
REGIONAL ECONOMIC COOPERATION IN THE WESTERN BALKANS: PROMOTER OR INHIBITOR OF EU INTEGRATION OF THIS REGION

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Abstract

The purpose of this paper is to analyze the impact of regional economic cooperation between Western Balkans countries on their European Union (EU) integration processes. This paper explores this very important topic for the Western Balkans through a review of the literature, the history of the region and various tabular statistics. Economic cooperation between these countries is the main element influencing rapid integration into the EU, but political obstacles continue to hamper regional economic cooperation. This paper concludes that the EU should be more proactive in expanding regional economic cooperation between these countries through brokering peaceful negotiations. The EU has the authority to minimize all political disagreements with a view to expanding economic cooperation. Without resolving longstanding issues and conflicts, this region will never integrate into the EU and experience economic development.

Key Words

Economic cooperation; Western Balkan; EU; integration.

INTRODUCTION

Integrating into Europe is an open process which involves a country implementing the European Treaties, aligning national legislation with that of the European Union (EU) and embracing the fundamental values on which the EU was created. Since the fall of communism, the EU has drawn the attention of Eastern countries, including those in the Western Balkan region. The integration process for these states is a difficult one. To achieve this objective these countries must further develop their democracy and economics, and the rule of law (Qorraj and Jusufi, 2019b).

The integration of the Western Balkan countries into the EU is a political and economic goal which aims to guarantee stability and development in this troubled region. The EU has demonstrated its readiness for the Western Balkan countries to be admitted to the EU, but with the rigorous implementation and adherence to well-known reforms and standards, such as the Copenhagen political criteria. There are several elements that must be in place before the Balkan countries will be accepted into the EU, including: The Stabilization and Association Process (SAP), the process of accession, regional economic cooperation, and visa-free travel (European Parliament, 2020).

At the 2000 Zagreb Summit, one of the key discussion points was the inclusion of the Balkan countries into the EU. The SAP was established at this summit, as a precondition for the Balkan integration into the EU (Milori, 2010). But, despite various developments, the Western Balkans has not been able to join the European family as a whole. This slow-moving journey is due to several factors, but especially influenced by the history of the Balkans. Since the launch of this expansion process in Zagreb in 2000, it has been characterized by elements that have nothing in common with previous EU enlargements in other regions.

Factors such as the lack of regional cooperation between these countries, economic crises and slow steps in political developments, coupled with “enlargement fatigue” after the major expansion period between 2004 and 2007, have created an increasingly unfavourable environment for further EU expansion (Fouéré, 2019; Qorraj and Jusufi, 2019). The EU, therefore, aims to support economic cooperation between the countries of this region until the conditions for the accession are met. Regional economic co-operation is considered by researchers to be the key to integrating Western Balkan countries into the EU. However, others consider this cooperation as an obstacle to integration, taking into account ethnic conflicts, bad neighbourly relations, etc. The objectives of this paper are as follows:

1. Review the regional economic developments in the Western Balkans region from a historical perspective.
2. Analyze regional economic cooperation as the first phase of the process of integrating the Western Balkan countries into the EU.
3. Review areas of regional cooperation in the Western Balkans.
4. Review the comparative method of integration performance of the Western Balkan countries.

REGIONAL DEVELOPMENTS IN THE WESTERN BALKANS FROM A HISTORICAL PERSPECTIVE

The term “Balkans” is accepted as a narrower concept of Southeast Europe. Defining the borders of this region, even today, is not straight forward. This region has several characteristics. Historically, this region has been known as the crossroad of different cultures. It was the destination of pagan Slavs, and it was also the intersection of Orthodox and Catholic Christianity, and Islam and Christianity (Zöpel, 2018).

This region has been heavily influenced by the Western Roman and the Byzantine Empires and since then all countries in this area have been at odds with one another. Europe was not able to save or protect the Balkans from the Ottoman influence. Europe was itself divided, so it lacked the capacity to influence the divided Balkans. As a result of all of these developments, the Balkans has become a region with linguistic, religious, cultural and other differences. Throughout history, the Balkan nations have co-existed between the conflicts and the differences that characterize them.

It was only during the 19th century that the countries in this area gained independence from Ottoman rule, largely due to nationalist movements. One of the first attempts to become independent involved the liberation alliances formed by some Balkan countries (Lopandić and Kronja, 2011). Cooperation between Balkan countries has historically been regulated via international agreements. However, these agreements have never resolved all of the problematic issues between them and there have been a number of successive conflicts as a consequence. During the 1930s, the Balkan Pact, or Balkan Entente, was formed. According to Lukasik (1998), this was intended to ensure peace and security in the Balkans. The Balkan League (1912-1913) is another notable alliance that occurred between Bulgaria, Serbia, Greece and Montenegro when they came together to fight the First Balkan War against Turkey.

Ostensibly created to limit increasing Austrian power in the Balkans, the League was formed at the instigation of Russia in order to expel the Turks from the Balkans. The years between the two World Wars were difficult for the Western Balkan countries. All countries within this region experienced internal economic difficulties and increased tensions between majority populations and minority groups. The entire Balkans were occupied by Germany after World War 1, meaning that there was no let up from the horror of war for the Balkans. During this period, two important political views were born in the Balkan region: Communism and Nationalism.

According to Yenigün (2010), Albania and Bulgaria adopted very strict communist systems that led to many economic and social consequences, affecting people in faith, culture and well-being. Decades later, The Cold War next dictated the politics of the Balkan countries. Following the collapse of the Soviet Union in 1989, countries in this region began their democratic policy-making efforts. These efforts were not easy due to the many problems that had accumulated during the preceding periods. In the

early 1990s, Yugoslavia became the political centre of the Balkans, but internal problems caused its collapse.

