

Committee: Council of the European Union (EU)

Issue: Implementing the EU Cohesion Policy in the Balkan Region

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Position: Deputy President

PERSONAL INTRODUCTION

Dear Delegates,

It's of great delight serving in the Council of the European Union in the 5th DSTMUN conference. My name is Sam Nahmiyas, I am 16 years old and I will be a 11th Grade student at Hisar School. I'm Turkish-Spanish, currently living in Istanbul, Turkey. I enjoy playing tennis and skiing. This will be my first DSTMUN Conference and my 13th Conference overall, while also being my fourth time chairing.

I view MUN as not only a simulation of the UN, but also a simulation of life. It requires many important qualities such as good debating skills, together with perseverance, patience, and confidence. I believe the agenda items of the Council of the European Union are more challenging and up-to-date than ever before. All three agenda items have deeply affected multiple regions of Europe, forcing mass political and economic change. As the world becomes more connected than ever before, the Balkans region is becoming an important part of Europe, forcing EU legislators to take cooperative actions. The War of Ukraine has put the EU on a tight spot regarding natural gas exports from Russia, creating an entertaining second agenda item. Finally, Europe has been devastated with wildfires for all the summer all the way from Turkey to Spain. Joint cooperative measures should be established to preserve the lands of Europe. If you have any further questions about the following guide or the topic in general, feel free to contact me. My email is sam.nahmiyas@hisarschool.k12.tr I am looking forward to meeting and working with you all and hope for a fruitful debate.

Best Wishes,

Sam Nahmiyas

TOPIC INTRODUCTION

The Balkan Peninsula, is the easternmost of Europe's three great southern peninsulas. There is no universal agreement on the region's components. The Balkans are usually characterised as comprising Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Montenegro, North Macedonia, Romania, Serbia, and Slovenia—with all or part of each of those countries located within the peninsula. Portions of Greece and Turkey are also located within the geographic region generally defined as the Balkan Peninsula.¹ The region takes its name from the Balkan Mountain Range which creates its northern border.

The Balkans have always been a hostile region, changing hands many times. Maybe the reason for this is that the Region is strategically important as it lies between Europe, Asia and some say even Africa. Finally, the EU Community has understood the strategic importance and potential of the region and has increased communication and cooperation with the Balkans. At first, the EU opted for the full integration of the Balkans to the EU by membership, which the EU has accepted Slovenia, Croatia, Bulgaria and Romania as members. However, in the last decade the EU has shifted its policy towards the Balkans from full integration to semi-integration. This means that the EU still sees the Balkans as an important region and wants to increase social, economic, and political activity but doesn't want to expand EU territory to the Balkans.

The accession of Romania and Bulgaria has brought many economic burdens to the EU and thus membership for the Balkans is no longer an option. The European Union has been forced to create a middle-ground which appears to be the Cohesion policy. Cohesion means uniting in action. With the new cohesion policy, the EU opts to increase its activity in the Balkans while simultaneously increasing infrastructure and socioeconomic lifestyle in the region by financial aid. The Cohesion policy is created on the ground of unifying regions outside the EU with the EU but mostly strengthening cohesion within the EU under five main categories; innovation and digitisation, establishing greener policies, creating a connective urban mobility policy, supporting social inclusion, and creating sustainable and equal urban development. The EU aims to spend billions of euros on the Balkan regions in order to develop projects under the five previous goals. The EU already had a Cohesion policy from 2014-2020, but now has a new one from 2021-2027 with even more flexibility, adjusted funding and straight-forward guidelines for common application.

¹ "Balkans | Definition, Map, Countries, & Facts - Encyclopedia Britannica." <https://www.britannica.com/place/Balkans>. Accessed 18 Jul. 2022.

DEFINITION OF KEY TERMS

EU Cohesion Policy

EU Cohesion Policy contributes to strengthening economic, social and territorial cohesion in the European Union. It aims to correct imbalances between countries and regions. It delivers on the Union's political priorities, especially the green and digital transition.²

The Berlin Process

The Berlin process is a platform for high-level cooperation between the leaders of the Western Balkan countries, specifically the five non-eu balkan members of Serbia, Montenegro, North Macedonia, Albania and Bosnia and Herzegovina. Yearly summits are conducted between EU representatives and Balkan representatives to increase connectivity between the two regions.

The European Currency Unit (ECU)

The European Currency Unit (ECU) was the official monetary unit of the European Monetary System (EMS) before it was replaced by the euro. The value of the ECU was used to determine the exchange rates and reserves among the members of the EMS, but it was always an accounting unit rather than a real currency.³

Chapters of Acquis

It is a joint legislature package of 34 chapters that a non-member state needs to fully adapt and comply with before becoming an EU member. It was first introduced in 1993.

