



Western Balkans: Regional Economic Area

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Questions & Answers on the Western Balkans Regional Economic Area

[updated on 10 July 2018]

What is the aim of the Regional Economic Area?

The Western Balkans Regional Economic Area aims at developing an area where goods, services, investments and skilled workers can move without obstacles. It will scale up the market available to potential investors in the region: access to almost 20 million consumers from a single base, and opportunities to create value chains across borders will boost Western Balkans economic attractiveness, also taking advantage of trade relations with the EU.

What is the European Commission's position on the Western Balkans Regional Economic Area? Is it a Commission proposal?

The European Commission is responding to calls from the region itself for deepening cooperation to increase growth and create more jobs. The Commission fully supports the Western Balkan partners' own ambition for deeper regional economic integration and is very keen to lend its political, technical and financial support to this objective. The countries themselves are taking the necessary steps to deepen regional economic integration, notably by implementing the regional economic area multiannual action plan that has been adopted by the leaders of the region at the occasion of the Trieste Summit in July 2017.

Is the Regional Economic Area a substitute for EU membership or will it replace the enlargement process?

No, it is not an alternative to EU integration.

On the contrary, the progressive deepening of the economic integration in the region is based on EU rules and principles. Such an approach secures integration both within the region and with the EU. In this way, this initiative is an important milestone for preparation for EU accession: it is reflected in the recent strategic documents issued by the Commission.

How will it be put into practice?

The concept is put into operation through a multiannual **action plan**, endorsed by the Western Balkan leaders at the Trieste Summit on 12 July 2017. The implementation of the action plan was recently discussed at a meeting of the region's Economy Ministers in Vienna, on 4 July 2018. Leaders of the Western Balkans will recall its importance at the London Summit on 10 July 2018.

The action plan comprises four dimensions: trade, investment, mobility and digital market.

On **trade**, the parties agree to mobilise their efforts to implement successfully CEFTA additional protocols on trade facilitation, to swiftly conclude the adoption of Additional Protocol on trade in services and start without delay its implementation (in particular for key services such as finance, insurance, and transport), and to launch negotiations of a new protocol on dispute settlement. Provisions for eCommerce and external tariffs are also included.

On **investment**, the parties agree to establish a regional investment agenda, which will include exchanges of information and best practices on investment policies and identify policies that could be harmonised. The parties also agree to stimulate private sector development in order to maximise the benefit of the Regional Economic Area to the local economies.

On **mobility**, the parties agree to removing obstacles to mobility of professionals, through regional mutual recognition agreements of professional qualifications and removing obstacles to mobility of students, researchers and academics.

The **digital dimension** covers roaming and broadband deployment, cybersecurity and data protection, and will address the needs of digital skills over the region.

What is the timeframe?

That will depend on the region's ambition! The timeframe for the establishment of the Regional Economic Area should not be set by the EU but by the parties themselves. The European Commission will support the parties in this process.

One year after its adoption, what are the results?

The region has implemented ambitious measures in all the four dimensions covering the regional economic area, leading to the following results:

On **trade**, the parties successfully adopted CEFTA additional protocol on trade facilitation and launched negotiations on a new protocol on dispute settlement. They have agreed to reinforce the Secretariat of CEFTA in terms of resources and competence. [CEFTA's Trade Statistics portal](#) is now operational and provides useful information on intra-regional trade.

On **investment**, the parties have established a regional investment reform agenda, including a detailed set of policy areas to be reformed. The parties are also advancing the preparation of Smart Specialisation strategies.

On **mobility**, efforts are continuing to open negotiations on mutual recognition agreements of professional qualifications. Parties have endorsed regional principles for a model of recognition of academic qualifications, and launched a joint exercise to that effect. They are also continuing to remove obstacles to the mobility of students, researchers and academics.

On the **digital dimension**, the parties have launched a Digital Agenda for the Western Balkans, agreed on lowering the roaming costs in the region and strengthened their cybersecurity capacities. The region's integration in EU digital frameworks is moving forward.

What impact does it have on businesses?

First, for the first time in years, trade within the region is increasing. In 2017, intraregional trade increased by more than 13% compared to 2016! This shows that the business community is increasingly seeking new opportunities in their neighbouring countries. In the meantime trade between the Western Balkans and the EU continues to grow (13.4% increase between 2016 and 2017). More generally, the implementation of the regional economic area is facilitating businesses' activities in the region and increasing their potential for trade and investment.

What benefits will it bring to the Western Balkans and to the EU in the long term?

Greater economic integration will continue to make the region more attractive and competitive. Engaging in a regional economic area sends a powerful message that the Western Balkans is a market of some 20 million consumers with enormous untapped potential. This will attract more Foreign Direct Investment (FDI) and lead to higher economic growth and job creation. For the EU, such an area will also open new opportunities for EU and Western Balkans companies by developing value chains over the region.

It will secure both integration within the region and with the EU and at the same time also foster the region's approximation to the European Union.

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