



Chairs' Conclusions of the Economy Ministers' Meeting of the London Western Balkans Summit, 4 July 2018

The participants of the Economy Ministers Meeting of the Berlin Process met today in Vienna, 4 July 2018, and issued the following conclusions. The meeting, co-hosted by the UK and Austria, built on the achievements of previous Berlin Process Summits, the recent European Bank for Reconstruction and Development Western Balkans Investment Summit, and the Skopje Digital Summit.

The date of the meeting was chosen to coincide with the start of the Austrian Presidency of the Council of the European Union, which will have as a priority a credible enlargement perspective for the Western Balkans. Encouraging digital transformation and further supporting the development of education systems (in particular Vocational Education Training) aimed at bridging the digital skills gap in the region are at the top of the Presidency agenda, as this will help the Western Balkans move further along the path towards economic, democratic and social convergence with the EU.

Smart growth in the Western Balkans

We discussed the need to address the digital skills gap, so that the current and future labour forces were best equipped to take part in the digital transformation. The benefits of digitalisation were noted, in particular: improved governance and transparency; boosting innovation, productivity and competitiveness; opening up new markets and generating further employment opportunities; strengthening dual vocational education and training; promoting social inclusiveness; and increasing the well-being of citizens.

We took note of the OECD call for greater efforts to be made to foster entrepreneurship and to improve the digital skills needed to unleash the vast potential of digitalisation. We further agreed this was especially relevant given the structural imbalances of Western Balkan labour markets, which include high rates of youth unemployment, large economically inactive populations and high rates of workers employed in the informal sector.

We welcomed the timeliness of the Skopje Digital Summit, and pledged support to the 2019 Digital Summit in Serbia, to be co-organised by the region, the European Commission, the RCC and business representatives. We also acknowledged that the EU's Digital Education Action Plan, adopted in January 2018, as well as recommendations of the OECD South East Europe Competitiveness Outlook 2018, could serve as inspiration for the development of national digital skills strategies in the Western Balkans, including programmes to close the gender gap and to boost employability.

We took note and appreciated the importance of the Regional Conference "New Dynamics of the Technical and Vocational Education in the Western Balkans" which took place in Berlin on 2-4 July 2018.

We welcomed the Fourth Joint Science Conference of the Berlin Process held in June 2018 in Rome. That conference emphasised the need for concerted action by policy-makers, academia and business, and the need for support from the European Union to foster smart

growth and digital transformation. We noted the progress made towards establishing the Western Balkans Research Foundation.

Energy transition was reflected upon, in anticipation of a meeting of Ministers of Energy and of Environment to take place in December, as well as the role that hydropower could play in that transition and in reducing dependency on energy imports.

Regional Economic Integration

We welcomed the progress made in implementing the Multi-Annual Action Plan of the Regional Economic Area (MAP REA) and the priority areas for 2018/19 outlined by the Regional Cooperation Council (RCC) and CEFTA Secretariat on each of the four pillars (see Annex). We confirmed the transformative potential of the Regional Economic Area (REA), recognised the importance of regional integration, and reaffirmed our strong commitment to establishing the REA and to strengthening economic ties among Western Balkans economies and with the EU. Acknowledging that the REA is based on full regional ownership, we welcomed the role the RCC and CEFTA Secretariats played in regional coordination and monitoring. We further noted the progress made by the WB6 Chamber Investment Forum Permanent Secretariat, which was inaugurated during the Trieste Summit. We welcomed in particular the adoption of the Regional Investment Reform Agenda (RIRA) and the launch at the Western Balkans Investment Summit in EBRD HQ in London in February of the [online investment platform](#), which presents the region as a one investment destination.

Support to the private sector and SMEs in the Western Balkans

We agreed that local capital markets were not able to sufficiently finance SMEs in the Western Balkans. We noted the SME Policy Index evidence suggesting that small, young, rural and innovative firms could struggle to access funding in a region where bank lending dominated the credit market, and where there were few alternative sources of finance available.

We discussed the need for Berlin Process partners to continue to support small enterprises and start-ups, including through the Western Balkans Enterprise Development & Innovation Facility (WB EDIF). We also discussed the further evolution of existing International Financial Institutions (IFI) instruments, based on well-defined market needs, such as additional guarantee products to indemnify local banks, and through broadening the selection of non-bank funding options. We explored how this could be supported, including through a combination of continued technical assistance programmes for non-bank financial institutions and by helping Western Balkans countries to expand the necessary legal framework for such financing. We explored how to widen financial literacy, advisory and awareness programmes in the Western Balkans to address demand-side deficiencies on the part of SMEs themselves.

We welcomed the announcement by the European Commission of a new guarantee instrument, which will be established under the Western Balkans Investment Framework and launched in early 2019. The initial EU commitment of up to €150 million in 2019-2020 will aim to leverage investment up to €1 billion to contribute to sustainable socio-economic development and regional integration. The guarantee will achieve this in particular by crowding-in private capital and by supporting private investment, working with the Commission's partner financial institutions in a broad range of sectors which could include start-up and SME support. The guarantee will aim to tackle key bottlenecks hampering access to finance in the region, including risk perception, reducing the collateral requirements on SMEs, and diversifying the financial products available beyond traditional banking.

