EPSU Position on the Implementation of the European Neighborhood Policy (ENP) with particular attention to the Eastern European Partnership (EaP) and the EU’s enhanced engagement with the Western Balkans

The European Commission (EC), in its Communication “A credible enlargement perspective for an enhanced EU engagement with the Western Balkans”, published on 6 February 2018, set a possible deadline (2025) for accession to the European Union (EU) of Serbia and Montenegro. The EC sent a clear signal of its support of the future integration of the region into the EU. This could provide strong incentives for all Western Balkan countries, including those candidates that have not yet started membership negotiations (Macedonia and Albania) and those waiting for candidate status (Bosnia and Herzegovina and Kosovo), to remove domestic political obstacles to EU accession, solve conflicts with neighbours, speed up reforms and accelerate economic growth.

Greater and more intense co-operation is proposed for areas of joint interest, namely justice and home affairs, the economy and the single market, energy, transport and digital policy, social policy, education, research and innovation as well as foreign affairs and defense. A set of flagship initiatives, comprising concrete actions and financing tools will guide the joint efforts to improve further co-operation with a view to the possible future integration of those countries into the EU.

General Remarks
EPSU sees the EC’s initiative as an expression of its growing commitment to support the Western Balkans and its countries’ accession to the EU. This is in line with the general approach of the European Neighborhood Policy, which includes the Eastern Partnership co-operation process aimed at the stabilization in political, economic, social and security terms. Within this framework, there is a joint commitment to deliver tangible results for citizens across the regions. In support of this approach towards the Eastern Partnership, the European Commission and European External Action Service identified 20 key deliverables for 2020, with milestones, which were reviewed at the EaP Summit, which took place in Brussels in November 2017.

At the Western Balkans Summit, which will take place in Sofia on 17 May 2018, Heads of State from the Member States of the EU and the countries of the Western Balkans will be meeting to discuss their continued cooperation while reviewing the barriers to, as well as the instruments for, improving the economic, social, political and judicial developments. The Summit is an important occasion to remind the Heads of State of the region of their joint responsibilities towards justice, freedom and the rule of law. There are six flagship initiatives, with which the Commission proposes to support the goals of fighting corruption, fostering more economic development and job creation, social cohesion, strengthening public administration, developing capacities and education, empowering women and supporting conflict resolution and resilience.

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1 Commission Communication “A credible enlargement perspective for and enhanced EU engagement with the Western Balkans”, 6 February 2018.
2 Greece disputes Macedonia’s country name and this conflict has frozen the country’s EU and NATO accession process for more than 10 years.
3 Five EU Member States (Cyprus, Greece, Romania, Slovakia and Spain) and several other countries do not recognise Kosovo as an independent state. Internally, Kosovo has failed to build peaceful relationships between the Albanian majority and Serbian minority, and its domestic stability relies on international peacekeeping forces.
4 The European Neighbourhood Policy governs the EU’s relations with 16 of the its closest Eastern and Southern Neighbours. To the South: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia, and to the East: Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine. Russia takes part in Cross-Border Cooperation activities under the ENP, but is not part of the ENP as such.
EPSU calls on the political leaders to make a clear commitment to these goals at the Summit in Sofia and to underwrite the specific actions that the EU will take over the next years to support the transformation efforts of the Western Balkans.

EPSU notes that none of the countries of the Western Balkans meet the full set of criteria under Article 49 of the EU Treaty and the Copenhagen criteria for membership. Indeed, there is still a long way to go despite some economic progress over the last years. Poverty, high unemployment, low wages, corruption, illegality, inequalities and discrimination continue to plague the countries of the Western Balkans as well as those of the Eastern Partnership. It is estimated that full convergence with EU living standards could take up to 40 years. Persistent wage gaps, particularly the gender wage gap, are worrying. It should also be noted that there have not been any real wage increases since the economic crisis. The Western Balkan Economic Report (Autumn 2017) points to high unemployment and the fact that one-fourth of the population has already moved abroad.

