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Netherlands Institute of International Relations



European
Policy
Institute.
Skopje

NOVEMBER 2022

A Berlin Process for the energy security of the Western Balkans



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The Western Balkans Summit held in Berlin on the 3rd of November concluded this year's Berlin Process – a forum designed to strengthen cooperation between EU member states and Western Balkans Six (WB6) governments. This year the Berlin Process took place against the backdrop of an energy crisis characterised by gas shortages and skyrocketing electricity prices. In fact, energy security was a key topic on the Summit's agenda. Government representatives discussed ways to strengthen energy cooperation and accelerate the renewable transition.

This Alert discusses the state of play on energy security cooperation between the EU and the WB6 in light of the momentum of the 2022 Berlin Process. The WB6 and the EU need to work closely together to enhance the long-term energy security of the region in line with the commitments of the Green Agenda for the Western Balkans (GAWB). To survive the energy crisis, it will be necessary to translate into practice the pledges of the Berlin Process.

The energy crisis heightens the urgency to shift to renewables

The war in Ukraine and the sanctions imposed on Russia brought to light the pan-European vulnerabilities related to energy dependency. The Western Balkans' region is expected to be one of the most affected by the energy crisis. [Research](#) shows that this sensitivity results from lack of diversification of energy sources and heavy dependence on outdated and polluting coal-fired power.

Energy security structures are sensitive to [imports of Russian gas](#), although to a limited extent. North Macedonia and Bosnia and Herzegovina import 100% of their gas from Russia, while for Serbia the share stands at 89%. Nonetheless, natural gas accounts for a small proportion of their energy mix – 2.5% in Bosnia and Herzegovina, 9% in North Macedonia and 13% in Serbia.

Bearing in mind that the Western Balkan countries, except for Bosnia and Herzegovina and Serbia, have aligned with EU sanctions against Russia, Moscow has not (yet) cut off gas supply in the region. However, due to the high cost of imported electricity, the Western Balkans suffer a great deal from the indirect effects of high gas prices.

To cope with the upcoming winter, governments in both the EU and Western Balkans need to find quick solutions. One answer is a coal renaissance. Some [EU countries](#), such as Germany and Austria, have temporarily restarted their coal power plants. The WB6 are no exception. [North Macedonia](#) and [Serbia](#) announced they will increase coal production to supply existing or new thermal power stations. [Bosnia and Herzegovina](#) is also exploring a revival of electricity generation from coal.

Another avenue is a greater reliance on LNG, increasingly seen by European countries as a suitable alternative to Russian gas. In theory, LNG may also be possible for the

Western Balkans, but in practice it would be difficult to implement. Two countries with access to the sea – [Albania](#) and [Montenegro](#) – have some aspirations for LNG terminals, but there are no concrete plans to build them yet. The construction of such terminals takes years and risks becoming a stranded asset in the near future.

These solutions are not sustainable and would increase fossil fuels' addiction, which already creates problems for the region. The Western Balkans suffer from unbearable air pollution caused by thermopower plants. The 16 coal power plants in the Western Balkans produce more hazardous emissions than the 250 plants in the EU combined. Air pollution knows no borders. Its adverse effects cause [premature deaths](#) and excessive health expenditure for the WB6, the EU member states and neighbouring countries. Therefore, decarbonising the energy sector would bring Western Balkan countries both health and economic benefits.

Furthermore, the looming EU carbon charge – known as [Carbon Border Adjustment Mechanism](#) (CBAM) – will soon make polluting companies pay for their exports to the EU and will impact the economies of the region. If the WB6 wish to escape CBAM, they need to seriously start decarbonising. Only by adopting a carbon pricing or integrating with the EU Emission Trading System (ETS), they can ask the European Commission to become exempted from CBAM application.

Short-term or fragmented solutions will not solve these problems. They might be enough to get through this winter, but no more. As problems begin to compound, it has become clear that the only way forward in the long term is transition to renewable energy. And this cannot be postponed any longer. The region has untapped potential for solar and wind power which would greatly benefit the energy security of the region. On top of economic advantages, investing in these renewable sources would improve access to energy, mitigate price volatility and reduce dependency on fossil imports.

Transition to renewable energy in the Western Balkans is yet to commence

Two years ago, the Western Balkans Six committed to the 2050 climate neutrality goal of the EU with the [Green Agenda for the Western Balkans](#). One of the goals of this new growth strategy is decarbonisation through a clean energy transition. However, keeping on track with the commitments of GAWB has been [overshadowed](#) by the impact of the energy crisis.

In practice, decarbonisation in the Western Balkans has yet to commence, as reported by the [Energy Community](#). According to the OECD, the WB6 [strategic and institutional frameworks](#) have conflicting goals. Energy strategies do not foresee phasing coal out, but rather allow for building new coal-fired power plants. Apart from lowered subsidies in the WB6 (except for Bosnia and Herzegovina), no formal policy measure supports the reduction of electricity production from coal. North Macedonia and Kosovo have already [announced](#) that they will delay phasing out their coal-fired power plants. In most cases, national strategies for climate neutrality, energy efficiency and development of renewables have expired. Without updated strategies, underperformance in these areas will continue.

