P6_TA-PROV(2009)0005

Trade and Economic relations with Western Balkans

European Parliament resolution of 13 January 2009 on Trade and Economic relations with Western Balkans (2008/2149(INI))

The European Parliament,

– having regard to the Council Regulation (EC) No 1946/2005 of 14 November 2005 amending Regulation (EC) No 2007/2000 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process[1],

– having regard to the Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA)[2],

– having regard to the Presidency Conclusions of the Thessaloniki European Council of 19-20 June 2003, at which the promise was made to all Western Balkan states that they would join the European Union,

– having regard to the European Council decision of 16 December 2005 to grant the Former Yugoslav Republic of Macedonia the status of candidate country for EU membership and the Presidency Conclusions of the European Councils of 15-16 June 2006, of 14-15 December 2006 and of 19-20 June 2008,

– having regard to the decision adopted by the European Council on 3 October 2005 to open accession negotiations with Croatia,

– having regard to the Communication from the Commission of 5 March 2008 on 'Western Balkans: Enhancing the European perspective' (COM(2008)0127),

– having regard to Resolution 1244 of the United Nations Security Council of 10 June 1999,

– having regard to its resolution of 29 March 2007 on the future of Kosovo and the role of the EU[3],

– having regard to its position of 12 October 2006 on the proposal for a Council decision on providing exceptional Community financial assistance to Kosovo[4],

– having regard to its resolution of 23 April 2008 on the 2007 Progress Report on the Former Yugoslav Republic of Macedonia[5],

– having regard to its resolution of 10 April 2008 on Croatia's 2007 progress report[6],

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1 OJ L 312, 29.11.2005, p. 1.
2 OJ L 210, 31.7.2006, p. 82.
3 OJ C 27 E, 31.1.2008, p. 207.
4 OJ C 308 E, 16.12.2006, p. 141.
5 Texts adopted, P6_TA(2008)0172.
6 Texts adopted, P6_TA(2008)0120.

– having regard to its recommendation to the Council of 15 March 2007 on Bosnia-Herzegovina[1],

– having regard to its recommendation to the Council of 25 October 2007 on relations between the European Union and Serbia[2],

– having regard to its position of 6 September 2006 on the proposal for a Council and Commission decision concerning the conclusion of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part[3],

– having regard to its position of 13 December 2007 on the proposal for a Council and Commission decision on the conclusion of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part[4],

– having regard to the Communication from the Commission of 31 January 2007 on the Extension of the major trans-European transport axes to the neighbouring countries - Guidelines for transport in Europe and neighbouring regions (COM(2007)0032),

– having regard to the Communication from the Commission of 5 March 2008 concerning the progress of exploratory talks regarding cooperation in the field of transport with the neighbouring countries (COM(2008)0125),

– having regard to the Treaty establishing the EU-South Eastern Europe Energy Community which was signed in Athens on 25 October 2005,

– having regard to the Communication from the Commission of 6 November 2007 on the Enlargement Strategy and Main Challenges 2007-2008 (COM(2007)0663),

– having regard to its resolutions of 16 March 2006 on the Commission's 2005 enlargement strategy paper[5] and of 13 December 2006 on the Commission's Communication on the Enlargement Strategy and Main Challenges 2006-2007[6],

– having regard to all other previous resolutions on the countries of the Western Balkans,

– having regard to Rule 45 of its Rules of Procedure,

– having regard to the report of the Committee on International Trade and the opinions of the Committee on Foreign Affairs and the Committee on Regional Development (A6-0489/2008),

A. whereas the Thessaloniki European Council clearly formulated 'the European perspective' of the Western Balkan states and indicated that the Stabilisation and Association Process would constitute the overall framework for European relations with the Western Balkan

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1 OJ C 301 E, 13.12.2007, p. 224.
2 OJ C 263 E, 16.10.2008, p. 626.
3 OJ C 305 E, 14.12.2006, p.141.
4 Texts adopted, P6_TA(2007)0617.
5 OJ C 291 E, 30.11.2006, p. 402.
6 OJ C 317 E, 23.12.2006, p. 480.