In light of these facts, EPSU regrets that the Commission's approach to these challenges remains excessively market-oriented and focused on competitiveness. The Commission does address the need for judicial, economic and administrative reforms with a view to addressing structural weaknesses, low competitiveness and high unemployment. However, it does not tackle, in any tangible way, the existing wealth inequalities, poverty and social exclusion. There is little reference to improving the quality of jobs and decent work and pay and no specific agenda to tackle the possible reduction of poverty and social exclusion in these countries.

A particular concern are health and social services. Past, current and future challenges are the low level of pay in these sectors, the ageing of the health workforce, the privatization of hospitals and medical centres, waiting lists, and the insufficient funding of health care in general. Such a system cannot provide health care in the quality and quantity needed. Another challenge is the risk that measures for health and safety at the workplace are reduced. Trade unions are only sporadically involved in policy processes. They are often informed too late, which then means a de-facto exclusion from negotiations and decision-making processes. There are some efforts, for example in Serbia, to replace collective agreements with regulation via government decree.

Lack of focus on the importance of social dialogue and the role of unions
Social Dialogue has been an important issue for the energy trade unions on the Western Balkans. The trade unions have complained that governments and employers do not actively participate in social dialogue. This was confirmed by a study (2012) done for the European Commission on the social dialogue and industrial relations on the Western Balkans. It indicated that governments do not facilitate the sectoral social dialogue enough and the departments dealing with the bipartite dialogue are understaffed and under-resourced. The employers are often not organized and including at the EU level.

It is therefore surprising that the current strategy towards the Western Balkans and for the Eastern Partnership ignores the fact that trade unions play a crucial role in reinforcing democracy, freedom of expression and promoting fundamental rights through collective bargaining and social dialogue. The lack of focus on unions and the social dialogue is also surprising given the specific reforms that are needed in the field of public administration and the labor market. Such reforms will affect all workers, their families and communities. Moreover, workers and their unions are key allies in the fight against corruption, money laundering and tax avoidance of the rich and wealthy. The Commission's Strategy fails workers and their unions by omitting to offer clear policy perspectives on improved rights, better pay and conditions, strengthened collective bargaining, quality public services and developing social protection systems.

Respect for trade union rights and for collective bargaining by employers and governments is fundamental for socio-economic and political development
EPSU stresses the need to support socio-economic development, the creation of quality and decent jobs, and carry out reforms of the public administration to make service
delivery more effective and accessible. Investment in public services is a key policy for social and economic development.

EPSU regrets that the initiatives and processes associated with the European neighborhood policy have not delivered a comprehensive strategy on how to develop functioning welfare state systems, which provide for labour rights and adequate social protection.

The European Pillar of Social Rights (EPSR) should become an additional benchmark for accession to the EU and for relations with the Western Balkans

The EC appears to be making a commitment to a new reinforced social dimension for the Western Balkans. It states that it will work to support employment and social policy in the region, encouraging appropriate engagement from all levels of government, social partners, and civil society. EPSU wants to see the EPSR, adopted in Gothenburg, reflected in the EU’s strategy for the Western Balkans. That is the agenda of progress that workers and people expect

EPSU welcomes the proposal for an Annual Western Balkans Ministerial Meeting on social and employment issues, but underlines that the social partners must sit at the table.

There must also be an inclusive structured dialogue on reform priorities and measures tackling social challenges and structural unemployment must be prioritised.

Funding for Structural Change

EU neighborhood policy, along with the various regional initiatives and processes, has been accompanied by substantial financial support. The EC is proposing to increase its funding under the instrument for Pre-accession Assistance (IPA) until 2020. In 2018, EURO 1.07 billion of pre-accession assistance for the Western Balkans is foreseen, on top of the almost 9 billion that have been made available to the Western Balkans over the last ten years. Other regions benefitting from the European neighborhood policy have also received substantial funds. Parallel processes such as the “Berlin Process Plus” provide special funds for training, technology and infrastructure. It is not clear, however, how the different funding instruments are coordinated and whether they work efficiently and are monitored regularly. A more coordinated approach – a form of Marshall Plan for all the regions- could prove to be more effective than the current piecemeal approach.