Decarbonisation is an expensive endeavour. Strangled with immediate needs of households and businesses, the fiscal stimulus is limited to short-term solutions rather than including support for energy sector transformation. The EU recognises the financial constraints of the Western Balkan countries. In fact, it provides funding through its Economic and Investment Plan (EIP) for the Western Balkans, worth €9 billion. Nonetheless, the [dedicated funds for renewables](#) – such as solar and wind – energy efficiency and infrastructure projects constitute just a small part of the whole package. Tapping into the full potential of renewable energy would require more funds.

Regional energy cooperation is key

An effective response to the crisis cannot happen without good neighbourly relations and regional energy cooperation. For the WB6, this can be achieved through a [joint regional and EU approach](#), guided by the Berlin Process. Willingness to work together seems to be on the table. The Western Balkans were included in the [EU energy platform](#) – a solidarity mechanism for joint gas and hydrogen purchases. Yet not all WB6 joined: Kosovo does not have gas in its energy mix, and Serbia recently secured a three-year [gas supply contract](#) with Russian energy supplier Gazprom.

Due to its location, the Western Balkan region could play a crucial role in the energy security of the EU, and vice versa. At the Energy Forum held in Sofia in October, leaders from south-eastern Europe welcomed the [new gas pipeline](#), the Greece-Bulgaria Interconnector (IGB). The IGB will supply gas from Azerbaijan to Bulgaria via the Southern Gas Corridor. Serbia and North Macedonia also stand to gain from the expansion of gas transmission infrastructure. This is an important step towards making Europe less dependent on Russian gas.

The Energy Forum was also an opportunity to [put energy cooperation on the table](#) for two countries with a history of political tensions. Bulgaria and North Macedonia discussed the possibility of Bulgaria exporting its surplus electricity to its neighbour North Macedonia. This solidarity move would reduce electricity shortage problems and enhance security of energy supply. However, it is still unclear whether this cooperation will materialise. Governments in the EU and WB6 need to seek more bilateral agreements and possible market couplings to withstand the effects of price rises.

The Regional Cooperation Council, a cooperation framework supported by the EU, raised several [proposals](#) for deeper energy cooperation. These include enabling cross-border sharing, joint interconnectors, or even a Regional Strategy on Energy. The Western Balkans states will also need to improve their cooperation with one another by preparing [joint investment proposals](#) on renewable energy and the integration

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of electricity and gas markets. This would help reduce power supply uncertainty and prevent emergency measures, like the rolling blackouts announced in [Kosovo over the summer](#). They could possibly also consider developing green hydrogen produced from their vast potential of solar and wind energy.

The message sent from the Open Balkan summit in September 2022 is one of solidarity at a time of crisis. The three Open Balkan (OB) countries – Albania, North Macedonia and Serbia – have established a [crisis response group](#) for power supply, and are trying to reach agreements on exchange of electricity and natural gas. However, the [OB members](#) have called on the EU to engage and to not follow the failed ‘vaccine diplomacy’ approach when dealing with the energy crisis.

Translating into practice the outcomes of the Berlin Process will be crucial to survive the energy crisis

A key outcome of the Berlin Process Summit was a [declaration](#) on energy security. EU and WB6 leaders agreed on the need to leverage regional cooperation and solidarity to boost energy security and the green transition. This can be done with ‘diversification of energy sources, reduction of dependency on Russian fossil fuels, and by keeping energy prices in check with joint actions’, says EU [Commission President von der Leyen](#), who had just returned from a tour of the Western Balkans.

At the Summit, von der Leyen announced a €1 billion [energy support package](#) for the Western Balkans to help address the impact of the energy crisis. This will be divided into two parts. The first €500 million in grants will be made available in January 2023 for immediate needs, such as to cushion the impact of high energy prices on households and businesses. The other €500 million will be dedicated to medium- to long-term investments in energy infrastructures. These comprise of gas and electricity interconnectors – including LNG – to

enhance interconnectivity; as well as renewables and energy efficiency projects. Finally, to strengthen security of supply, the EU has promised to facilitate access to each other’s pipelines and storage facilities. This sends the signal that in case of an emergency, there will be solidarity.

For now, the EU needs to turn these promises into reality by ensuring that all its member states are on board and ready to share their electricity with their neighbours in the Western Balkans. Brussels also needs to make sure that its grants actually contribute to a greener energy sector and do not lock in further fossil dependency in the region.

At the same time, it is up to the Western Balkan governments to make smart use of the EU carrot. The new grants need to be well spent with consideration of the current energy challenges, but also with an eye on prospects for the region. The best option to achieve long-term energy security is the renewable transition in line with the Green Agenda for the Western Balkans. Therefore, it is essential that the immediate energy security objectives do not hamper the long-term commitment to the GAWB.


In Berlin, Western Balkan leaders [committed](#) to redoubling their effort to implement the GAWB. While little progress has been made in this field so far, fulfilling this commitment would contribute to greater energy diversification and cleaner energy. Also, it would speed up alignment with EU climate and energy policies. Governments need to be held accountable if they do not fulfil these promises. At the same time, an acceleration of the EU enlargement process would be the best incentive for Western Balkan countries to improve neighbourly relations and implement the GAWB.

The clock is ticking. Western Balkans’ political leaders need to seize the momentum to diversify their energy sources and integrate higher shares of renewables in their energy mixes. At the same time, both EU and WB6 need to demonstrate genuine solidarity by sharing energy when needed. A common response under the Berlin Process pledges is the only way to survive the energy crisis.

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Disclaimer: Supported by a grant from the Foundation Open Society Institute in cooperation with the OSIFE of the Open Society Foundations.