BACKGROUND INFORMATION

The History of the EU and its Cohesion Policy

The first steps for a union were taken back in the 1950s. After World War II ended in 1945, Europe started facing an even larger challenge, "Recovery". During the rebuilding process, European countries realised that cooperation was their only option. Therefore, six countries formed the European Coal and Steel Community. This initiative enabled member countries to freely import and export coal and steel, which is seen as one of the first modern free-trade agreements. A notable agreement

² "Cohesion Policy 2021-2027 - European Commission."
https://ec.europa.eu/regional_policy/en/2021_2027/. Accessed 24 Jul. 2022.

³ "European Currency Unit (ECU) Definition - Investopedia."
<https://www.investopedia.com/terms/e/european-currency-unit.asp>. Accessed 24 Jul. 2022.

has been the Rome Treaty in 1957 which formed the European Economic Community. The 1960s were celebrated with an economic boom as many European countries doubled their GDPs. At this point, the EU was only an economic community, but this was soon changing... The 70s and 80s saw more members joining the EU which prompted for political cooperation. The 80s also saw the establishment of the European Single Market and the beginning of the first unified foreign policy, specifically against the USSR.

After economic and political, it was time for financial unity. The 90s saw the first official EU Cohesion Policy. This policy aimed joint economic and social development amongst the EU and neighbouring regions. Transportation connectivity was rapidly increased amongst southern and northern Europe. Also, the EU had its first digitization efforts marked by the invention of the internet and the Dot-com bubble. The EU also created its first budget directly reserved for humanitarian aid. The bosnian war was seen as an aftermath of the breakup of Yugoslavia, and the first time since World War II that European countries intervened in a conflict. In the span of 2 years the EU donated more than 5 million tons of humanitarian equipment to Bosnia, showing the world that the EU is not only an economic union but also a social one. The most notable development of the 90s was the establishment of the Euro, a common currency amongst EU member states.

The 2000s marked the biggest change in EU policy which is represented by the new Cohesion policy. Both the 2000 and 2007 Cohesion Policy centred expansion. This theme was clearly seen from 13 new members joining the Union between 2004 and 2003. These two Cohesion policies not only aimed for physical expansion of the EU but also many economic repercussions that will balance the economic issues brought by the joining of the Balkan states. The advancements of technology throughout the 2010s also contributed to advancements in customs and immigration technologies. New technological initiatives for border protection and internal travel prompted the Establishment of the Schengen Agreement. Further employment opportunities between member states prompted the 2007 and 2014 Cohesion policy to focus on Job markets and economic development. Croatia joining the EU marked the end of the 2007 Cohesion Policy and the overall EU policy centred on expansion. The 2014 Cohesion policy still aimed cooperation with the Balkans but did not prioritise cooperation through EU membership. The EU has acknowledged that it should delay further membership expansion but never stop political and economic cooperation with non-members. Thus, the 2014 Cohesion Policy opted for a €10 billion direct investment to the Balkans while no accession efforts were made.

EU Investment and Aid to the Balkans

Humanitarian

The Covid-19 pandemic has once again shown the world that countries rely on each other, and the small Balkan countries have relied on the EU throughout this process. The EU has made substantial medical aid to the Balkan countries throughout the pandemic. The European Investment Bank (EIB) authorised the Western Balkan Pandemic Relief Package worth €3.3 billion. The EU supplied almost €42 million for immediate support to the Western Balkans health sector to procure medical equipment such as masks, ventilators, visors and testing kits. The EU supplied free control material developed by the EU's Joint Research Centre to Western Balkan partners to enable them check the accuracy of coronavirus tests.

Also, the European Union established two new agreements: the Joint Procurement Agreement, and the EU Civil Protection Mechanism. The agreements have provided both sides to freely purchase and donate medical equipment. The EU has numerous border crossings to the Balkans and daily thousands of flights depart and arrive at the Union bound for the Balkans. This overall creates mass covid-19 transmission between regions. Thus, the EU included the Western Balkans in information sharing over coronavirus early warning and response, facilitated by the European Centre for Disease Prevention and Control.

The European Union has also aided the Western Balkans on issues partly related to the pandemic. Even though someone might first think that Covid-19 only has effects on only public health, the pandemic has negatively affected the social and economical structures of countries. The EU has contributed more than €250 million in direct aid on solving issues derived from the pandemic, such as: the compensation of minorities and unemployed, humanitarian aid on elderly and children, and new initiatives to refugees in the Balkans. The Western Balkans have also been one of the first regions to receive vaccine aid during the pandemic, in which at least four million vaccines were donated. In collaboration with WHO, a further €7 million will help to prepare the region for the effective reception and administration of COVID-19 vaccines, including those received from COVAX and through the EU vaccine sharing mechanism. Finally, EIB has given almost €1.7 billion in grants and the European Commission €360 million in aid to small business and the public sector.⁴

⁴ "EU support to Western Balkans - European Union." 1 Dec. 2021, https://ec.europa.eu/neighbourhood-enlargement/system/files/2021-12/17.12.2021-coronavirus_support_wb.pdf. Accessed 13 Jul. 2022.

