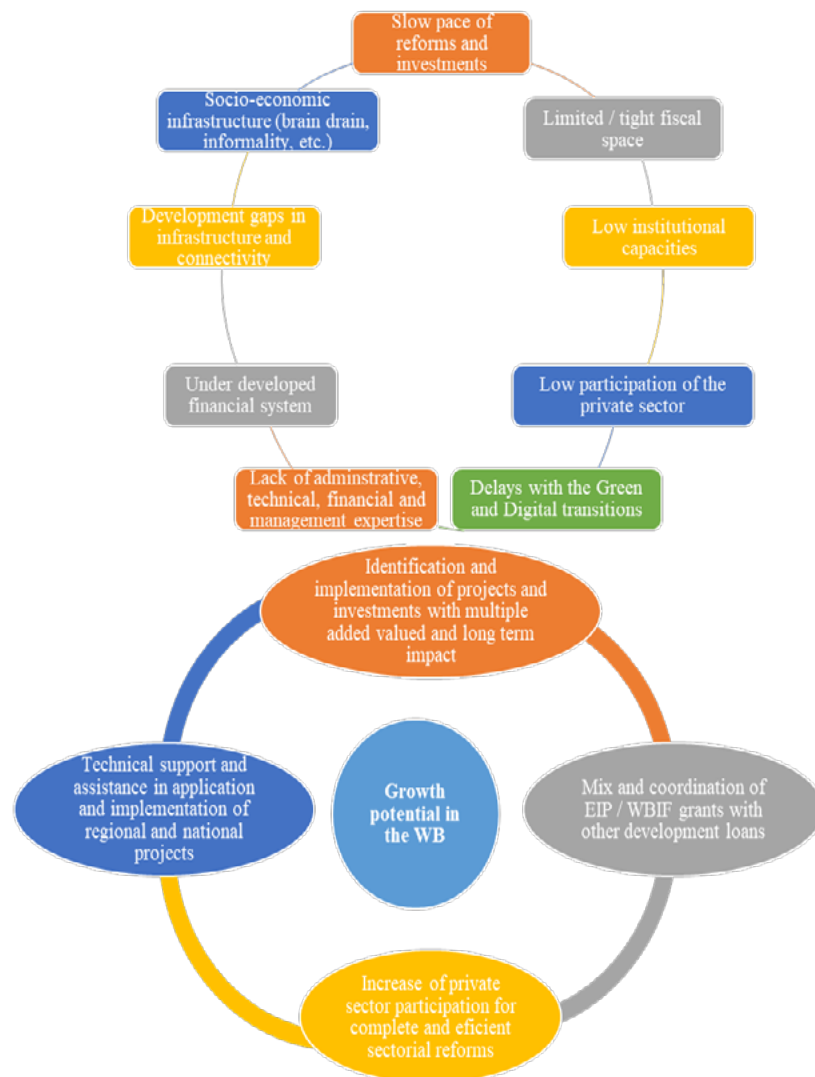
During 2001-2008, WB countries experienced strong economic growth (an average of slightly over 5%), a gradual macroeconomic stabilization, as well as a significant trade opening, mainly with the EU, which then became and continues to be the main trading partner for this region. Throughout this period, there has also been an increase in FDI inflows, mainly from EU member countries, in parallel with the entry of foreign financial capital into the local economies, also because of privatization (either full or partial) or restructuring of former national state banks.

As a result of the financial and economic crisis of 2008, these countries economically integrated (however slightly) with the EU (in terms of trade, foreign direct investment, and financial integration) were also hit, not maintaining the previous pace of economic growth. Especially in the last decade, these economies have become more and more exposed and threatened by external risks and shocks, reflecting the need to further develop flexible and shock-responsive economies. On the other hand, this crisis highlighted some of the structural weaknesses of these economies, such as: (a) external imbalances (trade liberalization has increased imports faster since exports are affected by low competitiveness), (b) high and increasing unemployment, or even (c) rapid structural changes that have caused rapid deindustrialization (with a strong process of deindustrialization in the 90s and afterward, since financial integration has progressed faster than integration in real economies - sectors).

Some economies have undertaken some export-oriented economic growth policies, positively influencing the reduction of external imbalances, in parallel with remittances and incoming FDI. Labor markets in WB economies have had persistent problems, reflected in indicators related to employment, unemployment, and labor participation, especially for women and youth. Even the strong economic growth has not been accompanied by a substantial increase in jobs and employment. This is also explained by the weak connection with the education system (the latter, with delayed reactions to the dynamics and demands of the labor market); with high informality (estimated approximately between 20-50% of the WB economies); with high migratory flows (also affected by inequalities and social exclusion); with low participation in or education (high NEET rate), etc.

training

**Figure 7: Current challenges faced and growth potential for the WB**



**Source: Author's visualization, 2024**

The structural changes in the economies of the WB region have also been influenced by the preferences of foreign investors, mainly oriented in service sectors, such as the banking sector, telecommunications, or in the real estate sector. The main barriers that have affected the incoming flows of foreign direct investments are mainly related to the business environment, the difficulties for the creation and further development of small and medium-sized enterprises, ineffective competition policies, defects in the regulatory framework, the size and fragmentation of markets, etc.

The public sector is still quite present in the economy, with a significant contribution to employment and state-owned enterprises that have retained power due to their strategic importance, quasi-monopolistic positions, and insufficient and inefficient enforcement of market and competition rules. Further growth in the private sector will contribute to increased productivity and further economic growth in the region. On its side, the growth of the private sector depends a lot on regional integration, which despite all initiatives, remains weak, here referring to connectivity, transport, and infrastructure.

Finally, at the European level, there are several instruments used to promote a public-private dialogue in policy-making processes, namely instruments aimed at informing, consulting, involving, cooperating, and empowering non-state actors. Especially for the private sector, the improvement of the business climate is largely supported, especially for the SMEs.

Integration processes for the economies of the WB region are related to the transformation of these countries into market economies and functional economies capable of being fully integrated into the European common market, promoting employment and entrepreneurship opportunities, promoting law enforcement, and fighting corruption in the markets (EC, 2020).

### **Lessons learned from previous memberships and/or integration processes in the WB**

Several important lessons have been drawn to the transformative power of enlargement, specifically in relation to the close relationship between enlargement policy and financial assistance. This connection has been analyzed to have faded over time, after the last multiple enlargements of 2004. While the political dimension of enlargement has been modified over time (due to various economic and political challenges), the technical dimension and especially the financial one, has remained almost unchanged (DG-NEAR, 2015).

In particular, the dimension of pre-accession financial assistance received attention mainly during IPA II, through which a clearer link between enlargement strategy and pre-accession financing priorities was targeted and ensured (with a limited number of policy areas as well as sectors), to strengthen the transformative power of the EU, but also to influence the success of the integration processes in the region. IPA II not only strengthened the sectoral dimension but also the coordination with international financial institutions and budgetary support, as part of a decentralized approach to the implementation of financing. This approach has aimed to increase responsibility and capacities for gradual adaptation to European rules and procedures for the use of EU funds. The results of this decentralized approach (proved successfully in the case of Croatia) have been undermined by various delays in implementation, low procurement capacities, and the need for frequent corrections, etc. Some of the problems that weaken the impact of public infrastructure on economic growth relate to weak governance, non-implementation of the law by institutions, non-transparent procurements, or a high level of corruption (problems that have persistently characterized all economies of the WB region).

For this reason, indirect management by the EC has been proposed, focusing mainly on public finances and risks. On its part, the EC has seen as a priority the promotion of the speed of implementation of pre-accession funds, through knowledge distribution, increase of capacities, and simplification of bureaucratic procedures, as well as monitoring performance through indicators. Precisely, the focus on implementation performance and impact measurement has been the adequate response to the challenge of limited budgets and to the need for increased efficiency (DG-NEAR, 2015).

**Some of the lessons learned from integrated countries from the three regions of CEE are listed below (WIIW, 2022):**

- EU integration has increased by 50% the economic integration of CEE in terms of trade and services, and by a slightly lower %, the circulating flows of FDI within the region (not necessarily due to integration).

So, for example, intra-regional exports of the Baltic countries were less than 10% of the total



before accession and doubled within 4 years of accession; Visegrad countries exchanged exports to the extent of 11.5% of the total, and membership increased to 13.5%. For Romania and Bulgaria, which were characterized by lower exports between them, the % as a ratio of the total also doubled, from 3 to 5%.

In terms of FDI, for the Visegrad countries, their flows from the region were 1.8% of the total before accession and increased to 2.8% within 4 years of accession. For the Baltic countries, where intra-regional investment flows had been higher before accession, they increased from 6% to 7% as a result. Romania and Bulgaria also experienced a doubling of financial flows between them, from 1% to 2% respectively because of membership.

- The pre-conditions of EU integration are important for the impact (benefits) of integration. Countries that had previously advanced with regional integration in 2000 were more economically integrated after accession.

So, for example, it has been estimated that 1% increase in pre-integration leads to a 3.7% increase in economic integration after EU membership. This also applies to prior regional integration, with an impact of 2.5% growth.

- The main channel of promoting economic integration by the EU for CEE has been (is) the income channel, through transfers; the latter (on average at 2% of annual GDP, with small differences between countries, for the period 2004-2018) have positively influenced convergence (increased GDP per capita) by further increasing demand and supply of goods and services and further promoting trade and investment flows between CEE regions.

In average terms, during 2004-2018, CEE countries benefited from transfers from the EU at levels of almost 1/3 of their GDP for the entire period (some countries, such as Lithuania or Hungary, even 1/2 of GDP). Meanwhile, from 2007-to 2018, WB countries have benefited on average at 12% of their GDP, or 3 times less than CEE.

Increased transfers from the EU to the WB are needed to support policies aimed at increasing incomes – this increase makes little difference for member states, but substantial change for the WB countries. According to the Vienna Institute, doubling annual assistance has the potential to increase the GDP of these economies by 14% – which is a significant increase. On the other hand, the integration of these countries will potentially affect one or all the following: public spending, political stability, and strong institutions, which in turn affect future incomes, resulting in a multiplier effect for these economies.

If these countries were (are) part of the EU budget, even in the conditions of low absorptive capacities, the allocated funds would be (are) multiple, although subject to the “conditionality” due to the need of conditioning for institutional reforms, bringing more results for these economies. Institutional quality, good governance standards as well as security, reliability and clarity of integration processes, in support of access to financial funds, will absolutely influence governance and structural reforms.

On the other hand, the development of public infrastructure, rapid progress towards reforms and advancement in integration processes, will attract financial inflows of FDI investments. For the WB, it has been analyzed that although there has been an increase in commercial and financial integration, as well as an increase in infrastructural interconnection, this has not brought an increase in convergence to satisfactory levels. Perhaps the EU should focus on facilitating the integration of WB into the EU, rather than on regional integration. The Vienna

Institute study suggests that the economic aspects of previous integration processes will have to be replicated to their fullest extent. And furthermore, strong income growth for CEE countries occurred after integration and more specifically, because of increased transfers from the EU. Finally, the integration processes of the WB are taking place today in very different conditions, especially economic (but also geopolitical). Under these conditions, more positive dynamics of EU integration would stimulate demand and convergence, as well as support structural and institutional reforms.

### **Economic criteria: relevance, dynamics, and critics**

By nature, the economic criterion has turned out to be generally less sensitive compared to the political criterion. This has been proven especially during the integration processes of the WB, although on the other hand, even for this region, the fulfillment of the economic criteria has faced and still faces crucial difficulties (EMS, 2016). Over the years, economic governance and the economic criterion have gained relative importance vis-a-vis the political criterion in recent integration/enlargement processes. With regards to economic governance, each candidate country prepares a medium-term program of economic reforms (ERPs), in which it clearly defines the macro-fiscal policy framework as well as the agenda of key structural reforms, intending to ensure competitiveness and comprehensive and inclusive economic growth.

In the field of European studies in the context of the EU enlargement, there is an ongoing debate on the difficulties of assessing the relative weights of political and economic criteria/factors in accelerating or slowing down integration processes (Wallace, 2005). Lessons learned from previous enlargement waves (specifically, 2004 and 2007) pointed out that the Copenhagen criteria do not adequately reflect a country's preparation to enter the union. However, despite this, both criteria (economic and political criteria) have proven to have a direct impact on the length and dynamics of integration processes.

Moreover, since the 2004 and 2007 enlargement waves, some critics have addressed the two Copenhagen criteria. Some of the earliest criticisms (articulated before the 2000s) relate to the criteria being "rather broad and vague" or using "broad/abstract/loose terms" (for example, market economy or sufficient/improved competition). Being such, these criteria leave a lot of room for interpretation, and therefore for subjective decision/judgment. For this reason, over the years, the need for more specific and/or quantitative conditions/criteria to be fulfilled has emerged and been emphasized (Sigma, 2007). Critics of a different nature are raised on the idea that the EU should rethink its enlargement policies by introducing the differentiation of countries based on national/local criteria.

Among all the criticisms articulated over time about the membership criteria/conditionality, some are of particular importance for the integration processes taking place in the WB region: (a) vagueness of the criteria (too broad to ensure an error-free assessment of progress and preparation to join the union); (b) dominance or relative priority of the political criterion (again, the ambiguity between focusing on the fulfillment of the political criterion, but emphasizing the importance of the economic criterion); (c) asymmetry between the growing demands for future members (candidate countries) and current practices or developments in the markets of member economies; (d) contradictions between some of the criteria (for example, reforming a market or sector, and at the same time keeping the budget balanced); and (e) real convergence (with a narrow focus on GDP per capita) has resulted to be the "neglected criterion" (for example, the criteria for membership in the monetary union are more specific in nature, and therefore more measurable) (Uvalic, 2010).

For the above reasons, long before the start of the negotiation processes in the region, the need for following a more practical and appropriate approach was articulated, such as focusing on

key areas or sectors of the economies (for example, on agriculture) or early preparation for approval of the *acquis* and gradual advancement in status (Anastasakis, 2008). Still today, alternative approaches to deepening integration in key economic sectors have been articulated to complement (rather than replace) conditionality policy/membership criteria (Emerson, Lazarevic, Blockmans, & Subotic, 2021).

Last but not least: (a) despite the success of the start, the current policy approach of enlargement and conditionality has shown for several years already that it has reached its limit, not offering new acceleration instruments, but caused as a result more delays and slowdowns in the integration processes started early in the WB region; and (b) moreover, analyzing the current political and economic setbacks and obstacles of recent years (even in the member countries), the EU's transformative power in the economic and political systems of individual countries seems to have weakened, insufficiently mitigating negative dynamics for member and candidate countries; The latter also represent economies that are too weak to face shocks and inflexible enough, due to large imbalances in domestic markets and economies (Kmezić, 2020).

The latest discussions regarding phased integration for the WB candidate countries (as a response to all criticisms of enlargement and the current geopolitical momentum), do not in any way diminish the importance of meeting the economic criterion. From the economic point of view, it remains primarily in the interest of these countries to undertake some reforms, meet some criteria and perform maximally well before membership. There is ample evidence to prove that countries that develop better competitive economies before joining the union can successfully cope with higher competitive pressures in the larger union market (Schimmelfenning, Borzel, Kortenska, Langbein, & Toshkov, 2015).

For this reason and in response to the lessons learned from the previous waves of enlargement, the importance of the economic criterion, the performance of the economies, and the promotion of convergence has escalated to the current proposals for the gradual introduction of the WB candidate countries into the processes, structures and current EU economic governance mechanisms, even before membership (for example, in the European Semester for member countries or in the EU budget). This, with the final goal, is to increase understanding and interaction, but also the financing and monitoring of structural reforms for these economies (Darvas, 2023).

### **Beyond the criteria: The real economic transformation**

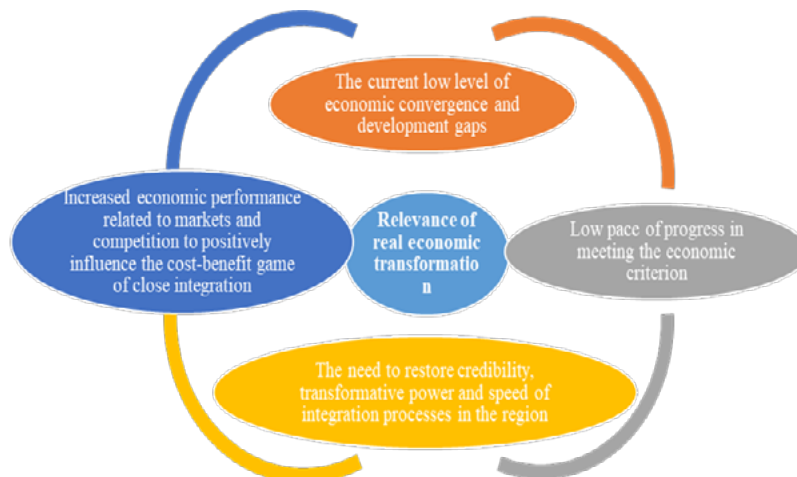
Despite their involvement and engagement in early integration processes, currently, the economies of the WB suffer from developmental gaps and low institutional compatibilities compared to the EU. EU integration is and will remain the main driver of economic development in the WB region, although the social and economic development dimension of enlargement seems not to have been adequately addressed for this region (Bieber & Kmezić, 2016). The current level of the development gap with the EU is related not only to the natural weaknesses of WB economies, such as small, fragmented markets and defective competition but also to the trends of recent years, such as emigration, brain drain, lack of labor force, etc.

Also, the economic and social transformation and development of WB economies is also necessary to ensure lower political and economic costs for enlarging EU. This transformation is related to a need to coordinate economic, social, institutional, and structural policies (criteria of Institutional Economics), supporting long-term economic growth and convergence with the EU. Building efficient and credible institutions and increasing institutional development are expected to be among the key factors to accelerate growth, to enhance coherence in effectively functioning markets and to boost overall economic advancement (Rajasalu, 2002).

The rule of law is also valued as a key factor for economic growth. While WB countries still

have considerable economic potential, challenges related to weaknesses in the rule of law, poorly functioning institutions and high state presence in the economy hinder economic development (ECA, 2022). The "Fundamentals" group with its emphasis on the new expansion methodology is expected to promote sustained and accelerated economic growth and social convergence. The growing need to promote the real economic transformation of the candidate countries beyond just meeting the economic criteria is based on the following pillars:

**Figure 8: Pillars of economic transformation**



**Source: Author's visualization, 2024**

The full potential of the existing financing mechanisms has not yet been exploited, but there is still a great need for reforms and financially supported investments. The full potential of existing initiatives (such as the Regional Common Market) has also not yet been exploited, which explains why the region is currently considered as an "untapped potential". Finally, most of the real economic benefits will be significant and visible only after accession, so relying mainly on economic conditionality does not bring any added value to these processes.

The experience with Romania and Bulgaria shows that although they were not ready to join in 2007, they benefited from membership in terms of economic transformation, development, and macroeconomic stability (Endrodi-Kovacs & Tankovsky, 2022). In particular, the concrete steps of accession and potential membership increased FDIs further as it gave foreign investors much more confidence to enter CEE countries as the newest EU members.

Making the benefits of EU membership visible, tangible, and meaningful before accession, especially for citizens and private sector companies, is practically one of the objectives of the NGP for the WB, which came as a new approach to address economic convergence. However, access to the single market does not necessarily increase the competitiveness of the candidate economies without the appropriate levels of progress and readiness.

## Conclusions

To address the difficulties of conditionality and EU criteria, as well as to further promote the integration processes in the region, a more complex, multiple, and comprehensive evaluation approach is needed, which takes into consideration not only the fulfillment of the economic criterion but also the real transformation of these economies.

In conditions of low progress in meeting the criterion, of a low current level of convergence, of weak and low capacities in the absorption and implementation of funds, as well as in

conditions where most of the benefits become evident after membership, the integration model accelerated/differentiated with a progressive increase in funding (again, conditional) for the candidate economies seems to be the most appropriate model to follow in the future, after some prolonged integration processes.

Since the integration processes in the WB region have already taken several years, more than the fulfillment of the economic criterion, the real economic transformation of the candidate countries, to reduce their convergence gaps and gaps in social and economic development with the EU, will prepare these countries to face the economic and institutional challenges, immediately after the accession. This is especially important, in a context when the model of accelerated or differentiated integration has been articulated and, a potential date of membership (2030, a date when, most likely, WB countries will again be insufficiently prepared for membership).

The involvement of the candidate countries in the economic and financial governance of the EU before the accession (referred here to as the European Semester or the European budget), seems to help positively in accelerating the real economic transformation of these countries and in the maturity of membership, through a higher interaction with the EU, communication and coordination for economic policies according to areas, as well as through a more substantial engagement of the EU and with the EU.

Financial support for WB economies is low and existing financing instruments in the region have not been fully utilized. According to the forecasts in the NGP, the entry into the common market remains conditional on the advancement in the common regional market. WB countries have not yet conceived the integration processes as promoters of their internal economic transformation. These countries have not systematically and seriously engaged in addressing their structural imbalances, weaknesses, and contextual and historical difficulties.

The improvement of economic, social, political, and institutional indicators is currently a key priority to achieving a satisfactory economic transformation, before membership. The opening of economies, economic freedom, economic infrastructure, and modernization of the economy will and can support these countries in preparing and maturing to integrate, not simply to meet the economic criteria.

The deepening of regional integration remains a very necessary pre-requisite mostly to prepare the small economies of the region to face the pressures of competition in a larger market as well as to advance in the improvement of standards and practices; The promotion of regional integration necessarily requires a clear and strong political will, based on the lessons already learned from previous enlargements, but also from the concrete results achieved so far in face of the region's potential.

WB countries are not yet clearly and maximally oriented towards using the full potential of all regional and European (non)financial initiatives; this is because administrative capacities for absorbing funds through project proposals remain low; for their implementation and monitoring; identification and prioritization of needs for reforms and strategic investments; coordination of funding sources in projects or sectors with multiple effects; as well as for ensuring the transparency of public practices for the use of funds.

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## Public Spending and Growth Dynamics in the Western Balkans: A Long-Term Analysis.

**Dr. Erinda Imeraj**

*EPOKA University*

**Anida Fizi**

*EPOKA University*

### Abstract

*This study aims to investigate the relationship between public expenditure and economic growth in Western Balkan countries, including Albania, Bosnia & Herzegovina, Montenegro, North Macedonia, Kosovo, and Serbia. Using annual panel data from 2008 to 2022, the analysis incorporates key variables such as public expenditure, Real Gross Domestic Product (GDP), and Foreign Direct Investment (FDI). The Kao Residual Co-Integration Test, Johansen Fisher Panel Cointegration Test, and Granger Causality Test are applied to assess the strength, direction, and causality of this relationship. The findings reveal a long-term relationship between public expenditure and economic growth in Albania and North Macedonia, while no significant relationship is observed in Bosnia & Herzegovina, Montenegro, Kosovo, or Serbia. Additionally, the absence of causality between the dependent and independent variables suggests the need for further research and refined policy measures to address the region's complex economic development challenges.*

**Keywords:** *public expenditure, economic growth, foreign direct investment, Western Balkans.*

### 1. Introduction

Public expenditure refers to the spending by governments on goods, services, and infrastructure for the benefit of the public. It encompasses various areas such as healthcare, education, defense, infrastructure development, social welfare programs, and administrative expenses. Essentially, it's the money that governments allocate to provide services and support to their citizens and to fund the operations of the public sector. It is categorized in three types:

1. Purchases of goods and services for immediate use usually are found in literature as government consumption
2. Purchases of goods and services for future use, generally called investment
3. Transfers that are not considered as purchases

Government expenditure plays an important role in accomplishing macroeconomic goals (Danladi, 2015). The government has a significant impact on the growth and advancement of the nation because it has financial resources and legal authority to use the tax mechanism to collect considerable amounts of revenue from the private sector (Peter Peterson Foundation, 2024).

Economic growth in Western Balkan countries and its relationship with public sector spending is one of the most discussed topics. These countries are also in competition with each other to gain in their territories as much FDI as possible, by providing a business-friendly environment to decrease unemployment rates, which is the main current problem in the region. The need for public investment is arising in the WB and at the same time there are a lot of debates between economists, politicians but also the population if it is correct to give so much effort into attracting foreign direct investment. For this reason, the dependent variables chosen for

this study are public expenditure and foreign direct investment levels in Western Balkan countries. When talking about public expenditure there are a lot of reasons why WB's researchers should give more attention. Firstly, public spending has a different nature compared to private one. Considering that governmental expenditure has an overall impact on the wellbeing of the whole population, it must make sure that the right decision is made. Secondly, the Western Balkans population is still in doubt if public expenditure is being well managed and distributed in their countries to increase economic growth. Corruption is still a main issue in the region. The focus of this study is to analyze if there is a relationship between public expenditure, foreign direct investments, and economic growth in Western Balkans during the years 2008-2022.

### *Problem statement*

The Western Balkans, a region characterized by diverse economic landscapes and varying degrees of development, face significant challenges in optimizing public expenditure to foster sustainable economic growth. Despite substantial public spending in areas such as infrastructure, education, and health, the correlation between these expenditures and measurable economic outcomes remains unclear. Existing studies often focus on broader regional trends or individual countries but lack a comprehensive analysis that captures the nuances of the Western Balkans as a distinct economic entity.

This study seeks to address this gap by investigating the relationship between public expenditure and economic growth within the Western Balkans. The objective is to identify whether certain types of expenditures are more effective in stimulating economic development and to provide policy recommendations that can enhance the efficiency and impact of public spending in achieving sustainable growth. By focusing on this region, which includes countries with varying economic conditions and stages of development, this research aims to contribute valuable insights into how targeted public expenditure strategies can be leveraged to promote economic stability and growth in the Western Balkans.

## **2. Literature Review**

There are a lot of studies about the relationship between public expenditure and economic growth, however, the direction of this relationship (negative or positive) seems to be different depending on countries. For different countries taken into consideration, during different periods, researchers could conclude different results: a positive relationship between public expenditure and economic growth, a negative relationship, or no relationship at all.

### *2.1 Literature review of studies of positive relationships*

Barro R. J. (1991) seminal paper identified a positive relationship between government expenditure and economic growth. He argued that productive government spending on infrastructure, education, and healthcare can stimulate economic activity and contribute to GDP growth. Afonso & Furceri (2010) research further supported the hypothesis of a positive relationship between public expenditure and economic growth by investigating the impact of government spending on education, health, and infrastructure on economic real GDP across OECD countries. Their findings indicated a positive association between these forms of public expenditure and GDP growth.

Ram (1987) also contributed to this topic, revealing a positive relationship between government size, measured by public expenditure, and GDP growth. Similarly, Vamvoukas & Loizides (2005) analyzed a panel data set of four developed countries and found that public spending affects positively economic growth. Aschauer (1989) analyzed the impact of public infrastructure investment on productivity and GDP growth in the United States, finding a

positive correlation between infrastructure spending and GDP growth. Jiranyakul (2008) studied also the direction of causality in USA by using long annual data and it was discovered causality ran from real GDP to public expenditure but not vice versa. On the other side, for Egypt, was concluded that there was a casualty from public expenditure to economic growth (Abu-Bader, 2004). Tukur (2014) analyzed the relationship between public expenditure and economic growth in Botswana by applying the Johanes co-integration approach and it found a positive relationship. In the same study, Granger Causality was used to test the causality between variables, and it was found that there is causality in both directions between PE and GDP. Together, these studies provide empirical evidence supporting that public expenditure, particularly when allocated to productive sectors such as infrastructure, education, and healthcare, can have a positive impact on GDP growth. However, it's important to note that the effectiveness of public spending depends on various factors such as the quality of governance, efficiency of resource allocation, and the overall economic environment.

## 2.2 Literature review of studies of a negative relationship

There are also studies that concluded in negative relationship between public expenditure and economic growth.

For example (Friedman, 1981) argued that excessive government spending can lead to inefficiencies, crowding out private investment, and hindering economic growth. He concluded that government intervention through increased spending tends to distort market mechanisms and ultimately decrease GDP growth. Similarly, Diebold & Rudebusch (1996) agreed that public expenditures can lead to inflationary pressures, reducing private sector investment and slowing down GDP growth.

In addition, it was suggested that government spending can lead to higher taxes, which discourage investment and innovation, thus negatively impacting GDP growth rates (Meltzer & Richard, 1981). Grier (1990) took into consideration 130 countries for a period of five years and analyzed different economic variables and their effect on economic growth, represented by GDP current. It was found out that government spending had a negative impact on it. As per this study, the public expenditure was preventing economic growth. Barro (1991) concluded a negative relationship between pe and economic growth also.

## 2.3 Literature review of studies with no relationship

Some studies underestimate the complexity of the relationship between public expenditure and economic growth, highlighting the need for careful empirical analysis and consideration of other factors that influence the effectiveness of government spending policies.

Bose (2008) investigated the relationship between different categories of public expenditure (such as education, health, and infrastructure) and economic growth in developing countries. While it finds some evidence of a positive relationship between certain types of public expenditure and growth, the overall impact of public expenditure on economic growth is found to be weak or insignificant in some specifications. Co-integration and Granger causality tests were run for the Greek economy also, analyzing years 1961-2002 to find the relationship between pe and real GDP, and it was concluded that variables are co-integrated in the long run, but the same could not be concluded in the short run period (Adamopoulos & Dritsakis, 2004). OECD countries have been the focus of researchers too and there are mixed findings, some studies indicating a positive correlation while others conclude no significant relationship. For example, Kneller, Bleaney, & Gemmell (1998) found no relationship between public expenditure and economic growth in these countries. The same was concluded by Balassone, Franco, & Zotteri (2005).

Blankart (2024) concluded that the size and structure of government expenditure do not

necessarily correlate with economic growth. He argued that the composition of public spending and the efficiency of government policies are critical factors that determine their impact on GDP growth. The relationship between public expenditure and economic growth was studied using Joahnsen Cointegration Test, also by Brahmasrene (2008) for Thailand. There was not enough data found to prove co-integration in the long run, but it was found causality from PE to GDP (current). Similarly, Bjørnskov (2012) investigated the relationship between political ideology, economic freedom, and economic growth across Canadian provinces. The authors find that there is no significant relationship between public expenditure and economic growth in the Canadian provinces studied.

## 2.4 Relationship between public expenditure and foreign direct investment

FDI is also a macroeconomic factor mentioned as crucial for economic development, being so, in Western Balkans governments dedicated a high percentage of yearly public spending to attract foreign investors (Gatti, Sinnott, & Weiers, 2023).

Years ago, FDI's decision to take place in a country or not was a matter of macroeconomic factors, now it seems they are oriented to choose based on regulations and institutional policies. But it should be mentioned that doing business in Western Balkans is not the same for each country as they have different policies on this (Prole, 2021).

Western Balkan countries are developing economies, where the level of wages, education, productivity, and investments is still considered low (Mukhopadhyay, 2014). FDI income can play the role of catalyst for these countries, as these investments increase productivity by bringing new ideas and technology, which make the workforce more efficient, and though salaries are higher. Therefore, the investments of governments to bring foreign investors in these countries can increase the well-being of their citizens, and affect positively the GDP, by compensating the decrease coming from other factors. Western Balkan public institutions gave special attention to this matter. For example, in 2019 Serbia was rewarded the first place to attract FDI (Stojanovic, 2019). They applied a new reform of privatization and public procurement which resulted in being successful in creating facilities for foreign investors.

Montenegro is the second place after Serbia in 2019 regarding the attraction of FDI (Stojanovic, 2019). They established the Montenegro Investment Agency, removed all limitations and reformed the customs duties policy since 2008, even though results were shown later (Fabris & Kilibarda, 2008).

Kosovo, which is the newest country in Western Balkans is doing systematic work to promote FDI in their country. The legislation related to FDI is following EU requirements and is guaranteeing equal rights policy for both domestic and foreign investors (Krasniqi, 2019).

Although a lot of studies state a positive relationship between foreign direct investment and economic growth some studies find no relationship between these two variables (Suruga, 2005). Whether there is a relationship or not, and the level of it depends on a lot in which country the study is taking place, economic development, trade policy etc.

Also understanding the dynamic relationship between public expenditure and foreign direct investment (FDI) has been a subject of considerable interest among economists and policymakers worldwide. This literature review considers the empirical evidence and theoretical frameworks surrounding the Granger causality between these two key economic variables.

Several studies have explored the direction of causality between public expenditure and FDI inflows using the Granger causality test, a statistical tool that determines whether one time series variable helps predict changes in another. Early research by Yusop (2018) found evidence of a unidirectional causality running from public expenditure to FDI in the context of



developing countries, suggesting that government spending policies can influence the attractiveness of a country for foreign investors. Conversely, Ho (2013) argued for a bidirectional causality between public expenditure and FDI, emphasizing the role of FDI in stimulating economic growth and thus influencing government spending priorities.

Empirical studies have yielded mixed findings regarding the Granger causality between public expenditure and FDI and PE. For instance, research by (Kwaku, 2022) found evidence of a unidirectional causality from FDI to public expenditure in the context of emerging economies, highlighting the role of foreign investors in shaping government spending policies. The Granger causality relationship between public expenditure and FDI remains a subject of ongoing debate and empirical investigation in the field of economics. While theoretical frameworks provide insights into the mechanisms underlying this relationship, empirical evidence offers mixed findings, reflecting the diverse contexts and complexities involved.

In conclusion, while the relationship between public expenditure and economic growth is complex and multifaceted, empirical evidence suggests that the effectiveness of government spending plays a crucial role. Many studies on the relationship between public expenditure and economic growth concentrate on developed countries or larger emerging markets. The Western Balkans, characterized by its unique economic and political transitions, presents a distinctive context that is underexplored in existing research. Furthermore, while some studies have investigated this relationship using panel data, many have been limited by shorter time frames or lack of longitudinal analysis. Most available research covers relatively short periods, typically focusing on a few years rather than capturing the full span of economic fluctuations and policy impacts over a longer duration. This gap in literature is significant because understanding the long-term dynamics between public expenditure, foreign direct investment (FDI), and economic growth is crucial for crafting effective policies in transitional economies. This research addresses the identified gap by offering an in-depth panel data analysis of the Western Balkans over an extended period. By examining data from 2008 to 2022, the study captures a comprehensive view of trends and shifts in economic growth relative to public expenditure and FDI. This approach not only provides a more detailed understanding of the long-term impacts of these variables but also contributes to filling the literature gap concerning transitional economies.

### **3.Data and Methodology**

#### *3.1 Data*

Real GDP has been chosen as the dependent variable, while public expenditure and FDI has been chosen as independent variables (Table 3.1). For each variable secondary data, annual data from 2008-2022, are used, considering that only in these years there is data available for each variable. Data is received from World Bank Data.

A country's GDP is a measure of how well its economy is doing that considers the entire monetary worth of all goods and services produced inside its borders over a given time, usually quarter or year. A country's GDP is frequently regarded as a crucial measure of its standard of living and future economic growth, impacting investment plans and policy choices. It acts as a benchmark for evaluating variations in output over time and comparing the economic performance of other nations (Coyle, 2015).

The term "public expenditure" describes the money that governments spend on products and services as well as payments to people and other organizations. This funding goes into several areas, including social welfare programs, infrastructure, healthcare, education, and defense. It is vital to fulfilling societal requirements, boosting economic activity, and delivering necessary services. Achieving targeted results and maintaining budgetary sustainability requires effective

management of public spending (Allen, 2001).

The term "foreign direct investment," or "FDI," describes an investment made by a firm or individual from one nation into businesses established in another, usually through the purchase of sizeable ownership stakes in overseas enterprises. The infrastructure, cost of labor, and regulatory environment, all serve as attractions for foreign direct investment (FDI), which can have a big impact on the economy of the host nation by transferring technology, creating jobs, and opening access to foreign markets (Jensen, 2022).

**Table 3.1 Variables Chosen**

Variables	Definition	Reference	Expected impact
GDP (in model gdp)	The value of all goods and services generated by an economy each year is reflected in the real gross domestic product, which is inflation-adjusted. It is also known as constant price, inflation-corrected, or constant-dollar GDP. It is given in base-year prices.	(Brezina, 2012) (Rahman, 2023) (Garry, 2019)	
Public Expenditure (in model pe)	The expenditures performed by public sector entities are referred to as public expenditures.	(Miner, 2008) (Abdullahu, 2024)	Positive
Foreign Direct Investment (in model fdi)	An ownership hold on a foreign business or project made by an investor, business, or government from another nation is referred to as a foreign direct investment or FDI.	(Moosa, 2002) (Hermes, 2003)	Positive

### 3.2 Research Methods

The dataset consists of panel data, which includes observations for Western Balkan countries over a period (2008-2022). To examine the relationship between public expenditure and economic growth, the following panel data regression models will be estimated:

$$GDP_{it} = \beta_0 + \beta_1 PE_{it-1} + \beta_2 FDI_{it-1} + \alpha_i + \lambda_t + \epsilon_{it}$$

Where:

- $GDP_{it}$  = GDP growth rate for country  $i$  at time  $t$
- $PE_{it-1}$  = Lagged total public expenditure for country  $i$  at time  $t-1$
- $FDI_{it-1}$  = Lagged foreign direct investment for country  $i$  at time  $t-1$
- $\alpha_i$  = Country fixed effects, capturing time-invariant characteristics specific to each country
- $\lambda_t$  = Time fixed effects, capturing time-specific factors that affect all countries in a given year
- $\epsilon_{it}$  = Error term, capturing unobserved factor

This allows us to account for both cross-sectional and time-series variations. GDP real was chosen as the dependent variable to represent economic growth, while public expenditure and foreign direct investment have been chosen as dependent variables. The variables chosen are decided after careful review of literature, reports and books mentioned above. The tests were

chosen after careful review of previous studies, specifically based on research of Erdoğan (2010) and Bildirici (2014).

The main tests used to achieve some results related to the purpose of this study were:

- Kao Residual Conitegration Test, is one of the tests used to assess cointegration among variables. Specifically, the Kao residual cointegration test evaluates whether the residuals from a cointegrating regression are stationary, indicating a long-term equilibrium relationship among public expenditure, foreign direct investment and economic growth.
- Johansen Fisher Panel Cointegration Test is a statistical method used to examine the presence of cointegration among multiple time series variables in panel data. Panel data consists of observations on multiple entities over time, allowing for both cross-sectional and time-series analysis.
- Granger Causality is a statistical concept used to determine whether one time series variable can predict another time series variable. Named after Clive Granger, who introduced the concept in econometrics, Granger causality helps assess the direction of causality between two variables in time series data.

#### 4. Empirical Analysis, Results and Discussions

The first step taken was the log transformation of variables for better distribution and improving the model. When analyzing time series, the stationary test is very important for the model estimation. According to Granger the equation is in balance when all the variables included have the same order of integration (Kirchgässner, 2012). For this reason, the Unit Root Test was performed for three variables.

##### *Unit Root Test*

H0: There is no stationarity

H1: There is stationarity

It was checked lgdp at level (Table 4-1) and probability is higher than the significance level of 5% so H0 was not rejected.

**Table 4.1 Unit root test at level for lgdp**

Null Hypothesis: LGDP has a unit root	
	Prob.*
Level, Lin & Chu	0.9632
Im, Pesarana and Shin W-stat	4.2389
ADF- Fisher Chi-square	1.2060
PP – Fisher Chi-square	0.86451

It was checked the lgdp also at first level, and the probability is 0.000, which is less than the

significant level, so there is strong evidence to reject H0.

**Table 4.2 Unit root test at first difference for lgdp**

Null Hypothesis: D(LGDP) has a unit root	
	Prob.*
Level, Lin & Chu	0.0000
Im, Pesarana and Shin W-stat	0.0005
ADF- Fisher Chi-square	0.0011
PP – Fisher Chi-square	0.0000

The same way was tested also the lfdi and lpe (Appendic A) and at level, H0 could not be rejected. The same test was repeated at first level and was confirmed that all variables are stationary at the first level, so it is possible to proceed and test for a cointegration relationship.

#### *4.1 Long-term relationship between variables*

**Table 4.3 Kao Residual Conitegration Test**

Null Hypothesis: No co-integration	
	Prob.*
ADF	0.4139

Based on Table 4-3 after running the Kao Residual Cointegration test, it was concluded that the H0 cannot be rejected. So, there is no long-run relationship between variables that follows what was found in the literature for developing countries. To test if there is a long-term relationship, the Johansen Fisher Panel Cointegration Test (Table 4-4) for Western Balkans as it shows also the null hypothesis results for each country included in this study.

**Table 4.4 Johansen Fisher Panel Cointegration Test**

Null Hypothesis: There is linear deterministic trend	
Hypothesized No. of CE(s)	Prob.*
None	0.0808
At most 1	0.0654
At most 2	0.0811
Cross Section	
Hypothesis of no cointegration	Prob.
Albania	0.0032
Bosnia & Herzegovina	0.1237
Montenegro	0.0684
North Macedonia	0.0298
Kosovo	0.2104
Serbia	0.3012

Also based on the Johansen Fisher Panel Cointegration Test the null hypothesis could not be rejected, which means that even if variables change the slope will remain the same (Hansen, 2022). Based on that even if the government will raise public expenditure, or if the foreign direct investments will rise in Western Balkans, it is not going to have any impact on economic growth in the long term. But taking in consideration countries one by one, for Albania and North Macedonia the p-value is lower than 0.05, which indicates that there is a long-term relationship between of gdp, public expenditure and foreign direct investments. These variables move together in the long run, indicating a stable equilibrium relationship among them.

In Bosnia & Herzegovina, Montenegro, Kosovo and Serbia the p-value is higher, which means that even if considered separated and not as region, there would not be found relationship between public expenditure and economic development. There are several reasons why public spending and economic growth in the Western Balkans region do not significantly co-integrate. Although it is commonly believed that public spending promotes economic growth through a variety of channels, such as infrastructure development, healthcare, and education, the effectiveness of these investments is influenced by several variables, such as institutional quality, governance, and the nature of the economy.

One possible explanation for the lack of a clear relationship is the inefficiency and misallocation of public funds. Public funds have been mismanaged in many Western Balkan countries because of institutional weakness and corruption. Money meant for worthwhile investments in human resources or infrastructure may be misdirected by corruption or used for initiatives that don't advance economic expansion. Consequently, there is less of the estimated benefit of public spending on economic expansion.

Furthermore, the structure of public spending affects many aspects. Long-term growth can be positively impacted by investments in infrastructure and education, while inefficient spending



or excessive government consumption can discourage private investment and slow economic growth. Excessive governmental spending can occasionally result in fiscal deficits and unmanageable amounts of public debt, which further lowers the chances for economic growth. The level of institutions and governance in the Western Balkans is a further critical factor. Political instability, bureaucratic inefficiency, and weak governance structures can all compromise the efficacy of public spending plans. The potential advantages of public investment in fostering economic growth are probably going to be limited in the absence of open, responsible, and transparent institutions to guarantee the efficient and effective use of public money. The relationship between governmental spending and economic growth in the Western Balkans may also be impacted by outside variables including world economic circumstances and geopolitical conflicts. For example, reliance on remittances or FDI can add instability and unpredictability to the economy, making it challenging to determine the exact effect of public spending on growth.

#### 4.2 Short-term relationship

The Granger Causality between variables is tested using the Pairwise Granger Causality Test in E-views.

**Table 4.5 Pairwise Granger Causality Test**

Null Hypothesis	Obs.	Prob.
LPE does not Granger Cause LGDP	73	0.3710
LGDP does not Granger Cause LPE		0.2547
LFDI does not Granger Cause LGDP	73	0.8485
LGDP does not Granger Cause LFDI		0.1090
LFDI does not Granger Cause LPE	73	0.7118
LPE does not Granger Cause LFDI		0.1533

Further analysis of the table above can be found in the sections below 4.2.1, 4.2.2 and 4.2.3.

