



## **National Committee on American Foreign Policy**

### **Economic Development, Investment, and the Western Balkans Summary of a Roundtable Discussion**

**November 19, 2020**

**By Stephen Whittaker**

On November 19, 2020 the National Committee on American Foreign Policy (NCAFP), Nizami Ganjavi International Center (NGIC), and Foundation Shared Societies and Values Sarajevo (FSSV) convened as part of a series of targeted conversations with the aim of examining critical issues facing the Western Balkans. Following onto the success of a public discussion held in September 2020, the organizers felt it would be appropriate to focus on reactions to the European Commission's Economic and Investment Plan for the Western Balkans (published October 2020), and the expansion of the so-called 'Mini Schengen' zone. Both have gained significant buy-in and external support, including 'Mini Schengen's' prominent role in the economic normalization agreements signed in Washington in September 2020. Furthermore, each has the potential to further regional ambitions toward EU accession.

Not without detractors, both the EU's new plan, and efforts to expand 'Mini Schengen' spur concerns about the creation of parallel, rather than complementary structures vis-à-vis the EU. Convened to address this key concern, an invited panel of distinguished former officials from the United States and the region zeroed in on whether these developments chart an accession course like that of the Visegrád Group; major economic concerns that still need to be addressed; and how can the EU, United States and other external actors continue to provide sustainable support to the regional economy.

#### **Process Makes Perfect**

The conversation opened with a reflection on the recent presidential election in the United States. The office of the President-elect will have many competing priorities in the coming weeks, including a worsening global pandemic, and a plethora of issues at home. Though there is an indication that the Biden-Harris Administration will be more deeply engaged in global affairs than its predecessor, it is worth recognizing that the Western Balkans will not be on the top of the agenda at 1600 Pennsylvania Avenue on January 20, 2021. With that in mind, several participants indicated unofficial dialogues and conversations will be a vital part of informing incoming officials in the United States, and that emphasis in the near term should focus on recent developments in Europe.

Foremost among them was the publication of the European Commission's Economic and Investment Plan for the Western Balkans. Comprised of several well-constructed proposals, the participants largely agreed that the document charts a timely and essential roadmap for the region. Published just ahead of the Berlin Processes' Sofia Summit, it helped to inform the summit's outcomes and drove the declaration for a regional common market and the implementation of a 'green' agenda. Participants noted concerns related to a long-standing, parallel proposal to create a 'Mini Schengen' zone.

Though several highlighted the vital need for the free movement of goods and people, and enhanced digital connectivity in the region, enthusiasm for doing so within the confines of this ‘Mini Schengen’ zone was absent. Instead, it was suggested that the region look to the 2021 Berlin Process Summit in Germany as a point when parallel tracks toward regional economic integration should come together under the auspices of the formalized EU accession process—essentially leaving ‘Mini Schengen’ behind. By carrying forward the declarations made at the Sofia Summit, several agreed that this new emphasis on sustainable development and climate change would well-serve the region, especially as stakeholders look to engage a Biden-Harris Administration keenly interested in those particular issues over the long term. The Western Balkans will be able to institute better regional economic relations without competing structures, particularly without structures that seem to benefit one nation most strongly.

### **The Need for Euro-Atlantic Leadership**

Crucially linked to the process of implementing the Economic and Investment Plan and making good on the Sofia Summit declarations is continued movement toward greater Euro-Atlantic integration. One participant pointed out that, despite potential Biden-Harris Administration focus elsewhere, the Western Balkans will figure prominently in connection with other strategic relationships. Therefore, the integration of the region into the greater European economic and security structures remains vital.

It was suggested that small-scale common markets, such as the one proposed in the ‘Mini Schengen’ zone tend to be flawed. In the case of the Western Balkans, many national economies work in parallel, rather than being complementary. Together they can supplement a greater whole, but a regional common market would lack needed technology, economic strength and pure capital flows that can be offered by larger, more well-developed nations. Therefore, several participants concluded that incorporating the region into broader European economic institutions was paramount.

As the Western Balkans faces the challenge of implementing the aforementioned economic plan and commitments, the region requires leadership from the EU and the United States to help ease the path forward. While it is essential for the EU to lead on integrating the region into its structures and moving the accession process forward, the United States can help to drive the EU to deliver on its promises, and to separately provide support for NATO membership as well. As one participant pointed out, accession to NATO often leads to a clearer path to the EU.

However, several noted that before taking a pronounced leadership role, both the EU and the United States will need to overcome the crises created by COVID-19, navigate forthcoming German elections, manage growing rule of law concerns in Poland and Hungary, and see Brexit to its conclusion. These are not easy steps to take but will allow both the United States and the EU to speak with greater clarity and authority regarding the Western Balkans.

### **Looking Forward**

Until the United States and the EU can take a revitalized and coordinated leadership role, there are other steps countries in the region can take to continue their development and integration with the greater European and global economies. Several participants pointed to depopulation and ‘brain drain’ as issues of vital concern. This led to a suggestion that the diasporas of the Western Balkan nations should be more deeply engaged in moving their homelands forward. One participant offered that movement ‘home’ by those in the diaspora who left to pursue greater economic opportunities would work to bolster the region as this model has worked for other small nations in the past.

Building on the subject of ‘smaller’ nations, several participants agreed that looking to the examples of countries such as Israel, Ireland, Singapore and Estonia could help to spark innovative ideas. By utilizing its endemic well-educated and tech savvy workforce, investment in the Western Balkans and the development of new enterprises could focus on the technology sector and digital realm. Working to build world-class university programs to focus on these industrial sectors would certainly help to enhance the regional economy. Advancing the concerns of the region on university campuses the world over, some suggested, would also help to refocus external interest on the Western Balkans and to build support for such initiatives.

Ultimately, participants lamented, much of the path forward for the Western Balkans is tied to the quickening of the EU accession process and tackling rule of law concerns—by no means easy hurdles to jump. However, by receiving strong support from EU institutions and their American counterparts in managing these challenges, there is hope for significant progress in the near to medium term.



**THE NATIONAL COMMITTEE ON AMERICAN FOREIGN POLICY**

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**ASSESSING THE 2020 EU ECONOMIC AND INVESTMENT  
PLAN FOR THE WESTERN BALKANS**

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**NOVEMBER 19, 2020  
10:00 – 12:00  
(US EASTERN STANDARD TIME)**

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