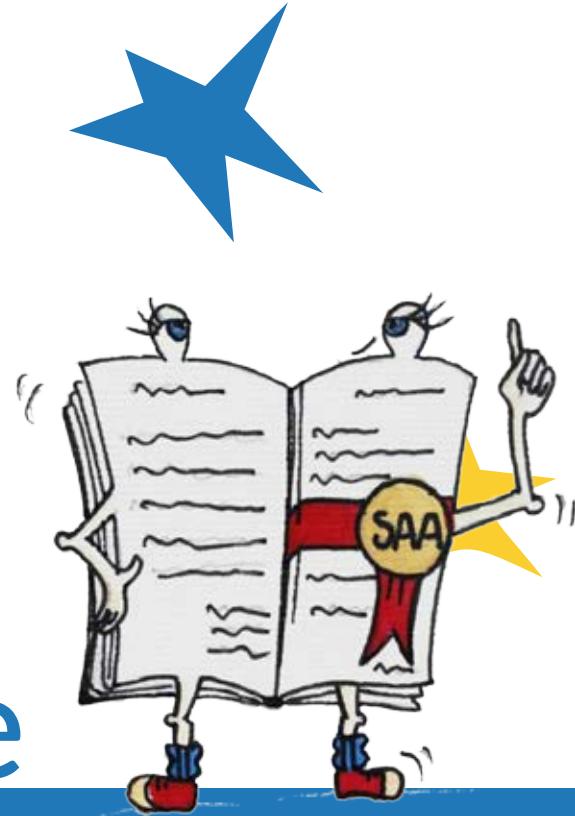


# SAA for Everyone

Your Guide to Understanding Kosovo's SAA with the EU



# **SAA for Everyone**

Your Guide to Understanding Kosovo's SAA with the EU

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# I. Introduction

In April 2016, the Stabilisation and Association Agreement (SAA) between the European Union (EU) and Kosovo entered into force. This is our first contractual relationship and an important step for Kosovo along their path to the EU. **This is a major achievement for Kosovo.**

The Agreement is not just a high level political document by and for institutions and politicians. Through this Agreement, a process for supporting real reform has been agreed upon, which will affect the opportunities and lives of citizens.

As the SAA is gradually implemented, which will require sustained commitment and effort by Kosovo's politicians and public institutions, the changes to the quality of life should follow. For instance, strengthening of judicial systems, improvement in human rights conditions, strengthening of democratic institutions, greater and guaranteed access to European markets, improvements in the quality and standards of products from Kosovo so they are more attractive to consumers across that wide EU market, and support for progress towards a market-oriented economy.

For the relationship to bear full fruit, every citizen in Kosovo can play a role in their own way – as citizens holding politicians accountable for what they agreed to in the SAA, as business persons benefiting from the opportunities offered by the SAA.

We hope that this publication will better explain to you how Kosovo's relationship with the EU will deepen because of the SAA, so you can actively pursue or even just better understand the process by which Kosovo draws closer to the EU.



## II. The European Union: A Story of Integration

With its 28 Member States, the EU is a powerful force [for good] in the world. The EU is the world's largest single market, accounting for nearly a quarter of global economic output and a fifth of global trade. With over 508 million inhabitants, it is the world's third largest market by population, after China and India. 24 official languages and over 60 indigenous, regional and minority languages are spoken by citizens across the EU. The Union brings together nation states across the continent in a historically unprecedented way to share common values and the benefits of working together, whether on political or economic issues.

The EU is all about integration, both vertical and horizontal. Vertical integration, or the deepening of the Union, occurs when Member States agree to share or transfer their national powers to the EU level, agreeing that policies can be better implemented at that level. For example, 19 of the 28 Member States are already using the European currency, the Euro, while 25 countries (including three that are not in the EU) have all but removed borders between themselves through the Schengen Agreement. Horizontal integration, or the widening of the Union, involves enlarging the Union to include other European countries as EU Member States. This offer is open, for instance, to the countries of the Western Balkans. As the EU deepens and widens, it continues to change and develop, adjusting to the needs of its Member States.