EPSU reiterates that investment in the public sector is crucial for providing much needed public services. In this context, it is paramount that the EU makes more funding available in the social field – not tied to private investment. More financial assistance in the social sector, including in education and health need to be made available. Urgent and specific measures must be undertaken by the governments to ensure that corruption and illegality are eradicated. Dispersion of funds must be tightly monitored and be subject to open, transparent and democratic procedures without exception. In this context, the EPSU is aware of the fact that substantial investments need to be made into infrastructure. While it may be tempting to make use of Public Private Partnerships (PPPs), experience shows that these are subject to political opportunism, incompetence - if not corruption – and cannot make valuable and positive contributions towards the economic, social and political transformation of the region. Weak institutional environments such as exist in the Western Balkans can only exacerbate the problems associated with PPPs. A recent study by Elisabetta Iossa and Stephane Saussier (2018) concludes that “central and local governments have colluded with the private sector… and ensured monopoly conditions and rents to private concessionaries.” We insist that the EC should advise the countries concerned in the Western Balkans and the Eastern Neighborhood not to use Public Private Partnerships as these

5 2018 is the final year of the Berlin Process, which started in Summer 2014 as a diplomatic initiative of the German Chancellor for reviving the relations between Western Balkan countries and some EU members, such as Austria, Croatia, France, Germany, Italy and Slovenia. The initiative aims to increase regional cooperation for infrastructure and economic development, and bring new impulses to the EU accession perspective. This cycle will be completed with the London Summit this July. All parties involved in the Berlin Process think that this cooperation should continue. Hence, Germany has proposed “Berlin Process Plus”, with a particular focus on youth unemployment.
have little to show for and can be a drag on public finance as underlined by a recent European Court of Auditors Report. (https://www.epsu.org/article/eu-auditors-issue-damning-report-public-private-partnerships)

EPSU supports the Commission’s initiative that the funding under Erasmus+ will be doubled given the high rate of youth unemployment (double that of the Current EU 27).

The Digital Economy
The EC will also launch a Digital agenda for the Western Balkans. Support for e-government, e-Procurement, e-Health services will also be provided as well as for the development of digital skills.

However, promoting the digital economy without ensuring protection for workers will give rise to insecure and precarious jobs. There is a clear need for strong data protection legislation and privacy of workers and people.

Corruption
While the Western Balkans and Eastern Neighborhood countries appear to be committed to fighting corruption and fraud, there is no mention of investment in strengthening tax administrations in the Commission Communications. Injustice and abuse of power have too long been tolerated. The unions underline the importance of modern public administrations with qualified staff and resources to do the work. Democratic, inclusive and participative institutions and administrations are a key element in building our societies.

The upcoming Western Balkan Summit – Sofia, May 2018
The summit is set to discuss how to further strengthen cooperation in the four priority areas: stronger economy: economic development and better market opportunities; stronger governance. The EPSU notes with regret that there is no mention absence of social dialogue, the role of unions and the social dimension.

EPSU considers it vital that the summit integrates a strong social dimension with a focus on social partner participation in the elaboration of recommendations.

EPSU also welcomes the Commission's intention to present an initiative in October 2018 to strengthen the enforcement of the Rule of Law in the European Union. The Commission is well advised “to create a more effective system to tackle systemic threats to or breaches of the rule of law in any EU Member State.”

Conclusion: Five Recommendations from EPSU

1. Respect for trade union rights and for collective bargaining from employers and governments is fundamental to a successful social dialogue. The promotion of a functioning, effective and transparent social dialogue must be part and parcel of all EU initiatives in relation to our Eastern and Western neighbors.
2. The European Pillar of Social Rights should serve as a benchmark when assessing a country’s readiness for accession and for guiding relations with third countries. All efforts must be made to help build open, transparent and democratic institutions and policies, which aim to create a sustainable welfare state with adequate social protection.
3. Gender Equality must become a top priority at all levels of accession negotiations.
4. Organise special discussion in the next Executive Committee on Balkans and Neighborhood policies of EU (invite EC and PERC)
5. Work with PERC/ ETUC and regional networks to support trade unions and trade unionist in their efforts to build a strong social dialogue