The economic disparity between the economically developed northern part of the former Yugoslavia (Croatia, Slovenia, Serbia and Vojvodina) and the economically regressive southern part (Montenegro, Macedonia, Bosnia and Herzegovina, and Kosovo) had a significant impact on the whole region. According to Belloni (2009), the EU failed in its mission to bring peace and end the inter-ethnic war in the Balkans in the 1990s. This shows the powerlessness of this entity in ensuring peace and prosperity in this region. Anderson (1995) argued that although the political literature states that ethnic and religious differences were the factors that caused the terrible wars in Yugoslavia, these were only two of several causes – Yugoslav society also suffered from financial and economic instability. Main characteristics of the inter-ethnic conflicts in the Balkan countries are shown in Table 1.

Table 1: Main characteristics of the inter-ethnic conflicts in the Balkan Countries

Country	Duration of the conflict	Nature of the conflict	Involved Parties	Conflict resolution	International involvement
Croatia	1991–1995	Inside and outside the country	Croatian Serbs; Croats, Serbia	Military victory and Erdut agreement	UN military mission, and foreign aid
Bosnia and Herzegovina	1992–1995	Intrastate and interstate	Bosnia and Herzegovina (BiH): Croats, Serbs and Bosniaks; Croatia, Serbia	Dayton agreement	European Union (EU), Office of the High Representative (OHR), United Nations (UN), NATO, Organization for Security and Cooperation in Europe (OSCE) missions, and institution building
Kosovo	1998–1999	Intrastate	Serbs, Albanians	Military victory and Ahtisaari plan	UN, NATO, EU, OSCE missions, and state-building
North Macedonia	2001	Intrastate	Macedonians, Albanians	Ohrid Framework Agreement	NATO and EU missions, and foreign aid

Source: Taleski, 2011.

Once the Balkans broke up into separate countries and authoritarian rule weakened, the transition process became a major issue. This process brought new challenges to the region. Spurring economic growth, building a liberal democracy, strengthening a weak civil society capacity, and

addressing corruption and organized crime were among the major challenges for these countries (Jano, 2008).

As can be seen from the review of regional cooperation, Balkan countries have historically been more cooperative in combating other countries outside the region, even other countries within this region, than cooperating to enhance trade, improve neighbourliness or enhance overall well-being. Unlike other regions or countries in Europe, a hostility mentality has always prevailed in this region, rather than an environment that stimulates the development, cooperation and growth of well-being. The “war for territories” has always been the objective of most of the peoples of this region (Jusufi et al., 2021). Based on this historical evidence, it can be stated that regional economic cooperation between the Western Balkans countries continues to remain hostage to the historical past.

REGIONAL ECONOMIC COOPERATION AS THE FIRST STEP OF INTEGRATION

After each conflict or war, the Western Balkan region has always re-emerged integrated into a somewhat different form and always functioning as part of a larger political structure. These structures have had the potential to hold the region together and guarantee stability; however, in the case of the Balkans, geography and history have been important determinants of the level of regional integration. According to Delevic (2007), countries have not been advantaged by being part of the Balkan Peninsula, because this region has always been characterized by instability, both political and economic. Tradition, scepticism, prejudice and stereotyped practices in the region’s inter-ethnic relations have consistently inhibited openness with one another. These elements present, in one form or another, danger and uncertainty and have hampered the development of any regional cooperation strategy.

The first attempts to develop multilateral cooperation in the Western Balkans date back to the late 19th and first half of the 20th century. In 1991, with the dissolution of the Council for Mutual Economic Assistance, new initiatives for cooperation in Southeast Europe were launched. This council was founded in Moscow in 1949 by Romania, Poland, Hungary, Bulgaria, Czechoslovakia, and the Soviet Union. Albania and Eastern Germany also joined later. This council encouraged national self-sufficiency, not necessarily full economic integration (Bokoff, 2010).

Therefore, there was an urgent need to replace the council’s initiatives with new ways of cooperation in order to promote integration into a European Community of Eastern Countries. Other cooperation initiatives arose with the dissolution of the former Yugoslavia. The process of regional cooperation has been characterized by a number of obstacles: limited resources for cooperation, old and unresolved regional conflicts, and populist governments which were not very interested in furthering relations with their neighbours, etc. As such, the prospects for inter-Balkan cooperation were limited (Qorraj and Jusufi, 2021).

The Dayton Peace agreement was very important because, in addition to laying the foundations for peace in Bosnia and Herzegovina, it opened up opportunities for the stabilization of this region. This agreement was one of the first to take steps towards future cooperation between countries in this troubled region. The Good-neighbourliness and the Process of Stability initiative in Southeast Europe (The Royaumont Process) was the successor to the cooperation that was established in the Dayton Peace agreement. The meeting which led to the inception of the Royaumont Process was held in Paris on 14–15 December 1995 in the margins of the Peace Conference on Bosnia-Herzegovina.

Participants debated whether the ideas of the Stability Pact could be applied in Southeast Europe or in the Western Balkans. Successful application of the Stability Pact ideas and principles could bring long-term peace and integration to the region (Çeviköz 1998). Regional cooperation lies at the foundation of the EU structure. This is a model that has proven success, especially in a diverse environment such as Europe. Therefore, regional cooperation and EU integration are two complementary processes and regional cooperation should be in line with the increasing integration of this region into the EU.

In 1996, the EU determined that countries that have border problems with their neighbours and problems with minorities cannot join the EU. The European Commission also determined that the Copenhagen Criteria, the SAP, and good regional cooperation and neighbourhood relations will be the criteria for assessing candidate countries. This cooperation has two objectives: conflict resolution and the integration of the Western Balkan region into the EU. At the core of regional cooperation is the Stability Pact, which aims to keep this troubled region out of wars, ethnic tensions, and various conflicts (Qorraj, 2010, Jusufi et al., 2020). It can be argued that this pact, in place from 1999 onwards, has contributed greatly to the growth of regional cooperation, with the exception of regional cooperation between Kosovo and Serbia (Petričušić, 2005).