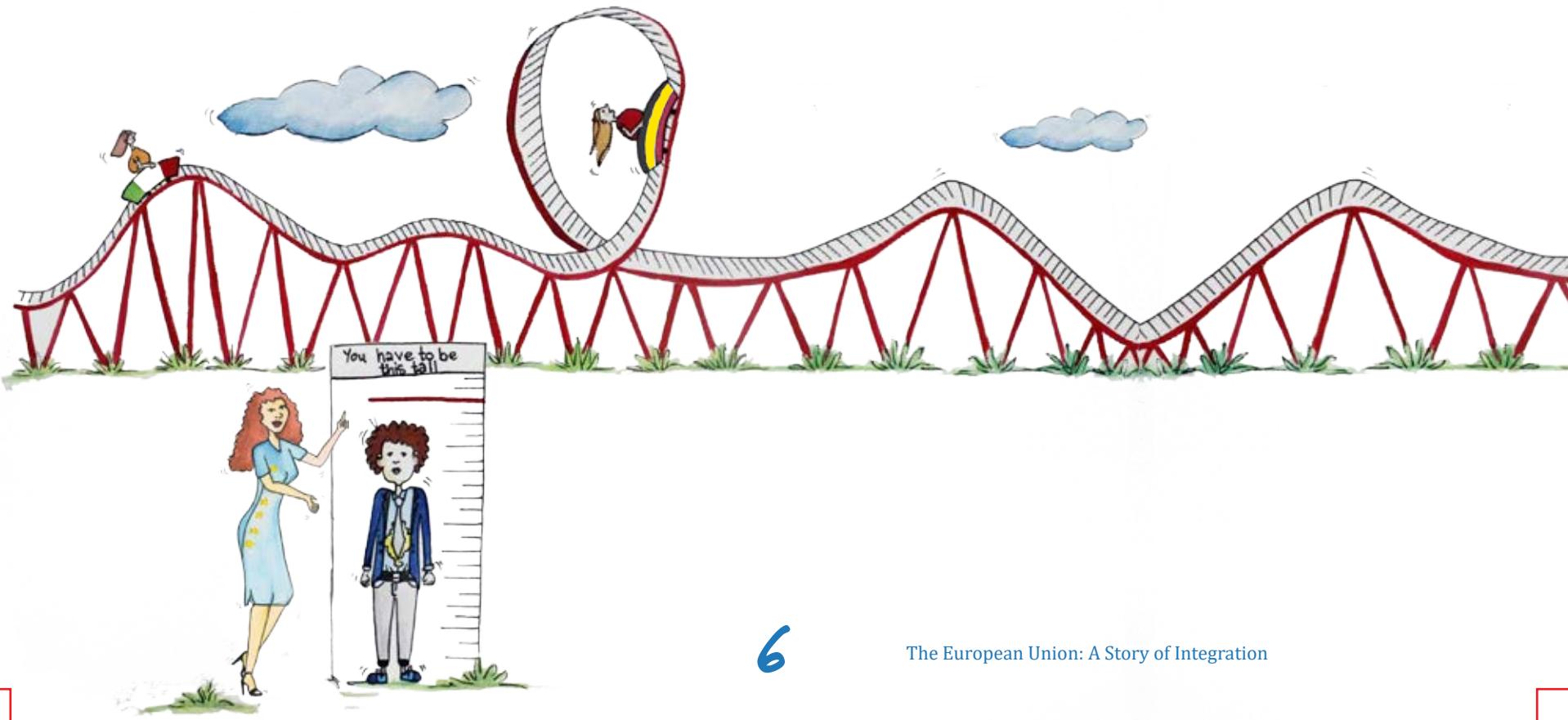
European integration is, however, a long process. Those wishing to join the EU must meet certain standards, sharing the same democratic values and market-based economic principles as existing Member States. For instance, countries need to have a functioning market economy with the capacity to cope with competition at the EU level and the ability to implement the obligations (not just the benefits) of EU membership. Adopting and aligning

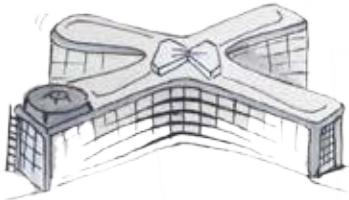


national legislation and processes to EU levels and standards is not just about translating and adopting a law but rather a lengthy transformative process, during which countries learn from how existing Member States have done things, as they themselves implement the necessary reforms to make it possible to join the EU.

