

# Cross-Border Cooperation Between Albania and Montenegro

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## 1. Introduction

The aim of this study is to investigate the emergence and development of cross-border cooperation between Albania and Montenegro. Before we turn to analyzing those factors that make cross-border cooperation between Albania and Montenegro important not just for these two countries but also for the immediate neighborhood, I should clarify first of all why I chose to use the phrase cross-border cooperation between *Albania and Montenegro* instead of *Albania and Yugoslavia*. This choice does not imply any political position in favor of Podgorica in its dispute with Belgrade concerning the future of their relationship. There are three main reasons why I opted for this term: There exists a differentiation between Podgorica and Belgrade. It is exactly due to this difference that Montenegro started to build a different relationship with other regional countries, including Albania, even during the Milosevic rule in Belgrade that lasted until October 2000. Despite the democratic changes in Serbia, these differences continued to persist, as it is also acknowledged by the new agreement on the union of Serbia and Montenegro. Not only did this agreement clearly place Montenegro in the name of the new state but also creates a loose federation – Montenegro will continue to keep its own monetary system – while recognizing the right of each member state to dissociate from this relationship after three years. Second, in contrast to interstate relations such as those between Albania and Slovenia, cross-border cooperation between neighboring countries also implies the development of contacts and even, in the optimal case, the creation of ‘soft cross-border institutions’ between local actors in the border regions or what is known as Euroregion. Since Albania in the northwest borders with Montenegro this constitutes one more reason to focus on Albanian – Montenegrin relations. Lastly, the unresolved question of the final status of Kosova will continue to remain as an issue in between Tirana and Belgrade, even though it is through their elected authorities in Prishtina that the Albanians of Kosova express their will and not through Tirana. While Tirana and Belgrade should and will develop contacts – negotiation for signing a bilateral agreement on free trade will open soon as part of the project for creating a free trade zone in Southeast Europe. Yet, it is very difficult to see this relationship developing without any regard for the Kosova question. As a recent example illustrates: Belgrade protested against the visit of Albanian Prime Minister Pandeli Majko to Kosova as defying the resolution 1244. “Such conduct by the Albanian side reflects its complete ignorance of the Federal Republic of Yugoslavia, of which Kosovo is an integral part, but also its open territorial aspirations for this part of Yugoslavia.” UN administration in Kosova (UNMIK) rejected this claim of the Yugoslav authorities stressing that it does not require Belgrade approval for the visit of foreign dignitaries to Kosova.<sup>1</sup> In contrast to this, the Kosova question does not burden the relationship between Albania and Montenegro. However, as we will show below, one of the aims of the study is to explore also those opportunities that exist in widening cross-border cooperation between Albania and Montenegro to include Kosova and Serbia too.

Now we turn to the reasons that provide the rationale for undertaking this study. The collapse of communism brought to an end the isolation of Albania, which had been very costly considering the small size of the country. The democratic and market oriented reforms that were introduced opened the way to political and economic cooperation with the neighboring countries and beyond. Thus southern Albania developed mainly cross-border cooperation with Greece and central Albania with Italy. However, northern Albania could not benefit from such developments because it remained trapped as result of the Yugoslav wars of secession, and the UN imposed

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<sup>1</sup>“UN Rejects Belgrade Protest over Albanian visit to Kosovo”, *RFE/RL Newslines*, 8 April, 2002

embargo on rump Yugoslavia. The relative isolation of the northern areas from the national economy due to poor infrastructure further aggravated the situation. As a result northern Albania is the poorest region of the country. However, with the end of the war in Kosova, the western oriented course pursued by the Montenegrin leadership, and finally with the removal of the Milosevic regime a window of opportunity has opened to northern Albania and especially for the Shkodra region. The new era in the relations between Albania and Montenegro has created opportunities for economic cooperation thus providing a stimulus for economic growth and revival of the border areas; and at the same time contributes to the reduction of tensions by establishing a constructive political dialogue. Beyond its direct significance for these two countries cross-border cooperation between Albania and Montenegro has a wider regional impact. This value lies in two factors: the importance of cross-border mechanism as a way to address problems related with regional cooperation and the specific contribution that Tirana and Podgorica could make to the process of regional reconciliation and cooperation.

The inability to establish regional co-operation has been a salient characteristic of the Balkans. As an analyst from the region notes: "Balkan countries find it difficult to build their co-operation arrangements on the basis of their own interests and needs."<sup>2</sup> The wars in Yugoslavia reinforced this legacy by slowing down regional co-operation, and amplifying countries' suspicion of each other. Thus Southeast Europe could be characterized as a region with a high interdependence on security affairs, yet having little meaningful interaction in other areas. In 1989 relatively little trade existed among Balkan countries. A decade after the regions continuous to be poorly integrated and the EU remains the most important trading partner.<sup>3</sup> Even the binding security dimension that we mentioned, exists only in terms of conflicts, unresolved regional questions and their potential spill over effect, not in terms of regional mechanism constructed to cope with these security threats. This function is now being performed by the NATO presence. However, Western efforts have not been confined only to the security dimension, although without the latter is difficult to have any genuine cooperation. So, in order to compensate for this dearth of regional cooperation the US and the EU have launched a number of programs and initiatives, Stability Pact being the last and most comprehensive one, aiming to increase regional cooperation, economic well being and reduce inter-state tensions. We could say that for the first time in the history of the Balkans the West has an institutional approach for the region as a whole. While these international efforts are very important and provide a strong stimulus for cooperation, there is a great need for combination of these schemes with indigenous efforts and attempts of regional building that emerge from the countries of the region themselves and their own formulation of national interests. Otherwise, as some observers note, Stability Pact or any other regional initiatives supported from outside the region will not achieve their objectives.<sup>4</sup> In the Balkans there are no big-bang solutions and region wide processes and initiatives cannot solve the particular problems themselves.<sup>5</sup> There is a need to move below the regional level since it is at the bilateral level that countries build sustainable relationships based on their interests. As Misha Glenny suggested – even though in the mid-1990s thus in a different Balkan reality – that the only way to security and economic prosperity in the Balkans is by establishing a system of

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<sup>2</sup> R. Vukadinovic, "Balkan Co-operation Realities and Prospects", in S. Larrabee (ed.) *The Volatile Powder Keg*, a RAND Study (The American University Press, 1994), p.189.

<sup>3</sup> Milica Uvalic, "Regional Co-operation in Southeast Europe", in Thanos Veremis and Daniel Daianu (eds.) *Balkan Reconstruction*, Frank Cass, London, 2001, pp.56-61

<sup>4</sup> Charles King, "Strategy and Region Building in the Wider Southeast Europe", in Albert Rakipi (ed.) *Stability Pact Just Around the Corner*, Albanian Institute for International Studies, 2000, p 70. The German Marshal Fund of the United States, *Future Directions for US Assistance in Southeastern Europe*, Washington DC, February 2001, p. 4.

<sup>5</sup> Gareth Evans, "Advancing Balkan Stability", address to The Trilateral Commission, 11 November 2001 available at International Crisis Group at <http://www.intl-crisis-group.org>

bilateral treaties between states as the basis for building cooperation at the regional level.<sup>6</sup> While this could prove to be a slow process of regional building, it is important to stress that since the region does not face any longer the dangers of pending conflict and is behind the rest of Central and Eastern European countries in the process of EU integration this approach to building regional cooperation should be supported. This bottom up approach can address the question of confidence building that is so crucial for any meaningful cooperation. There are actually acknowledgements of this need. Dr. Erhard Busek, the Special Coordinator of the Stability Pact for Southeastern Europe, has outlined, within the regional context the existence of different triangles such as: Belgrade-Zagreb-Sarajevo; Belgrade-Podgorica-Prishtina; Tirana-Prishtina-Skopje.<sup>7</sup> Each triangle, which evolves around a security question, forms a sub-region within the larger Balkan region. And it is exactly at these sub-regions that the efforts should be addressed. Similarly, a project that was carried out by the German Marshall Fund of the United States to “re-examine the strategic focus of American involvement in Southeastern Europe”, among other conclusions, also stresses that: “all attempts to foster cross-border cooperation must take into account nascent and historical linkages, ...or other expressed mutual interest among cooperating countries. For example, trying to foster increased links between Romania and Serbia, while admirable, is unlikely to foster long-term cooperation because of large differences and the lack of significant historical ties between the two countries.”<sup>8</sup> This is a clear recognition of the need to focus at the bilateral level (cross-border cooperation between countries), because it is there that the main incentives for cooperation come.

While moving from the regional to the bilateral level is important, it is essential that the process does not remain confined just to national elites. The aim in the Balkans is reconciliation among its peoples, and to achieve this it takes more than a top-down approach. The overwhelming western political and military involvement in the region combined with domestic weaknesses of the Balkan countries has drastically limited the elites’ room to maneuver. However, structural constraints that secure elite compliance with the rules of the game or western expectations are no guarantees for reconciliation. To achieve the latter, contacts between neighboring countries should extend beyond foreign policy departments and involve other transnational actors in order to engender trust. It is exactly here that cross-border cooperation could make a valuable contribution. In contrast to inter-state relations, cross-border cooperation involves, in addition to national elites, also the activities of local authorities and other local actors situated in the border areas.