##### 4.2.1 Causality between public expenditure and GDP

###### *PE does not Granger Cause LGDP*

The hypothesis “LPE does not Granger Cause LGDP” could not be rejected (p-value higher than 0.05), which implies that lagged public expenditure (LPE) does not have a predictive influence on lagged gross domestic product (LGDP) based on the Granger causality test. In other words, past values of public expenditure do not contain information that helps predict future values of GDP better than using past values of GDP alone. This outcome suggests that changes in public expenditure may not significantly influence or precede changes in gross domestic product. Other factors or variables not included in the analysis may have a more substantial impact on GDP, such as private investment, consumer spending, exports, or government policies affecting economic growth.

###### *LGDP does not Granger Cause LPE*

The hypothesis “LGDP does not Granger Cause LPE” could not be rejected, it implies that lagged gross domestic product (LGDP) does not have a predictive influence on lagged public expenditure (LPE) based on the Granger causality test. So, changes in GDP may not significantly influence or precede changes in public expenditure. Other factors or variables not considered in the analysis may have more impact on public spending decisions, such as

government policies, revenue availability, or public demand for services.

#### *4.2.2 Causality between Foreign Direct Investment and GDP*

##### *LFDI does not Granger Cause LGDP*

The hypothesis that "LFDI does not Granger Cause LGDP" not being rejected suggests that there is no statistically significant evidence to support the idea that lagged foreign direct investment (LFDI) causes changes in local gross domestic product (LGDP) in the Western Balkans. This finding contradicts the commonly held belief that foreign direct investment (FDI) is a driver of economic growth. It implies that FDI inflows into the Western Balkans may not have a significant impact on the overall economic output in the short to medium term.

The hypothesis's rejection can suggest that other factors are more important for supporting the region's growth in economy. These elements may consist of external economic shocks, institutional quality, government policies, labor market circumstances, and domestic investment. It's probable that additional fundamental barriers prevent foreign direct investment (FDI) from turning into real economic advantages, or that the Western Balkan countries have not successfully used FDI to promote economic growth.

##### *LGDP does not Granger Cause LFDI*

Also, the hypothesis "LGDP does not Granger Cause LFDI" means that there is no statistically significant evidence to support the notion that changes in local gross domestic product (LGDP) in the Western Balkans cause changes in lagged foreign direct investment (LFDI). The traditional notion that foreign investment is driven by economic growth is called into question by this outcome. It suggests that other factors might have a greater impact on drawing in or influencing foreign direct investment in the Western Balkans than local economic success.

The hypothesis's acceptance has significant policy ramifications for the governments and decision-makers in the area. It implies that increasing foreign direct investment may not always result from merely concentrating on promoting economic growth. Alternatively, to draw in foreign investment, governments need to implement focused tactics including boosting trade openness, lowering regulatory hurdles, strengthening infrastructure, and improving the investment climate.

#### *4.2.3 Causality between foreign direct investment and public expenditure*

##### *LFDI does not Granger Cause LPE*

The hypothesis "LFDI does not Granger Cause LPE" could not be rejected. It suggests that looking at how much foreign investment there was in the past doesn't help us predict how much the government will spend in the future. So, foreign investment doesn't seem to directly influence government spending, at least according to this analysis.

The results would suggest that Western Balkan governments do not significantly modify public spending levels in reaction to variations in foreign direct investment. There could be some causes for this, including political concerns, budgetary constraints, and restrictions on fiscal policy. Foreign investment inflows may not directly affect governments' priorities for expenditures or other sources of income.

##### *LFDI does not Granger Cause LPE*

The hypothesis "LFDI does not Granger Cause LPE" could not be rejected (p-value higher than 0.05). It means that looking at how much foreign investment there was before doesn't really help us predict how much the government will spend later. Based on this study, it seems

that foreign investment doesn't directly affect how governments decide to spend their money. However, there might be other factors that play a bigger role in shaping government spending decisions. This study suggests that it might not be a good idea for politicians to boost or fund public expenditure entirely through foreign direct investment. Rather than expecting foreign investment to drive public spending directly, governments in the Western Balkans may need to diversify their sources of income or prioritize spending depending on domestic needs and economic conditions.

## Conclusion

This study analyzed the relationship between public expenditure and economic growth, which was the dependent variable to represent economic growth, based on previous studies. The independent variables were public expenditure and foreign direct investment. It was used Kao Residual Cointegration Test, Johansen Cointegration Test to test for long run relationships, and Granger Causality to test if there was causality between variables.

The WB countries' economic growth, along with consumption and other economic metrics, reflect an interconnected system that is influenced by several factors. This highlights how important it is to approach public spending strategically while also being conscious of the risk present. In the long term it was not found a significant relationship between public expenditure and economic growth and the same result was found in literature review for developing countries. In the short term too, no significant causality was found between public expenditure, foreign direct investment, and real GDP within 2008-2022.

It is recommended that Western Balkan policymakers grant strategic public expenditure programs that are in line with wider development goals. Improving public spending's efficiency and effectiveness can have a significant positive impact on social welfare and long-term economic growth, especially when it comes to vital areas like infrastructure, healthcare, and education. Furthermore, to guarantee the most efficient distribution and application of resources, public financial management must promote transparency, accountability, and effective governance standards. Governments can boost investor confidence, draw in foreign investment, and foster an atmosphere that is conducive to sustainable economic development by encouraging budgetary prudence and honesty. Moreover, public spending on economic growth in the Western Balkans can be amplified through boosting regional collaboration and integration initiatives. Countries in the region may open new doors for trade, investment, and innovation by utilizing synergies, exchanging best practices, and harmonizing policies; this would promote progress and prosperity among all. Consider there is not found long-term relationship between public expenditure and economic growth in the Western Balkans but neither short term causality, it is critical that decision-makers implement visionary approaches that maximize the transformative power of public investment to promote shared prosperity and sustainable development throughout the region.

The finding that LFDI does not Granger Cause LGDP has important implications for policymakers in the Western Balkans. It suggests that simply attracting foreign investment may not be sufficient to drive sustainable economic growth. Policymakers may need to focus on improving the investment climate, strengthening institutions, enhancing human capital, and promoting domestic entrepreneurship to foster economic development more effectively.

In conclusion, the lack of a clear relationship between public expenditure and economic growth in the Western Balkans can be attributed to a combination of factors including inefficiency and misallocation of public funds, weak governance and institutional quality, the composition of public expenditure, the structure of the economy, and external factors. Addressing these challenges will be essential for policymakers in the region to harness the potential of public

expenditure as a tool for promoting sustainable economic growth and development.

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## APPENDIX

### *Unit Root Tests*

Null Hypothesis: LPE has a unit root	
	Prob.*
Level, Lin & Chu	0.2604
Im, Pesarana and Shin W-stat	0.3382
ADF- Fisher Chi-square	0.3724
PP – Fisher Chi-square	0.0005
Null Hypothesis: D(LPE) has a unit root	
	Prob.*
Level, Lin & Chu	0.0001
Im, Pesarana and Shin W-stat	0.0000
ADF- Fisher Chi-square	0.0000
PP – Fisher Chi-square	0.0000
Null Hypothesis: LFDI has a unit root	
	Prob.*
Level, Lin & Chu	0.7054
Im, Pesarana and Shin W-stat	0.1133
ADF- Fisher Chi-square	0.0801
PP – Fisher Chi-square	0.3001
Null Hypothesis: D(LFDI) has a unit root	
	Prob.*
Level, Lin & Chu	0.0000
Im, Pesarana and Shin W-stat	0.0001
ADF- Fisher Chi-square	0.0000
PP – Fisher Chi-square	0.0001

## Stability, Economic and Security Challenges in the Western Balkans

**Dr. Irsida Dinoshi**

*Kolegji Universitar i Biznesit*

### Abstract

*This research paper provides an in-depth and up-to-date analysis of Albania's vocational education and training (VET) sector, which has seen significant progress in recent years across various areas. The study focuses on examining the sector's current legal reforms, ongoing development efforts, inherent challenges, key stakeholders, and emerging opportunities. Using qualitative research methods, the paper gathers primary data through focus group discussions and interviews, and secondary data from extensive literature reviews and desk research. Key findings highlight substantial skill gaps within the working-age population, a misalignment between individuals' skills and labor market needs, and several challenges in Albania's VET system, including insufficient practical training and poor alignment of curricula with market demands. The research incorporates insights from surveys and focus groups, offering a comprehensive view of stakeholder perspectives. Based on the findings, the paper presents strategic recommendations for future investment and development, emphasizing the need for stronger collaboration between educational institutions and employers, the integration of new technologies, innovative teaching methods, and expanded professional development opportunities for VET staff. The study concludes that addressing these challenges through targeted reforms and investments is essential to enhancing the quality and global competitiveness of Albania's VET sector. Given the sector's role as a key pillar of the economy, the analysis confirms a positive correlation between VET improvements and economic growth, although further efforts are needed to optimize its impact across all economic sectors.*

**Keywords:** *Vocational Education and Training (VET), Skill gaps, Labor Market alignment,*

### 1. Introduction

The vocational education and training (VET) sector it's important in developing a skilled workforce tailored to meet the specific needs of the hospitality and tourism industry. This sector not only equips individuals with practical and theoretical knowledge but also enhances their employability in one of the most dynamic and growing industries globally. However, in Albania, the VET sector faces numerous challenges that hinder its potential to fully support the hospitality and tourism industry. A thorough literature review indicates that working-age individuals in Albania generally exhibit low skill levels. This skill deficiency is a significant impediment to the labor market, which increasingly demands a higher level of expertise and specialized skills, particularly in the hospitality and tourism sectors. The gap between the skills possessed by individuals and those required by employers is obvious. This discrepancy is most pronounced in the hospitality and tourism sectors, where businesses frequently struggle to find suitably skilled staff. Key indicators of this skills mismatch include high unemployment rates among youth and recent graduates. A substantial portion of young individuals in Albania are not employed, in education, or in training. This situation not only intensifies the unemployment problem but also underscores the inefficacy of the current VET system in preparing young people for the labor market. Businesses face significant recruitment challenges, as the workforce is not adequately trained to meet industry-specific needs.

One of the primary challenges identified is the insufficient attention from governmental

authorities and the minimal collaboration between educational institutions and employers. This lack of coordination decreases the effectiveness of VET programs. Educational institutions often operate by themselves, disconnecting from the evolving demands of the labor market. As a result, the current VET curricula are not sufficiently aligned with these needs, leading to a theoretical focus with inadequate practical training components. Theoretical curricula dominate the VET sector in Albania, with insufficient emphasis on practical training and poorly organized workplace learning opportunities for students. This imbalance leaves graduates not prepared for real-world job requirements, further widening the gap between education and employment. The lack of structured and effective practical training programs means that students miss out on crucial hands-on experience, which is vital for their professional development and integration into the labor market. Addressing these challenges requires a multifaceted approach, including reforms in policy, curriculum design, and stakeholder engagement. Enhancing the collaboration between educational institutions and industry stakeholders, aligning curricula with market needs, and increasing the focus on practical training are essential steps toward bridging the skills gap. By improving the VET sector, Albania can better equip its workforce, reduce unemployment rates, and support the growth of its hospitality and tourism industry.

## 2. Methodology

The research employs a qualitative data collection approach, utilizing both primary and secondary data sources. Primary data were collected through focus group discussions and interviews, while secondary data were obtained from literature reviews and desk research. This methodology ensures a comprehensive understanding of the VET sector's current state and prospects.

## 3. Results

Demographic data are as follows:

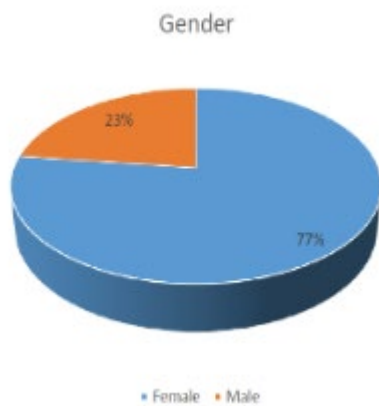
**Figure 3. 1. Sectors of employment**



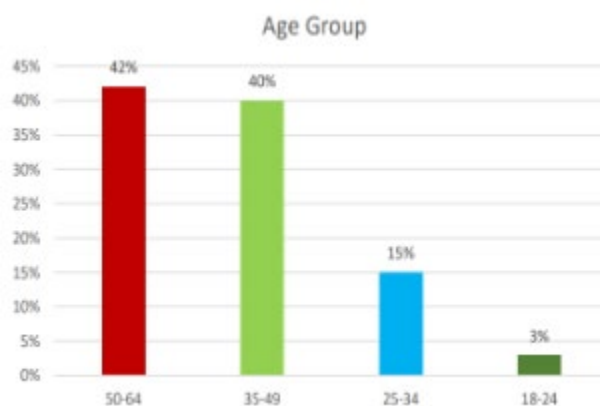
**Figure 3. 2 Position of employment**



**Figure 3. 3 Gender of the participant**



**Figure 3.4 Age of the participant**



The data on the awareness and perspectives of participants on sustainable tourism and vocational education:

1. Participants express strong awareness (80%) of sustainable tourism, emphasizing cultural heritage (22%), local partnerships (23%), and innovative solutions (14%) to make it more sustainable.
2. In the VET sector, 24% believe learner mobility enhances attractiveness, and 26% see value in continuous staff education.
3. Regarding youth employment and technology, 22% prioritize youth employment, while 32% are adept with new technologies.
4. Pedagogically, 36% integrate technology, and 27% possess research skills.

The data on EU programs and tools in VET education highlights:

1. Participants in VET education show significant interest in EU programs, with 78% finding knowledge very useful. Most lack international mobility experience (82%) and haven't designed or managed mobility (69%). Challenges in international mobility include proposal writing and finding partners.
2. Awareness of EU competence recognition instruments is limited (22%). While 55% are open to support, 77% express interest in free training on Mobility Quality and Learning Outcomes Recognition. Notably, 12% show no interest.
3. In Albania, 88% of participants lack awareness of existing VET initiatives in Sustainable Tourism and Marketing. *This highlights a notable knowledge gap and signals a potential need for increased awareness efforts in these fields.*

### **Focus Group Results:**

1. Participants emphasized the need to prepare students in sustainable tourism, advocating for government and private sector collaboration, updated curricula aligned with labor market needs, and the diversification of tourism aspects for increased attractiveness.
2. VET staff undergo continuous training through EU programs, emphasizing the need for European exchanges to gain practical experience and adapt curricula to incorporate the latest technology.
3. VET schools aim to bridge the gap between education and employment in Sustainable Tourism and Marketing by fostering collaboration with businesses, emphasizing aligned curricula, and facilitating job registration through partnerships with the Employment Agency.

### **Main Findings:**

1. Students lack sufficient practical experience for integration into the labor market.
2. Collaboration between the government and stakeholders needs to improve

### **4. Results and Recommendation**

Despite ongoing efforts to reform the vocational education and training (VET) sector, Albania continues to face a persistent skills shortage that significantly decreases the development of its hospitality and tourism industry. This shortage is primarily attributed to inadequate



collaboration between educational institutions and the workforce. Educational programs often fail to align with the practical needs of the industry, resulting in a mismatch between the skills taught and those required by employers. This disconnect leads to graduates who are not fully prepared to enter the labor market, thereby exacerbating unemployment and underemployment issues.

Financial constraints within the VET system further exacerbate these challenges. Limited funding impacts several critical areas, including teacher salaries, skill development programs, and the overall infrastructure of educational institutions. Teachers and trainers, who are essential to the quality of vocational education, often receive inadequate compensation, leading to low morale and a potential decline in the quality of instruction. Furthermore, insufficient investment in skill development programs means that both teachers and students lack access to the latest industry practices and technologies, which are crucial for maintaining the relevance and competitiveness of VET programs.

Infrastructure deficits also play a significant role in the challenges faced by the VET sector. Many educational institutions lack the modern facilities and equipment necessary for effective practical training. This situation not only affects the quality of education but also limits students' ability to gain hands-on experience, which is essential for their future employment in the hospitality and tourism sectors. To address these multifaceted challenges, innovative funding solutions are imperative. Public-private partnerships can be a viable approach, where the private sector collaborates with educational institutions to provide financial support, equipment, and expertise. Such collaborations can ensure that VET programs are more closely aligned with industry needs and that students receive training that is both current and practical. Engagement with the private sector is also crucial for the success of future VET projects. The private sector can provide valuable insights into current and future skill requirements, help develop relevant curricula and offer practical training opportunities through internships and apprenticeships. By fostering stronger connections between education providers and businesses, the VET sector can become more responsive to the needs of the labor market.

In conclusion, while Albania has made strides in reforming its VET sector, significant challenges remain. Addressing these issues requires a comprehensive strategy that includes innovative funding solutions, a focus on lifelong learning and social inclusion, and active engagement with the private sector. By implementing these measures, Albania can improve the effectiveness of its VET programs, better prepare its workforce for the demands of the hospitality and tourism industry and ultimately enhance its economic competitiveness.

### **Where to Invest:**

1. Focus on internalization of vocational education and training, specializing in emerging job roles.
2. Embrace new technologies, software applications, and quality assurance tools.
3. Incorporate technology into teaching methods, emphasizing research skills, design, communication, teamwork, and critical thinking.

### **Recommendations:**

1. Continuous professional development for VET directors, teachers, and support staff.
2. Expansion of networks with European partners for knowledge and experience sharing.
3. Improvement of the post-secondary system to better meet labor market and student needs.

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## Low Voltage Directive (2014/35/Eu): Transposition and Implementation Challenges in Albania

Ledio Luku

Juljan Llupo

*NOA Dekra Control*

### Abstract

*Transposition and full implementation of European Union legislation remains the main and decisive challenge for achieving the objective of Albania's integration into the Union. Chapter I of the Acquis remains the main one in terms of Free Trade between the countries of the Union, the European common market, and guaranteeing the economic freedom of economic operators, but also consumers in the EU area. Low Voltage Directive 2014/35/EU, part of the harmonized legislation in Chapter I, regulates the harmonized standards applied by manufacturers of electrical equipment within certain voltage limits, determines the obligations of economic operators that import goods for the guarantee of the implementation of legal criteria, as well as ensures that these products provide a high level of protection.*

*Through this paper, we will provide a picture of the Legal and Institutional Gap Analysis, as well as Formal and Non-Formal Conformity control for the products that fall under the Low Voltage Directive in Albania. Challenges faced by economic operators and law enforcement institutions in implementing this harmonized, which determines that the import and production of electrical products that operate at low voltage complies to the same standards as those in other EU countries.*

**Keywords:** *free movement of goods, conformity assessment, trade, electrical products*

### 1. Introduction

Since 2009, Albania has officially submitted its request to join the European Union. However, to be part of this community, only the desire is not enough, but the integration process also requires the will to fulfill a series of requirements that ultimately have a single goal: *to accept all the laws and values of the European Union*. Article 70 of the Stabilization-Association Agreement defines the commitment of the Republic of Albania to align the Albanian legislation with the legislation of the European Union (SSA, 2009). The process of membership negotiations is the process of aligning the Albanian legislation with the legislation of the European Union. Membership negotiations begin as the candidate country adapts its national laws to align with EU rules, called the *acquis*. Aligning the legislation on the trade of electrical products is part of Chapter 1: Free Movement of Goods.

Legislation for electric products (as to other non-food products in general) allows to be put in the Albanian market only products that have the same standards as those that are put in EU market. Regardless of where the electrical product is produced (China, USA, Russia, etc.), the manufacturer must produce it following European legislation. Electrical products that cannot circulate freely in the EU area cannot be placed on the Albanian market.

The objectives of the LVD are still relevant today. This is true for both objectives: 1) ensuring the health and safety of people, domestic animals and property, and 2) ensuring free circulation of compliant products within the internal market. It addresses both the needs of consumers (who expect safety and benefit from free circulation on the internal market) as well as those of economic operators (most of which consider safety as a key aspect of their competitiveness and need reducing barriers for intra-EU trade). (interim evaluation of LVD).

### 1.1.Scope of LVD

The legislation that deals with the safety of the electrical products put in the market is the Directive 2014/35/EU of the European Parliament and of the Council of 26 February 2014 on the harmonization of the laws of the Member States relating to making available on the market of electrical equipment designed for use within certain voltage limits. The purpose of this Directive, which is also known as Low Voltage Directive, is to ensure that electrical equipment on the market fulfils the requirements providing for a high level of protection of health and safety of people, and of domestic animals and property, while guaranteeing the functioning of the internal market (*Dir. 2014/35/EU*).

It is important to bear in mind that as the name of this directive suggests in it, its scope does not include every electrical equipment that exists, but it only defines the rules of presumption of conformity for electrical equipment designed for use with a voltage rating of between 50 and 1000 V for alternating current and between 75 and 1500 V for direct current. *From now on, when we use the term electrical equipment, we will be dealing with equipment that is within the above limits and that is regulated by this legislation.*

Still there are electrical equipment and phenomena that are within this voltage level but, due to their importance to a higher level of safety or even consumer protection, are not within the scope of this directive but are regulated by other legislation such as:

- a. Electrical equipment for use in an explosive atmosphere (regulated by DCM 1066/2015 which transposes the European directive of ATEX 2014/34/EU)
- b. Electrical equipment for radiology and medical purposes (regulated by DCM 731/2015 which transposes the European directive of MDD 93/42/EEC)
- c. Electrical parts for goods and passenger lifts (regulated by DCM 192/2018 which transposes European directive of LD 2014/33/EU)
- d. Electricity meters (regulated by DCM 770/2016 which transposes the European directive of MID 2014/32/EU)
- e. Plugs and socket outlets for domestic use (There is no harmonized system of plugs and sockets in the EU, so it is not important to be regulated for the internal market. In Albania conformity and trade of such products is regulated by Law Nr.10480, date 17.11.2011 "On general safety of non-food products" which transposes the European directive of GPSD 2001/95/EC).
- f. Electric fence controllers (These are very specialized equipment and have a limited number of items thus are not relevant to the internal market. Some EU countries have national certifications in place. In Albania there is no national dedicated legislation for this equipment).
- g. Specialized electrical equipment, for use on ships, aircraft or railways, complies with the safety provisions drawn up by international bodies in which the Member States participate.
- h. Custom-built evaluation kits destined for professionals to be used solely at research and development facilities for such purposes.

### 1.2.History of LVD in EU

The first Low Voltage Directive (LVD), Council Directive 73/23/EEC, was adopted in 1973 as one of the European Union's first product harmonization directives. It introduced the

obligation to ensure that equipment placed on the market is safe, which is still the core of the Directive today. This directive just like those that belong to non-food product safety and that are known as the Old Approach was the same to the traditional national legislations that described in detail the criteria for conformity presumptions. The original LVD required electrical equipment to comply with minimum levels of safety but because it pre-dated the New Approach Directives there was no mechanism to allow manufacturers (and importers) to signify conformance (*Kervill, 1998*).

In 1985, in the context of the Single Market, the EU developed the New Approach to standardization in the internal market, resulting in Council Directive 93/68/EEC which harmonized the CE marking (introduced in 1985) and harmonization directives adopted to that point. Thus, the LVD, as amended, included provisions on CE marking and conformity declaration procedures based on internal production control.

The third iteration dates to 2006 when the European Commission presented 2006/95/EC, a codified directive that merged the original text of 73/23/EEC and its amendments into a single document.

The last directive on Low Voltage equipment is the one of 2014 (2014/35/EU) which is mainly based on Directive 2006/95/EC with the scope and safety objectives being the same. It was revised to align the horizontal provisions of the New Legislative Framework (NLF) which includes Regulation 765/2008 and Decision 768/2008/EC. The new Directive entered into force on 20 April 2016 immediately replacing the previous Directive 2006/95/EC without a transition period.

### **1.3.Legislation of electrical product safety in Albania over the years**

In Albania, criteria for the trading of Electrical products were defined for the first time in Law Nr. 87.34, date 01.02.2001, "On guaranteeing the safety of the work of equipment and electrical installations", in which, apart from this, safety at work was regulated not only for equipment but also for medium and high voltage electrical network installations. Even though the first steps of the criteria for trading electrical equipment were taken in it, in a cold judgment it is understood that comparing it with the situation of today, it was a very confusing law even from the definitions in its introduction.

In 2011, the basic law of the trade of non-food products in Albania was adopted. In Law no. 10489, dated 15.12.2011, "On trading and market surveillance of non-food products", formal conformity assessment criteria were established for the group of products for which specific DCMs would be approved.

By the end of 2015, the Council of Ministers approved a group of DCMs that transposed European Directives that regulated trading and market surveillance of a group of non-food products, such as machinery, lifts, gaseous appliances, personal protective equipment, etc. One of these DCMs was one Nr.1061, dated 23.12.2015 "On electrical equipment designed for use within certain voltage limits and defining the list of harmonized standards". This directive was in line with and transposed of the European Directive 2006/95/EC.

Since the abovementioned directive that DCM 1061/2015 transposed, was outdated, and in trying to stay up to date with the European legislation, by 2020 a new DCM was approved. Thus, with DCM 349, date 29.04.2020, "On electrical equipment designed for use within certain voltage limits and defining the list of harmonized standards" the Albanian legislation regarding the safety of electrical products was in line with directive 2014/35/EU.

### **1.4.Legal Gap Analysis (LGA)**

As for horizontal legislation, Law 10489/2011 was drafted by fully transposing Decision



768/2008/EC and partially Regulation 765/2008/EC, so it contains the requirements for trading and market supervision as well as those for accreditation. The working groups are preparing for the drafting of a new Law that will define the requirements and rules of trading in non-food products and will include for the first time the criteria for online trading. This law will be in full compliance with European Regulation 2019/1020.

As for vertical legislation, DCM 349/2020 transposes in advanced level Directive 2014/35/EU. The provisions that have not been transposed yet are those that come into effect the moment Albania becomes part of the European Union, the presumption of conformity based on international standards, the transition period, etc.

## 2. Conformity assessment

The legislation on the trading of electrical products provides for the criteria for the presumption of conformity, the obligations of the chain of commercial operators as well as market surveillance. The presumption of conformity for each product is made by the harmonized reference standards that are part of DCM. In total there are over 600 standards (not including the standards that are part of EMC or any other directive that the product must conform to) that regulate the safety of electrical equipment, and it is up to the manufacturer to choose the standard that will be applied and the market surveillance to verify if it is the right one.

For the presumption of conformity of electrical equipment, the manufacturer must follow Module A of Conformity Assessment or what is otherwise called Internal Control in Production or Self-Declaration. Module A covers both the design and production phases. The Manufacturer himself takes care of all the required tests, and technical documentation and ensures the conformity of the product and the production process against the relevant requirements. In this module there is no involvement of third parties (Notified Bodies) however the manufacturer must carry out all checks a notified body would do. After drawing up the technical documentation, the manufacturer draws up the EU Declaration of Conformity in which he declares the compliance of the electrical product with the legislation in force and the referenced standards and finally places the CE marking on the product. In cases where the product is manufactured in another country, the importer or authorized representative assumes the manufacturer's responsibility. So, they must ensure that the product is correctly labeled and accompanied by the EU Declaration of Conformity.

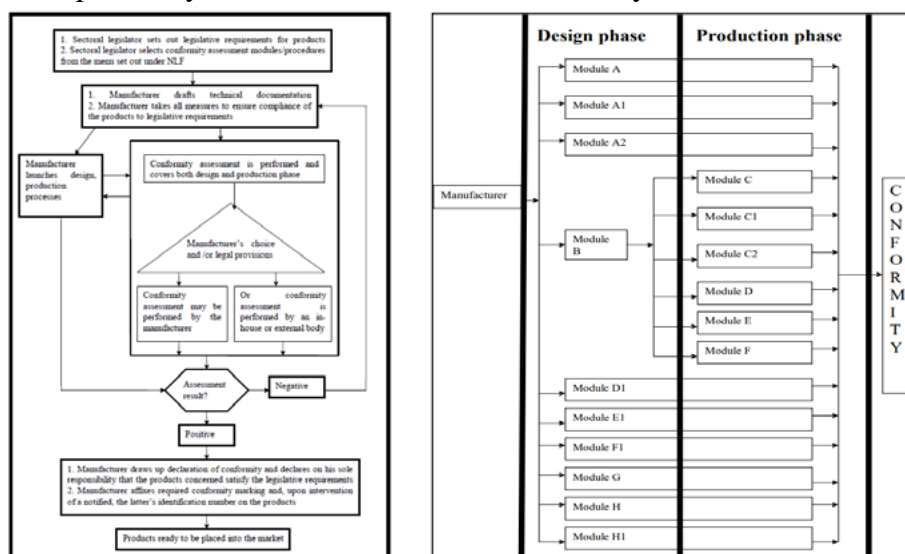


Figure 1. Conformity Assessment Flowchart and Procedures (DG Enterprise & Industry, 2019)

Products that are not marked with the CE Marking and are not accompanied by an accurate EU Declaration of Conformity are not allowed to be marketed in the EU and therefore in Albania. The Market Surveillance has to assess whether a product meets the basic requirements of formal conformity and to be allowed to trade. Non-compliance with a product is considered as formal when it is not directly related to health and safety risk (*LVD Guide, 2018*). So market surveillance checks whether the manufacturer, importer, authorized representative or distributor has taken measures to ensure that the final product being placed on the market meets all the basic requirements for the safety of people, animals and the environment.

### **3. Market surveillance**

Market surveillance of electrical products is the last and most important link in the assessment of product conformity. If there is no effective market surveillance, even the presumption of the safety of the final products that will be sold to consumers is questioned.

#### *3.1. European models*

Although legislation on the conformity and marketing of electrical products within a certain voltage level is almost completely harmonized throughout the European Union, the structure of market supervision may differ from one country to another. The approaches that the states have chosen regarding the organization of the Market Surveillance Authority (MSA) is different, but the most common ones are the centralized Model, the model with one MSA for each region, model with MSA branches in key entry points of the country.

Apart from the operating model of the MSA, the importance and way each country has given the implementation of the requirements of the LVD Directive varies. Finland focuses inspections on product testing, while the Czech Republic focuses on their physical checks; in Belgium, inspections are initiated in most cases by the customs authorities, in Romania proactive inspections are carried out, while in Greece they are reactive; Hungary carries out about 2,000 inspections per year, while Austria has less than 100, etc (Report on the Member States reviews).

#### *3.2. Institutional and Administrative Gap Analysis (LAGA)*

In Albania, the market surveillance of electrical products is carried out by the State Inspectorate of Market Supervillance (SIMS), which is an institution under the Ministry of Economy, Culture, and Innovation. This is a relatively new inspectorate (legally created with DCM no. 36/2016) compared to EU countries that have much longer experience in market surveillance. The verification of the legality of the trading of electrical products is carried out by the Electrical Products Sector according to a centralized model. This sector, in addition to implementing the legal requirements of the LVD, also checks the compliance of the equipment with Electromagnetic Compatibility (EMC) and Radio Equipment (RED).

Despite having positive feedback on the results achieved, the European Commission in the Annual Report (Progress Report – Albania 2023) has continuously recommended the increase and strengthening of law enforcement capacities.

### **4. Conformity assessment and market surveillance results**

Albania is a country where imports occupy almost 99.99% of the electrical products market since the number of manufacturers is almost negligible. In this way, the work of market surveillance is focused on verifying that importers have fulfilled their legal obligations in ensuring that the electrical products they are putting on the market have passed formal conformity assessment procedures (CE Marking, EU Declaration of Conformity and Technical

Documentation). The approach followed by ISHMT is a mix of documentary and physical control.

#### 4.1. Approach of the Albanian authorities

Initially, market surveillance followed a compliance assistance approach to the determination of legal requirements (Compliance Assistance Approach). The fulfillment of obligations by economic operators can be more effective if sanctions are applied on businesses that are not willing to fulfill them than on businesses that want to fulfill them but lack the appropriate information or knowledge on these issues.

At the beginning of the market surveillance activities, LVD products turned out to be the most problematic, even with the aspects of CE marking and EU Declaration of Conformity. In table.1 we see that the % of non-conformities have decreased drastically, which comes with the understanding of economic operators.

Among the features of the conformity assessment Module A is that it makes it very easy for manufacturers to meet legal requirements and very difficult for market surveillance authorities to detect non-conforming products. As such, in this module, it is easy for the manufacturer to manipulate the information in the EU Declaration of Conformity and Technical Documentation. This way it becomes very difficult for market surveillance and requires a long experience as well as deep knowledge to detect non-conforming products and in the end maybe this may not be enough.

With the awareness of economic operators on these legal requirements (as well as the learning of the ways to avoid them), the discovery of products potentially non-compliant with legal requirements has led to the need for a change in the approach to the detection of non-conformities. Indicative physical checks and customer complaints is the next helpful step in market surveillance. Other indicative tools are the Safety Gate system (formerly RAPEX), ICSMS and regional cooperation with the countries of the Western Balkans (WB6).

The last step necessary for the supervision of the electrical products market in Albania is the testing of the products and the risk assessment based on them. A market surveillance capable of performing an effective risk assessment will not only stop the trading of dangerous products in Albania but also through cooperation with the counterpart authorities will serve to stop them being put in the market throughout the EU.

Inspections	-	107	160	78	172	321
Products checked	-	6530	11205	4,798	9,954	12,975
Non-conformities	-	232	331	40	75	70
%	-	35%	29%	0.8 %	0.5%	0.57%
Warnings	-	20	36	-	-	2
Fines	-	7	3	1	-	46
Urgent measures	-	4	12	5	10	17
Banned products (no. of models)	-	10	73	29	29	36
Destructed quantity (pieces)	-	233	3896	2079	2631	1148

Period

2017 2018 2019 2020 2021 2022

Table 1. Track record - Overview of inspection data on EMC and LVD products 2017 – 2022 (Bilateral Screening: Chapter 1, 2023)

The approach of inspections by the Albanian authorities is producing real results in improving

the situation in the Albanian markets and this is a good omen that we are on the right track. However, Albania does not have the luxury of waiting for a long time to transit the risk assessment because only with a formal assessment, the progress in the future will not be at appropriate levels and not realistic.

#### *4.2. Risk assessment results*

MSAs in the EU for decades have been doing market surveillance and step by step and change after the change they have gone away from formal conformity and have reached the approach of today that risk assessment is the main way of assessing conformity of electrical products. Based on the risk, experts judge whether a product has a low, medium, high or serious risk. Proportional measures are taken based on the level of risk, including those for banning trading, destruction, market withdrawal, consumer notification, and notification of other MSAs in EU to take the same measures. Below are the most common ways that SIMS inspectors in Albania can get information regarding product assessments made by other MSA authorities in the EU and the Western Balkan region.

##### *4.2.1. Safety Gate (ex-Rapex)*

Safety Gate (The Rapid Alert System) works according to the detailed procedures initially laid down in Annex II to the GPSD (2001/95/EC) and in the Rapid Alert System guidelines and through it authorities exchange information on hazardous consumer products in real-time. The Rapid Alert System used for non-food products allows 30 participating countries (all EEA countries) and the European Commission to exchange information on products presenting a risk to health and safety or other protected interests and on the measures taken by these countries to do away with that risk (*The Blue Guide, 2022*).

Products identified as having serious risks are published weekly in the Safety Gate system (formerly RAPEX), but only the EU MSAs have access to the test results and the risk assessment made (*Safety Gate*). National contact points in each country (EU or EEA) cooperate with each other regarding measures taken to take care of the faulty products accordingly and swiftly.

##### *4.2.2. Information and Communication System for Market Surveillance (ICSMS)*

Another system is the Information and Communication System for Market Surveillance (ICSMS), which is an IT platform to facilitate communication between market surveillance bodies in EU and EFTA countries. It quickly and efficiently shares information about non-compliant products, avoids duplication of work, and accelerates the removal of unsafe products from the market. Through ICSMS, detailed research can be done on each product. Each user from MS authorities can input data to products that are not in the database or even products that are there. This data contains information such as additional test results, and measures taken.

ICSMS is not limited only to non-compliant products, but it gives information also regarding other products checked by authorities even if the result of the checks is that no non-compliances have been found. This helps authorities avoid any double (or multiple) checking of products. (*The Blue Guide, 2022*).

##### *4.2.3. CEFTA Transparency*

By the end of 2018, MS authorities of WB6 countries started a collaboration to exchange information on dangerous products found in each country. Sharing information on such products helped in identifying similar products in each market and taking respective measures in a shorter time. In 2021, CEFTA created a database for dangerous products (*CEFTA*

*Transparency, 2021*) in which all the member countries can input data of non-conformant products that have been found in their markets.

#### 4.2.4. Different Projects on Product Safety

The Coordinated Activities on the Safety of Products (CASP) projects enable all the market surveillance authorities (MSAs) from European Union (EU) / European Economic Area (EEA) countries to cooperate in reinforcing the safety of products placed on the European Single Market (CASP, 2022). In 2022 results of this project on travel adapters helped give an understanding to the alarming situation of the safety of these products in the markets surveyed.

### 5. Future challenges

In the context of the New Approach and the New Legal Framework, the idea behind conformity assessment is that the legislator requires an “assurance/proof” from the manufacturer that his products fulfill the requirements of the legislative instruments that apply to them, before their placing on the market (*DG Enterprise & Industry - Unit C1, 2009*). Since electrical equipment is mainly produced by Module A of conformity assessment, detecting non-conformity only formally tends to become more and more difficult. In this module, it is the manufacturer that ensures that the products are following the legislative framework. Most of the electrical products put in the market in Albania are imported from countries that are not part of the EU (mainly China), so the tracing of the commercial chain to the manufacturer and the wanting to confirm the authenticity of the documents (DoCs of test reports) becomes a real challenge. Albanian reality has shown that the number of “fake” or wrong documents is not negligible. Most Albanian importers don’t buy straight to the manufacturer but maybe the 3<sup>rd</sup> or 4<sup>th</sup> in the chain, so retrieving the right documents, if they even exist, from the manufacturer is almost impossible.

Formal conformity is important as a first “filter” to judge on the conformity of an electrical product with the legislation in place, but for right assessment of questionable products, testing in an accredited laboratory is still the best alternative. In most EU countries, this has been very effective but concerning Albania at the moment it is not the most suitable for the below-mentioned reasons:

- There are no accredited laboratories that test electrical products in Albania – The variety of electrical products and the standards that must be followed for each of them makes it difficult to find a laboratory to undertake the testing of each of them. For each case there should be found a laboratory that assesses conformity according to directive or a specific standard. Not only there are no such laboratories in Albania, but the number is very low in neighboring countries and because we have such a variety of products it is almost impossible to find one that suits for each case.
- Financial costs – Financial costs for testing such products are very high and often cannot be afforded by law enforcement institutions. In the case of Albania (*Analyze Pune 2023*) there has not been an allocation fund for the testing of electrical products. This can be understandable since almost 80% of the overall budget of 1.300.000 € is dedicated to wages and insurance.
- Legal reasons – The main problem is regarding remains the time limits defined in the law for the conduct of an inspection. In Article 43 of Law Nr.10433, date 16.06.2011, “On inspections in the Republic of Albania” is stated that “*Except when provided otherwise by the special law, the final inspection decision is taken by the inspector or inspectors who performed the inspection, within 30 days from the date of notification of the report to the subject of the inspection.*” The existence of this limit for testing, which in most EU or WB6



does not exist or even if it does is not so low, makes testing possibly non-conforming products almost undesirable.

So according to law, in thirty calendar days:

- a. the inspectors should inspect a certain economic operator
- b. retrieve possibly non-conforming products whose accompanying documentation is dubious but lawfully right (because this is in concept the job of experienced inspectors, to find dangerous products whose documentation is right)
- c. carry out the procurement procedure (finding the laboratory, taking offers, choosing the winner) and as mentioned above these laboratories are always in other countries.
- d. Send the products to the laboratory
- e. Take the results from the laboratory
- f. Issue the final decision

In practice this is almost impossible to do on a consistent basis. The problem is not just that inspectors might not be able to finish the inspection procedure in 30 days, it has more to it. If the final decision of inspection is not issued in 30 days, even if the products that are tested result are dangerous, the whole procedure is technically void. First, every financial cost for testing would have to be borne by SIMS. Second and most important, that has direct, these products, unless the economic operator complies, can't be withdrawn from the market.

There is a lack of legal framework for taking immediate measures for products that have proved dangerous in other countries of the Region (WB6) that are not part of the EU but have harmonized legislation for electrical products. There is an understanding between the countries of Western Balkan 6, to report products that they've found non-compliant in their countries, but, although we have transposed the same legislation, there is no legal basis to ban/withdraw a product just because it was found non-compliant in a WB6 country. Before the contact points of each country would e-mail each other their findings, but now everything is published in the Transparency CEFTA Database.

Even though there is a memorandum of cooperation between the market surveillance authority and customs authorities, and for some groups of products formal conformity checks are carried out before entering the market, it is necessary to intensify verifications and increase effectiveness. The establishment of market surveillance branches near customs points may be a more favorable solution for the future.

An electrical product manufactured under all the reference standards defined in the relevant legislation usually has extra raw material costs, extra manufacturing and testing costs, and as a result a higher price. But at the end of the day, apart from the legal side, the main questions that need answers for the Albanian society are:

- Are we ready for the EU standards?
- How willing are the Albanians to buy products conforming to European standards which cost much more than those produced in countries like China?
- Consumer & Economic operator – are they both won (win-win situation) or are they lost for the European dream?

## Conclusions

In this paper, the achievements of Albania in the transposition and implementation of the legislation of electrical products with a voltage of up to 1000V were presented as a requirement

of the European Commission and more specifically of Chapter 1: Free Movement of Goods. The basic requirements for the presumption of conformity, its assessment by market surveillance, as well as the problems and challenges for the future, were presented. Proper reading of the achieved results and comparison with European models and successes is very necessary for continuous improvement.

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## **The Parallel of The Professional Qualifications Recognition: Ceta's Chapter Eleven Versus the Mras from The Berlin Process**

**Marija Fileva**

*Faculty of Law "Iustinianus Primus" – Skopje - PhD Candidate*

*Former Prime Minister's Adviser for Berlin Process*

### **Abstract**

*The regional economic integration made possible by the Berlin process aims at providing opportunities for companies and citizens, harmonizing investment policies with EU standards, and improving digital access while promoting the region to foreign investors. At the same time, the Berlin process continuously contributes to improving the cooperation between the governments of the Western Balkans, and the Common Regional Market Action Plan (2021-2024) is proof of this. Mutual recognition of professional qualifications plays a pivotal role in fostering international trade, cooperation, and economic growth. The previous mention makes the crucial link in strengthening the connection between the most ambitious trade Agreement ever concluded i.e. the Comprehensive Economic and Trade Agreement (CETA) and its Chapter Eleven, named Mutual Recognition of Professional Qualifications and the Agreements on the Recognition of Professional Qualifications from the Berlin Process. This paper presents an in-depth analysis and parallel of the provisions regarding the mutual recognition of professional qualifications in the above-mentioned agreements with an applied comparative methodology to explain the intricate dynamics between them.*

**Keywords:** *Comprehensive Economic and Trade Agreement (CETA); Berlin Process; professional qualifications*

### **Introduction**

The Berlin process is complementary to the European integration process of the countries of the Western Balkans, aiming at the construction of a framework for the advancement of relations between the countries of the Western Balkans in the direction of achieving economic development and growth, an open market economy, i.e. achieving accelerated reform progress in the interest of faster integration into the EU. It represents an initiative initiated under the auspices of the then-German Chancellor Angela Merkel in 2014. Regional economic integration acquired new energy during the Berlin Process Joint Chairmanship 2020 by the Republic of Bulgaria and the Republic of North Macedonia, where for the first time, Co-Chairmanship by an EU member state and an EU candidate country from the Western Balkan was accomplished, during same Summit when the Common Regional Market (CRM) Action Plan 2021 – 2024 was endorsed in Sofia. According to the CRM (Albania et al., 2020), establishing the Common Regional Market will contribute to putting the region on the map for global investors seeking to reduce the distance to the EU markets and diversify their suppliers, thereby creating jobs, offering greater choices at lower prices for its consumers, and enabling people to work throughout the region. Advancing national and regional economic growth through CRM can be achieved by leveraging the strengths and improving the business environment while investing in human capital development through education and skills

training, which can drive innovation and productivity.