Socio-Economic

One of the fields that the EU and Balkan countries cooperate the most is education. Erasmus is the EU's programme to support education, training, youth and sport in Europe. It has an estimated budget of €26.2 billion.⁵ Thanks to the Erasmus programme, the EU helped almost 30,000 young people from the Western Balkans come to the EU to work and study between 2015 and 2020, with over 18,000 making the journey in the opposite direction. The exchange of students have also helped the exchange of culture in both directions, helping EU familiarise Balkan culture. Studies show that, since 2014, increasing Balkan activity in the EU has also reflected an overall increase of people who are in favour of Western Balkan nations joining the Union. The erasmus program and the fame of Balkan singers around europe can be considered Balkan activity in the EU.

The EU has always collaborated with the Balkan countries regarding joint infrastructure and transportation networks. A member not being an EU doesn't mean that there is a demand for travel. Both the E5 and E80 highways extend from Europe to Turkey, a non-EU member, showing collaboration between the EU and the Balkans. Close before, the Balkans was ruled by Yugoslavia, which included modern day Croatia, Slovenia, Bosnia, Montenegro, Serbia and Kosovo. Yugoslavia had many road connections to western Europe and today, even though Yugoslavia has dissolved many of these road connections still exist between the EU and the Balkans. After Croatia was admitted to the EU, the union's link with the Balkans have even become stronger. Between 2014 and 2017, the EU invested 333 million euros in transport projects in Western Balkans countries. A total of 934 million euros of private investment was raised. Additional funding will now flow into the transport networks through the economic and investment plan.⁶ European Commissioner for Neighbourhood and Enlargement, Olivér Várhelyi has unveiled a substantial €3.2 billion investment package to support 21 transport, digital, climate and energy connectivity projects in the Western Balkans. The package includes railway connection from Skopje (North Macedonia) to the Bulgarian Border, the trans Danube Highway and a transport corridor that will connect the Srpska Region of Bosnia and Herzegovina to the EU. Currently, one of the largest existing EU-Balkan transportation networks is the Hellas Express, a railway service that spans from Thessaloniki (Greece) to Skopje (North Macedonia) and Belgrad (Serbia).

⁵ "What is Erasmus+? | Erasmus+ - European Union."

<https://erasmus-plus.ec.europa.eu/about-erasmus/what-is-erasmus>. Accessed 12 Jul. 2022.

⁶ "What are the links between the EU and the Western Balkans?."

<https://www.bundesregierung.de/breg-en/news/eu-western-balkans-links-1965560>. Accessed 12 Jul. 2022.

Direct EU investment to the Balkan region has also substantially increased. The European Investment Bank (EIB) is an important player for EU investments to the region. The Western Balkans Investment Framework (WBIF) is a joint financial platform of the European Commission, financial organisations, EU Member States and Norway aimed at enhancing cooperation in public and private sector investments for the region's socio-economic development, and contributing to the European integration of the Western Balkans. WBIF has pledged to generate a high level of socio-economic activity that has never before seen in the EU. WBIF is planning to create a maximum flow of funds of nearly €87 billion in the energy, healthcare, technology, transportation and urban planning sectors.⁷

Current EU Cohesion Policy in Detail

Understanding the Cohesion Policy and its Provisions

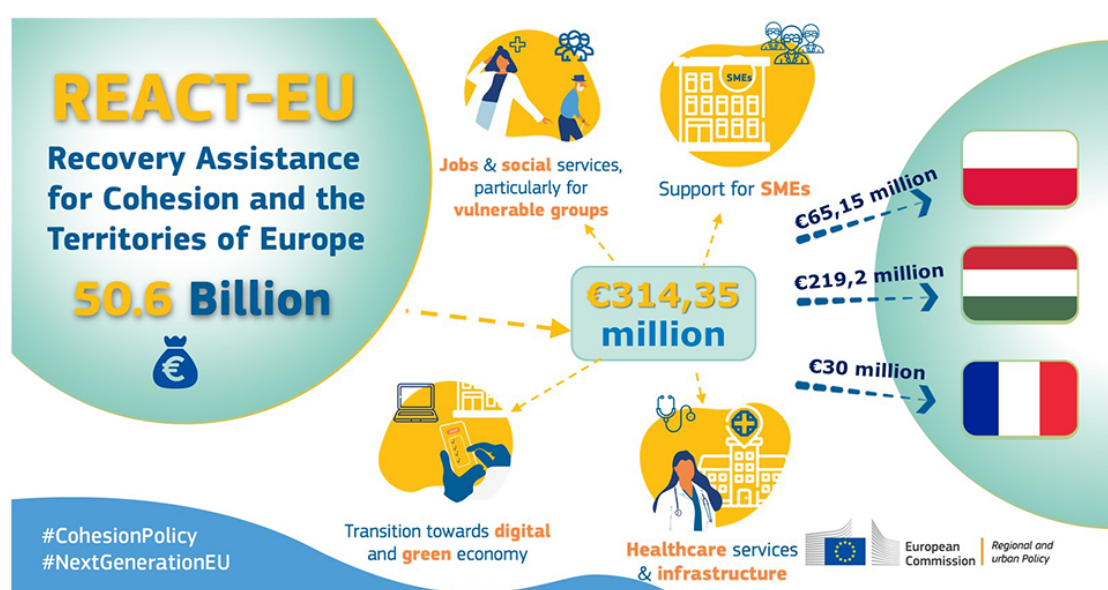
The Cohesion Policy is actually the EU's regional policy. The EU has stated its purpose is improving the economic well-being of regions in the EU and avoiding regional disparities. The Cohesion Policy is different compared to any other regional policy around the world because it covers every region within the EU instead of being tailored for a specific country. So, we are talking about a joint policy that affects 4.2 million square kilometres and 448 million people.