Cross-border cooperation is a widespread phenomenon in Europe, which is the continent with more kilometers of political boundary per unit of land than any other continent.<sup>9</sup> It is a well recognized fact that the existence of the border places the adjacent regions in a peripheral position, which is reflected in the problems that these regions face with regard to economic growth, development of infrastructure, environmental protection etc. All these have necessitated the initiation of cross-border contacts in order to address issues of mutual concern for the inhabitants of the border regions. The importance of cross-border cooperation for Western Europe has been reflected by developments in different spheres: 1) The growth of voluntary associations of border regions such as the Association of European Frontier Regions, the different Working Communities of Alps, the Working Community of Pyrenees, the establishment of Euroregions

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<sup>6</sup> Misha Glenny, “The Temptation of Purgatory” pp.79-80, and Susan Woodward, “Rethinking Security in Post-Yugoslav Era”, p.118, in Graham Allison and Kalypso Nicolaidis, (eds.) *The Greek Paradox*, Center for Science and International Affairs, Harvard University, 1997.

<sup>7</sup> Center for Strategic and International Studies, Washington DC, *Public Forum with Dr. Erhard Busek*, Special Coordinator, Stability Pact for Southeastern Europe, February 4, 2002.

<sup>8</sup> The German Marshall Fund of the United States, *Future Directions for US Assistance in Southeastern Europe*, Washington DC, February 2001, p. 4.

<sup>9</sup> Alan K. Henrikson, “Facing Across Borders: The Diplomacy of Bon Voisinage”, *International Political Science Review*, Vol.21, No.2, p.125.

across the borders of different European states, and many other association of a trans-regional character. These associations serve as forums where experience is exchanged and problems of frontier regions are discussed. They also lobby the EU and perform an advisory role for other organizations and institutions. 2) The adoption of conventions providing a legal framework for these activities – the Council of Europe has made a vital contribution in this area by approving the Convention of Trans-frontier Cooperation in 1980, and the Additional Protocol to this Convention in 1995. 3) The European Commission has designated several initiatives in order to support cross-border cooperation both along the internal and external borders of the Union like INTERREG, INTERREG II and three now. The resources allocated for the INTERREG II initiative from the Structural Funds accounted for 22 percent of the total figure designated for the 13 initiatives created by the European Commission. In absolute terms the figure amounts to 2.6 billion Ecus.<sup>10</sup> While for INTERREG III, 2000-2006, the support given reached 4.9 billion Euros. Since 1994 countries of Central and Eastern Europe bordering the EU have also benefited from the PHARE-Cross-border program. Since 1998 through CREDO the EU provides funds also for cross-border cooperation between accession countries without a border with a current EU member.

What we notice from the brief outline presented above is that, despite the long and extensive process of European integration, cross-border cooperation is nonetheless considered an important activity that should be promoted in order to achieve integration at the micro-level. Therefore, we can conclude that the realities of Central and Eastern Europe, and in particular those of Southeast Europe, would further enhance the value of cross-border cooperation. Those factors that necessitated the development of cross-border cooperation within the EU are even more salient in the case of Balkans.

In order to better understand the nature of borders and border zones in the region we need to look at their historical evolution, in which we could single out three main periods. The first period starts with the Congress of Berlin in 1878, then the London Conference in 1913 following the Balkan Wars, and finally the Paris Peace Conference after the First World War. During this period the borders of the region were drawn and redrawn mainly based on geo-strategic considerations and the power of the victorious countries without much concern for ethnic or other consideration. The most glaring example is provided by the Albanian case. Almost half of the Albanian nation was left outside the borders of the Albanian state created in 1912. The second period starts after the Second World War. Just immediately after the end of the war there were discussions about creating a Balkan federation, which would have transformed international borders into administrative ones. The Tito Stalin split in 1948 brought an end to the Balkan federation project. For most of the Cold War era, the totalitarian and centrally planned nature of the communist regimes, combined with the security concerns turned borders solely into instruments for separateness, relegating border regions to peripheral status or what is known as alienated borderlands. During this period state borders in the region could very well be considered as 'dead borders' with all the economic activity directed toward the center. The collapse of communism heralded the beginning of a new era. The democratization and liberalization reforms initiated by the countries of the region, among others, also created opportunities for people to cross borders in search for a better living or for commercial purposes. From the Cold War experience with borders as just dividing lines, people were now seeing and practicing borders also as a contact point. However, the bloody disintegration of Yugoslavia, introduced another process that of boundary making, which affected not only the territory of former Yugoslavia – creating international borders out of administrative ones, followed with displacement of people and massive destruction – but also the neighboring countries. The Yugoslav wars of secession combined with the UN imposed embargo meant that the neighboring

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<sup>10</sup> Kepa Sodupe, "The European Union and Inter-regional Co-operation", *Regional & Federal Studies*, (special issue Paradiplomacy in Action) Vol. 9, No. 1, Spring 1999, pp.58-80.

regions bordering Yugoslavia would continue to experience borders as barriers, deprived from the opportunities of economic and human interactions and economic revival.

As we see from this brief historical overview that problems associated with borders and border regions have been compounded as we move from one period to another. However, in addition, we notice that borders are not just static lines, but should be seen as variables. Although we are inclined to understand border transformations as simply the change of the physical borderline, in fact borders can change their functions, yet without shifting the physical borderline. As authors focusing on the study of borders and cross-border relations suggest that borders should be understood as complex, multidimensional institutions. Borders perform two contradictory functions: on one hand they separate sovereign territorial units and act as barriers by controlling the flow of goods, people and ideas while, on the other they are places where states and people meet. Thus the meaning of borders can change over time and space depending on domestic and international milieu. Actually the same border can have different meaning for different people.<sup>11</sup> In the context of our study, it is important to explore how cross-border cooperation can positively transform the meaning of borders and territoriality. And by so doing, make a significant contribution to reconstruction of Southeast Europe. There are in fact initiatives that are already working in this direction. The East West Institute (EWI) in its rationale for the trans-frontier cooperation program in Southeast Europe states that: "Ten years of conflict have both shattered confidence and erected new barriers in Southeast Europe. In the context of international efforts for reconstruction EWI believes that priority should be placed on establishing support for institutions of trans-frontier cooperation among local and regional authorities. In addition to jumpstarting economic development in the affected regions, trans-frontier cooperation can serve as an important avenue of reconciliation and confidence building among the people of the border areas."<sup>12</sup> Other authors have also pointed out to the specific contribution that cross-border cooperation could make to reconciliation processes.<sup>13</sup>

A vital element of cross-border cooperation is the ordinary citizens. Although processes like regional integration and cross-border cooperation could be seen as driven only by national elites and international actors, the ordinary citizens with their daily activities do play an important role in shaping and transforming these processes.<sup>14</sup> The propensity that people have to cross the border, together with perceptions of *the other* constitute important factors that effect the intensity of cross-border contacts. A recent example from the region very well illustrates this. There are signs that both Belgrade and Zagreb are trying to improve their relations. They reached in May an agreement by which the citizens of the two countries would be issued tourist visas during the summer season. In addition to political elites, business communities on both sides of the border are also interested in improving relations. Croatian tourist industry is hoping that tourists from Serbia would visit Croatia this summer, after indication that many Serbs have shown interest in spending their holidays in Croatia. However, despite this positive signs it seems there are still reasons to be concerned. As an official from the Croatian Ministry of Tourism stated that: "I am worried there'll be fighting or even worse. The ministry, he said, had suggested tourist agencies

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<sup>11</sup> Thomas M. Wilson and Hastings Donnan, "Nation, state and identity at international borders", in Wilson and Donnan (eds.) *Border Identities*, Cambridge University Press, 1998, pp.1-26. Anssi Paasi, "Boundaries as Social Processes" in David Newman (ed.) *Boundary, Territory and Postmodernity*, Frank Cass, 1999, pp.69-86.

<sup>12</sup> East West Institute, (section on Transfrontier Cooperation in Southeastern Europe) at <http://www.iewis.org>

<sup>13</sup> I am very grateful to the author for providing the full text of her paper. Ann Kennard, "The Institutionalization of Borders in Central and Eastern Europe", paper presented at the *Conference: Border Regions in Transition*, Tartu University, Estonia, June/July 2001, <http://www.ut.ee/SOPL/english/border/> Alan K. Henrikson, "Facing Across Borders: The Diplomacy of Bon Voisinage", *International Political Science Review*, Vol.21, No.2, p.125; Noe Cornago, "Diplomacy and Paradplomacy in the Redefinition of International Security", *Regional & Federal Studies*, vol.9, No.1, Spring 1999, pp.40-53.

<sup>14</sup> Switbert R. Kamazima, "Rethinking Cross-Border Cooperation, Regional Integration, and Globalization: Some Theoretical and Methodological Issues", Paper presented at the Graduate Student Workshop on: *Work and Social Citizenship in a Global Economy*, Madison, Wisconsin, November 9, 2000.

proceed with caution and send Yugoslavs mainly to Istria, the northern peninsula bordering Slovenia. That's where the ravages of war were not so strong and tolerance between ethnic groups is traditionally the greatest."<sup>15</sup> The conclusion is obvious: the governmental decision to open borders and improve relations, though very important, is not enough. The willingness of Serbs to visit Croatia and Croats attitude towards Serbs are important factors that should be taken in account. At the same time it is wrong to think that people can simply be shaped by state propaganda and change their perceptions and attitudes whenever politicians so wish. In short, cross-border cooperation initiatives could make a vital contribution to the processes of regional building by introducing the bottom up approach that has been neglected so far.

Now we move to our case study of cross-border cooperation between Albania and Montenegro and the specific contribution that it could make to the process of regional reconciliation and cooperation. First of all, promoting cooperation between these two countries has a value in itself both in economic and political terms. In a regional context, the value of this cooperation is further enhanced if we consider the larger issues involving Albanians and their neighbors. On one hand, there is the legitimate need of Albanians in the region to have what I would call normal relations among themselves, something that was forbidden to them for several decades. However, in order for this to happen, it is indispensable to build positive and sound relations between Albania, Kosova and the neighboring countries. If Montenegrins, Macedonians and Serbs would feel insecure about the ultimate outcome of the relations among Albanians in the region then they will hinder this cooperation. In other words, how these legitimate needs can be addressed: the demand for open borders of the Albanians, and the border re-affirming guarantees demanded by Macedonians, Montenegrins and Serbs. In this context, this paper argues that a successful case of cross-border cooperation between Albania and Montenegro would provide a positive example of how trust and cooperation can be build despite the existence of Albanian minority in the border areas between Albania and Montenegro. In addition, this cooperation has the potential to provide a foundation for wider cooperation schemes involving Kosova and Serbia.

