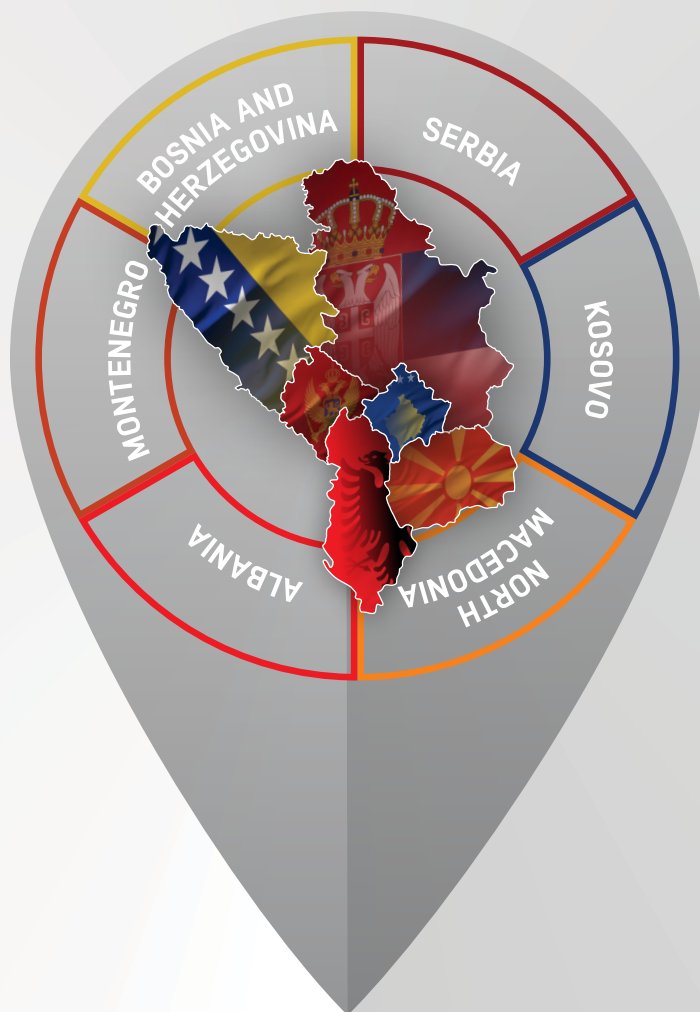


Mini-Schengen and Regional Cooperation: It Takes “Six to Tango” in the Western Balkans

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for Open Society

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Table of Contents

Introduction	7
Mini-Schengen comes to life	8
Kosovo makes a U-turn in Washington	10
Overlapping ideas: Mini-Schengen and Common Regional Market (CRM)	14
Heading towards the future: Five fundamental issues	16
Conclusion	17

Introduction

The “mini-Schengen” initiative was launched on the premise of good neighborly relations and economic cooperation in the Western Balkans. So far, only four countries have joined: Serbia, North Macedonia, Albania (the original three signatories) and Kosovo. The two remaining countries, Bosnia and Herzegovina and Montenegro, have stated that they will remain out on the premise that the mini-Schengen and EU integration are mutually exclusive. This has created obstacles towards the implementation of the initiative. Insofar, the mini-Schengen has made many headlines but has failed to deliver tangible results due to political disagreements, confusion, and lack of coordination and implementation mechanisms.

This policy brief examines the launch of the mini-Schengen and analyzes its future as a regional initiative by taking into consideration a variety of sources. The research methodology involves content analysis of data obtained from a mix of desk research, opinion polls, official documents, and interviews conducted under the Chatham House Rule with experts, researchers, civil society representatives, chamber of commerce officials, former ambassadors and politicians from Albania, North Macedonia and Serbia, from January 2021 to March of 2021.