Annex – MAP REA

Taking stock of progress

We took note of progress achieved in implementing the Multi-Annual Action Plan for a Regional Economic Area:

Trade

- Entry into force of CEFTA Additional Protocol 5 on trade facilitation on 18 April 2018;
- Agreement to launch negotiations on a trade dispute settlement mechanism – Additional Protocol 7; and
- Operationalised CEFTA Trade Statistics portal.

Investment

- Endorsement of the Regional Investment Reform Agenda, including a set of policy areas to be reformed and joint/regional investment promotion agenda;
- Establishment of a regional capital markets platform and development of a regional programme for diversification of capital markets; and
- Advanced preparation of Smart Specialisation (S3) strategies: establishment of S3 working platforms and draft of S3 Roadmaps.

Mobility

- Agreement to open negotiations on a Mutual Recognition Agreement on Professional Qualifications for selected professions;
- Endorsement of Regional Principles for the Model of Recognition of Academic Qualifications;
- Joint Exercise on Recognition under implementation and capacity building extended to established network of European Network of Information Centres and National Academic Recognition Information Centres (ENIC/NARIC) and Quality Assurance Agencies in Western Balkans 6 (WB6);
- Draft of a joint position of WB6 on Horizon Europe and extension of capacity building to establish network of WB6 EURAXESS centres; and
- Integration of WB6 in EU's work on Open Science.

Digital integration

- Launch of a Digital Agenda for Western Balkans;
- Establishment of structured high-level regional political dialogue on digital transformation of the first WB6 Digital Summit, based on full WB ownership and government-industry collaboration;
- Agreement to continue the processes of lowering the roaming costs for the full coverage of consumers in the WB region and to support the implementation of a Roadmap to facilitate lowering roaming WB-EU;
- Strengthened cybersecurity capacities and extended capacity building to WB6 Computer Security Incident Response Teams (CSIRTs) network;
- Launch of the annual Western Balkans-European Commission ICT regulatory dialogue;
- Increasing integration of the region in EU digital frameworks;
- Launch of a substantial technical assistance package for identification of potential digital investments through WBIF/IPA; and
- Scaled-up regional interventions on digital literacy and skills.

Forward-looking commitments

We noted the commitment to deliver the following:

Trade

- Completed ratification process of Additional Protocol 5 on trade facilitation in all CEFTA Parties (I.1.2.b);
- Fully populated CEFTA Statistical Portal (I.4.1. h);
- Additional Protocol 6 on trade in services liberalisation adopted by all Parties (I.4.1.a.);

- Advanced stage of negotiations on Additional Protocol 7 on a trade dispute settlement mechanism (I.1.1.a);
- Defined time-frame for a joint risk Strategy (I.1.4.a);
- Mutual recognition on Authorised Economic Operators (AEOs) is adopted by the Joint Committee (I.1.2.a); and
- Identified e-commerce barriers in CEFTA (I.4.4.a).

Investment

- Regional Investment Reform Agenda (RIRA) implementation in place through individual-economy action plans (II.1.1. d & e); RIRA impact assessment (II.1.3.d & e);
- RIRA promotion to private sector intensified, as well as targeted outreach to investors in priority sectors, promoting the WB6 as unique investment destinations (II.1.4. a & b & c);
- Potential instrument for RIRA proposed (II.1.2. a & b & c); and
- Capital markets regional strategy developed and endorsed (II.1.5. a & b).

Mobility

- Advanced stage of Negotiations on Mutual Recognition Agreement on Professional Qualifications (III.2.1. b);
- Agreed model for Recognition of Academic Qualifications, Joint Information System to facilitate Recognition of Academic Qualifications launched and completed joint exercise on Recognition of Academic Qualifications (III.2.2.a., b., c., d.);
- Joint Guides on Recognition of Academic Qualifications drafted (III.2.2.a.,b.,c.);
- Raised capacities of regionally networked EURAXESS centres (III.1.1.g.); and
- Joint Guides to address Open Access to Research Results and Data prepared (II.1.6.; III.1.1.e.).

Digital

- Maintained high-level regional dialogue on digital transformation of WB and organization of WB Digital Summit 2019 (IV.4.1.a);
- Lowered roaming costs for full coverage of WB6 consumers and implementation of WB-EU Roaming Roadmap (IV.3.1);
- Advanced Implementation of WB Digital Agenda;
- Strengthened cybersecurity capacities and information exchange (IV.2.1.c & d); and
- Sustained regular ICT regulatory dialogue between WB-EC (IV.1.1.e).

CEFTA

We were informed that the trade policy implemented by the CEFTA Parties, based on the CEFTA Agreement and commitments made in the MAP REA, ensured a substantial level of trade openness.

We acknowledged the entry into force of the CEFTA Additional Protocol 5 on Trade Facilitation on 18 April 2018 for the five Parties who ratified it. We were informed that the remaining Parties were expected to complete ratification procedures soon and to take all the necessary measures to adopt Implementing Provisions for Mutual Recognition of Border Documents and Authorized Economic Programmes by the end of 2018. The Parties have expressed high level of commitment for the implementation of the SEED+.

The importance of strong and operational CEFTA bodies was noted and the efforts made by the Parties regarding the restructuring of the CEFTA Secretariat were acknowledged.