

Kosovo and Stabilization – Association Agreement

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Abstract:

Kosovo, as one of the new emerging states, has a great will, to enter into the great family of the European Union - EU. Already a member of the Free Trade Agreement of the Central Europe (CEFTA), the World Bank, International Monetary Fund, and all these has effects in its economic development and beyond.

The current foreign policy of Kosovo tries to perform its function in two directions. On one side, has its priorities to providing new recognitions of the state and, on the other hand, emphasized the need for alliance with the five countries that have not recognized yet Kosovo's statehood, in order to have easier integration into the EU.

Kosovo lacks proper implementation of international marketing, the periodic publication of Kosovars' adequate developments with its global politics, which will analyze their effects on foreign policy in general and, in Kosovo will be set a higher level of public debate over these developments.

This has driven us to the current analyzes, directly related with agreements and integration processes, to deliver a paper to measuring the recognition of the SAA, targeting certain groups in Kosovo.

The paper also present a part of a research conducted in Kosovo, on how much and to what level is the knowledge of local population for SAA. Research instrument was a questionnaire, with direct communications, developed during the year 2013.

Key words: Kosovo, SAA, EU integration process.

1. Kosovo and the European Union

The EU membership perspective is of great strategic importance for Kosovo. Kosovo's economy ranks among the least developed in Europe, with mainly importing economy, where exports cover only about 10% of the total import. This unfavorable economic structure also in international trade is one of the main causes of the low level of economic development. Any economist will agree that significant economic improvement comes, only with penetration to foreign markets, boosting exports, where follows the reduction of extremely high trade deficit. In this regard, the role international marketing is of great importance to transforming Kosovo into a European family member. Provision of public services and its effective functioning of the state, rely on a professional, efficient and transparent public administration, with a quality educational system that continuously transfers the knowledge to business, public administration and, beyond. Kosovo as one of the youngest countries does not exercise a total bureaucratic control over the economy. Hence, to have a genuine economic development, Kosovo in the first place should ensure: the increase of competitiveness, private sector strengthening, generating opportunities to provide employment to its population, improve the image of Kosovo for new investment, build favorable fiscal policies, develop and improve financial markets and, secure and stabilize business environment.

Within the trend to have separated and defined boundaries of the respective states on one hand and, dependence with others on the other hand, the barriers that we divide and identify as a whole, are made prominent obstacles but, also desirable. Obstacles, primarily overcome by strengthening economic cooperation with the implementation of

sales and purchases, commercial exchange between countries, i.e. through exports and imports.¹

Still many countries are directed towards fees or "voluntary restrictions", elective imports versus trading partners. Since these restrictions, are discretionary, they are not subject to negotiation through international agreements. Time has proven that they don't have great weight in the firm's strategy.²

During 2012, the countries of Eastern Europe were characterized by declining economic activity, primarily due to lower overall demand. The decline in economic activity in the region has also resulted in the deterioration of the labor market. Recent estimates of the European Commission, show an average unemployment rate in the countries of Eastern Europe by 27% (0.7% higher than 2011). However, with the highest rate of unemployment continue to lead Bosnia-Herzegovina and Kosovo.³

Mission agreements ensure that there are integrations in: the new economic environment, consolidation of reforms, improved trade balance, no-barriers exchange trade, export incentives and, support further fiscal policies for local producers as well as for potential exporters and, for new industries with export potential or export replacement with the trade of mutual interest. These combinations, drives to making agreements which facilitate cooperation and wider economic development.

2. Stabilization and Association Process

Within the Dialogue on the Stabilization and Association Process (SAP), the EU holds regular meetings with the Kosovo authorities for a number of topics. This serves as a benchmarking tool "*stick and carrot policy*" in the process of EU

¹ Jakupi A., "Marketingu ndërkombëtar", Prishtinë, Universiteti AAB, 2008

² Kristo I., "Biznesi ndërkombëtar", Tiranë, PEGI, 2004

³Banka Qendrore e Kosovës, " Raporti i bilancit të pagesave" Nr.12, Prishtinë, Qershor 2013

family enlargement. The EU and Kosovo authorities discuss a range of policy issues and, agree on follow-up actions. Before any dialogue of SAP, the EU discusses the same issues with the Civil Society.⁴

Stabilization and Association Process (SAP) is the EU policy framework for the Western Balkan countries, up to their full acceptance.