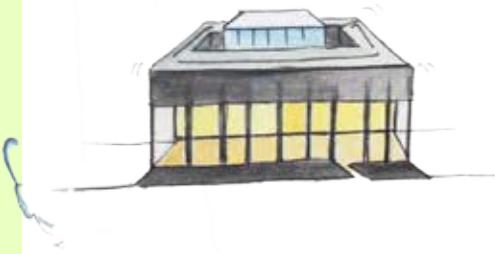
As we have seen from recent enlargements of the EU, by which many countries of Central and Eastern Europe, Malta and Cyprus, and later Bulgaria, Romania and most recently Croatia joined the EU, the process of integration is both incremental and transformative. Now, 66 years after the founding of the Union, the countries of the Western Balkans have made joining the EU their prime policy objective.

The EU is Kosovo's natural partner. Today, the EU is the largest foreign investor in Kosovo and its number one trade partner, in addition to providing half of the total international assistance to Kosovo. As Europe's youngest democracy, Kosovo is now progressing on its European integration path which continues to play a key role in Kosovo's institutional and legal development.





The EU, like countries, has institutions – a directly elected legislature (the European Parliament) and a Council grouping Ministers from EU Member States, which codecide on a wide range of policy issues. It also has an executive/civil service (the European Commission), which prepares and implements proposals and ensures, together with the Court of Justice, that Member States respect the laws and Treaties that they agree. Above these, providing political guidance, is the European Council, made up of Member States' heads of state and government. The EU works by means of a set of promises between its members, by binding Treaties, agreed legislation, binding court rulings and other shared principles, referred to collectively as the 'acquis' (French for 'that which has been achieved/acquired; in this case the accumulated legislation, legal acts, and court decisions which constitute the body of European Union law).



### III. The Stabilisation and Association Process and How It Affects the EU and Kosovo

#### The policy framework

The EU's main policy framework for the Western Balkans is the Stabilisation and Association process (SAP). At the core of this process are the Stabilisation and Association Agreements (SAA), signed between the EU and the countries of the Western Balkans. These are the tools that transform the integration process from theory into a contractual reality. As this brochure explains, the Agreements set out the rules but the integration process, its impact and results in people's daily lives, primarily depends on the rate at which Kosovo implements its provisions, with EU practical help and encouragement.



#### SAA basics:

Kosovo now has an **official contractual relationship** with the EU that will govern the mutual relationship, based on key agreed principles.

The SAA between Kosovo and the EU was ratified by the Kosovo Assembly and the European Parliament.

**Who signed?** Kosovo and the EU

**Where?** The European Parliament in Strasbourg, France, and the Assembly in Pristina

**When did it enter into force?** 1 April 2016

## Explaining the SAA

The SAA is not just a trade agreement but goes far beyond that in both nature and content. The Agreement is a large document, divided into ten chapters covering issues ranging from how we interact politically (political dialogue); regional co-operation; free movement of goods; supply of services and capital; bringing Kosovo laws closer to those of the EU; how to cooperate on freedom, security and justice as well as in other sectors; how the EU provides financial help to Kosovo's reforms, and in what joint bodies we will work together. Some of the provisions of the Agreement are common to other countries, others are unique to Kosovo. Overall, the Agreement sets clear political and economic objectives that Kosovo has committed to work towards in the coming years.

In short, the SAA and its bodies are a tool for Kosovo and the EU to jointly steer the integration process. The SAA covers all areas that the EU and Kosovo hold essential: democracy, human rights and the rule of law, a market economy and trade, as well as regional co-operation and good neighbourly relations. As with other international agreements, the SAA contains obligations for both sides. And, to keep track of and encourage the implementation of those obligations and reforms in general, it also sets up some bodies to oversee its implementation.