A new Cohesion Policy always starts with negotiations and consensus. Simply the Council of the EU and the EU Parliament first internally debate the provisions for a Cohesion Policy and then debate together. The reason why deciding a new Cohesion Policy takes many months is because of the structure of the Council of the EU. The Council is actually a separate entity than the EU and thus the EU has limited jurisdiction. Each EU member state's prime minister is a delegate of the Council and these prime-ministers meet in Belgium every 2-3 months. Two distinct features of the Council make issues to resolve in a long duration. First of all, each session is every 2-3 months instead of everyday like a parlement. Therefore solving an issue in 4 sessions means actually solving it in a year. Second of all, prime ministers in the Council represent the ideologies of their individual countries instead of the whole union. When the EU is so diverse, reaching consensus is quite hard. On the other hand, the EU parliament is selected by the people of each member state. Even though these people have less of a political ideology, they still are elected by the people so their professionalism is limited compared to the EU Commission. We can understand that, even though the Cohesion Policy is

⁷ "European Commission launches €3.2 billion investment package." 25 Feb. 2022, https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1362. Accessed 12 Jul. 2022.

created by the EU, it is fully structured by the opinions and people of EU member states. The jointly decided budget is one of the biggest commitments each nation needs to make because at the end some nations are going to get more, and some are going to get less.

Before starting the budget discussions, the EU decides on themes (also known as provisions) for the next Cohesion Policy. The themes are the most important part of the policy as they describe the main issues the EU wants to focus on for the next 7 years. Only the projects under these themes will get funding from the EU. Fortunately, the themes are kept broad so all projects fit into a theme in some way. The five themes for the 2021-2027 Cohesion Policy is a more competitive and smarter Europe, a greener, low-carbon transitioning towards a net zero carbon economy, a more connected Europe by enhancing mobility, a more social and inclusive Europe, and a Europe that is closer to its citizens by urban sustainability. Finally, the program is implemented by member states according to the allocated budget and used on projects pre-approved by the EU.⁸



Funds provided by the EU to Poland, Hungary and Martinique for crisis repair and recovery measures⁹

⁸ "EU cohesion policy (regional policy) | Diversity of Cultural Expressions." <https://en.unesco.org/creativity/policy-monitoring-platform/eu-cohesion-policy-regional>. Accessed 25 Jul. 2022.

⁹ "REACT-EU: €314.35 Million for Poland, Hungary and Martinique for Crisis Repair and Recovery Measures." Regional Policy - European Commission, https://ec.europa.eu/regional_policy/en/newsroom/news/2021/12/22-12-2021-react-eu-eur314-35-million-for-poland-hungary-and-martinique-for-crisis-repair-and-recovery-measures.

Funding

The current Cohesion Policy (2021-2027) has a budget of €392 billion, which is one-third of the whole EU budget. When a Cohesion policy has a budget of more than the GDP of many EU nations, funding is quite hard. The current Cohesion has the main goals of digitalization, sustainability and connectivity. These goals are met through direct projects. For example, a new €2 billion railway connecting Bulgaria, Romania and Hungary meets the connectivity criteria or €500 million reserved for transitioning to IDs that have computer chips that meet the digitalization criteria. All in all, the Cohesion policy is a fund with guidelines for major EU projects.

The current Cohesion Policy plans 100 new projects funded by four distinct funds; the European Regional Development Fund (ERDF), the Cohesion Fund (CF), the European Social Fund Plus (ESF+), and the Just Transition Fund (JTF). Let's start with Just Transition Fund (JTF) because it's the easiest to define. JTF supports regions that are transitioning towards carbon neutrality. The EU has established numerous special regions within member states that will receive JTF funds to use towards transitioning to a carbon neutral society by new projects. Many nations want to move to a carbon neutral society but it's simply not cost effective. The JTF is a financial incentive that makes these projects profitable.

