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# CROSS-BORDER CO-OPERATION IN SOUTHEAST EUROPE AS A PRELUDE TO EUROPEAN INTEGRATION: THE CASE OF SERBIA

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VASSILIS PETSINIS

What will be discussed in this paper is Serbia's prospects within the framework of cross-border co-operation in Southeast Europe and European integration. Special attention will be paid to the Serbian autonomous province of Vojvodina and its participation in the 'Danube-Kris-Maros-Tisza' Euro-region. Then the bilateral relations between Serbia and the European institutions will be assessed. It will be demonstrated that the prospects for Serbia's integration into European structures can be facilitated through: *a.* the willingness of regional authorities and entrepreneurs to participate in the cross-border co-operation schemes; *b.* the willingness of the European Union to remove potential impediments to cross-border co-operation (e.g. the Schengen visa regime). But first, a theoretical definition of the term 'Euro-region' should be made.

A Euro-region can be defined as any form of structured co-operation, established between local and regional authorities across national borders with the objective to jointly adopt common goals and pursue them in a co-ordinated and sustained way. The scope of activities undertaken within a Euro-region may range from projects aiming at the development of the regional infrastructure to ethnic reconciliation in those borderlines where national minorities are present. On the whole, there are three types of Euro-region operating throughout Europe: *a.* Euro-regions without a legal status (working communities of interest); *b.* Euro-regions that rely on private law; *c.* Euro-regions that function in accordance with public law.

The concept of Euro-regions is the result of a bottom-up process, initiated and carried out by regional governments and social entrepreneurs (e.g. NGOs). Therefore, the proper functioning of such schemes relies on the decentralization of the state administration and the strengthening of regional and local governments. With special regard to Eastern Europe it can be observed that the whole concept acquires an interesting dimension since it facilitates the application of pre-modern elements, specific to the region, to a post-modern state of affairs. More

specifically, the Habsburg era of multiethnic cohabitation was succeeded by an era of hard, sometimes impenetrable national borders, in the last century. During the interwar era, this was accompanied by internal policies of intense homogenisation in accordance with a standardised model of national identity. In the Cold War era, old nationalist disputes between neighbouring states were often interwoven with an antagonism at the ideological level (e.g. the Transylvanian question, as far as Communist Romania and Communist Hungary were concerned).

The East European Euro-region schemes may help restore communication between borderline populations that prior to the establishment of hard borders were in close interaction with each other. An additional contribution of such schemes might be the encouragement of grass-roots participation in the decision-making process. This might be in itself a notable development bearing in mind that in many parts of the West political apathy has mainly resulted from the deficient participation of citizens in the local decision-making procedures.<sup>1</sup>

The Serbian autonomous province of Vojvodina is part of the 'Danube-Kris-Maros-Tisza' Euro-region, established on November 21<sup>st</sup> 1997, together with four municipalities in the Romanian Banat and four Southern Hungarian counties. Comparing Vojvodina's administrative status to that of its fellow-participants, the DKMT region comprises different levels of authority. According to Article 3 of the Founding Protocol, the project was launched with the aim to intensify co-operation among the participating entities in the fields of economy, education and science.<sup>2</sup> An additional objective is to secure the adequate protection of minority rights within the bounds of the DKMT, in accordance with international law and the national legislations in question. The DKMT region consists of a presidential forum, a consultant office, a secretariat and a variety of working groups. The projects organised within the bounds of the DKMT are to be financed by: *a.* public financial bodies based in the Euro-region's constituent entities; *b.* European and international organizations (e.g. the Stability Pact for Southeast Europe); *c.* other sources. According to Article 9 the DKMT is not a legal person. Joint projects that have been undertaken so far are include *a.* the cleaning of the Bega-Tisza canals and their preparation for international traffic; *b.* the construction of the Szeged-

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<sup>1</sup> For further discussion of this issue see Dimitrijević 1994: 65-107.