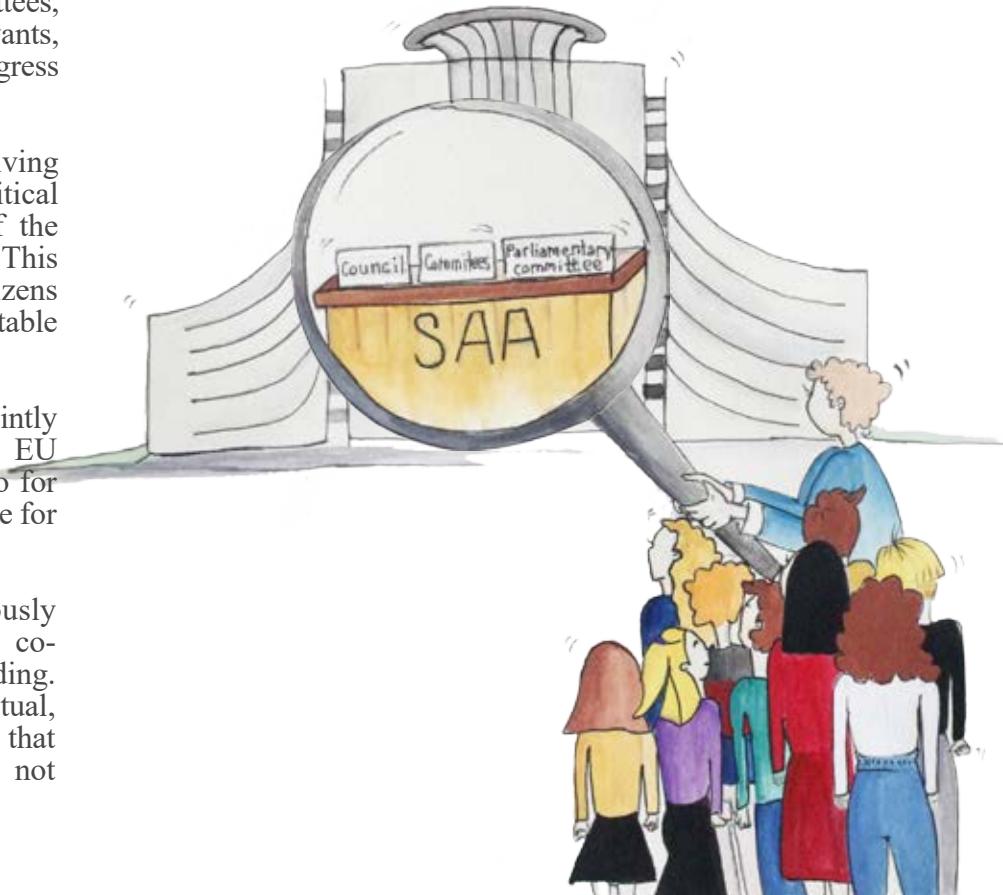
## Bodies of the SAA

There is a Stabilisation and Association (SA) Council, with high-level representatives of both the EU and Kosovo (for instance, the EU is represented by the High Representative / Vice President and the Commissioner for Enlargement, and a Minister represents Kosovo), taking turns to chair. This supervises and evaluates the process through an annual meeting. It is helped by a Stabilisation and Association Committee, which also meets annually, at high civil servant level between the European Commission and Kosovo institutions. These two high-level bodies are supported by sub-committees, involving Kosovo and European Commission civil servants, which meet throughout the year to discuss and monitor progress on specific subject areas of the SAA.

There is also a joint SA Parliamentary Committee, involving members of the Kosovo Assembly, representing all political parties including from the opposition, and members of the European Parliament, from across the political spectrum. This Parliamentary Committee is important as it provides citizens with the opportunity to hold elected representatives accountable for the implementation of the SAA.

These joint institutional structures manage the process by jointly overseeing the implementation of the SAA. While the EU provides technical advice and financial support to Kosovo for its reforms, Kosovo's own institutions are solely responsible for the implementation of the Agreement.

While it is true that Kosovo and the EU have previously co-operated on most aspects covered by the SAA, this co-operation was based on mutual willingness and understanding. The SAA elevates this mutual cooperation to a contractual, institutional level, with a further emphasis on ensuring that political manoeuvring, designed to avoid obligations, is not permitted by either signatory.



## The SAA and European integration

Having new joint institutions because of the SAA is also a major change for Kosovo's existing European integration process. The dedicated institutional framework, with Kosovo and EU representatives working together, will increase the overall effectiveness of the integration process. These bodies will help to track and address more effectively challenges in implementing reforms, and should also improve coordination within and between Kosovo institutions when it comes to the integration process. For ordinary citizens, this means more transparency about the process of drawing closer to the EU.

Kosovo already has a National Programme for the Adoption of the Acquis (NPAA), by which it plans and implements the process of approximating Kosovo's legislation to that of the EU. The SAA adds to this by supporting the adoption of important legal frameworks with an impact on e.g. consumer protection, competition and product safety. Now, the new National Implementation Programme for the Stabilisation and Association Agreement will help to ensure coherence of the Government's efforts to match EU rules. The SAA and its bodies will help, in particular, to track and identify / address any problems with implementation, always the hardest step in translating intentions and promises to strategies and laws and, eventually, real benefits for citizens.