The recognition of professional qualifications is high on the agenda of countries in the EU's European Neighbourhood – notably, for countries already or potentially on the road to accession and anxious to adopt the *acquis communautaire*. (Davies, 2022). Berlin Process Summit 2022, which took place in Berlin, resulted in the conclusion of three international agreements, representing a milestone towards the European Union's single market. One of the three international agreements signed at that Summit is the Agreement on the Recognition of the Professional Qualifications of Doctor of Medicine, Doctor of Dental Medicine and Architects in the Context of the Free Trade Agreement. It is significant for all three agreements that such agreements, for the first time, are concluded at the regional level within the framework of the Berlin process, which includes all Western Balkans. Next year, during the Berlin Process Summit 2023 in Tirana, was concluded the Agreement with the remaining four regulated professions. With the signing of the Agreement on the Recognition of Professional Qualifications of Nurses, Veterinary Surgeons, Pharmacists, and Midwives in the Central European Free Trade Agreement context, the region delivered on the commitment to include the remaining four regulated professions from the EU Directive, enabling greater professional mobility which is crucial for regional economic integration.

Understanding the intersection between the Berlin Process and the Comprehensive Economic and Trade Agreement (CETA) is vital, considering that in both contexts, a ground-breaking recognition of professional qualifications is established because acknowledging and leveraging this synergy will enable to optimize the efforts and drive sustainable development within this meaningful topic. The CETA negotiations, therefore, present a valuable opportunity to learn from past experiences and build on the parties' commitment to achieve comprehensive economic integration, remove trade barriers, and enhance regulatory cooperation. (Steger, 2011)

As I referenced earlier part of the CRM where the focus is creating jobs, offering better choices at lower prices for its consumers, and enabling people to work, this affiliation is one of many others with the most ambitious ever trade agreement concluded i.e. the Comprehensive Economic and Trade Agreement (CETA), emphasizing here the vision of prosperity for the citizens of the contracting parties. CETA aims to liberalize and facilitate trade and investment, as well as to promote a closer economic relationship between the European Union and Canada (the Parties). CETA was signed on 30 October 2016 and has been provisionally applied since 21 September 2017. (European Commission, 2022). Tremendous achievements in trade are not reachable without investing in human capital, so even though CETA is labeled as the golden standard when it comes to trade agreements and the Agreement is so comprehensive that it has regulations covering a range of topics, including diverse chapters like the one dedicated to National treatment and market access for goods, Technical barriers to trade, Customs and trade facilitation or Temporary entry and stay of natural persons for business purposes, a focal point in this paper will be on CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications as a chapter which is producing a framework which would allow the recognition of professional qualifications to professionals from the contracting parties in the Agreement (European Union countries, and Canada).

### **Mutual Recognition of Professional Qualifications in CETA: A Profound Analysis OF Chapter Eleven**

Trade policy can play a crucial role in reducing these unnecessary product certification costs,



without impairing the ability of regulatory authorities to carry out their public policy responsibilities. One regulatory cooperation instrument used to reduce unnecessary trade costs for companies engaged in global supply chains is the so-called mutual recognition agreements (MRAs). (Cernat, 2022). Subsequently, after defining the major definitions as jurisdiction, negotiating entity, professional experience, professional qualifications, relevant authority, and regulated profession, from the very beginning of CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications is articulated that this Chapter establishes a framework to facilitate a fair, transparent and consistent regime for the mutual recognition of professional qualifications by the Parties and sets out the general conditions for the negotiation of MRAs. Continuing further with the elaboration that this Chapter applies to professions regulated in each Party, including in all or some Member States of the European Union and in all or some provinces and territories of Canada. (CETA, Article 11.2, p. 87). The establishment of the framework is a significant determinant in this Chapter that needs to be effectively planned and coordinated across all the Member States of the European Union plus Canada, considering that fair, transparent and consistent framework regarding the mutual recognition of professional qualifications is an integral part of the impressive scope of CETA's. It is a very ambitious assignment negotiated by the CETA's parties, being aware of how the CETA Agreement is comprehensive.

The MRA Committee is established as a specialized committee under Article 26.2.1.b of CETA and is responsible for the implementation of Article 11.3 of CETA governing mutual recognition agreements (MRAs). It has as its tasks, inter alia, to make publicly available information regarding the negotiation and implementation of MRAs, report to the CETA Joint Committee on the progress of the negotiation and implementation of MRAs and adopt them. (European Commission, 2022). Considering the prior reference, each Party shall develop and provide to the Joint Committee on Mutual Recognition of Professional Qualifications ("MRA Committee") joint recommendations on proposed MRAs. A recommendation shall provide an assessment of the potential value of an MRA, based on criteria such as the existing level of market openness, industry needs, and business opportunities. (CETA, Article 11.3, p. 87-88). The size of the trade growth between the EU and Canada since the conclusion and implementation of CETA has been exceptional. Nevertheless, trade growth is unachievable without an assessment of the business environment's complexity. The crucial point is recognizing how human capital remains the foundation for long-term success in industry expansion and business evolution. This indicates that with the recognition of professional qualification, the human component is envisaged in the first place and has a transformative effect on business and trade development, with a focused approach to use the maximum in light of that perspective.

In the previous Article is also outlined that the MRA Committee shall, within a reasonable time, review the recommendation to ensure its consistency with the requirements of this Chapter. If these requirements are satisfied, the MRA Committee shall establish the necessary steps to negotiate, and each Party shall inform its respective relevant authorities of these steps. (CETA, Article 11.3, p. 88). The concept of 'within a reasonable time' paves the way for discussion of what is a reasonable period. It depends because its endeavors create different levels of development concerning interpretation. The aforementioned can initiate the construction of multiple perspectives. One perspective can be examined from the side of the MRA Committee responsible for reviewing the recommendation using the term 'within a reasonable time' in which perspective probably at any time can be found reasonable, being mindful of the ongoing activities with which is dealing the Committee. Conversely, taking into account the other side's perspective, which alludes to waiting for the results of the review, the assessment in this term is rightfully broad, and the answer can be confusing.

About the Recognition, in this Chapter, it is specified that the recognition of professional qualifications provided by an MRA shall allow the service supplier to practice professional activities in the host jurisdiction, following the terms and conditions specified in the MRA. (CETA, Article 11.4, p. 88). The Joint Committee on Mutual Recognition of Professional Qualifications has challenging tasks commencing from the formation approach of the Committee and ending with the highly responsible obligations that this Committee is assigned. It deals with different stages of analysis, being responsible for permanent and decisive steps, while every unpredicted situation in advance can intensify their work. Concerning the formation of the Joint Committee on Mutual Recognition of Professional Qualifications, the MRA Committee responsible for the implementation of Article 11.3, among other things shall: (a) be composed of and co-chaired by representatives of Canada and the European Union, which must be different from the relevant authorities or professional bodies referred to in Article 11.3.1.; (b) meet within one year after this Agreement enters into force, and thereafter as necessary or as decided; (c) determine its own rules of procedure; (e) make publicly available information regarding the negotiation and implementation of MRAs;. (CETA, Article 11.5, p. 89). Particularly noteworthy in this context is that despite the highly responsible obligations that this Committee is tasked with (not mentioned all in the previous Article reference), it has autonomy in its operations, considering that it can determine its own rules of procedure, considering paragraph (c), which is a certain type of mechanism that affords space for the representatives of the Parties. Additionally, given paragraph (e), referring to making publicly available information regarding the negotiation and implementation of MRAs, the scope of coverage regarding publicly available information is limited, implying that the info needs to be made available on public websites and with the strong dynamic of developments concerning the frequency of updates for this very significant procedure.

The CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications ends with the Guidelines for the negotiation and conclusion of MRAs asserting that as part of the framework to achieve mutual recognition of qualifications, the Parties set out in Annex 11-A non-binding guidelines for the negotiation and conclusion of MRAs. (CETA, Article 11.6, p. 89) and bringing attention regarding the Contact points, where each Party shall establish one or more contact points for the administration of this Chapter. (CETA, Article 11.7, p. 89). Since CETA is an agreement that aims at creating more opportunities for businesses and citizens, this Chapter dedicated to the recognition of professional qualifications underscores the importance of the nexus between the primary aim of the conclusion of CETA and the measurable economic advantages produced from this Chapter, as the key aspects for thriving economy.

### **Recognition of Professional Qualifications: Comprehensive Analysis of the Berlin Process Agreements**

Recognition of professional qualifications has been facilitated by the amended Directive 2005/36/EC that updates training requirements for some professions and opens the way to wider automatic recognition by introducing training frameworks based on common sets of knowledge and competencies. (Stráský, 2016). The Agreement on the Recognition of Professional Qualifications of Doctors of Medicine, Doctors of Dental Medicine and Architects in the Central European Free Trade Agreement context (MRA 1), and then the Agreement on the Recognition of Professional Qualifications of Nurses, Veterinary Surgeons, Pharmacists, and Midwives in the Central European Free Trade Agreement context (MRA 2) were concluded taking into account the goals and priorities established in the Action Plan for the Common Regional Market for the period 2021-2024 within the framework of the Berlin Process. Previously identified objectives aimed at removing obstacles to the recognition of professional qualifications by adopting and implementing a 'European Union (EU) framework

for automatic recognition of professional qualifications for the 7 (seven) professions and the EU system of automatic recognition' based on the coordination of minimum training conditions.

Both Agreements have the same numeration of Articles and the same context, considering that their conclusion has the same objective, distinctions can be noticed only in the content from the Annexes where the provisions are taken from the EU Directive 2005/36/EC on the recognition of professional qualifications as amended by EU Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013, wherein details is explained the recognition based on coordination the minimum training conditions. Subsequently meaning that the differences are also in the content from Article 2.2 entitled Scope, where is specified to which professions the Agreements apply, the content for recognizing the evidence of formal qualifications listed in the Annexes which satisfy the minimum training conditions from Article 6.1 entitled Principles of automatic recognition and following the same for the Article 8 entitled Acquired rights where are explained the acquired rights specific to the professions concerned.

The recognition of professional qualifications by the receiving Party shall allow natural persons to gain access in that Party to the same profession as that for which they are qualified in the issuing Party and to pursue it in the receiving Party under no less favorable conditions as its natural persons. (MRA 1, Article 4, p. 4 / MRA 2, Article 4, p. 4). Within the EU, to facilitate mobility on the labor market for certain professions, so-called sector professions, with the Directive on Mutual Recognition of Professional Qualifications, the methods and conditions under which automatic recognition is carried out, not only of acquired education for these professions but also the manner and conditions under which professional experience makes automatically recognized. This kind of regulation allows mobility with simplified administrative barriers, in other words, without the nostrification of a diploma and submission of requests to countless institutions.

Concerning the procedure, it is specified that for examining an application for authorization to practice a regulated profession must be completed as quickly as possible and lead to a duly substantiated decision by the competent authority in the receiving Party in any case within three months after the date on which the applicant's complete file was submitted, and in these events, reasons shall be explained in the recognition decision. (MRA 1, Article 9.2, p. 6 / MRA 2, Article 9.2, p. 6). The construction 'as quickly as possible' subsequently followed by the provided deadline 'in any case within three months' offers the assurance to the applicant that his/her application within the established timeframe will be provided with the decision. Acknowledging the effort of the countries of the Western Balkans to further align with EU rules and standards, considering inter alia experience from the long-term practice and the benefit that the EU has realized through the introduction of this mechanism, all Western Balkans decided to adopt a common approach and apply it within their economies. It is considered essential in delivering tangible results, underpinning the commitment to removing unnecessary barriers while the six Western Balkan economies are at different stages of transposing the EU legislation.

Attention should be drawn to one of the foundational components from these Agreements, alluding to the Joint Working Group on Recognition of Professional Qualifications (JWGRPQ) which shall facilitate and supervise the implementation and application of the Agreements. Members of the JWGRPQ shall be, inter alia, tasked with the provision of information and assistance as is necessary concerning the recognition of professional qualifications provided for in the Agreements, such as information on the legislation, regulations, and administrative provisions governing the recognition of professional qualifications. (MRA 1, Article 16, p. 10

/ MRA 2, Article 16, p. 10). Affirming the significance of the duties that the Joint Working Group on Recognition of Professional Qualifications is holding, unequivocally implementation and application in practice of the Agreements is ensuring multiple gains, embarking on increasing the economic benefits for the region while achieving pivotal benchmarks. Besides, simultaneously tackling many challenges in the Western Balkans region and still being steadfast in operationalizing specific activities undertaken under the recognition of professional qualifications is the desired outcome in the interest of the citizens. Furthermore, about the Joint Working Group on Recognition of Professional Qualifications, the Parties shall notify the JWGRPQ a list of all existing regulated professions, specifying the activities covered by each profession, and a list of regulated education and training, and training with a special structure. (MRA 1, Article 17.1, p. 10 / MRA 2, Article 17.1, p. 10). Endorsing transparency, moreover, with the Agreements on the recognition of professional qualifications, not only will the strict criteria of the EU be applied in the mobility of the common market, but the countries are obliged to align the curricula for these professions with EU requirements, ensuring better quality and mobility of this staff within the countries of the Western Balkans.

Meanwhile, a mutual recognition agreement (MRA), in which two or more countries agree to recognize one another's technical regulations and/or certification procedures, has become a common and useful method for eliminating TBTs. (Jang, 2009). The Agreements are also encouraging administrative cooperation to facilitate the implementation and application of this Agreement, ensuring the confidentiality of the information which they exchange. It is important to mention that through the JWGRPQ, each Party shall provide to the other Parties the name of a contact person for each regulated profession, who will provide all relevant information and support cooperation between the Parties to that specific regulated profession. (MRA 1, Article 18.4, p. 11 / MRA 2, Article 18.4, p. 11). Outlining a contact person for each regulated profession enhances procedural efficiency and simplifies the overall procedure for the person who requires their professional qualifications to be recognized, reflecting upon the fact that, especially in the region of the Western Balkans, many people are experiencing difficulties and demonstrating low engagement when it comes to initiating administrative procedures. In particular, the Agreements are bringing closer the European perspective to the citizens of the Western Balkans, stressing the value of enabling the free movement of people as a specific and substantial result of the Common Regional Market Action Plan. The free movement of people fosters an innovative and competitive economy with sustainable economic growth, which is the cornerstone for the collective progress of society.

### **Highlighting Distinctions and Similarities: CETA'S Chapter Eleven vs Berlin Process Agreements on Professional Qualifications Recognition**

Bringing out the primary distinction between CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications and Berlin Process Agreements on Professional Qualifications Recognition is noteworthy because CETA has a provisional application where the Parties shall approve the Agreement following their respective internal requirements and procedures, entering into force on the first day of the second month following the date the Parties exchange written notifications or on such other date as the Parties may agree. On the other hand, the MRAs from the Berlin Process do not have provisional applications, entering into force on the thirtieth day upon the deposition of the third formal notice of ratification, acceptance, or approval for the Parties.

Pointing out the termination in both scenarios, in CETA's Chapter Eleven, the termination is 180 days or the same number of days but expressed in six months in the MRAs from the Berlin Process. The differences are when the procedure is effective and into force. In CETA, a Party may denounce the Agreement by giving written notice of termination to the General Secretariat



of the Council of the European Union and the Department of Foreign Affairs, Trade, and Development of Canada, or their respective successors, while the Agreement will be terminated 180 days after the date of that notice. Even if the CETA Agreement is terminated, only the provisions of Chapter Eight (Investment) shall continue to be effective for 20 years after the date of termination of this Agreement in respect of investments made before that date. About the previous note, CETA's Chapter Eleven is not safeguarded with possible termination. In comparison with the MRAs from the Berlin Process, each Party may, at any time, denounce the Agreement by making a written notification to the Depositary, who shall notify the other Parties of this denunciation, and such denunciation shall take effect six months after the date on which the depositary received the notification.

Marking thought-provoking fact is that in the MRAs from the Berlin Process, all disputes arising from the Agreements will be resolved through the CEFTA 2006 Dispute Settlement Mechanism, and in CETA of the most debated issues, leading to radically different perspectives and opposed viewpoints, was precisely the Dispute Settlement Mechanism.

Unambiguously evident while constructing the parallel between CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications and Berlin Process Agreements on Professional Qualifications Recognition is the Geographical scope of application which in the MRAs from the Berlin Process it is applicable for the Western Balkans i.e. Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia and Serbia, and regarding the application of CETA's Chapter Eleven on the other hand there are the countries from the European Union plus Canada.

Concerning the language, the CETA Agreement (including Chapter Eleven) is drawn up in duplicate in Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages, each version being equally authentic, on the contrary with the MRAs from the Berlin Process, drawn up in the English language, in, one original version, which will remain in the possession of the Depositary.

It is of the utmost importance to emphasize that in the Berlin Process Agreements on the Recognition of Professional Qualifications, the Parties acknowledge the rights of any CEFTA Party to accede to the Agreements, which indicates that the last possible remaining CEFTA Party is Moldova, considering that all the other members i.e. Albania, Bosnia and Herzegovina, Kosovo\*, Montenegro, North Macedonia, and Serbia are already contracting parties in the Agreements. When compared with CETA, where the topic of discussion is the accession of new Member States of the European Union, it is clarified that any new Member State of the European Union shall accede to the Agreement from the date of its accession to the European Union. Moving forward from that, if the act of accession to the European Union does not provide for the automatic accession of the European Union Member State to this Agreement, the European Union Member State concerned shall accede to this Agreement by depositing an act of accession to this Agreement with the General Secretariat of the Council of the European Union and the Department of Foreign Affairs, Trade and Development of Canada, or their respective successors.

Spotlighting the amends in CETA, the Parties may agree, in writing, to amend the Agreement, where an amendment shall enter into force after the Parties exchange written notifications certifying that they have completed their respective applicable internal requirements and procedures necessary for the entry into force of the amendment, or on the date agreed by the Parties. In the MRAs from the Berlin Process, each Party may propose amendments to the Agreement by sending a written notification to the Depositary where the Depositary shall refer this notification to the JWGRPQ referred to in Article 16 of the Agreements, with emphasis



that proposals of amendments shall be adopted by consensus of all members of the JWGRPQ.

In the previous two chapters, there were already analyzed the Joint Committee on Mutual Recognition of Professional Qualifications ("MRA Committee") from CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications and the Joint Working Group on Recognition of Professional Qualifications (JWGRPQ) from the Berlin Process Agreements on the Recognition of Professional Qualifications, which constitution is for fulfilling the similar function in the Agreements, so I will summarize here that the MRA Committee from CETA has a broader responsibility, but also broader rights and freedoms in comparison with the JWGRPQ from the Berlin Process Agreements, which is focused primarily on facilitation and supervision of the implementation and application of the Agreements.

Also, given the prior discussion in the previous chapters, it is valuable to overview that in both cases, CETA's Chapter Eleven and the MRAs from the Berlin Process, there is provided with a contact person (MRAs from the Berlin Process) and contact points (CETA's Chapter Eleven) which effectively signifies the same – these contact person (points) are responsible for the administration i.e. implementation of the Chapter i.e. the Agreements.

## **Conclusion**

What is delivering economic benefits, no matter if the analysis is centered around CETA's Chapter Eleven: Mutual Recognition of Professional Qualifications or the Berlin Process Agreements on the Recognition of Professional Qualifications, is the effectiveness of the concluded Agreements, which can be merit-based only by what people can gain from the recognition of professional qualifications and what actually they can be put through if it is the opposite. The perfect example here is the very famous case of a ski instructor. He was called Simon Butler, and his story became quite famous in Europe. Now his case serves to represent the situation of European internal market policy regarding the field of the recognition of professional qualifications, the freedom of workers' movement, and the right to establish companies. (Lipiec, 2021). The case of Simon Butler is a case where a British citizen, registered in France as a resident, paying taxes and having all level authorization to conduct business, a member of the British Professional Instructors' Association, possessing high-level experience and expertise, several certificates of competence gained in the United Kingdom, was held responsible for operating a ski instruction company without specific French authorization, arrested with the other British instructors in French Rhône-Alpes region, December 2013. The situation of Simon Butler exemplifies the problems related to the recognition of professional qualifications, the recognition of education, and regulated professions in Europe. Fortunately, the French and European judicial system has acted correctly here. Because of the pro-EU interpretation of the law, the French courts accepted the instructor's explanations and dismissed the accusations of providing services without permission and running a business without the authorities' approval. Regrettably, in most similar cases in Europe, the situation is worse: foreign employees and service providers are often considered as pests in other EU countries. (Lipiec, 2021). Simon Butler is a real-life illustration that skilled workers should move without barriers and why ensuring full respect for the proper application of the recognition of professional qualifications is of the utmost importance. This cutting-edge difference is achievable only with the strong commitment from the contracting parties, responsible for making certain strengthening the capacity for systematic and timely implementation of the negotiated provisions.

On the other hand, what is important to emphasize is that every international Agreement that the countries are concluding needs to be about the citizens. The contracting parties need to address the challenges identified, setting measurable objectives and including strong

monitoring for implementation because, without proactive implementation, the Agreement is only a piece of paper that does not produce any added value. They need to prioritize the actions having the greatest potential for positive impact, fostering a culture of dialogue in the negotiation process and ensuring that the benefits are for the citizens. The countries should be encouraged and reaffirm their will to continue dedicated efforts because the professionals with the recognized professional qualifications are bringing immediate benefits for the signatories of the Agreements, such as increased trade, driving the economy, stimulating investment and improving competitiveness. Within the above context, vast numbers of professionals who migrate fail to secure qualification recognition – a challenge intensified for those characterized by poor host country language ability, and qualifications from ‘alien’ (rather than colonially based or otherwise comparable) education systems. (Hawthorne, 2008). Reflecting on the accomplishments from the recognition of the professional qualifications, it is imperative to focus efforts on laying solid groundwork for the results in practice, bringing the advantages closer to the professionals because, in that way, economic prosperity can be enhanced. Considering that the conclusion of the Agreements is facing both challenges and opportunities, it is imperative to conduct a comprehensive assessment of the developments accomplished, overcoming the challenges and seizing the opportunities. With the review of the achievements made with the recognition of the professional qualifications, it is imperative to focus efforts on laying a solid groundwork for the results in practice, bringing the advantages closer to the professional since that’s how economic growth and socio-economic convergence are accelerated.

In the age of promoting digital transformation, digitalization offers effective and efficient digital tools, which are the steppingstone for the countries to prove their actual outcomes achieved. Working on transparency by increasing the number of e-services needs to be secured by improving access to the data available regarding the implementation of the Agreements, with customized guidelines made, resulting in informed citizens about the benefits from the recognition of professional qualifications because the recognized professional qualifications are offering a new perspective of lives.

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## **Nationalist Rhetoric and its Echo: The Impact of the Language of Berisha and Vučić on Voting Behavior and Political Participation**

**Marko Meraj**

*INSTAT*

**Dr. Mirela Alhasani**

*EPOKA University*

### **Abstract**

Nationalist movements have long affected the political arena of states, used as a tool by politicians to inspire and mobilize the masses. This study analyzes the influence nationalist rhetoric of political leaders has and how it affects voting behavior and political participation. The study focuses on verifying the claim that societies led by leaders that show a strong portrayal of nationalism experience a shift in voting behaviour and political participation in nationalism. Two cases, that of Sali Berisha, former prime minister of Albania from 2005 until 2013, and Aleksandar Vučić, current prime minister of Serbia, from 2013 until nowadays, are analysed and compared. Both leaders' rhetoric, mostly during their electoral campaigns, is studied, resulting in a higher impact, higher political participation, and solidification of nationalism in Serbia, compared to Albania. A mix of qualitative and quantitative research through surveys, articles, data, and other websites is used.

**Keywords:** *nationalism, rhetoric, electoral campaign, voting behavior.*

### **Introduction**

When elections occur in democratic states, there are several factors that contribute to the decision-making of the citizens regarding who to vote, nationalism being one of them. Voting behavior and political participation are thoroughly interlinked with one another; nationalism on the other side often finds itself used as a tool in the rhetoric of politicians to convince voters to vote. The studies of nationalism are vast, but the common definition defines nationalism as a political and social ideology that emphasizes the importance of one sovereign state's shared national identity, culture, and history (Kohn, 2018).

One of the first definitions of nationalism comes from Jean Jack Rousseau, who argues that all people and groups should put the nation first before other associations, to remove interest-based politics and class-based society (as cited by Cohler, 1970). According to Gellner (1983), the concept of nationalism is an ideology that requires agreement between the political unit and national identity groups. Marx and Weber (as cited by Wright, 1994) on the other hand, explain nationalism based on class membership. According to Marx (n.d), class membership is explained by individuals' relationship with mass production and according to Weber (n.d), it is explained by the position in the labor market (as cited by Wright, 1994). A deeper explanation of nationalism comes from Lowry's (2019) "The Case for Nationalism: How It Made Us Powerful, United, and Free" who argues that nationalism is the love of one's national culture, language, history, institutions, and everything good in a nation. It is a sense of national consciousness inspiring one nation above others and putting primary emphasis on the promotion of its culture and interests as opposed to those of other nations or supranational groups (Lowry, 2019). Lowry also explains that nationalism should not be seen as hatred towards other cultures, but instead as a love of fellow co-nationals based on common traits.

Nationalist rhetoric is mainly recognized to be used by democratic parties to increase citizens' participation in political activities like voting, protests, the decision-making process, or other



political-related activities. The cases introduced in this article to explain the influence of nationalism in shaping voting behavior and political participation are the cases of the former prime minister of Albania, Sali Berisha's electoral campaigns in 2005 and 2013, and the one of the current prime ministers of Serbia, Aleksandar Vučić, from 2013 until nowadays. The cases include the speeches of the two political party leaders and how their chosen rhetoric has affected and later shifted the voting behavior and political participation towards nationalism.

## Literature Review

Rhetoric is used as the core of communication, especially in examining the sense of political communication. It is a crucial part of public civic engagement and argumentation; its types are used in influencing the voters' choices and informing their decision-making. (Soukup, 2014). Another earlier definition comes from Aristotle's book "Rhetoric" as the ability to see what can be persuasive in all of the given cases (Aristotle, n.d, as cited in Rapp, 2022). A rhetorician is a person with the capability to determine the right words to persuade the public. The complexity and skepticism of the audience necessitate the speaker to utilize rhetorical devices to achieve his objective of persuasion, even when the message they are expressing is truthful and just. Aristotle (n.d) further explains the definition of rhetoric as rationality and speech are more peculiar to human beings rather than strength. (as cited in Rapp, 2022). Due to the importance of rhetoric, political figures, such as prime ministers, presidents, or other members of the state are one of the main focuses and at the same time impact of the public sphere. As such, their political communication drives the dynamic between public support and the state. The basics of rhetoric can be found in Ancient Rome as well. When residents disagreed with one another, they were free to participate in an open legal procedure, therefore public speaking skills were crucial. Cicero called the power of speech "the key to the citizen's duty" (as cited in Chilton, 2003). Hence, the line and structure of argumentation today is extremely like that of legal speech (Wróbel, 2015). As a result, rhetoric and persuasion are inextricably intertwined, bringing the opinions of the two sides closer together.

According to Harrop and Miller (1987), voting behavior is the principal form of political participation in liberal democratic societies. The scholars further argue that it concentrates on the encouragement of why people vote as they do and how they appear in decision-making. Harrop and Miller discuss that different political scientists establish the influence and issues of political factors like political programs, popularity of party leaders, and electoral campaigns on voting behavior. The voting behavior is explained in two different approaches. Firstly, the social psychology approach connects the voter's psychological attitudes on party identification with the attitudes of candidates. Secondly, the rational-choice approach tries to argue voting behavior as the outcome of a cost-benefit analysis by the individual, assessing the corresponding value of certain electoral outcomes in terms of issues addressed and policies united by different parties (Harrop and Miller, 1987).

Finally, on explaining political participation, Longley (2021) has defined it as the number of voluntary activities performed by the public to change public policy, either directly or indirectly influencing the people chosen to make those decisions. This includes working on campaigns, contacting public officials, donating money to candidates, petitioning, and protesting. This is considered the basic principle of democracy, where the vote is the best method for the representation of public opinion (Longley, 2021). However, it may lead to an expression of patriotism.

The linkage between nationalism, voting behavior, and political participation, could be recognized through status-based nationalism (Shayo, 2009). The author further argues that this status develops self-esteem and an increase of their status to the members of the party.

According to Shayo (2009), national identity has a positive remark on class identity, however, Solt (2011) argues that the theory of diversionary nationalism emphasizes how the voters think and is used by the elite to distract the poor from class politics to not get punished by economic inequality during elections. Solt (2011) further develops his theory that radical right parties succeed in the elections and in changing voting behavior and political participation in the citizens. The status argued by Solt mainly comes through social anxiety, which measures the political economic expectation of the citizens towards the party members. There is an expectation by nationalists to shape their achievement not only by influencing voting behavior and political participation but also by meeting future expectations of the new nationalist status (Solt, 2011).

To explain the theoretical perspective in practice, Penov (2022) studied the case of Orbán's electoral campaign. His nationalist campaign was a significant factor in his victory characterized by the identity, culture, and history of Hungary (Penov, 2022). Orbán's anti-immigrant rhetoric was a key component of his campaign where he resonated with Hungarian voters, who see him as a defender of their identity and culture. Another factor studied in his campaign was highlighted by emphasizing national sovereignty, and independence and expressing criticism of the policies of the European Union which limited Hungary. His nationalism has drawn criticism from foreigners who argue that it undercuts democratic institutions and human rights. Nevertheless, Orbán's nationalist election campaign has contributed to solidifying his position as a key player in Hungarian politics (Penov, 2022).

## Methodology

The study is a mixture of both qualitative and quantitative research, using data, statistics, and sources from other articles. This basic research aims to show how the nationalism of leaders affects voting behavior and the political participation of citizens. The research demonstrates the cases of Berisha, former prime minister of Albania for two mandates, from 2005 to 2013, and Vučić, current prime minister of Serbia, from 2013 until today, studying how they used the nationalistic rhetoric into shifting nationalist feelings towards citizens. Secondary data, in the form of articles by other scholars, surveys, and journals, is used. The politicians' rhetoric is extracted from news articles written during their mandates. This deductive and exploratory research aims at confirming the linkage between nationalism, voting behavior, and political participation, through the specific cases of Berisha and Vučić.

## Findings

### *The Case of Berisha*

The nationalism in Berisha's case could be first identified in his electoral campaign in 2005, as the leader of the Democratic Party, and later his victory. After he was elected the poll winner, his first speech stated "Albanians ... marked the end of a regime which came to power with guns and their thugs" (Berisha, 2005). He was seen throughout his campaign using strong nationalistic connotations emphasizing cultural heritage, language, and history. This nationalist message was very appealing to many Albanian citizens who were trying to find a stronger national identity alongside a stronger economy (Al Jazeera, 2005). Throughout his electoral campaign, Berisha was recognized with a strong connotation of the albanophobia rhetoric which he used not only in the 2005 elections but also in 2013 as well. This rhetoric, as it portrayed a sense of hatred from neighboring countries, was mainly used to reinforce a greater Albania feeling in the region and prevent any interaction with said states. Berisha's main goal was to reinvent himself as a born-again nationalist, especially with his speeches against Serbia, long perceived as an enemy because of the ethnic cleansing led by its leaders in ethnic Albanians in Kosovo. Through pinpointing Serbian politics, considered against

Albania, Berisha claimed that “This act shows one more time that there is only one way, the unification of the Albanian nation, for Albanians to enjoy the freedom they earned by shedding blood,” (2005).

The West on the other hand has shown pressure towards Albanian politicians to develop less aggressive and non-traditional nationalism, which was accepted mostly by the Socialist Party (SP) in 2004 (Wayne, 2005). According to Wayne (2005) the main reason why it was accepted by SP and Nano, the former Albanian prime minister, was to make borders obsolete through social and cultural integration, to increase the fast pace of integration into the EU, and to reinforce the political issues. However, this did not rest well with the politics and ideologies of Berisha. For him, it was considered unnecessary, as there could be other methods to help recover political issues that were created by the SP, like the full implementation of the Ohrid Accordance in Macedonia which would extend ethnic Albanians in the region and increase the independence of Kosovo.

Another important form of nationalism that Berisha used was to focus on the struggle for independence and efforts to achieve prosperity and stability. “The national pride and unity are under instability and the country’s dependence on foreign aid and influence is rising higher” (Berisha, 2005). He also emphasized the demand for Albanians to work together and put aside differences between one another, with his desire to take Albania to its right place as a proud and respected member of the international community.

In 2013, Berisha used nationalistic rhetoric to reinvent himself as a patriotic model. He used changes in reforms to prevent the policies of Rama, his opponent, from being properly implemented, especially in foreign policy, and used the media to increase his nationalistic influence in the country. One of the speeches of Berisha (2013) reinforcing nationalism stated, “There is only one way, the unification of the Albanian nation, for Albanians to enjoy the freedom they earned by shedding blood.” Throughout his campaign as prime minister, Berisha suggested establishing a larger ethnic Albania beyond the country’s borders, which did not rest well with neighboring Balkan countries like Serbia. He promised in his campaign to use a faster path towards ethnic Albanians around the world (Likmeta, 2013).

Nevertheless, different scholars have argued that the nationalistic rhetoric used by Berisha can and cannot be reasonable. One can argue that the main reason to reinforce the ethnic Albanians dates to the Balkan Wars in 1912-1913, which saw Albania being highly separated in the rearrangement of borders. Yet, one negative connotation the nationalistic rhetoric can bring is that it may slow down the process of the path towards the European Union, as the foreign policy with other countries will not be as progressive (Likmeta, 2013). This argument brought an internal debate between Albanians in the 2013 elections. An interview conducted by Likmeta (2013), demonstrated such debate: some citizens argued that “Berisha’s statement is as truthful and important because I have always believed even during the communist regime that we should be united with Kosovo under one state,” However, there is a disagreement as some other stated that “There is a difference between a call for national reconciliation or patriotism and nationalism.”

According to a study in 2013 by Jordan Jorgji, an Albanian scholar in International Relations, has claimed that the keyword of Berisha’s rhetoric in nationalism is unity, which is used to increase the votes in the campaign and to reinvent the patriotic feeling among Albanians in the country. “Albanophobs are our neighbors,” Berisha (2013) claims to reinforce the idea that the SP and Edi Rama are against making a Great Albania and unification with Kosovo, as their foreign policy agenda is to create peaceful and diplomatic relations with Western Balkans (WB) countries to progress in the EU negotiation process. This unity is the main nationalism tool of Berisha’s rhetoric to create a non-negative idea of United Albanians but also to increase

the voice of the difficulties of making it possible (Jorgji, 2013).

Finally, Berisha has created an anti-Rama program, regarding his perceived non-love for the Albanian people and their identity. "He works day and night against the recognition of Kosovo and wants to create closer relations with the Serbian government" (Berisha, 2013). This rhetoric used by Berisha was set to create an idea to citizens that the Socialist Party leader Edi Rama tends to lower the identity of Albanian people outside the borders and that one of the only ways to reinforce the foreign affairs of Albania is through creating Great Albania and enforcing the Albanian identity in the region.

### *The case of Vučićis*

At the beginning of his electoral campaign for the post of prime minister in 2014, Vučić, leader of the Serbian Progressive Party (SPP), was seen to be under huge pressure and in a difficult position. This because he was getting negative results from surveys and polls done in Serbia. To save his electoral campaign, Vučić started an anti-Kosovo agenda and rhetoric claiming that Kosovo is an ethnic threat to every Serbian citizen. "Serbian citizens living in Kosovo are facing discrimination and human rights violations, we must do anything to reinvent Great Serbia," (Vučić, 2014). This speech was well received by Serbian citizens, as they started to see Vučić as a patriotic model. This was followed by hooligan groups filling the ranks of paramilitary forces, especially the "Tigers" military, and organizing protests against the LGBTQ community and the independence of Kosovo. This was not received positively by the international community, but it increased the influence of Vučić in the country and it saw a shaping in the political participation of Serbia (Jovanovic, 2021). Vučić won the elections, thus becoming prime minister, and embarked on a program to modernize Serbia and come closer to the EU path. He mainly aimed and tried to contribute to involving non-party affiliated experts in the government, changing the political participation of political activists, starting exerting influence in media outlets, and continuing the path of normalizing relations with Kosovo.

In 2017, Vučić won the Presidential elections and aimed at increasing the influence in the media and towards Serbian citizens. He claimed, "We have to preserve peace and stability in the region," this was used to create a strong influence in increasing nationalism in Serbia (2017). After the elections, Vučić focused on establishing a strongman rule at home to address the perceived loss of stature following the fall of Milošević, to increase internal politics to renew a greater Serbia. Vučić used a resentment approach, establishing the idea that Serbia is threatened and hated in the region due to previous regional conflicts and Serbia's important role in former Yugoslavia (Pesic, n.d). His campaign was mainly focused on, broadening the party's coalition in elections to increase his power in the political system, raising clientelism, and creating an atmosphere of a state emergency against WB countries like Kosovo and Bosnia and Herzegovina.

The influence put by Vučić throughout the years has made the 2022 elections easier for him to win. Scholars have viewed the case of Vučić's nationalism in the Balkans from several perspectives. Mainly, Rogue (2022) has claimed that Serbian citizens have created a strong feeling of nationalism that it cannot go quite easily and that the hatred towards other WB countries will not go. Rogue argues as well that Serbia is not compliant with EU policies, due to close ties with Russia and not recognizing the independence of Kosovo. Finally, she argues that the feel of a greater Serbia is not as positive as it may be, mainly because it does not have a proper structural condition, to move to moderate politics and public opinion. However, Vučić is seen by the public as a protector of all Balkan nations and as the one who can increase the Serbian identity out of the borders. Vučić further claims:

Milosevic was a great Serbian leader whose intentions were certainly for the best, but our



results were very poor. Not because he wanted that but because our wishes were unrealistic, while we neglected and underestimated the interests and aspirations of other nations, Because of that, we paid the largest and most severe price. We haven't become bigger (2020).

His campaign in 2019-2022 was mainly focused on controlling media and information flow, reinforcing himself as a savior image, creating social divisions between Serbian and non-Serbian citizens, increased reliance on nationalism through importance in military, public officials, Serbian churches, and the increase of the Republika Srpska in Bosnia and Herzegovina. In the 2022 elections, the Serbian Progressive Party won the elections, and the number of party members rose to 500.000 members, one of the most numerous in Europe (Matković, 2022).

## **Comparison**

When comparing both cases to find out how nationalism has affected and shaped voting behavior and political participation, different surveys done by previous scholars and institutions can be used to measure the increase of voters during elections. Regarding the case of Berisha in 2005, a survey done by Wilson Center showed that after the elections, nationalism rose by 53%, 45% of the population over 18 lost trusts in the Socialist Party of Fatos Nano, Berisha won the trust of 57% of the population over 18, citizens shifted in favor of DP from 44% to 64%. In 2013, statistics done by Balkan Insight showed how the nationalism of Albanian citizens was developed after the elections. 47% of citizens believed in a unified Albania, 52% wanted a Great Albania, 49% trusted the method of Berisha's nationalism 81% in Kosovo, and 57% in North Macedonia believed in the Great Albania.

In the second case, Vučić's surveys and statistics made by Balkan Insight, throughout the years 2013-2021, show how nationalism has been viewed by Serbian citizens. In 2013, 15% of Vučić supporters increased after an anti-Kosovo campaign; in 2015, 47% of citizens believed in changing reforms in Serbia to achieve a greater Serbia, whereas 51% believed in Vučić bringing stability in the region. In 2018, only 20% believed Kosovo would become an independent state. In 2020, only 7% of Serbian citizens would not support Kosovo's independence in exchange for faster EU accession for Serbia, in a similar note, their views of Croats and Bosnians were not positive, and in 2021, 74% believed in the reconciliation of a Great Serbia.

When comparing both cases, there exists a difference in the perception and later mobilization of citizens regarding nationalism. For example, in Albania, history itself has shown that nationalism and the Albanian identity are not as strong as the one in Serbia. Many Albanians saw the Ottoman Empire as putting the country in a favorable position in career and army advancement and as protectors against Serbs and Greeks (Fisher, 2005). According to Fisher also, it lacked preconditions for the growth of Balkan nationalism as in the 19th century before the independence in 1912, Albanians had no state, no religious unity, and no leadership by self-conscious status. The third main indicator of weak nationalism was seen after the fall of the communist regime in the 90s. During communism, dictator Hoxha created a strong nationalistic feeling and a strong Albanian identity which prevailed on equality between citizens. After his death and later, after the fall of communism, citizens refused to be recognized through the nationalism Hoxha had provided but instead replaced it with regionalism (Fisher, 2005).

Even though nationalism has never disappeared from Albanians it has been more intensified after the proclamation of Kosovo's independence (Rukaj, 2013). She further argues that Berisha instrumentalizes nationalism more for gaining power and authority, rather than for achieving nationalist goals, which further creates a weak sense of nationalism between



Albanians. The citizens usually portray only mere emotional nationalism, rather than pragmatic nationalism, which could have been materialized (Rukaj, 2013). This emotional nationalism leaves a huge gap in Albania's identity, as citizens are not creating a strong identity in international affairs, or in domestic politics, where politicians' politics and policies do not get recognized with a proper ideology, let alone a nationalist ideology.

The case of Vučić in the other hand provides a stronger and more concrete nationalist feeling. He increased the anti-Kosovo propaganda where citizens viewed the non-recognition of Kosovo as a priority instead of entering in EU (Zivanovic, 2018). The authors further argue that the Serbian government has put a priority on the Kosovo issue rather than focusing on the economic issue, health, and corruption. A further survey was done by the author to create an outcome and prove his argument where 82% of Serbian citizens believe that the best solution for Kosovo would be autonomy within Serbia, whereas 7% agreed the best solution would be Kosovo's independence. 82% of citizens refuse to live in Kosovo, 77% don't want to give money to Kosovo and 4 out of 10 citizens believe that the leader who announce that Kosovo is a lost country would gain the respect of all of Serbia.

Finally, Vučić's nationalism has been proven to be pragmatic through his influence in political participation, differently from Berisha, who did not achieve the same. One of the main politics he followed regarding this shift in political participation was increasing the political instrumentalization of hooligans and criminal groups. They took the form of a working arrangement wherein hooligans were granted permission to carry out their frequently illegal business activities without experiencing significant interruptions, in exchange for their willingness to cooperate with the authorities, especially when applying pressure to political opponents. A case provided by Crime and Corruption Reporting Network (KRIK) demonstrated the Janissaries (Janjičari), a football fan group, were hired not only in private security agencies but also by the Serbian Government Secretary General.

Yet, similarities between the nationalism of Berisha and Vučić can be found as well. Firstly, both politicians have created a cult of individuality where citizens of both countries recognize the leader and their ruling, rather than their respective political parties. Secondly, the media has been affected by the leaders, as they have put their influence in information, journals, and newspapers through different policies and politics. Finally, said nationalist rhetoric and politics can lead towards a patriotic feeling, which happens more in Serbia rather than Albania, where their country is seen by their perspective as more important, and it is above all other states in the international arena.

## Conclusion

This study demonstrated how nationalism does impact voting behavior and political participation. In Berisha's case, approval rates from citizens rose after his speeches, his party won the election two mandates in a row, and there was generally a confirmation of the idea of Greater Albania, nevertheless, political participation did not achieve a high increase. In the case of Vučić, similarly, approval rates increased, his party won several elections in a row, public perception mainly shifted towards hatred for other Balkan states and complete opposition towards the independence of Kosovo. In the latter case, public participation rose, in the form of hooligans, protests, and a greater number of party members.

Furthermore, such cases demonstrate how nationalism can be regarded differently and used differently by leaders, which in turn brings different results. Berisha's nationalistic rhetoric is only seen as an emotional nationalism, with no concrete goals or materializations from the

public, whereas Vučić's nationalism, is more concrete and pragmatic, in involving and shaping political participation, including policies for hooligan groups in its regime and raising tensions with Kosovo. To conclude, if put in a comparing scale, both cases of these leaders show an impact and relation between nationalism, voting behavior, and political participation; nevertheless, the scale of impact might change.