This brief begins with a historical background explaining the origins of the mini-Schengen idea and the reaction from six Western Balkan countries. It pays close attention to Kosovo's initial rejection to join the initiative and provides information from public polls conducted in December 2020 in Kosovo. Furthermore, it analyzes the initiative as a whole and explains the key differences between the mini-Schengen and the Common Regional Market (CRM). It offers a potential scenario for what the future of the mini-Schengen will look like, considering the present state of affairs. This brief concludes with a summary of the key takeaways.

Mini-Schengen comes to life

The mini-Schengen initiative is an economic zone between Serbia, North Macedonia, Albania and Kosovo. The name “mini-Schengen” symbolically refers to the Schengen Area, which is a common travel area of 26 European countries. The initial idea was to create a smaller version of the Schengen Area in the Balkans to promote regional and economic cooperation among Western Balkan countries while they await progress on EU enlargement.

The idea was announced by the leaders of Serbia, North Macedonia and Albania—Aleksandar Vučić, Zoran Zaev and Edi Rama, respectively—who signed the mini-Schengen declaration on October 10, 2019, in Novi Sad, Serbia.¹ The mini-Schengen is based on four fundamental freedoms: goods, capital, services and people. This means that citizens are able to cross participating country borders using their identification cards, bottlenecks can be reduced or eliminated at border crossings, less economic barriers, an increase of intra-regional tourism, more foreign direct investments and improvement of higher education links by exchanging students and recognizing mutual professional qualifications.²

The idea of the mini-Schengen came to life during a difficult time in the region. Albania and North Macedonia had been waiting to begin the process of accession negotiations with the EU for years but were left on hold despite strong efforts. Both countries undertook major reforms, in particular, North Macedonia showed its commitment by signing a historic compromise deal with its southern neighbor, Greece, over the 27-year name dispute. Despite progress in both countries, the EU decided to postpone the opening of EU accession negotiations.

Moreover, the EU facilitated dialogue between Kosovo and Serbia reached an all-time low; Serbia launched a derecognition campaign with the goal of influencing countries to withdraw their recognition of Kosovo, and Kosovo imposed a 100% tariff on Serbian goods as a counter-response. As a result, the dialogue reached its longest pause since 2011. Despite numerous attempts by the EU, no meetings were held for almost two years.³

¹Julija Simić, “[Three countries agree mini Schengen in the Balkans](#),” Euractiv, October 11, 2019.

²The President of the Republic of Serbia, “[President Vučić meets the Prime Minister of the Republic of North Macedonia and the Prime Minister of the Republic of Albania](#),” October 10, 2019.

³Visar Xhambazi, “[EU Initiatives Signal No Breakthrough in Kosovo-Serbia Dialogue](#),” Democracy for Development Institute, December 2019.

The idea of the mini-Schengen was brewing for some time and had been discussed among a select group of US- and Europe-based policy makers and analysts. The original input, however, came from the region.⁴ Arguably, one of the reasons why it was proposed was to provide, amid difficult times, a space for the leaders of the Western Balkans to proactively develop a scheme of mutual support and cooperation. The initiative was not officially supported by the EU; however, the US published a statement welcoming the initiative.⁵

After the summit in Novi Sad, two more meetings followed by the end of 2019. The second meeting took place in November in Ohrid, North Macedonia, and the third one in December in Tirana, Albania. Despite ongoing efforts from Serbia, North Macedonia and Albania, the remaining countries from the Western Balkans, Bosnia and Herzegovina, Montenegro and Kosovo, showed skepticism and reluctance to join the initiative on the premise that it seemed like a substitute to the EU integration process.⁶

The next mini-Schengen meeting was scheduled to be held at the beginning of 2020 in Belgrade, Serbia. Due to the COVID-19 pandemic, the meeting was postponed for the summer of 2020, but it never took place.

⁴Information from interviews.

⁵U.S. Embassy & Consulates in Germany, "[Statement on Western Balkans Mini Schengen](#)," November 14, 2019.

⁶Akri Cipa, "[Mini Schengen: A Balkan Breakthrough or Political Stunt?](#)," Balkan Insight (Reporting Democracy), December 3, 2019.