## IV. The SAA and Democracy, the Rule of Law and Human Rights

A major goal of Kosovo's association with the EU is to strengthen democracy and the rule of law, including tackling corruption. This means helping institutions to function more like other European democratic institutions, working towards a robust democratic system, with checks and balances in place, whereby representatives are elected freely and fairly to govern, while the citizens that elected them hold them accountable for governance. The SAA is an important tool to support reforms to achieve this shared goal.

### Key elements of the SAA:



- Respecting international law and instruments regarding the protection of human and fundamental rights;
- Reinforcing the administrative capacity of all levels of administration;



- Strengthening the independence and efficiency of the judiciary;



- Strengthening the rule of law in the business area through a stable and non-discriminatory legal framework;



- Developing adequate structures for police, prosecutors and judges to do their work;
- Developing a professional, efficient and accountable public administration in Kosovo;



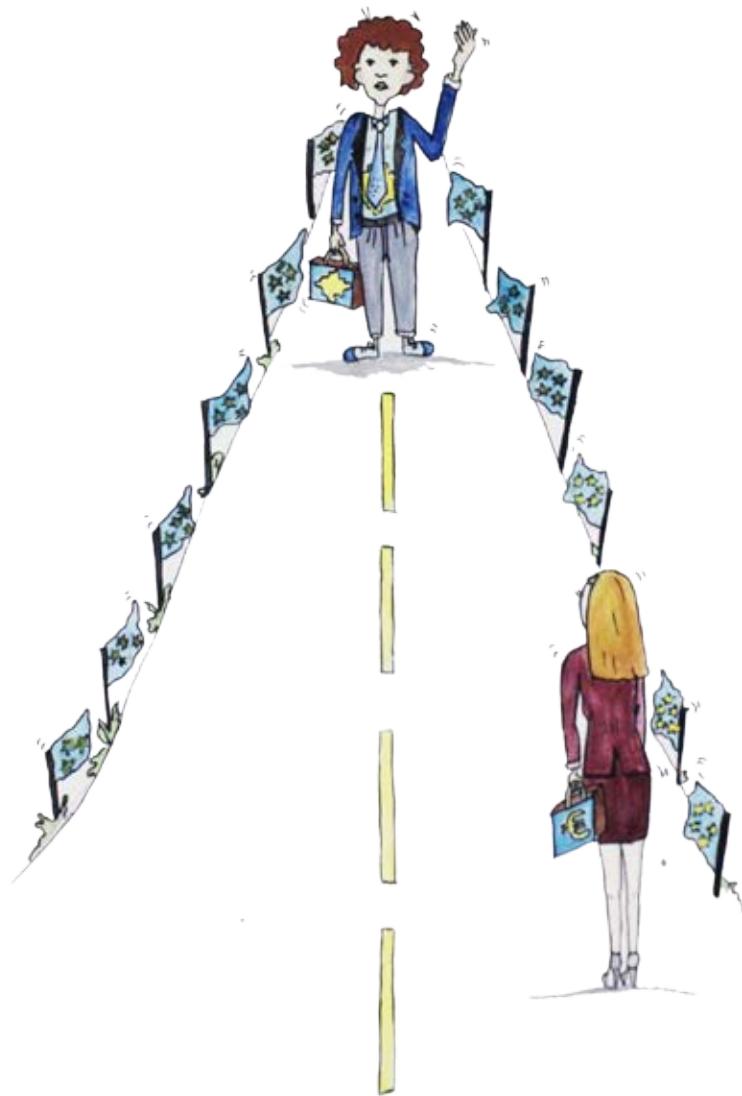
- A commitment to fighting corruption at all levels of society.

## Rule of law is of crucial importance for Kosovo.

The effectiveness and efficiency of the judiciary is not merely an abstract indicator that shows whether or not Kosovo is on target on its European path, but is important in the daily lives of ordinary citizens. Current problems with the judicial system, as well as allegations of corruption and mismanagement, can undermine the trust of Kosovo citizens in these institutions.

### Why does this matter?

Not having full confidence in judicial systems does not just affect citizens' lives but also deters foreign investors from investing in Kosovo and ultimately decreasing development and employment opportunities. It also affects Kosovo's reputation abroad. Economic development and the development of rule of law institutions go hand in hand, as does private sector development.





Respect for human rights is a fundamental and indisputable European principle. The SAA also stresses these important principles. Under the SAA, there will be a forum for increased policy dialogue about the rights of persons belonging to communities, minorities and vulnerable groups, such as women, children, the disabled, and the LGBTI community. Based on consultations with civil society and those representing those communities, these issues will be raised and discussed in SA sub-Committee, Committee and Council meetings.