The Stability Pact was welcomed in the region as it was an opportunity to strengthen political ties with Western Europe. It was also seen as a financial backup to cope with the aftermath of conflict and the tumultuous transition of the Western Balkans. The SAP facilitated inter-regional trade agreements. Regional cooperation is a specific requirement of the Stabilization and Association Agreement. This element is recognized as a qualifying indicator for countries aspiring to integrate into the EU (Jusufi and Bellaqa, 2019).

Since 2007, following the signing of the Stabilization and Association Agreements, the Instrument for Pre-Accession Assistance (IPA) has become the only program through which countries in the process of joining the EU can benefit from EU funding. IPA funds replaced other programs such as the Community Assistance for Reconstruction, Development, and Stabilization (CARDS), and Poland and Hungary: Assistance for Restructuring their Economies (PHARE). The IPA II was particularly important because it aided further cooperation in this region from 2014 to 2020. The most important feature that distinguished IPA II from other

programs is the fact that it supported issues specifically related to the integration of these countries into the EU, including good governance, democracy, rule of law and competitiveness (European Commission, 2020).

For the first time in 100 years, the Western Balkans countries have been able to identify a common goal around which they feel united and closer to one another. The Western Balkan countries have understood the importance of regional cooperation as a necessary condition for their EU integration. The peoples of the Western Balkan countries are trying today to build and strengthen the rule of law, build sustainable economic development, and establish peace, etc. This is happening as a result of their intention to integrate into the EU.

These countries are leaving behind the old ways of functioning which were aimed not at a shared regional development but a form of hegemony over the neighbouring country. If the Western Balkan countries want to enjoy the same benefits as full members of the EU, they must have greater understanding among themselves. Due to the special characteristics they possess, such as small economies and low production capacities, there is no alternative but intensive regional cooperation. This is the only way forward, so it is in their interest to unite their economic and political potentials and act as a region rather than as individual entities.

EU institutions have always supported and continue to support the peace and development of Western Balkan countries. EU institutions have a major role to play in the Western Balkans region, especially in the economic, trade and political spheres – 75% of the Western Balkans trade is with the EU countries. The EU has made continuous efforts to Europeanize this region as much as possible (Jović, 2018; Jusufi and Ramaj, 2020). However, despite these efforts, the regional economic cooperation between these countries is still unsatisfactory. Without reconciliation between countries still locked in legal disputes, such as the case of Serbia with Kosovo, and Northern Macedonia with Greece and Bulgaria, the greatest economic cooperation between the countries of this region cannot be achieved.

AREAS OF REGIONAL COOPERATION IN THE WESTERN BALKANS

The goals of the EU programs are to facilitate regional cooperation between Western Balkan countries, support education systems and infrastructure development, and finance local enterprises, etc. This cooperation is of great importance for both Western Balkan countries and the EU, because regional cooperation is the only hope for lasting political and economic stability. Regional cooperation is also the key to integrating these countries into the EU. The deeper this cooperation, the sooner the integration of the Western Balkan countries into the EU. Countries of this region cannot integrate into the EU without resolving their ethnic and political disputes (Tošović-Stevanović and Ristanović, 2016). Following are some of the areas of focus during the last 30 years or so.

An economically open region: According to Qorraj (2018), the Western Balkans countries' markets are small and fragmented; therefore, the political and economic successes of these countries depend entirely on stronger regional cooperation. All of these countries must be open to collaboration and communication. As a result of joint efforts and EU projects, several free trade agreements have been reached between Western Balkan countries. The Central European Free Trade Agreement (CEFTA) is a good example of this type. The original CEFTA agreement was signed by the countries of the Visegrád Group, namely Czechoslovakia, Hungary and Poland on 21 December 1992 in Kraków/Poland.

The Agreement entered into force on 1 July 1994. The free trade area gradually expanded into other countries. Slovenia joined CEFTA in 1996, followed by Romania in 1997, Bulgaria in 1999, Croatia in 2003, and North Macedonia (FYR Macedonia) in 2006. CEFTA membership ends once a country joins the EU. Because the founding countries joined the EU in 2004, and Bulgaria and Romania were set to join in 2007, it was decided to expand CEFTA to the Balkan states: Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo (Šiljak, 2019). The process of bilateral market liberalization is increasing competition and stimulating national reforms to increase quality.

But according to Qorraj and Jusufi (2018), the importance of trade liberalization between the EU and the Western Balkans countries has been overestimated. The latter have a low level of economic development and produce lower quality goods compared to those of the EU, so we cannot expect accelerated economic development of these countries as a result of trade liberalization with the EU. These countries will benefit more from institutional reforms than from trade creation. Regional trade between the Western Balkans countries is shown in Table 2.

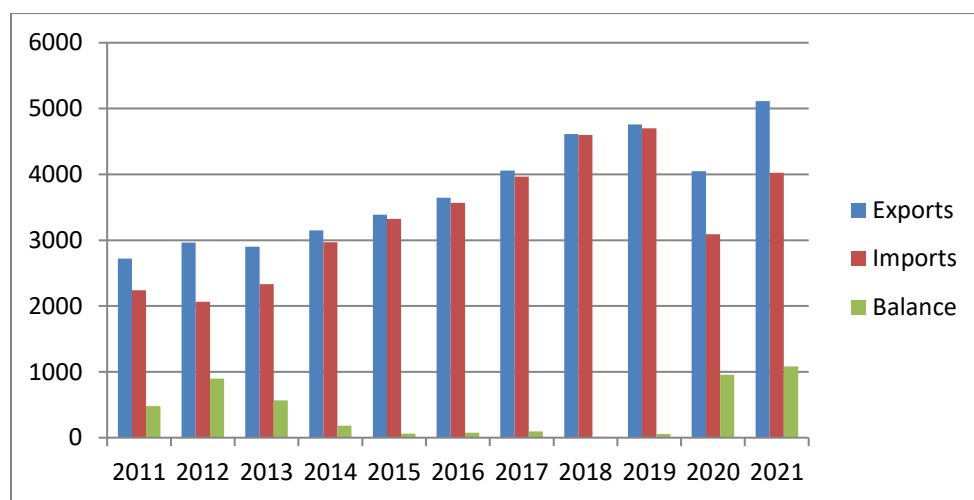
Table 2: Trade between Western Balkan countries in Euros (millions) and as a percentage (import/export)

