



House of Commons
Foreign Affairs Committee

Global Britain and the Western Balkans: Government Response to the Committee's Tenth Report

Fourteenth Special Report of
Session 2017–19

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The Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Foreign and Commonwealth Office and its associated public bodies.

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Publication

Committee reports are published on the Committee's website at www.parliament.uk/facom and in print by Order of the House.

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Committee staff

The current staff of the Committee are Tom Goldsmith and Hannah Bryce (Clerks), Dr Ariella Huff (Senior Committee Specialist), Ashlee Godwin, Dr Matthew Harries, Emma Makey, Dr Eoin Martin and Hannah Stone (Committee Specialists), Clare Genis (Senior Committee Assistant), Zara Emmett and Matthew Chappell (Committee Assistants) and Estelle Currie (Media Officer).

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Fourteenth Special Report

On 6 July 2018, the Foreign Affairs Committee published its Tenth Report of Session 2017–19, on Global Britain and the Western Balkans (HC 1013). The Government response was received on 7 September 2018. The response is appended below.

Appendix: Government Response

The Government welcomes the Foreign Affairs Committee report on ‘Global Britain and the Western Balkans’, published on 6 July 2018.

This report sets out the Government’s response to each of the Committee’s conclusions and recommendations. The Committee’s text is in bold and the Government’s response is in plain text. Paragraph numbers refer to the Committee’s report.

The uneasy path to peace and prosperity in the Western Balkans

1. **The problems facing the Western Balkans are deeply-rooted and intricately interwoven. Its path to European integration will be long and halting and there is no guarantee of success. It is vital that the UK and its EU and NATO partners maintain their commitment to the region, but they must acknowledge the difficulties and risks involved and recognise that it will likely take a long time to make a substantive difference. (Paragraph 11)**
2. **Russia is willing to do what it can to disrupt the Western Balkans’ path to stability and democracy. This is demonstrated by Russia’s support for an attempted coup in Montenegro in 2016 and reports of Russian attempts to supply arms to militant groups in Bosnia and Herzegovina. Similarly, there is a risk that Russia will try to subvert or stop the ratification of the agreement recently reached between Greece and Macedonia to end their long-running name dispute, particularly in any referendum that may be held in Macedonia. (Paragraph 12)**
3. *It is not for the UK to say whether the people of Greece and Macedonia should ratify the agreement recently reached between the two governments to resolve their name dispute. However, as one of the leading powers resisting Russian aggression, it is vital that the UK does what it can to help ensure that a decision can be made in a free, fair and open way. The FCO should tell us what the UK has done and will do, in concert with its regional, EU and NATO partners and allies, to ensure that the ratification process is not disrupted by malicious outside interference. (Paragraph 13)*

The Government will respond to the Committee on these points after the Macedonian referendum on 30 September 2018.

The UK’s post-Brexit position in the Western Balkans

4. **The UK has long championed the Western Balkans on its path to peace and prosperity. We welcome the FCO’s assurance that this would continue after Brexit. It is,**

however, difficult to make a meaningful difference in a region beset by deeply-rooted problems. Moreover, there is a risk that the UK's capacity to do so will be reduced if it is no longer involved in the EU accession process. (Paragraph 20)

5. In its response to this report, the Government should set out what it wants to achieve in the Western Balkans over the next ten years, including specific milestones and metrics for success for trade and investment, aid and development, security and defence, and civil society. This should explain how the UK will work with its regional and EU partners, but it must also show that the UK has a credible and independent post-Brexit strategy for achieving its objectives in the region. (Paragraph 20)

The Government has a long-term objective of helping the Western Balkans become a stable, secure, prosperous and democratic region, free from malign influence, attractive to investment, and contributing to European security. We agree with the Committee that achieving this objective will require overcoming deeply-rooted problems, but we do not share the Committee's assessment of the risk that the UK's capacity will be reduced once we are no longer involved in the EU accession process.

At the Western Balkans Summit, the Prime Minister set out the Government's long-term support for the region, stating that "we are leaving the EU next March, but we remain fully committed to improving the prosperity and security of the Western Balkans, and Europe, both now and in the years to come". This commitment was supported by the announcement of a near-doubling of UK funding to the region over the next 3 years, rising from £41 million in FY 18/19 to £80 million in FY 20/21 from the Conflict, Stability and Security Fund.

This funding will aid long-term reform in the region, strengthening the rule of law and justice sectors by building the capacity of justice and law enforcement agencies; supporting Parliaments, independent media and civil society; as well as tackling corruption and building stronger, more professional and independent public institutions, free from the stranglehold of patronage systems. Such efforts will help to increase the capacity of, and confidence in, domestic institutions across the region, complementing EU and other partners' efforts, and help build confidence in the region as a destination for trade and investment, decreasing reliance on external development aid and support.