Kosovo makes a U-turn in Washington

When the idea of the mini-Schengen was introduced in 2019, it made Kosovo's tariffs on Serbia look confrontational. The EU had heavily criticized the decision to impose tariffs for undermining economic cooperation and the Kosovo-Serbia dialogue.⁷ Furthermore, the US Special Presidential Envoy for Kosovo-Serbia peace negotiations, Richard Grenell, started pressuring the Kurti government to lift the tariffs on Serbian products. Grenell was a strong supporter of economic cooperation and stated that he would leave politics aside.⁸

The public discourse on the mini-Schengen was immensely negative. The idea evoked sensitive memories of Yugoslavia, with many critics in Kosovo claiming that the initiative would create an opportunity for Serbian domination in the Western Balkans.⁹ Kosovo surrounded the initiative with negative connotations and refused to attend meetings to discuss the idea. On the other hand, representatives of Bosnia and Herzegovina and Montenegro attended the Ohrid meeting (second mini-Schengen meeting) and revealed their reservations about the new initiative afterwards.¹⁰ It is a principle of international relations that countries meet and discuss issues before making a decision.

Some of the strongest statements opposing the mini-Schengen came from the main political leaders in Kosovo. The former President of Kosovo, Hashim Thaçi, refused the invitation of the Albanian Prime Minister, Edi Rama, to partake in the third mini-Schengen meeting in Albania. Thaçi stated that Serbia does not recognize Kosovo's statehood and that the initiative is solely another experiment that would substitute the EU integration process. Former Prime Minister of Kosovo, Isa Mustafa, stated that the mini-Schengen would lead towards a new Yugoslavia.¹² Moreover, the newly appointed Prime Minister, Albin Kurti, defined the initiative as redundant, unnecessary and potentially dangerous.¹³

⁷Radio Free Europe, "[European Parliament Urges Kosovo To Drop 100 Percent Tariff on Serbian Goods](#)," March 3, 2019.

⁸Radio Free Europe, "[U.S. Envoy Urges Kosovo, Serbia To Focus on Jobs, Economic Development](#)," January 23, 2020.

⁹Agon Maliqi, "[Shengenii ballkanik, jelek shpëtimi?](#)," Sbunker, January 25, 2020.

¹⁰Visar Xhambazi, "[Kosovos Missing Out in Spurning Balkan Mini-Schengen](#)," Balkan Insight, December 24, 2019.

¹¹European Western Balkans, "[Thaçi refuses to attend Western Balkans Summit in Tirana](#)," December 19, 2019.

¹²Muhamer Pajaziti, "[Kosovo rejects the mini-Schengen notion](#)," Independent Balkan News Agency, November 11, 2019.

¹³Exit News, "[Albin Kurti: Balkan Mini-Schengen Could Be Serbias Vision for a New Yugoslavia](#)," February 13, 2020.

This skepticism about the initiative among Kosovo's political class shaped the perceptions of Kosovo's citizens. According to a poll conducted by Democracy for Development (D4D) Institute in 2020, only about 17% of the citizens in Kosovo deemed the mini-Schengen useful or very useful, whereas 36% answered that the initiative would harm Kosovo. Furthermore, around 26% of the respondents had a neutral stance, finding the initiative neither useful nor harmful.



Figure 1. Kosovo's decision to join the Balkans "mini-Schengen" is:¹⁴

¹⁴Democracy for Development (D4D) Institute. "Kosovo's decision to join the Balkans 'mini-Schengen' is:" February 1, 2021.

When asked about how informed respondents were about the mini-Schengen, the answers varied. Around 18% of the respondents said that they were well-informed or fully informed. In contrast, approximately 38% of the respondents stated that they were slightly informed or not informed at all. Moreover, 35% of the respondents were somewhere in the middle and stated they are moderately informed about the mini-Schengen.



Figure 2. How informed are you about the Balkans “mini-Schengen?”.¹⁵

¹⁵Democracy for Development (D4D) Institute. “How informed are you about the Balkans ‘mini-Schengen?’ January 29, 2021.