In the first part of the study we will look at the international and domestic political factors that have shaped and are likely to influence the development of cross-border cooperation between Albania and Montenegro. The importance of the political component is crucial even in those cases when the issues involved are technical. As Ernst Haas has rightly pointed out that one cannot separate politics from technical issues. Similar to the processes of integration that Haas was writing on, cross-border cooperation between states would take place and develop only when national political elites perceive this as being in their interests. We start by looking at the development of Albanian Montenegrin relations from 1993 till 1996 and the reasons that account for this rapprochement cooperation taking in consideration the difficult milieu in which they developed. Then we focus on domestic developments in both Montenegro and Albania. Special attention will be given to internal developments in Montenegro since it is only by understanding this dimension that we can explain the intensive cross-border cooperation that started after the end of Kosova war. In this section we will also explore the possible impact that the new agreement reached between Serbia and Montenegro could have on cross-border cooperation as well as the scenario of the pro-Yugoslav opposition coming to power.

In the second part we investigate the expansion of cross-border cooperation between different local actors such local government, universities and different NGOs and associations and the extent to which we notice the emergence of cross-border regional building. Looking at this level of analyzes in addition to the central government is important because the activities of local actors together with the daily activities of borderlanders does have an impact on the intensity of cross-border cooperation. In this section we focus also on the functions of borders and the implications that stem from this and the contribution that cross-border cooperation between Albania and could maker to the wider processes of regional reconciliation.

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<sup>15</sup> Drago Hedl, "Croatia: Old Foes Blow Hot and Cold", *Balkan Crisis Report*, No. 340, May 31, 2002



The development of cross-border economic activity whether legal or informal, and the benefits that people have derived from it will be analyzed in the last part of the study. Taking in consideration the depressed economic situation in both countries, special attention will be given to the potential for cooperation that exists between the two countries. We will be looking at the Montenegrin economy and the impact that economic transformation could have on different sectors of the economy, and the likely shape of the Montenegrin economy after the transformation. Through these three angles we will aim to give a comprehensive picture of the cross-border relations between the two countries.

## **2. The Development of Albanian Montenegrin Relations**

### **2.1 The first phase of Albanian Montenegrin cooperation 1993-96**

The dramatic changes that happened in the former communist block, the collapse of communism and the end of Cold War, heralded the beginning of a new era of peace and cooperation in Europe. In the Balkans as well, this meant the elimination of ideological barriers, as we did not have any longer a mosaic of political systems that hindered cooperation. All the countries declared as their primary goal political democratization, economic liberalization and the aspiration of joining Euro-Atlantic institutions. However, the bloody disintegration of Yugoslavia was a terrible shock to the early optimistic visions. The Yugoslav wars of secession not only had a devastating effect for the people of former Yugoslavia but also compounded and retarded the transformation processes that were initiated in the neighboring countries. The reason why Southeast Europe is behind Central European and Baltic countries in the processes of democratization, economic reform and in the prospects of joining the EU and NATO, should be searched, among others, also in the impact that wars, economic sanctions and the potential spill over effects had on the region.

In this context, we could say that Albania was the country most handicapped for undertaking the transformation processes. Unlike the rest of former Warsaw Pact countries Albanian communist leaders had refused to undertake the process of de-Stalinization. The country was ruled by one of the most repressive regimes in the entire communist block, which pursued a policy of isolation from the rest of the world. The economic system was characterized by over-centralization and the adoption of self-sufficiency as the main guiding principle, which resulted in the devastation of the Albanian economy. The outcome of all these, was an almost total collapse of the state during the early 1990s. A general situation of turmoil prevailed as the communist system was collapsing and the country was moving toward pluralism. The internal security had broken and the country was experiencing a severe economic and social dislocation that had reduced Albania to dependence on foreign assistance.<sup>16</sup> In addition to this daunting domestic agenda, the newly elected democratic government that emerged after the elections of 1992 was confronted with the potential of the Yugoslav wars spreading southward to Albanian inhabited territories in former Yugoslavia, mainly Kosova. At this point it is useful to look briefly at the Albanian foreign policy toward its national question.

Although considered as “the mother country” of all Albanians living outside its borders, throughout its history Albania has never been able to live up to this image. A weak and vulnerable state, Albania, has always been preoccupied with its own survival. The best way to achieve this was by not focusing on the national question. This was a clear dimension of Albanian foreign policy during the interwar period as well as the communist era. However, after the collapse of communism and disintegration of Yugoslavia Albanian foreign policy became more

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<sup>16</sup> Louis Zanga, “Albania Reduced to Total Dependence on Foreign Food”, *RFE/RL Research Reports*, Vol. 1, No.8, 21 February 1992 Elez Biberaj, *Albania in Transition*, Westview Press, 1998, pp.71-75

assertive. Two reasons accounted for this change. First, due to the collapse of communism and the democratization processes that were occurring throughout the communist block, Albania found itself better placed to support the cause of the ethnic Albanians in Yugoslavia. Prominent figures in Kosova and Albania had criticized the slow pace of reforms in Albania, arguing that democratization of Albania would be of great assistance to Kosova.<sup>17</sup> The democratization made possible the establishment of the first cross-border links between Albanians outside Albania and their newly created political forces with Tirana. While democratization increased the disposition of Tirana to focus more on the plight of the Albanians across the border, other developments forced the democratic government to formulate a clear stance toward the national question and pursue an active foreign policy.

The outbreak of the Yugoslav wars had a twofold effect on Tirana. On the one hand, the isolation of Serbia and its relegation to a pariah status provided a greater diplomatic space to Tirana to assist Albanians in Kosova and to help in internationalizing the Kosova question, on the other, it placed Tirana in a precarious position by posing the ominous threat of war. If the conflict spread to Kosova, then Albania would have ultimately been dragged into it as well. Such a development would have been catastrophic for Albania whose armed forces were grossly inadequate for the country's defense.<sup>18</sup> The avoidance of war became an overriding foreign policy objective. To address this concern Albania adopted the following strategy: While stating that it recognized the inviolability of borders, thus supporting a peaceful resolution of the problem, it declared that if Serbia started its ethnic cleansing campaign in Kosova, then, Albanians would react as one nation. This foreign policy stance was meant to serve as a deterrent against the Serbian threat and to urge the US and other Western countries to become more involved in this part of the region. Another important objective of Albanian policy was to strengthen the confidence of Albanians in Kosova in the peaceful means and peaceful resistance led by Rugova so to discourage any move towards armed resistance among the population. In all its endeavors Tirana tried to closely coordinate its activities with the Kosova shadow government.

Albania pursued an active policy at the international and regional level with the aim of building an anti-Milosevic coalition. In these attempts it also tried to establish bilateral relations with Podgorica despite the difficult milieu within which this cooperation was taking place – Montenegro was not an independent state but the junior brother in the federation with Serbia, which was responsible for what was happening in the territory of former Yugoslavia. The reasons behind Tirana's move were: It tried to differentiate between Serbia and Montenegro by seeking to exploit whatever potential differences could exist between Podgorica and Belgrade. Although at this period there was no split in the Montenegrin leadership regarding relations with Serbia, as the one that developed after 1997, yet the very existence of separate republican structures provided the ground for the Montenegrin authorities to have their vested interests and particular point of view. Another reason was related to Tirana's attempts to alleviate to some extent the dire economic situation of northern Albania by liberalizing the border regime with Montenegro thus making possible the free movement of people and small cross-border trade. At the same time, the Albanians of Montenegro would have also benefited by the development of these contacts between Albania and Montenegro and the opportunities that a more liberalized border regime offered.<sup>19</sup> At the same time cooperation with Montenegro could have provided as well a channel of communication with Belgrade.

Now we focus on Montenegro's reasons for rapprochement. Montenegro was the only former Yugoslav Republic that had chosen to remain in federation with Serbia. In the referendum held in March 1992, 96 percent of the 66 percent participating voters supported the continuation

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<sup>17</sup> Elez Biberaj, "Kosova: The Balkan Powder Keg", in Peter Janke (ed.) *Ethnic and Religious Conflict*, Dartmouth England, 1994, pp.10-11.

<sup>18</sup> Elez Biberaj, *Albania in Transition*, Westview Press, 1998, p. 251.

<sup>19</sup> Interview with Mr. Fatos Beja, former advisor to President Sali Berisha

of the Yugoslav federation between Serbia and Montenegro. In contrast to Albania that was undergoing dramatic transformations in all spheres of life, the situation in Montenegro was characterized by political and economic stasis. During this period that lasted until 1997, the political life of Montenegro could be described as falling into the *dominant-power politics* category. According to this, “one political grouping dominates the system in such a way that there appears to be little prospects of alternation of power in the foreseeable future. A key political problem in the dominant power politics countries is the blurring of the line between the state and the ruling party. The state’s main assets are gradually put in the direct service of the ruling party.”<sup>20</sup> In Montenegro the Democratic Party of Socialist, the successor of the Communist League of Yugoslavia, continued to be in power unchallenged until 1997 (and remained in power after 1997 but in a different context that will be explained later). Thus Montenegro, similar to Serbia, did not experience any political transition. During this period there was consensus among the ruling elite and the Montenegrin public about the ‘idea of the state’ – the federation with Serbia enjoyed legitimacy and Montenegro remained an ally of Serbia despite the wars and international sanctions. (However, the 1997 split of the ruling party showed that discontent had been growing within the party as well as in the public).