UK Government funding will also continue to deliver projects that break down barriers, such as fostering cross-border cooperation, helping resolve legacy issues and delivering support to survivors of sexual violence from the conflicts of the 1990s. We will continue to work with the region on strategies to counter violent extremism and on reform and professionalisation of defence ministries and armed forces and security forces. We will also work to boost digital skills, entrepreneurship and access to finance and improve the business environment, to help create more jobs; this is all part of our investment in the next generation.

To support the delivery of this long-term commitment, the Prime Minister announced at the Summit that the Government will double the number of UK staff working in the region. These experts — a mix of diplomats and other government officials — will be based across the region to help strengthen our cooperation with our Western Balkans partners. Some will be focused on preventing crime reaching UK streets by tackling criminal networks operating through Europe and helping strengthen the region's own response to

security threats. As we recognise that a cross-Government approach is needed to affect long-term change in the Western Balkans, they will be a mix of staff from the Foreign Office, National Crime Agency, Her Majesty's Revenue and Customs, Crown Prosecution Service, Border Force and Home Office.

Through this increased UK support, we believe that the region can make tangible progress within the next ten years. Our programming ensures that we have clear metrics and milestones for success. These include the degree to which the region has tackled corruption and organised crime and the progress it has made on reforms needed to bring the region closer to European standards, including through EU and NATO membership. Another key metric will be the degree to which the region has resilient institutions that underpin the rule of law, and enable inclusive and democratic societies with a free press and an engaged civil society, enjoying rising living standards, with more trade and investment, including from the United Kingdom.

6. UK businesses are not investing in the Western Balkans. If the UK is to build sustainable, mutually-beneficial bilateral relationships with the Western Balkans six, they must be based on more than security and development. Business should be part of a healthy bilateral relationship. (Paragraph 21)

7. *The FCO should explain what the Government is doing to increase UK trade with the Western Balkans. (Paragraph 21)*

The Western Balkans represents a market of 18.5 million people. The Department for International Trade (DIT) believes that trade and investment has an essential role to play in promoting regional prosperity and security. Given the importance of entrepreneurship in the region to help create economic growth, the DIT has expanded its own successful Global Entrepreneur Programme (GEP) in the Western Balkans, the objective of which is to build long term links with entrepreneurs in the region by offering expertise to enhance their entrepreneurial skills.

The GEP works with founder-led, innovation-rich businesses from all over the world looking to scale up their businesses, especially those where the local ecosystems are not developed enough to provide local entrepreneurs with the right tools or expertise to help them grow. The GEP's innovative model deploys its own team of entrepreneurs to provide hands-on mentoring, expert guidance and focussed assistance to help these entrepreneurs scale up and internationalise their businesses from a UK-based global HQ. The GEP expansion into the region was successfully launched by DIT Minister Baroness Fairhead at the Western Balkans Summit on 9 July.

The aim in this case is to upskill individual entrepreneurs in the Western Balkans, including those at the beginning of their careers who would benefit from guidance from the GEP's team, as well as those who want to understand how to scale up and internationalise. Enhancing the skills of entrepreneurs from the Western Balkans region will help their ventures develop into viable businesses that will contribute to the region's economic prosperity, strengthening the business and trading environment in all six countries. Improving the trade and investment environment in these countries will also open up major opportunities for UK businesses to expand and access new markets, building our

trading partners of the future. The GEP will also highlight our commitment to develop the “bridge to the UK” and lead to a long term partnership providing relevant guidance and access to growth and business opportunities.

The Government hosted a meeting of Western Balkans and EU Economy Ministers in Vienna on 4 July to give impetus to regional economic integration; to encourage the Western Balkans towards becoming one investment destination; to support the digitalisation of the economies; and to widen the pool of non-bank financing for small to medium sized enterprises. The latter is key to unlocking the dynamism of the private sector in the region. At the meeting, International Financial Institutions — including the European Bank for Reconstruction and Development, European Investment Bank, World Bank and European Commission — committed to continue supporting the broadening of non-bank funding options.

We intend to secure an enduring legacy from the Summit. We will continue to support the agenda discussed at the Economy Ministers’ meeting, starting with building long-term collaboration on entrepreneurship, as we believe that this will help unlock the dynamism of the region’s talented workforce and address high youth unemployment – while also playing to UK strengths. Helping the region to benefit from opportunities provided by the digital economy is also a way of stemming the brain drain and enhancing stability – necessary precursors to building economic ties between the UK and the Western Balkans.