The Commission's 2015 Report on Kosovo notes that the implementation of human rights has been negatively affected by both a lack of resources and political commitment, including at local level. As these issues will now be discussed in the joint bodies set up by the Agreement, Kosovo must engage in systematic reform in these areas, focussing on implementation or revision of relevant legislation, backed by the necessary resources and political commitment.

The Agreement thus provides an improved context to monitor and encourage respect for human rights. Citizens, equally, can engage in greater civic discourse and hold officials more accountable for upholding the principles they agreed to in the SAA.

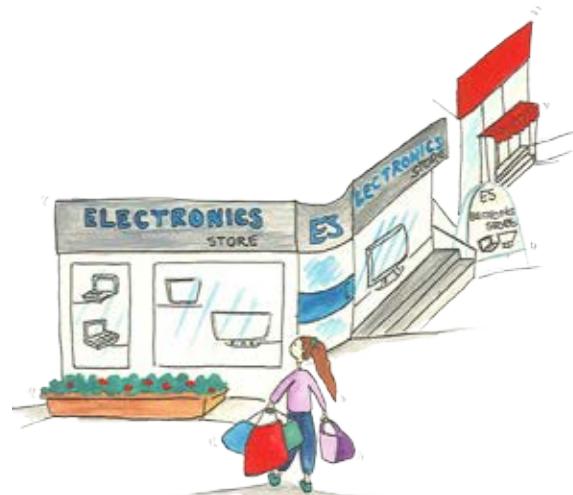


## V. The SAA and the Economy

### The SAA as a tool for bringing greater prosperity and economic opportunities

With the highest unemployment rate in Europe and economic development moving too slowly, major effort is needed, including reforms and investments, to improve economic conditions. While the signing of the SAA with the EU is a positive step in and of itself, its implementation will pave the way for: access to new markets, improvements in product standards and standardisation which in turn will increase export potential and help local business development, increased security and confidence for foreign investors etc., all of which should contribute to greater prosperity and job opportunities throughout Kosovo.

**The SAA will make more and better products available for citizens.** Over the course of the implementation of the SAA, Kosovo is expected to gradually embrace and implement European standards for products, especially as regards consumer protection and product quality. Experience regarding the latest Member State to join the Union, Croatia, shows that these consumer friendly reforms also support the development of the private sector and local markets.