Partnership between the EU and the Western Balkans is in the interest of all partners of peace, stability, freedom, security and justice, prosperity, quality of life, both for the EU and the Western Balkan countries.

SAP has three purposes: stabilization and swift transition on economic market, promote regional cooperation and, perspective for EU membership. This process helps the region countries to build capacity for adaptation and implementation of European standards, including the European legislation (acquis) and international standards.

SAP is based on progressive partnership, in which the EU offers various types of trade concessions, economic and financial assistance (Instrument for Pre-Accession) and contractual relationship (Stabilization and Association Agreements). Each country moves forward by fulfilling the conditions set out in the framework of the SAP. Annual Progress Report oversee the readiness of the Western Balkan countries getting closer to the EU.⁵

After the EU Regional Approach to the countries of the Western Balkans in 1997, the European Commission, in 1999, submitted a more rational and ambitious vision for the development of the region - the Stabilization and Association Process. Its instruments were formulated at the Zagreb Summit in November 2000.

⁴http://eeas.europa.eu/delegations/kosovo/eu_kosovo/political_relations/stabilisation_and_association_process/index_sq.htm

⁵http://eeas.europa.eu/delegations/kosovo/eu_kosovo/political_relations/stabilisation_and_association_process/index_sq.htm

Thessaloniki Summit, held in June 2003, supplemented SAP with elements inspired by the enlargement process, in order to overcome the new challenges. Thessaloniki Agenda introduced a new set of instruments to support reforms of the Western Balkan countries and to sensitize them to the European Union.

The most comprehensive instruments are the European Partnerships, inspired by the Accession Partnerships. The first group of European Partnerships was approved in 2004: by setting short and medium term priorities that Western Balkan countries must meet. European Partnerships will also help those countries in reforms and preparations for future membership.

All Western Balkan countries enjoy the prospect of European Union membership, the objective set by the European Council in Feira, June 2000 and, confirmed in June 2003 by the European Council in Thessaloniki.

As these examples show, SAA is a pre-membership mechanism for the EU, the main function of which is to achieve a degree of cooperation between the candidate countries to join the EU.

3. Stabilisation and Association Agreement

Negotiations between Kosovo and the EU for Stabilisation and Association Agreement (SAA) underwent. The first phase was in December 2012, where the European Council, confirmed the progress and the possibility of opening of SAA negotiations between Kosovo and the EU. This possibility was conditioned with the obligation for Kosovo to meet short-term requirements outlined in the feasibility study.

The second phase continued in April 2013 the European Commission has confirmed that Kosovo has meet short-term requirements in the rule of law, public administration, minority rights and trade. In June 2013, taking into account the short-

term performance criteria, the European Council praised the achievements and confirmed the launch of negotiations for Stabilization and Association Agreement.

The next phase, continued with conducted meetings between the Government of Kosovo and the European Commission. The first meeting was held on October 28, 2013 for negotiation on Stabilization and Association Agreement, followed with another two meetings.⁶

On November 27, 2013 the second meeting has taken place. In the meanwhile, dozens of technical meetings were held, aiming negotiation and agreement on all of the text of the SAA.⁷

On May 2, 2014 was held the third and final negotiation meeting between the Government of Kosovo and the European Commission for negotiation of Stabilization and Association Agreement.⁸

SAA between the Republic of Kosovo and the European Union, consists 416 pages, divided into 10 titles, 7 annexes and 5 protocols.

These negotiations are seen with historic importance, because they start a new chapter in the integration processes of Kosovo and, they start a new process that happens only once in the history of a country, hence, in the history of Kosovo too. Also this process is also known as the opportunity that leads to Kosovo towards the membership in the EU family.

4. Recognition of the Stabilization and Association Agreement in Kosovo

A successful negotiation process of the SAA, requires a defined organizational hierarchy, simple and clear procedures,

⁶ www.mei-ks.net

⁷ *ibid*

⁸ *ibid*

technical expertise and involvement of all political and social factors, including Public Administration and civil society.

Global environment that rapidly changes creates both, opportunities and risks. With the advent of faster communication, transportation and, financial flows, the world is shrinking.⁹

In Kosovo was conducted a study, which aims to assess the level of knowledge of: public administration employees in various Municipalities of Kosovo, the enterprises, the university staff and students. Research instrument was a questionnaire, with direct communications and, was developed in 2013. More specifically, primary the study aimed to assess the level of knowledge about the CEFTA Agreement, the SAA and other agreements in functions of the integration processes of Kosovo in the EU.