The lack of political transition, the continuation of the phenomenon of one-party rule and the decision to remain in a federation with Serbia reflected itself in the economic and institutional fields too. From 1990 to 97, the Montenegrin economic system did not undergo any transformation either in terms of structure or management. The state remained the major player, and heavy industry continued to be considered as the basic sector in economy.<sup>21</sup> Before the disintegration of Yugoslavia Montenegro had been the poorest republic in the federation. Moreover, the effects of economic sanctions and the loss of traditional markets resulted in the negative economic growth that Montenegro experienced since 1989, which reduced the capacity of the state to address peoples’ needs. The need to break the isolation in which its alliance with Serbia had placed it and to find ways to supply its economy constituted the main reason that explains Montenegro’s desire to establish bilateral contacts with Tirana. Unlike Serbia that bordered many countries like Macedonia, Bulgaria, Romania and Hungary, thus having greater opportunities to supply its economy, Montenegro had to rely mainly on Albania.

The first contacts between Albanian and Montenegrin authorities were of a semi-formal nature. The Montenegrin Foreign Minister used to travel abroad via Albania, thus providing an opportunity for its Albanian counterpart to meet with him. With the request of the Albanian side a meeting was held in January 1993, in which it was agreed to intensify bilateral cooperation in the political and cultural spheres, and at the same time initiate contacts between economic commissions that would focus on the ways to liberalize the border regime. In line with this policy the Albanian Foreign Minister Alfred Serreqi and its Montenegrin counterpart Miodrag Lekic met in July 1993 and among others agreed to make preparations for a high level meeting, which took place in Tirana in September of the same year between Albanian President Sali Berisha and Montenegrin President Momir Bulatovic. This was a historic visit if we consider that high level contacts between the two countries had not taken place since 1948 and also the tense climate that surrounded Tirana’s relations with Belgrade. It would have been impossible for Bulatovic to visit Albania, had the latter adopted a belligerent foreign policy stance toward rump Yugoslavia. Despite Tirana’s rhetoric and hostile attitude toward Belgrade it was clear that it could not embark on a military solution to the Kosova question. As we mentioned earlier the main objective of Tirana was to prevent the southward spread of the conflict. Actually a few months prior to Bulatovic’s visit Tirana had once more stressed that it was against armed resistance in Kosova. A

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<sup>20</sup> Thomas Carothers, “The End of the Transition Paradigm”, *Journal of Democracy*, Vol. 13, No. 1, January 2002, pp. 11-12.

<sup>21</sup> Veselin Vukotic, “The Economic Situation and Economic Reforms in Montenegro”, in Nicholas Whyte (ed.) *The Future of Montenegro*, Center for European Policy Studies, 2001, p. 45

prominent Albanian intellectual from Kosova Rexhep Qosja published in an Albanian daily an open letter criticizing the policy of Tirana toward the national question and called for a guerrilla movement in Kosova, something that was immediately and strongly criticized by the Albanian president. This issue was given space also in the Yugoslav media.<sup>22</sup>

The planned visit of Montenegrin President to Albania aroused a lot of interest in Belgrade. Actually some questioned that on behalf of whom Bulatovic is visiting Tirana; or interpreted the visit as an attempt for separation of Montenegro from Serbia. Whereas Bulatovic tried to clarify that the visit was arranged in agreement with the Federal and Serbian authorities, and hoped that it would mark the beginning of a new relationship between Albania and Federal Republic of Yugoslavia. At the same time stressing that the aim of the visit was to focus in particular on bilateral relations between Albania and Montenegro.<sup>23</sup> In Tirana, Montenegrin President Momir Bulatovic was given a red carpet reception. After a tête-à-tête meeting with Berisha, Bulatovic declared that he appreciated the fact that Berisha was inclined to solve the problems through dialog and democratic means. He also declared that both Montenegro and Albania have made a valuable contribution to regional stability. In the same vein, Berisha declared that our views regarding the Bosnian conflict and Kosova question differ but this should not hinder our cooperation in the other areas of common interest and in ways that do not violate the embargo. He also said “we will comply with the international embargo but we feel sorry about Montenegro because it is not Podgorica that determines what is happening in former Yugoslavia.” The meeting was seen as a positive step toward reducing tensions in the region.<sup>24</sup> A few months later, Berisha went a step further declaring that considering the realistic approach of Montenegro toward the Balkan crisis, international sanctions for Montenegro and Kosova should be lifted. Cooperation between Albania and Montenegro continued in the course of 1994. In May, a meeting between the Minister of Tourism of Montenegro Dragan Milic and Albanian Deputy Minister of Tourism was held. The Montenegrin Minister said that tourist industry in Montenegro was very much interested to cooperate with the Albanian side and increase the number of Albanian tourist that would spend their holidays in Montenegro and vice versa. He suggested that tourist agencies should be given greater opportunity to cooperate with each other. While in June, Montenegrin Prime Minister Milo Djukanovic, accompanied by Deputy Prime Minister and Minister of Foreign Affairs, Miodrag Lekic made a visit to Albania. The discussions had focused on bilateral relations between Albania and Montenegro, the crisis in former Yugoslavia and the situation in Kosova.<sup>25</sup> This visit, which was the second high-level meeting in less than a year, took place immediately after Yugoslav/Serbian authorities had expressed interest in initiating a dialogue with the Albanian side at the level of Foreign Ministers.<sup>26</sup>

Meanwhile as cooperation between Albania and Montenegro developed, the press in Albania started to report for the growing number of embargo busting cases, in which large quantities of oil were being smuggled to Montenegro. According to the newspaper and police reports it seemed that this phenomena had intensified starting from the end of 1993. The police had confiscated two ships, which had smuggled oil to Montenegro and had blocked two more in the port of “Shen Gjin” in northwest Albania and several tank-trucks that were attempting to smuggle oil. The police had also found two separate pipelines that conveyed oil across river Buna

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<sup>22</sup> AFP, Prishtine, 20 January, “*Berisha paralajmeron Kosovaret te qendrojne larg metodave teroriste*”

<sup>23</sup> Radio “Voice of America” (in Albanian), 14.September 1993. (the program has been taken from the Albanian Telegraphic Agency).

<sup>24</sup> AFP, Tirane, 15 September, 1993, “*Afrim midis Shqiperise dhe Malit te Zi...*”; Radio “Montenegro” 15 September 1993; Radio “Voice of America” (in Albanian), 16 September 1993, (All this information was provided by the Albanian Telegraphic Agency); Reuters, Tirane, 15 September 1993, “*Shqiperia dhe Mali i Zi gjejne gjuhen e perbashket*”

<sup>25</sup> AFP, Tirana, 14 June, 1994, “*Shqiperia Shprehet e Gatshme per Bashkepunim me Malin e Zi*”

<sup>26</sup> AFP, Belgrade, 2 June 1994, “*Jugoslavia Deshiron ti Propozojte Dialog Shqiperise*”

that serves as a border between the two countries.<sup>27</sup> Several newspapers and the opposition parties accused the government that was allowing large quantities of oil to be smuggled to Montenegro. The critics argued that Albanian imports of oil exceeded the domestic needs, with some views arguing that half of the amount of oil imported by Albania was smuggled to Montenegro. The theme of the smuggled oil would be picked up by the press, with varying intensity, until the lifting of the sanctions at the end of 1995. The Albanian government rejected these accusations maintaining that whatever smuggling did take place was done in small quantities. The international monitors based in Albania did support the government position saying that Tirana was very rigorous in observing the embargo against rump Yugoslavia. According to International observers Albania could not be compared to other countries in the region where the embargo was openly violated.<sup>28</sup> However, around May 1995 the international observers toughened their criticism toward Tirana for the large amount of oil smuggled and demanded greater cooperation from the government.<sup>29</sup> Afterwards, on a TV channel in Albania, “Shijak TV” the former Albanian President Sali Berisha declared that the amount of oil supplied from Albania constituted only 6 percent of the total amount of oil that went to rump Yugoslavia.

In contrast to Albanian Montenegrin relations and intensive cross-border activity, relations between Albania and Serbia had remained tense, something, which was very well illustrated by the situation on the Albanian border with Kosova. While the Yugoslav/Serb authorities and the army allowed smuggling and cross-border trade between Albania and Montenegro, they had almost totally sealed the Albanian border with Kosova. I will not focus here on the Albanian question in Kosova because there exist a large number of publications and extensive media coverage of the issue. The aim is to compare the two sections of Albania’s border with rump Yugoslavia. There was a very large presence of Serbian troops in Kosova. The ratio of Serbian and Albanian troops on the immediate border regions was ten to one in favor of Belgrade. It is important to stress that we are not counting here the large numbers of Serbian troops throughout Kosova. While the ratio between Yugoslav and Albanian troops on the Albanian Montenegro border segment was three to one in favor of rump Yugoslavia. In addition, Belgrade, through continuous border incidents, maintained a tense climate on the Albanian Kosova border. The number of Albanians killed as they tried to illegally cross the border reached 21 at the end of 1993. In contrast to Albanian Montenegro border where those who illegally crossed the border were usually fined or their property confiscated, on the Albanian Serb border they were shot.<sup>30</sup> In terms of border incidents the Albanian Montenegrin border was even more peaceful than Albanian Macedonian border. Eight Albanians were killed on the Macedonian border and many others wounded during 1993.<sup>31</sup> Whereas the first incident on Montenegrin border – an Albanian shot dead – happened only around April 1995.<sup>32</sup> Despite the existence of a large Albanian minority in Macedonia, the ethnic dimension was not the main factor that shaped Albanian Macedonian relations. Albania provided Macedonia with alternative trade routes during the Greek embargo imposed embargo without trying to capitalize on its weakness. Yet what we notice from these examples is that there exists a dynamic relationship between heightened tensions and ‘internal borders’ within a state like those between Macedonians and Albanians in Macedonia or those between Serbia and Kosova in rump Yugoslavia and international borders as

<sup>27</sup> Radio “BBC” in Albanian, 4 January 1994; AFP, Tirana, 5 January 1994, “Zbulohet nje Trafik i Konsiderueshem Naftë Ndermjet Shqiperise dhe Jugoslavise”; Reuters, Tirane, 13 January 1995, “Shef i Policise Shqiptare Jep Doreheqjen Lidhur me Zbulimin e Shkeljes se Sanksioneve”

<sup>28</sup> Radio “BBC” 26 February 1994; Radio “BBC” 26 July 1994.