Countries		Albania	Bosnia and Herzegovina	Kosovo	North Macedonia	Montenegro	Serbia	TOTAL
		Imp	Imp	Imp	Imp	Imp	Imp	Exp
Albania	Exp		3	134	38	25	12	214.3
	%		0%	34%	6%	3%	1%	
Bosnia and Herzegovina	Exp				48	150	409	1096
	%			0%	7%	16%	34%	
Kosovo	Exp	43	3		27	17	15	107.4
	%	16%			4%	2%	1%	
North Macedonia	Exp	56	70	174		24	195	590.2
	%	21%	3%	44%		3%	16%	
Montenegro	Exp	15	32	21	3		80	184.9
	%	6%	1%	5%	0%		7%	
Serbia	Exp	96	994		454	568		2455.2
	%	36%	43%	0%	67%	62%		
TOTAL	Imp	267	2322	399	674	912	1219	6735.6
	%	100%	100%	100%	100%	100%	100%	

Source: Jusufi and Bellaqa, 2019.

Meanwhile, trade between the EU and Northern Macedonia is shown in Figure 1. Statistics show that there is a significant imbalance between exports and imports, always in favour of the EU.

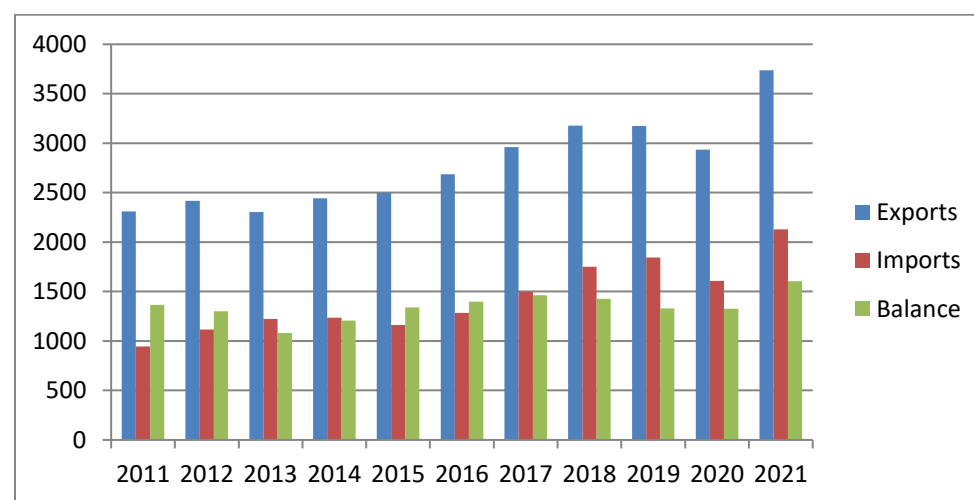
Figure 1: EU–North Macedonia Trade 2011–2021 in Euros (millions)



Source: European Commission, 2022a.

Trade between the EU and Albania is shown in Figure 2, where EU exports dominate.

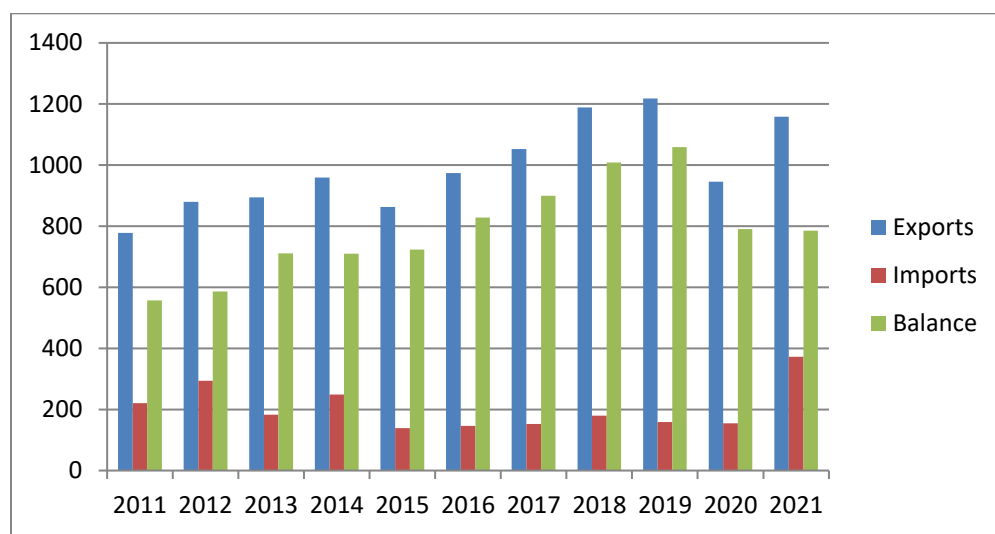
Figure 2: EU–Albania Trade, 2011–2021 in Euros (millions)



Source: European Commission, 2022b.

Figure 3 shows that EU exports dominate when compared to Montenegro's exports. This proves that these countries have not yet managed to produce quality products that can prevail in the EU market.