The Cohesion Fund (CF) mainly funds environmental and transportation projects. It's specifically important for this agenda item because it focuses on funding underdeveloped regions of the EU, which are unsurprisingly located in the Balkans, the Baltics, and Eastern Europe. For the 2021-2027 period, the Cohesion Fund concerns Bulgaria, Czechia, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia and Slovenia. It's planned that 37% of the CF will be allocated for environmental projects, and 63% will be reserved for transportation projects.

The European Social Fund (ESF) is the fund that will affect the people the most due to its social aspects. The ESF aims to focus on improving employment and education opportunities across the European Union. It also aims to improve the situation of the most vulnerable people at risk of poverty. It has a total budget of €80 billion and is remarkably large compared to other social funds around the world. The covid-19 pandemic has drastically increased poverty amongst the EU, thus lawmakers have decided to provide emphasis on this issue on the 2021-2027 cohesion policy. 20% of the ESF is

directly reserved for combating poverty.¹⁰ Another 25% of the ESF is reserved for increasing job opportunities, which again contributes to decreasing poverty.

Finally, the most complex fund within the Cohesion policy is the European Regional Development Fund (ERDF). It's complex because it's kept broad, and doesn't have specific target industries. Its main focus is funding regional entities that are planning for any project that will increase development. This has resulted in the ERDF having the largest budget and funding many absurd projects including recreational areas and hotels. However it has one limitation on paper, it aims to prioritise the five categories of the current Cohesion Policy so the fund goes to more greener initiatives but not to hotels and sports facilities.

Comparison of the Current and Previous Cohesion Policy

We now have a new Cohesion Policy from 2021, and it's much more sustainable, greener and technological than the previous Cohesion policy between 2014 and 2020. But, the core values aren't the only differences and the two policies have many differences. We have already discussed that the most important change from the previous policy is that the current one is much more straight-forward and is much more theme targeted. For example, the 2014 policy had 11 thematic objectives that covered all industries, however the 2021 policy has shrunk to 5 main industries which only cover digitalization, connectivity, environmental issues, and social welfare. The EU has decided to shrink these themes in order to decide on the prioritisation of thousands of projects.

Another major difference is funding. The current Cohesion Policy is designed even more towards less economically developed members. Previously the EU would co-fund 75-80% of projects in these countries, but the new policy hopes to increase this to 85%. The 2021 cohesion policy has a budget of €394 billion, whereas the 2014 policy had a budget of €287 billion. A major reason for the increase of the budget is the increased spending on health and employment. The covid-19 pandemic which wasn't reflected in the 2014 Cohesion Policy caused the EU to spend more than ever on developing health infrastructure, social welfare and unemployment retention. However, all these factors were added to the 2021 Cohesion Policy.

Both policies focus on establishing regional zones and dividing funds to these specific zones, but we can see that more non-EU regions are present in the 2021 Cohesion Policy. A major part of the current policy is also funding projects outside the EU that can directly benefit the EU. For example, the European Union funded two

¹⁰ "European Social Fund - Regional Policy."
https://ec.europa.eu/regional_policy/en/funding/social-fund/. Accessed 24 Jul. 2022.

high-speed rail projects in Turkey that connected the country's network to Bulgaria, and the overall EU. Finally, an eye-catching difference is the funds reserved for carbon neutrality in the 2021 Cohesion fund. An astonishing €19.1 billion is reserved for the JTF fund which is responsible for funding projects that will contribute to carbon neutrality. Nothing similar to this never existed in any past Cohesion Policy.

The Future of the Cohesion Policy in the Balkans

It's clear that the Balkans are the least economically and politically developed region of Europe and have many issues. Three main obstacles that the Balkans currently face stop them from being fully integrated into the Cohesion Policy. The budget reserved to the Balkans from the Cohesion policy can be used to solve these issues. First obstacle is corruption and crime. Many Balkan countries have long been linked with organised crime that is secretly supported by members of government. The covid-19 pandemic has given the excuse for countries to limit the release of government budgets. Many countries have shown increased spending on health and immunisation but have not disclosed spending details. Thus, many critics in the EU believe that Balkan authorities use the Covid-19 excuse to smuggle government funds. For many years Balkan nations especially fight with production of illegal substances. Albania is currently in critical condition as the government can't stop the production and trafficking of cannabis. Even though the nation has established a war on drugs back in 2016, trafficking is still not able to be stopped and Albania is the world's third largest cannabis exporter.

The second obstacle is economic uncertainty. Nearly all Balkan countries rank lower in every economic measurement compared to the EU. The Balkans have two times more poverty and implement a minimum wage that is half the European average. Even though the EU constantly financially aids the Balkans to overcome its economic issues, long-term solutions can only be achieved by political and economic reforms which the EU doesn't have the jurisdiction. Now, many Balkan countries see the Cohesion Policy as an opportunity as the EU will be funding many projects that will increase economic activity.