<sup>29</sup> Radio “Voice of America” (in Albanian) 19 May, 1995, “Interviste me Kryetarin e Komisionit te OKB-se per Sanksionet ndaj Serbise dhe Malit te Zi...”

<sup>30</sup> Radio “BBC” 5 January 1994, “Vazdojne Incidentet ne Kufi”; Radio “BBC” 13 January 1994.

<sup>31</sup> Reuters, Tirane, 26 February, 1994, “Shqiperia Proteston per Vrasjet ne Kufi me Maqedonine”; HSIHUA, Tirane, 25 February, 1994, “Shqiperia Proteston per Incidentet ne Kufi me Maqedonine”

<sup>32</sup> Albanian Telegraphic Agency, 18 August 1995, “Nje i Ri Shqiptar Plagoset nga Nje Patrulle Malazeze”

those between Albania and Macedonia or Serbia. The case of Montenegro too, supports this. The weak presence of such internal borders within Montenegro, due to the small Albanian numbers and some other factors, contributed to a more peaceful border milieu between the two countries.<sup>33</sup>

Going back to Tirana's relations with Belgrade. They continued to be strained and were filled with mutual recriminations. Tirana accused Belgrade that was planning to extend its military operations to Kosova. And through the border incidents it wanted to keep Tirana under political and military pressure. With the request of the Albanian government the European Community opened in Tirana the European Community Monitoring Mission, which had also field missions that monitored the Albanian border with rump Yugoslavia. Their task was to provide early warning reports on the situation. Tirana had also demanded several times the assistance of UN Security Council to take measure against the border incidents and the possible escalation of tensions. While the Yugoslav side accused Tirana that was against normalizing bilateral relations and that it had territorial ambitions aiming to annex the province of Kosova. The position of Tirana was that bilateral relations would remain frozen until Belgrade changed its policy toward Kosova and was willing to pursue a political option for solving this issue.

Despite this state of affairs between Tirana and Belgrade, contacts between Albania and Montenegro did continue. In March 1995 the Minister of Environment of Montenegro Ana Misurovic visited Albania where she met her Albanian counterpart Maksim Cikuli. The aim of the visit was to prepare a common program for protecting Shkodra Lake (Skadar Lake) and the Cursed Mountains region. The proposal of the Montenegrin side was that Tirana should declare its part of the Shkodra Lake a national park, as Montenegro had already done, so that cooperation in this field could be enhanced. Proposals for cooperation were also forwarded with regard to the protection of fish reserves in the Shkodra Lake and for simultaneously halting the fishing season by reaching an agreement between Albania and Federal Republic of Yugoslavia on this matter. Immediately after the suspension of international sanctions in October 1995 cooperation between Albania and Montenegro intensified. In December 1995, Albanian Minister of Energy and Mineral Resources Abdyl Xhaja visited Podgorica, where a number of agreements were signed on economic cooperation, in the electric power industry, the oil industry, trade, and geological research.<sup>34</sup> As we could notice there were two novelties in this meeting: the most important was that cooperation expanded into important areas thus gaining substance, which until then could not be achieved because of the UN sanctions. And while until this meeting we were used to see Montenegrin representatives visiting Tirana, now we notice that an Albanian Minister had visited Podgorica. In February 1996, in a meeting in Podgorica between representatives of Albanian and Montenegrin railways, preparations were made to reopen the railway line between the two countries. The link through Montenegro is the only one that connects Albania to the European railway system. In February Montenegrin side started to work on opening a new border crossing point with Albania in Sukobine-Murriqan.

Cooperation between Albania and Montenegro during this period was not confined just to central authorities but involved also other actors like local governments, universities, NGOs, cultural association, though contacts at this level could not gain a momentum of their own. The central authorities in Tirana encouraged the Municipality of Shkodra, which borders Montenegro in northwest Albania, to establish links with the Municipality of Podgorica. As a result a large delegation of 17 people headed by the Mayor of Podgorica visited Shkodra, which was in itself an indication of the interest that Montenegro had in enlarging cooperation. One of the main issues discussed was liberalization of the visa regime and intensification of contacts between different social groups such as intellectuals, university professors, artists, physicians etc. Later on the

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<sup>33</sup> The same dynamic has been observed between the internal sectarian borders in Northern Ireland and those between Northern Ireland and Republic of Ireland. James Anderson and Liam O'Down, "Contested Borders: Globalization and Ethno-national Conflict in Ireland", *Regional Studies*, Vol. 33, No. 7, October 1999

<sup>34</sup> Elez Biberaj, *Albania in Transition*, Westview Press, 1998, p. 239

Municipality of Shkodra made a visit to Montenegro focusing mainly on environmental issues that were of mutual concern as result of the two sides sharing the same lake. The two municipalities were also instrumental in organizing other activities such as a visit of the Migjeni Theater of Shkodra in Podgorica and a boxing match between the national team of Montenegro and that of Shkodra in Albania.<sup>35</sup> The University of Shkodra also established contacts with the University of Montenegro. In April 1994 a protocol for cooperation was signed which included scientific research on Shkodra Lake and Buna River (Bojana River).<sup>36</sup> Other actors that were interested in the development of cross-border cooperation and benefited from it were the Montenegrin-Serb minority in Shkodra, and Albanian minority in Montenegro. The Montenegrin-Serb minority in Shkodra, established in 1991 the association “Moraca Rozafa”, which had around 15 000 members. During the embargo years the association became very active and gained an importance not proportionate with its numbers. As a result of the visa regime that rump Yugoslavia had imposed, the association benefited by virtue of its ability to get easily Yugoslav visa and other facilities thus being able to establish itself as an important actor in the cross-border trade, since it was very difficult for other Albanians to get a visa. The leaders of the association visited often the Federal Yugoslav Government and the Government of Montenegro.<sup>37</sup> On the other hand, the Albanian minority, which makes around 7 percent of the population of Montenegro, could not benefit from the opportunity to cross the border as the Montenegrin-Serb minority did. Rump Yugoslavia still required an exit (police) visa for the Albanian minority that wanted to visit Albania but not other countries, making communication between Albanians in Montenegro and Albania difficult.

The Albanian Montenegrin relations during this period do not fall into the category of ‘normal’ bilateral relations. Montenegro was not an independent entity but tied to Serbia in rump Yugoslavia. What is more important, the strained relationship that existed between Tirana, Albanians in general, and Belgrade due to the latter’s role in the outbreak of conflict in former Yugoslavia and in particular its policy toward the Albanian question in Kosova; the continuation of repressive policies in Kosova and the lack of a clear differentiation between Montenegro and Serbia made it very difficult for Tirana to develop a genuine dialogue with Podgorica. Moreover, the UN imposed embargo on rump Yugoslavia made formal economic cooperation between Albania and Montenegro impossible.

As we mentioned above, after lifting the UN sanctions the possibility of greater cooperation between Albania and Montenegro, as indicated by the signed agreements increased. Furthermore, other developments in rump Yugoslavia – the growing rift between Djukanovic and Milosevic – also worked in favor of closer relations between Tirana and Podgorica. However, domestic developments in Albania and in Kosova stalled cooperation with Montenegro. After the contested May 1996 parliamentary elections in Albania, the government’s energies were practically directed only to addressing this concern. However, it was the 1997 crisis that was sparked by the collapse of the pyramid schemes that caused the closing of the Albanian Montenegrin border by the Yugoslav Army. Developments in Kosova, the beginning of the armed clashes and finally the NATO air campaign, meant that the border between Albania and rump Yugoslavia would remain closed. The border was reopened in February 2000 and started to function although Milosevic was still in power, which marks also the beginning of a very intensive cooperation between Albania and Montenegro.

In the next section we will focus on the fundamental changes that have happened in Montenegro since 1997, because it is only in the framework of these domestic developments that we can understand the intensive cooperation that commenced between Montenegro and Albania

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<sup>35</sup> Interview with Mr. Filip Gurakuqi, Former Mayor of Shkodra, 1992-96.

<sup>36</sup> Radio “BBC” (Albanian section) 15 April 1994. (taken from Albanian Telegraphic Agency)

<sup>37</sup> Radio “BBC” 15 May, 1995, “Shtypi Jugoslav mbi Incidentin e 10 Majit ne Shkoder”; Albanian Telegraphic Agency, 2 June 1995, “Zoran Zizic Priti Perfaqesues te Shoqates Moraca Rozafa nga Shkodra”

after the end of the Kosova war. We will be looking briefly also at the dramatic developments that took place in Albania.