Persons who were interviewed represent different characteristic in terms of gender, age, education and, employment experience. Thus, from 350 respondents 51% were female and 49% male. The proportion of sexes is almost equal, the female respondents is greater for only 2%. 350 questionnaires were distributed and filled by targeted groups, as follows:

- 70 enterprises,
- 80 public administration,
- 200 questionnaires at the Universities, from those 80 were distributed to academic staff and 120 to the students.

⁹ Kotler Ph., Armstrong G., “*Parimet e Marketingut*”, UETPRESS, Tirana, 2013

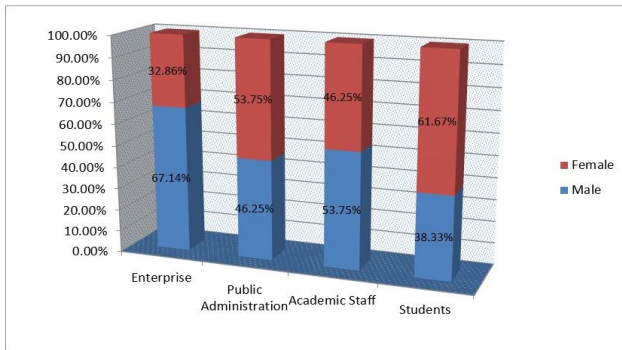


Figure 1. Respondents Gender in percentage

Table 1 Respondents Gender by number

	Enterprise	Public Administration	Academic Staff	Students
Male	47	37	37	46
Female	23	43	43	74
Total	70	80	80	120

As we can see from *Table 1*, the women respondents in the categories of students and the Public Administration are more cooperative than males in completing the questionnaire and, that at the other categories, the enterprise and academic staff, the number of female is lower not only as a respondents to our conducted study but also as a workforce too.

What are the age of the target groups age, is presented below in percentage as well as in numbers:

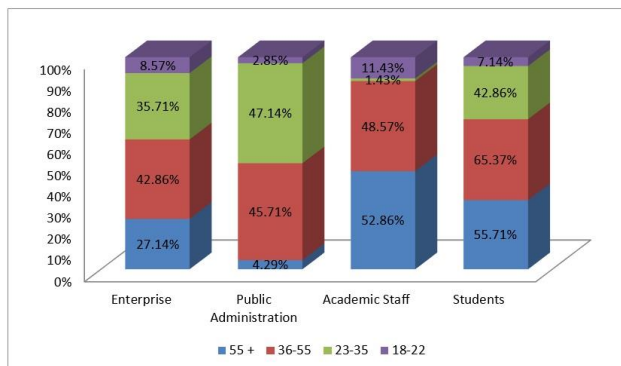


Figure 2 Respondents age groups by percentage

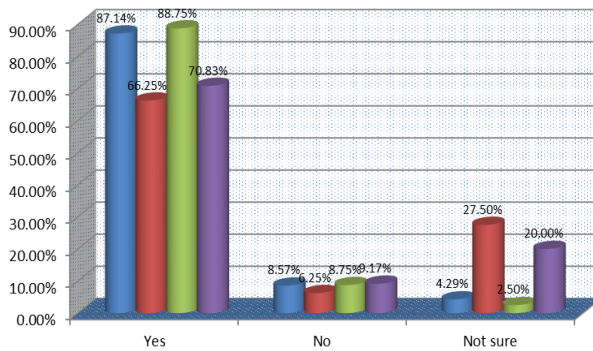
Table 2 Respondents age groups by numbers

	18-22	23-35	36-55	55 +
Enterprises	19	30	25	6
Public Administration	3	32	33	2
Academic Staff	37	34	1	8
Students	39	46	30	5
Total	98	142	89	21

In terms of the aging, we see that the age group 23-35 composes 41% of total respondents. At this age group, there is an interest in completing the questionnaires in the best possible way and, the level of readiness to recognize the latest news about Kosovo's integration in the EU. But not as much into reading and being familiarized with the exact necessities for international integration. This is also related to factors media and technology.

In order to assess the level of knowledge of the respondents on a Stabilization and Association Agreement, initially they were asked whether Kosovo has started negotiations for the Stabilization – Association. The answers to this question are somewhat satisfactory, but are very disturbing to find, that employees of Public Administration have poorer knowledge compared with enterprises and universities.

