




## **Weekly Briefing**

**Montenegro external relations briefing:  
Mini Schengen - big debate and vague interests  
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## **Mini Schengen - big debate and vague interests**

The official decision of Montenegro on the final position on the initiative for the creation of "Mini Schengen" was awaited in November. The official idea of such an initiative was attempted to be explained by the initiators (Serbia, Albania and North Macedonia). Namely, according to them, such an agreement would economically connect the countries of the Western Balkans, would allow a smooth flow of people and goods without staying on the borders. Citizens would travel only with an ID card, and common work permits would be introduced, while waiting time would be reduced for trucks on the borders.

An agreement was reached in Ohrid, between the leaders of Serbia, North Macedonia and Albania, while Montenegro and Bosnia-Herzegovina remained neutral at the time. What is interesting is that for the first time Montenegro in Ohrid had the opportunity to be thoroughly introduced with this initiative and its content. Thus, the plan was not presented earlier, suggesting a more thorough review and diplomatic restraint. The official position was that the Montenegrin government would think about mentioned initiative in terms of benefits for its citizens and economy and, of course, in terms of consequences for Montenegrin integration path into the European Union. What also points to the hidden messages is the fact that only Montenegro did not send the Prime Minister to a meeting in Ohrid, but that Montenegro was officially represented by the Minister of Economy.

The Minister of Economy of Montenegro announced that the country, within the framework of international organizations and initiatives, has already fulfilled a large part of what the latest initiative "Mini Schengen" contains. And she seems right. Also, Montenegro does not have any trade and other barriers to other countries covered by the initiative. Therefore, this initiative can be seen as a benefit to the satisfaction of the external interests of those countries that had a real need to eliminate the barriers that existed between them.

Even the minister publicly made some accusations that she first met the text, entitled, "an action plan to accelerate the free movement of goods, people, services and capital" at the meeting itself. There is nothing new in that paper that Montenegro has not already had in various declarations and agreements. Montenegro, as a member of CEFTA (Central European Free Trade Agreement), has no open issues with any of the countries in the region, especially not with the countries that initiated this Mini Schengen. It is a fact that Montenegrin citizens

are already traveling, using as a document an ID card to all countries in the region except Croatia. So it is quite clear that Montenegro has already opened its borders. This is the official position of the Montenegrin government, which rejected the possibility of joining the Mini Schengen initiative in November based on these arguments.

Does this initiative have hidden interests that Montenegro is not familiar with? Perhaps the fear of hidden interests is precisely what defined the decision of the Montenegrin government, which, through the Ministry of economy, said that eventual joining this initiative would only be a “waste of energy for something that Montenegro had already done”. The initiative is, on the other hand supported by the Montenegrin opposition.

Where did the initiative come from? Opposition to the opening of negotiations with North Macedonia and Albania until the EU reforms itself (at the initiative of France) has called into question the credibility of the EU. Some politicians in the region, led by the Prime ministers of Serbia, Albania and North Macedonia, have clearly realized that this situation creates space for new regional initiatives where they could be leaders. Especially after the unenviable position of joining the European Union. Although any initiative aimed at further connecting countries and eliminating barriers has been welcomed by officials in Montenegro, the question is whether such an initiative entails better integration into the European Union. Because Montenegro is ahead of its neighbors in terms of integration into the European Union. Montenegrin officials may have been of the opinion that this initiative could create the wrong picture of equality in progress, and that all countries should therefore be seen in one "package" when it comes to the path to the EU. And that is not acceptable for Montenegro.

Following position that the process of joining the European Union must be reviewed and redesigned, France supported the Mini-Schengen initiative. The initiative seems to be in line with French President's idea of EU reform, that is, the functioning of the region before joining. The remaining arguments are savings, strengthening regional cooperation in the economic sector, peace, stability and development of the region. The European Union is also supportive of the initiative, but it is the only logical process after discovering the many problems it faces, as well as after slowing down the Balkan countries on their accession road.

However, there are some contrasts, especially when it comes to Montenegro's participation. Possible accession of Montenegro to "Mini Schengen" could be a step backwards and a diversion from the path of European integration, since everything proposed through this initiative already exists in CEFTA, in REA (Regional Economic Area) and in the activities

covered by the Berlin Process and Regional Cooperation Council (RCC), but also in other initiatives or forms of regional cooperation.

Even some of the more objective analysts from the signatory countries are convinced that Montenegro's reservation is justified and rational, since the hidden background of the initiative may be reflected in Serbia's pressure on Kosovo over fees imposed on Serbia a year ago, or compensation for the North Macedonia and Albania, since they have not opened negotiations with the EU. Also, a possible backdrop is to shift attention from the internal level to the level of external relations, which may conceal the deficiencies of these countries in implementing certain reforms.

Also, the question is why is Montenegro so negative about this initiative? Ultimately, some benefits can come from it. However, the fact is that Montenegro has a completely unenviable position when it comes to foreign trade with regional countries and CEFTA member countries. Analysis of MONSTAT data for the first 10 months of 2019 indicates that Montenegro has achieved a negative foreign trade balance with these countries in the amount of 481 million euros, which is almost identical to the same period last year. Given that Montenegro has a trade deficit year after year, it should be noted that the deficit made with CEFTA countries accounts for about 26 percent of the total deficit. About 28 percent of Montenegro's total imports come from CEFTA countries, but about 43 percent of Montenegrin exports go to those countries. However, in absolute terms, exports (for the first ten months of 2019) to CEFTA countries amounted to EUR 146 million, while imports amounted four times more than export - around EUR 627 million.

It is particularly noticeable that Montenegro has the most intensive foreign trade with Serbia, which is the most significant trading partner of Montenegro. For the first ten months of this year, Montenegro exported the most to Serbia (EUR 82 million, which is 23.3 percent of total Montenegrin exports). On the other hand, Serbia was also the destination from which the most goods were imported into Montenegro. Import from Serbia amounted to as much as EUR 424 million or 19.3 percent of total imports in the same period. However, other CEFTA countries, including other initiators of Mini Schengen, are not negligible when it comes to economic cooperation of Montenegro. Therefore, that is one of the reasons why Montenegro is probably cautious when it comes to any initiatives with these countries. Additionally, if Mini Schengen is an alternative to the current setback in European integration, then there is also a real danger that this alternative will possibly mean lower standards than those that would be

required by the European Union. This primarily refers to the areas of financial, economic and tax systems that would undergo significant legal changes in order to join the Mini Schengen.

In the process of joining the European Union, Montenegro has become a member of certain trade organizations as well as regional organizations that have their own set-up and have their own rules. So, by joining that, Montenegro has made certain commitments. Therefore, the new initiative is likely viewed by the Montenegrin government as something that disrupts existing relations, represents an alternative to the current situation, and thus it is estimated that Mini Schengen could cause some problems for Montenegro.

If "Mini Schengen" or something else exist only on paper, it means nothing. Even without any formally signed agreement between the countries of the Western Balkans, it is known that these countries will not be able to accede to the European Union unless practically proves that everything they are committed to is working. So, without open borders, free movement of goods, people, ideas and capital, but also without attachment to European values in practice - there is no EU accession. And that should become clear to politicians in the region.