<sup>2</sup> The Founding Protocol of the DKMT Euro-region was agreed upon on November 21<sup>st</sup>, 1997, in Szeged (Hungary). For a full text-version of the document see: <http://www.dkmt.regionalnet.org>.

Kikinda-Timisoara railway line; c. the construction of the road route E-75, linking Belgrade with Szeged and Szeged with Romania.

There are both strengths and weaknesses with regard to DKMT's prospects. First of all, mention should be made of some positive prospects for the protection of minority rights within the Euro-region. This has been facilitated by the conclusion of agreements on the protection of national minorities by the states whose administrative units participate in the DKMT, for example the agreements concluded between Serbia and Romania (October 30<sup>th</sup> 2002), Serbia and Hungary (December 27<sup>th</sup> 2002) and Hungary and Romania (December 22<sup>nd</sup> 2001). With special regard to Vojvodina, certain provisions of the Serbian law on national minorities (Article 6) facilitate the co-operation between Vojvodinian Hungarian institutions and their counterparts in Hungary in educational and media issues. As a matter of fact, all minority groups within the DKMT are interested in close co-operation with their 'motherlands'.

Positive prospects have also opened up regarding co-operation in educational and cultural matters. The universities based within the DKMT have undertaken quite a few joint projects so far. This has also been the case of co-operation among museums and other cultural institutions. The establishment of a Regional Chancellery for Cultural Co-operation, financed by the Stability Pact for Southeast Europe, is being envisaged as well. Optimistic prospects have opened up also in the field of economic co-operation. These have been generated by the free trade agreements concluded among the states whose administrative units participate in the DKMT. For instance, on December 19<sup>th</sup> 2002, an agreement was reached between Serbia and Romania, including a list of industrial and agricultural products that would be exchanged at lower customs rates. Some months earlier, on March 8<sup>th</sup> 2002, a similar agreement between Serbia and Hungary exempted 86 percent of all industrial products and one-third of agricultural produce from customs duty. Hungarian and Serbian officials estimate that this agreement can boost bilateral trade by an average of 20-25 percent within the next two or three years.

Nevertheless, some difficulties have been experienced as well. First of all, in certain parts of the DKMT the economic infrastructure is not very highly developed. The Hungarian Csongrad County, for example, has remained a primarily agricultural area to the present day. Salaries and other income are lower than the Hungarian average and only 4 percent of the gross value of industrial

fixed assets belongs to the county.<sup>3</sup> The local industry is poor and obsolete, and the health care system is not well developed either. More important is, however, the considerable damage that was inflicted on Vojvodina's infrastructure by the NATO bombing. The bombing destroyed part of the petrochemical and metal industry plants in Kikinda, Novi Sad and Pančevo. Quite a few bridges were also destroyed. The reconstruction of the total damage has hampered and still hampers the Vojvodinian initiatives within the DKMT. Apart from the bombing, Vojvodinian industry was negatively affected by the UN embargo as well. The technical equipment in many factories has remained outdated, since the import of new machinery was impossible. Furthermore, the chemical industry was seriously affected by the shortage in natural gas supply and other primary sources.<sup>4</sup>

The prospects of the DKMT are equally hampered by the inadequate functioning of the regional and local administration in the participating entities. This has been the case, for example, of the Romanian municipalities within the scheme. As far as Vojvodina is concerned, the provincial and municipal authorities often do not have access to the projects organised within the DKMT since all major decisions are taken in Belgrade. Indeed, Vojvodina's cross-border aspirations are good arguments for the devolution of a certain set of competencies to the province.

Finally, a crucial problem is the fact that the funds made available by the EU and other organizations to the DKMT and other Euro-regions have not been sufficient. This is a crucial problem, considering that the projects under way within the DKMT can only be completed successfully if more funds are invested. In Vojvodina, some local political circles have even accused the EU of 'using' the DKMT for its short-term economic interests (e.g. conducting tax-free trade with Russia via Serbia) without any genuine interest in regional development.<sup>5</sup>

The following steps have been recommended as possible solutions to these problems. First of all, the governments in the region, along with the Stability Pact for Southeast Europe and the regional bodies involved in the DKMT, should jointly seek to engage the European Commission in a policy dialogue towards the harmonization of EU instruments for financial assistance in Southeast Europe

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<sup>3</sup> Jolan, (1997). 187-89.