Academic Staff leads as in previous questions with correct answers in regards to the Stabilization-Association. With only one percent less, the correct answer was provided by entrepreneurs. Entrepreneurs are being followed by the students and the knowledge of the employees of the Public Administration with 23 percent lower than the group of academic staffs, percentage these will be presented as follows.



	Yes	NO	Not sure
■ Enterprises	61	6	3
■ Public Administration	53	5	22
■ Academic Staff	71	7	2
■ Students	85	11	24
Total	270	29	51

Figure 3. Presented results of respondents on their knowledge

What will deliver negotiations of the SAA to Kosovo and, what will enable the negotiations for the signing of this Agreement to Kosovo? This regard was identified through the respondents on the research of 2013. Major misconceptions on the consequences that will deliver the SAA negotiations are the abolition of visas regime and the membership of Kosovo in the EU. This shows lack of knowledge on the integration process to the EU. To this question, the academic staff and the entrepreneurs, targeted groups, have the highest level of knowledge; about 16% from total respondents have given the rights answer on the immediate effects from signing of the SAA. Thus the other categories are less informed on these processes. It should be emphasized that the targeted groups of students and the employees of public administration presented nearly the same level of knowledge in regards to immediate consequences of CEFTA, while entrepreneurs with 3 percent from total respondents gave the correct answer. Further details are presented in the graph and table below:

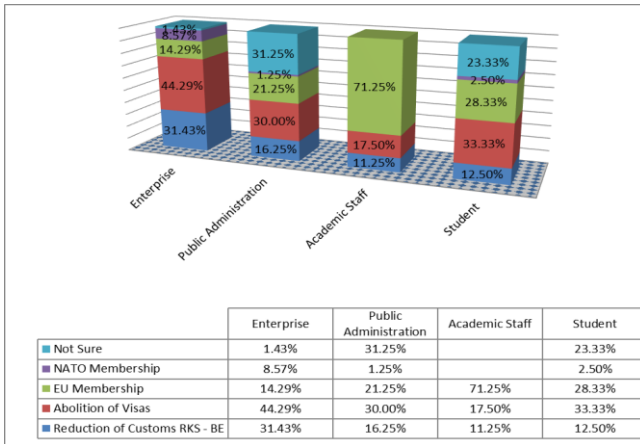


Figure 4. The result, in percentage of the targeted groups, about the opportunities that will have Kosovo from the negotiations for SAA and, the negotiations for signing the agreement

Table 3 The result of the targeted groups, about the opportunities that will have Kosovo from the negotiations for SAA and, the negotiations for signing the agreement

	Reduction of Customs RKS-BE	Abolition of Visas	EU Membership	NATO Membership	Not Sure
Ndërmarrje	22	31	10	6	1
Administrata Publike	13	24	17	1	25
Pedagogë	9	14	57	0	0
Studentë	15	40	34	3	28
Gjithsejt	59	109	118	10	54

These questions have dual purposes. First, they intend to levy more information about the quality of knowledge on the process of EU integration and, secondly, they serve as control questions, to assess the reliability of the answers from the respondents, on the answers of the questions that imply self-reporting.

5. Conclusions and recommendations

Within the SAA, Kosovo and the European Union are expected to make mutual commitments: on one hand, Kosovo needs to endure further and deeper reforms, and on the other the

European Union should provide real opportunities for membership. For Kosovo, the SAA, as for other countries in the region includes political dialogue, trade terms, policy cooperation, justice issues, freedom and security, as well as a range of other important issues.

All regional countries have their eyes on the EU membership, where common interests and goals, to build a democratic society, promote human rights, create complex mechanisms and, overcome ethnic differences preventing confrontations between states.

It would be remarkable progress if more work would be addressed in terms of recognition of Kosovo statehood, whether from the remaining five EU member states and beyond, also in terms of membership of the important international organizations, which will strongly influence the position of the state of Kosovo. To this regard, the SAA is the next important step which will demonstrate the willingness and progress of the international community.

Again, it should be emphasized that Kosovo does not apply enough or better sad does not projects marketing strategies for implementation. As a result, Kosovo still suffers from extremely high level of imports.

The Government of Kosovo must continue with its reforms and other commitments. These commitments require the implementation of the existing agreements and generation of new agreements too. The Government must strive with its necessary reforms and promote the dialogue on visa liberalization.

The implementations are crucial, when the reforms will be sustainable and irreversible and results should are clear and concrete.

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