Limitations were present in the conduction of this study. Firstly, Albanian literature lacks research studies and journal articles regarding the leadership, impact, and most importantly nationalism of Berisha. Secondly, most Berisha-related surveys aim to only find if Berisha is perceived as a better leader than his opponent, or if there should exist a Great Albania, ignoring public readiness to act for a Great Albania or other nationalist characteristics of Berisha. Thirdly, in the case of Vučić, the language barrier limited this study, as the number of studies done in the English language was not sufficient, and studying his rhetoric in his native language would be impossible. Fourthly, other factors which could have contributed to voting behavior and political participation were not taken into consideration. Lastly, a higher number of cases would have proven the study's claim better.

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## **Insights on the Approach and Challenges to Reconciliation Efforts of Regional Civil Society Organizations in the Western Balkans**

**Dr. Jubjana Vila**

EPOKA University

**Iris Buciqi**

EPOKA University

### **Abstract**

*In light of the ongoing challenges generated from the conflicts of the 1990s and the persistent post-conflict issues in the Western Balkans, this study explores the reconciliation efforts of regional civil society organizations/networks (RCSO/Ns) in the region. The research aims to understand how these organizations contribute to fostering peace and reconciliation across the WB by exploring the perspectives and approaches that these regional players take on reconciliation, their capacities to act, as well as their efforts on the field. Via a mixed methodology, the analysis reveals the successes and challenges faced by RCSO/Ns in advancing reconciliation and provides a comparative outlook on their experiences. The results of this study are necessary to provide a concrete mapping of regional non-state actors and their practical attempts on reconciliation.*

**Keywords:** regional actors, civil society organizations, reconciliation, mapping, Western Balkans.

### **Introduction**

The current world system is increasingly observing non-state structures, like civil society organizations (CSOs), playing a crucial role in politics and academia (Fischer, 2011). In the last decade, the work of CSOs has been linked to peacebuilding efforts (Obi, 2018), with international actors like the European Union (EU) and the Organization for Security and Cooperation in Europe (OSCE) recognizing their contributions at both domestic and regional levels. The EU particularly invested in CSOs and reconciliation initiatives in the Western Balkans (WB) (Minić, Nechev, and Nikolovski, 2019). The region experienced violent conflicts following the disintegration of Yugoslavia - the ethnic war in Bosnia and the Kosovo War of the 1990s (Vučković, 2020). These events left lasting legacies (Haider, 2021) and led to narratives of violence, ethnic blame and the instrumentalization of war crimes between the countries of the region (Kostovica, 2013). In response, the EU promoted reconciliation efforts through regional cooperation strategies in the WB (Vučković, 2020). This approach of the EU, concerning the involvement of civil society in regional affairs, is theoretically supported by the New Regionalism Approach as well. The New Regionalism Approach recognizes non-state actors' roles in regionalism through collaborations, networks, and platforms. Given this practical and academic framework, the study analyzes institutionalized regional CSOs/networks working on reconciliation in the Western Balkans. Regarding the CSOs Minić et al. (2019) identified a gap in their mapping, whereas Obi (2018) emphasized the need to study these organizations beyond their structures. Given such a literature gap, this research, using indicators from peace and reconciliation studies, explores the approaches, activities and organizational capacities of CSOs in the WB region. These parameters include (1) Typology,

(2) Capacity, and (3) Projects, assessed through primary data from interviews. The study seeks to explore the role of regional CSOs/networks in reconciliation by giving an answer to the 3 sub-questions: (1) How do these organizations approach reconciliation? (2) What capacities do they have for regional operations? (3) What projects and activities have they undertaken? Answering these provides insight into their impact on reconciliation efforts; and a comparative analysis of their experiences, challenges faced, and contributions to the New Regionalism theory.

### **New Regionalism Approach**

There is consensus among the scholars that regionalism constitutes a political process/project characterized by cooperation (Mansfield & Solingen, 2010). Nevertheless, despite such agreement, there is contestation among studies on the actors involved specifically in regionalism. One viewpoint looks at regionalism as state-driven and consequently understands cooperation from an inter-state perspective (Gamble and Payne, 2003; Pempel, 2005, as cited in Mansfield & Solingen, 2010). In contrast, the other position held by scholars like Boas, Marchand and Shaw (2003), recognizes the existence of other political actors apart from the state and their involvement in the regional project. These perspectives align with the various forms of regionalism that have evolved from the mid-20<sup>th</sup> century, respectively the old and new regionalism that appeared in the late 1940s and mid-1980s (Hettne & Söderbaum, 2000). The new regionalism or the New Regionalism Approach (NRA) departed notably from the old form. Hettne (2003) pointed out differences in the issues, orientation and actors involved in the two approaches. Particularly, the scholar implied that the New Regionalism Approach recognized the role of non-state actors like civil society in regionalism through different forms of engagement such as collaborations, networks, and partnerships (Söderbaum, 2004). Additionally, with regard to the role of civil society, Hettne shared the idea that this player served as a means of protection of the weak and the poor and highlighted the transformative and opposing role of the civil society to regionalization (Söderbaum, 2007). Söderbaum revealed that Mittelman was following the same line of thought when he expressed that the strength of the civil society contributed to transformative regionalization.

The New Regionalism Approach agrees with Schulz, Söderbaum, and Öjendal (2001) on the explanation of regional cooperation as an open process, belonging to regionalization, through which state or non-state actors interconnect under common engagements. Moreover, focusing specifically on the Western Balkans, Anger (2012) considered regional cooperation as a tool to accelerate reconciliation and challenge intolerance and nationalism, encourage dialogue, and mutual understanding resonating with the European Union Enlargement Strategy 2012-2013.

### **Civil Society Organizations and Reconciliation**

Reconciliation has emerged as a distinct field of study in political and politico-psychological domains over the past decade (Bar-Tal & Bennink, 2004). It evolved from the need to expand peacemaking efforts, as formal agreements alone often failed to create genuine peaceful relations. Bar-Tal and Bennink (2004) argue that reconciliation is necessary only for conflicts where deeply ingrained beliefs, attitudes, and emotions sustain hostility and obstruct peace. The process varies depending on conflict outcomes, party status, and perceived responsibility. While typically occurring after conflict resolution (Bar-Tal & Bennink, 2004; Kelman, 2010; Rigby, 2006), reconciliation efforts can begin at any stage (Rigby, 2006). Furthermore, reconciliation is understood both as an outcome—focusing on healing, trust, and mutual recognition (Rigby, 2006; Hampson & Lederach, 1998)—and as a process, involving coming to terms with past losses and engaging with former adversaries (Rigby, 2006). Memory work



is crucial in both dimensions of reconciliation (Rigby, 2006). At its core, reconciliation refers to the peaceful restoration of relationships between individuals, groups, or nations (Rigby, 2006). Bloomfield defines it as a process rooted in mutual understanding and respect, addressing past conflicts to foster cooperation (as cited by Mastrorocco, 2020). OSCE offers a more comprehensive definition, describing reconciliation as breaking cycles of misconceptions and violent memories through political and social transformation (OSCE, 2018, as cited by Mastrorocco, 2020).

Civil society organizations have been recognized as critical players in peacebuilding processes (Obi, 2011, as cited in Obi, 2018; Skocpol 2003, as cited in Obi, 2018; Lewis 2002, as cited in Obi, 2018). Obi (2018) highlighted that civil society organizations are included in: promoting reconciliation; contributing to conflict management and transformation; preventing violence, establishing bridges, trust and interdependence between societies, and monitoring and advocating peace, human rights, and social justice. Concerning reconciliation, Volčič and Simić (2013) argued, similarly to Obi, that civil society actors foster tolerance and shared trust, and provide direct information concerning the local setting via citizen participation. Moreover, concentrating only in the case of WB, according to Kostovicova (2013), civil society has played a crucial role in reconciliation by promoting war crimes accountability, acting as a policy watchdog, and fostering dialogue across ethnic divisions. However, despite these contributions, civil society organizations also face significant challenges such as weak institutional capacity, ethnic fragmentation, financial dependence and other restrictions imposed by an illiberal political environment (Kostovicova, 2013). Then according to Rigby (2006), CSOs can work as intermediaries between the people and the national and regional elites facilitating interaction and are able to undertake peace and reconciliation initiatives that the state is unable or unwilling to. Several of these initiatives have been presented by Rigby (2006) under three categories. These include: i) Memory Work: Dealing with the Past; ii) Human Security- Peace work; iii) Making Things Right - Justice Work (Rigby, 2006). The first grouping, according to the scholar, consists of tasks on Dealing with Personal Trauma and Truth Commissions. The second, as Rigby pointed out, is concerned with building personal and collective peace by putting an end to wrongdoings and assisting in transforming a “culture of violence into a culture of peace and reconciliation” (Rigby, 2006, p. 49). Rigby distinguished here six sub-categories of activities: Early Warning and Peace Monitoring, Human Rights Advocacy, Education, Training and Capacity Building, Bridge-Building, Mobilizing Peace Constituencies and Lobbying for Peace, and Reintegration of Combatants. The last categorization, as described by Rigby, builds on reconciliation as a process that concentrates on how justice is employed and ways to encourage amicable relations between parties. Justice Work is separated into Retributive and Restorative Justice, and Relief and Reconstruction acts (Rigby, 2006). The CSOs can play a vital role in reconciliation through their involvement in any of these areas.

Civil society can be understood as the social areas between the private sector and the state where self-organization is feasible (Bryant 1995, as cited in Mastrorocco, 2020). Furthermore, Söderbaum (2007) presented another definition by Jan Art Scholte in which civil society is presented as a political sphere where voluntary actors aim to change governing rules of a community. Along this line, Gellner considered civil society as the set of non-governmental institutions which can inhibit the controlling power of the state upon the entire society (1995, as cited in Mastrorocco, 2020). On the other hand, Rigby (2006) focused on the conceptualization of CSOs as separate actors and he regarded them as essential in respect to interest representation, participation of excluded parts of the population, democracy, and citizenship training. The scholar named CSOs as significant infrastructural links between the state and the society (Rigby, 2006). All in all, CSOs are understood as representative,

independent actors that pursue common interests and act as intermediates.

The literature of CSOs has significantly covered the strengths and limitations of these actors. Fischer (2011) looked at NGOs and explained that non-governmental organizations, according to her, showed some strengths concerning their political independence, flexible mandates, high standards of credibility, and their impartial roles (Fischer, 2011). Furthermore, she suggested that they can initiate new ideas, establish informal methods of communication, and create informal networks (Ricigliano, 2003, as cited in Fischer, 2011). In other words, they can do what governments are not able to. On the other hand, NGOs display several limitations or weaknesses as well. Fischer (2011), taking from the studies of Reimann, Debiel, and Sticht summarized five main constraints. In her research, the scholar indicated that NGOs were often state driven; the functioning of NGOs had changed due to donors and media influence; the international NGOs, coming from the west, imported their values in other parts of the world without considering the local contexts; international NGOs may be seen as interfering in internal state affairs; and NGOs lacked legitimacy since they were not democratically controlled. Moreover, Söderbaum (2007) stated that civil society organizations could be “corrupted” by individual interests and may be unwilling to exert influence over the political sphere. Additionally, he elaborated on other limitations on regional civil society organizations like the rivalry inside; matters of accountability, legitimacy; and contradictions arising on national versus regional levels (Söderbaum, 2007). Focusing particularly on post-communist societies, other scholars generated further weaknesses regarding civil society. Hence, studies by Jawlowska & Kubik (2007) and the Civil Society Forum argued that civil society in post-communist countries is structurally weaker (2009, as cited in Ekiert & Foa, 2011). Other works revealed low voluntary involvement among these societies (Wallace, Pichler & Haerpfer 2012, as cited in Ekiert & Foa, 2011). Similarly, low engagement and low levels of trust in political institutions were found to be relevant in such countries according to the work of Rose (1999, as cited in Ekiert & Foa, 2011). Nonetheless, in response to these studies, Ekiert and Foa claimed that the civil society of post-communist countries like those in Central and Eastern Europe is not as weak as perceived by previous scholars. Moreover, the authors emphasized the diversity of outcomes among such post-communist regimes while considering the different civil societies of these countries and the factors that have shaped them (Ekiert & Foa, 2011). Lastly, Mastroiocco (2020), relying specifically on the Western Balkan reality, pointed out three other issues regarding civil society organizations: the aspect of funding and the dependency on international funds; the ethnic separation of the organizations which strengthened the divisions within societies; the lack of developed coordination between civil society players (Branković et al, 2017, as cited in Mastroiocco, 2020; OSCE, 2018, as cited in Mastroiocco, 2020).

### **Civil Society Organizations Across Western Balkans**

The Western Balkan countries share a past of communist rule. For one, Albania adopted a harsh Stalinist regime after World War II, remaining isolated from the rest of the world and enforcing severe political repression for 45 years (Kovaci, 2014; Baltaci & Zenelaj, 2013). Meanwhile, Yugoslavia, formed in 1945, was governed under a Soviet-style system led by Josip Broz Tito, which collapsed in 1990 (US National Archives; Carmichael, 2010; Monnesland, 2011; Kawczyńska, 2013). The dissolution of the former Yugoslavia Republic was followed by conflicts, tensions, and grievances among the Western Balkan, respectively the 1992-1995 Bosnian War, and the 1998-1999 Kosovo War (Vučković, Vukanović, & Popović, 2020; Webber, 2009). The Kosovo conflict also destabilized neighboring North Macedonia due to Albanian refugees coming from Kosovo (Vučković et al., 2020). Succeeding these conflicts, there were attempts to foster regional peace through cooperation (Minić,

Nechev, and Nikolovski, 2019). The European Union was an initiator of such a process through the launch of the EU Regional Approach in 1996 which helped in developing a regional aspect for the construction of a post-conflict framework in the region. Furthermore, the Stabilization and Association Process (SAP) and Stability Pact for Southeastern Europe were the two that followed the same line of work (Minić et al. 2019). According to the authors, these two programs invited civil society into the equation by regarding it as an essential actor in the recovery process. Following, in 2014, the Berlin Process, a medium for high level cooperation between the six Western Balkan countries and partners from the EU, was initiated as a cooperation platform, seeking among others to reconcile societies of the region (Jovanovic & Holzer, 2022).

The Western Balkans have a history of various and dynamic civil society activities (Sterland & Rizova, 2010). Nonetheless, during the 1940s, the civil society of the region experienced a significant pause in its activities due to the rise of authoritarian communist regimes, which severely restricted freedoms of association and expression (Sterland & Rizova, 2010; Kovaci, 2014). However, with significant support from international actors, civil society in the Western Balkans flourished (Mastorocco, 2020; Minić, Nechev, & Nikolovski, 2019). Currently, in the Western Balkans there have been several regional initiatives and projects of regional cooperation which incorporated the civil society level in the form of international organizations like the Regional Cooperation Council, the Migration, Asylum, Refugees Regional Initiative, and the Western Balkan Fund; platforms like The Education Reform Initiative of South Eastern Europe and the Network of Associations of Local Authorities in South East Europe; and regional independent organizations like RYCO (Minić, et al., 2029).

## **Methods**

This exploratory, qualitative study focuses on understanding the insights and challenges of regional CSOs in reconciliation. It gathers primary data from interviews with the representatives of the regional organization's/networks and conducts a content analysis utilizing the NVivo. The sampling for the research comprises only those institutionalized forms of CSO/Ns that (1) have a regional spreading (membership or project wise) and (2) work on reconciliation via regional cooperation. To approach this group, purposive sampling was used. Furthermore, the interview questions used in this study were influenced by the Report of CSOs mapping in the ECOWAS region developed by a partnership between ECOWAS and the EU. The model of questions was chosen as it offers a profiling of the civil society organizations/networks concerning their approach, organizational capacities, and projects or work done in reconciliation. The participating parties were asked questions on the approach to reconciliation, relevance of target group, activities contributing to the field, achievements in this regard, measuring success, partnerships, staffing and allocation. Moreover, in parallel with the literature on the weaknesses of CSO/Ns, driven by the literature on civil society organizations, a question concerning the challenges of the organization was added.

## **Regional Civil Society Organization/Networks and Reconciliation in the Western Balkans**

### ***Approach to reconciliation***

When questioned about their viewpoint on reconciliation the respondents offered somewhat similar answers on behalf of their organization/networks. The YiHR representative considered the approach of the network comprehensive and linked reconciliation with “networking, education on the past, and commemorative activism, to strengthen preventive practices as the guarantees of non-repetition, and the manipulation and instrumentalization of historical narratives and the past” (Javanović, I. personal communication, 19 June 2023). Similarly, the

response from HLC regarded the organization's approach towards reconciliation as comprehensive. Moreover, the answer revealed that the Humanitarian Law Center advocates for "truth-telling on a regional level" (Kadaric, J. personal communication, 22 January 2024). This approach resembles the past education answer coming from YiHR since both have informing purposes and emphasize the past. In addition, HLC seeks "the establishment of a Regional Commission to work on war crimes facts and other serious violations of human rights" (Kadaric, J. personal communication, 22 January 2024). The Post-Conflict Research Center shared a comprehensive outlook at reconciliation as well. Its responses showed that PCRC relates reconciliation with understanding diversity, building bridges of comprehension, and peace education as "the backbone for sustainable reconciliation and positive peace" (PCRC team, personal communication, 10 January 2024). On similar lines, RWLSEE's approach is deemed as comprising different dimensions, involving "trust building, mutual understanding, and mutual acceptance" (Tahiri, E. personal communication, 9 February 2024). The actor's point of view resembles PCRC's understanding of reconciliation since both tackle comprehension/understanding between post-conflictual societies. Thus, the majority of the organizations, 6 of them or around 67 %, follow this all-embracing approach to reconciliation. Also, RWLSEE interviewee spoke of the organization as "a force of coming together to put behind the tragic past and look forward but not forget" showing more alignment with the YiHR's viewpoint on the past and reconciliation (Tahiri, E. personal communication, 9 February 2024). Moving forth, RYCO's response exposed a youth-focused approach that portrayed reconciliation via youth mobility, cooperation and capacity building. The capacity building and networking answers of RYCO somewhat follow the same logic as the past education approach of YiHR. In contrast to the rest of the answers, RECOM's approach appeared to be not as exhaustive. The network, as the interviewee stated, perceives reconciliation through a "fact-based" viewpoint, focusing on the documentation of victims, missing people, detention centers, and truth-telling to pursue reconciliation in the region. In this regard, RECOM's perspective resembles that of HLC on the truth-telling aspect.

### ***Relevance of target group to reconciliation***

The interview with YiHR disclosed that the network targets the youth as crucial actors for reconciliation in the Western Balkans since they represent the region's future. Furthermore, engaging the youth means that there is a chance to shape the direction of the WB towards reconciliation and break cycles of violence. Sharing the same target group as YiHR, RYCO as well concentrated its answers on the potential of the youth. Thus, RYCO's representative pointed out that the youth could reshape "inherited divisive narratives and stereotypes; play a significant role in shaping perceptions and attitudes; and could build bridges" across the region (Brakaj, F., personal communication, 29 January 2024). Again, targeting youth, specifically girls, RWLSEE interviewee stated that "there is a lack of understanding of young people about the region, and about each other" and that the young "build our future" (Tahiri, E. personal communication, 9 February 2024). In addition, she mentioned women as part of the organization's target group as she cited that peace from a woman's perspective is when "the needs of citizens are addressed, and are fixed, and resolved", providing a response quite different from the rest (Tahiri, E. personal communication, 9 February 2024). Following, PCRC's response listed youth, like the rest of the organization's/networks, and members from minorities and marginalized groups as target groups. Moreover, the organization specified that the members of such communities are "directly involved" and that their stories are a significant part of the reconciliation process (PCRC team, personal communication, 10 January 2024). HLC depicted the victims and perpetrators indirectly as targets. Additionally, similarly to the rest, it touched upon youth briefly as a target unit. Lastly, differently from the rest, the interviewee from RECOM pointed that "experts and academics in the fields of transitional



justice, memorialization, humanitarian law, and contemporary history are the only realistic target group considering the reach and format of RECOM's activities. Victims are almost completely left out, although declaratively, they are stated as a target group" (Aksentijević, A. personal communication, 31 January 2024).

### ***Activities that fall under reconciliation efforts***

The YiHR provided a general response by bringing forward activities on memorialization and remembrance, human rights education and awareness. Secondly, HLC considered documentation and naming of human losses and detention centers, policy-oriented research on memory politics as main projects that touch upon reconciliation. Moreover, the participants in the interview numbered 3 million files related to armed conflicts in former Yugoslavia, RECOM, the Regional School of Transitional Justice, and Forum for Transitional Justice in Post-Yugoslav Countries as completed activities. Finally, Kosovo Memory Book on cases of deaths and losses in Kosovo between 1998 to 2000 was presented as an ongoing project with only the volume in 1998 being published. Similarly to HLC, the representative of RECOM considered the research on memory politics and the Kosovo Memory Book as projects under reconciliation. Nonetheless, the interviewee also added that the latter activity has been ongoing for more than ten years and only one volume has been published in 2011. Fourthly, PCRC's response included the Western Balkans Coalition for Genocide and Mass Atrocity Crimes Prevention (CGMAP), founded to connect and ease the cooperation of CSOs; the Balkan Diskurs and the Ordinary Heroes. All four actors, YiHR, HLC, RECOM, and PCRC responded with programs on memory and recognition of the past. Hence, about 67% of the CSO/Ns find such projects to be under the umbrella of reconciliation. RYCO, on the other hand, considered mainly RISE, Superschools and Regional Cultural Fund as more fitted for reconciliation. Superschools project mirrors the Balkan Diskurs of PCRC and HLC's mentioning of RECOM as cooperation mediums for the region. Thus, activities on cooperation are pointed out by 50% of these civil society organizations/networks. Lastly, the interviewee from RWLSEE named three level platforms which correspond to regional dialogues, inter-ethnic dialogues, and annual international conferences when responding the question. The dialogue affiliated activities are put forwards by RYCO as well, composing 33% of the answers. In addition, the RWLSEE representative brought forward the Regional Academy for Leadership and Mediation that can be parallelized with YiHR's education emphasis, the PCRC's Ordinary Heroes and HLC's Regional School of Transitional Justice. As a consequence, around 67% of the CSO/Ns choose activities on education (along with others) to illustrate their reconciliation initiatives.

### ***Achievements in reconciliation***

On the accomplishments in the field of reconciliation, the answers from the organizations/networks varied. YiHR interviewee considered mainly participation and partnership are regarded as achievements by the network (Javanović, I. personal communication, 19 June 2023). Another response quite different from the previous, coming from HLC, revealed that the organization regards as successes its engagement in "policy research and advocacy; its memorialization program; its legal representation of war crime victims before Serbian courts, monitoring war crimes trials, representing victims in compensation proceedings, and filing legal complaints against perpetrators" (Kadaric, J. personal communication, 22 January 2024). Most significantly, the interviewee from HCL named as one of the greatest accomplishments of the organization in reconciliation, the 3 million copies on war crimes/conflicts from former Yugoslavia. Hence, it appears that HLC's approach to reconciliation achievements leans more on the projects and activities it has



conducted. Furthermore, RWLSEE’s respondent took another approach to the question as she focused on the potential of her network in addition to its work - “the establishment of the organization in the aftermath of strategies and war” and its operation in “a fragile context and in a post-conflict context” as an accomplishment of RWLSEE (Tahiri, E. personal communication, 9 February 2024). To this she added that “to come up with conclusions and recommendations, then to influence decision makers at national, local, and regional levels in the Balkans” was the biggest accomplishment of the network (Tahiri, E. personal communication, 9 February 2024). Moreover, the ability to provide “dialogue between women and government officials, to make the women's voice more strong, more influential” is also deemed as a success (Tahiri, E. personal communication, 9 February 2024). Different from the previous broad answers, PCRC offered a more concrete and quantitative response to the question as the organization listed its reconciliation projects (PCRC team, personal communication, 10 January 2024). It was emphasized that Balkan Diskurs specifically has been regarded as a successful model with 80% of the participatory youth finding jobs after the program and “over 160 young writers, researchers, and multimedia producers” trained (PCRC team, personal communication, 10 January 2024). Additionally, its documentaries gathered an audience of “1.5 million views across the WB and 380 million worldwide” (PCRC team, personal communication, 10 January 2024). Lastly, again using numbers, the response from the PCRC representative stated that the peace education programs of the organization have reached “7000 youth from the region whereas its art exhibitions have captivated 300 thousand people from the Western Balkans” (PCRC team, personal communication, 10 January 2024). RYCO referenced the completed projects and the participation as a response to the accomplishments. All in all, the majority of the CSO/Ns participating in the interview picked their work as achievements in the field. Nonetheless, only 40% chose their projects/programs and another 40% selected their work and the participation it brought along as a form of achievement. The last-named demonstrator of achievements was the partnership option with around 17%.

### ***Measuring success***

The CSO/Ns depicted their own various methods of estimating success in reconciliation. The response from YiHR outlined three methods of measuring: i) Monitoring and Evaluating, ii) Feedback, and iii) Recognition. Also, they seek “feedback from the participants to get insights into the effectiveness of our programs and activities” (Javanović, I. personal communication, 19 June 2023). Recognition, as the interview reveals, is given through awards like the Vaclav Havel Award. (Javanović, I. personal communication, 19 June 2023). Recognition stands as a means used to measure success by HLC as well. The organization is reported to have assessed its success from “the recognition coming from the victims and proponents of transitional justice in the region” (Kadaric, J. personal communication, 22 January 2024). Monitoring and evaluation, and feedback, on the other hand, are also utilized by RYCO. As the interviewee communicates, the first means are employed through Activity Questionnaires. The 2022 surveys, according to the RYCO representative, show that “90% of young people attending activities self-reported positive experiences of collaborating with peers from the WB6 region” region (Brakaj, F., personal communication, 29 January 2024). Additionally, periodic feedback is collected from two key target groups: close partners, institutions and youth actors, whereas direct feedback is received from young participants in various mobility programs and activities. RYCO further elaborated that success is also measured through the “friendships formed, exchange enabled, memorable cultural experiences” (Brakaj, F., personal communication, 29 January 2024). Such human relationships are pointed out only by RYCO when measuring accomplishments. PCRC shortly mentioned a “10-year evaluation” for its projects, without providing more data on the matter (PCRC team, personal communication, 10

January 2024). Lastly, when asked, RECOM's representative stated that the information on success measurement "is kept confidential" (Aksentijević, A. personal communication, 31 January 2024). Thus, most of the respondents use evaluation, among other means, to measure their success - 60% of the participants, and only 1 or 20% use human relations. Among these 60%, 40% utilize evaluation and monitoring together and only 20% use evaluation only. Similarly, 20% use recognition only, and 20% employ recognition with other forms of assessment. Moreover, 40% resort to feedback along further means.

### ***Staffing and allocation***

Continuing with the staffing and allocation question, the YiHR participant responded that the network comprises of "40 people directly working with YiHR as staff members" (Javanović, I. personal communication, 19 June 2023). This staff is allocated regionally according to the interviewee. Differently, HLC indicated to have only "20 staff members working in Belgrade" (Kadaric, J. personal communication, 22 January 2024). A similar number was presented by RYCO as well which revealed to have a staff of "23 employees" spread regionally (Brakaj, F., personal communication, 29 January 2024). In addition, the representative from RYCO named the Governing Board as the highest central authority, with "12 members, 6 ministers in charge of youth policies and 6 young people" (Brakaj, F., personal communication, 29 January 2024). A larger staff is displayed by the answers of PCRC. Thus, the organization is composed of a "Governing Board of 3, an Assembly of 13, an Advisory Board of 27, 6 full-time staff, 5 part-time staff, and 35-40 volunteers per annum" (PCRC team, personal communication, 10 January 2024). The individuals working at PCRC are diverse as they come "all three major ethnic groups—Croat, Serb, and Bosniak" (PCRC team, personal communication, 10 January 2024). In the same manner, the RWLSEE interviewee pointed out that there is "local staff throughout the region", nonetheless, "there are no formal branches" (Tahiri, E. personal communication, 9 February 2024). As per RECOM, the interviewee stated that there are "approximately 7 people working in Belgrade, 5 in Kosovo, and 5-7 members in Sarajevo and Banja Luka" (Aksentijević, A. personal communication, 31 January 2024). She also pointed out that "the staff in Kosovo changes constantly" (Aksentijević, A. personal communication, 31 January 2024). As understood, almost all the participants - 83% have more than 20 staff members and around 67% or 4 of them have a regional spreading.

### ***Partnerships***

In terms of partnerships, YiHR mentioned "Humanitarian Law Center (HLC), Post-Conflict Research Center (PCRC), Regional Youth Cooperation Office (RYCO), Autonomous Women's Center (AŽC), Women in Black, War Childhood Museum in Sarajevo, Documenta, ForumZFD" among some of its main partners in reconciliation programs (Javanović, I. personal communication, 19 June 2023). Furthermore, HLC listed "the Humanitarian Law Centre Kosovo, the Association Transitional Justice Accountability and Remembrance (TJAR) in Sarajevo, the Center for Democracy and Transitional Justice (CDTJ) in Banja Luka, the Centre for Civic Education (CCE) in Montenegro, and European Policy Institute (EPI) in North Macedonia" in the same regard" (Kadaric, J. personal communication, 22 January 2024). RYCO apart from giving recognition to other partners, particularly named CSOs as "critical contributors" and high schools as partners valuable for its Super Schools project (Brakaj, F., personal communication, 29 January 2024). RWLSEE emphasized UN Women as its "main strategic partner" and "UNDP for a small period, but it is not relevant anymore" (Tahiri, E. personal communication, 9 February 2024). Lastly, PCRC responded in general terms that the partners vary from "state to non-state institutions at local, regional and international level" (PCRC team, personal communication, 10 January 2024). Hence, as understood there is an abundance of CSOs as partners, with 4 from the sample or 67% relying primarily on their

partnership.

### ***Challenges of working on reconciliation projects***

The organizations/networks that participated in the interviews numbered several obstacles on their reconciliation works. Firstly, YiHR mentioned the “resistance from the political actors interested in perpetuating divisive narratives or maintaining the status quo and their lack of will” (Javanović, I. personal communication, 19 June 2023). The interviewee elaborated that it is some of the political interest to maintain divisive narrative as they are. Secondly, HLC highlighted factors like incomplete transitional justice in former Yugoslavia, flawed judicial initiatives, limited space for civil society, lacking post-conflict policies, and narrow recognition of war victims as they are excluded from the public debate. The HLC representative explained that “politicized and divisive narratives have a monopoly” in addressing the past whereas CSO are excluded (Kadaric, J. personal communication, 22 January 2024). Thus, a parallel can be drawn between the two organizations/networks as they both name politics and divisive narratives as challenges in their work on reconciliation in the region. Moreover, the respondent from HLC stated, concerning post-conflict policies, that “they have not tackled gender inequalities” during and after the wars. Thirdly, RYCO emphasized six challenging elements on its reconciliation works including here “political sensitivity and divisive narratives, trust between government and society, brain drain, discrimination, hate speech, and external factors like COVID-19 pandemic” that hindered the execution of mobility opportunities (Brakaj, F., personal communication, 29 January 2024). The actor follows a similar response to HLC and YiHR in the two first difficulties. Fourthly, PCRC evidenced “ethnic division, corruption and trans-generational trauma” as difficulties when addressing reconciliation (PCRC team, personal communication, 10 January 2024). Following, RWLSEE identified a lack of funding especially in the context of external aspects like COVID-19. Hence, there is a similarity between RWLSEE and RYCO as they are both challenged by events occurring in the world when operating regionally. Furthermore, the interviewee depicted “not enough culture of peace and no investments” in this regard (Tahiri, E. personal communication, 9 February 2024). She explained that “ethnicity, especially in the Western Balkans, plays a role in generating tensions and hostilities, nationalism”, hence acceptance of others is missing (Tahiri, E. personal communication, 9 February 2024). Lastly, the interviewee for RECOM emphasized that “radicalization, extremism, media manipulation, nationalistic narratives, non-cooperative institutions and post-war elites involved in politics” harden the work on reconciling the region (Aksentijević, A. personal communication, 31 January 2024). Significantly, she mentioned issues in management within the network to have caused difficulties as well. Despite showing a variety of challenges, most of these non-state actors face struggles attributable to narratives, politics, institutions, ethnically separated societies and external aspects. Hence, around 67% show difficulties related to narratives, 50% reveal to experience difficulties due to politics, while 33% are respectively restrained by ethnic divisions, external factors like COVID-19 and institutions.

**Table 3. Key data from the interviews**

Questions	YiHR	RYCO	RECOM	RWLSE E	PCRC	HLC
Approach to reconciliation	Comprehensive	Youth-focused	Fact-based	Comprehensive	Comprehensive	Comprehensive
Target relevance	Youth as future actors of change	Youth's potential	Experts & academics	The need of women & girl's vision of peace	Youth & minorities/marginalized groups-importance of stories	Victims & perpetrators as necessary for transparency & accountability/ youth Documentation, policy research on memory politics, cooperation, education
Activities/Projects	Memorialization, education, & awareness	Cooperation, dialogue, mobility	Research, memorialization	Dialogue, education	Memorialization, cooperation, education	

Achievements	Participants, capacity building, collaboration	Projects and participation	-	Establishment, dialogue, influence decision-making, recommending	Educational, & memorialization projects and programs, participants	Advocacy, representing, documenting, monitoring
Measuring success	Monitoring & Evaluation, Feedback, Recognition	Monitoring & Evaluation, Feedback, 23, Regional CSOs, schools	-	-	Evaluation	Recognition
Staffing & allocation	40, Regional	17-19, Regional	17-19, Regional	Regional	54, Local	20, Local
Partnerships	CSOs	CSOs, schools	-	UN Women	Variety	CSOs
Difficulties	Divisive narratives, politics	Politics, narratives, trust, brain drain, discrimination, hate speech, external factors	Radicalization, extremism, media manipulation, political elites, institutions, narratives, management issues	Lack of funding, lack of peace culture, no investment, external factors, ethnic divisions	Ethnic division, corruption, trauma	Incomplete TJ, flaws in judiciary, limited space for CSOs, no post-conflict policies, low recognition of war crimes, divisive narratives



## **Mapping the Reconciliation Approach and Challenges of Regional Civil Society Organization in the Western Balkans**

Most of the CSO/Ns, around 67%, are revealed to take a comprehensive approach towards reconciliation in the Western Balkans - HLC, PCRC, RWLSEE and YiHR. Thus, according to the interviews, these organizations/networks encompass several aspects on how they address reconciliation in the region. Hence, the four organizations fall under two different categories. PCRC, RWLSEE and YiHR deal with Peace Work and Memory Work whereas HLC is engulfed in Memory and Justice Work according to their scope of activities. Furthermore, the interviews provide that common perspectives on reconciliation seem to exist amidst all the respondents. The most abundant themes include education, memorialization, cooperation/networking, truth-telling and dialogue. Among these, memorialization and education are depicted to be the most frequent with 67% of the interview answers emphasizing them as relevant to their addressing of reconciliation. Consequently, the Peace Work topology of Rigby corresponds to the largest number of the actors studied in this research. As a result, according to the subgroupings, it is evident that most of the actors are working on reframing the narratives of the past to reconcile with the present and on building a collective peace by ending the culture of violence. Hence, in line with the articulation of Ricigliano, (2003, as cited in Fischer, 2011) on the capacities of civil society organizations in creating informal communications, encouraging dialogue, and providing training and developing skills, the majority of the civil society actors analyzed in the study contribute to reconciliation from this perspective. Additionally, it must be emphasized that HLC, RECOM, PCRC and YiHR organize projects on Memory Work as a form of preserving stories of victims and war crimes. To add, with regards to the target group, it is discovered that PCRC considers members of marginalized groups as part of its target population. This goes in line with Rigby's idea which argues that CSOs are representatives of the excluded communities. Then, the youth approach to reconciliation is embedded by most of the actors. This specific target group is considered as the one with the potential to disrupt the violence cycles and change perspectives, according to the interviews. Therefore, youth perspective is yet another common theme of essential relevance in the approach towards reconciliation, despite the fact that youngsters have not experienced such conflicts.

Concerning the capacities, the interviews firstly show the staffing in 67% of the CSO/Ns is spread regionally except for HLC and PCRC. Furthermore, there are different ethnicities working for RYCO, SEEYN, PCRC, and RWLSEE. Hence, contrary to what the literature suggests, these internal ethnic divisions are not listed as challenging aspects or weaknesses during the interviews. Secondly, the interview data highlights that there are three common methods utilized to measure success, among RYCO, YiHR, HLC, and PCRC. These involve i) evaluation and monitoring, ii) feedback, and iii) recognition. Evaluation and monitoring are the most employed means with 60% whereas the rest take up 40% each. Statistical data on these measurements, apart from the case of RYCO, is not revealed by the interviews and there is no clarity on how measurable the recognition method is. To add, there is another intriguing measurement derived from RYCO. The organization looks at the establishment of human relations as a form of assessing its successes. This seems quite relevant given the conceptualization of reconciliation as a relink between communities and Rigby's (2013) recognition of human relationships in the process of reconciliation. Moreover, two further aspects to explore in respect to organizational capacity entail partnerships and funding. In general, the CSO/Ns partner with various actors, nonetheless the majority or 67% is mostly working with other CSOs. This grouping comprises RECOM, HLC, SEEYN, and YiHR.

Interestingly, these players also have partnerships with each other. Thus, given that the actors share partnerships with each other and reveal numerous implemented projects, it can be argued against the statement of Mastrorocco (2020) who maintains that there is lack of developed coordination between civil society organizations. The last parameter of the operational capacity is covered by funding. On this matter, only RWLSEE supports the argument of Mastrorocco (2020), who maintains that funding puts limitations on civil society organizations, as one of the limitations of the network was revealed to be missing funds due to external occurrences.

The projects on reconciliation and their participation are majorly deemed as achievements in the field by the organization's representatives. Furthermore, during the interviews, when questioned on reconciliation activities, the respondents majorly focused on memory and education related projects (67% each), cooperation (50%) and dialogue creation (33%). Quite intriguing is the fact that most of the activities, especially from RYCO, do not fall under only one category. Rather the projects encompass few fields corresponding to the organization's comprehensive approach. In their work on reconciliation, these actors are mostly challenged by different narratives (67%), politics (50%), ethnic divisions in societies (33%), and external factors (33%). Different narratives are recognized by most of the interviewees as a challenge or limitation of their activities on reconciliation in the region, however the literature makes no reference to this point. Similarly, external happenings like crises, as the instance of COVID-19, which were emphasized by the organizations/networks were not listed by the literature as limitations or weaknesses. On the other hand, the political factor, pushed forwards by Fischer (2011) in her work and by Kostovicova (2019) who spoke on the illiberal political environment and how it inhibits the works of CSOs in the Western Balkans, further strengthen these scholars' stances on limitations of CSOs. Likewise, the limited space to act was also brought forward as an issue for operating regionally, agreeing thus once again with the literature on weaknesses of civil society organizations. In addition, only in the case of RECOM, a problem was depicted with the internal workings of the network. The network's answer followed Söderbaum (2007) remarks on individual interest becoming an issue for CSOs. Surprisingly, none of the other actors elaborated on organizational or other internal factors which can harden their functioning apart from funding. Consequently, the arguments of Jawlowska & Kubik (2007, as cited in Ekiert & Foa, 2011) and the Civil Society Forum (2009, as cited in Ekiert & Foa, 2011), that CSOs on post-communist countries are structurally weak are not supported by the evidence from the research. In addition, not one of the CSO/Ns participating in this study acknowledged the totalitarian past as a weakness when operating in the area of reconciliation and/or in general. Anyhow, issues of trust, stressed by Rose (1999, as cited in Ekiert & Foa, 2011), were brought forward by RYCO in terms of trust between government and society.

To summarize, looking at the approach towards reconciliation, capacity, and projects or work done so far of these CSO/Ns in the Western Balkans, it is visible that the actors have taken a broad perspective to tackle reconciliation. They have chosen to bring together the Western Balkan societies via mainly peace and memory work by educating, creating dialogue, remembering, cooperating, and empowering, particularly the youth and documenting truths of the past. Their approach has been translated into numerous projects, and accomplishments that have been put into practice through staffing that in the majority of the cases operate regionally. The successes of these organizations/networks in reconciliation have been measured and documented while also challenged. Consequently, their role is marked by all these elements and as actors the CSO/Ns have been able to conduct work beyond what the states in the region have accomplished. Most of the work on reconciliation goes along with the first phase of reconciliation as an outcome, which relates to mutual recognition and acceptance, respective

trust, positive attitudes and so on. Taking into consideration their recognition and accomplishments, their establishment, and their capacities, it is evident that as New Regionalism Approach guides, non-state actors can play a regional role, and their relevance is conveyed in this study. Thus, this research further supports the theory of the New Regionalism Approach in the case of Western Balkans.

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## The Practicality of EU Funding to Promote Higher Education in Western Balkan Countries

Manzoor K

*Global Campus Network*

### Abstract

*Examining the effects of EU research and education initiatives on the growth of higher education institutions in Western Balkan countries with a particular focus on Albania is the primary objective of this paper. The Western Balkan HEIs lack the funding necessary to create innovative study plans, research initiatives, and curricula. To close this gap, they must utilize EU research and education initiatives. The data presented in the research lends credence to the notion that HEIs in nations with poor levels of institutional capacity, political unrest, and economic development will find it challenging to finance such initiatives without the backing of EU programs. As a result, these programs significantly influence how well these educational institutions are financed. They should therefore go into more detail about how they affect the financing of universities in this area. It should be highlighted that not much research has been done to clarify how these programs affect the funding of HEIs in the Western Balkans.*

**Keywords:** *EU programs, Higher education institutions, Western Balkans, Albania*

### Introduction

EU programs have an essential function in promoting international cooperation among institutions. These programs can cover education, research, innovation, culture, and health. Education is essential for creating a more inclusive, united, and competitive Europe in all areas of human activity. Higher education, along with research and innovation, is crucial for individual and societal development. It produces skilled human capital and engaged citizens, which are essential for creating jobs, promoting economic growth, and fostering prosperity in Europe. Higher education institutions (HEIs) have an important function in implementing the EU's policy for sustainable growth. To make education a driving force for growth, sustained and substantial investment is necessary. Country authorities are responsible for organizing and delivering higher education in their respective countries. EU activities enhance worldwide perspectives on higher education research, teaching, and policymaking. EU programs aim to connect higher education professionals across borders, develop effective learning and teaching strategies, conduct research, and foster innovation. EU projects have significantly impacted the development of education and finance in this unstable region of Europe. The Western Balkans, like all EU Member States, engage in the Bologna Process and have reformed their higher education systems properly. However, the full impact of these reforms may not yet be realized. Ozturk (2001) argues that an effective education system is essential for economic progress. A well-balanced education system promotes economic development and productivity, leading to higher per capita income. Its impact is felt at the micro level of a single family. As a result, the Western Balkan countries have a balanced educational system. Due to considerable competition and limited resources, the EU's research funding programs are typically only accessible to the most powerful institutions. According to Qorraj (2018), EU projects are essential for beneficiary nations, particularly those in the Western Balkans. EU programs will help bridge the financial

gap for HEIs in these countries, as local institutions do not provide sufficient support. The EU Programs Framework offers chances for new curricula, cooperative programs, and updating existing programs in countries with limited experience with the Bologna system.