The Berlin Process and the Western Balkans Summit

8. We welcome the Government’s bold ambitions for the Western Balkans Summit and the determination this shows for the UK to remain engaged in the region. The Summit’s agenda covers a wide range of issues but it will be difficult to achieve meaningful progress on so many fronts and to make a real difference on the ground. For the Summit to be more than a photo opportunity, the Government must be willing to push for a robust communiqué that sets out the challenges ahead and what is required of each Berlin Process partner. This must be accompanied by a set of specific milestones. (Paragraph 28)

9. *The FCO should report to us the outcomes of the Summit, including civil society events, and tell us how it plans to ensure that pledges made at the Summit are followed through. The FCO should also reflect on the effectiveness of the Berlin Process, the feasibility of tackling so many issues in such a short space of time, and options for alternative and more focused ways for the Berlin Process partners to work together. In the light of concerns about local elites’ willingness to implement meaningful reforms, the report should also consider ways to increase civil society participation in the Western Balkans reform agenda. (Paragraph 29).*

We are pleased to report that the Western Balkans Summit was a resounding success achieving breakthroughs in sensitive areas not previously tackled in the Berlin Process.

The Western Balkans Summit produced clear outcomes on its three objectives for the region; 1) to strengthen security co-operation, 2) to improve economic stability, and 3) to support political cooperation. The 2018 Summit, as with previous Berlin Process summits, focused on the core agenda of the Process — improving economic stability and connectivity in the region — while building on previous Summits’ agendas (e.g. anti-

corruption from Trieste in 2017 and bilateral disputes from Vienna in 2015). This iterative approach to the 2018 agenda, together with our decision to host separate meetings of Economy Ministers, Interior Ministers, Foreign Ministers and Leaders, ensured that the most important policy challenges — many of which are inter-linked — could be covered in a focused way at the Summit.

Intensive, sustained diplomacy, backed up by adequate resource in the FCO and our Posts in the nine months leading to the Summit, led to the signing of four UK-drafted declarations — three more than agreed at all previous Berlin Process summits combined. These were all on politically sensitive subjects; they were also in close alignment with the flagship initiatives of the European Commission’s Enlargement Strategy for the Western Balkans, and were warmly welcomed by EU and Western Balkans partners as well as the Commission.

On **security**, the Prime Minister announced that the Government would double the number of UK staff working in the region on security issues affecting the UK and the Western Balkans. This will help prevent crime reaching UK streets and also help strengthen the region’s own response to serious and organised crime, corruption and money laundering. The Prime Minister also announced that the UK will invest £1 million in the region’s cyber capability.

At the Summit, the six Western Balkans Interior Ministers signed the Joint Declaration on the Principles of Information-Exchange in the Field of Law Enforcement which committed to deepen regional cooperation against serious and organised crime and terrorism through increased operational and strategic information sharing. The Western Balkans governments also endorsed a roadmap for a sustainable solution to the illegal possession, misuse and trafficking of small arms and light weapons in the region.

The onus is now on the governments in the region to implement these security commitments. To support that effort, the Government will chair in October the first meeting of the Berlin Process Security Commitments Steering Group, which will oversee implementation, pushing for better exchange of information and best practice.

Recognising the important role of civil society in this effort, the Government used the Summit to launch the Balkans Organised Crime Observatory, jointly with the Austrian and Norwegian governments, which will enable civil society to play a more effective role in tackling organised crime and corruption. Led by the Global Initiative Against Transnational Organised Crime, this will serve as a virtual network for key civil society actors to work together to monitor, report on and expose serious and organised crime and corruption, share research and good practice and improve strategic and operational coordination

On **economic stability**, Sir Alan Duncan, Minister for Europe and the Americas announced that the Government would commit £10 million to help build digital skills and employment prospects for young people in the Western Balkans. The funding will see the British Council provide training to children in over 4,500 schools, to bolster digital literacy and core skills across the region. Baroness Fairhead, Minister of State for Trade and Export Promotion announced the expansion of the Global Entrepreneurship

Programme across the Western Balkans, which will help foster entrepreneurial spirit and provide mentoring to talented young people with good ideas for start-ups or aspiration to scale up existing businesses.

The Government welcomed the announcement by the European Commission at the Summit's Economy Ministers' meeting 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, including support to start-ups.

On **political cooperation**, a Joint Declaration on Regional Cooperation and Good Neighbourly Relations was signed at the Summit by the Heads of all Berlin Process countries. Through the Declaration, the governments of the Western Balkans re-committed to resolve all outstanding bilateral issues and to report annually on the progress made in strengthening good relations within the region. The Declaration also welcomed the positive contribution civil society can make in improving regional cooperation. To ensure that this Declaration is implemented, the Austrian and Macedonian governments will host stock-take meetings with the governments of the Western Balkans and other Berlin Process participants within six and nine months of the London Summit respectively, ahead of the 2019 Summit in Poland.