countries,

B. whereas Croatia is currently engaged in accession negotiations with the European Union and the Former Yugoslav Republic of Macedonia obtained candidate status in 2005,

C. whereas EU trade concessions and EU financial assistance have played a central role in the Western Balkans' Stabilisation and Association Process,

D. whereas Croatia is well on the way to full membership of the European Union, with prospects of concluding the negotiations in 2009, has continued to meet the Copenhagen political and economic criteria and has been recognised as having a functioning market economy, which could serve as a positive example to the other countries in the region,

E. whereas on 17 February 2008 the Kosovo Assembly adopted a resolution which declared Kosovo to be independent; whereas the Council agreed on 18 February that Member States would decide, in accordance with national practice and international law, on their relations with Kosovo; whereas overall EU assistance to Kosovo is estimated at over EUR 1 000 000 000 for the period 2007-2010 covering support to Kosovo's political and economic development and financing the EU contribution to the international presence in Kosovo,

F. whereas economic prosperity and full integration into the internal market and world trade system are essential for long-term stability and for sustainable economic and social growth in the whole Western Balkan region,

G. whereas sensitively phased-in market opening in the Western Balkan countries, including a country-by-country approach, fostering mainly the establishment of a regional market, is expected to contribute significantly to the process of political and economic stabilisation in the region,

H. whereas increased economic cooperation in the Western Balkan region also offers positive prospects for growth for the economies of the South-Eastern EU Member States and will foster their deeper integration into the single market,

I. whereas the Central European Free Trade Agreement (CEFTA) consolidated 32 bilateral free trade agreements in the Southern European Region into a single comprehensive regional free trade agreement that enhances the existing level of liberalisation in the region through a single network of equitable, transparent and predictable rules,

J. whereas the economic growth of the Western Balkans varies significantly, ranging in 2006 from 3% in the Former Yugoslav Republic of Macedonia to 10,3% for Montenegro; whereas the unemployment rates vary, in 2007 ranging from high unemployment rates such as in Kosovo (40%) down to lower rates such as in Montenegro (11,9%),

K. whereas the economies of the Western Balkans are highly dependent on foreign trade and whereas total imports and exports account for a substantial share of their GDP; whereas 61 % of the region's trade flows are to the European Union, though they account for only 2 % of the EU's foreign trade,

L. whereas transport infrastructure and facilitation is crucial for economic development, social cohesion and integration,

M. whereas stronger support to the Western Balkans' small and medium-sized enterprises (SMEs) is needed to guarantee sustainable economic growth, job creation and exports,

N. whereas the service sector, especially tourism, is playing an important role in the economies of the Western Balkan countries,

O. whereas small markets, like those which exist in some Western Balkan countries, are particularly prone to cartels, restrictive practices or the abuse of market power which may have a strong impact on regional economic growth, the unemployment rate and social development,

P. whereas the economies of the Western Balkans are very heterogeneous and have different characteristics, for example Albania, Croatia and Montenegro differ from the other Western Balkan economies in so far as the tourism sector is crucial for them,

Q. whereas all countries of the Western Balkans have concluded Stabilisation and Association Agreements (SAAs) with the EU,

General considerations

1. Welcomes the progress made in the Stabilisation and Association Process and, in particular, the recent signing of the SAAs with Bosnia and Herzegovina and with Serbia; calls on the Member States to conclude the ratification process for all the SAAs as soon as possible; welcomes the progress made in the implementation of the Interim Agreements and calls on the Western Balkan countries to continue their efforts in this field; stresses the importance of further enhancing the multilateral dimension of the Stabilisation and Association Process with a view to fully resuming regional cooperation in all fields;

2. Reiterates 'the European perspective' of the countries of the Western Balkans which was clearly formulated during the Thessaloniki European Council; points out, however, that the future accession of the Western Balkan countries to the European Union is strictly conditional on the fulfilment of all the conditions and requirements set by the European Union, including the Copenhagen membership criteria and the successful fulfilment of the Stabilisation and Association Process, which includes regional cooperation, good neighbourly relations and full cooperation with the International Criminal Tribunal for the former Yugoslavia;