The third major obstacle is disputes amongst nations. Many Balkan countries once shared the same empire (ottoman empire), then Yugoslavia was formed which left the borders between many Balkan countries "broad and vague". Therefore, many territorial disputes still exist amongst Balkan nations. There are currently eight open disputes amongst the Balkans. For example, Neum, a Bosnian port on the Adriatic Sea with areas contested by Croatia, or The Prevlaka peninsula, contested by Croatia and Montenegro. Bulgaria and North Macedonia also have a cultural dispute regarding historic locations and naming.

In the Future, the application of the Cohesion Policy to the Balkans can cause a rapid influx of cash to the region to fund numerous projects. Even though Governments create these projects, usually small firms are contracted to finish a specific aspect of the project. The contracting process can increase fraud and corruption as Balkan Governments will have the opportunity to provide higher valued contracts to smuggle funds. The region already houses many migrants hoping to travel to Western Europe. The rapid development of the region, which is enabled by the Cohesion Policy, may cause refugees to prefer to stay in the Balkans instead of travelling to Western Europe. The influx of migrants can cripple the social and economic system of these countries.

MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

Croatia

The borders between balkan nations are quite new compared to western states. Thus, certain border disputes haven't been solved yet. In 2013, Slovenia vetoed Croatia's EU bid due to border disputes but later removed it. Now Croatia is vetoing the beginning of accession talks of Serbia¹¹. Croat politicians believe that the non-member Balkan nations still have many political disputes that will damage the Union. Croatia believes that the current chaos between Bosnia, Serbia and Kosovo will only put their borders to further danger due to the chance of freedom of movement between nations.

Bulgaria

Bulgaria is currently in a fragile state as its liberal Prime Minister is trying to balance the country between the European Union and Russia. The war on Ukraine has forced the EU to speed up its expansion to the Western Balkans. However, Bulgaria has been a long lasting critic against the accession of North Macedonia and Albania. The nation has stated that it has solved all diplomatic issues with Albania but is planning to veto accession talks for North Macedonia due to disputes regarding language and territory. Bulgaria and Croatia both believe that all conflicts between neighbours should first end for new members to be discussed.

Germany

Germany is the symbolic leader of the EU, hosting the largest population, economy, and political influence. Since its unification, Germany has always searched for opportunities to increase economic activities and international trade. Therefore, Germany has always believed that the new cohesion policy will make the EU even

¹¹ "Croatia veto on Serbia's EU talks causes surprise - EUobserver." 12 Apr. 2016, <https://euobserver.com/news/133004>. Accessed 8 Jul. 2022.

more connected to the Balkans than ever before. The country has a low unemployment rate and thus constantly needs foreign employment. The cohesion policy will create new labour and business opportunities for Germany. The country is strict on a greener and more sustainable approach, which is reflected in the 2021-2027 Cohesion Policy.

Russian Federation

Russia and the Balkans have one of the most complex relationships in the world. Throughout its long history, Russia has always backed the Balkans against the Ottomans, helping them gain their independence. Also Russians and Balkans share close genetic and cultural traits, both having ancestors from slavik groups. In recent years Balkan members have significantly become more democratic and Russia has become significantly more oppressive causing nations to have harsh policies against Russia. The war in Ukraine has forced balkan states to choose a side between Russia and the EU, and many have chosen to be on the side of the EU. But, Serbia is still an important ally of Russia. The EU follows strict social, judicial, economic and humanitarian guidelines for a nation to become an EU member and Russia has stopped this in recent years. Russia has the world's second largest military causing it to increase its military presence in the Balkans by force. Russia sees the EU as a threat and prefers balkan regions to choose its side, something that doesn't seem likely.

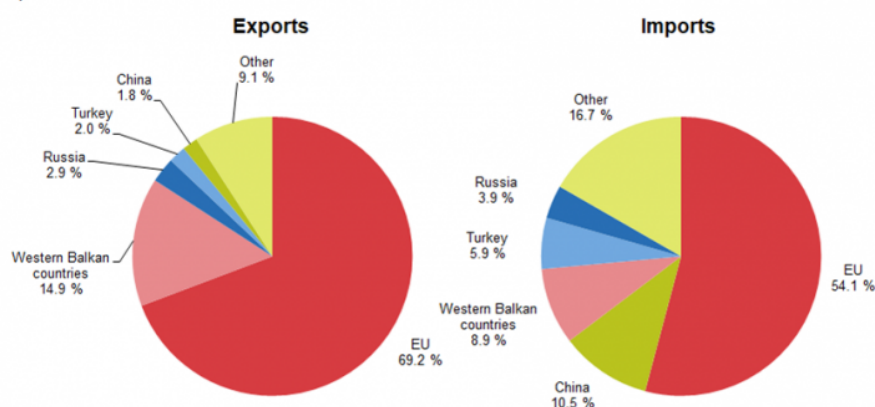
The European Investment Bank (EIB)

