

Greece and Its Western Balkan Neighbours – Common Challenges in a Changing Europe

Policy Recommendations¹ Study Group Regional Stability in South East Europe (RSSEE SG)



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Summary of Recommendations:

- Governments of Albania and Greece: Repeal outdated conflicting legislations regarding bilateral relations.
- European Union (EU) and the governments of the Former Yugoslav Republic of Macedonia (FYROM) and Greece: Highlight the advantages of the Prespa Agreement.
- South East European (SEE) countries: Refrain from implementing “pushback” policies towards migrants.
- EU: Prevent SEE becoming a depository for “unwelcome” migrants.
- EU and SEE countries: Establish a SEE Industrialisation Fund to attract investment.
- EU and SEE countries: Establish certification agencies in the region to make regional export firms more competitive in the EU market.
- SEE countries: Implement policies that increase net migration.
- SEE countries: Rely on the Energy Community Treaty and the International Energy Charter in regard to energy relations.
- EU: Encourage SEE countries to promote clean energy solutions.

Situation Analysis

The Western Balkans (WB) region has been the forefront of the European Union’s (EU’s) foreign policy interests in South East Europe (SEE) since the breakup of the Soviet Union. As the region has already experienced a military conflict in Yugoslavia, leading to its subsequent breakup, the stability of the region is of paramount importance for the security of Europe as a whole. To that end, the accession of the remaining Western Balkan countries to the EU is considered a vital step.

Special emphasis has been given to establishing the dates for the commencement of negotiations for the accession of Albania to the EU, and the accession of the Former Yugoslav Republic of Macedonia (FYROM) both to the North Atlantic Treaty Organization (NATO) and the EU. As Albania has been a NATO member since 2009 and an EU accession candidate since June 2004, it is expected that the negotiations will be significantly simpler as Albania has had plenty of time to prepare for the *acquis communautaire*. In addition to the prerequisites for the EU membership process, the resolution of all pending issues between the countries is regarded as indispensable for permanent peaceful relations within the broader European context.

Greek-Albanian Relations

Greek relations with Albania are based on trust and cooperation, considering that Albanians constitute the largest migrant group in Greece. Minority issues regarding the protection of the Greek minority in Albania, the repatriation of Chams into Greece and the return of their property, the delimitation of the Greek Exclusive Economic Zone (EEZ) in the Ionian Sea, and the exploitation of the Ionian Sea hydrocarbon reserves are the main issues between the two states.

Currently, there is an agreement in force between the two states regarding the delimitation of the EEZ, which clarifies the energy issues in the Ionian Sea. Nevertheless, a political paradox persists in Greek-Albanian bilateral relations, as both countries still have legislation in force - relics of the Second World War – which identifies the other as an enemy. This claim of a state of war existing between the two countries persists to this day in political circles, despite an armistice being in force since 1943, a Peace Treaty which officially ended the state of war in 1947, and constitutional provisions in both countries which expressly give priority to international treaties over conflicting national law. The fact that both states signed a bilateral Treaty of Friendship and Cooperation in 1996 indicates that their relations are primarily guided by prospects of cooperation and collaboration which already takes place bilaterally or through international fora and organisations.



Greece and FYROM

The signing of the Final Agreement for the Settlement of the Differences or Prespa Agreement in June 2018 between Greece and FYROM represents a prime example of good neighbourly relations in SEE, one that has been used as a template for a regulation of bilateral relations between Serbia and Kosovo. Although it represents a positive step in the relations between Greece and FYROM, its ratification and implementation have encountered strong opposition in both states, by politicians and the public alike.

In FYROM the political climate remains tense regarding the constitutional amendments, as the positive outcome of the referendum regarding the country's European and North Atlantic future under the name of Republic of North Macedonia has been declared legally invalid for failing to meet the minimum standards of voter participation. In addition, the nationalist party, which President Ivanov identifies with, remains a strong agent of opposition, and the stability of the government has been put into question. However, a group of parliamentarians from the oppositional Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (VMRO-DPMNE), whose members dissociated themselves from the party line, supported the governmental coalition in opening the necessary constitutional process, but the outcome remains uncertain. In Greece, the agreement was met with fierce opposition from the public which equates the compromise reached to an unconditional surrender of its national and historical iden-

tity. There are multiple political challenges in both countries that must be confronted and resolved in order for the agreement to maintain its validity and at the same time guarantee good neighbourly relations.

