

The EU Accession Process: A Key to Socio-Economic Development in the Western Balkans?

While democratization and the rule of law has lately been at the center of EU enlargement related debates, economic criteria are equally important. Countries eligible to join the EU need to have a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. However, economies in the region are weak and the effects of the Covid-19 pandemic on the Western Balkan economies are expected to be severe. The pandemic will likely aggravate the economic and social challenges in the region and hamper economic convergence with the EU. On February 11, 2021 the Aspen Institute Germany hosted an online roundtable discussion on the topic “The EU Accession Process: A Key to Socio-Economic Development in the Western Balkans?” with Dr. Alban Hashani, Executive Director at the Institute for Development Research Riinvest, Kosovo; Adis Muhović, Executive Director at the Centre for Policy and Governance (CPU), Bosnia and Herzegovina; Dr. Blagica Petreski, Chief Economist (CEO) at Finance Think – Economic Research & Policy Institute, North Macedonia; Anja Quiring, Regional Director Southeast Europe at the German Eastern Business Association; and Helge Tolksdorf, Head of Division EU-Enlargement, Southeastern Europe, Turkey at the German Federal Ministry for Economic Affairs and Energy (BMWi). The discussion was moderated by Prof. Dr. Valbona Zeneli, Chair of the Strategic Initiatives Department, Professor of National Security Studies, College of International and Security Studies, George C. Marshall Center – European Center for Security Studies.

The roundtable focused on the economic aspects of the EU accession process of the Western Balkan countries, with a particular focus on the situation in Bosnia and Herzegovina, Kosovo, and North Macedonia, and developed the following recommendations to improve the economic situation in the region.

To enhance economic competitiveness in the Western Balkans, the **governments in the region** should:

- strengthen rule of law and transparency in administrations and politics to attract FDI and to refuel economies after the COVID-19 pandemic;
- increase their accountability;
- implement economic reforms to create a better business environment;
- reform state-owned enterprises and the taxation system;
- improve the healthcare system;
- further develop the digital infrastructure;
- expand financial assistance for small and medium sized companies;
- develop a strategic vision for recovery after the COVID-19 pandemic;
- develop and implement strategic reforms in the education sector to enhance human capital and integrate dual vocational training;
- invest in people and education for all ages, thinking long-term even if this does not fit the political structures of the region.

The **civil society** in the region should press their governments to deliver on their promises.

To create more economic resilience in the region, **companies and businesses** located in the region should:

- take advantage of the potential of nearshoring;
- focus on human capital to rebuild the economy;
- foster potential that already exists in the region (e.g. research and development (R&D) for artificial intelligence);
- improve technology and digitalization to improve competitiveness;
- attract high-value FDI for cooperation, if possible, in the exportation sector;
- develop broad industrial strategies.

All **stakeholders in the regions** should:

- consider the EU accession process as the framework for all economic decisions;
- analyze all decisions on their possible impact regarding the strategic goal of EU accession;
- start a broad public debate on EU accession with all relevant actors;
- increase consultation with youth and civil society to make sure that EU accession remains the top priority;
- increase communication and dialogue, domestically and regionally, and start a structured dialogue with all stakeholders in economics, politics, and civil society;
- enhance regional cooperation to strengthen regional resilience;
- respond to economic challenges in a less checklist-like and more dynamic way.

In order to make the region economically competitive and to better integrate into the EU Single Market, the **European Union** should:

- better promote its support in the region to the public and work to counter disinformation, including that which is circulated by governments in the region or media close to the elites;
- stick to its principles and conditions even if the results may take longer and not set harmful precedents;
- reaffirm the EU perspective;
- strengthen reforms through conditionality, more incentives, and conditionality for loans.