Despite skepticism and negative public discourse, the government of Kosovo led by Prime Minister Avdullah Hoti, reneged on their pledge not to join the mini-Schengen. On September 4, 2020, Prime Minister Hoti agreed to join the initiative as part of the “Kosovo and Serbia Economic Normalization Agreements” (also known as the “Washington Agreement”). Kosovo and Serbia each signed a pair of documents agreeing to take on commitments that would lead towards normalizing their economic relations. The documents were signed at the White House in the presence of the former US President, Donald Trump.¹⁶

Hoti's government was deliberately against the idea of the mini-Schengen; however, he accepted to join the initiative amid pressure from the US. During a press conference following the summit in Washington, Hoti said the following: “I was against [the mini-Schengen] but I was asked by the White House to join this regional initiative. So, our position was against it, but we were asked by the White House and we agreed.”¹⁷ This painted the Kosovo government as impressionable, likely to vacillate when important decisions need to be made. Even with Kosovo on board, there was still no opportunity to engage in a proper public discussion on the advantages and disadvantages of the mini-Schengen.¹⁸ The initiative remained in limbo.

¹⁶Vincent Wood, “[Serbia and Kosovo agree to normalise economic ties in US-brokered deal](#),” The Independent, September 4, 2020.

¹⁷Exit News, “[US Administration pushed the Kosovo Prime Minister to Accept Mini-Schengen](#),” September 9, 2020.

¹⁸Information from interviews.

Overlapping ideas: Mini-Schengen and Common Regional Market (CRM)

With the membership of Croatia in 2013 (the last country to join the EU), it became evident that EU enlargement would come to rest. The Western Balkan countries were not prepared to join the EU and its member states started showing skepticism towards further enlargement. However, in order to maintain the dynamics of EU integration in the region and boost regional cooperation, Germany launched a flagship diplomatic initiative called the Berlin Process in 2014. Ever since, the EU has been promoting more connectivity and cooperation between the Western Balkans countries through the Berlin Process.

The foundations to form a regional economic area were set in July, 2017, at the Berlin Process Summit in Trieste, Italy. The leaders of six Western Balkan countries endorsed the Multi-annual Action Plan on Regional Economic Area (MAP REA). Western Balkan countries have been working together under the Central European Free Trade Agreement (CEFTA) since 2006. The Agreement has increased trade with the EU but it has been challenging to implement due to tariff and nontariff barriers. As a result, the purpose of the Multi-annual Action Plan (MAP) was to put forward a structured agenda for regional economic integration stemming from commitments undertaken within the framework of CEFTA.¹⁹

When the idea of the mini-Schengen started circulating in 2019, it created confusion and a lack of understanding among citizens and politicians in the region and also in the EU. It became difficult to differentiate the mini-Schengen and the Regional Economic Area (REA), which had similar objectives, specifically the freedom of movement, people, goods and services (the “four fundamental freedoms”). However, in contrast to the mini-Schengen, the REA included all Western Balkan countries.²⁰

In order to further advance regional cooperation and boost socio-economic recovery and convergence with the EU, Western Balkan leaders endorsed the establishment of the Common Regional Market (CRM), built on the achievements of the REA, alongside the launch of a Green Agenda and further support for Roma integration at the Sofia

¹⁹The Berlin Process, Information and Resource Centre, “[Consolidated Multi-annual Action Plan for a Regional Economic Area in the Western Balkans Six](#),” November 28, 2017.

²⁰Emina Muminović, “[Mini-Schengen, Regional Economic Area and Common Regional Market: What is what?](#),” European Western Balkans, December 12, 2020.

Summit in November 2020.²¹ “The CRM action plan is a result of consultations at the national, regional and international level, including through already established REA structures, REA Component Contact Points (CCPs) and REA Coordinators, and PM Sherpas as the highest level of governance to provide strategic guidance to the process.”²² In other words, the REA evolved into the CRM.