According to Article 309, the task of the EIB is to contribute to the balanced and steady development of the internal market in the interest of the Union. The EIB, in all sectors of the economy, facilitates the funding of projects that seek to develop and modernise states.¹² In recent years, EIB has become even more important due to its increasing spending on the Western Balkans. In 2021, EIB has spent more than €856 million in development and has mobilised more than €3 billion in investments. The Western Balkans becoming EU members will contribute to the EIB to further fund the development of the region, benefiting these nations. Currently, financial contributions are limited by EU parlements because members aren't in favour with spending billions of dollars on non-EU members. When Romania and Bulgaria became EU members EIB reserved an approximately €25 billion fund to modernise these nations. Current candidates are excited that they might have the same future,

¹² "The European Investment Bank | Fact Sheets on the European Union." 5 Jan. 2022, <https://www.europarl.europa.eu/factsheets/en/sheet/17/the-european-investment-bank>. Accessed 8 Jul. 2022.

but after the pandemic, the EU and EIB do not have the current financial means to cover this expansion.¹³

Western Balkan Countries trade with main partners, 2020
(%)



Source: Eurostat (online data code: Comext data code : DS-056897)

eurostat

Western Balkan's main trading partners in 2020¹⁴

BLOCS EXPECTED

Block 1:

The first Block accepts the main principle of the 2021 Cohesion Policy that an equal and Unified development should occur. Under this principle, the first block believes that Western Europe is already much more developed compared to other regions of the EU and will focus on funding projects in underdeveloped regions around Europe (EU and non-EU). Unsurprisingly, the Balkans and Eastern Europe are the most underdeveloped regions of Europe. Thus, members of block 1 will find solutions on implementing or changing the cohesion policy in a way that will benefit the development of these regions.

¹³ "EIB investments reached €853 million in the Western Balkans in" 7 Feb. 2022, <https://www.eib.org/en/press/all/2022-077-eib-investments-reached-eur853-million-in-the-western-balkans-in-2021-increasing-support-for-green-and-digital-projects>. Accessed 8 Jul. 2022.

¹⁴ "File:Western Balkan Countries Trade with Main Partners, 2020.Png - Statistics Explained."

Eurostat, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Western_Balkan_Countries_trade_with_main_partners_2020.png.

Block 2:

The second block believes that the funds should be distributed equally without regard to the current economic status of regions. They acknowledge that every country has economically developed and less developed regions. Thus, they believe that no advantage should be provided to any region, such as the Balkans. They would work on the political aspect of the Cohesion Policy and how funds can be equally and democratically allocated to every country. They would work on mechanisms that will ensure that no country is advantageous compared to others. Finally, they believe that spending the majority of the funds to the Balkans is not a priority as it's simply not logical to spend funds on regions that aren't part of the Union and believe that these regional projects are not guaranteed in any way as the EU has less jurisdiction.

TIMELINE OF EVENTS

Date	Description of event
1957	The Treaty of Rome Created the European Economic Committee
1975	European Regional Development Fund Created: it's seen as the first unofficial Cohesion Policy of the EU
1988 - 1993	First Cohesion Policy: To adapt the acceptance of Greece, Spain and Portugal structural funds were integrated under the newly established Cohesion Policy
1993	The Maastricht Treaty: formed the European Union and officially established the Cohesion Policy and its regional committees
1994 - 1998	Second Cohesion Policy: it was the first cohesion policy under the newly formed EU with a budget of ECU 168 billion
2000 - 2006	Enlargement Cohesion Policy: The EU shifts towards growth and enlargement by the Lisbon Strategy. 10 new members were admitted in 2004.
2007 - 2013	Growth & Job Cohesion Policy: Romania, Bulgaria and Croatia are admitted to the

	EU. The Cohesion policy shifts towards economic development, fighting corruption and infrastructure development.
2009	Western Balkan Investment Framework (WBIF) established: EU promises to make more than €14 billion in investment to the Balkans.
2014 - 2020	Regional Investment Cohesion Policy: The EU pledges to spend on the development of certain regional areas and increase social and economic connectivity.
2020 – 2022	Covid-19 Aid: EU pledges €3.3 billion in medical and vaccine aid to the Balkans
2021	IPA III enters in to force: IPA III framework enables EU to aid no-member countries
2021 - 2027	Sustainability and Digitalization Cohesion Policy (CURRENT): The EU aims to technologically develop its internal regions and aid external regions via the IPA III agreement. Greener initiatives are taken
2022	War in Ukraine: The war in Ukraine causes the EU to rethink the strategic importance of the Western Balkans and change the accession process accordingly

RELEVANT RESOLUTIONS, TREATIES AND EVENTS

REGULATION (EU) 2021/1058

Regulation 1058 is the Agreement which sets the provisions and Guidelines of the 2021-2027 Cohesion Policy. This whole report is about the result of EU Regulation 1058 which is the current Cohesion Policy.