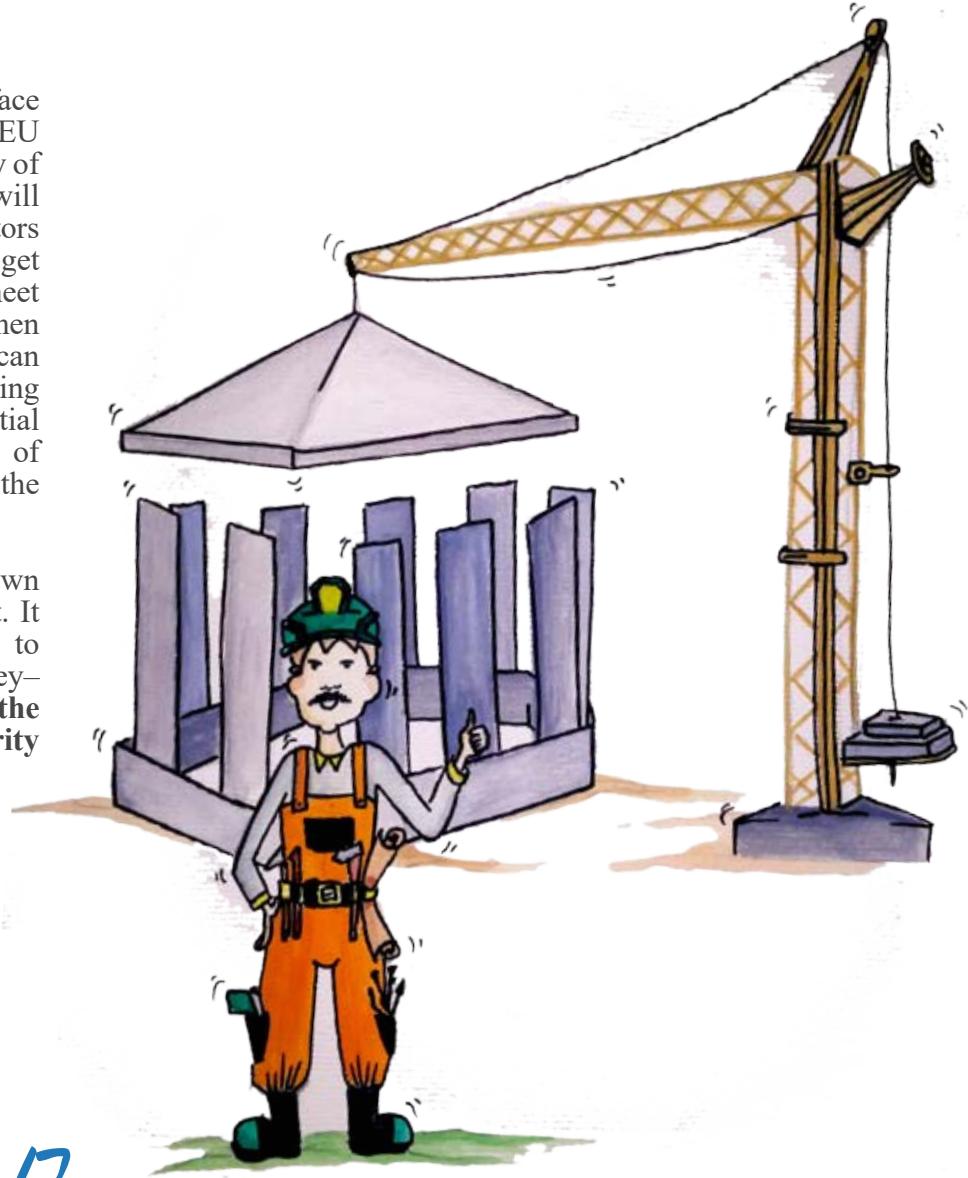
Enhancing Kosovo's position in international trade is another goal of the SAA, by helping to correct the current trade imbalance, through providing new opportunities for exports from Kosovo. In 2014, Kosovo imported over EUR 1 billion in goods from the EU but exported less than EUR 100 million in return. The SAA is intended to place EU and Kosovo products (which meet EU quality standards) on a level playing field, giving most of Kosovo's products unlimited access to the EU market. For example, a wine producer in Rahovec/Orahovac no longer just has a guaranteed market in Kosovo but can now benefit from Kosovo's wine export quota, increased and now guaranteed by having the SAA, giving him/her access to over 500 million potential consumers.

Most of Kosovo's industrial and agricultural products will now have guaranteed access to the EU market. In some cases, Kosovo will be able to protect its market for certain products (e.g. dairy products, apples and potatoes), so that EU products only gradually get equal treatment, allowing time for Kosovo's producers to improve their quality and standards to be competitive in those sectors.



The SAA, however, is not an economic cureall. Kosovo will still face serious economic challenges. Having this guaranteed access to EU markets will only bring full benefits if Kosovo's range and quality of products improves to be as competitive as possible. The SAA will fully deliver its potential if Kosovo focuses on strengthening sectors oriented on export markets, develops quality infrastructure to get products to those markets, ensures that products and exports meet EU health, safety and quality standards, and continues to strengthen and support small and medium-sized enterprises so that they can operate in the competitive EU single market. And, because nothing happens in isolation / everything is connected, these essential economic reforms go hand in hand with improving the state of democracy, rule of law and human rights, to fully benefit from the SAA.

The EU will provide technical support and advice, from its own experiences, through the structures set up under the Agreement. It will continue to give financial support for Kosovo's efforts to achieve mutual reform priorities and goals. **But political will is key—implementation of the reforms and commitments foreseen in the SAA is the key to using its potential to bring greater prosperity to Kosovo.**





What does the SAA do for me as a citizen or business person?

- A legal framework allows you to register and operate a business in the EU, just as EU businesses can operate in Kosovo.
- If you are a producer, your products will have better access to the EU single market. While some products are restricted by quotas, these quotas are far larger than they used to be in the past (see the Ministry of Trade and Industry for specific product details).
- The obligation to align with EU standards and norms will bring increased product safety and consumer protection for all Kosovo citizens.
- If you want to invest in the EU, or have EU investors interested to invest in Kosovo, the SAA provides an improved framework supporting such foreign investment.
- Custom duties are already eliminated on most imports and exports and will eventually be eliminated for all products in 10 years.
- Kosovo's companies are now eligible for EU public procurement contracts and vice-versa.