This proved that Western Balkan countries are dedicated to boosting regional cooperation under the umbrella of the Berlin Process. Unlike the mini-Schengen, CRM includes coordinating and monitoring mechanisms with clear lines of communication, which will be carried out in cooperation with already existing regional and international structures. According to guidelines, “the Regional Cooperation Council (RCC) and CEFTA Secretariats will be the leading regional organizations to facilitate the implementation of the Action Plan.”²³

The CRM functions in tandem with the EU and offers closer regional economic integration, bringing the Western Balkans closer to the EU market. According to the Western Balkans Leaders Declaration on the CRM, an enhanced market integration of six Western Balkan countries could bring an additional 6.7% of GDP growth to the region.²⁴ In addition to economic growth and benefits, the 2020 Enlargement Package has reaffirmed support for a closer regional economic integration.²⁵

The question then arises about if there is a need to have two initiatives with overlapping goals run in parallel. It would be beneficial to the Western Balkan countries to shift their energy towards the CRM, which has the commitment of all Western Balkan governments and the support of the EU.

²¹European Commission, [“Western Balkans Summit in Sofia: Important steps taken to advance regional co-operation to boost socio-economic recovery and EU convergence.”](#) Press Release, November 10, 2020.

²²Regional Cooperation Council, [“Common Regional Market.”](#)

²³Regional Cooperation Council, [“Multi-annual Action Plan for a Regional Economic Area in the Western Balkans – Map.”](#) 2020.

²⁴Regional Cooperation Council, [“Western Balkans Leaders Declaration on Common Regional Market.”](#) November 9, 2020.

²⁵European Commission, [“An Economic and Investment Plan for the Western Balkans.”](#) Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and The Committee of the Regions, October 6, 2020.

Heading towards the future: Five fundamental issues

The mini-Schengen faces five fundamental issues that must be addressed. The first fundamental issue is its name. The mini-Schengen does not mimic the Schengen Area or its criteria. The Schengen Zone refers to European countries that have officially abolished all passports and other types of border control at their mutual borders. In other words, it only refers to the free movement of people. The mini-Schengen, on the other hand, includes three other freedoms, thus making the name choice misleading.

The second issue revolves around symbolism. In the declaration of the mini-Schengen, the four fundamental freedoms are listed, with the free movement of people chronologically put last on the list. The list of four freedoms gives the impression that business and trade are the main priorities. This is problematic for Kosovo, whose citizens struggle with feeling confined and have many difficulties obtaining visas to travel abroad.

The third issue regarding the mini-Schengen is rather unfortunate timing. Beyond political instability, the mini-Schengen started coming to life when the novel COVID-19 pandemic hit the region. The pandemic severely impacted the economies of the Western Balkans and made it difficult for people to travel. Consequently, the mini-Schengen came to a halt and no other meetings took place as countries prioritized managing the pandemic and coping with the economic hardships.

The fourth issue deals with the sponsors of the initiative. The fact that the mini-Schengen was introduced in Novi Sad, Serbia, hosted by President Aleksandar Vučić, created suspicion that the initiative is sponsored by him for the purpose of dominating the region. Vučić's governance has become increasingly authoritarian. Serbia is currently without political opposition and is overwhelmingly under the political control of President Vučić who has managed to suppress the media and downgrade Serbia's democratic standards. In this regard, regional initiatives pushed forward by leaders and governments that are more authoritarian than democratic are usually followed by skepticism and pessimism, resulting in implementing difficulties.

The fifth and most important issue is the lack of commitment and mechanisms. The mini-Schengen looks like an idea sandwiched between CEFTA and CRM. It has failed to differentiate itself between the two and has many overlapping objectives. Moreover, it lacks coordination and implementation mechanisms and suffers from lack of political and financial support from the EU. The mini-Schengen initiative arrangements are not yet operational and its future is not certain. Such overwhelming confusion and issues have contributed to the lack of commitment and pessimism from Montenegro and Bosnia and Herzegovina.