3. Stresses that a serious prospect of EU membership for the Western Balkan states can act as a catalyst to encourage their population and governments to move away from regressive nationalism, sectarian violence and towards a future of integration with the rest of Europe; moreover, it will improve the relatively weak image of the Western Balkans within the European Union due to the recent wars and political controversies of the last decades, which will in turn stimulate EU companies to increase their business in the region;

4. Encourages the European Union to continuously demonstrate its engagement with the Western Balkans, especially in this politically delicate period; urges the Council and the Commission to realise that it is not in the interest of both the European Union and the Western Balkans to create a 'black hole' in Kosovo; asks the EU Institutions, therefore, to be actively engaged in order to avoid tensions;

5. Considers that it is essential for the overall approach adopted towards the Western Balkans

to take account of differences between the countries of the region as regards their respective levels of economic development and compliance with the Community *acquis* and World Trade Organisation (WTO) rules; stresses, therefore, the importance of a strictly individual path towards EU membership for each of the Western Balkan countries, based inter alia on their individual fulfilment of the Copenhagen criteria as well as the conditions and requirements set by the European Union;

6. Welcomes the visa facilitation and readmission agreements which entered into force in January 2008 and the dialogue on roadmaps for gradual liberalisation of the visa regime for the countries of the Western Balkans; considers that there is a real need to improve and establish well-functioning customs regimes in order to facilitate trade flows and ensure closer economic, scientific, technological and trade cooperation; welcomes the Commission's decision to offer an increasing number of scholarships for students from the Western Balkans under the Erasmus Mundus programme;

WTO and CEFTA

7. Calls on the Commission and the Council to implement all appropriate measures to encourage deeper integration of the Western Balkans into the world trade and economic system, in particular through WTO accession for the countries in the region which are not yet members; notes favourably that Albania, Croatia and the Former Yugoslav Republic of Macedonia are already members of the WTO; underlines that the liberalisation of trade must go hand in hand with reducing poverty and unemployment rates, promoting economic and social rights and respecting the environment;

8. Underlines the stimulus of regional cooperation and good neighbourly relations for the economic growth in the area and the essential role that the CEFTA plays in this process; stresses that CEFTA may also play an important role in the further integration of the region into the European Union by strengthening economic and trade relations between the European Union and the Western Balkans; considers, therefore, that CEFTA contributes significantly to the preparation of the Western Balkan countries' accession to the European Union;

9. Calls on the Western Balkan governments to further explore the possibility of greater trade liberalisation measures in areas, which have hitherto been exempted, and to establish mechanisms to combat systematically any infringements of international intellectual and industrial property rights; calls also on these governments to align themselves with the community *acquis* and take action to end any practices and measures amounting to non-tariff trade barriers;

European assistance and Western Balkans' ownership of the reform process

10. Supports the Western Balkan countries' efforts for reform and regional cooperation through their IPA; underlines the fact that the countries of the Western Balkans are the only 'owners' of their reform process; urges the Western Balkan countries to take responsibility for formulating a sufficient number of ambitious projects in order to be able to use the available European funds without being too passive and dependent on European initiatives;

11. Emphasises the role of the regions in economic and social development and for this reason, the importance of the IPA for assisting the Western Balkan countries in the process of democratisation, of economic and social change and of alignment with European standards

and for bringing these countries closer to the structures of the European Union;

12. Calls on the Commission and the Member States to endow the IPA with the additional financial resources needed to develop projects tailored to real needs and to provide effective and focused assistance at local and regional levels; emphasises the importance of people-to-people projects, which can be particularly effective in making local people aware of the added value delivered by the European Union;