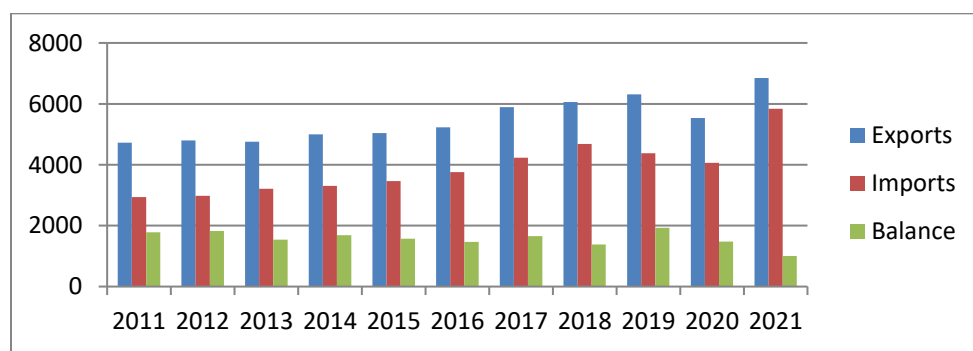
Figure 3: EU–Montenegro Trade, 2011–2021 in Euros (millions)



Source: European Commission, 2022c.

Figure 4 shows the developed trade between the EU and Bosnia and Herzegovina, where EU exports are higher than the exports of this Western Balkan country.

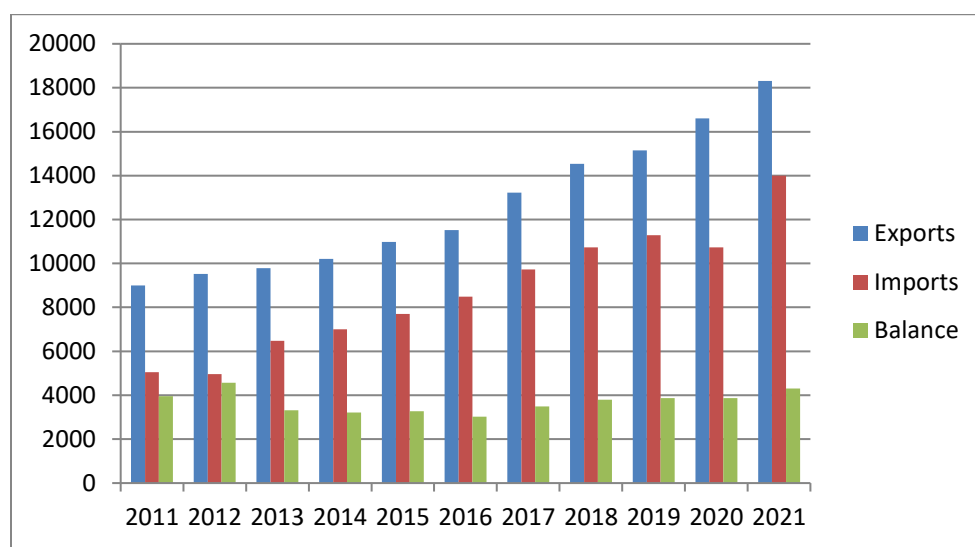
Figure 4: EU–Bosnia and Herzegovina Trade, 2011–2021 in Euros (millions)



Source: European Commission, 2022d.

Figure 5 shows that in the trade between Serbia and the EU, EU exports prevail. Serbia has a negative trade balance in relation to the EU.

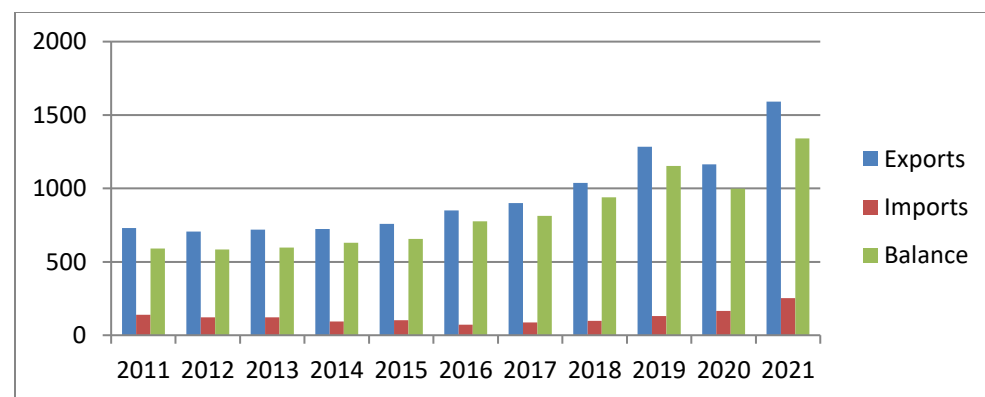
Figure 5: EU–Serbia Trade, 2011–2021 in Euros (millions)



Source: European Commission, 2022e.

Kosovo, as can be understood from Figure 6, is facing a negative trade balance, in particular trade with the EU. This proves that Kosovar products are not preferred by EU consumers.

Figure 6: EU–Kosovo Trade, 2011–2021 in Euros (millions)



Source: European Commission, 2022f.

Infrastructure and transport: The Western Balkans Investment Framework (WBIF) is a financing initiative that provides grants and loans to Western Balkans countries. These loans and grants are provided by the European Commission, financial institutions of regional countries and bilateral donors, for infrastructure, and social and economic development projects in Balkan countries. Transport represents the most developed sector of regional cooperation in the Western Balkans. There is already a great deal of cooperation in this area, via many regional forums and agreements, mutual insurance and consultations on transport policies. The South East European Transport Observatory (SEETO) is a forum created to promote transport development.

Energy: The Energy Community Treaty between the EU and the Western Balkan countries has specific goals, including the following:

- attract investment from the energy field and thus eliminate dependence on Russian energy sources;
- support integrated energy markets;
- provide energy safely;
- develop sustainable and climate-friendly energy sources;
- boost competition at the regional level to exploit economies of scale (European Commission, 2020).