**What does it not do?**

- The SAA does not allow the Kosovo labour force full access to the single market. This access is restricted to companies.
- The SAA has no impact on visa-liberalisation.
- The SAA is not about EU membership for Kosovo. It is a tool that, if used properly and fully implemented, will prepare Kosovo to meet EU standards in a wide variety of areas. This will depend on progress made towards implementation and on other factors.

## VI. The SAA and Regional Cooperation

The EU is itself the greatest example of regional cooperation. It therefore naturally fosters regional cooperation, not only between countries but also with regional institutions, for the greater good of Europe as a whole.

For historical reasons, regional cooperation in the Western Balkans is part of the conditions countries need to meet in order to become full members of the Union. Regional cooperation therefore also features in the SAA as a core European value, both between the countries of the region and with current EU Member States and especially their border regions, to jointly address shared challenges, including by pooling resources.

Good neighbourly relations have been a central tenet of Kosovo's foreign policy. The Kosovo-Serbia dialogue is facilitated by the EU, and touches on many areas included in the SAA; this is naturally also a commitment under the SAA and will be supported through its implementation. In the same way as Kosovo has committed through the SAA to continue the dialogue with Serbia in good faith and to implement all bilateral agreements in the same way, Serbia has made similar commitments as part of its ongoing negotiations for EU membership.





## What else does regional cooperation mean?

- By requiring Kosovo to develop free trade areas with other countries that have signed SAAs, the SAA complements Kosovo's implementation of the Central European Free Trade Agreement of which it is already part.
- Regional collaboration in **research and development**, particularly with regards to supporting the development of key industries, is also supported. For instance, to obtain product certification, Kosovo companies are encouraged to work with labs in the EU as well as other countries of the Stabilisation and Association Process.
- Having an SAA promotes increased cooperation with neighbours and the EU in the areas of **freedom, security and justice**, particularly under the EU's Common Security and Defence Policy and in support of combating organized crime and terrorism.

## VII. The SAA and You

As already explained, the path to the EU will, as for other countries of the region, be a long and transformative process. This process will not be achieved by any one individual or any single institution acting alone. Rather, it involves all institutions, all parties and all parts of society.

The reforms that implementing the SAA will bring are those that everyone wants, whatever part of the political or social spectrum you belong to. Everyone can play a role in achieving these – politicians, whether they happen to currently be in government or opposition, in showing the political will to pursue reforms; civil servants in developing and implementing the reforms; other institutions in monitoring and tracking those reforms and, a vital part of any democratic system, the role of citizens and civil society in holding government accountable to its promises and promised reforms, businessmen and the private sector in taking advantage of the opportunities offered by the agreement and in holding the government accountable for economic reforms.





The SAA and You

The logic of the SAA is based on all actors playing those roles – to achieve the agreed goals of the SAA – e.g. a fully functioning society, with democratically elected institutions and a clear system of checks and balances in place to ensure fundamental rights, an efficient and independent judiciary, and a free and competitive market.

While the work in the SA bodies is government to government, all political parties can express their views on and support reforms when they are discussed in parliament and hold whatever government happens to be in power to the commitments the country made in signing the SAA. While civil society is not directly involved in the SA meetings, advance consultation means their views and demands can be fed into the process indirectly. In addition, as a further link to the citizens and their interests, linking EU integration and everyday life, departments dealing with European integration have been established within each Ministry, as well as a Municipal “European Integration Officer” in each of Kosovo’s 28 municipalities, all of whom can provide citizens with information on real progress on issues of concern to them. The more proactive citizens are within this integration process, the more transparent and successful this process will be.

## How can you be involved with the SAA?

- Get informed. Do you have a special interest? Follow up with your local or national officials to see what the SAA might bring to you as an individual, to your family or to business.
- Get in touch with your local Municipal European Integration Officer. Ask about the progress on specific areas and what role you can play in your own community.
- Get in touch with your elected parliamentary representatives. Ask them to raise issues of concern in the next SA Parliamentary Committee meeting and ensure they are remaining transparent and dedicated to the implementation of the SAA.
- Ask relevant Ministry and Agency officials if there is EU support in your sector of expertise. To support implementation, new projects and schemes are being developed by government institutions to support Kosovo in its implementation of the SAA.
- Involve yourself in the consultation of new laws resulting from commitments under the SAA and monitor their implementation.



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