13. Welcomes the fact that one of the priorities of the IPA is to contribute to developing institutional and administrative capacities in the Western Balkans, at both the national and the regional level; urges the Commission to reinforce this type of activity in order to stimulate the development of governance and to prepare these countries and regions for the proper take-up of the structural funds and to promote their adaptation to EU standards with a view to their possible future accession; calls on the Commission to guarantee a high level of transparency in connection with the development of institutions and to take suitable measures to prevent corruption;

14. Calls on the Council and the Commission to supply the states in the region with economic and administrative technical assistance by duly qualified persons, in cooperation with the international and regional organisations dealing with Western Balkan economic issues, in order to strengthen local public structures, establish a more efficient and diversified economic base and improve the penetration of local products into foreign markets, and into the European Union in particular;

15. Suggests that Member States offer the Western Balkan countries so-called government-to-government programmes which give these countries specific assistance, training and coaching in their national departments on areas that are explicitly requested by the authorities of the Western Balkan states; underlines that these programmes can play an important role in implementing the EU *acquis* in the region while they offer the Western Balkan states the possibility to specify the exact forms of assistance they need;

16. Calls on the Commission to duly submit in good time for approval to the Parliament any new proposals aiming to provide exceptional budgetary assistance to the Western Balkan countries; stresses that further financial assistance to the Western Balkans (and notably to Kosovo) should be conditional on the establishment, with the support of international financial institutions, of a comprehensive and realistic long-term economic development plan;

17. Takes the view that the local and regional authorities play a decisive role in bringing about sustainable economic development and in reinforcing civil society by giving specific shape to the national and community priorities through projects creating partnerships with players in the public and private spheres;

18. Stresses the importance of cross-border and international cooperation in developing joint projects and establishing lasting links both among the regions of the Western Balkans and between the latter and regions in the Member States; stresses also that the benefits of such cooperation are not just economic in nature, but also have a political and human dimension, fostering a closer relationship between peoples and between governments and guaranteeing long-term stability and prosperity in the region;

19. Encourages EU regions to take the initiative in implementing cross-border projects with the

Western Balkan region in order to establish close and long-term cooperation at regional level, and in promoting exchanges of experience and good practice in the framework of the European regional cooperation networks; takes the view that cooperation in the region can be fostered by strengthening the Regional Cooperation Council;

Economic policies, energy, transport and environment

20. Urges the countries in the region, acting in close co-operation with the Commission and other relevant international financial institutions, to maintain and expand their gains in macroeconomic stability, which is a precondition for lasting economic growth, through sound fiscal and monetary policies; further urges the countries to accelerate the pace of structural reforms, especially in the areas of tax policy and customs and administration, by promoting the principles of transparency and accountability and supporting sound management in the public sector;

21. Stresses the need to grant more support to the region's private sector development and infrastructure investment through, inter alia, intensified cooperation with the European Investment Bank, as well as the European Bank for Reconstruction and Development and other International Financial Institutions;

22. Considers it essential for the economic development of the region to create a favourable investment climate and calls on the Commission and Western Balkan states to work towards intensifying economic reforms by developing strategic development plans to implement investment projects of significance to the region as a whole;

23. Commends the Western Balkan governments on the progress that they have so far made in the economic area, while maintaining macroeconomic stability; welcomes the implementation by governments of tax policies and fiscal discipline policies that have resulted in increased state budget revenues;

24. Stresses the importance of pursuing the development of energy cooperation in the region, especially with the development of renewable energy resources**,** establishing open, reliable and competitive markets and improving the general conditions for the expansion of the energy infrastructure in the region including the enhanced interconnection capacities between the neighbouring EU Member States and partner countries; emphasises the important role played by the Energy Community towards this goal;

25. Considers that the development of the port of Rijeka in Croatia is an extremely important project for the European Union; believes it to be in the interest of the European Union that this development should proceed as soon as possible;

26. Stresses that environmental protection is an important element of sustainable development in the Western Balkan region; considers it imperative that the Commission and the Western Balkan governments promote sound environmental policies and strategies in line with EU environmental legislation;