To support efforts to strengthen political cooperation, the Government also announced a new £4 million programme to expand the activities of the Westminster Foundation for Democracy across the Western Balkans. The programme will strengthen the three pillars of democracy - parties, parliaments and voters. It will help political parties understand voters' needs and develop policy accordingly, help voters make informed democratic choices, and export UK parliamentary practice to improve laws and help hold governments to account. The programme will pay particular attention to bringing women, ethnic minorities, LGBT people and others into political life in the region.

At the Summit, Berlin Process Heads also signed separate Joint Declarations on War Crimes and Missing Persons, through which the region's leaders pledged to resolve as many remaining missing persons cases as possible over the next five years, to increase efforts to bring perpetrators of war crimes to justice and to support survivors of these crimes, including by addressing stigma resulting from conflict-related sexual violence. In support of these declarations, the Government committed an additional £1 million to help the region address these difficult legacy issues.

Over 140 **civil society** and youth representatives from the region attended the Summit's Civil Society and Youth Forum, which comprised a Question Time-style debate with Western Balkans Foreign Ministers as well as civil society-led 'Spotlight' events. The latter saw gender equality, LGBT rights and media freedom raised for the first time in the Berlin Process. In addition, civil society representatives took part in discussions with Berlin Process Foreign Ministers on 9 July which then fed into the Heads' meeting on 10 July. We are now sharing our experience of involving civil society in the Berlin Process with Poland, the 2019 Summit hosts, and will continue to emphasise to the Poles and future hosts the importance of building on the London Summit's inclusive approach to

civil society. We are also working closely with Austria on this during their EU Presidency, building on productive cooperation with the Austrian government over the pioneering Civil Society Forum they hosted in Vienna in 2015.

The Government agrees with the Committee on the importance of having strong mechanisms in place to ensure that all the pledges made and agreements reached at the Summit are followed through. In addition to the follow-up activity detailed above, we are working closely with the British Group International Parliamentary Union (BGIPU) on a parliamentary seminar on the Summit from 10 to 12 September. The seminar will empower parliamentarians from the region to scrutinise their respective governments on the commitments they made at the Summit to help ensure that all such pledges are delivered.

We will also continue to work closely with Poland to ensure that agreements reached in London are followed up ahead of and during the 2019 Summit. We hosted a Polish government secondee for four months in the FCO during our preparations for the London Summit to help foster continuity between the two summits; we will build on this through intensive discussions at senior official level with the Polish government this autumn as they start their Summit preparations, helping to shape ideas for endorsement at Ministerial level during the UK-Poland Inter-Governmental Conference (IGC) before the end of 2018.

10. The Berlin Process offers a model for UK diplomacy post-Brexit. It allows the UK to work on a bilateral basis with each of the Western Balkans six, on a regional basis with the six together, and with the EU and its Member States in various configurations on a range of issues related to the region. If the Government is to deliver its vision of a Global Britain more active than ever on the world stage, it needs to learn lessons from this way of working. This is particularly the case in Europe, where the UK may need to find new ways of working with its EU and European partners at a time of increasing instability in Europe's neighbourhood. (Paragraph 30)

The Government agrees with the Committee that the Berlin Process offers a strong model for UK diplomacy after our departure from the EU. The Process is an influential forum through which we can amplify our voice with the Western Balkans both bilaterally and on a regional basis, working alongside our like-minded EU and European partners. The Government is committed to playing its fullest part in the Process in 2018–19 and thereafter. This includes delivering the initiatives and agreements reached at the 2018 Summit, supporting Poland to deliver a successful Summit in 2019, and working particularly closely with Germany — initiators of the Process and a pivotal partner to the UK in this region — on plans for the Berlin Process in future years.

The Berlin Process forms one element of the UK's commitment to the region. Our commitment is broad and long-standing, as evidenced by the UK's military role in the conflicts in the Western Balkans in the 1990s and our subsequent contributions to peace-keeping forces. The increase in the Government's financial support to the region demonstrates that our commitment will endure beyond our departure from the EU. Regional fragilities, direct threats to the UK and the presence of malign influences in the Western Balkans mean that the region will remain central to UK interests and European security.

The Government will continue to work with international partners, including, once we leave the EU, the remaining 27 EU member states and EU institutions, to ensure that the Western Balkans becomes a stable, secure, rules-based and ultimately prosperous region. This includes through our membership of the UN Security Council, NATO, the OSCE, the Peace Implementation Council in Bosnia and Herzegovina, EULEX in Kosovo, and our military contribution to EUFOR, KFOR, and NATO's Advisory and Liaison Team to Kosovo's Security Force.

This will require new ways of working, but we are confident that the UK's expertise, long-standing relationships with the region and increasing bilateral programme and presence within it, mean that we will remain well placed to influence, bilaterally and multilaterally, including through the Berlin Process and other groupings, ad-hoc initiatives and new ways of working which we shall want to develop with our EU and European partners.