TREATY OF AMSTERDAM

The treaty of Amsterdam was signed on October 2, 1997. The EU acknowledged that the division of the Soviet Union ended the iron curtain and enabled the EU to interact again with eastern european countries. The EU changed its provisions to more flexible options with the Treaty of Amsterdam to prepare for the accession process of 10 new members in 2004, which were economically and

politically different from the rest of the EU. The Treaty of Amsterdam enabled further membership, and further membership caused the Cohesion Policy to change towards an expansionary view.

CHAPTERS OF THE ACQUIS

This document has 32 prerequisites that countries need to complete before becoming EU members. Throughout the years the Chapters of the Acquis have changed according to the Cohesion Policy. If the Cohesion policy is centred on expansion, then the chapters are shortened in order for new members to easily join. All in all, the Cohesion Policy decides on the chapters of the Acquis and the chapters help the Cohesion policy to reach its targeted goals.

IPA III (3)

An important agreement of the EU that benefits non-member Balkan states has been the IPA III (the Instrument for Pre-Accession Assistance) agreement. IPA III creates a budget of €14.1 billion, which will be used for preparation, monitoring, evaluation and implementation of the agreement. In a brief way, IPA III states that the EU is willing to give substantial financial assistance to non-members if these countries make necessary political and socio economic reforms. In a way, IPA III is part of the accession process and aims to speed up the delivery of accession demands by providing financial incentives. All in all, IPA III directly correlates with faster expansion policy and once again shows EU's serious interest towards the Balkans.

PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

BUDGET INCREASE

The Cohesion Policy also covers areas outside the EU. Therefore, the EU hoped to increase investment to the Balkans with the Cohesion Fund in order to increase connectivity between the Balkans and the EU, and fight against poverty and unemployment in the region. The issue is that the Cohesion Policy enables the EU to only fund projects which aim for development. Because the Balkans are rooted with issues such as corruption, human rights violations and organised crime, the Cohesion Policy is only a temporary solution. Previously, an increase in the Cohesion Fund budget for the Balkans only increased particular development and didn't fully solve the problem.

AGREEMENTS

Previously the EU opted for signing multiple agreements with the Balkans that would enable the EU to check-and-balance their actions in return for financial

aid. However, the issue with this solution method is that there is no political or judicial entity that ties the Balkans and the EU. Therefore, there is no legal jurisdiction that lets the EU politically interfere with the Balkans. These agreements have become vague and meaningless.

NON-REPRESENTATION

Normally the EU Cohesion Policy Budget is decided jointly by the Council of the EU and the European Parliament, which EU member states have sufficient representation. Thus, each member state can freely represent their opinion on budget allocation and in which projects they will use the budget. Because many Balkan nations aren't EU members, they don't have a say while deciding the new Cohesion Policy and its budget. Previously, the budget decided towards the Balkans by EU members was thought to be unrealistic and insufficient. Also, Balkan nations were not able to present their project ideas to the EU, which caused them to receive less funds because the EU was not aware of their project ideas.

POSSIBLE SOLUTIONS

EU CUSTOMS UNION

A major theme of the 2021-2027 Cohesion Policy is increasing connectivity by infrastructure development. The EU believes that increasing connectivity will benefit trade and tourism. The EU is planning to spend billions to the Balkans on road and railway projects where trade is very small. Thus, if the EU increased trade with the Balkans, then their returns on investments will also increase. One reliable method to increase trade is the addition of the Balkan countries to the EU Customs Union. In practice, the Customs Union means that the customs authorities of all member countries work together as if they were one. They apply the same tariffs to goods imported into their territory from the rest of the world, and apply no tariffs internally. Removing tariffs between the Balkan countries and the EU will increase trade.

EU-BASED MANAGEMENT

The EU has always been hesitant on increasing funding to the Balkans because they can't fully monitor it. Balkan countries are known to be corrupt and dictatorial. Thus, the EU never knows how much of their spending actually goes to projects. If we were able to fully monitor the funds, then investments would substantially increase. The EU doesn't have the jurisdiction to control foreign firms, but they have the jurisdiction to monitor EU firms. If EU firms also manage and build projects in the Balkans, then activity will be able to be transparently monitored.

EU MEMBERSHIP

We all know that the EU can easily monitor EU member states and can give more funds. Even the smallest EU countries have always received more funds from the Cohesion Budget compared to any non-EU country. If Balkan countries became EU members, then the Cohesion Policy could be applied much more easily and more funds could be reserved for the region. Accession talks already exist with Albania, North Macedonia, Montenegro, and Serbia which show that the EU is considering this option. After the Invasion of Ukraine, Russia has increased its influence in the Balkans, so the EU should act faster before they lose these regions.

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