### **Education and research in Western Balkan countries in the context of European Integration**

The Western Balkans' research sector struggles with poor scientific performance due to a lack of inputs, people resources, financing, and facilities, as well as a regulatory environment that discourages performance. Over the past decade, the EU and WBC collaborated on various projects to improve the situation in the region. Collaboration between the EU and the WBC began in 1993. In June, the Council approved an Action Plan in Science and Technology to strengthen the capacities of individual countries and the region as a whole. Between 2005 and 2013, EU subsidies supported Western Balkan governments' efforts to integrate into the ERA (European Research Area) and reestablish R&D (Research and Development) cooperation in the region, primarily through the Framework Program. The World Bank and the European Commission signed a technical assistance agreement in June 2011 to establish the Western Balkans Regional R&D Strategy for Innovation (WBRISTA). The strategy aims to strengthen the region's research capacity, promote intraregional cooperation, collaborate with business sectors, explore R&D financing options from EU and external sources, and integrate the region into the European Research Area (ERA) and the Innovation Union. The Western Balkans Regional R&D Strategy for Innovation has four primary objectives that lead the reform project. Addressing these goals is crucial as they continue to impact the entire area in 2018.

The objectives are:

- Improving the research base and the conditions for excellence in research; This objective is based on three strategic directions: a) Slowing down the brain drain, supporting a “brain gain,” and investing in human capital. b) Improving access to modern research facilities and the availability of research funding. c) Reforming the incentive regime for researchers' performance.
- Improving cooperation and technological transfer between research institutions and the economy; collaboration and technology transfer have to be done through a) improving the incentive regime for collaboration between research institutes and the private sector. b) Providing “soft” support for collaboration and technology transfer. c) Rationalizing access to and enhancing the performance of science and technology parks and incubators<sup>6</sup>. Creation of business innovation and innovative start-up companies.
- Strengthening the governance of research and development policies. The governance of research and innovation systems can be improved by: a) Finalizing the institutional reforms of universities and research institutes. b) Enhancing institution building for efficient management of research and innovation policy. c) Deepening regional cooperation.

The Western Balkans Research and Innovation Centre (WISE) was established to sustain improvements in the region's research and innovation industries and streamline cooperative program administration. WISE was established as part of the Western Balkans Regional R&D Strategy for Innovation, supported by other efforts such as the Berlin Process, which began in 2014. On September 18, 2015, the Western Balkan countries' ministers signed an agreement to form WISE. Since 2014, the Berlin Process, a collaboration between 14 European countries and the European Commission, has included education and science. The initiative promotes

regional collaboration and integration into the European Union. The Process aims to resolve bilateral conflicts, uphold the rule of law, promote economic development, and expand collaboration in education, science, and inter-societal discussion. As a result of the Berlin Process on regional cooperation in education, science (research and innovation), RYCO (Paris 2016) was established, and one year later, in 2017, at the Trieste summit, the Western Balkans Research Foundation was founded with a budget of 70 million Euros<sup>12</sup>. Regional cooperation in Southeastern Europe and the Western Balkans is improving, especially in terms of connectivity within the area and with the EU. Other noteworthy initiatives and instruments include Southeast Europe 2020 Strategy (SEE 2020 strategy). Southeast Europe's economies adopted their own 2020 vision at the 2011 Ministerial Conference at the Organization for Economic Cooperation and Development (OECD) in Paris, drawing inspiration from the Europe 2020 strategy. The Regional Cooperation Council (RCC) is responsible for developing the Southeast Europe 2020 Strategy as a regional response to Europe 2020. The SEE 2020 Strategy (November 2013) reflects all Southeast European governments' determination to embrace the bold policy approaches required to achieve the levels of socioeconomic growth required to improve the well-being of all citizens and facilitate eventual integration with the European Union (EU). To summarize, regional initiatives strive to better integrate existing policies and actions to accomplish common objectives in the WB region. Successful implementation of the abovementioned programs is vital for regional collaboration, education, and scientific advancement.

### Overview of the Albanian Higher Education Landscape

The higher education system in Albania has seen remarkable development in recent decades. Albania's current higher education system has been influenced by this background, which includes changes in governance structures, variances in autonomy, legal reforms, and the requirement for varied funding. Now, there are 24 active Universities, of which 12 are public, and 12 are private ones. Only a small number of public universities are in other areas, with the majority being focused on Tirana. There are also 18 additional higher education institutes (HEI), which include colleges (12) and academies

(6).

### Number of higher education institutions (HEIs) in Western Balkan Countries

Countries	Number of HEIs	Public HEIs	Private HEIs	Faculties	HEI per 100,000 population	Faculties per 100,000 population
Albania	39	16	23	119	1.3	4.1
Bosnia and Herzegovina	47	10	37	120	1.2	3.1
Kosovo	41	12	29	48	2.2	2.6
North Macedonia	16	5	11	126	0.8	6.1
Montenegro	12	1	11	45	2.1	7.2
Serbia	85	51	34	128	1.2	1.8
Western Balkans	240	95	145	586	1.3	3.2

Source: European Commission, 2016:13

### The Transformation of Higher Education Law

Albania started a course of substantial legal reform in the field of higher education after the communist regime fell. This period of transition was ushered in by the 1994 Law on Higher Education, which for the first time established academic independence and autonomy in Albanian universities. This statute opened the door for intellectual freedom and independence and marked a clear departure from the previous regime's tightly controlled educational system. To bring the Albanian higher education system into compliance with the Bologna Process criteria, the law was amended again in 2007 with the goal of strengthening institutions' autonomy and financial independence (Alimehmeti and Hysa, 2019). To promote collaboration and mobility in higher education throughout Europe, these changes highlighted the nation's commitment to establishing an integrated European Higher Education Area. In 2015, Albania approved another key piece of legislation - the "Law on Higher Education in the Republic of Albania." This law targets to promote innovation and improve quality in the sector of higher education. It gave universities more autonomy in managing their academic affairs, staffing, and financial resources. Simultaneously, the law established an accountability system that linked institutional autonomy to performance and quality results (Ministry of Education and Sports, 2015).

### **The Level of Autonomy in Albanian Universities**

Despite legislative milestones toward greater autonomy, the practical execution of these mandates provides a mixed picture. Persistent regulatory control and limited financial independence sometimes limit the full expression of autonomy as defined by the law. The University of Tirana, Albania's largest and oldest public university, has achieved financial independence, giving its Board of Administration greater decision-making autonomy in financial and budgetary matters without Ministry control.

### **Funding, governance, and autonomy**

Funding (or funding) is more than just a way to distribute financial resources to universities and students. It is one of the tools and other governance instruments that enforce common goals for higher education (e.g., access, efficiency), provide incentives for certain behavior (e.g., competitive research grants), and try to optimize desired output with limited resources. Funding higher education is not an objective in itself. Public authorities utilize it as a tool to influence the behavior of individuals or organizations, such as a 'spending unit'. The sponsor (or 'budget holder') expects the spending unit to achieve specific results. Higher education administration depends on funding to achieve common goals, such as access and efficiency. Competitive research grants can create incentives for specific behaviors. Funding methods and resource allocation are often designed to maximize production with limited resources. Governance challenges and funding systems are frequently related to one another. Higher education institutions (HEIs) require autonomy and monitoring to meet societal expectations. This is not only a funding issue for internal resource allocation, but also a governance issue regarding the balance of responsibilities between HEIs and the state. Funding is a tool used to attain higher education goals, rather than an independent topic. The government uses funding as a tool for steering.

This toolkit includes four 'tools' (Jongbloed, 2004):

1. regulation (rules, laws);
2. funding (subsidies, grants, taxes);
3. public production (provision of goods by government-owned providers);
4. communication (information, persuasion).

Funding is a significant intervention tool for both government (ministries, funding councils) and university decision-makers (executive boards, deans, department heads). Higher education regulation includes standards for degree quality (accreditation), admissions to public institutions, and the ability of institutions to charge tuition and other income-generating activities. When discussing government regulation, the discussion shifts to deregulation. Governments cannot monitor and control the behavior of management and students at higher education institutions. Many people advocate for less government intervention and regulation, which is understandable. According to Jungbloed (2004), the increasing complexity of our society highlights the importance of relying on markets to make decisions. De Boer et al. (2006) found that the idea of "less government and more governance" is widely supported. However, as demonstrated by the recent financial market breakdown, free markets are not a viable solution for most economic sectors. According to the industrial organization literature (Scherer & Ross, 1990), the sole accessible option is the 'third best'. This solution boils down to the guiding idea of 'Competition where possible, regulation where required' (Kay & Vickers, 1988). This approach considers the possibility of market failures and national interests, which may require government regulation. This principle involves repositioning the government and balancing competition and regulation. This method may indicate a shift towards a 'state supervising' system (Van Vught, 1989), allowing for greater market-based coordination. In a market-based coordination system, providers and clients must make independent, decentralized decisions.

### **The Need for Additional Funding from Other Sources**

Albanian higher education is mostly funded by governmental institutions, tuition fees, and some foreign contributions or grants. Public funding prioritizes student numbers over institutional performance and quality, leading to complacency and a lack of competitiveness among schools. The reliance on state money and tuition fees can put a significant financial strain on students, resulting in an underfunded higher education system. Private higher education institutions rely heavily on tuition fees for funding. While these universities may provide a more competitive educational experience, money remains a significant obstacle for many prospective students. There is an urgent need for more, diverse financing sources.

Financial limitations can lead to underinvestment in vital areas including R&D, infrastructure, and education quality development. The budget imbalance causes challenges such as inadequate facilities, insufficient research resources, low wages for academic personnel, and restricted student support services. Limited financial resources limit their ability to innovate, undertake research, and build infrastructure. To deal with this difficulty, there is an increasing emphasis on exploring alternative funding options. This involves obtaining funds from EU programs, private sector investments, endowments, donations, and generating income through services, consultancies, and entrepreneurship. Diverse funding options can increase Albanian institutions' financial independence and autonomy, leading to better education and research outcomes.

### **Funds for Research**

Financial resources are crucial for researchers to conduct high-quality research and apply for EU funds. However, funding landscapes vary across universities, potentially affecting their ability to compete for EU funds. Some universities need dedicated funds for research. A lack of committed resources might impede research output and hinder eligibility for EU



funding. However, simply allocating funds is insufficient; the mechanism of distribution must also be considered. Several universities have implemented internal money distribution methods. While this is a welcome development, monies are generally given evenly across departments or faculties and not specifically designated for project writing. Although this technique promotes internal research projects, it may not increase competitiveness for EU grants as it does not address the financial requirements for competitive applications. Universities often rely on funding from the National Agency for Research, Technology, and Innovation. Overreliance on a single funding source may hinder access to different funding streams, including EU funds, despite providing necessary support for research activities. Nevertheless, there are positive signals for improvement. Some universities are expanding internal research budgets to improve financial sustainability and help project authoring for EU grant applications. In summary, these colleges' existing finance techniques present opportunities and problems. Inadequate financial distribution and reliance on a single external source can reduce competition for EU funds. Recent initiatives to strengthen internal finance and allocation systems show promise in boosting universities' financial capability and competitiveness.

### **EU programs in the field of education**

The EU, a unique economic and political union, provides educational and research programs to many countries. Each year, European universities propose numerous proposals for financing from these programs. Here are some noteworthy EU education programs:

- The Lifelong Learning Programme
- The Youth in Action Programme
- The Erasmus Mundus Programme - Erasmus+
- Tempus
- Alfa
- European Cooperation in Science and Technology– COST
- Horizon

### **The Lifelong Learning Programme**

The European Communities' Funding Programmes assist in the establishment of shared education and training policies and activities at the national level, advocating agreed-upon changes from the supranational level. The Lifelong Learning Programme is the largest community-based program promoting lifelong learning. The goal is to promote lifelong learning and help the community become a knowledge-based society with superior capabilities. Lifelong learning has been a cross-cutting challenge, with several regulations and policies adopted by the Ministries of Education and Sport (MES) and Finance. However, Albania does not yet have a real National Strategy for Lifelong Learning. The strategy also incorporates vocational education and training (VET) and adult learning into the larger National Employment and Skills policy, which involves increasing access to technical and professional training, particularly among adults. The low enrollment in VET programs presents a concern, but the focus remains on making these pathways more enticing and accessible. Several governmental bodies currently monitor quality assurance in higher education, and Albania is putting in place a framework for recognizing non-formal and

informal learning, as part of an effort to encourage more adult engagement in lifelong learning programs.

### **The Youth in Action Programme**

The Youth in Action initiative promotes active citizenship, solidarity, and tolerance among Europeans from childhood to adulthood. The initiative fosters mobility and inclusion for all young people, regardless of educational, socioeconomic, or cultural backgrounds, both within and beyond the EU. The European Union emphasizes the need to provide formal and informal learning opportunities for young people to develop new competencies. The Youth Democracy Project is a European partnership that brings together ideas, experiences, and approaches from local, regional, national, and European organizations to enhance young people's engagement. The Youth Democracy Project involves three phases:

- planning and preparation.
- implementation of the activity;
- evaluation (including reflection on a possible follow-up).

The Youth in Action Programme is financed by the European Commission and carried out by National Agencies in each participating nation. To support the program's implementation, three topic-based SALTO Resource Centers and three regional SALTO Resource Centres are established. The Eurodesk network also provides information on the program and other opportunities for young people across Europe.

### **The Erasmus Mundus Programme - Erasmus+**

The Erasmus program was founded in 1987. This initiative is significant as it promotes mobility across Europe. Erasmus+ is a European Union funding plan that promotes education, training, youth, and sports activities. The program consists of three "Key Actions" and two extra actions. The Education, Audiovisual and Culture Executive Agency (EACEA) manages these activities at the European level, while participating countries manage them at the national level through their respective agencies. The European Commission monitors ERASMUS+ policies and their full implementation. Briefly, it offers opportunities for:

- individuals who want to have mobility and set time abroad to attend various trainings including language training; and organizations that want to collaborate through joint projects in academic fields. These include various events related to vocational training and various studies and research.

Erasmus+ promotes teaching, research, networking, and policy debate on EU themes. Erasmus+ supports the Eurydice network, which provides a comparative analysis of education systems and policies from early life to adulthood. Since 2015, Erasmus+ has provided short-term mobility opportunities for students, academics, and administrative personnel in 33 countries worldwide. Students can study at a foreign university for 2-12 months and earn credits that can be used to their degree at their home institution. The mobility period might range from 5 to 30 days if it is part of mixed mobility. Traineeships are also feasible. Staff movement can last 5 to 60 days. There are separate budgets for different regions of the world, with around 19% dedicated to mobility with the Western Balkans. The global money is split among Erasmus+33 countries. Institutions from these countries form bilateral relationships with Western Balkan universities and submit applications on behalf of their partners. The 2021-27 phase project selection began in 2022. The figures below depict the mobility planned by projects chosen each year. Erasmus Mundus Joint Masters (EMJMs) provide EU-funded

scholarships to master's students worldwide. Erasmus+33 programs offer students the opportunity to study in at least two countries and earn a joint, double, or multiple degree over one to two years. Institutions from partner countries can participate in program delivery consortia (optional). They can engage as full degree-awarding partners or as affiliated partners in a different role. In 2021, Erasmus Mundus Design Measures (EMDMs) were developed to prepare joint degree programs for accreditation and application to EMJM. Each EMJM receives EU funds to provide a set number of scholarships to students worldwide, which include tuition, travel, and a living allowance. Additional scholarships are offered for students from specific regions. Erasmus+ Capacity Building in Higher Education (CBHE) programs, lasting two to three years, aim to modernize and reform higher education institutions, develop new curricula, improve governance, and foster partnerships between higher education and industries. They can address policy challenges and prepare for higher education reform in collaboration with national authorities. The Western Balkans get around 12% of the annual global budget for CBHE programs.

## **Tempus**

Tempus (Trans-European Mobility Programme for University Studies), a European Union program, played a significant role in modernizing Albania's higher education sector from 1990 to 2013. Tempus aimed to promote cooperation between European Union universities and those in partner countries, including Albania.

Objectives:

- Enhance institutional management and governance.
- Develop curriculum and teaching methodologies.
- Foster international cooperation and mobility

It also seeks to encourage voluntary convergence of higher education systems in Partner Countries with EU trends in higher education. Regarding the Western Balkans, Tempus helps to prepare candidates and potential candidate countries for participation in the integrated Lifelong Learning Program. The program has financed projects that aim to improve university governance, align curricula with the Bologna Process, and promote sustainable development in fields such as environmental studies, engineering, and public health. It also helped to build Albania's quality assurance structure, which continues to maintain educational standards throughout the country. The TEMPUS program, which was eventually included into Erasmus+ in 2014, offered Albanian institutions with substantial financial resources totaling over €36.75 million, allowing universities to launch over 140 projects. This financing was critical for developing student and staff exchange programs, retraining academic workers, and establishing programs for lifelong learning and public sector growth. Tempus funds and programs have been very useful in retraining and upgrading academic workers. The program has trained a significant number of Albanian academic staff overseas. Tempus has provided opportunity to strengthen soft skills and learn about new teaching approaches and other processes of higher education reform, particularly through a large number of individual mobility grants awarded between 1992 and 2006 under Tempus I, II, and III. It has also had a significant impact on increasing university capacity for institutional administration and governance. Tempus has played a critical role in reforming the Bologna process, particularly by creating three cycles of study in all Albanian higher education institutions and promoting the development of unified curriculum that meet Bologna requirements. Curriculum development programs have also contributed to the implementation of ECTS and the Diploma

Supplement in all Albanian higher education institutions. Study programs in natural science, environmental science, geology, agriculture, engineering, nursing, tourism, and cultural heritage have all been upgraded. Lifelong learning courses have been developed in civil society, environmental policy, transportation policy, public administration reform, public health, justice, and teacher education. Tempus has also aided with the establishment of information management systems, institutional evaluations, continuing education, and university strategic plans. Tempus is considered a valuable quality assurance tool. In 1999, the Tempus project "Support for an Accreditation System in Albania" funded the establishment of the 'Albanian Agency for Quality Assurance and Accreditation in Higher Education'. Tempus has also been extremely effective at developing human resources and increasing capacity in the public sector, civil society, and non-governmental organizations (NGOs). Furthermore, it has resulted in increased cooperation, not only in Tempus initiatives, but also on a national scale.

### **Alfa**

Alfa, one of Albania's most prominent educational programs, has actively contributed to attempts to reform and modernize the school system, tackling topics ranging from digital literacy to educational inequality. These problems include regional inequities, with rural students having less access to technical resources than their metropolitan counterparts. UNICEF, in conjunction with Albanian ministries and local governments, has addressed these concerns, focusing resources on infrastructure and assisting pupils from at-risk homes. International partners such as UNICEF and USAID work to establish a fairer educational landscape by closing educational gaps, lowering dropout rates, and improving school conditions. Despite gains, poor teacher wages and insufficient support in rural regions continue to impede Albania's educational growth, with educators and parents calling for reforms. These initiatives underscore Albania's continuous commitment to education, which is supported by the support of international authorities and non-governmental organizations (NGOs) working to promote accessibility, quality, and technology integration throughout the country.

### **European Cooperation in Science and Technology (COST)**

Another notable EU program is the European Cooperation in Science and Technology (COST). The EU Framework Programme for Research and Innovation Horizon 2020 provides funding for this project. COST is an intergovernmental framework comprised of 37 Member States and one Cooperating State. This program connects researchers from these nations through science and technology networks known as COST Actions. Within this programme, scholars establish multidisciplinary research networks in Europe and beyond. This programme provides money for the organization of conferences, seminars, training courses, short scientific exchanges, and other networking activities on a wide range of scientific themes. COST anticipates and complements H2020 efforts, serving as a "bridge" between the scientific communities of COST Inclusiveness Target Countries. The COST program aims to foster the growth of individuals and ideas, enabling science to reach its full potential<sup>20</sup>. The President of the COST Association Prof. Dr. Sierd Cloetingh has stated: "The admission of Albania as a full COST member underpins the key role of COST in implementing the inclusiveness policy in the Western Balkans. Through this step, Albanian researchers will be able to take a proactive role in proposals for future COST Actions".

### **Horizon**

The Horizon Europe initiative has been working in Albania to increase the country's participation in research, innovation, and technology projects. Workshops organized by the EU4Innovation program bring together local universities, SMEs, government agencies, and National Contact Points (NCPs) to discuss the requirements and benefits of Horizon Europe funding. These conferences help Albanian institutions enhance project application skills, network with EU partners, and promote sustainable development through research projects. Collaborations on advanced scientific projects, such as SUSNANO at the University of Tirana, which creates sustainable nano sensors for detecting water pollution, have been key endeavors. These programs seek to strengthen Albania's research capabilities and improve the application of scientific innovation to critical local and environmental issues. Furthermore, the Horizon workshops produced policy recommendations to streamline research financing and assistance from government bodies.

## Conclusion

The European Union's funding in Albanian higher education, through programs such as Horizon Europe, Erasmus+, and Tempus, has been critical to modernizing the sector and connecting Albania to the larger European academic community. These measures have considerably enhanced educational quality, increased institutional autonomy, and encouraged international collaboration. Despite persisting obstacles such as insufficient national budget, brain drain, and low research output, Albania's inclusion into EU educational frameworks has resulted in significant progress in academic programs, research capacity, and student mobility. Continued alignment with EU educational goals, accompanied by a national commitment to policy reform and resource allocation, will be critical for maintaining these gains. Albania's higher education institutions use EU collaborations to not only improve academic standards but also contribute to the country's socioeconomic development and integration into the European environment. In this context, continued and strategically planned EU funding is critical for allowing Albania's educational sector to thrive in a competitive global climate, ultimately preparing future generations to lead Albania into a successful, innovation-driven future. This conclusion highlights the crucial impact of EU assistance while emphasizing the importance of ongoing national and international partnerships.

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## **Territorial Conflicts and Regional Security in the Western Balkans**

**Dr. Reina Shehi**  
EPOKA University

**Marko Meraj**  
EPOKA University

### **Abstract**

*This paper aims to address rising security concerns all over Europe and beyond, since the war in Ukraine and its potential implications on territorial conflicts in the Western Balkans. This focus is derived from the theoretical discussion that argues that territorial conflicts create difficult barriers to the construction of balanced interstate relations and resolving them can reduce the possibility of military conflict. The paper examines how current geopolitical shifts interests and strategies of major actors, including the United States of America, Russia, China, and Turkey, intervene in the role that territorial conflicts play on regional dynamics, affecting war or conflict resolution efforts. The paper brings a mapping of 7 territorial conflicts in the region and assesses the territorial dispute value on how critical each stands for interstate peace and regional security. The value of each territorial conflict is operationalized through three variables: power and significance, economic interdependence, and common value relations. Regional security measured through the presence and level of territorial conflicts is conceptualized as an outcome of cooperative vs conflicting relations to geopolitical actors based on the actual geopolitical configuration. Following the realist perspective, the paper shows that the larger the competition between the great powers in the region, the greater the autonomy of the small states and their ability to manipulate the powers and to extract military and economic aid in the region. In addition to this, it provides insightful findings on the role of the EU, neo-liberalism, and constructivism in addressing territorial conflicts in the Balkans. It highlights the nuanced relationship between the EU and countries like Serbia, acknowledging that while the EU's influence is significant, it does not always lead to immediate compliance. Furthermore, the results emphasize the relevance of constructivism in understanding how Balkan countries perceive territorial disputes. It acknowledges the diverse nature of these conflicts, which go beyond mere economic considerations to include cultural, symbolic, and linguistic aspects of national*

**Keywords:** *territorial conflicts, geopolitics, regional security, Western Balkans*

### **1.Introduction**

The ongoing war in Ukraine has created a new geopolitical environment in Europe, affecting many regions including the Western Balkans. As the war in Ukraine continues, it not only emphasizes the lack of peace in Europe after the 90s but also the vulnerability of governments close to this hotspot of geopolitical tensions. The WB, which has been a delicate region with unresolved territorial disputes and ethnic tensions, is becoming more vulnerable to the conflict's larger destabilizing consequences. The situation in Ukraine serves as a reminder of the continuing strength of historical grudges and the potential for external conflicts to exacerbate regional insecurity and destabilize world politics.

The focus on Eastern European security has increased and has brought attention to possible flashpoints in the WB, where old conflicts might resurface because of shifting alliances and power dynamics. The participation of major countries such as Russia, the EU, and the United

States of America (USA) in both the Ukrainian crisis and the Western Balkans demonstrates the areas' interconnection. As the EU and North Atlantic Treaty Organization (NATO) strengthen their commitment to Eastern Europe, issues regarding their position and influence in the WB become more relevant. This shows the need to understand how these geopolitical movements affect regional security and long-term stability.

The research analysis will be based on the theoretical approaches of Diehl and Catala (2017) & Huth and Allee (2002) works. For the Western Balkans countries, the value of territory is connected to its residing population, natural resources, and strategic location. In addition, territories can hold values like perceptual, symbolic, relational, and even sentimental as states connect historical ties with religious, social, and cultural significance.

The purpose of this study is to understand how present and critical territorial conflicts are in the region of the WB. These conflicts may go from territorial conflict to military conflict, alongside the rising fear of the ongoing war in Ukraine, and the need for the great powers (in this case including countries that influence the WB countries) to intervene and act as mediators to solve the conflict.

## **2. Territorial Conflicts from IR perspectives**

The conceptual definition of what constitutes a territorial conflict has become a key research problem in the study of territorial disputes (Diehl, 2008). The challenge comes when trying to agree on nature, status, relevance, and territorial changes (Allcock, 1992). Stephen Kocs (1995) legal definition of territorial disputes explains when two or more states formally claim legitimate authority over the same piece of territory. There are difficult barriers to the construction of balanced interstate relations and resolving territorial conflicts can reduce the possibility of military conflict (Kocs, as cited by Choi & Eun, 2017). The research benefits from Paul Huth's (2009) conceptualization which defines territorial conflicts as a situation of a disagreement between states over where their common homeland or colonial borders should be fixed, or, more fundamentally, the dispute entails one country contesting the right of another country even to exercise sovereignty over some or all its homeland or colonial territory. A series of situations fall into this category of territorial disputes such as a disagreement over borderline, occupation of another state's territory without consent, claims by one state against the occupation by another state of a portion of territory located within the latter, refusal of state recognition and independence, and attempts to seek to control all or part of that entity's territory (Diehl, 2008).

From the International Relations (IR) perspective, territorial conflicts are considered important causes of war, however, there is a lack of theoretical investigations into what mechanisms are useful or necessary in resolving territorial disputes (Choi & Eun, 2017). IR theory further deepens the insights into the behavior of states when it comes to conflict and cooperation in world politics. Realists argue that territorial disputes can be hardly managed, let alone resolved diplomatically or peacefully (Waltz, 1979). The most effective solution to any territorial dispute may be to invade and conquer. Peace or diplomacy remains fading when it comes to territorial disputes and that conflict is a norm because anarchy forces state to compete. States' building up of their capabilities or aggregating their capabilities with other states in alliances, does not bring territorial disputes to an end but instead can lead to future conflicts and a shift to a balance of power. Balancing power with power may lead to structural conditions under which security

dilemmas become the main pattern of interaction between states involved in territorial disputes. Any defensive action on the part of one party to strengthen its grasp on a disputed territory can be perceived as an offensive action by the other party. Territories, especially disputed ones, serve to cultivate conflict as the norm, anarchy, competition, and security dilemmas. Along with perceptions of aggressive intentions, and, with exaggerated perceptions of threat, states are more likely to engage in armed conflicts (Choi & Eon, 2017).

Neoliberalism theory as a second theoretical approach characterizes the IR system as a never-ending succession of wars due to states’ need to accumulate the material power to be secure in a self-help world. Yet, liberal theory implies that cooperation is more pervasive in comparison to realism because cooperation outputs better prospects for state benefit and relational stability in world politics. According to neoliberalism, stability depends on cooperation subject to international institutions and economic interdependence. The latter supports the proposition that states’ increased efforts to deepen and widen economic ties with those with whom they have been related in territorial disputes will increase their desire to remain cooperative. On another ground, liberal institutionalists argue that international institutions influence states ‘through several methods that can create strong initiatives for cooperation, or through powerful disincentives (Navari (2008) as cited by Choi and Eon, 2017). Institutions also can serve as a means of giving information about their member states, giving states have a better perception of the intentions of other states and thus lowering the uncertainty inherent in anarchic international politics. (Wang, 2003)

The third IR approach used in the paper refers to the importance of perceptual and ideational factors, like national identity, perceptions of who we are and what we value; in turn determines the content of states’ interests and therefore the way they will ‘act’ in global politics. (Hopf, 1998) Regarding security and territorial conflict, the concept of who we are and what we value boosts certain ways of thinking about where threats to core values come from the national identity value system, what form they take, and how they might be dealt with (Wendt, 1992). For constructivists, they relate territorial conflict with the relational identity of the self which later can become an icon of history and present identity. Particularly, a territory that had once been invaded tends to lead people to become emotionally attached to the territory (Eon, 2016). Separately from identity, a perception of who we are, the most outstanding ideational dimension of world politics addressed by constructivist theory is the role of norms which can be defined as shared expectations about legitimate behavior by actors with a particular identity (Hofmann and Yeo 2014). Some constructivist IR scholars have covered the chances for the development of security communities, which are groups of states for whom the use of force in resolving conflicts between each other has become unthinkable over time. For states to share cooperative norms and common understandings in territorial disputes they must share benign ideas and beliefs where the use of force is unthinkable, to each other, a communication upon which such ideas and beliefs are grounded should be generated a priority (Choi & Eon, 2017).

The Western Balkans provide a solid ground for the three IR approaches. Ethnic wars challenged concepts of diversity and togetherness and several legal and political frameworks with primary territorial discussions have been developed to address peacefully the ethnic, religious, historical, and cultural heterogeneities (Woelk, 2012).

## **2.1. Geopolitics and Territorial Conflicts**



The involvement of geopolitics in regional conflicts can result in three different patterns. First, the larger the competition between the great powers in the region, the greater the autonomy of the small states and their ability to manipulate the powers and extract military and economic aid in the region. This competition between these powers allows the small states to play them off against each other by threatening to realign. This makes it relatively easy for regional actors to block and resist great attempts at conflict resolution, to the extent that they are made at all. A second way to mitigate the territorial conflict is through cooperation which enables the great powers to apply coordinated moderating pressures (diplomatic, economic, and military) on their regional allies as well as intermediary settlements and mediation between the local parties (Miller & Kagan, 1997). The third linkage between these powers and conflictual regions argued by Miller & Kagan (1997) is the independence of both the great powers and the regional parties from each other. The disengagement of great powers could mean at that time also the rise of regional hegemony, especially in those regions where local states were able to balance the aspiring hegemony due to the aid provided by their external protectors. The fourth and final linkage is the dominance of these great powers in Eastern Europe where small power states in the region had the least way to maneuver over the territorial conflict (Miller & Kagan, 1997). Hence according to the scholars, the greater the small states' vulnerability and dependence on hegemony's power, the larger the hegemony will be able to manage regional conflicts effectively and to prevent violence. First, hegemony does not call for possible disagreements between the cooperating powers concerning burden-sharing, especially in the highly sensitive and costly sphere of resort to military force. Second, the very low small-state autonomy under hegemony lowers the chances that the small states will try to resort to military force, whereas the higher level of autonomy in the case of great power cooperation means that the regional actors will have a greater risk-taking propensity (Miller & Kagan, 1997).

This paper focuses on the involvement of great powers in the Western Balkans to explore how geopolitical power dynamics manifest itself in territorial conflicts.

### **3. Geopolitical Actors in the Western Balkans**

The Western Balkan region is at risk of becoming a geostrategic chessboard for external actors. Warnings are increasingly being voiced in Brussels and other Western capitals, as well as in the region itself. Russia, China, Turkey, and the Gulf States are ramping up their political, economic, and cultural influence in this enclave within the EU – with a variety of resources, intentions and interests. In many cases, they are filling a gap that the USA has left because of its ongoing shift of geostrategic focus, and which the European community has so far failed to adequately address. One thing is clear: the integration of the Western Balkans into Euro-Atlantic and European structures is already well advanced, with close ties and interdependence. Apart from Serbia, which is nevertheless actively participating in the Partnership for Peace program, all states in the region are either aspiring to join NATO or are already members of the Alliance.

The EU's approach to the region has been one of friendly indifference. These developments and statements have and will continue to have consequences. The EU's reputation has suffered among the peoples of Southeast Europe. A representative survey recently carried out in the Western Balkans as part of the Balkan Barometer provides cause for concern. The EU clearly has an image and credibility problem, and it has to take some of the blame. In this context, and

because of the unresolved economic and social problems facing the Balkan states, governments and society are turning their gaze eastwards to external factors such as Russia, China, Turkey, and the Gulf States.

From a Western perspective, the least ambiguous factor is classifying and evaluating the role and intentions of the Russian Federation. Moscow is a traditional external player that has been involved in the Western Balkans since the 19th century and has developed historical relations with the states of the region. However, today Russia is unable to offer the Western Balkan states convincing alternatives to European and Euro-Atlantic integration. The material circumstances are also strikingly disproportionate to public perception and its political influence. Russia does not play a significant economic role in the Western Balkans: only 6.6% of foreign direct investment in the region comes from Russia and Russia's share of regional foreign trade is 3.9% for exports and 5.3% for imports. However, the region is dependent on Russia for its energy supply, though this dependence is waning. Russia regards the Western Balkans as an arena in which it can achieve significant effects with relatively few resources, predominantly through “soft” methods and intelligence, with the aim of distracting, weakening, and dividing the Western community of states. With the skillful use of tactics, sometimes covert, sometimes open, Russia is seizing every opportunity to exploit the fragility of political systems and intergovernmental relations to its advantage. It is achieving this by cultivating “pan-Slavic friendship among nations” and an Orthodox faith community, through gesture politics, supporting certain parties and political groups, and targeted PR via the Moscow-friendly media. In this way, it is blurring the boundaries to propaganda and disinformation.

As far as China is concerned, just a few years ago the “Middle Kingdom” was largely invisible and of little significance as a player in the Balkans. This only changed with the announcement and launch of the One Belt, One Road Initiative (OBOR), the ambitious international investment strategy presented to the public by President Xi Jinping in September 2013 that will create a new Silk Road between China and its European markets, and the 16+1 (CEEC) initiative for cooperation with the countries of Central and Southeast Europe, which was launched in 2012. The Western Balkans play a key geostrategic role here, as the Chinese view the region as a gateway to the EU market and as a land bridge between the Chinese-owned port of Piraeus and Central Europe. Against this backdrop, Beijing has begun to increase bilateral trade with the countries of the region and is investing in developing the transport and energy infrastructure and in certain strategic industries in the Western Balkans (Carragher, 2022). At the 16+1 summit held in Budapest in November 2017, Beijing promised additional financial aid to the tune of US\$3 billion for investment and development projects in the region. As a result, there are few reservations about China in the Western Balkan states, which are some of the economically weakest countries in Europe and therefore dependent on what seem to be favorable financing opportunities and direct investment. In absolute terms and relative to other actors such as the EU, the volume of trade is still small, but there is a noteworthy trend: China's exports to Albania, BiH, Macedonia, Montenegro, and Serbia more than doubled between 2004 and 2014, while imports increased more than sevenfold over the same period.

It was only after the end of the Cold War that Turkey once again became a serious player on the map of the Western Balkans with its support for the Bosniaks and later the Kosovo Albanians during the Balkan Wars of the late 20th century. When the AKP took power,

Ankara's focus shifted to its western neighbors during the "zero problems with the neighbors" policy proclaimed by its former foreign policy mastermind Ahmet Davutoglu. Turkey's involvement attracts a range of opinions. In addition to economic activities, Ankara's resources are mainly poured into trade, banking, construction, telecommunications, and critical infrastructure (e.g. Prishtina, Skopje, Ohrid and Zagreb airports), with a primary focus on soft power and the cultural and religious ties that have grown over the centuries and that are now being systematically expanded.

Taken all together, the Gulf States represent a relatively new player in the Western Balkans. Their involvement can be traced back to their support for Muslims (Bosniaks, Albanians) during the Yugoslav wars of the 1990s, when they helped their Muslim brethren by smuggling arms, sending volunteers to fight, and supplying humanitarian aid. When the wars ended, many religious foundations became actively involved in constructing mosques, and schools and spreading a Wahabi interpretation of Islam that was not part of the Balkan tradition. This also involved links to transnational Islamic terrorism, both to Al Qaeda and, more recently, the so-called Islamic State (IS). One consequence of this is that Kosovo and BiH have one of the highest proportions of "foreign fighters" in Europe compared to their total population. Today, the influence of the Gulf States is no longer limited to the religious and cultural sphere. Arab countries are increasingly making economic investments, particularly in tourism, construction (e.g. Belgrade Waterfront), agriculture, aviation (Air Serbia), and military technology, and are also providing loans and generous development aid. This investment is not restricted to the Muslim countries of the Western Balkans. They see the Western Balkans as a gateway to the EU market, and also like China the lack of transparency when it comes to trade and procurement with the Gulf States also increases the region's susceptibility to corruption. The promotion of radical Islamic ideas and support for jihadist networks on the part of non-state actors weakens the resilience of Muslim societies and poses a threat to the security of Europe, and hence Germany.

#### **4. Territorial Conflicts in the Western Balkans**

After the 90s the approach to IR theories in the Balkans was changed with the end of the Cold War. This led to an increase in the liberal approach and a lowering of the realist one. If we take all the cases as one the behavior that all the parties involved in their respective territorial disputes are largely influenced by the economic profit that specific piece of territory holds, of course, one that can be excluded from the rest is the monastery of Prohor Pcinjski whose main purpose is to support the religious group of Orthodox Serbs. Before the 90s the usage of the realist approach came from Serbia towards all of its territorial disputes, nevertheless, the interference of IGOs like NATO created another perspective for Serbia on how to resolve the dispute in the years to come. Even though a clear cooperation between countries is hard to be identified like the case between Serbia and BiH, or Serbia and Kosovo, the countries have a better chance into cooperation to have a maximum profit from the region rather than deciding to attack each other militarily or not. The cooperation is highly influenced by the two main factors which are economic interdependence, where parties decide to deepen and widen economic ties with those with whom they have been related in territorial disputes will increase their desire to remain cooperative, hence increasing the interest to cooperate.

The second approach (liberal institutionalism) has a better chance of forcing countries to

cooperate even if they are against it. In the Balkans, the influence of the EU is very large and their involvement in conflict is highly regarded by these countries as they are able to act according to their response. Yet, this is not 100% the case as Serbia has played a longer game with the EU and not always has responded to their demands, but still, they are viewing membership of the EU as a very important goal. However, there are other institutions that all WB countries are a part of like the UN, the World Bank, the International Monetary Fund, the World Health Organization, the Organization for Security and Co-operation in Europe, the Council of Europe, the Central European Free Trade Agreement, the Regional Cooperation Council, the Southeast European Cooperation Process, the Energy Community, and the International Criminal Police Organization. There are other institutions that only a part of the WB countries is a part of like the North Atlantic Treaty Organization where only Albania, Montenegro and North Macedonia are member states. Not only liberalism but also constructivism is a good example on how the Balkans countries have used it in response to these conflicts. For the Western Balkans countries, the dissolution of Yugoslavia has led to a lot of empty spaces and questions regarding legal territorial rights. For them these territories not only have economic benefits, but also a representation of their culture, symbols, and language, making them a very important part of their national identity. These Balkan countries tend to share cooperative norms and common understandings in territorial disputes; they must share benign ideas and beliefs with respect to each other, a communication upon which such ideas and beliefs is grounded should be generated a priority. However, the key aspect for a proper usage of the constructivist approach is communication to create cooperation, communication, and common interest between the countries involved in the territorial dispute.

### **1.1. Danube River conflict**

During the Yugoslav conflicts in the 1990s, around 5,000 refugees from Croatia and BiH fled to Backa Palanka (Reka, 2018). NATO struck Backa Palanka twice in 1999, with The Bridge of Youth serving as the target both times. It was merely damaged and not destroyed. This conflict can be seen from a constructivist approach. There is a difference in the perception and opinion both states hold regarding the town. They both derive their knowledge from different sources and bases and refuse to understand differing opinions, hence they cannot reach an agreement. Due to Belgrade's resistance to Yugoslavia's dissolution and the recognition of old federal borders as international borders, the Serbian side has been silent on the Danube conflict issue (Klemenčić & Schofield, 2001). Croatia bases its claims in its history of having administrative duties over the area, while Serbia on the new international borders after the 1990s which derive naturally from the river's path (Borić, 2016). The intergovernmental group tasked with identifying and determining the border between Croatia and Serbia convened in Zagreb in April 2010 after years of inaction but ultimately concluded that there were different views on the subject (Arsenić & Mitrinović, 2010). Both countries have agreed to enter in talks, however the inability to reach common ground as well as the other tensions in the region have made it difficult for success. There is a claim that these two countries still perceive each other under somewhat negative figures due to their war-filled past.

### **1.2. Prohor Pcinjski conflict**

This case can be explained better through the constructivist approach as both parties aim to recognize the importance of the religious aspect in their current situation, alongside the aspect

of good neighboring relations following the EU enlargement process. The conflict between the two churches dates to 1967, when the Macedonian Orthodox Church (MPC) declared autocephalous independence, which the Serbian Orthodox Church (SPC) opposed, two churches were considered as sisters before (Risteski, n.d.) In this case, the way both countries perceive the monastery is crucial in understanding their actions. Both have very strong ties and cultural, emotional, and religious connections to the site. For constructivists, the presence and strength of institutions and entities other than states is important in determining said state's behavior. The Orthodox Churches in both states have had an influential role in the decision-making process and reconciliation process (Bojarovski, 2005).

Slowly, relations started to improve, due to issues such as the Open Balkans, and the donation by Serbia to North Macedonia of vaccines during Covid – 19 (Morasic, 2022). The change in perception of the Serbian Orthodox Church has altered and brought peace to the dispute. Both states have also come to agree that the monastery and its history can be perceived differently from one another, and these perceptions can coexist. This brings further dialogue and collaboration. Here one also notes the importance of culture, shared or not, and how it can impact relations among states. Lastly, Serbia and North Macedonia hold common aspirations towards EU integration, which might act as a catalyst for their improving relations.

### 1.3. **Neum conflict**

Neum divides Croatia in two, dividing the country's interior from Southern Dalmatia, which includes the Pelješac peninsula, and, a little farther south, the principal tourist destination of Croatia, Dubrovnik (Jacobs, 2022). The route that connects Dubrovnik with the rest of Croatia goes through Neum, which means crossing two international borders in a short distance. To solve the traffic problems, both countries signed the Neum agreement on October 22, 1998 (Jennings, 2016), which was never ratified by either of them. According to Jennings (2016) the relationship between the parties took another dynamic when Croatia became part of the EU in 2013, because the Neum borders became external borders of the EU, which meant stricter border control and longer lines. This case can be understood through liberal institutionalism. It was through the EU's financial, political, and legal backing that the Croatian state managed to construct the bridge. Therefore, the presence of a regional organization was crucial in determining the course of action. It must be noted that neither of the countries could find a common solution or an option to resolve the Pel Neum divides Croatia in two, dividing the country's interior from Southern Dalmatia, which includes the Pelješac peninsula and, a little farther south, the principal tourist destination of Croatia, Dubrovnik (Jacobs, 2022). The route that connects Dubrovnik with the rest of Croatia goes through Neum, which means crossing two international borders in a short distance. To solve the traffic problems, both countries signed the Neum agreement on October 22, 1998 (Jennings, 2016), which was never ratified by either of them. According to Jennings (2016) the relationship between the parties took another dynamic when Croatia became part of the EU in 2013 because the Neum borders became external borders of the EU, which meant stricter border control and longer lines. esac issue without international involvement. Also, Bosnian officials complained to international organizations, such as the UN and the EU, as they claimed breach of international law. BiH's silence could be explained through two reasons: first, only the Bosnian part of the Presidency has denounced the building of the bridge, making them insufficient as a state in voicing their



concern; and second, BiH itself aspires to join the EU, and hence disagreements with the Union might put them at a disadvantage. Euroscepticism in the country seems to have been pushed down when compared to the benefit the Bosnian state might get from the EU. Both countries seem to be willing to cooperate rather than to be in a tense situation. The building of the bridge hinders the economic development of BiH but a long-term plan for them is the cooperation with Croatia taking into consideration the EU membership the latter has. For Croatia in the other hand, the competition may lead to and will not bring a bettering of the solution but just a conflictual momentum with a neighboring country.