## 2.2 Domestic Developments in Albania and Montenegro

The considerable progress that Albania had made until mid-1990s was halted by the controversial parliamentary elections of May 1996. The elections undermined the legitimacy of the Democratic government, which was followed by a deterioration of relations with Western countries, the US in particular. The already tense political climate got out of hand with the collapse of pyramid schemes. By late 1996 hundreds of thousands of Albanians had put their money in get-rich-quick schemes. The financial crisis triggered an armed revolt, which the government was unable to handle. Military depots were looted and hundreds of thousands of weapons ended in people's hands. The state collapse and the country slipped into anarchy. While the new Socialist led government that emerged after the June 1997 elections achieved some degree of order and stability, the situation in general remained tenuous and in certain parts of the country state control was very weak. The huge material and social damage caused by the 1997 crisis seriously weakened the Albanian state. However, the basic reason for the continuing weakness of the state, which was also the main cause for the escalation of the crisis was/is the inability of the political elites to find a common language.<sup>38</sup> Although the situation has improved significantly as compared to the aftermath of 1997 crisis: in security terms the public order is strengthened, the government has achieved macroeconomic stability and the economy has recorded high growth rates, yet those factors that have beset the functioning of the Albanian democracy and governance are still unresolved. First of all, Albanian democracy has not yet past the test of free and fair elections. Except for the parliamentary elections of 1992, which brought about not only a governmental change but also a regime change, all the subsequent parliamentary elections – held in 1996, 1997 and 2001 – have reflected serious shortcomings and have been contested by the losing party. This legitimacy crisis has weakened the government. Another factor that has contributed to the weakness of the state institutions lies in the process of institutional building. The state institutions are very much politicized and every power rotation or governmental change is accompanied by massive purges in the state administration, which has undermined the efficiency of the state institutions to carry out reforms. The identification of the state with the political party in power, which is a communist legacy, means that the state has to be reconstructed after every power rotation.<sup>39</sup> A very polarized political scene combined with a weak state, carried with itself the danger that the country could relapse to a 1997 situation, which has provided the rationale for the large role played in Albanian domestic politics by different international actors and institutions. In addition the public's expectations for the government have been lowered significantly.

The year 1997 marked an important turning point for Montenegro too, however, in contrast to Albania, the changes in Podgorica were of a positive nature for the country. The break up of the Democratic Party of Socialist (DPS) in 1997 created a radically different situation for Montenegro itself and for its relations with Serbia. By virtue of the dominant position in Montenegrin politics and its identification with the state the DPS split in two groups – anti-Milosevic and pro-Western led by Djukanovic and pro-Milosevic led by Bulatovic – created a deep cleavage in Montenegrin society. Although initially the creation of an independent state was not articulated as an objective, the intransigent position adopted by Belgrade regarding Podgorica's proposal to restructure the federation combined with measures taken by Milosevic,

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<sup>38</sup> Elez Biberaj, *Albania in Transition*, Westview Press, 1998, pp.311-343.

<sup>39</sup> Blendi Kajsiiu, Aldo Bumci, Albert Rakipi, *Albania: a Weak Democracy a Weak State*, Albanian Institute for International Studies (AIIS), 2002, available also at: <http://www.aiis-albania.org>



which undermined the parity of Montenegro with Serbia in federal institutions and attempts to weaken Djukanovic forced the authorities in Podgorica to take over federal functions and establish a de facto independent state. This cleavage in Montenegrin politics was not new, although it resurfaced after several decades. The first Montenegrin Parliament of 1906 was divided along the same lines. Labels such as *Whites* and *Greens* have represented these two opposing groups. This conflict, whether old or new, is directly linked with the “basic legitimacy of the state rather than simply the orientation of policy within a structure the legitimacy of which is generally above the question.”<sup>40</sup> This has been the defining cleavage in Montenegrin politics for the last 4 years.

The split in DPS also marked the beginning of transition in Montenegro. Although the DPS remained in power it was no longer the same party. The change in DPS was not only reflected in its new stance regarding relations with the West, neighbors and the need to undertake reforms, but also in its membership where the more modern, younger and educated party elite and members remained on the anti-Milosevic faction, which kept the party name – Democratic Party of Socialist. The other group that remained loyal to Bulatovic and Milosevic formed a new party called Socialist Peoples Party (SNP). In addition to this, as a result of the division in the old DPS several other new elements were introduced to Montenegrin political scene. In the parliamentary elections of May 1998 DPS formed a coalition with Social Democratic Party (SDP), and Peoples Party (NS). Although DPS remained the major party in the coalition government, this power sharing was a novelty in the Montenegrin politics.<sup>41</sup> The winning coalition attracted also the votes of the Albanian and Boshniak/Muslim minorities. Another new dimension that was introduced to domestic politics was the emergence of a real opposition represented by SNP led by Bulatovic. The close presidential race of October 1997, and the parliamentary results of May 1998 (SNP received 36.1 percent of the vote while Djukanovic led coalition 49.54 percent) showed that the pro-Milosevic faction had significant support among the population. Thus, in other words, the split in DPS heralded the beginning of the Montenegrin exercise in democracy. However, the milieu in which this democratic experiment was taking place was fraught with danger. As we mentioned earlier the government and opposition endorsed diametrically different set of values concerning the very nature of the state and many other key issues. If we add the Milosevic/Belgrade factor into the equation we notice that the lack of a legitimate, above politics framework for the Montenegrin democracy emerged as very threatening. This threat was mainly embodied in the presence of the Yugoslav army and the different perceptions of the government and opposition about its role in Montenegro.

One indispensable element in a state is that there is only one authority claiming the legitimate right to use coercive means. In the case of Montenegro we witness a different situation. The Yugoslav Federal Army loyal to Belgrade claimed the constitutional obligation to protect and operate in the territory of rump Yugoslavia, while on the other hand there was also a 15000 strong Montenegrin police force that was loyal to Podgorica and was set up as a countermeasure to any action that Yugoslav Army troops could have taken. As Podgorica continued to take over functions from the federal level, the Yugoslav Army emerged as the only factor through which Milosevic could influence developments in Montenegro.<sup>42</sup> So in 2000, in addition to the internal trade blockade that Serbia had imposed on Montenegro, the Yugoslav army imposed a blockade on the international borders of Montenegro trying to prevent Montenegro from trading with neighboring countries. While for the governing coalition and pro-independence forces the Yugoslav army constituted a serious threat as was indicated by the creation of the strong police force to counterbalance it, for the pro-Yugoslav opposition the army was a legitimate institution

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<sup>40</sup> John B. Allcock, *Explaining Yugoslavia*, Hurst & Company, London, 2000, p. 261

<sup>41</sup> Center for Democracy and Human Rights, *Country Report for Montenegro*, Podgorica, December 2001.

<sup>42</sup> International Crisis Group, *Current Legal Status of Federal Republic of Serbia and Montenegro*, at <http://www.intl-crisis-group.org>

that was carrying out its functions. What is more, in 1999, federal authorities in cooperation with the pro-Yugoslav opposition in Montenegro formed the 7<sup>th</sup> Battalion of Military Police, a paramilitary organizations comprised of 1000 people.

This acute security concern and the deep division in the society were also reflected in the process of state building in Montenegro. The police force established to protect Podgorica from Belgrade and pro-Yugoslav opposition in Montenegro, were feared and seen with suspicion by the supporters of the opposition. The opposition (SNP) has criticized the privatization process as benefiting only certain section of the society that are close to the government and has also complained that its members cannot get civil service jobs.<sup>43</sup> The opposition is simply against the institutional building that has taken place since 1998. However, while the state building in Montenegro, by virtue of the deep cleavage in the society, could not bring together both 'ideological views' it does have elements that are inclusive both in terms of values and procedure. First, except for the presidential elections of 1997, in which Momir Bulatovic declared that it did not recognize the election results, which was followed by demonstrations and some acts of violence, the elections have been the mechanism through which "the real issues of power have been solved" creating a tradition in peaceful political change.<sup>44</sup> Second, unlike the 1990-97 period, the governing coalition has reached out to minorities. The anti-Milosevic and pro-Western platform pursued by Djukanovic and DPS led coalition secured them the vote of Albanian and Boshniak/Muslim minorities, which has proven important. Actually the minorities have voted more for DPS, SDP and Liberal Alliance (LSCG) than for their own ethnic parties.<sup>45</sup>

The split in DPS and the break up with Milosevic also heralded the initiation of economic and institutional reforms in Montenegro. The capacity of the government was enhanced both in terms of the new functions that were now administered at the republican level as well as due to significant western financial and technical support during this period. As we mentioned earlier, forced by Milosevic's actions that was trying to undermine the position of Djukanovic and in order to avoid the negative consequences of decisions over which it had no say – such as monetary policy – Podgorica took over several functions that were previously administered at the federal level. Thus in November 1999 the Deutsche Mark was introduced and in November 2000 it became the sole currency and the Monetary Council of the National Bank of Montenegro was set up. In August 1999, Montenegro began collecting customs duties at its external borders. The reforms tried to revive the process of privatization by implementing a mass voucher privatization scheme. The government liberalized foreign trade as it is indicated by the different custom tariffs implemented by Serbia 10 percent and Montenegro 3 percent. Price controls were also removed, except for certain commodities such as electric energy, water. Steps were taken in other areas, such as foreign relations, reflecting the desire of Montenegro to create its own international personality. In spring 1999, Montenegro adopted a liberalized visa regime no longer demanding visas to foreigners who entered its territory.<sup>46</sup>

Despite the continuation of the military threat and the sanctions taken by Belgrade such as stopping the budgetary exchanges between the federal and the Montenegrin budgets by the end of 1998 and the imposition of the trade embargo the position of Djukanovic strengthened. The ability of Podgorica to withstand pressure from Belgrade and its allies in Montenegro bolstered the image of Djukanovic as a capable leader who had the situation under control. Two factors accounted for this. As it was indicated by several polls, but also by the parliamentary elections of April 2001, the pro-independence electorate had grown in numbers thus increasing the legitimacy of the government. Secondly, the western political and financial support strengthened the position