Conclusion

The mini-Schengen has failed to secure commitment from all Western Balkan countries and it lacks strategy, coordination and implementation mechanisms. The initiative continues to operate in parallel with the CRM, which is more comprehensive, inclusive and most importantly, has the support of the EU and all Western Balkan countries.

On a positive note, the mini-Schengen brought in attention that was needed from the Western Balkan countries. The CEFTA and Berlin Process never had the necessary attention, whereas the mini-Schengen brought the issue of regional cooperation back to the public discourse.²⁶ The fact that it was announced in Novi Sad, under the auspices of President Vučić, provoked debate.

While the famous idiom “it takes two to tango” suggests that a pair are inextricably linked, in the Western Balkans, every regional initiative “takes all six countries to tango.” The Western Balkans is a small region which is roughly the size of Romania in terms of population and territory, with an approximate combined GDP of Slovakia's. Thus, in order for regional initiatives to be effective, each and every country has to cooperate with one another. In this direction, the mini-Schengen is going to be absorbed as a wider structure within the CRM.

²⁶Information from interviews.

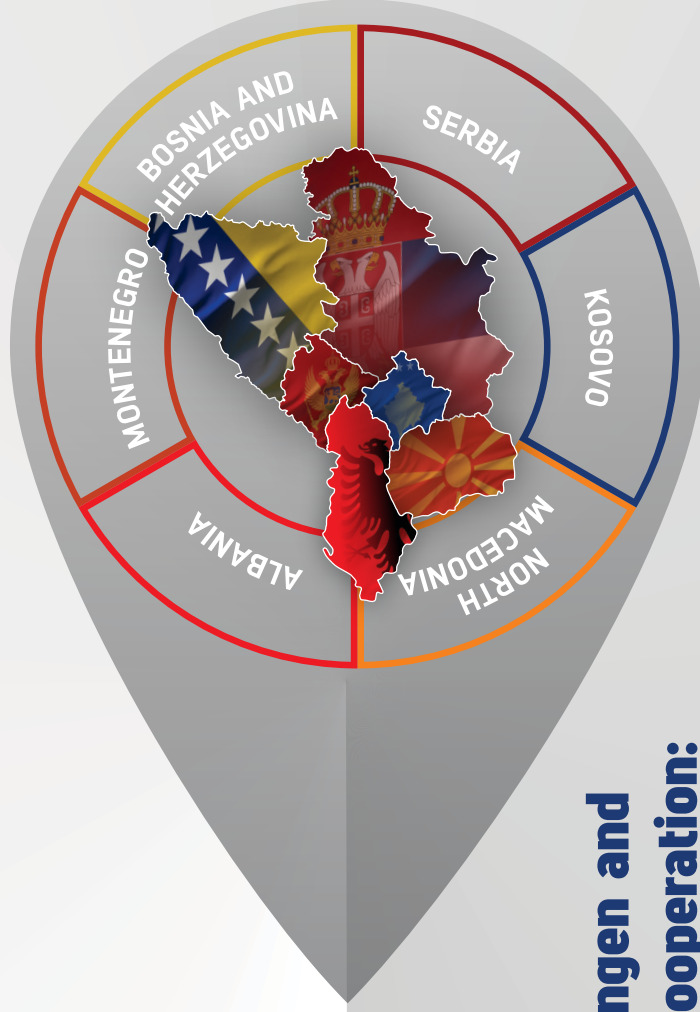
The Democracy for Development (D4D) Institute was established in April 2010 by a group of analysts who were increasingly worried that the state-building exercise had neglected democracy.

D4D's vision is to promote an active and educated citizenry that participates fully in the public space and utilises the public arena of representation and decision-making to deliberate and build consensus over resource allocation that is efficient, smart, long-term, and that brings about equitable development.

D4D influences specific policy, promotes a cross-sectoral approach to problem solving, and tackles the institutional routine of decision-making by recommending incremental improvements and operates with maximum effectiveness in order to fully promote Kosovo's stabilization and democratic development.

For more information about D4D's activities please visit our website: www.d4d-ks.org

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