Transnational Common Challenges: Migration

The common path of states is paved with common challenges that span different policy sectors. Transnational challenges such as the rise of irregular migration since 2015 through the Western Balkan route, transnational crime, and the smuggling of people and goods pose significant humanitarian and security challenges to all countries involved. The most important factor, however, remains the absence of an EU common migration policy, leaving the affected countries along the WB Route to deal with the influx of undocumented immigrants through their national legal systems. This unavoidably leads to inconsistency concerning the treatment afforded to migrants, and also to cherry-picking on the migrants' part in an attempt to reap economic and social benefits.

In the case of Greece, as well as in countries along the Balkan route, the increased, unregulated inflow of migrants and/or refugees originating from countries of conflict (such as Syria) or of economic hardship (such as Pakistan) has produced a population change. Although the newcomers aim at using Greece as an entry point to the EU and the WB countries as transit states, many of them are left stranded in these countries. Once established, these people affect the demography and economy of those countries, as they are mostly unskilled young males. The demographic aims of each country will eventually determine their migration policy in absence of a common European position.

Demographic Challenges: Socioeconomic and Political Challenges

Greece and the WB countries face similar challenges despite their unique socioeconomic and political situations. All of these states are faced with a decreasing indigenous population as a result of low birth rates, as well as a population which is ageing to an irreversible extent. The uncertain economic conditions and the lack of labour market adaptability encourage the emigration of the most active, talented and educated generation to more prosperous countries which provide more favourable economic and welfare conditions for individual development. This leads to the depopulation of certain geographic areas and economic sectors as well as to an ageing population.

The non-EU member states have small domestic economies with only limited access to the European markets and strive to be competitive at a time of economic downturn. The reduction of human capital at the productive age due to low fertility and birth rates, the brain drain, and the ageing population reduce the economies' growth potential. This decrease in highly specialised and trained human capital renders the country unable to rely and capitalise on its domestically educated expertise to guide its economy profitably.

Energy Security

Energy security achieved through the diversification of energy sources, routes and the exploration of new resources can contribute to the region's stability and economic prosperity. The interconnectivity of energy and transport infrastructure is vital for the enhancement of the SEE and WB states' energy security and can only be accomplished by deepening the states' political and economic relations. The EU's Southern Gas Corridor initiative aims at reducing Europe's natural gas dependence on Russia by supplying gas from the Shah Deniz gas field in the Caspian Sea to Europe. Greece and Albania support the construction of the Trans Adriatic Pipeline (TAP) in their territories, connecting the Trans-Anatolian Natural Gas Pipeline (TANAP) with Italy, with two-thirds of the TAP already completed. Future interconnections of TAP include the Gas Interconnector Greece-Bulgaria (IGB) to Bulgaria, which has already been contracted between the State Oil Company of the Azerbaijan Republic (SOCAR) and Bulgargaz, and the Ionian Adriatic Pipeline (IAP) connection to the WBs, which is still in the early stages.

The license for the exploitation of the Ionian Sea Block 2 offshore reserves has already been awarded to the TOTAL, Edison and Hellenic Petroleum oil companies. Greece is also taking steps towards increased gas reception, storage and output capacity for liquefied natural gas by upgrading the Revythoussa terminal and through the planned floating storage facility near Alexandroupoli, a joint venture between Bulgaria and Greece.

Policy Recommendations

Greek-Albanian Relations

- The group recommends that both states adhere to international legal norms and standards, acknowledge the supremacy of treaty law enshrined in their constitutions and repeal their outdated conflicting legislations for the betterment of bilateral relations. Both states repealing laws pertaining to a state of war would put an end to the issue and eliminate the possibility of future territorial claims.
- The EU should provide assistance in the prevention of misinformation being distributed to the public aimed at undermining the stability of the foreign relations of the two countries vis-à-vis their Euro-Atlantic integration.

Greek-FYROM Relations

- Greece and FYROM should continue to support each other's efforts aimed at good neighbourly relations.
- As the political outcome of the Prespa Agreement is still undetermined, bearing in mind the political turmoil it has unearthed in each of the countries involved, the EU, the United Nations (UN), and NATO should continue to encourage the resolution of the name dispute and the implementation of the outcome of the proposed agreement or any other provisional solution.
- The EU should provide assistance in the prevention of misinformation being distributed to the public aimed at undermining progress in the region and its Euro-Atlantic

integration, while maintaining its political neutrality vis-à-vis the actors involved. Special emphasis should be given to highlighting the advantages of the proposed agreement.