#### **1.4. Prevlaka conflict**

The conflict between Croatia and Montenegro can be best explained through liberal institutionalism. The tense behavior by the parties has led to intervention by the EU and the UN where they have served as arbiters towards the Prevlaka region, also taking in consideration that Croatia and Montenegro both want to solve the dispute through the aid of international institutions like the International Court of Justice, or negotiations. Montenegro claims for the aid of third parties being involved, while Croatia persists more on a bilateral agreement. Nonetheless, both states' will to solve the issue rather than take military steps shows their trust in cooperation and in the involvement of international institutions as powerful peacemakers and conflict setters. For Montenegro, the solution and the positive dialogue between them and Croatia is dependent on the future EU membership of the formal. The involvement of the EU has led to the desire of Montenegro on finding a fast solution as it is required by the Union for an access of membership. The engagement both parties have for economic cooperation and support for each other in providing a resolution to their long conflict.

#### **1.5. Drina River Conflict**

A significant portion of the border dividing Serbia to the east and BiH to the west is formed by the Drina, while hydroelectric stations in Zvornik and Bajina Bašta, two artificial lakes, provide electricity (Tikkanen, 2008). These stations are regions with substantial benefits in terms of energy needs (Akkaya, 2023). The conflict between Serbia and BiH regarding the Drina River has a differentiation in the approach by the parties. Despite the Drina being a part of BiH state boundary with Serbia and Montenegro, no approval from Bosnian state entities was obtained in order to construct the plants. RS decision to grant a concession for the construction of the Drina hydropower plants was challenged in December 2020 by 24 members of the BiH House of Representatives (Kovacevic, 2021). We see that the actions of BiH can be understood from the constructivist perspective, while Serbia's actions are explained from the realist perspective. The building of the hydroelectric powerplant from Serbia is purely for economic reasons as they want to profit from the river. BiH on the other side has allowed for other important stakeholders, such as NGOs and experts to determine the fate of the Drina River. This appreciation of added knowledge shows BiH constructivist attempts to protect the river. RS, who plays the most important role in this conflict, has acted through the realist perspective as it is part of their territory, hence BiH has no right to decide if the dam should be implemented or not.

#### **1.6. Northern Kosovo Conflict**

Arguably the most complex conflict in the Balkan between Kosovo and Serbia can be explained through the constructivist approach. The unresolved conflict in principle is a matter of minority recognition but taking into consideration the past history between the countries, this recognition is hard to achieve, with many negotiations or agreements being held with third parties being involved as well, a common agreement is yet to be achieved. Good neighboring relations for the parties is a must as EU membership is the long-term goal they want to achieve. To get to this, the interest of Serbia is the recognition and the respect of human rights of Serb minorities in the North of Kosovo, whilst for Kosovo is the recognition of them as an independent state from Serbia. However, they primarily need insurance for peaceful relations and recognition and respect of their legal framework, whilst Serbia looks for the respect of their minorities outside their territory. The conflict between Serbia and Kosovo holds historical legacies, differences in perception, and ethnic cleansing, which makes it very difficult for both states to achieve peaceful relations, considering that these events occurred only a few decades ago, because both states perceive their statehood and identity with the solution of the problem. Inherently, Serbia does not recognize the independence of Kosovo.

### **1.7. Albania and Greece Sea Maritime Dispute**

The relationship between Albania and Greece has been marked by territorial, border, and minority issues which have been the key source of the tension between the countries (Rakipi, 2019). Greece and Albania have contested maritime rights in the Ionian Sea for decades. Two of the key issues of Albanian Greek relations are related to the period of the world wars, issues that are crossed and still present on the negotiations' table nowadays: the law on the state of war, which is still in power where through a royal decree Greece declared Albania as an enemy state on November 10, 1940. Technically, this means both states are still at war (Ruci & Bali, 2023) Throughout the decade, both countries were unable to reach an agreement, especially considering that in 2013, Edi Rama became the Prime Minister of Albania, slowing the talks process (Erebara, 2020).

The issue resurfaced after the Greek Parliament passed a bill in January 2021 increasing Greece's territorial seas in the Ionian Sea from 9 to 19 km. Albania opted to bring the maritime issue to the International Court of Justice (ICJ) in The Hague, to which Greece agreed (Marek, 2022). Throughout 2022, Prime Ministers Rama and Mitsotakis and Foreign Ministers Xhacka and Dendias met, but no reconciliation was achieved. Greek Foreign Minister Dendias claimed in 2022 that the conflict with Albania will be solved in complete accordance with the International Law and Convention of the Law of Sea (Gencturk, 2022).

The conflict between Greece and Albania regarding the Cham region can be better explained through the constructivist approach. Taking in consideration the symbolic importance the Cham region has for Albania regarding its minorities and history, its main goal is to achieve an agreement related to their respect and recognition as an Albanian minority group (Shqiptarja.com, 2022). For Greece on the other hand the respect of their territorial integrity and their sovereign laws. Both parties want the protection of their respective minority groups. However, for Albania the recognition of their minorities it's a primary goal, as it means the protection and recognition of their minorities outside their sovereign territory. Taking into consideration both countries are part of NATO, constructive dialogue and a possible peaceful

agreement is a must for them. Also, taking in consideration the aim Albania must officially be an EU member is another indicator where they have to provide discussions and leave on positive remarks towards a solution with a member state of the EU.

## 2. Territorial Power and Values, Geopolitical Configurations and Regional Security

**Table 1. Table of Indicators**

	Threat Perception	Economic Interdependence	Common Value	Great Power significance	Relationship
Croatia and BiH: Neum region	Low	High	Medium	1. China 2. EU 3. USA	Cooperative
Montenegro and Croatia: Prevlaka region	Low	Medium	Medium	1. EU 2. UN	Cooperative
Croatia and Serbia: Danube River	Low	Low	Low	1. EU	Neutral
BiH and Serbia: Drina River	High	High	Minimal	1. EU	Conflictual
North Macedonia and Serbia: Prohor Pcinjski	Minimal	Low	High	No great power involvement	Cooperative
Serbia and Kosovo: Northern Kosovo	Critical	Medium	Low	1. Russia 2. USA 3. EU	Conflictual
Albania and Greece: Sea maritime dispute	Medium	Low	Low	1. EU 2. Turkey	Neutral

*Source:* own representation

The 7 cases of territorial conflicts and their level of conflict is measured through the table of conflict indicators. The indicators are the threat perception which measures the threat perception that parties have towards each other, how economically dependent is one state in relation to the other, the common values they share with each other, the great power significance which shows the great powers which have taken part in the conflict either through as observers, as mediators, or even by playing an influential role in one of the countries, and finally, the current relationship that these countries have through the in-depth analysis of the previous conflictual indicators. The indicators are measured through the scale of indicators which contain 5 main rating scales. The first is the minimal rating where there is no current

evaluation of one of the indicators. The second is the low rating where the indicators are higher than the minimal rating, but nevertheless, is not at a level of concern, at a cooperative or common level. The third level is the medium scale where the level of one of the indicators is neither at a lower nor higher one, but still there is a certain level of concern when it comes to one of the indicators. The fourth level of measuring scale is high level, where one of the indicators either cooperative or competitive is giving another understanding of the conflict and to their relationship. The final scale of indicators is the critical level, meaning that the threat perception, economic interdependence, or one of the other indicators is at their final stage of the territorial conflict. The final scale can give a definitive answer towards the relationship that the countries have, just like the minimal level, where it can give a clearer understanding of the specific conflict.

When taking the first indicator of threat perception regarding the 7 cases of territorial disputes showing significant diversity in the intensity and the nature of the specific case. Taking for example the case of the Neum region between Croatia and BiH the level of threat perception is at a low-level scale, giving the idea of a more manageable and less unsettled situation. Similarly, the cases of Prevlaka between Croatia and Montenegro and the Danube River between Croatia and Serbia can be understood from the same viewpoint. Whereas the case between Serbia and North Macedonia regarding the Monastery of Prohor Pcinjski is at a minimal level giving a perception that both countries are more interested in cooperating and having a mutual solution rather than being conflictual with each other. However, if we take the case between Albania and Greece regarding the Sea maritime dispute is suggested to be at a medium level as both countries have yet to resolve the dispute without the aid of internationals and still have not reached a common solution with each other. The other territorial dispute between Serbia and BiH regarding the Drina River is seen as a higher level of scale compared to the other conflicts, understanding that the level of threat coming from one of the parties is higher and there is a need for the intervention from the internationals, while the final conflict between Kosovo and Serbia regarding the Northern territory of Kosovo has reached the critical level of threat where the perception of a possible shift to a military conflict is higher even compared to the Drina River conflict. The conflict underscores a higher level of stakes when it comes to their perception and the increased tensions on the area regarding the conflict.

The economic interdependence indicator gives an insight on the nature it has to shape the outcome and the interest of the conflict. When we take the dispute for the region of Neum between Croatia and BiH, and the Drina River between the latter and Serbia we understand that the level of interdependence that BiH has in both cases is relatively high which reduces any kind of possible escalation of the conflict due to the mutual benefits they can have regarding both cases. The two other cases of the dispute in Prevlaka between Croatia and Montenegro and the Northern territory of Kosovo between Serbia and Kosovo are viewed at a medium level as states still are at some level of economic interdependence, which in some cases can be regarded as a mitigating factor of the conflict, this only if the other criteria are at an acceptable level. The final three cases between Croatia and Serbia regarding the Danube River, the Monastery of Prohor Pcinjski between Serbia and North Macedonia, and the Sea maritime dispute are understood to be at a low level of economic interdependence. This may lead to a lower chance of finding a stabilizing situation and can increase the chances of a more neutral and unresolved situation.

Common values are one of the indicators which show the similarities between the parties regarding symbolics, history, or tradition, or even being part of the same organization, and the values the land has for them. When taking the cases of the Sea maritime dispute between Albania and Greece, Croatia and Serbia for the Danube River, and Kosovo and Serbia for the Northern territory of Kosovo are scaled at a low level which can lead to a breach and an increase in a possibility of reaching a conflictual relationship between the parties. While the case of Drina River reaches a minimal level of common values which leads to a higher possibility of a conflict relationship between the parties. On the other hand, cases of the region of Neum and Prevlaka are viewed at a medium level where parties find a similarity for the area and a higher possibility of finding a common solution for that specific area. Finally, the highest case of a common value is the case of the Monastery of Prohor Pcinjski where both parties Serbia and North Macedonia value the importance of the region and has a better possibility of reaching a cooperative relationship.

The influence of the great powers in the region of the WB regarding territorial disputes depends not only on the level of the conflict but also the level of influence that these great powers have in these countries and the need to expand their geopolitical interest. Apart from the case of the Monastery in Prohor Pcinjski where no great power has been involved in the conflict as the states have acted as negotiators with each other with no need for mediation, there are other cases where great powers have exercised their influence in the other conflicts. The other 6 territorial disputes had the influence and participation of the EU in any form as it is in the interest of the latter to foster good neighborhood relations in the region, and to extend their influence in the WB. Nevertheless, in cases like the region of Neum with the influence of China and the territorial dispute of the Northern Kosovo with the influence of Russia, the EU saw a challenge by them. This challenge comes from their equal desire to expand their geopolitical influence either through investment or political ideologies. This led to the perception of competitiveness by these third parties rather than reach cooperation as mediators for the main parties involved in the territorial conflict. In the same cases, the intervention of the USA was perceived as a positive remark and approach to influencing the region into finding a common and cooperative solution. These great powers including also UN in the conflict for the Prevlaka region between Croatia and Montenegro, and Turkey in the cases of Albania and Greece for the Sea maritime dispute heavily reflect on all these parties to reach a geopolitical influence and to highlight the complexity of the local and international actors in the specific conflicts.

Finally, in the region of the WB two main conflicts are regarded as critical conflicts, the first is the conflict for the Drina River between Serbia and BiH, and the conflict between Kosovo and Serbia for the Northern territory of Kosovo. This critical evaluation for these two conflicts is summarized through a high and critical level of threat perception, a low and minimal level of common value which further lowers the chances for common understanding, and no reach of agreement without the involvement of internationals. However, the closest cases to conflict resolution remain the cases of the Neum region between BiH and Croatia, the Monastery of Prohor Pcinjski between Serbia and North Macedonia and the Prevlaka region between Croatia and Montenegro. The reason behind this low level of any kind of conflictual relationship comes from a low threat perception the parties have, and a medium to high common value regarding the area, history, and identity they share. Lastly, the two last cases the Sea maritime dispute between Albania and Greece, and the Danube River conflict between Croatia and Serbia, are



in a mixed relationship as they have a low to medium level of threat perception, and they share a low economic interdependence and common value which makes the parties of both cases in a lack to solve the issue without the need to a mediation.

To conclude, the study tends to show the importance and significance of these territorial conflicts as it explains that a simple territorial conflict may lead to a possible military conflict. The cases range from high monitoring from internationals to cases where the monitoring is relatively lower. It aims to create a further idea of the complexity of the region of the WB and the need for attention to further increase the importance security has for the region. Nevertheless, the study has led to the possibility of further discussion over the topic of territorial conflicts as it touches the cases currently to 2024, and it opens the road for further discussion and studies to be conducted for the cases and the importance of these conflicts.

## Conclusion

To conclude, this study aims to show the importance of territorial conflicts in the Western Balkans, showing how even seemingly minor conflicts can grow into major military conflicts. The study further argues over the participation of great powers in these conflicts from heavy monitoring processes to stable participation in specific conflicts. The study gives an in-depth analysis of 7 different territorial conflicts in the region of Western Balkans showing the importance of power significance, economic interdependence, and the common values between the countries involved. The analysis shows that indicators like common values or threat perception have a strong impact on the evolution of the conflict and its resolution.

The study also emphasizes on the role of great powers like China, USA, the EU, Russia, and Turkey in affecting the outcome of the territorial conflicts. Their participation comes from their desire to expand their geopolitical influence, which sometimes may result in a non-resolving of the conflict. The study further emphasizes the nature of the intervention of these great powers which may change from the aim that they have in the region. Where powers like USA or the EU are viewed as positive influencers differently from powers like Russia or China depending on the country who perceives them.

Finally, the research aims to give a broader understating of the geopolitical and regional security of the region of the region of the Western Balkans and the need for these great powers or international organization to promote this stability and to increase their overall attention. The study paves the way for further discussion of the results and an ongoing study of the cases to give light to global geopolitical understanding.

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## **The Effect of Media on Public Opinion Formation in Albania on EU Integration**

**Dr. Valmora Gogo**

*College University Beder*

### **Abstract**

*The media influences the formation of public opinion. Media effects theorists examine in a continuum how media contents and the audience's exposure to them shape the beliefs, behaviors, or perceptions of individuals. In Albania, research on the influence of the media in the formation of public opinion on EU Integration is important to be frequent, especially in the conditions where technology has increased the audience's access to information even more. What is public opinion? How does the media influence public opinion in Albania on EU Integration? What elements does the media use? These will be the research questions that will be answered during this study. The study's hypothesis is focused on finding that the media decides on the issues that the public should not only be informed about but also focus on and think about more, such as EU Integration. Matters perceived as matters of public opinion are influenced by the way how the media handles and publishes these issues. The methods used will be the monitoring of media contents and their analysis.*

**Keywords:** *Media, Public opinion, EU Integration, Media influence, Media effects.*

### **Introduction**

The media in Albania frequently address the issue of the country's integration into the European Union. Surveys show that over 90% of Albanians consider EU integration very important (Instituti i Studimeve Politike, 2020), unlike countries like Serbia (Euronews.al, 2022) experiencing an increase in the support of Albanians from year to year (Zëri i Amerikës, 2013). In general, media content in Albania presents a positive approach to the country's EU integration. Although some outlets express skepticism, it primarily concerns the slow pace of the accession process, rather than any doubt about whether Albania should join the EU or not. How do citizens form their opinions about the European Union?

Zaller (1992) points out that citizens collect information through a model called RAS (Receive-Accept-Sample). How does this happen? "People receive new information, decide whether to accept it, and then sample at the moment of answering questions." (Zaller, 1992). According to Allport (1937) "The term public opinion is given its meaning regarding a multi individual situation in which individuals are expressing themselves, or can be called upon to express themselves, as favoring or supporting (or else disfavoring or opposing) some definite condition, person, or proposal of widespread importance, in such a proportion of number, intensity, and constancy, as to give rise to the probability of affecting action, directly or indirectly, toward the object concerned." (Allport, 1937)

McCombs (2014) in the theory of agenda setting emphasizes the importance of media to people, clarifying that "At the first level, the news media focus the public's attention on the major issues or topics of the day and influence its perceptions of what the most important ones are. At the second level, the news media structures the public's knowledge of these topics, in particular, its notion of what the most salient attributes or aspects of these topics are. The new

research on the third level of agenda-setting effects finds that the news media can influence an integrated picture of these attributes. All three levels demonstrate a key social role for the news media in citizens' participation in public affairs." (McCombs, 2014).

In the theory of media influence through framing, Entman (1993) emphasizes that processes such as selection and salience are included when he states that "Framing essentially involves selection and salience. To frame is to select some aspects of a perceived reality and make them more salient in a communicating text, in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation for the item described." (Entman, 1993). Chong and Druckman (2007) state that repetition, power, and the psychological mechanisms that explain them matter. "Repetition of frames should have a greater impact on less knowledgeable individuals who also are more attentive to peripheral cues, whereas more knowledgeable individuals are more likely to engage in systematic information processing by comparing the relative strength of alternative frames in competitive situations. Our theory also identifies circumstances in which a weak frame can backfire among certain individuals, leading them to move in a direction that is opposite to the one promoted by the frame." (Chong and Druckman, 2007)

Various studies find that the media can play a dual role in both promoting Euroscepticism and reducing it, depending on the content and news stories that is distributed to the public. (De Vreese, Claes. (2007).

In a study related to the mediatization of the European Union Integration Process, Gjerazi (2022) concludes that even during the crisis of the Russia-Ukraine war, the media in Albania dedicated considerable attention to the challenges facing the European Union and the integration of the Western Balkans. While Fetoshi (2017) in a study of the society in Kosovo highlights that the media remains the primary source of information for citizens about the European Union, primarily through television and online media (89.4%).

Trenz (2013) explains that research on mediatization and on democracy are related and this link is provided by the public sphere, mainly seen in the focus of measuring "how mass media a) generate visibility and focus public attention (publicity); b) include plural voice (participation); and c) provide critique and compete over the definition of the value of politics and institutional arrangements (public opinion formation)" whereas Berry (2016) concludes that the media played a strong long-term and short-term role in influencing the results of the Brexit referendum in the UK.

Claes and Boomgaarden (2006) say that the effects of the news media, however, are conditional upon the visibility and consistency in the tone of the news. "News media mattered only in a situation in which citizens were exposed to a considerable level of news coverage with a consistent evaluative direction. In the case where the news media coverage was considerable in amount and positive in tone, we found respondents – in line with expectations – to be gain-seeking and endorse the enlargement of the EU. In the situation where news media messages were less visible and mixed, we did not find the news media to exert an influence on the dynamics of public opinion formation."

Whereas Wenzel (2015) emphasizes that "..., media consumption improves attitudes to the EU integration. Perhaps this is a slightly far-fetched conclusion, but one way to interpret this finding would be to conclude that more information about the world, not about the EU only,



leads to more openness to integration. Perhaps it eases fears, or allows to benefit analysis, ...”.

Scharkow and Vogelgesang (2007) state that domestic media use does indeed have a small, but substantial positive effect on knowledge, attachment to Europe, and support for the European Union in most member states. “..., we can say that domestic media use generally promotes European integration as it leads to better knowledge and more positive attitudes towards the EU and Europe as a community...., The European Union cannot work without public support and a sense of community, both of which are shaped to a large extent by the national media.”

### **Hypothesis and Methodology**

In the public discourse, where the media has a role with its influence, voices against Albania's membership in the European Union are non-existent, allowing us to easily ascertain without dilemma that we have a public with a perception mainly in favor of membership in the European Union. But who has influenced the creation of this perception and the formation of citizens' opinions? What is the impact of the media on this public discourse? What elements does the media use? These will be the research questions that will be answered during this study.

The hypothesis of the study is focused on finding that the media decides on the issues that the public should not only be informed about but also focus and think more, such as EU Integration. Matters perceived as matters of public opinion are influenced how the media handles and publishes these issues. The methods to be used will include monitoring media contents and analyzing them.

This study hypothesizes that the media shapes the issues on which the public should not only be informed but also focus and think more deeply. Matters perceived as matters of public opinion are influenced how the media handles and publishes these issues. The methods to be used will include monitoring media contents and analyzing them.

As a case study, we will look at the media reports on the opening of the first group of negotiations for Albania, on October 15-18, 2024. The media in the analysis were selected according to the criteria: number of audiences (large and small media), typology (television or online media), specifics (general, specialized), and type of content (broadcasts, breaking, articles, podcasts, etc.). They are: Top Channel, Report TV, Balkanweb.com, ABC News, Syri.net, Lapsi.al, A2CNN, Euronews Albania, Gazeta Tema, primetime shows, etc.

### **Media narratives and public perception influenced by-polls**

Several narratives circulate in media content in Albania, which are also connected to political and governmental narratives. The media are generally satisfied with the first level of information management, where they report events, disagreements in opinions, and optimistic or gloomy predictions, but generally do not delve into further deepening related to integration in the European Union. In recent years, four narratives have circulated in Albania:

a-Narrative "Negotiations were opened, negotiations were not opened"

The media have several times circulated false information, publishing out of haste or

knowingly the "news" that the Rama government has opened negotiations. These events have subsequently become part of the public discourse on "media and government fraud" being criticized and put into play even by the Albanian opposition. The same thing has happened even when the media have accurately reported that the negotiations have not been opened, the government has become the center of scandalous content. For example, there have been reports on the reactions of the opposition, which criticizes the prime minister by using epithets against him to say that he lied about the opening of negotiations, (Syri.net, 2022), reports on the circulation of mocking memes against the government for not keeping its promise for the opening of negotiations (Syri.net, 2019), reports on the justification of the government pointing the finger at the European Union itself (Syri.net, 2021) or for the conditions set by EU countries for the start of negotiations (Syri.net, 2022).

### **b-The narrative "Pro EU, but when?"**

One of the most visible narratives in the Albanian media is that of the discussion on when we will be fully integrated. Although the public in Albania has a pro-EU approach, again the levels of doubt about when we will become a full member have been in the center of media attention, where one in four Albanians believe that Albania will never become part of the European Union and more than one in four of them believe that integration may take 15 years or more to happen (Euronews.al, 2022) or 17.9% think it will take more than 10 years (Open Society Foundation, 2019). The delay in integration is billed in the political rhetoric of the government (Syri.net, 2022) (Syri.net, 2024), even though the government has imposed a completely different narrative in the media.

### **c-The narrative "They are blocking us"**

This is a narrative fed mainly by the Rama government, which justifies to some extent in public the delays in the process, which are addressed by the media close to the opposition to the Rama government and mainly to the corruption that, according to Albanian opposition, exists in Albania. In the public communications of Prime Minister Edi Rama, notes of irony and pressure on the European community for the blockage in membership have not been missing. "Skepticism about the idea of the European Political Community" has more to do with the government's narrative to promote EU integration. "In general, the trend that can be observed is that the government generally leaves the delays in the integration process to external factors, such as the challenges of the EU itself, the fatigue from the enlargement or recently the Bulgarian-Macedonian conflict which held hostage the opening of negotiations even with Albania, while the opposition factors regularly blame the Albanian government for non-fulfillment of the conditions, while removing responsibility from Brussels for any delay. The political rhetoric towards Brussels is sometimes bitter, as demonstrated by the case of the Ohrid summit..." (Kalemaj, 2022).

### **d- Narrative of the gloomy future; "This is why negotiations are not opened for Albania"**

The fourth narrative is related to the gloomy predictions, mainly from political rivals of Prime Minister Rama; former Prime Minister Berisha and others. According to the opposition this narrative conveys the main idea that full membership does not happen because of the bad work

of the Rama government and high levels of corruption (Syri.net, 2019), (Syri.net, 2019) (Syri.net, 2019).

As one of the critics, the analyst Blendi Kajsiu, says Albania's integration into the European Union has evolved from a process full of hope for the recovery and transformation of the country to a depressing and prolonged process. Kajsiu criticizes the current model of integration, saying that it has continuously produced an asymmetric relationship between Albania and the European Union, making the country increasingly dependent on the EU at the political, economic, and legislative levels. "And the more problems we solve or seek to solve in the EU, the less able we are to solve our problems, to fight our corruption, to preserve our democracy, and to develop our economy. Therefore, maybe one day we will enter the EU, but like a child whose European parent is afraid to leave for a long time, because he has sunk into a dangerous depression" (Kajsiu, 2012)

The instruments that the media use to influence public perception of Albania's EU integration are not only related to the nuances, approaches or importance given to the topic but also to the facts served. It is noted that considerable space is also left to the public interpretation of the surveys, the focus of which is the level of acceptance of the idea of integration by the public and the impact that the public thinks this integration will have. Some surveys have been served to the public through the media, even though they have been conducted by institutes or organizations. (Albanian Institute for International Studies, 2020). The polls are not oriented towards the question of whether we should be part of the EU or not, but when Albanians think that this can happen. For example, the Euronews Albania Barometer has observed that one in four Albanians believe that Albania will never become part of the European Union and in another survey, one in four believe that this process will last another 15 years or even more. But 16% believe that membership will take place within the year 2026 (Euronews.al, 2022).

Even when it comes to the regional level, the surveys that aim precisely to answer the question of whether they support their country's goal to join the EU, Albanians turn out to be the most pro-European, with 94.9% saying "Yes", while the next country is Kosovo with 91.1%. The most skeptical in the Western Balkans region appear to be Serbian citizens, with 64.1% of respondents in favor of their country's ambition for membership. (Tirana Times, 2020)

The IPSOS survey concludes that Albania is the country with the most support for the EU in the Western Balkans. The Security Barometer in the Western Balkans reaches even higher numbers, as almost all respondents (96.69%) support EU integration. There is only a small percentage (2.52%) of respondents who do not support it. But if the question is when they will integrate, here begins a greater division of Albanians' opinions, where 55.16% of respondents believe that the EU is ready to accept Albania as a member country, but not shortly (The Center for the Study of Democracy and Governance, 2022)

Albanians' approach to the EU is so strong and positive that another survey conducted by OFSA and KFOS shows that, in both Albania and Kosovo, citizens prefer the European Union over national unification. Specifically, the report states that the national unification and membership of Albania and Kosovo in the EU are viewed as opposing processes by 42% of respondents in Kosovo and 37% of respondents in Albania. Again, according to the same report, those who think that the EU membership process and the national unification scenario are conflicting processes would rather choose EU membership than national unification, 84.7%

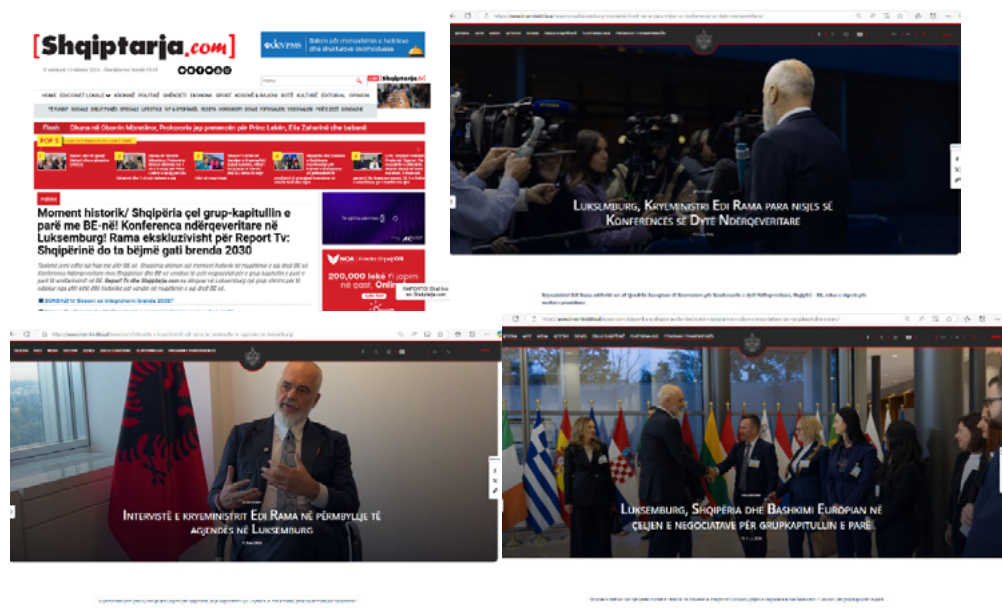
of respondents in Albania are in favor of integration, while in Kosovo 66.4% (Open Society Foundation Albania and Kosovo Foundation for Open Society, 2019).

### The influence of the media in Albania on the formation of public opinion on EU integration

On October 15, 2024, the first chapter of negotiations for EU integration was opened. The opening of the first chapter has been the media's headline, giving it an obvious importance in their platforms. This has determined the agenda, what and how the audience should think to events, as well as issues or other topics (Top Channel, 2024).

a. In the media the news of the opening of the first group chapter was treated as the main news. In advance, ready-made images of the government may have been served, where the main character was Prime Minister Edi Rama (Balkanweb, 2024). Even media outlets that are editorially positioned against the government have covered the news of the opening of the first group chapter. There is also great solidarity from the media outlets that oppose the government when it comes to the EU, the presentation of Albania in Serbia, etc., which modifies the doses of attack against the government and Prime Minister Rama.

Figure 1 The title of the article on the opening of the first chapter of negotiations with the European Union on "Shqiptarja.com" and the government statements on the website of the government.



b. The news was among the first articles in terms of importance in the online media headlines or first news edition. The titles are more promotional and positive. Headlines such as "October 15, a historic day for Albania, negotiations with the EU for the first group chapter are opened" (Vizion Plus, 2024), "Albania, one step closer to the European Union - Negotiations are opened/ From the economic control criteria financial, what is the first chapter" (Scan Tv, 2024) or "The opening of chapters with the EU, Rama: Historic moment" (A2 CNN, 2024).

c. The strong connection between political rhetoric and meditative narrative. Some of the

content broadcast by the media is produced by the government. Although the issue of EU Integration is published often, there are not any comprehensive information management and in-depth analysis, being content with the government's narratives. The language used, phrases or nuances in media content are similar to those of government statements.

d. Although the issue of Albania's integration into the EU has also been addressed in analyses, podcasts, and expert voices have been published, etc. once again, there are no in-depth articles to address the issue or to follow up. The media in Albania do not have specialized journalists who deal only with the issue of Albania's integration into the EU, and the follow-up is done only by focusing on the interviews of ministers and vice-ministers who convey the government's narrative or have published the government's podcast.

Although some journalists report on issues of integration, they are not focused only on this topic, as they also report on other issues of internal or external politics.

Since there is a lack of specialized journalists in integration into the European Union, the opinions of government experts or professors of political science play a role in their participation in interviews (whether audiovisual or written), with the publication of their analyses or even simply their online opinions, to make the integration a little more understandable. But in addition, they also have an influencing and opinion-forming role for the Albanian public. Often the narratives of the experts align with those of the government or in other cases they are forced to stick strictly to the questions of media journalists who perpetuate the narratives of the government or the opposition.

Gledis Gjepali, with a more balanced opinion, says that the first group, or the "fundamentals" as they are called differently, constitutes the basis on which the fast or slow progress of our country in the European family will directly depend. "Public procurements that are directly related to one of the EU's main concerns, state corruption, will be one of the keys to a successful or unsuccessful European journey of our country. Until 2030, as the most likely year of accession, the government will be under scrutiny for all its legal decisions. It will have to report on any reforms fulfilled or not according to the deadline set in the negotiating framework." (Gjepali, 2024)

Odeti Barbullushi, professor of the College of Europe in Tirana, explains the importance of the opposition in the integration process. In an interview for the Albanian Telegraphic Agency, she said "Paradoxically, as we have seen in other countries, as the country approaches the path of membership, the antagonism between the majority and the minority in the opposition may increase, since integration is mainly seen (by opposition) as a victory of the governing majority. But, as I said above, and as underlined by the Commission's last report for all the countries of the region, in fact, to varying degrees, this process requires the involvement and commitment of the opposition and all actors, since in after all, we are talking about a major achievement of the country and the Albanian citizens." (Barbullushi, 2024)

e. There is a lack of exhaustive discourse on television, even though there are brief explanatory communications by experts, where there is no lack of the positive approach that "something very good has happened for Albania; or good news for Albania" although the representatives of the opposition try to separate it, saying that it is for the Albanians and not for the government's work. (ABC News Albania, 2024)

How does the cycle work? If there is an important event related to EU integration, the



organizers within the government either choose the group of journalists to accompany them on the trips or the group of media to keep up to date with their narrative. Thus, the government controls the narrative that spreads in the media and distributes "exclusive" interviews of the prime minister (or the narratives and rhetoric that the government is interested in) to one or several selected media. What happens next? Other media close to the opposition start criticizing the delays in integration. There is a lack of "translation" for the Albanian audiences, what does the opening of the first group chapter mean concretely and how does this affect the daily life of the citizens?

### **Some conclusions**

Some of the mainstream media only report the government narratives, which are also reflected through the channels of the government and Prime Minister Edi Rama on social media. Some of the media have broadcast the Prime Minister Rama's podcast "Flasim" on EU integration.

Some of the mainstream media with positions against the government or close to the opposition remain loyal to the narrative that Albania will never enter the EU with the Rama government. Given that, these media have mainly well-known typologies of audiences, audiences are polarized in their attitudes with the rest of the audiences that follow the media close to the government, it shows that they only confirm the beliefs of their followers. However, the opposition parties that these media follow editorially are in favor of European integration.

The government and the opposition inject narratives into the media.

In general, 4 narratives circulate in media content in Albania, which are also connected to political and governmental narratives: "Negotiations were opened, negotiations were not opened", The narrative "Pro EU, but when?", The narrative "They are blocking us" and Narrative of the gloomy future; "This is why negotiations are not opened for Albania".

How does the cycle work? If there is an important event related to EU integration, the organizers within the government either choose the group of journalists to accompany them on the trips or the group of media to keep up to date with their narrative. Thus, the government controls the narrative that spreads in the media and distributes "exclusive" interviews of the prime minister (or the narratives and rhetoric that the government is interested in) to one or several selected media. What happens next? Other media close to the opposition start criticizing the delays in integration. There is a lack of "translation" for the Albanian audiences, what does the opening of the first group chapter mean concretely and how does this affect the daily life of the citizens?

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There is a lack of exhaustive discourse on television, even though there are brief explanatory communications by experts, where there is no lack of the positive approach that "something very good has happened for Albania; or good news for Albania" although the representatives of the opposition try to separate it, saying that it is for the Albanians and not for the government's work.

The polls show a very high percentage of Albanians who are in favor of EU integration, shifting the concern to the long waiting periods for eventual membership.

The instruments that the media use to influence public perception of Albania's EU integration are not only related to the nuances, approaches or importance given to the topic, but also to the facts served. It is noted that considerable space is also left to the public interpretation of the surveys, the focus of which is the level of acceptance of the idea of integration by the public and the impact that the public thinks this integration will have. Several surveys have been conducted to the public through the media, even though they have been conducted by institutes or organizations. The polls are not oriented towards the question of whether we should be part of the EU or not, but when Albanians think that this can happen.

Even when it comes to the regional level, the surveys that aim precisely to answer the question of whether they support their country's goal to join the EU, Albanians turn out to be the most pro-European.

Although the predisposition of Albanian audiences is to believe in the integration of Albania into the EU, the bombardment of public opinion through messages from the media reinforces the idea that integration into the European Union is a matter of importance, and October 15-18 are the days when the public should think about it again. The media, influenced by the narratives of the government or the opposition, even the narrative of the EU representatives that the political parties in Albania should cooperate for integration, suggest to the public what to think about integration, keeping the focus on the good news that "now we are one step closer to the European Union" or that "corruption prevents us from joining".

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## **The EU Integration of Western Balkans: A Test Bench and an Opportunity for the Single Market**

**Dr. Andrea Piletta Massaro**

*Università di Torino / Université Catholique de Lyon (UCLy)*

### **Abstract**

*The integration of the Western Balkans Countries in the European Union is a process that started in 2004 and experienced other two important steps in 2007 and 2013. Since then, the enlargement underwent a setback. The reasons can be traced back to a multifaceted subset of factors, especially regarding these Countries' economic performances and the compliance with the rule of law principles. Moreover, the economic, social and, we can say, 'identity' crisis that affected the whole EU and which reached its peak in 2016 with the Brexit referendum, casted some doubts also in the opposed perspective, which means the capability of the EU and its Single Market to integrate a large number of Countries. The European Union itself is experiencing the fact that times has changed since its creation and its cumbersome structures and procedures are not able anymore to answer to the challenges the Union is called to face. The Single Market is suffering the external competition from emergent actors, and, at the same time, the EU's role is challenged in security matters, highlighting the never implemented convergence among Member States on this issue. In light of the above, the revamping of the Single Market through structural reforms and the integration of the Western Balkans Countries represents a necessary step for both these Countries and the EU. The proposed paper will analyse the current policy issues characterising this project – especially concerning the Four Freedoms and competition law – and it will propose the solutions deemed necessary.*

**Keywords:** *European Union, enlargement, Western Balkans, Single Market, competitiveness, competition*

### **1. Introduction**

Does, in your opinion, exist a European Culture?

Yes, and it at the foundations of everything. We have, across a highly varied history but also through sharp cultural and religious contrasts, always worked by taking nourishment from some common roots. If you look at the European culture, still today it signifies Greece, Rome, it means Rinascimento, it signifies Romanticism.

You cannot find in Europe any cultural movement which remained linked to a single Country only. Every writer rising from mediocrity is promptly translated and discussed. This was happening in times when the materiality of diffusion was much lower than today. Today who does not know in Italy who is Sartre? Or in England does not know who is Croce? There are now personalities who are European and not only Italian, German or French (Malagodi, 1979, as cited in author's free translation).

The quotation reported by On. Giovanni Malagodi, who was Italian Ministry of Finance in the period 1972-1973 and President of the Italian Senate in 1987, highlights the existence of a common cultural European background, which encompasses all the geographical and political borders within our Continent. However, European history has been mainly characterised by divisions, which culminated in the tragedy of World War II. This event was so shocking that it posed the basis for a cooperation among the various European Countries, in a period which was quite challenging from a geopolitical point of view, being Europe exactly between the two blocks confronting in the war that luckily is reminded in history as 'cold'. Exactly in these

circumstances, and on the ruins of WWII, the six founding Countries of the current EU managed to first unify the production of key materials such as coal and steel, and then to continue in an always more ambitious unification program, which saw the creation – based on the four fundamental freedoms – of the Common Market, which then became the Single Market. (Barnard, 2022, pp. 17-19). Moreover, common competition rules, and, *inter alia*, conquests such as the citizenship of the Union or the emanation of the Charter of Fundamental Rights of the Union followed.

This construction was certainly animated by the economic interests of the Countries involved, but the real basis was for sure an enlightened political vision of figures such as the already quoted Malagodi, but especially Einaudi, De Gasperi, Spinelli, Adenauer, Monnet, Delors, etc. Apart from the existence of a European culture made of art, usages and shared values, they had understood the geopolitical importance of a united Europe, especially in economic matters. They understood, and it is visible if we read the first provisions of the Treaty on the European Union (hereinafter, TEU), how the creation of a common market among some of the most economically advanced Countries in the world could have been a flywheel not only for economic growth, but also – and consequently – for social stability and well-being of European citizens.

This creation delivered peace and prosperity for years, helped also by favourable circumstances which 'covered' some delicate issues, such as the common defence, which was anyway granted by the U.S. and through the participation in the NATO. This model crossed the decades after WWII, and it became attractive for the other European Countries which were not part of the founding group. Therefore, multiple enlargements occurred, especially after the collapse of the socialist block in Eastern Europe. The integration of this part of Europe represented (for the Countries already member) and still represents (with regard to the candidate States) one of the major challenges of the entire Union project, since it delivered the integration in an already formed group of Countries of other ones which were characterised by a completely different political and economic background, and affected by a lower degree of economic development (Ajani, 2008). This occurred in an historical period which was not anymore as favourable as they were the previous decades, since it was characterised by the 2008 financial downturn, with the subsequent sovereign debt crisis (and especially the Greek case), the problem of migrations, the advent of digitalisation and the necessity to turn the economy towards more sustainable pathways (Peers & Barnard, 2023). All these issues showed what was hoped to be overcome through the Union, but which evidently remained part of the fabric of our Continent's history: Egoistic interests. The major example is for sure represented by the exit of the United Kingdom from the EU, but also the rising nationalist winds across other Countries are the symptoms of a European Union which is not anymore capable of attracting its population and offering a vision for the future. These individualistic stances brought the Union at the point of not being independent in a lot of key sectors, such as digitalisation, the supply of some very important raw materials and resources like lithium or natural gas and, especially, defence, which proved to be a particularly weak point of the EU's structure after the Russian invasion of Ukraine.

All this had the impact of putting in doubt the effectiveness of the European project among its own citizens. Moreover, also the capability of the Single Market to deliver well-being to citizens and firms has been put into discussion, thus apparently decreasing the attractiveness that brought European non-member States to start their adhesion process to the EU (European Commission, 2024). Therefore, in order to revive the European project and to render the Single Market a real benchmark of a liberal system centred on the person and again attractive so as to

complete the adhesion of almost all the European Countries in that 'common home' referred to by Malagodi, it is necessary to understand the positive features that the European integration process can deliver and which improvements are needed in order to relaunch it. This paper will serve this purpose, with particular focus about the host Country of the present Conference, Albania.

## 2. The EU Single Market and Albania

The EU Single Market for sure represents a fundamental opportunity for the Countries which were part – in different ways – of the Eastern Europe's socialist block. Indeed, the passage from isolation and from a collective economy to the liberal economy characterizing the Single Market has improved and can improve their economic performances. In turn, this should deliver better social and institutional conditions, as it is clear for Countries such as Slovenia and Croatia (Piletta Massaro, 2024). When the discourse comes to isolation, especially from the economic standpoint, the case of Albania becomes particularly relevant, given the Stalinist approach always pursued by the Hoxha regime, also despite divisions with the other socialist Countries. This, of course, left traces in the Albanian economy, which were at the basis both huge migratory wave of the 1990s, but also of the transition towards a parliamentary republican and liberal system, candidate to access the EU since 2014 (European Commission, 2024).

In the now ten years passed as candidate Country, Albania implemented many reforms aimed at aligning its legislation with the *Acquis Communautaire*, with specific regard to the institutional and economic fields (European Commission, Directorate-General for Neighborhood and Enlargement Negotiations, 2024). This process took a long period, since huge reforms were needed, especially to implement the rule of law foundations in the institutional level and to prepare the entrance in the Single Market of the Albanian economy. Anyhow, the results brought by the mentioned reformatory process are uncontroversial and they can be highlighted through the following datasets regarding the main social, institutional and economic indicators.

First, Albania registered a steady and quite progressive increase in its data regarding GDP per capita, especially since it became a candidate member State (Figure 1) (Statista, 2024).

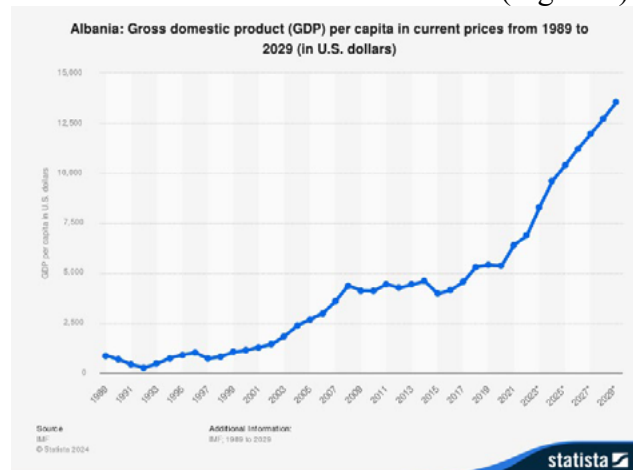


Figure 1

Additionally, in a sort of virtuous economic cycle, unemployment rates decreased (Figure 2) (Statista, 2024).