Public administration: In this area, the Regional School of Public Administration (ResSPA) is an institution that aims to improve and modernize public administration in this region. Its main goals are to strengthen the capacities of the public administration as required by the EU integration process, and to help improve regional cooperation in public administration, etc. ResSPA members include North Macedonia, Albania, Serbia, Bosnia and Herzegovina, and Montenegro. Kosovo is currently a beneficiary and observer (Djurovic and Stojanovic, 2016).

Climate change: The Regional Environmental Network for Accession (RENA) is the EU's framework for Western Balkan countries and Turkey. RENA enables cooperation at the political and expert level. This program aims to:

- facilitate closer cooperation between member and potential countries on issues related to different experiences and practices;
- provide a forum to communicate developments in the EU's environmental policy (European Commission, 2019).

Justice: Increasing regional cross-border cooperation between law enforcement institutions and judicial institutions in the fight against crime and corruption is the main goal in this area. This will be achieved through:

- networking;
- mutual legal assistance;
- transfer of proceedings;
- requests for extradition;
- joint investigation teams;
- witness protection programs.

Meanwhile, the projects that are currently being developed address the following issues:

- police cooperation;
- criminal justice cooperation;
- fight against organized crime and corruption (European Commission, 2020).

Education: The Erasmus Mundus Programme, implemented by the Executive Agency for Audio-visual Education and Culture (EACEA), facilitates student and academic staff exchanges. For approximately 30 years, students and academic staff have moved between and exchanged ideas with European universities through the Erasmus program. The budget for the Western Balkans is quite large and enables 1,313 projects in

bilateral partnerships that organize mobility for about 27,000 researchers, students and academic staff (European Commission, 2019).

In the Western Balkans, regional co-operation has been a future-oriented common goal that does not take into account issues related to the region's complicated history. Regional forums and initiatives deal with general issues related to economic and social development but there is a lack of cooperation and consensus on key political issues. Issues arising from past wars and conflicts remain the main challenges to the stability of the Western Balkans. These affect regional cooperation between countries that have unresolved problems, and how individual countries function internally, and so on.

According to the EU (2011), conflicts over inter-ethnic or status issues in Kosovo and Bosnia and Herzegovina continue to hamper the functionality of institutions in these countries and, consequently, hamper the European reform process and agenda, etc. It is important to resolve these problems in order to establish permanent peace in this region. One such challenge is the Kosovo–Serbia dialogue. Despite EU efforts, disputes between the two countries are hindering the definitive establishment of normalcy in the Western Balkans (RIDEA and BPRG, 2018). The conflict between Russia and Ukraine best demonstrates that all political and economic disputes, besides those of the Western Balkans countries, should be resolved as soon as possible in order to have long-term economic stability and peace in this region.

A COMPARATIVE OVERVIEW OF THE INTEGRATION PERFORMANCE OF THE WESTERN BALKAN COUNTRIES

A precondition for EU integration of the Western Balkan countries is evidence of economic cooperation amongst themselves. Those countries that with good performance in regional economic cooperation are also more likely to perform better in EU integration assessments. As for the enlargement of the Western Balkan countries, they are at different stages of EU accession, and their success in this process depends on their individual achievements (TG-WeB, 2018). This process consists of the specific problems of each country in this region. All unresolved disputes have consequences on the region's stability and neighbourly relations. According to the Balkans in Europe Policy Advisory Group (2015) the various problems or disputes related to the integration of these countries into the EU can be summarized into four groups:

- Border disputes: This concerns the disputes between countries, especially those which were formed as a result of the dissolution of the Yugoslav federation. Kosovo and North Macedonia, and Serbia and North Macedonia are the only countries that have resolved the disputes between them. The issue of border disputes is not the biggest problems for countries in this region and this area of concern remains relatively stable.

- Political disputes: These issues relate to ethnic minority problems, specifically to disputed nationalities, such as the dispute between Kosovo and Serbia. The name issue between Greece and Macedonia has already been resolved with both agreeing to recognize Macedonia as North Macedonia.
- Minority rights: Each of the countries of the Western Balkans has ethnic minorities within it, so this issue is about recognizing and guaranteeing the rights of minorities under international conventions. This issue has recently progressed and almost all Western Balkan countries have implemented laws governing minority rights.
- Dissolution of Yugoslavia: This includes problems that have arisen as a result of the break-up of Yugoslavia, such as the return of refugees, the clarification of the fate of missing persons, and so on.

Unresolved bilateral issues not only have strong potential to destabilize relations between the countries of the Western Balkans but will continue to hinder the process of EU membership. EU institutions, member states and other international actors must be committed to avoiding threats to regional stability. The introduction of bilateral dispute resolution on the membership agenda would facilitate the process of these countries' integration into the EU (Jusufi and Ukaj, 2020).

North Macedonia was formed without armed violence in the former Yugoslavia. The problems of this country can be summarized into three groups: the problem with Greece over the name issue, with Bulgaria over the language issue, and with Albanians in terms of respecting their national rights. Officials from Macedonia and Bulgaria resolved their language disputes by signing a reconciliation agreement in 2017. However, despite this disagreement, there are different personalities in history claimed by both Bulgaria and Macedonia, and this may continue to be a contentious issue in the future (Synovitz, 2019).

Table 3: Comparison of the accession progress of Western Balkan Countries

	Albania	North Macedonia	Montenegro	Serbia	Bosnia & Herzegovina	Kosovo
SAA entered into force	April 2009	April 2004	May 2010	September 2013	June 2015	April 2016
Current status	It has been a candidate country for the EU since June 2014	It has been a candidate country for the EU since December 2005	It has been a candidate country for the EU since December 2010	It has been a candidate country since March 2012	Potential candidate	Potential candidate
Membership negotiations	-	-	June 2012	January 2014	-	-
Negotiations status: chapters opened	-	-	28	8	-	-
Negotiations status:	-	-	3	2	-	-

chapters provisionally closed						
Ranking	4	3	1	2	5	6

Source: Kittova and Steinhäuser, 2018.