Turkey-SEE Relations

- Turkey is encouraged to respect international treaties and agreements according to which the Greek-Turkish borders were established and recognized Greece's sovereignty and territorial integrity. According to the EU Treaty, Greece's borders with non-EU members are considered to be the external borders of the EU, hence, problematic bilateral relations due to territorial claims supported by demonstrations of military power will further negatively influence EU-Turkish relations.



Transnational Common Challenges: Migration

- It is strongly recommended that the EU agrees on a coherent migration policy, taking into account that irregular migration continues to be a security risk to and a humanitarian challenge for the WBs and SEE.
- In addition to a common migration policy, the EU should further address the root causes of migration and adopt long-term strategies designed to curtail these causes in the countries of origin.
- The EU should actively prevent the transformation of the WBs and SEE into a depository for "unwelcome" migrants by strongly encouraging adherence to the EU-Turkey Agreement on migration and promoting burden sharing in the field of illegal migration.
- Accordingly, transit or receiving states should refrain from implementing a "pushback" policy for migrants.
- The EU and the receiving states should invest in the improvement of the processes determining the status of a person (i.e. refugee or migrant), with particular emphasis on enhancing their efficiency and decreasing their duration, the improvement of living conditions during said process, as well as on the proper training and qualification of the personnel tasked with this process.
- To deal with the transnational effects of smuggling migrants into the EU and trafficking illegal substances across the border, further police cooperation in the field of information sharing as well as of joint and parallel investigations is encouraged.

Demographic Challenges: Socioeconomic and Political Challenges

- To tackle the effects of an ageing population and the brain drain on the labour market, countries should aim at increasing their labour force by introducing atypical forms of employment, such as part-time employment, teleworking etc. and by implementing “active ageing” policies which raise the retirement age and limit the options for early retirement.
- It is further recommended that the countries implement policies to increase the birth rate, and to improve childcare in order to facilitate the combination of motherhood/fatherhood and employment.
- Regarding economic development in the WBs, the countries should actively attract domestic and foreign investment in the manufacturing, agricultural and service sectors through more transparent investment processes.
- The establishment of a joint investment support agency, i.e. a South East European Industrialization Fund, aimed at facilitating foreign direct investment in the region’s manufacturing industries would reduce investment costs.
- The establishment of certification agencies in the region would compel export firms to abide by international production standards, which in return would make them more competitive in the EU market.
- The countries should promote investment in niche sectors, such as Information Technology, to strategically increase their markets’ competitiveness in the global economy.

Combined Policy Recommendation on Demography and Migration

- Recognising the high emigration trends in the WBs and SEE in conjunction with the need for economic development, the countries should implement policies that increase net migration, either through the return of nationals or through the inflow of foreigners with positive effects on the labour market and individual incomes. Such a policy would provide a short-term solution to the high emigration rates, the ageing population and the brain drain these countries experience.

Energy Security

- In line with the Berlin Process priorities, connectivity is one of the key priorities in the WBs, which is why the EU and other international actors, including International Financial Institutions (IFIs), should continue with their technical and financial support concerning the energy and transport infrastructure in the Balkans.
- The SEE and WB countries should develop the proper legal frameworks to attract investors in the energy sector.

- Existing treaties and legal instruments, such as the Energy Community Treaty (2005) must be relied upon to develop energy relations in SEE. The Energy Community Treaty is designed to implement EU single energy market principles in the WBs.
- The International Energy Charter, a political declaration on energy cooperation signed in The Hague by over 70 countries including Greece, all EU member states, and all the WB countries, provides the framework for global energy governance which must be utilized and further developed by the signatories.
- The SEE and WB countries need to develop and implement strategic approaches towards the diversification of energy resources to ensure long-term energy security and stability, and independence from the political influence of third parties.
- The EU should continue to encourage and support investment in sustainable clean energy solutions in the WB countries, and should impose higher EU accession conditions concerning alignment regarding environmental protection and sustainability.



Combined Recommendation Concerning Energy Security and Migration

- Investment in energy infrastructure in other countries such as the Sub-Saharan Africa will help those countries’ economic development and will negatively influence the migratory outflows towards Europe. Greece should strongly advocate this as an EU member state.

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