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<sup>43</sup> International Crisis Group, *Montenegro: Socialist Peoples Party a Loyal Opposition*, at <http://www.intl-crisis-group.org>

<sup>44</sup> European Stability Initiative, *Autonomie, Dependency and Security: The Montenegrin Dilemma*, 4 August 2000, at <http://www.esiweb.org>

<sup>45</sup> International Crisis Group, *Montenegro in the Shadow of Volcano*, at <http://www.intl-crisis-group.org>

<sup>46</sup> CEDEM, *Country Report for Montenegro*, Podgorica December 2001

of Djukanovic. Montenegro occupied an important position in the Western efforts to weaken and overthrow Milosevic. While the West remained ambiguous and refrained from making a clear commitment to support Montenegro in case of a military attack from Belgrade, it left open the option that it could get involved trying in this way to prevent both a potential attack from Milosevic as well as Podgorica's declaration of independence. The financial support given to Montenegro by the West was one of the highest per capita received in Central and Eastern Europe. In the period 1998-2001 Montenegro received about 800 million DM of international help, which made possible for the government to continue functioning, but also resulted in the dependence of the Montenegrin economy on the international aid. Since the main aim of the aid was to strengthen the position of the pro-western forces, it was not conditioned to the progress made in the implementation of the reforms. In addition to this, there were two other factors that had a negative impact on the resolve of the government to pursue the reform agenda. First, the unresolved status question and the continuous need to focus on the dangers emanating from Milosevic diverted the energies of the government away from pending domestic issues. Lastly, "the economy was/is run by a tight web of political patronage and cross-ownership, which generates strong vested interests in the status quo. The government depended on this stratum for its political support and did not have the authority to push for the reform."<sup>47</sup> These inherent weaknesses reappeared once the West changed its attitude toward Montenegro and put pressure on Djukanovic not to hold the referendum on independence.

### **2.3 2000 Onwards: Deepening cooperation between Albania and Montenegro**

With the launching of the NATO air campaign against Serb forces the compatibility of interests between Albania, Montenegro and Macedonia became much more clear. Through the refugees crisis mainly, but also by using other means, Milosevic hoped that he could destabilize Albania, Macedonia and Montenegro. Milosevic used the conflict with NATO to step up pressure on Montenegrin leadership. The dangerousness of the new development was indicated by the fact that the army was now being used to exercise pressure, as Djukanovic declared that Montenegro would remain neutral and does not recognize the state of war. Many observers thought that the aim of the army was to stage a military coup, which was prevented from materializing by 15,000 well-armed police forces controlled by Djukanovic.<sup>48</sup> Macedonia, too, was targeted as being the most vulnerable. As stated by the Macedonian Deputy Prime Minister and Interior Minister at a press conference: "Macedonia is under pressure from powerful subversive activities instigated from abroad with the aim of involving the country in so-called Kosovo scenario."<sup>49</sup> The aim of Milosevic was that through the refugee crisis to spread the conflict into the neighbouring countries so to attract attention from the Kosova conflict, and present the Albanians as a destabilizing factor. In response to this Tirana tried to build closer relations with Macedonia and Montenegro in order to avert any negative developments that would have resulted from the refugee crisis. The US and other Western countries also encouraged Tirana to move along this line.<sup>50</sup>

The end of the conflict in Kosova ushered in a new era for the Balkans. Milosevic was weakened and the large presence of NATO in the Balkans provided security and the

<sup>47</sup> European Stability Initiative, *Autonomie, Dependency and Security: The Montenegrin Dilemma*, 4 August 2000, at <http://www.esiweb.org>

<sup>48</sup> M. Doobs, "Montenegro Easing Away from Serb Ally" *Washington Post*, 25 June 1999. Z. Ivanovic, "The Last War Begins", *Balkan Crisis Report*, No.37, 25 May 1999, at <http://www.iwpr.net>

<sup>49</sup> "Minister Warns of Foreign Efforts to Destabilize State", Skopje Radio Macedonia Network, 1700 GMT, 28 March 1999, in FBIS-EEU-1999-0328, 28 March 1999.

<sup>50</sup> Shaban Murati, "New Rapprochement in the Triangle Albania-Macedonia-Montenegro", *AIM Press*, Tirana, 7 June 1999, at <http://www.aimpress.org>

indispensable foundation for the construction of an inter-state order. As Josef Joffe argues in a very insightful article '*Europe's American Pacifier*' that security is the cause and not the consequence of Western European co-operation.<sup>51</sup> The launching of the Stability Pact, despite its shortcomings, was the best proof of the changed regional environment. For the first time in the history of the Balkans the West had an institutional approach for the whole region. This vast international presence through NATO troops but also promised financial support via Stability Pact created great expectations among the countries' of the region. A good indication illustrating this general mood were the parallels drawn between Stability Pact and Marshall Plan. In this larger regional context, Montenegrin authorities put a lot of efforts to win international support both politically and financially for their stance. They enlarged their Foreign Ministry, opened a number of missions abroad and were granted a special status in Stability Pact. In this respect contacts with Albania and other regional countries served their aim to achieve a distinct international personality and to strengthen their regional position in face of continuous pressure from Belgrade.

These favourable conditions that existed after the end of the Kosova war gave rise to a very intensive period of cooperation between Albania and Montenegro. Starting from 2000 there was almost every month a meeting between different Albanian and Montenegrin Ministers or other high authorities. Between January and July 2000, Albanian Prime Minister Ilir Meta and Montenegrin Prime Minister Filip Vujanovic met three times. It is important to note that this cross-border cooperation was taking place in trilateral context. In January 2000, the Prime Ministers of Macedonia, Albania and Montenegro met in Ohrid, Macedonia to discuss issues related to Stability Pact. They declared their willingness to pursue a policy of open borders toward each other and to implement common projects in road and railway infrastructure, telecommunication, and energy networks. Albanian and Montenegrin Prime Ministers agreed to open the border between the two countries that had been closed since 1997 and to cooperate in implementing projects within the framework of Stability Pact. The Macedonian Prime Minister Ljubco Georgievski said that his government was interested in building closer ties with Montenegro and supported infrastructure project that connected Macedonia and Montenegro via Kosova. Similarly the Montenegrin Premier expressed his country's interest in reopening the border with Kosova. As result of the trade embargo that Serbia had imposed on Montenegro, the latter was very much interested in boosting economic cooperation with regional countries. The three countries also declared their commitment to increase their cooperation in fighting organized crime and illegal trafficking.<sup>52</sup> What we notice is that bilateral cooperation between Albania and Montenegro or Albania and Macedonia was taking place in a multilateral framework and as we could see from the declarations of the Premiers there was a tendency to enlarge this cooperation from trilateral to make it quadruple by including Kosova as well. The great expectations that accompanied the launching of the Stability Pact constituted one of the main driving forces behind these positive regional developments. Trilateral cooperation between Albania, Macedonia and Montenegro was institutionalised and the next meeting of the three Premiers was held in July in Durrës, Albania. The meeting again focused on finding ways to promote further political and economic cooperation and complete the short-term package of projects within Stability Pact. In addition they also announced the meeting of interior ministers of the three countries and Italy in order to increase cooperation in fighting crime, and agreed to hold the next trilateral meeting in Montenegro. In addition to this triangle – Albania, Macedonia and Montenegro, Tirana also tried to develop trilateral contacts between Croatia, Montenegro and Albania. After a visit to Croatia in July 2000, Prime Minister Meta declared that Zagreb had accepted the proposal to institutionalise

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<sup>51</sup> Josef Joffe, "Europe's American Pacifier", *Survival*, July/August 1984, pp.174-80.

<sup>52</sup> Reuters, January 18, 2000, Macedonia: (by Leon Saracini) *Macedonia, Albania, Montenegro seek closer link*; Reuters, 18 January 2000, Macedonia: *Macedonia, Montenegro, Albania for regional funding*

tripartite cooperation between the three countries.<sup>53</sup> Prior to Zagreb Summit that was held in 24 November 2000, Albania Foreign Minister Paskal Milo made a visit to Croatia and Montenegro to discuss the respective positions of the three countries.

Trilateral cooperation between Albania, Montenegro and Macedonia did not continue due to the outbreak of the crisis in early 2001 in Macedonia between Albanian armed guerrillas and Macedonian authorities and the democratic changes that occurred in Belgrade. After the victory of the democratic opposition in Serbia, it was no longer in the interest of Macedonia to continue cooperation with Podgorica, sidelining Belgrade, and be seen as supporting Montenegrin independence. Due to the 'Albanian problem' that Macedonian authorities were facing at home they were interested in developing ties with Serbia. However, the development of trilateral cooperation between Albania, Macedonia and Montenegro showed that a series of cross-border/bilateral co-operations could constitute the building block for multilateral arrangements. This was exactly a bottom up process of regional building that we have mentioned earlier in the introductory part of this paper. Although the launching of Stability Pact and the general positive atmosphere that existed in the region did stimulate this cooperation, the latter was not the result of region wide process that emerged out of a regional meeting, but it reflected regional building at a smaller scale – at a sub-regional level. Now we will be looking in more detail at the development of cross-border cooperation between Albania and Montenegro.