The 2001 civil war between ethnic Albanians and Macedonians in North Macedonia jeopardized the stability and security of the Western Balkans region. The conflict ended with the signing of the Ohrid Agreement, which formulated the basic principles of a multi-ethnic state. The successful implementation of this agreement and the SAA enabled the Macedonian authorities to apply for EU membership in 2004. After Croatia, North Macedonia were the fastest through the EU integration process. But it was not able to sufficiently meet membership requirements due to internal blockages in the political process.

Compared to other countries in the region, Albania has two advantages:

- there are no inter-ethnic conflicts and
- there are no religious conflicts.

After the fall of communism in 1991, Albania established diplomatic relations with the EU. In the following years, Albania signed several important agreements on trade, political issues, etc. During the 1990s, the EU offered financial assistance, then trade preferences, thus strengthening economic and diplomatic ties with Albania. After 1999, bilateral relations were established between the EU and Albania with the signing of the Stabilization and Association Agreement (Zahariadis, 2007).

The proliferation of pyramid systems, the collapse of the state and the general chaos severely damaged Albania's path to EU integration. In 2001 the EU Council of Ministers adopted the European Commission's report on the progress made by Albania and asked the Commission to prepare a draft directive for the SAA negotiation. Negotiations were officially opened in 2003 due to weak state capacities and the conflicting political culture of Albania. The SAA was signed in 2006 and became the basis of Albania's relations with the EU as well as the unit of measure of its progress. Albania faced similar challenges to others in the region during the implementation of the SAA. After 2009, with the entry into force of the SAA, Albania applied for EU membership, a request that has been rejected for several consecutive years because Albania has failed to meet the political criteria.

In 2014, Albania was granted Candidate Status after the EU recognized progress in reforming institutions in line with their standards. This EU decision is seen as a political decision because of geopolitical developments. In 2006, Montenegro became independent from Serbia and began to establish relations with the EU. In 2007, the EU Council adopted the European Partnership for Montenegro, which was followed by the signing of the SAA. The SAA entered into force in 2010. Montenegro applied for EU membership in 2008 and, at the end of 2010, was granted candidate status without any precise date for the start of accession talks.

In 2012, Montenegro began EU membership negotiations, despite objections from Sweden, Germany and Austria. It also joined NATO, promoting its EU integration. Today, Montenegro's EU integration depends

on its commitment to meet the criteria and requirements of the relevant institutions. Further democratization of society remains one of the key criteria required to be met by Montenegro's institutions. Bosnia and Herzegovina is progressing very slowly, partly due to ethnic conflicts and the legacy of Yugoslav wars and economic devastation, and partly due to the ethnically-based fragmented state structure. In 1995, with the Dayton Agreement, two basic ethnic units were established in Bosnia: the Muslim-Croat Federation (Federation of Bosnia and Herzegovina) and the Bosnian Serb Republic.

Bosnia and Herzegovina's integration into the EU will not solve all the economic and political problems of this country. This country's integration into the EU can simply not be expected to work wonders. However, the EU will seek to harmonize the laws of Bosnia and Herzegovina with those of the EU. Parliamentary democracy and a market economy will be organized according to EU requirements. This will provide an equal economic and political space for the EU and Bosnia and Herzegovina (Hadzikadunic, 2004). It took eleven years from the signing of the Dayton Peace Accords for Bosnia and Herzegovina to open negotiations on a contractual relationship with the EU.

Bosnia and Herzegovina is behind all other countries in the region and the factors that inhibit its EU integration process are as follows:

- Impunity for war criminals: The war in this country lasted from 1992 to 1995. This war destroyed the economy and infrastructure and left severe consequences on the local population. Human rights were violated in the most brutal way. Due to the weak justice system, war crimes in Bosnia and Herzegovina remain largely unpunished (Human Rights Watch, 2019).
- The lack of a constitution that guarantees the rights of both citizens and ethnic groups.
- The slow progress of reforms due to the opposite aspirations of ethnic groups.
- Politicians from Republika Srpska still depend on Belgrade and are not loyal to the state in which they live.

One achievement of Bosnia and Herzegovina is the visa-free movement of its citizens in 2010. Despite some achievements in the field of regional cooperation, the nationalist spirit in Bosnia and Herzegovina is still high. In the current situation, the EU will find it difficult to fight nationalism in this country, and it is likely that it will be a long time before Bosnia and Herzegovina achieves candidate status. Serbia's problem of citizenship stems not from internal ethnic divisions, but from the incomplete process of dissolution of the Federation of Yugoslavia. In 1995, after economic sanctions were eased, the EU expanded trade relations with the rest of Yugoslavia. But bilateral relations again reached crisis levels during the Kosovo war and relations with the EU degenerated. Kumanovo's agreement with NATO, the withdrawal of Yugoslav army troops from Kosovo in 1999, and the victory of the opposition in 2000 marked important political changes for the country.

These changes marked the beginning of the country's EU integration process, but the problem of nationalist views pose a barrier to Serbia's foreign policy. These views have, from time to time, blocked the country's progress towards regional and EU integration structures. Negotiations on the signing of the SAA began in 2005 but these negotiations were interrupted because Serbian authorities refused to co-operate with The Hague war crimes tribunal. 2008 was a crucial year for Serbia–Kosovo unilaterally declared its independence. This increased the support of nationalist forces in parliamentary elections but the new government decided that EU integration would be a foreign policy priority.