<sup>4</sup> Tomić and Romelić (1997). 169-81.

<sup>5</sup> Interview with local representative of the Democratic Party of Serbia (Novi Sad, March 15<sup>th</sup>, 2001).

<sup>6</sup> For a list of similar proposals see Council of Europe Publishing House 2002: 1-6.

<sup>7</sup> For a listing of similar recommendations see Batt (2001): 1-8.

(primarily the CARDS and INTERREG programs) so that the availability of funds can be guaranteed. As an interim solution to the shortage of funding, the same agents should jointly engage the national governments in the region to allocate funds within their national CARDS budget to cross-border co-operation. A basic condition is that the Southeast European governments should consult with the regional and local governments involved, when they negotiate the terms of their CARDS assistance. This, of course, is subject to genuine decentralisation in the Southeast European states in question.

Furthermore, it is essential that the EU should move towards a strategy that supports more coherently regional development and cohesion processes within Southeast Europe and between Southeast Europe and the EU. This strategy should rely on the experiences acquired by the EU in the course of the Accession Process, particularly focusing on the experiences with programmes aimed at preparing countries and regions for the absorption of the Structural and Cohesion Funds (e.g. the PHARE, SAPARD and ISPA programmes). The adoption of such an approach is essential in order to convince the local political elites within the DKMT about the genuine interest of the European organizations in regional reconstruction.

Finally, the governments whose units participate in the DKMT and other Euro-regions in Southeast Europe should, together with the European organizations, work towards a solution of visa-related barriers to cross-border co-operation. This may initially take the form of schemes facilitating easy access like long-term visas or border passes for borderline communities. Innovative proposals should be elaborated in consultation with the regional and local authorities.<sup>6</sup>

The more effective operation of cross-border co-operation schemes in Southeast Europe depends on the utilization of 'strengths' as opposed to 'weaknesses'. The term 'strengths' refers to the positive elements that can be found in the society and culture of the regions/municipalities involved, the development of the civil society in the participatory entities and their economic capacities. 'Weaknesses' refer to the inadequate preparation of the local self-governments, poor administrative co-ordination and counterproductive relations between local authorities and central administration. Both strengths and weaknesses are considered inherent in the cross-border co-operation system.

There is also a number of external potentialities and obstacles that have to be exploited and overcome respectively. These potentialities are: *a.* the propensity of

the administrative units to cross-border co-operation; *b.* the co-ordination among the communities and authorities involved in the Euro-region; *c.* the level of co-operation in economic activity. On the other hand, external obstacles are usually of institutional, economic and interethnic character that can be detrimental to trans-frontier co-operation.

With regard to cross-border co-operation between Serbia and Romania in the DKMT, a strategy focusing on the high rate of inner strengths and the existence of equally strong external opportunities should be pursued. On this occasion, the Romanian as well as the Serbian authorities along the borderline have demonstrated their intention to expand their co-operation at all levels. Moreover, no such problems as tensions related to the aspirations of the Romanian and Serbian minorities on either side of the border have been experienced. One problem that has emerged recently, though, is the imposition of a visa-regime to Serbian citizens by Romania and the swift reaction of the Serbian side with regard to Romanian citizens wishing to travel to Serbia.

As regards Hungarian-Serbian co-operation within the DKMT, the strategy to be pursued should focus on the inner strengths and external opportunities and should be strong enough cope with outer threats. In this case both the Hungarian and the Serbian regional elites have demonstrated their willingness to co-operate within the project. Moreover, the free trade between the two states, as well as the joint agreement on national minorities, will contribute to the restriction of external threats that might prove detrimental to the functioning of the Euro-region.