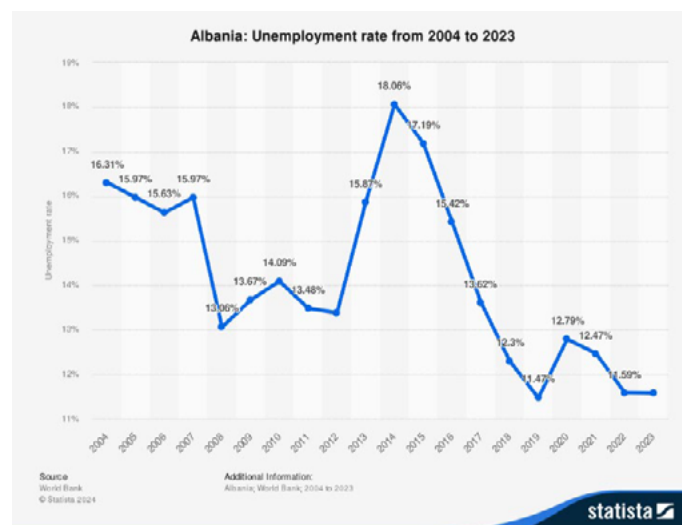


Figure 2

Finally, it is also interesting to note that at the same timeframe, a steady increase is registered also with regard to Albania's value added (in percentage of GDP) stemming from manufacturing (World Bank, 2024).

### 3. The Single Market as a driver for the European Union's 'Rinascimento'

The data reported above uncontroversially demonstrate how the EU Single Market is (without any conditional) a driver to economic and social development of European Countries. However, as anticipated in the introduction, this process is now put into discussion, and, at a certain extent, with grounded reasons. In effect, the impression, with specific regard to the 'old' member States, is that the propulsive force of the Single Market exhausted its momentum. After the 2008 economic crisis and the following sovereign debt crisis it is like something was broken in this mechanism, and especially, the European project lost trust among the subjects who should be its first beneficiaries: The European Citizens. The feeling is that of a gap between the population and the institutions, which represents the best fuel for populist movements, as the victory of the 'leave' in the 2016 referendum clearly showed.

However, European institutions appeared to be too 'soft' in addressing the (legitimate, it is part of democracy) anxieties that citizens expressed especially in the last decade. In particular, the management of the economic downturn in Greece, the high reliance on ratings for the evaluation of a Country's trustworthiness and the erosion of the State's welfare programs for expenditure reduction necessities brought to a fracture between the population and the institutions, which put the whole European construction into the discussion (Salvi, 2015). These observations were even more crucial after the election of Donald Trump for his second term as U.S. President since the four years of his second presidency will be for sure characterized by a U.S.-centric approach in trade, as opposed to the Marshall Plan times when the U.S. support proved fundamental and even encouraging towards the creation of the common market (Peers & Barnard, 2023).

Anyhow, this increasingly difficult scenario can – if managed appropriately – turn into the call to action for the EU, as Mario Draghi commented just after President Trump's election ("Vertice Ue," 2024). Also, the French President Emmanuel Macron urged how Europe must write its own future, because, contrarily, it will be written by others (Macron, 2024).

The propulsive force and attractiveness of the Single Market passes exactly from its reform, from the courage of Member States to embrace policy changes which were sometimes envisaged or suggested, but that, in the end, were never implemented, for various reasons, ranging from national positions to lack of view towards the future. Among them, we would like to enlist and analyse the common defense, sustainability, the harmonization of European private – or at least business – law, competition and competitiveness, and cohesion. All these policy sectors need to be reformed consistently and all of them are necessary to, by quoting President Macron, build by ourselves the future of the EU and its Single Market.

### *3.1. Common defence*

The first point to be mentioned in the 'reform list' is defense. The Report drafted by Mario Draghi posed defence as probably the most urgent priority for the EU, and we can do anything but agree with this approach (Draghi, 2024). Luckily or not, defense is synonym of freedom and independence, given the deterrent effect correlated with a strong defence system. Furthermore, and consequently, this deterrent 'soft power' also confers the essential geopolitical standing needed in trade matters, as the role played by the U.S. and China plainly shows. In this context, the Draghi Report enlightens the insufficient expenditure of EU member States in defence (in past for over-reliance on the U.S.) and the lack of coordination among them in critical aspects of the defence mechanism and equipment (Draghi, 2024, p. 50-55). Defence is seen as a sort of pillar around which building all the rest, also the Single Market, as a fortress wall needed to be built to make the territory inside to prosper.

Therefore, a common effort appears to be needed, and this comes under the name of common debt (Draghi, 2024). However, this solution was envisaged just after the Russian invasion of Ukraine in 2022, probably in a rush of urgency (Ucraina ultime notizie, 2022), but then it fell again in the debate, and no results were achieved in this sense (Beetsma, Buti, & Nicoli, 2024), (Competitività Ue, 2024), (With Macron distracted, 2024). This showed again all the limitations characterising the EU's decisional process, also in fields which could prove vital for the Union itself, such as a common expenditure in defence. In fact, the discourse surrounding defence is the same laying at the basis of the Single Market: How can the single European Countries compete with actors such as the U.S., China and Russia? For analogy, how can the expenditure in defence of the single member States equal that of these third Countries? Of course, the only answer lies in the Union, but since a big number of expenditures is here concerned, Union means anything than common debt.

### *3.2. Sustainability*

Sustainability, both under the environmental and social viewpoint, represents the main challenge for the entire humanity (European Parliament, 2019). However, focusing on the European context, social values and the protection of the environment represent two fields where the EU has always been leader, at the point of inserting them in the Treaties, in the Charter of Fundamental Rights of the EU, and in many member States' Constitutions. However, the fight towards climate changes and social exclusion will not be possible if not in synergy with the other enlisted sector where a policy shift is needed in the EU. Indeed, as the Draghi report clearly states, a proper green transition will not be possible in an economically and industrially sustainable manner if Europe will remain dependent on other Countries, such as China, for key inputs (Draghi, 2024). This became evident with the situation of big crisis in which the European automotive industry entered because of the transition towards electric vehicles, an industry in which, *rebus sic stantibus*, European companies cannot compete with their Chinese counterparties, due to the dependence for key elements such as batteries. In fact,



it is not a case that the German economy – highly reliant on the automotive industry – went into a deep downturn (CNN Business, 2024), and that recently Oliver Zipse, the CEO of BMW, a company which was usually at the forefront for electrification or anyway fuel efficiency developments applied to cars, asked the EU to revise the total ban on the sale of new thermic vehicles set to start in 2035 (Reuters, 2024). The reasons behind this request were clearly attributed to the need to be less reliant on China for batteries, and he called for a strictly technology-agnostic path within the European policy framework (Reuters, 2024). However, notwithstanding the worrying results of the European automotive sector and the evident reliance on China mentioned above, member States continue to remain in disagreement on this point. Indeed, whilst in September 2024 the Italian Government proposed an early review of the mentioned thermic engines ban for the purpose of redirecting in a more independent way EU's industrial policy (Reuters, 2024), the German Government rejected this suggestion (Reuters, 2024). The issue is that, given the EU's decision mechanisms, where political directions are usually taken in the European Council, where the vote is generally expressed by means of the *consensus* method, divergences on fundamental aspects of the industrial policy among member States can just create a block which can advantage everyone but not the EU itself.

Additionally, the transition cannot be imposed through an up-bottom approach, without huge common investments in innovation and in aids for sustaining the transition. This – according to the main lines of philosophy of law's theory of norms (Bobbio, 1993) – will be plainly rejected by the population, as it is happening with the raising consensus directed towards populist parties, which, *inter alia*, have positions running against the *green deal*. This is part of a big separation between the level where decisions are taken and where they have to be applied, *i.e.*, between the European institutions and the population. An example is the meritorious Directive (EU) 2024/1275 on energy performance of buildings, which requires, among others, a binding target to decrease the average energy performance of the national residential building stock by 16% by 2030 in comparison to 2020, and by 20-22% by 2035. This is a commendable target and effort, but it needs to be supported by adequate policies which do not make the efforts of this shift to become a burden for citizens. At this scope, some European funding are envisaged (Directive (EU) 2024/1275, 2024), but doubts can be casted about the fact that they will result fit for the purpose. In fact, according to a study made about the Italian real estate by Deloitte, just in Italy – given the fact that the buildings of energetic class F and G represents the 63% of the total – a funding between 800 and 1000 billion of Euros is needed to match the targets provided by the Energy Performance of Buildings Directive (Il Sole 24 Ore, 2024). From this datum, and by taking into consideration the price of electric vehicles (more expensive than the thermic ones, since the European industry is not independent in this sector, as we already pointed out) it is evident that a more coordinated effort is needed by the Union in order to tailor the green transition on a society where in 2023, the 21.4% of the population, *i.e.*, around 94.6 million people, was at risk of poverty or social exclusion (Eurostat, 2024). The enactment of promising regulations is good and commendable, but these rules need then to be grounded in the society, and adapted to it, especially when deep differences persist among the various member States, not talking about the candidate Countries, which, however, would be called to align to the EU *Acquis* also on the sustainability matters.

In other words, the EU needs to make the fight towards sustainability a priority, but sustainability means both reducing poverty and inequalities and making the green transition 'affordable' to everyone. Also, in this case a common effort appears to be needed, and when huge investments are needed at the whole Single Market level, common debt appears to be, again, the compulsory solution.

### *3.3. The harmonisation of EU business law*

Notwithstanding the deep harmonisation conducted by the EU in key sectors of the member State's contract law, private law in general, and business law (Benacchio, 2024), huge differences still exist among the various legal systems concerned. This favours an approach based upon the so-called 'regulatory competition' and the circulation of the models considered the best in governing a certain matter. Anyhow, the circulation 'automatically' put in place due to the efficiency required by business transactions could not consider the peculiarities of certain legal systems (especially if we think at the now candidate Countries) or could pose certain States in a prominent position in respect of others, thus enlarging the disparities in business performances across the Single Market. To create a more uniform level playing field for business across what should be a unique market, various proposals of a European Business Code or a European Private Code have been advanced (European Parliament, 2023), but they never went out of the theoretical and academic field to find their realisation into practice. After the 'setback' of these projects, it seemed almost impossible to reach this objective, and the already mentioned regulatory competition approach prevailed, thus leaving divergencies in the regulation of business practices and rules across the Single Market. It is exactly in to avoid this that, commandingly, the Report on the Single Market by Enrico Letta (Letta, 2024) proposes the introduction of a sort of 28<sup>th</sup> legal system having regard to business law. This regime, instead of substituting the various national ones would be an additional and parallel option, which can be chosen or not by the various operators. One can argue that like this the national divergencies would remain. It is correct, but probably the simplifying force of an uniform framework would prevail in practice as the choice of all the operators conducting cross-border transactions in the Single Market (which probably are the large majority). A similar approach was used, for instance, in Directive (EU) 2020/1828 regarding representative actions. In fact, the Directive added a uniform additional regime which can be freely chosen in a single case, but which does not substitute the national ones. The same approach is also followed by the European company (SE) regime (Council Regulation (EC) No 2157/2001, 2001). This proposition by the Letta Report and, in general, the need to really achieve a true level playing field, at least with regard to business law, revived the interest in the making of an EU private law or at least business law (Antoniolli & Iamiceli, 2024), (Lartigue, 2024). Anyhow, given the complexities of creating a unified common system, that of a 28<sup>th</sup> free option appears to be the most satisfactory and practicable solution in order to confer uniformity in the conduction of business within the Single Market.

### *3.4. Competition and Competitiveness*

Competition law is one of the fundamental policies for the maintenance of fairness and trust in the Single Market (Vestager, 2018). In fact, it guarantees that firms do not collude or abuse their dominant position to the detriment of consumers (through higher price and/or decreased quality) and competitors (by means of reducing the contestability of the market concerned). The need of a strong enforcement of competition rules is nowadays felt especially in the digital domain, where the so called 'gatekeepers' are dominating their relevant markets, thanks to dynamics, such as network effects or default options and lock-in effects, which are peculiar of these markets (University of Chicago Stigler Center, 2019), (U.S. Subcommittee on Antitrust, Commercial and Administrative Law, 2020). After a period of uncertainty, the European Union in this field, under the decisive guidance of Commissioner Vestager, took a leading role worldwide in the regulation of tech giants. This happened both through decisions based on traditional competition rules (European Commission, 2017; General Court, 2021; Court of Justice, 2024), and by means of new tools, such as the Digital Markets Act (DMA) Regulation

(Regulation (EU) 2022/1925, 2022). This, for sure, represents how the EU, if willing to do, can impose its own rules and also becoming a policy benchmark for other Countries eager to regulate a sector, such as competition in digital markets with the DMA (Bradford, 2020). However, due care shall be taken with respect to excessive formalism, in order not to fall in an overregulation trap (Draghi, 2024, p. 4), where rules are very powerful once written, but not totally respected in practice. This is clear, for instance, with regard to the user's consent mechanism provided for by the General Data Protection Regulation (GDPR), (Regulation (EU) 2016/679, 2016; Piletta Massaro, 2021) and some doubts can be casted also with regard to the DMA's approach (Piletta Massaro, 2022, p. 40).

Moreover, competition in the Internal Market shall pay due attention to competitiveness of the EU itself in the external scenario. In fact, in certain sectors of the economy scale is needed and therefore the prohibition of creating too big industrial conglomerates (the so-called 'European champions') in order to safeguard competition in the Internal Market has to be carefully weighed (probably through criteria such as proportionality and reasonableness) with the need of being competitive with, for instance, American or Chinese undertakings (Draghi, 2024, pp. 298-306). Reaching the right balance, especially in key sectors, between the internal and the external dimensions of the Single Market (or, in other words, between the necessary scale of firms and contestability of markets) will prove essential for strengthening the industrial role of the EU in the worldwide geopolitical scenario. In this sense, the Draghi Report suggests enabling consolidation when increased scale would deliver efficiencies or allow the realization of globally competitive investments (Draghi, 2024, p. 57).

### 3.5. Cohesion

Among the various problems affecting the EU Single Market one of them is for sure the persisting differences in development among various regions and areas within the Union (or within the same member State). This is well represented in the persisting differences in real GDP per capita levels across the Union (Figure 3).

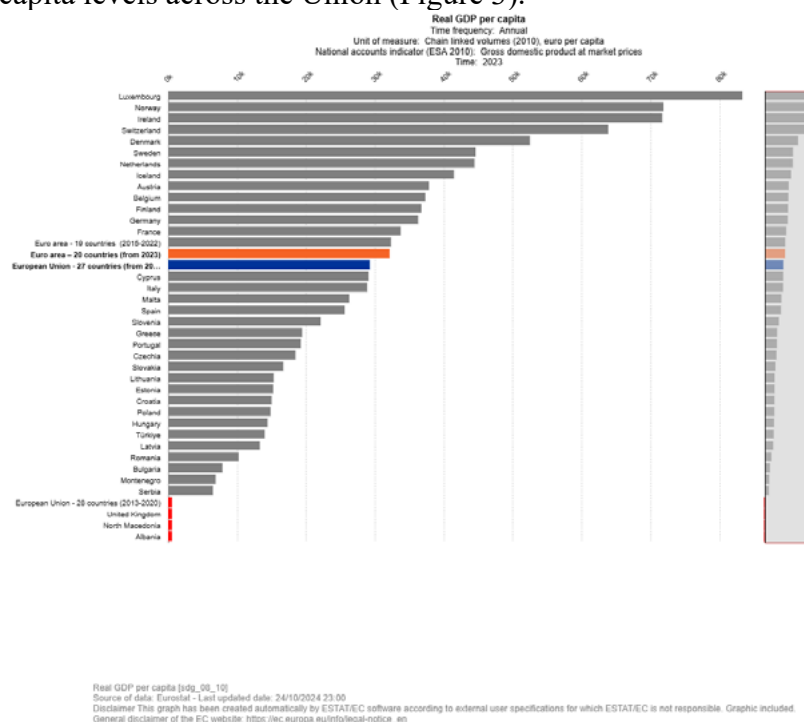
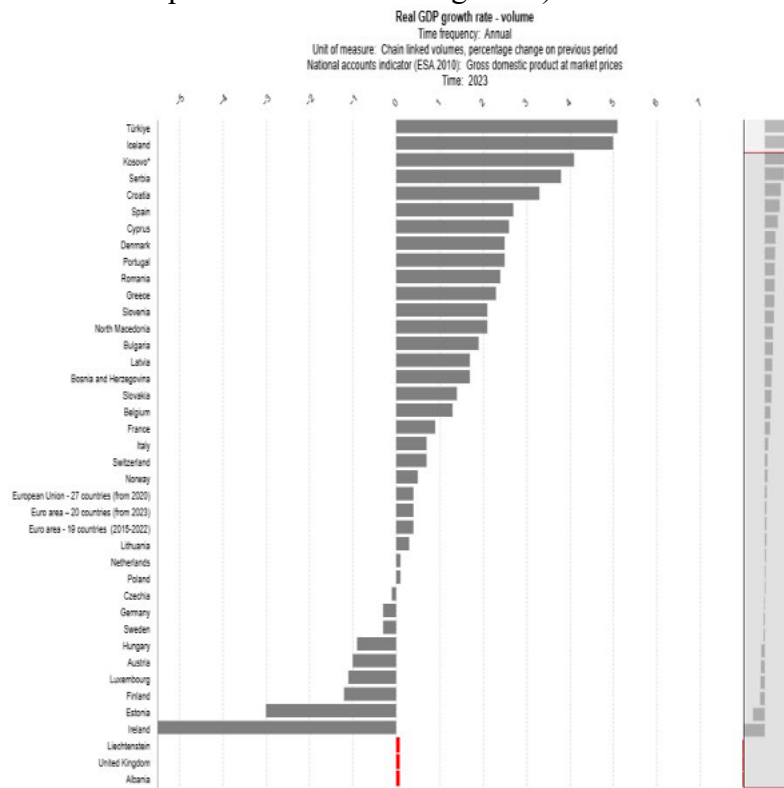


Figure 3

Anyhow, low-GDP regions are experiencing a greater increase of the GDP growth rate, thus showing a certain level of convergence (Figure 4, although it is endemic that more developed areas reached a sort of 'plateau' in their GDP growth).



Real GDP growth rate - volume [dec00115]  
 Source of data: Eurostat - Last updated date: 08/11/2024 23:00  
 Disclaimer This graph has been created automatically by ESTAT/EC software according to external user specifications for which ESTAT/EC is not responsible. Graphic included.  
 General disclaimer of the EC website: [https://ec.europa.eu/info/legal-notice\\_en](https://ec.europa.eu/info/legal-notice_en)

eurostat

Figure 4

These differences, of course, generate a migratory wave involving the most talented individuals towards more developed Countries and Regions, thus increasing the above referred gap (Figure 5).

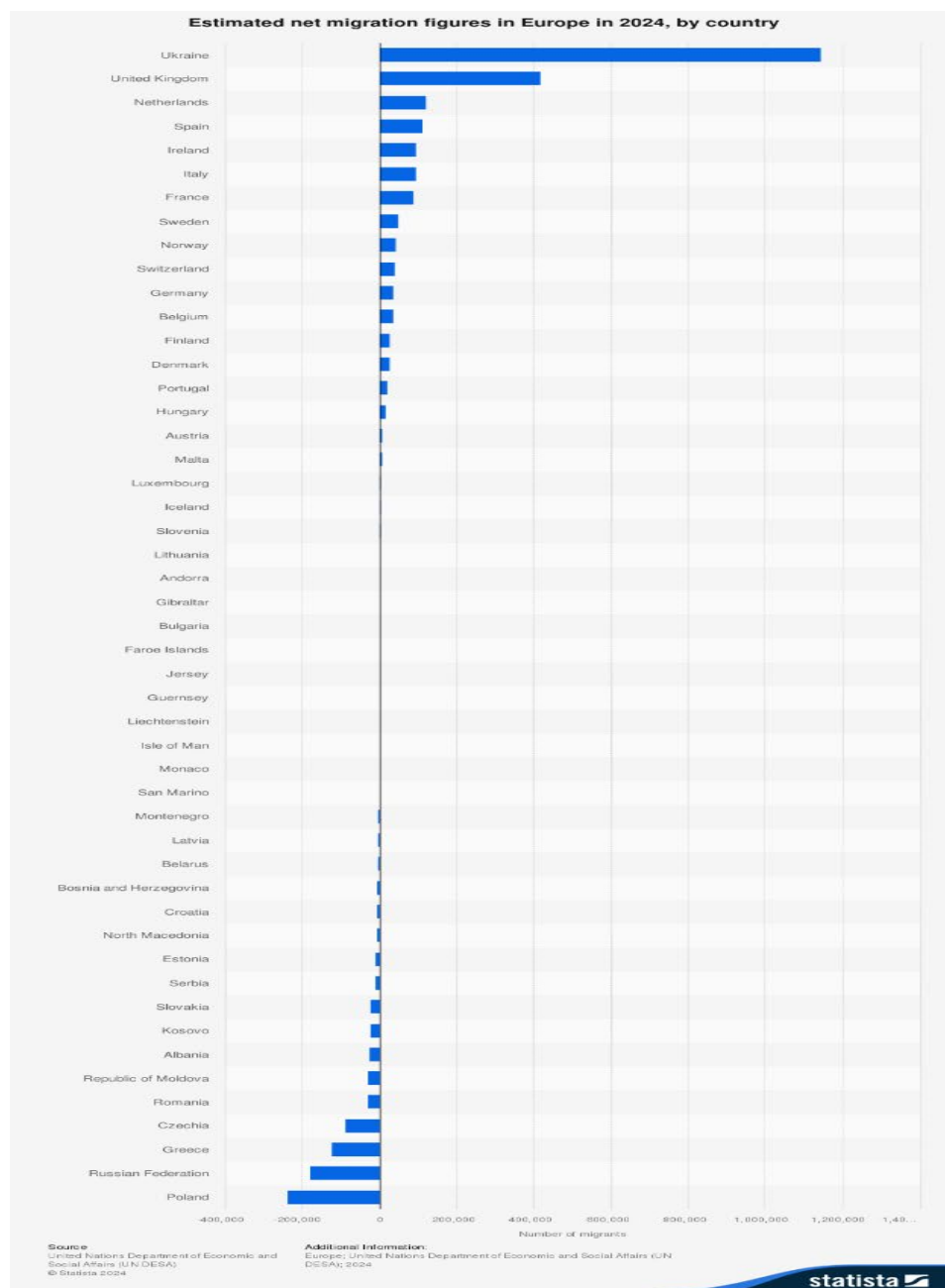


Figure 5

Anyhow, the direction is biunivocal, since as talents are attracted by better opportunities and wages abroad, some productions are delocalised in more depressed areas in search of low-cost workforce (Letta, 2024, pp. 104-106). Although a certain degree of competition among different Countries or areas is physiological also within the Single Market, this cannot constitute a main trait of it, since it will deepen inequalities among regions, but also among strata of the society in different Countries (in the developed ones the crisis affecting workers in the so-called secondary sector is evident).

The European Union put in place programmes aimed at levelling the playing field among its various regions and also in favouring the convergence of future member States, but evidently, given the data provided above, this is not enough, and a more centralised coordination appears



to be needed. In this sense the Letta Report stresses not only the importance of the freedom of movement of workers as a fundamental pillar of the Single Market, but also the freedom of people and workers to remain in their home territory and to contribute to its development (Letta, 2024, p. 91). In order to do so, and to empower all the areas of the Union (and the future member States, as well) a shift between the national to the European level is needed and also in this case the road of the establishment of a common plan, funded by debt issued by the Union on behalf of all the member States, appears to be the only possible solution.

#### **4. Conclusion: The enlargement of the European Union as a test-bench for the Single Market**

The analysis conducted – although synthetically – on some of the key policies needed for relaunching the future action and competitiveness of the European Union and its Single Market shows a lot of critical aspects, but also a great potential for improvement, just at the condition of adopting policies which have an EU vision and not the perspective of the single member States, or some of them.

As anticipated, the attractiveness and competitiveness of the Single Market and, all in all, of the European project, is a key element in the adhesion process of the currently candidate member States in the Western Balkans. In fact, given the particular geopolitical scenario and the geographical position they have, ensuring them a safe defence space and the entrance in a worldwide competitive market will be essential to defeat the resisting forces (often allegedly propelled by foreign propaganda), which proved to be anyway increasingly strong in the recent Moldavian referendum on starting the adhesion process to enter the EU (BBC, 2024).

Among the candidate Countries, Albania is probably the one who could enter the Union first, and for sure one of the most enthusiastic in joining, as it shows – *inter alia* – the opening of a campus in Tirana of the renowned College of Europe (Euronews, 2024). The Country appears to have adopted a good number of the major reforms required to align its legislation to the *Acquis Communautaire* and the economic trends showed above confirms the good outcome of the innovations introduced in the Albanian legal system.

For this purpose, the 2024 Annual Report on Albania by the European Commission's Directorate-General for Neighbourhood and Enlargement Negotiations highlighted a *good level of preparation* for entering the Union regarding Albania's economy, with a main problem identified in unemployment (European Commission, 2024, pp. 8-9). However, just *some level of preparation* was identified concerning the capability of competing into the Single Market (European Commission, 2024, pp. 8-9). Furthermore, a moderate level of preparation has been identified with regard to company law and intellectual property law, whilst an almost moderate level had regard to competition policy (European Commission, 2024, pp. 8-9). The Albanian Competition Authority is reported to be among the most active ones in the Western Balkans area, with the consequent positive effects in the economy's vibrancy and growth (Gajin, 2024). In particular, the Albanian Competition Authority proved particularly active in merger control (Gajin, 2024). However, the Report strengthens the need for a major independence of the Albanian Competition Authority and especially a major level of alignment with the EU legislation with regard to State aid provisions (European Commission, 2024, p. 12). Overall, an almost moderate level of preparation is registered concerning the major chapters regarding competitiveness and economic development and some level of preparation in the field of green transition and cohesion (European Commission, 2024, p. 12).

With its strong commitment towards the European project, Albania can represent the test bench

for showing in the Western Balkans area the advantages of a strong alignment with the European project and the Single Market rules and principles. However, the relationship must be univocal, and the European Union also needs to 'do the homework' to remain an attractive pole and to strengthen its Single Market. The hints briefly outlined in this paper could constitute the basis for a *Rinascimento* of the European project to reach the capability for welcoming new Countries in the Union and to bring beneficial results on an equality basis both to the founding Countries and the new entrant ones, to reach the spirit of the quotation reported at the beginning of the present paper.

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## International Legal Cooperation in Criminal Matters Between the Republic of Kosovo and EU Member States

Laura Tahiri

*South East European University, North Macedonia, PhD(c)*

### Abstract

*The purpose of this paper is to present an overview of how international legal cooperation in criminal matters works in general, always bearing in mind that the Republic of Kosovo is in the final stages of its integration into the European Union. As is known, Kosovo's path to EU membership contains elements and criteria of various aspects such as political, economic, social and legal. Throughout the years since the independence of the Republic of Kosovo, our state has made efforts to meet all the criteria derived from the EU institutions, and one of these criteria also includes Kosovo's cooperation with other states, especially those of the EU in criminal matters. International legal cooperation is a necessity as criminality has already crossed internal borders and has taken on international dimensions. This is also why interdependence between states has been introduced in order to combat criminality as effectively as possible and to take immediate measures within legal frameworks for all people committing crimes inside and outside the country. Therefore, this paper will first explain international legal cooperation in criminal matters primarily by linking the current legal and institutional framework of Kosovo including specific internal bodies dealing with this issue. Also, the most important part will focus on international bilateral agreements that Kosovo currently possesses with EU states and will also mention all forms of international legal cooperation in general.*

**Key words:** *International cooperation, criminal cases, legal framework, bilateral agreements, EU membership etc.*

### 1.Introduction

The overstepping of internal borders in criminal matters has caused the need for cooperation between states to grow significantly in modern times. No country can fight crime and no other phenomenon without cooperating with certain states on certain issues. Therefore, the ability of states to help each other in the most effective way is of utmost importance. To achieve this, international legal assistance is required, i.e. legal cooperation between States as an act of state bodies after requesting legal assistance of another State, actions that are foreseen in a way that is foresayed by international agreements concluded between states. This international cooperation in criminal matters can be achieved through a link between two or more States, where a State which needs legal assistance is the requesting State and the other state receiving the request for legal assistance is the requested state.

The Republic of Kosovo stands very well on the issue of international legal cooperation in criminal matters. From the declaration of independence onwards, Kosovo has worked prominently in building good diplomatic relations with most of the countries of the world. The establishment of diplomatic relations and the aspirations for the construction of a state that aims at the Euro-Atlantic route enshrined in itself a very big work of relevant institutions. The creation of legal infrastructure involves adapting domestic laws to international ones, but the issue of international agreements is another aspect. This issue is regulated by the Constitution of the Republic of Kosovo and its supremacy has made all international agreements that

Kosovo has signed, in cases where there is contradiction with domestic law, the agreements are those that will be taken for the basis. Kosovo has signed a large number of international agreements and has established mechanisms that make it possible to implement the legal framework, and not only. Within the government and judicial institutions, special mechanisms have been created that exclusively deal with international legal cooperation. In the same way, the legislation in force has included almost every mode of cooperation which with clear legal provisions defines all the necessary forms, conditions and procedures for effective and in harmony with international law in general.

This paper is therefore a consolidated summary of these issues through which a clear idea of how Kosovo has regulated this important functioning as a European state will be created.

## **2. International Legal Cooperation in Criminal Matters (General View)**

To understand the functioning of international cooperation in general and that in criminal matters in particular, the concept of cooperation must first be understood. Cooperation is a joint effort of a group for their mutual benefit. (Hamiti A., Çitaku G., Academy of Justice, Pristina, 2023).

International legal aid is a mechanism that serves states to establish ties with international organizations or institutions when the fight against criminality is necessary to be done with assistance from the other state concerned.

Kosovo's path to the European Union continues to be full of challenges and difficulties. This is because of political issues that inevitably relate to social and legal ones. For a long time Kosovo claims to have met all the criteria set by the European Union, however diplomatic relations with the European Union countries have influenced and continue to affect, and with special emphasis with those of the region. It is known that Kosovo historically has problems maintaining and determining the country's sovereignty, therefore its protection has had enormous consequences so far in diplomatic relations with several EU states. Relations between Kosovo and the European Union were officially established on 6 November 2002, while current status is recognised as a potential candidate. (potential) for EU membership.

Over the years, Kosovo has signed many international agreements, especially in criminal cases. The legal framework provides for a highly structured and appropriate infrastructure in terms of international legal cooperation and mechanisms within the institutions. Starting from the Constitution of the Republic of Kosovo, the Criminal Procedure Code of the Republic of Kosovo and as a special law the Basic Law on international legal cooperation in criminal matters together with the addition of subsequent amendments. The law sets out some of the main principles, such as the implementation of Kosovo's criminal procedure in these processes; the superiority of The Laws of Kosovo; reciprocity when interstate agreements are lacking; borders of cooperation to protect Kosovo's national interest and so on.

Within the government, respectively, the Ministry of Justice there is a separate department for cooperation which is consolidated and serves all necessary information to the Minister. This department is headed by the Department Director, who provides the proceedings of all requests for international legal assistance in matters which are in the scope of his responsibilities as follows:

- Drafting, negotiating and reaching the agreements between Kosovo and foreign states regarding international legal cooperation in criminal and civil matters;
- Proposal and preparation for the signing of international conventions pertaining to the field of international legal cooperation in criminal and civil matters;

- Proposes and provides support in drafting primary and secondary legislation related to the field of international legal cooperation in criminal and civil matters;
- Conducts legal research on legal policy issues related to the applicable law in Kosovo regarding the field of international legal cooperation in criminal and civil matters;
- Central Authority for the territory of the Republic of Kosovo regarding the representation of judicial and prosecutorial authorities in relation to foreign states;
- Review and process all types of requests for international legal assistance, in accordance with the applicable law and procedures;
- Cooperates intermittently with the Court, Prosecutor, Kosovo Police, Ministry of Foreign Affairs of Kosovo; Embassies and consulates of Kosovo in the world; Embassies and Liaison Offices of foreign states in Kosovo; Interpol, the Hague Conference on Private International Law and Central Authorities in other States on the field of international legal cooperation in criminal and civil matters;
- Drafts memorandums and provides support in the preparation of documentation for extradition procedures, interstate transfer of convicted persons, international child abduction, etc.;
- Central Authority for the territory of the Republic of Kosovo for the examination and prosecution of cases of international child abduction in accordance with the Law on civil aspects of international child abduction;
- Advises the Minister of Justice on the development of policies pertaining to international legal cooperation;
- Performs any other tasks included in the mandate of the Department for International Legal Cooperation, in accordance with the applicable law in Kosovo. (Official website of the Ministry of Justice of the Republic of Kosovo, taken on 30.10.2024, see more <https://md.rks-gov.net/page.aspx?id=1,16> )

### **3. Bilateral International Agreements Between the Republic of Kosovo and EU Member States**

Kosovo's relationship with the European Union states is first determined by the spirit of the Constitution of the Republic of Kosovo, which in its preamble states that Kosovo aims to be involved in euro-Atlantic integration processes and will establish relations of neighborliness and cooperation. (Hasani E., Cukalovic I., Commentary, Constitution of the Republic of Kosovo, Edition 1, GIZ, December 2013). So, since the perambulation of its Constitution Kosovo expresses the readiness of a good cooperation and clear goal in the Euro-Atlantic integration processes.

The European Union has played a leading role in the international effort to build a new future for Kosovo since 1999. Kosovo has a clear European perspective as part of the wider Western Balkans region.<sup>3</sup> The European Union Office in Kosovo plays a key role in implementing the EU agenda in the territory, especially the promotion of European norms. The Office ensures permanent political and technical dialogue between Kosovo and eu institutions.

Kosovo is recognized 117 countries, including the United States as the most powerful country in the world, among the first to recognize Kosovo, then recognized most European Union states except Spain, Romania, Greece, Cyprus and Slovakia. This had a negative impact on Kosovo,

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<sup>3</sup> Official EU website, European Union Office in Kosovo European Union Special Representative in Kosovo, retrieved 31.10.2024, see more see [https://www.eeas.europa.eu/kosovo/bashkimi-evropian-dhe-kosova\\_sq?s=321](https://www.eeas.europa.eu/kosovo/bashkimi-evropian-dhe-kosova_sq?s=321)



because the lack of a common European Union policy and non-unionism is reflected in the future of independent Kosovo, EU accession etc.

### 3.1. Bilateral International Agreements Between the Republic of Kosovo and EU Member States

With most EU countries Kosovo has very consolidated political-diplomatic relations, so it has been able to enter into various agreements with a large part of them, specifically agreements for international legal cooperation. When it comes to bilateral agreements, we have agreements that stem from the completed success processes, the continuation of the implementation of bilateral agreements between the Socialist Federal Republic of Yugoslavia and other states that are not in violation of the Constitution of the Republic of Kosovo. (Hamiti A., Çitaku G., Academy of Justice, International Legal Cooperation in Criminal Matters Opportunities and Challenges, Pristina, 2023).

These are:

1. With Austria - Extradition Contract 1 February 1982; Contract related to mutual legal assistance in criminal matters 1 February 1982; Contract for the mutual implementation of judicial decisions on criminal matters 1 February 1982
2. With the Kingdom of Belgium - Convention on Extradition and with mutual judicial assistance in criminal matters between the Kingdom of Belgium and the Socialist Republic of Yugoslavia 4 June 1971
3. With the Czech Republic: Agreement between SFR and SR Czechoslovakia on the Regulation of Legal Services in Civil, Family and Criminal Matters (Belgrade 20 January 1964); Treaty between SJF and SR Of Czechoslovakia on the mutual transfer of convicted persons for the cause of serving sentences (Prague 23 May 1989)

After the declaration of independence of the Republic of Kosovo, the way for new relations and greater opportunities to cooperate in different spheres opened. Kosovo, after its independence struck agreements with a large number of countries of the world. By 2024 there are over 400 international agreements whose ratification has been decreed by the Presidency of the Republic of Kosovo. (Official Gazette of the Republic of Kosovo, agreements decreed by the President, 31 October 2024)

The Law on International Agreements defines the procedure of the connection, signing, ratification, reservations and declarations, amendment and supplementation, withdrawal from the agreement and implementation of international agreements. (Official Gazette of the Republic of Kosovo / No. 28 / 16 December 2011, Pristina Law No. 04/L-052. (For international agreements))

This Law shall regulate various aspects of the binding of international agreements such as:

- The right to initiative to enter into international agreements that are governed by the national bodies in accordance with the Constitution and the laws in force
- The procedure for reviewing draft international agreements where the text of the draft international agreement drafted by a ministry or state agency in the Albanian and Serbian languages, as well as in the respective foreign languages, is sent to the respective ministries or state agencies for review. This draft of the text of the agreement is sent to the Ministry of Foreign Affairs for review only after it has been reviewed, and the agreement has been reached by the respective ministries and state agencies. The draft text of the international agreement shall be sent to the Ministry of Foreign Affairs together with copies of opinions received by the relevant ministries or state agencies during the review procedure.

- The competence to conclude international agreements that they have: the President, prime minister and minister of foreign affairs. These authorities have the right to perform all actions related to the agreements.
- The procedure for granting the authorization for the termination of agreements differs from the agreement. There are agreements which are exclusively in the president's power to give consent after the recommendation of the Government. However, in general all agreements that are recommended by the relevant ministry or national agencies and which enter into force on the day of signing, consent or authorization is given by the Minister of Foreign Affairs.
- Article 7. Par.8 sets the deadline fifteen (15) working days from the date of receipt of the request by the Government, ministry or state agency. So, within this time frame the President and the Ministry of Foreign Affairs give the authorization set for an agreement.
- Negotiations are held only after consent has been obtained by the Minister of Foreign Affairs. The composition of the delegation for negotiations is proposed by the relevant ministry or state agency which must also be consented by the Minister of Foreign Affairs. Also, any proposals during negotiations for making major changes and supplements are subject to the review procedure by ministries or state agencies.
- The form and language where the text of international agreements is printed in the languages of the Parties concluding agreements or even in another language under their agreement
- Ratification which is the main legitimacy of all procedures and contents. Ratification is carried out by the Assembly of the Republic of Kosovo with the votes of two eighth (2/3) of all deputies on issues such as: territory, peace, alliances, political and military issues, fundamental rights and freedoms, membership of the Republic of Kosovo in international organizations and the assumption of financial obligations by the state.
- Reservations and statements, if there is any about the specified agreement, these should be reported to relevant ministries and government agencies during the review procedure.
- Their binding character which implies that all those agreements which have entered into force are binding and the provisions or norms which are in contingency with national law always have the upper eminence. This is also regulated by the Constitution of the Republic of Kosovo
- Implementation of the Government assures

As seen above, the largest number of agreements are agreements decreed by the President of the country, therefore their legitimacy depends heavily on the state's relations with the other state. This procedure of entering into force of international agreements, including all instances of power within the country, reflect the concept of cooperation. So, regardless of what area or aspect the cooperation between states is required, in the first order is the political will and aspirations of the state in international terms.

By giving binding character to international agreements, the national legal framework is unified with the international one by proving the basic principle of the Constitution of the state of Kosovo, integration in the Euro-Atlantic path, the aspiration to join Kosovo in the European Union.

#### **4.Forms of International Legal Cooperation**

To achieve objectives related to cooperation between states regardless of which area and with which countries, categorized mechanisms are needed to make this cooperation easier. In the field of international criminal law and in terms of legal cooperation in criminal matters, there are several forms of cooperation in criminal matters. Through these forms, it is possible to

ensure effective and faster cooperation between states in order to achieve the common goal of combating crime.

The application of the Law on International Legal Cooperation in Criminal Matters is subject to the protection of public order interests, sovereignty and other interests of Kosovo as defined by the Constitution.

#### 4.1. Forms of International Cooperation in Criminal Matters

Some of the forms of cooperation that our national law includes are:

- 1) Extradition
- 2) Mutual legal aid
- 3) Transfer of criminal proceedings
- 4) Execution of foreign penalties
- 5) Knowledge of foreign criminal decisions
- 6) Checking, freezing and confiscating proceeds from crime
- 7) Information collection and exchange between intelligence services and law enforcement
- 8) Regional and sub-regional legal forms
- 9) Access to Justice (Hamiti A., Çitaku G., Academy of Justice, International Legal Cooperation in Criminal Matters Opportunities and Challenges, Prishtina, 2023).

##### 4.1.1. Extradition

Extradition is a procedure under which a suspected or convicted person is handed over to another country. This form is regulated by the internal law of each State, therefore the internal legal arrangement for effective extradition between states is of great importance. This surrender has obstacles to take place when the legislation of countries has different laws with each other that regulate this procedure. The most important thing is to reach bilateral agreements that would in some way unify the way of extradition or any other form of international co-operation in criminal matters.

Extradition and its modalities shall be regulated by special law in the Republic of Kosovo and under the law of legal cooperation in criminal matters a person wanted by another State for the purpose of conducting criminal proceedings or for the execution of the sentence may be extradited from Kosovo to that State only under the conditions set out by this law. (Official Gazette of the Republic of Kosovo / No. 33 / 2 September 2013, Pristina, Law No. 04/L-213 On International Legal Cooperation in Criminal Matters)

There are certain conditions that must be met in order to make extradition possible. Kosovo citizens are not in principle extradited, while exceptions are made when international agreement specifies otherwise because of certain reasonable circumstances. Also, those granted political asylum in Kosovo cannot be extradited. (Law No. 04/L-213 on International Legal Cooperation in Criminal Matters, Article 6). Under the extradition law, it is only permissible for offenses to be punishable under local law and the law of the requesting State and shall not

be allowed in cases where the prescribing of criminal prosecution or execution of the sentence following the law of the requesting State has been made. (Articles 9 and 11).

As is known in the Republic of Kosovo the death penalty does not appear as a criminal sanction in the criminal legislation, so extradition may not be allowed in cases where the criminal offense is punishable by the death penalty under the law of the requesting state. (Article 16). The extradition procedure begins with a request to the ministry and passes several filters to the final decision. These filters included the state prosecutor, police, court and finally the minister who can decide on his permission or refusal. The minister's decision is final and administrative conflict may be initiated against him.

#### 4.1.2. Mutual Legal Aid

Mutual Legal Aid (MLA) is a method of cooperation between states to obtain assistance for investigating or prosecuting offences.<sup>4</sup> This assistance is a very effective tool in modern times to support criminal investigations and prosecutions. This form of cooperation is one of the fastest and easiest ways because concrete information is exchanged without the need for excessive procedural bureaucracy. It involves the police and other relevant bodies of the other state and the one seeking assistance in order to use the information required in a criminal proceeding.

Some of the most common forms of mutual help required are:

- a) Providing evidence, various information, and expert opinions
- b) When seeking evidence in another country, in a certain place of residence, control of computer systems, asset freezing, or confiscation of property.
- c) When the need to interview an individual in the sense of developing investigations arises. If that person has witnessed a criminal offense to provide as evidence the statement.
- d) Identifying or tracking the proceeds of crime
- e) Undercover investigations in cases where a police investigator infiltrates a criminal organization to gather evidence
- f) Cooperation in cases where an official holding a certain position in the crime investigation case should have special authorization from the state where evidence is to be obtained.

#### 4.1.3. Transfer of Criminal Proceedings

The transfer of criminal proceedings means that a criminal proceeding which has been initiated or is to be initiated at the request of the other State concerned may be transferred to that State. This form of cooperation normally has conditions under which it can be conducted as a procedure, conditions that are defined by the national law of the State.