The SAA was signed in 2008 and in 2009 Serbia applied for EU membership. Serbian citizens immediately benefited from visa-free travel to the EU. The non-recognition of Kosovo's independence and lack of good neighbourly relations are the main obstacles hindering Serbia's EU integration process. In 2012, at the Brussels Summit, leaders of the EU gave Serbia candidate status. Following several agreements reached between Kosovo and Serbia, accession negotiations between the EU and Serbia were launched in 2014. Despite improvements in regional co-operation, Serbia has stalled heavily in the EU integration process. The expectations of Serbian citizens have been high, taking into account the promises of all post-Milosevic governments. The main reasons are as follows:

- First, after the Milosevic period, Serbian governments focused on addressing the fallout of this period. Even without clear state borders, Serbia was unable to meet EU requirements related to its EU integration process.
- The second reason has to do with the attitude of Serbia and the Serbian people towards war crimes. This stance has hampered Serbia's rapid EU integration.
- The third reason is the lack of a clear strategic vision and the accompanying consensus that would place Serbia's EU integration at the top of the list of priorities of Serbia and the Serbian people (Rupnik, 2011).

Kosovo is more complex than other regional countries in terms of EU integration. Prior to 1989, the EU was not involved in the political and economic situation in Kosovo. From 1999 to 2007, relations between Kosovo and the EU intensified as a result of radical political changes (Qorraj and Ajdarpašić, 2017, p. 76). The EU helped Kosovo tremendously with its post-1999 economic recovery through CARDS and the IPA. In 2008, Kosovo was declared an independent and sovereign state. Kosovar institutions, through several important documents, expressed their commitment to the country's integration into the EU (Jusufović and Ajdarpašić, 2020). Since the declaration of independence, several actions have been taken, as follows.

In 2008, to ensure the rule of law, the EU established the Rule of Law Mission in Kosovo (EULEX). This mission supports the establishment of a stable legal order in Kosovo that is always based on the rule of law.

Second, the EU organized a donors' conference aimed at boosting Kosovo's economic development. This donor rally was organized immediately after Kosovo's declaration of independence. Third, the EU proposed the opening of negotiations for the signing of a SAA and visa liberalization for Kosovar citizens. Despite the fact that five EU countries still do not recognize Kosovo as an independent state, the EU institutions have tried to find a consensus regarding the provision of financial and economic assistance to Kosovo (Nezaj, 2015).

Kosovo faces some problems that hinder its EU integration process. Serbia does not recognize the state of Kosovo and claims that Kosovo is its territory. The Republic of Kosovo does not control the northern part of its territory (Jusufi and Ukaj, 2021; Jusufi and Gashi-Sadiku, 2020). The Serb-majority northern part of Kosovo is not controlled by the Pristina authorities. EU member states have conflicting opinions about Kosovo's independence with five EU countries refusing to recognize the state of Kosovo. These problems make Kosovo's path to EU integration very difficult. Therefore, Kosovo, along with Bosnia and Herzegovina, are considered "unfinished states". These two countries have the worst standing in the process of European integration compared to other Western Balkan countries.

According to Babuna (2014), Bosnia and Herzegovina, despite the Dayton Accords, still has security problems, which may be reflected in the entire Balkan region. Meanwhile Aĝir (2009) thinks that Kosovo and Bosnia and Herzegovina are still weak states, both neo-institutionally and ideologically. As a result, these states could slow down the process of democratization and economic development in the Balkans, causing political and economic instability.

CONCLUSION AND IMPLICATIONS

This theoretical review has provided evidence that regional cooperation in the Western Balkan countries is still low. Trade, in particular, still needs to progress – countries of this region still trade more EU products than products from neighbouring countries. Among the reasons for this is the fact that the Western Balkan countries lack a common identity, due to the hostilities of the 1990s. This is despite the fact that these countries have forged alliances and common goals throughout history.

Real integration can only happen if there is a significant shift in the region's perception of a national identity. The scientific contribution of this paper can be summarized in several points. As can be seen from reviewing the historical aspect of cooperation in this region, being divided between several empires with great power has prevented the Balkans from becoming a prosperous region culturally, economically or politically. Apart from the ethnic crises, the economy, in particular trade, has had different levels of development. After 1999, despite many inherited challenges, trade began to grow rapidly, so, despite the hostilities, Western Balkans countries have found ways to cooperate in the field of trade and business.

One of the EU's first conditions for integration is evidence of deeper regional cooperation between these countries. The study of the level of regional cooperation between Balkan countries is important because it shows their stage in the Euro-Atlantic processes. This paper is one of the few papers that has addressed the regional cooperation between the countries of the Western Balkans, both from the historical and economic perspectives.

According to the theoretical evidence of this paper, in some Western Balkans countries pride of nation and nationalism still reigns, in others the desire to join the large EU family is strong. For countries like Serbia, regional cooperation is an obstacle to EU integration, while for other countries such as Kosovo, North Macedonia and Albania, which are committed to developing good neighbourly relations, the desire to further the EU integration process is a strong impetus for regional cooperation.

Trade, energy, transport, and free movement are areas that require regional cooperation in order to gain the support of international investors.

Another scientific contribution of this paper is that, based on the review of theoretical sources, it can be concluded that regional cooperation within the EU integration process could be smooth as long as it does not involve difficult issues of the past. There are some issues that the Western Balkan countries do not see as appropriate for regional economic cooperation. These issues include the conflict between Serbia and North Macedonia over the Orthodox Church, Serbia's persistent reluctance to recognize Kosovo as a sovereign and independent state, and problems of national minorities in Serbia.

Also, the statistical evidence of this paper shows that trade between the Western Balkans countries is still low, and that they trade more with the EU than between themselves. However, despite the fact that trade is conducted with the EU, EU exports dominate compared to the exports of the Western Balkan countries. This shows that, despite the fact that the EU has liberalized its market to include Western Balkans products, due to the low quality of their products, the Balkans have not managed to increase exports to the EU.

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