Apart from the DKMT, Vojvodina, or more precisely the Novi Sad municipality also participates in the Danube-Drava-Sava Euro-region. A micro-region, consisting of the municipality of Novi Sad, the Bosnian canton of Tuzla and the Croatian municipality of Osijek, has operated within the bounds of the Euro-region since 2001. The establishment of this micro-region is a positive step for the economic activities of the province, considering that transactions with Croatia and especially Bosnia-Herzegovina have been quite profitable for Vojvodina.

The recommended strategy for cross-border co-operation between Croatia and Serbia should highlight the role of inner strengths and external opportunities in order to reduce the effects of inner weaknesses and external threats which are of disturbing importance. In this light, the free-trade agreement between Serbia and Croatia signed on December 23<sup>rd</sup>, 2002, is a positive step in this direction.

Nevertheless, the co-ordination between Novi Sad and Osijek within the micro-region has not been sufficient. Also, the visa regime in force between Serbia and Croatia hinders the movement of people and merchandise across the border. The most important issues include the repatriation of the evicted Serbs to Croatia, and the regulation of the Croatian minority's legal status in Vojvodina as obstacles in the path of trans-frontier co-operation between the two states. Indeed, the search of a regulatory formula regarding these issues is vital for the development of inter-state co-operation between Serbia and Croatia.

Regarding Serbia's EU aspirations, the problems of political instability and economic malfunction still represent serious difficulties in the country's European integration. To these we might add the aftermath of the NATO bombing, as well as the friction between Belgrade and the EU over the Hague Tribunal. On the other hand, some positive developments have been witnessed too, over the last few years, in Serbia's integration to the European structures. First of all, since April 3<sup>rd</sup>, 2003, the state has been a full member of the Council of Europe. Moreover, the country is a beneficiary of the EU's special trade measures and custom tariffs have been abolished for Serbian imports into the EU with minor exceptions.

As far as the EU enlargement is concerned, the whole process has caused a 'collateral damage' to Serbia, which has been suffered particularly by Vojvodina. This has to do with the visa regime between Serbia and Hungary. The imposition of the Schengen regime has caused certain difficulties to Serbian entrepreneurs, especially those operating in Vojvodina, since the Schengen visa is expensive for them. As a matter of fact, Hungary realised considerable profit from its transactions with Serbia in the '90s.

The imposition of the visa requirement has had a relatively negative impact also on the Serbian citizens living along the borderline. A significant degree of economic interdependence had been built up on the Serbian-Hungarian border, mainly based on informal trade and commuting for employment. These activities have been of vital importance for the economic survival of the most peripheral, often impoverished, rural communities of Vojvodina.

At this moment, the following suggestions could be made to the EU and other relevant organisations. First of all, the EU member-states should co-operate with each other in order to set up joint consular facilities or it would be even better to delegate visa-issuing authority to common EU consulates in the borderline

regions. This would save the residents of Vojvodina and other regions on the EU border the trouble of having to travel to the EU member states' embassies in the national capitals. It would also be essential for the EU to advise regional authorities on applying to the Stability Pact and other sources for funding, since people in Vojvodina and other peripheral regions are often uninformed and inexperienced concerning these issues. Finally, the EU should invest in the establishment of additional border-crossing points along the Schengen border.<sup>7</sup>

In conclusion, we believe that it is the positive role of Euro-regions should be emphasized. Flourishing Euro-regions could avert the danger of economic malfunction in the borderlands, together with the ensuing implications of rising criminality and emigration pressures. The introduction of EU monitoring mechanisms might be suggested as an additional measure for the effective control of such phenomena. Finally, the EU should support the current achievements of the East European Euro-regions in ethnic relations and facilitate the materialization of these regions' aspirations to assume the role of 'gateways to Europe' for their less developed hinterlands. This is very much the case of Vojvodina in relation to the rest of Serbia. As regards minority issues on the borderline, the EU should always be careful to consult with the national capitals so that no misunderstandings should occur. In other words, the EU should manage its role so as to be perceived as strictly neutral in the light of any political and national antagonisms in the region.

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