27. Considers it important that the Western Balkan states apply the common European maritime policy principles and guidelines, and stresses the need for efficient and environmentally friendly use of the Danube River, in compliance with EU legislation, as an important transport corridor and a source of valuable resources; supports in this respect the regional initiatives underway and organisations (and in particular the International Commission for

the Protection of the Danube River – ICPDR) working towards environmental protection, better use of inland waterway transport capacity and a higher level of disaster prevention for the Danube river;

28. Recalls that it is necessary to increase agricultural trade with Croatia too, so that when Croatia accedes it can align itself as smoothly as possible with the common agricultural policy;

29. Acknowledges the specific geography of the region and its strategic situation, which make the area the natural transit point for trade in goods, in particular primary energy products (crude oil and natural gas), between Europe and Asia; welcomes the launch of major sub-regional transport projects such as the 'South-Eastern axis' which will facilitate the inclusion in real terms of the Western Balkan countries in the wider energy pipeline network linking the European Union with Turkey and the countries of the Caucasus; calls on the Commission and the Western Balkan countries to make sufficient financial resources available for infrastructure modernisation, with particular reference to the logistics sector, and to carry out the necessary reforms to make the sector more competitive and dynamic;

30. Emphasises that in retail trade the administrative obstacles which prevent the emergence of more competitive food traders must be removed, as the ineffectiveness of the food trade hampers the attempts by European producers to reach the market;

31. Stresses the need to give more support to the development of SMEs on the basis of the European Charter for Small Enterprises, which has been endorsed by all Western Balkan countries; calls on the Commission and the Member States to ensure access for SMEs to EU Structural Funds and to provide better financing for SME-related projects; calls on the Commission to set up an institutional framework to enhance cooperation between the Community and the private sector in the countries of the Western Balkans which will ensure the appropriate use of Community funds;

32. Stresses the need to expand the scope of cooperation in the field of education and science between the European Union and the Western Balkan countries which will create the conditions for stable economic development and growth in the region, thus encouraging integration of the Western Balkans into the common economic area, the common area on research and education, as well as their participation in the labour market in accordance with EU rules and requirements;

33. Given that the international financial crisis has reached Europe and may have an indirect effect on trade and foreign investment in the Western Balkans, calls on the Commission to monitor developments and, if necessary, to adopt adequate measures in order to guarantee the smooth continuation of the Stabilisation and Association Process, which is an important factor for stability in the region and in the best interests of the European Union itself;

Financial services, customs, fight against organised crime and corruption

34. Considers it essential for the economic development of the countries in the region that they substantially reform their banking and insurance systems, establish an efficient micro-credit system and improve the regulation and supervision of banking activities, thus laying the ground for a gradual opening of their financial markets;

35. Calls for the states in the region which suffer from corruption in the civil service to take all

appropriate measures to combat it and to ensure that their customs services operate in a better, more transparent way, in line with the standards laid down by the EU and the World Customs Organisation;

36. Stresses the need to increase customs checks and make them more stringent, in order to combat smuggling, counterfeiting and piracy of goods, as such practices, apart from the loss of revenue they entail, present considerable dangers to the health of the inhabitants of both the European Union and the Western Balkan countries;

37. Welcomes the improved business climate and the measures for reducing the legal and administrative barriers to business start-ups; expresses its concern, however, over the existence of cartels and the abuse of market power by so-called 'tycoons' in some of the Western Balkan countries and by undertakings in a dominant market position; urges the governments of the Western Balkan countries to intensify their fight against corruption and to develop an adequate competition policy which must also encompass state undertakings;

38. Invites the Western Balkan countries to develop employment and fiscal policies so as to address problems of unemployment, relatively high wages and the large size of the informal economy;

39. Stresses that fair and transparent regional cross-border competition for public procurement is an important building block of a truly integrated regional market; calls on the Western Balkan countries to assess the potential of public procurement for the stabilisation of sustainable economic development and to multiply their efforts towards a more integrated and better functioning regional public contract system applying the principle of non-discrimination between domestic and regional suppliers;

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40. Instructs its President to forward this resolution to the Council and Commission and to the parliaments and governments of the Member States and of the countries concerned.