Transfer of the procedure may be refused for certain reasons under the law, as well as acceptance for such transfer. To be more precise, the transfer of criminal proceedings also means the transfer of the procedure from foreign states in the Republic of Kosovo and from Kosovo to another state.

##### 4.1.3.1. Transfer of Criminal Proceedings from Foreign States to the Republic of Kosovo

There are certain conditions for transferring from other states in Kosovo. One of the most important and basic criteria is the criminal offense. If the criminal offense subject to the request

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<sup>4</sup> OGL, Guidelines for authorities outside the United Kingdom, March 2024, dated 28.10.2024, source [MLA Guidelines for Foreign Authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidelines-for-foreign-authorities)

for transfer of criminal proceedings is not a criminal offence in the Republic of Kosovo, then transfer to another state cannot be done. (Official Gazette of the Republic of Kosovo / No. 33 / 2 September 2013, Pristina, Law No. 04/L-213 On International Legal Cooperation in Criminal Matters, Article 42).

In principle, the transfer can be accepted when the suspected person is a permanent resident of Kosovo, is a citizen of Kosovo or Kosovo is the country of origin. In cases where evidence is needed to be taken on the territory of Kosovo in terms of finding the truth. Transfer of the proceedings may also be refused when the penal offense for which it is sought is of a political or military nature, and when the judicial authorities of the state are not competent to prosecute that criminal offence. The authority that notifies the requesting State is the Ministry of Justice which transmits the final decision on the acceptance or rejection of the request. (Article 47).

#### 4.1.3.2. Transfer of Proceedings from Kosovo to Another Country

Kosovo asks another state to take over the criminal procedure when it is suspected that the person has committed a criminal offence provided for by the law in force in the Republic of Kosovo. In principle, the same conditions or criteria for transferring the procedure from Kosovo to another state apply.

Article 52 of the Law on International Legal Cooperation in Criminal Matters defines the conditions for transferring criminal proceedings.

These conditions are:

- a) *The suspect is a national of the requested state or the requested state is his or her state of origin;*
- b) *the suspect is serving or should serve a custodial sentence in the requested state;*
- c) *the requested state has initiated criminal proceedings for the same offence or other criminal offences against the suspect;*
- d) *it is considered that the transfer of the proceedings is justified in the interest of the attainment of the truth and in particular if the most important evidence is found in the requested State;*
- e) *if a sentence were pronounced, the execution of the sentence in the requested State would serve the best social rehabilitation of the convicted person;*
- f) *the presence of the suspected person in judicial review in the Republic of Kosovo cannot be assured, and such a thing may be done in the requested state;*
- g) *The prison sentence, if imposed, could not be executed either through extradition or if the extradition request was rejected.*

#### 4.1.4. Execution of Foreign Penalties and Recognition of Foreign Decisions

It is a procedure by which a person convicted on the territory of one State is transferred to the territory of another State to serve his or her sentence. (Hamiti A., Çitaku G., Academy of Justice, International Legal Cooperation in Criminal Matters Opportunities and Challenges, Pristina, 2023). In this form of cooperation, the human aspect is highlighted, because it is certainly much easier for the condemned person to be physically close to their family and in their place. This would make it easier to serve the sentence, so transferring convicted persons to their state is one of the greatest favors that a convicted person can enjoy. During the history of states, criminal decisions were considered exercises of sovereignty, and there have been great contradictions about whether foreign decisions should be recognized in the given country.



In general, recognition and execution among states of foreign decisions in Kosovo implies the involvement of courts, private bailives and, on occasion, the Ministry of Justice of the Republic of Kosovo. (Bushati A., Povlavić M., Qerimi D., Mandić M., Rumenov I., Dodević S., Recognition and execution of foreign judicial decisions between states in Southeast Europe and prospects of the 2019 HCCH Convention "On Judicial Decisions" GIZ, November 2021). The criteria and conditions for execution of foreign penalties are also provided for in this form of cooperation. In principle, reciprocity between states always opens the way for more efficient and faster cooperation regardless of the form of cooperation.

Article 71 of the Law on International Legal Cooperation in Criminal Matters in the Republic of Kosovo defines the general principles of recognition and execution of foreign judgments in the Republic of Kosovo.

Par. 1 Determines that final judgments issued by foreign courts against citizens or permanent residents of the Republic of Kosovo may be recognized and executed in the Republic of Kosovo, under the conditions set out in this Chapter, if the judgment contains the types of penalties prescribed by local law.

In par. 2 it is foresighted that the procedure for recognition and execution is initiated on a written request from the ministry and the original judgment or its certified copy should be attached.

Par 3 states: *"After considering the formal conditions of the request, the Ministry shall transmit it together with supporting documents received to the competent court. The Basic Court, on whose territory the condemned person resides or resides, shall be competent to decide on the request for recognition and execution. If the position or location of the person cannot be determined, the Basic Court of Pristina shall be competent."*<sup>5</sup>

If the execution is contrary to the other principles of the Kosovo legal system or the criminal offense subject to the request is political or military in nature, the competent court shall refuse recognition and execution of such a foreign judgment.

In cases where there are serious reasons to believe that a judgment was taken prejudicing nationality, race, religion or political conviction, there is sufficient ground to reject such a judgment given that Kosovo is a state where human rights are the strongest basis protected by the highest legal and political act the Constitution of the Republic of Kosovo.

## **5. Conclusions and Recommendations**

International legal cooperation in criminal matters between Kosovo and EU countries is in principle consolidated and there are no difficult problems to solve. However, the influence of EU countries that do not recognize Kosovo is reflected in different spheres of institutional development. It is important that the current cooperation with the most powerful countries of the European Union and the other ally on the other side of the United States of America, cooperate in Kosovo's favor. The international agreements incorporated in the Constitution of the Republic of Kosovo and their meticulous implementation should be a sign of the good intention of the state to join all European politics. Establishing genuine diplomatic relations with the European Union countries, respecting all conditions and criteria set by the international factor and Kosovo's continued activities at its service should always be taken into account and evaluated positively in the spirit of EU states.

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<sup>5</sup> Official Gazette of the Republic of Kosovo / No. 33 / 2 September 2013, Pristina, Law No. 04/L-213 On International Legal Cooperation in Criminal Matters

In this work, some general views on international legal cooperation in criminal matters were explained consolidated. Also, the legal framework established by the state was treated so that the functioning of legal provisions would be made as efficient and in harmony with all international acts. The treatment of some forms of legal cooperation from the legal aspect and the comparison of legal provisions with those of EU states clearly shows Kosovo's great commitment to its Euro-Atlantic path. Kosovo already has the status of potential candidate for EU membership, and this makes it more important to address topics like legal cooperation and not only. Kosovo should work on establishing relations with non-recognizing countries that are part of the European Union, strengthening the rule of law and focus on creating political support to pursue reforms related to the European Union as effectively as possible.

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## **The Economic Pro and Cons of Preferential Trade Agreements: The Case of Stabilization and Association Agreement Between EU and Albania**

**Dr. Fjoralba Caka**

*University of Tirana*

### **Abstract**

*The last decades and especially after 1990s, there has been a huge increase in the number of preferential trade agreements in the world. This paper will focus only in the economic aspect of PTAs. We will try in the first part of the paper to scrutinize the literature review and map the pro and cons arguments with regards to the effects of a PTA. The aim of the first part is to delineate some of the positive and negative effects a PTA has on the economy and welfare of the participating countries. In the second part of this paper we will focus on the Stabilization and Association Agreement between EU and Albania and assess some of the positive and negative aspects in the light of the literature review.*

**Keywords:** *trade creation, trade diversion, RoO, TBT, SAA, Albania.*

### **1. Introduction: The Pros and Cons of a Preferential Trade Agreement (PTA).**

Different methodologies are used by different scholars to map the effects of PTA, its positive and negative aspects. The most used method to track PTA effects is the gravity model. The gravity model is used to measure at what extent PTA partners trade more than would be predicted by standard bilateral trade determinants in terms of income, geographical proximity, etc. Another method is the qualitative choice theory. Qualitative choice models were designed to provide economists with the ability to evaluate decision behavior, i.e. the utility gain or loss from a policy decision and with regards to PTAs they help to analyse the gain and a loss of participating countries when entering in a PTA (Baier & Bergstrand, 2004). General equilibrium and computable general equilibrium are used to assess the effects of PTAs on multiple markets (Plummer, Cheong, & Hamanaka, 2011). However, despite the great amount of research and different methodologies employed, the findings of the positive and negative aspects of the PTAs are eclectic. Even with the same methodology there are often contradictory results, which makes it hard to have a definitive position in the effects of the PTA on a specific market.

The aim of this part of the paper is to map and group the arguments of different authors and argue on both positive and negative aspects of PTAs.

#### **1.1 *Positive effects of a PTA.***

One of the crucial elements of a PTAs, despite their heterogeneity, is the removal of trade tariffs. This means removal of the protectionist tariffs that states use to grant protection to their product and industries, and which is translated in a loss for consumers. By applying tariffs on the imported products, in order to protect competitive domestic products, the price of the foreign goods becomes more expensive, and this reduces both the consumer choices and their budget. The removal of trade tariffs offers access to new markets and increases the trade flows between countries. Apart of economic theories, there are researchers who have also conducted estimates and surveys on the impact of PTAs on trade and welfare, using data from a large number of countries. Cipollina and Salvatici (2010) provide a meta study about the large

literature on the trade flow effects of PTAs. They have found that – over 1,827 estimates from 85 studies – the average PTA coefficient implies an increase in bilateral trade by more than 80% (Baier & Bergstrand, 2007; Felbermayr, Heid, Larch, & Yalcin, 2015). Acharya *et al* conducted a survey with various PTA whose trade between members amounts to around 40 percent of world trade (Acharya, Crawford, Maliszewska, & Renard, 2011, pp. 37-39). Data show that for most of the PTAs under consideration, intra-PTA imports as a share of total imports increased following the introduction of the PTA (Acharya, Crawford, Maliszewska, & Renard, 2011, p. 57). This highest increase in the shares of intra-PTA imports was seen in the EU, ASEAN, the Andean Community (CAN), SAFTA, and, initially, NAFTA (Acharya, Crawford, Maliszewska, & Renard, 2011, p. 58). Furthermore, for almost all the PTA in the survey have experienced a growth in intra-PTA exports and total export (Acharya, Crawford, Maliszewska, & Renard, 2011, p. 58). Therefore, they lead to the conclusion that countries that from a PTA trade more internally than would be expected in the absence of a PTA, thus most of the PTAs are trade creating rather than trade diverging (Acharya, Crawford, Maliszewska, & Renard, 2011, p. 62,63).

Another argument regarding the positive effects of a PTAs is tariff reduction of variable costs. The tariff reduction is translated in reduction of variable costs of trade, encouraging the firms to trade more with PTA partners and increase the value of their current export (Baccini, Pinto, & Weymouth, 2017, p. 379). PTAs appear to reduce trade costs by more than the 8% benchmark attributed to trade policy by Anderson and van Wincoop (2004) (Felbermayr, Heid, Larch, & Yalcin, 2015, p. 10). Baccini et al assessed the effects of preferential liberalization on the activities of multinational corporations and claim that the reduction in the artificial costs associated with trade barriers is expected to facilitate the reduction of cost in, goods and services (Baccini, Pinto, & Weymouth, 2017). However, the distributional effects of a PTA differ depending on the economic status of the firm. For example, Janken et al. show that: those export firms whose trade costs are declined, would experience productivity growth; on the other hand, relatively high-productivity non exporters are likely to start exporting, while the existing exporters will increase their shipments. However, low-productivity firms will likely die, although the industry they operate experience falling trade costs (Bernard, Jensen, & Schott, 2006).

National standards can also be a barrier to trade and display similar effects as a tariff. Standards, similar with tariffs, create compliance costs for businesses. Businesses must change their package, labelling, percentage of fat, alcohol etc, to comply with the standard of another country. Although standards do not bring revenues, there are instances where a fee must be paid in order to obtain a certificate or to conduct laboratory examination costs to prove that the product complies with the required standard. In this regard PTAs contribute mainly with two mechanisms to the reductions of costs: the “mutual recognition” of standards and the standards harmonization (Maur & Shepherd, 2011). When a PTA has provisions on technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures, this aim to positively affect the economic integration of the countries signing the PTA. The TBT and SPS provisions in PTAs are different from the WTO provisions. In WTO the TBT and SPS are treated as standards and guidelines, while PTAs usually incorporate an active work program of cooperation on standards, certification, and conformity assessment issues (Stoler, 2011, p. 217). This is typical for several EU PTAs, where EU supports both technical and financially, significant technical assistance programs to assist developing-country partners with the harmonization effort, especially those countries where the agreement also encloses harmonization (Stoler, 2011, p. 217).

Moreover, PTAs and especially deep integration PTAs have other positive effects. Trade intensification can lead to more investments. As a result of the increase in trade flow, there will be a need to invest in infrastructure, to respond to the emerging volume of transportation between the pair countries. Thus, there will be investments in road, railways, in specific human capital or to go further in cooperation in monetary policy to lower the exchange rate volatility (Felbermayr, Heid, Larch, & Yalcin, 2015, p. 10). Büge notes that there is a positive link between PTAs and Foreign Direct Investments (FDI). First, because trade and FDI are related, and trade costs are important in the decision to invest.<sup>1</sup> Secondly because most of the 'deep integration' PTAs have FDI clauses and also institutional mechanisms to resolve possible dispute (Büge, 2011). He points out that deep integration provisions improve the investments' conditions bilaterally, but also multilaterally when domestic reforms improve a country's investment climate, since investors from third countries will read the signing of a PTA as a "credible signal that the reforms will be time consistent" (Büge, 2011, p. 8). Based in the gravity model, he also suggests that there is a strong and robust positive average treatment effect on bilateral FDI between their members: the signing of a PTA, which is generally implemented over a period of 10 years, is correlated with a 170% increase in bilateral FDI (Büge, 2011, p. 36). When testing individually for sub-samples of non-OECD and OECD host-country, a significant positive but lower average treatment effect persist, in the size of a 140% and 130% FDI increase, respectively (Büge, 2011, p. 37,38).

Moreover, deep integration of PTAs affects also the global value chain. Estimates show that adding a provision of deep integration to a PTA increases bilateral trade in parts and components by 1.5 percent and re-exported value added by 0.4 percent (Ruta, 2017, p. 9). This means that signing the deepest PTA doubles trade in parts and components and increases re-exported value added by about 22 percent (Ruta, 2017, p. 9). Ruta points out a complimentary positive relationship between PTAs and global value chains. PTA aims to minimize cross-border policy externalities, lower trade expenses, and establish deeper common disciplines which facilitate trade in international borders. In this way PTAs offer a wide range of product liberalization which can promote global production networks by stimulating the trade of intermediate goods. On the other hand, even GVCs have also an impact on the PTA as: "(i) governments set lower tariffs the higher the domestic content of foreign- domestic content produced final goods and (ii) that countries sign deeper agreements the higher the GVC trade with partners." (Ruta, 2017, p.17)

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<sup>1</sup> However, Büge mentions that the consequences of PTA on FDI might be different when considered from the horizontal or the vertical point of view. *"From the horizontal perspective, a PTA is likely to reduce bilateral FDI. This is because trade becomes less costly and the relative costs of setting up and operating a foreign plant increase. From the vertical perspective, a growth in trade caused by a PTA is expected to be accompanied by an increase in FDI, given the interconnectedness of both."*, pg

## 1.2. Negative effects of a PTA.

If trade creation between PTA members is considered one of the positive effects of the PTA, the trade diversion among non-members is the other side of the coin. Trade diversion means that there is a reallocation of trade away from a more efficient supplier that is located outside of the agreement, and towards a less efficient supplier within the agreement (Magee, 2008).



This means that there would be a preference for goods of the partners, in relation to RoW, despite the efficiency and quality of a product. Some other research at the firm level shows that the main beneficiaries of the removal of tariffs are only the multinational companies in large countries. Baccini *et al* research focuses on the effects of preferential liberalization on the activities of multinational corporations (MNCs) (Baccini, Pinto, & Weymouth, 2017, p. 374). Based on the Bureau of Economic Analysis (BEA) data they looked at information on almost all US foreign direct investments as well as tariff data from PTAs that the US has signed. They confirmed the position that PTAs have an uneven distribution effect at the firm level, depending on productivity and size. Tariff cuts disproportionately increase trade among the largest, most competitive firms. On the other hand, in the host markets there is a relocation of sales from the least productive to the most productive firms leading to market concentration among MNCs. From this point of view, the winners of the PTA features tariff cuts are the largest and most competitive firms (Baccini, Pinto, & Weymouth, 2017, p. 376).

Another negative aspect highlighted by the research is the restrictiveness and divergence of the rules of origin (RoO) (Estevadeordal, Harris, & Suominen, 2009). Estevadeordal *et al* noted that restrictive RoO introduce undue barriers between PTAs' members and non-members, damaging the PTAs' trade creating benefits (Estevadeordal, Harris, & Suominen, 2009, p. 25). On the other hand, divergent RoO across different countries and regimes increases the transactions costs for countries and companies dealing with two or more PTAs at the same time (Estevadeordal, Harris, & Suominen, 2009, p. 23). In case a country has different PTAs with different RoO there will be more transactions costs for companies, investors and governments. These costs are relevant for traders, who will spend time at the custom office due to the complex rules of RoO, this can result in delays in shipment clearing customs, causing delays in marketing the finished goods, or having other inventory costs due to late shipments. In case of potential errors there will be extra costs and uncertainty for traders. The most affected by these costs are the traders from developing countries, since the custom authorities and services are more likely to be unprepared to properly apply divergent rules of origin (Estevadeordal, Harris, & Suominen, 2009, p.34).

There are even authors who have tried to estimate the costs of RoO in concrete PTA. For example, according to Anson, the compliance costs of RoO amount to 6% of a product's export value, Cadot *et al* estimate that the border price of Mexican apparel product has risen 12% to compensate for the cost of complying with NAFTA's RoO, while another study show that estimate the trade-weighted compliance costs at approximately 8.0% for the PanEuropean Union (PANEURO) and 6.8% for NAFTA (Yi, 2015, p. 46). Standards are believed to lower the costs that comes with organizing international trade in global value chains. However, from a developing country perspective, *the standards set in PTAs are typically higher than domestic ones, resulting in a gap between the capabilities needed for serving the domestic and the export markets* (Bruhn, 2014, p. 24). Moreover, SPS is believed to have a potential distortionary effect because they usually extend to sectors like agriculture or food sectors which are sectors on which poor countries are dependent upon (Murina & Nicita, 2014, p. 1). According to Attukorala and Jayasuriya (2003), compliance with SPS measures is unequal because it necessitates technical expertise, industrial facilities, and an infrastructure foundation that are frequently absent in many lower-income nations, despite being common in developed and emerging markets (Murina & Nicita, 2014, p. 1). Using a gravity model framework, Disdier *et al* findings indicate that SPS measures significantly reduce developing countries' exports to OECD countries, while not affecting trade between OECD members (Murina & Nicita, 2014, p. 1). Different authors have tried also to estimate the costs of compliance with SPS measures. Maskus, Otsuki, and Wilson based on information from 700 businesses in 16 developing nations estimate that the cost of adhering to foreign standards is around 5% of a company's

value added (Bruhn, 2014, p. 24; Murina & Nicita, 2014, p. 2). Similarly, *Chen et al* found that testing and inspection procedures by importers reduce exports by 9 per cent and 3 per cent, respectively. These costs create barriers to entry for companies in developing countries to other markets and their ability to export (Murina & Nicita, 2014, p. 2). Consequently, “it is harder for developing- nation businesses to be able to comply with the requirements at all, thereby shutting them out of the global marketplace” (Bruhn, 2014, p. 24). Moreover, the proliferation of PTAs has created a “spaghetti bowl” effect on the multilateral trade. Various countries have different PTAs with different countries. Sometimes in different PTAs there are different provisions of RoO, TBT and SPS, which might be contradictory in their design, exhibit inconsistency and create a double burden on manufacturers and traders and negatively affecting trade (Hartwell, 2015).

Other costs of a PTA are related to its proper implementation. Chauffour *et al* identify that in order to implement a PTA a country should enact new laws, lead reforms, establish new institutions for the implementation and administration of a policy as mandated by the PTA , establish intra and inter-institutional management and communication mechanisms, invest in institutional capacity-building measures, such as technological upgrades as well as staff training and hiring, and the creation of enforcement mechanisms (Chauffour & Kleimann, 2012, p. 46).

Another negative consequence of PTAs is the effect on budget and internal taxation of the countries that form a PTA. When countries remove tariffs or are not allowed based on the standstill clause to introduce new tariffs in trade among PTAs members, countries lose an important part of budget resources. This loss is usually followed by the introduction of new taxes, like indirect taxes, i.e. taxes on consumption in order to offset the negative consequences that the removal of tariffs have in the state budget. Baunsgaard and Keen have examined a large panel of countries to investigate if it is possible to offset reductions in tariff revenues by increasing revenues from other resources (Baunsgaard & Keen, 2010). The focus of their research was to understand if over 25 years countries were able to offset reductions in trade tax revenues by increasing their domestic tax revenues. They find that the level of recovery and offsetting the revenues loss by tariff removal depends on the country’s income. For low-income countries, estimates show that for each dollar lost there is recovery of 30% (Baunsgaard & Keen, 2010, p. 18). Therefore, low-income countries fail to recover from domestic sources such revenue as they have lost from trade reform. The middle- income countries have a stronger record of revenue recovery, 45-65 cent for each dollar lost (Baunsgaard & Keen, 2010, p. 18). Moreover, even for high-income countries the result is also negative, but overall, they perform better since their recovery is higher than the previous groups and for this group it is not difficult to replace tariffs/trade taxes with other revenues (Baunsgaard & Keen, 2010, p. 18). Although VAT is often considered as a solution to the revenue’s challenges, research showed that the adoption of a VAT has been helpful for high and middle-income countries only (Baunsgaard & Keen, 2010, p. 22-23).

## **2. Stabilization and Association Agreement between EU and Albania.**

The European Union has used PTAs to foster regional integration (Woolcock, 2014). Initially the reasons to sign PTAs have been political. For example, the EU PTAs with African, Caribbean and Pacific (ACP) states, were motivated to ensure the continuance of economic and political links of France, Germany, Belgium and UK with their colonies (Woolcock, 2014, p.717). The Europe Agreements after the fall of communism in the Central and Eastern Europe, aimed to help the economic transition and achievement of political stability (Woolcock, 2014, pg. 718). In the mid-1990s, the EU engaged in a more leadership fashion, trying to foster regionalism as a tool to address the challenges of greater market integration internationally,

through the regulation of investment, competition policy and rules on government procurement. The EU PTAs agreement, especially those signed after 2000 can be considered “deep integration” PTA or WTO extra, since apart liberalization of goods and services, they contain also rules on protection of intellectual property, investment, labor and environmental standards, and even provisions on democracy and human rights. This broad content of EU PTAs reflects the EU interests to seek through these agreements both commercial and strategic interests to influence the framework of international and investment rules with its *acquis* (Woolcock, 2014, pg. 724).

Part of these agreements concluded after 2000 are also the EU Stabilization and Association Agreements with the Western Balkans countries, Montenegro, North Macedonia, Serbia, Bosnia- Hercegovina Albania and later Kosovo. They were part of the Stabilization and Association process started in 1999 and had both economic and political goals. Their aim is to establish a free market economy in these countries and “train” them about the EU *acquis*, while guiding and preparing them for EU membership.

The SAA EU Albania is more than a free trade agreement. Apart of the provision dealing with the establishment of a free trade area it has a variety of non-trade measures (NTM) ranging from democracy, political dialogue and regional cooperation and mutual co-operation in justice and home affairs (European Union, 2009). Although there are various dimensions to analyse the SAA, this part of the paper will focus on the theoretical framework established in the first part and will try to assess the economic pro and cons of the SAA. Although it is hard at this point for the author to come with a specific economic method to analyze the impact of the SAA, it will use the data from INSTAT, WTO/ EUROSTAT and other resources to evaluate the economic impact of the SAA. Through two anecdotal evidence on the fish and milk wine sector, we will try to delineate some of the challenges that local businesses are facing.

#### *Positive and negative effects of the SAA between EU and Albania.*

The Stabilization and Association Agreement between European Union and Albania entered in force in 2009. It provides the establishment of a free trade area between the EU and Albania within a period of 10 years from the moment of entering in force of the Agreement (European Union, 2009, Art. 16). To achieve this goal, the SAA has special rules on the removal of tariff and non-tariff trade barriers (TBT), rules of origin (RoO), as well as gradual harmonization with EU rules in the areas of standards, certification, customs administration, competition, and intellectual property rights and a special system of dispute mechanism (Caka & Zajmi, 2010, p. 4). The trade liberalization process as provided in the SAA between EU and Albania is asymmetric. The asymmetric aspect is clearly seen in two directions (Caka & Zajmi, 2010, p. 5). Firstly, the SAA is asymmetric in the favor of the associated country. Having in mind the fragile competitiveness of the products originating in Albania, in most of the SAA provision the trade liberalization process is in advantage of Albania (Caka & Zajmi, 2010, p. 5). This is realized by a gradual asymmetric opening of the Albanian markets towards EU, as provided in the specific scheme and time schedules in the treaty. It is understandable that an abrupt opening of the domestic market with that of the Community's would inevitably cause economic damage to the first. The immediate access of the EU's products or companies within the territory of the associated country would cause the failure of some of its industries or undertakings. That is why special concessions are granted to Albania for specific products (Caka & Zajmi, 2010, p. 5). Secondly, the asymmetric character of the SAA is featured with the financial assistance through IPA funds that Albania receives from EU, in order to implement the wide reform agenda under this Agreement.

If we have a look to statistics, there is an increase in trade between EU and Albania after 2009 (entry into force of the SAA). From the statistics of WTO/Eurostat (Annex 1), it is obvious

that the total import of goods from Albania to EU from 2009-2016 has increased each year, with exception of 2015. A mere calculation shows that from 2009 till 2016 there is an increase of imports from Albania towards EU by 89%. Data show that the increase in trade has been observed both for agriculture and non-agriculture products. On the other hand, the exports of EU to Albania has also had an increase, but at a smaller scale, 22%. This somehow show that the preferential provisions in the benefit of the associated country worked well. And we can read the increase of trade inflow between the EU and Albania as trade creation.

Trade diversion resulted in low figures in Albania. In fact, there is no trade diversion with North Macedonia, Montenegro, Kosovo, Serbia, and this can be attributed to another trade agreement, CEFTA, which in fact has resulted in trade creation for the region. The trade with Turkey has continued to increase. The trade reduction can be observed, though relatively, with U.S.A. or Canada. So, distance and also the existence of other PTAs are two components that lead to trade divergence, but this is not very noticeable in the case of Albania.

Therefore, overall, there is a trade increase. As indicated also by the Albanian official statistical office, INSTAT, 2010-2014 there is an annual average increase of exports from Albania is by 20.8 and also an increase in imports in Albania by 5.4 %, improving the trade deficit by a decrease of 1,3% (INSTAT, n.d.).

Nevertheless, unfortunately the Albanian traders have not been able to fully embrace the positive aspect of trade liberalization. A study from UNECE show that the biggest obstacle highlighted from Albanian traders and chambers of commerce is the lack of information about the EU standards (UNECE, 2010, p. 52). The most challenging are the safety and quality standards, but business traders have also problems with the general trade requirement such as packaging, labeling, translation of labels etc. For others, the lack of clarity over the applied rules and regulations renders the use of customs brokers a natural path to follow, especially since the majority have well established relations with Customs (UNECE, 2010, p. 52). This lack of information on the regulatory EU requirement is a costly process for the Albanian importers, since they have to spend time and sometimes use informal payment to access information on the requirements need to export their products in the EU (UNECE, 2010, p. 52). Moreover, the untrained and not specialized customs brokers who make errors in the custom systems create additional compliance costs (UNECE, 2010, p. 52). In the next section, we will showcase these findings with two sectors, fish and milk.

### **No (local) milk on the table.**

After the SAA entered into force there was an increase of the imports of milk by 13% in the Albanian market (Instituti i Studimeve Ekonomike dhe Transferimit të Njohurive, 2019). Before the signing of the SAA and the subsequent liberalization of trade, Albania imposed tariffs on imported dairy products, which made foreign milk and dairy goods more expensive for Albanian consumers. However, when Albania entered the SAA with the European Union (EU) and undertook the gradual removal of trade barriers, this protection for local dairy producers was also dismantled. The reduction or elimination of tariffs under this meant that imported dairy products could now enter Albania with fewer restrictions, leading to lower prices for consumers, but also increasing competition for local producers. Consequently, the local milk industry started to lose their share in the domestic market, due to the pressure of imported milk with competitive prices.

On the other hand, the local milk sector incurred difficulties in exporting UHT milk in EU due to the high compliance standards. The investments in packaging, labeling, compliance with the product requirement and other TBT/SPS measures were very costly for Albanian businesses operating in the milk and dairy sector. However, although some local businesses invested in



technology to conform with the EU standards, they still incurred loss due to the lack of efficiency, market structure and domestic problems. The trade operators failed to cooperate and establish businesses that might have been competitive domestically or in the region. Farmers had a resistance to cooperating with milk companies and preferred to sell the milk to the end consumers, rather than sell it to any collection point. Even when the collection points were established, the cooperation of farmers and milk companies was characterized by distrust. Moreover, the price in which farmers would sell their milk to the companies, was the highest in the region, and even compared to EU countries. Especially, in the last years where there has been a lot of migration of workforce from Albania to other European countries, mainly Germany, France and UK, many farms have been abandoned putting the milk companies who have invested in the industry into a hard position. These companies claim that if this situation persist it is much cheaper for them to buy milk abroad and process it in Albania, rather than depend on local farmers. These limitations shaped a domestic market with few operators and poor resources.

In addition, the lack of education and understanding of TBT/SPS rules created additional costs for businesses. As reported by some milk companies, despite the instructions of the milk companies on the methods to protect cattle from contamination, or the doses of antibiotics, farmers would still abuse and hide the lack of compliance. Milk companies claimed that if in a container only one of the farmers would bring milk that was not in compliance with the standards, the all container would be contaminated and would be not suitable for export, creating extra costs.

According to the milk companies, the cause for losing their share in the domestic market was also the lack of subsidies for farmers, making their product expensive. They claim that in other countries, the governments support the farmer and dairy production with direct or indirect subsidies, lowering the cost of production, cattle, maintenance etc. Because of the subsidies scheme the price of raw milk in these countries is lower, compared to Albania.

In addition, there are high costs in productions. Domestic milk companies claim that "the high price of raw materials, increased costs in electricity, oil, gas and packaging materials, makes our products not competitive with imported products and not preferred by the consumer"(Top Channel, 2022). Another issue on which the companies complain is the increase in tax. Especially the last increase in VAT has been detrimental for the production of milk and diaries, favoring imports.

So, although statistics show that since 2017 there is an increase in demand for diaries and milk specifically in Albania, these needs are met by imports. The loss and extinction of milk companies in Albania would have huge costs for the country. It would mean loss of investment and unemployment of a sector which is crucial for the local economy, especially where there is lots of potential for development.

### **Drowning in mountains of fish.**

The fish sector is another sector which is having detrimental costs of adjustment and is pushing the government to renegotiate the SAA with the EU. As stipulated in the SAA, the fish originating in EU will not pay tariffs or have quotas when imported in Albania. While for the fish originating in Albania there are quotas, above of which tariffs will be paid. For example, the quota to export Albania acuge and sardines to EU countries is 1600 ton a year. Above this quota, the Albanian traders have to pay a fee of 25% of the total value of import. With the increase of investments in the fish capture and processing, the Albanian companies expanded their production and as a result the quota were filled too early. Albanians' companies complain that the quotas are filled in early August or September, and for the rest of the year the export



towards the EU countries become very expensive (Revista Monitor, n.d.). That is why they have continuously asked the Government to renegotiate with EU and increase the quota to 4000-4500 ton a year (Revista Monitor, n.d.). The Albanian Government has addressed this issue before the EU Commission. In a letter of 29<sup>th</sup> December 2017, the former Minister of Agriculture sent a letter to the EU Commissioner for Environment, Maritime and Fisheries, with the request for an increase in quota. However, the EU Commissioner responded that this is an issue for which the SAA Council should decide, based on Art. 29 of the SAA (Revista Monitor, n.d.). The former Minister of Agriculture Milva Ekonomi also shared some attempts at the negotiations with EU. She stated that "Açuge fish are exported in jars filled with oil, where oil constitutes almost 50% of the quantity which is calculated in the weight of the quota. One of the proposals from our side was to calculate only the weight of the fish (without oil) which would result in the doubling of the quota, but this was not accepted" (Revista Monitor, n.d.). Since then although there has been continuous efforts from different Ministers of Agriculture to push for negotiations with EU, the process seem a bottleneck and not solution is achieved yet.

Moreover, the Albanian fish companies point out that in fact their quotas are filled by the EU Member Countries. They claim there are countries like Croatia, Italy, Spain and Argentina who import raw fish in Albania, which after being processed in Albania is exported as finished or semi-finished product and are filling the designated 1600 ton of quota designated for Albania. Unfortunately, these declarations show that still more than decade after the entering in force of the SAA, the Albanian traders are not familiar with the RoO in the SAA and consider products originating in Albania only those products that are entirely grown, harvested "wholly obtained or produced" in the country and not products that have "undergone sufficient process". The Rule of Origin are clearly set in Protocol 4 of the SAA and the fact that the biggest traders, in national media, complaint that "their quota" are unfairly filled by fish "originating in EU" shows the lack of information on a very crucial element of this PTA.

The SAA could be negotiated better on terms of fish quotas, or the government should have been more careful when conducting consultations with businesses in the sector. The difficulties in renegotiating the quota in the SAA Council show also the lack of a small developing country to negotiate with stronger EU MS where there are competing interests. Therefore, the asymmetry in information and technical capacity is accompanied with an asymmetry of influence to change the fish quotas, showcasing that the developing countries are not always winners inside a PTA.

## Conclusions

PTAs can have both positive and negative effects on trade and welfare. The removal of tariffs can create both trade creation and trade diversion; it can reduce the costs of transactions and bring benefits, especially to multinationals and high productivity companies, but also kills local low productivity businesses. The rules of origins in PTAs aim to avoid free riders, but they can become complex, especially when multiple PTA converge, creating hidden obstacles for business. The standards, TBT and SPS requirements enable in PTAs aim to remove the non-tariff barriers to trade, however they can be hard to achieve for developing countries and in the "spaghetti bowl" created in the world with so many PTA, their application may become a hurdle to trade. There is a positive relationship between PTA and investment, but also this depends on the content and partners selected. Generally, it is believed that "deeper integration" PTA favor investment and global value chains and enable better economic integration.

The Stabilization and Association Agreement between EU and Albania is a "deep integration" PTA. Its implementation has led to increase in trade between Albania and EU MS, and with

some exceptions, also trade creation with non-EU member that are neighboring countries, which also have SAA with EU and are small in size and similar. On the other hand, it created trade diversion with countries like China, who are distant and big in size. However, the implementation of the SAA has been accompanied with transaction costs and weak institutional setup. The weak government links and communication channels with private sector, lack of legal and economic expertise, lack of efficiency and other structural problems in the countries have shifted a big burden to specific sectors, which although should have been pioneers due to its competitive advantage in the market, are drowning in losses.

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## ANNEX I

Source: WTO, EU-Albania Implementation Report. Joint submission by the parties on the Stabilisation and Association Agreement between Albania and the EU. WT/REG226/R/I, date 09.10.2017

Table A1.1 EU(28): Imports from Albania (million €)

Year	Total	Agricultural products*	Non-agricultural products*
2008	681.1	29.5	651.6
2009	650.7	25.5	625.2
2010	895.4	29.5	865.9
2011	946.0	36.1	909.9
2012	1,118.3	41.1	1,077.2
2013	1,234.7	45.6	1,189.1
2014	1,246.2	48.7	1,197.6
2015	1,164.6	62.0	1,102.6
2016	1,290.6	72.8	1,217.7

\* WTO definition.

Source: EUROSTAT (Cornext) .

Table A1.2 EU(28): Exports to Albania (million €)

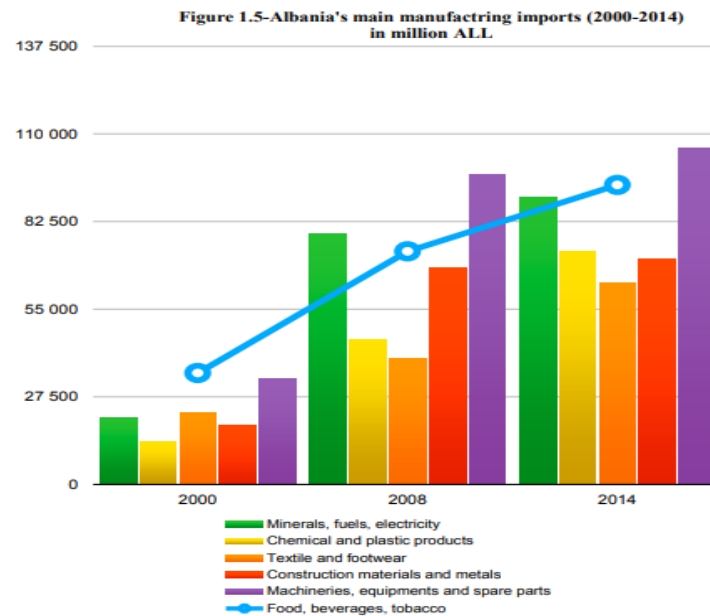
Year	Total	Agricultural products*	Non-agricultural products*
2008	2,202.7	305.5	1,897.2
2009	2,121.2	297.7	1,823.5
2010	2,187.3	317.8	1,869.6
2011	2,330.1	322.5	2,007.6
2012	2,443.8	322.0	2,121.8
2013	2,326.2	333.6	1,992.6
2014	2,468.1	328.3	2,139.7
2015	2,519.5	334.6	2,184.9
2016	2,708.2	345.9	2,362.4

\* WTO definition.

## ANNEX II

Source: United Nations Economic Commission For Europe (UNECE). Regulatory and Procedural Barriers to Trade in the Republic of Albania: Needs Assessment, ECE/TRADE/427.

**Figure 1.5- Albania's main manufacturing imports (2000-2014)**  
*in million ALL*



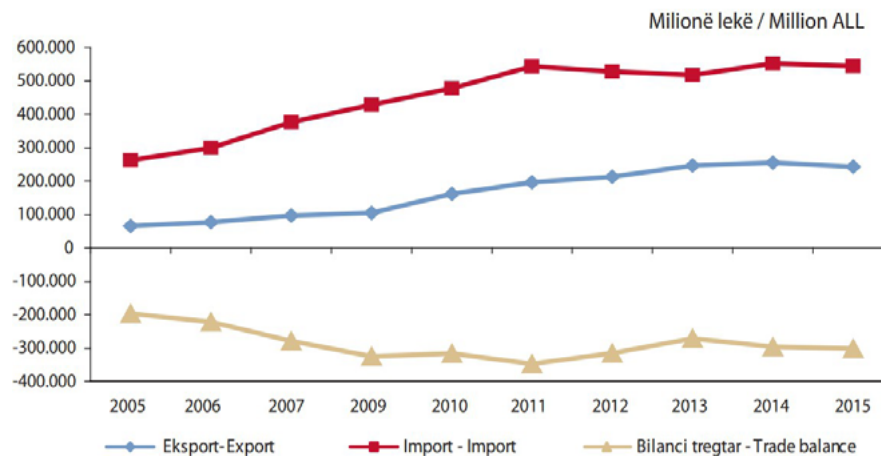
Source: Albanian Institute of Statistics



ANNEX III:

Source: INSTAT: [https://www.instat.gov.al/media/1707/tregtia\\_e\\_jashtme\\_2011-201](https://www.instat.gov.al/media/1707/tregtia_e_jashtme_2011-201)

**Fig. 1**  
**Bilanci tregtar**  
Trade balance



## ANNEX IV

Source: INSTAT: [https://www.instat.gov.al/media/2036/tregtia\\_e\\_jashtme\\_2013.pdf](https://www.instat.gov.al/media/2036/tregtia_e_jashtme_2013.pdf)

**Tab. 6**  
**Eksporti sipas vendeve partnere**  
 Export by partner countries

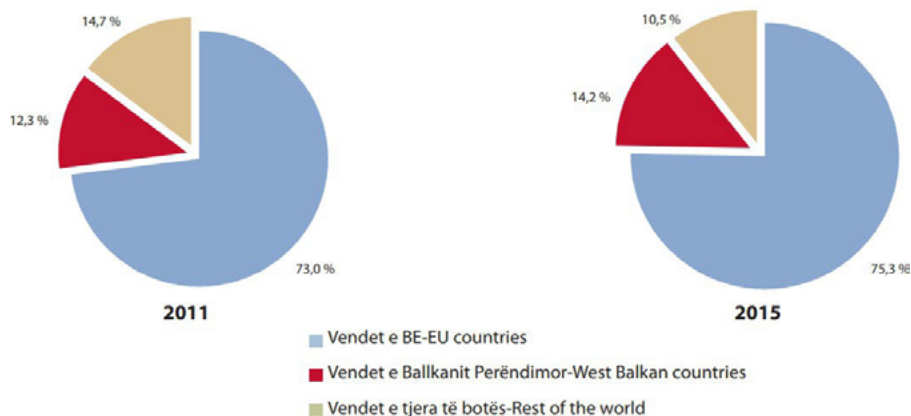
milione lekë/ million ALL

	2009	2010	2011	2012	2013	
<b>Gjithsej</b>	<b>104.515</b>	<b>161.548</b>	<b>196.897</b>	<b>213.030</b>	<b>246.391</b>	<b>Total</b>
Austri	1.280	1.659	2.342	2.584	1.253	Austria
Belgjikë	250	412	703	622	193	Belgium
Mbretëri e Bashkuar	126	247	161	236	1.450	United Kingdom
Bullgari	624	1.636	2.438	2.763	2.321	Bulgaria
Republika Çeke	89	1.623	1.040	570	951	Czech Republic
Danimarkë	40	45	58	63	363	Denmark
Francë	941	1.568	1.079	1.526	5.246	France
Gjermani	3.498	4.437	5.745	6.611	9.461	Germany
Greqi	7.705	8.741	9.978	9.461	7.776	Greece
Hollandë	660	1.104	1.430	2.151	1.699	Netherlands
Hungari	81	51	97	67	125	Hungary
Itali	64.776	82.114	104.998	108.865	114.153	Italy
Japoni	5	55	64	33	49	Japan
Kinë	4.948	8.867	4.903	5.744	11.455	China
Kosovë	7.201	10.008	14.657	17.369	16.292	Kosovo
Kroaci	117	252	309	408	380	Croatia
Maqedoni	3.136	2.667	4.149	4.152	4.397	Macedonia
Rumani	434	84	320	365	393	Romania
Rusi	10	4	14	33	197	Russia
Serbi	1.365	1.951	3.597	1.793	2.247	Serbia
Mal i Zi	817	1.248	1.684	1.647	3.173	Montenegro
SHBA	818	2.379	2.006	1.037	1.129	United States
Sloveni	43	1.459	208	553	1.769	Slovenia
Spanjë	1.287	5.589	7.010	19.693	24.088	Spain
Suedi	106	129	142	76	84	Sweden
Turqi	570	9.573	14.484	13.464	9.223	Turkey
Zvicër	1.210	6.692	5.279	2.041	4.361	Switzerland
Të tjera	2.379	6.953	8.001	9.102	22.163	Others

## ANNEX V

Source: INSTAT: [tregtia\\_e\\_jashtme\\_2011-2015.pdf](https://www.instat.gov.al/media/2036/tregtia_e_jashtme_2011-2015.pdf) (instat.gov.al)

**Fig. 4**  
**Eksportet sipas grup vendeve**  
 Exports by group of countries



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