One of the first steps in the cooperation between Albania and Montenegro was the opening in February 2000 of the border crossing at Hani i Hotit – Bozhaj, which had been closed since 1997. The two countries adopted a liberalized visa regime. While Albanian citizens did not need visa to cross to Montenegro, Montenegrin citizens would be issued visa at the border free of charge, since only Yugoslav citizens whose passports were issued in Montenegro could benefit from this arrangement. Belgrade had broken diplomatic relations with Tirana at the start of the NATO air campaign. Although, de jure Montenegro was still part of the federation Albanian citizens could move freely to Montenegro and experienced it as a separate country, while they needed visas to travel to Serbia. (The same situation still continues). The pro-Yugoslav political forces in Montenegro condemned the opening of the border between Albania and Montenegro and the Yugoslav army declared it illegal and set up a military checkpoint.<sup>54</sup> However, opening the border was an indispensable first step in order to materialize the political will that existed in Podgorica and Tirana. In April, during a visit of Albanian Foreign Minister Paskal Milo to Podgorica two important agreements were signed: The memorandum of understanding on economic, trade and cultural cooperation and a protocol of cooperation between the Ministries of Foreign Affairs. Both sides expressed their interest in opening new border crossings, implementing joint projects in road and railway infrastructure, the construction of the high voltage line 400 MGW between Podgorica and Elbasan, and a project for cleaning Shkodra Lake. Both Tirana and Podgorica expressed their expectations that Stability Pact should back these bilateral initiatives. During his two-day visit in Montenegro Albanian Foreign Minister Milo also met with representatives of Albanian minority in Montenegro, where he stated that: "Montenegro is being confronted with difficult challenges and Albanians should display understanding, as they have always done in the past."<sup>55</sup> The aim of Tirana was to develop and maintain trust in its relations with Podgorica. Confidence building was essential if the opening up process between the two countries was to take place, which in return would be beneficial for the minorities as well. Intensive cooperation was witnessed also in the order domain. Agreements were signed and visits

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<sup>53</sup> BBC Monitoring Service Central Europe and the Balkans 27.07.2000, August 2, 2000, Albania: (by G. Dilaveri) *Albania-Montenegro-Croatia, a new corridor toward Europe*

<sup>54</sup> BBC Worldwide Monitoring 28 February 2000 Yugoslavia: *Pro-Milosevic party slams opening of border with Albania*, Source SRNA News Agency, Bijeljina in Serbo Croat, 1203 gmt, 25 February 2000. BBC Monitoring Service, 28 February 2000, Yugoslavia: *Focus-Yugo Army denies it on alert in Montenegro*, Source 28 February Reuters.

<sup>55</sup> BBC Monitoring Service, 29 April 2000, Albania: *Foreign Minister Urges Albanians in Montenegro to support Djukanovic*, Source "Gazeta Shiptare" Tirane, in Albanian 27 April 2000, pp.12-13.

were exchanged between Albanian Minister of Public Order Spartak Poci and Montenegrin Minister of Interior Vukasin Maras. It is important to note that close cooperation in this field was established also at the regional level between the Regional Police chief of Podgorica and Shkodra, which held frequent meetings.

As we mentioned earlier contacts were maintained also at the highest level between Albanian Prime Minister Meta and Montenegrin Prime Minister Vujanovic. In addition to the trilateral meetings that were held together with Macedonian Prime Minister, Meta and Vujanovic also met in May 2000 in Shkodra to inaugurate an optical cable installation that made possible a direct telecommunication link between Albania and Montenegro as an indication that projects between the two countries were indeed materializing. The two premiers in the course of 2000 had also telephone conversation, congratulating each other for the results of the local elections that were held in both countries.<sup>56</sup> This frequent meetings and close relationship created trust and confidence among the top leadership in both countries. This positive climate was reflected in the increasing number of people that were crossing the border and the development of cross-border trade. Actually thousands of Albanian tourist from Albania (not Kosova at this stage) spent holidays in Montenegro during the summer of 2000 and a ferry service had started to operate from Durrës, Albania to Bar, Montenegro. The visit of Albanian tourist was a big achievement and a very important step not just in economic terms considering that Montenegrin tourist industry had been ruined by a decade long of sanctions and wars in the neighborhood and Albanians were among the few foreign tourist that had visited Montenegro but also as a process of getting to know the *other*. Although Montenegrin authorities had clearly distanced themselves from Belgrade and were pursuing their own agenda Montenegro was still part of rump Yugoslavia, the Yugoslav army that was involved a year ago in the Kosova tragedy was stationed in Montenegro and the opposition forces in Podgorica had aligned themselves with Milosevic, which meant that a considerable proportion of the voters reflected similar attitudes and values. In addition Montenegro was also a place where tens of thousands of tourist from Serbia went to spend their holidays. Thus with all these in mind, the presence of Albanian tourist in Montenegro meant much more than what normally this act would represent. Although in the summer of 2000 the majority of Albanian tourist spent their holidays in Ulcinj, a predominantly Albanian town, which meant that while crossing the Albanian Montenegrin border they still had not totally crossed the ethnic boundaries and felt safer to spend their holiday among their ethnic kin. There were Albanians who visited other places like Budva, a prominent tourist place in Montenegro, where many people from Serbia go to spend their holidays. However, the number of Albanians who visited Montenegro during 2000 and the intensity of cross-border trade would have been greater had not the Yugoslav army interfered at different times by closing the border or hampering the development of trade. In addition to the 'domestic' embargo that Belgrade had imposed on Montenegro, the army was also trying to prevent Montenegrin manufactures from finding alternative markets. As Montenegrin Minister of Trade Ramo Bralic declared that this was very damaging for the local Montenegrin producers such as Beranka paper producer, Cetinje based Obod house appliance factory, Niksic beer factory that were trying to reach the Albanian market and had established contacts with Albanian partners.<sup>57</sup> In July, besides their interference with trade the army also stopped Albanian tourist from going to Montenegro on the basis that they did not have federal visa, and Albanian citizens who were already spending their holidays were told

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<sup>56</sup> BBC Monitoring Service, 14 June 2000, Albania: by R. Xhuvani, "Premier Meta greets Montenegrin counterpart on partial local elections", Albanian Telegraphic Agency, 12 October 2000, Albania: "Albanian, Montenegrin Premiers discuss regional development"

<sup>57</sup> BBC Monitoring Service, 26 May 2000, Yugoslavia: *Minister says Yugoslav army interfering in foreign trade*, Source: Montena Fax News Agency, Podgorica, in Serbo-Croat, 1215 gmt, 24 May 2000. Albanian Telegraphic Agency, 20 June 2000, Albania: *Yugoslav troops said to prevent vehicles entering Montenegro from Albania*

to return by July 30.<sup>58</sup> Although, the measures that were taken by the army were not permanent and the border was reopened again, they did damage cross-border cooperation and frightened many potential tourist. The fact that the Yugoslav army was under the control of Milosevic and had remained, as the only federal institutions that still operated in Montenegro constituted a serious concern. Although the government in Tirana early in the year had rejected media reports that it was preparing for an eventual emergency situation in Montenegro, the UNHCR office in Tirana did postpone its plans to lay off personnel after the Kosova refugee crisis was over.<sup>59</sup> In August the Albanian Ministry of Defence declared that was reinforcing its troops on the northern border with Montenegro, and in September one day before the elections in rump Yugoslavia Albanian Defence Minister Ilir Gjoni declared that “we are on alert and monitoring the situation.”<sup>60</sup>

Immediately after the defeat of Milosevic in the elections the Albanian Foreign Minister Paskal Milo and his Montenegrin counterpart Branko Lukovac met in Shkodra to discuss the new regional environment and announced the creation of a committee for economic cooperation between the two countries that would encourage economic development. Despite the democratic changes in Belgrade Tirana continued to support Podgorica. In the regional summit that was held in October, in Skopje, where the newly elected Yugoslav President Kostunica was participating, Albanian President Meidani declared its support for an independent Kosova and Montenegro.<sup>61</sup> In the following months several other meetings were held reflecting the intensive cooperation that was taking place between the two countries. In December the Director of Albanian Tourism Committee and Montenegrin Minister of Tourism signed a bilateral agreement in Tirana. In the same month Albanian Minister of Culture in a meeting in Podgorica with her counterpart required the institutionalisation of cooperation between the two ministries. While in January 2001, Montenegrin Minister of Trade Ramo Bralic visited Tirana where he met with several Albanian ministers. In his meeting with Albanian Minister of Economic Cooperation Ermelinda Meksi Bralic expressed his country’s willingness to adopt a free trade regime with Albania, considering Albania’s commitment to fulfil the conditions set by the EU for adopting Stabilization and Association Agreement. The two Ministers also confirmed their commitment for financing the reconstruction of the railway line between Shkodra and Podgorica and discussed the possibility of Albania to declare its share of Shkodra Lake a national park. Montenegrin Minister also met with Albanian Minister of Agriculture Xhuveli with whom he discussed ways to increase cooperation in the field of fisheries and forests. They decided to set up a joint working group that will draft projects for the development of fishing sector.<sup>62</sup> In the same month Montenegrin Minister of Foreign Affairs Branko Lukovac visited Tirana. Among other things, Lukovac voiced his concern about the biased attitude of the Western countries toward the question of the future status of Montenegro.<sup>63</sup>

Despite the continuation of this intensive cross-border cooperation between Albania and Montenegro, the dramatic developments that had happened in Belgrade – while not directly affecting the intentions of both Tirana and Podgorica – had changed considerably the environment within which Albanian Montenegrin relations developed. Until Milosevic ruled in

<sup>58</sup> BBC Monitoring Service, 24 July 2000, Albania: *Yugo army kicks Albanian visitors from Montenegro*, Source: Shkoder, Albania Reuters 24 July 2000.

<sup>59</sup> Reuters 29 March 2000, Albania: *UN refugee official says crisis in Montenegro less likely*

<sup>60</sup> BBC Monitoring Service, 23 September, 2000, Albania: *Albanian Minister of Defense Ilir Gjoni in Shkoder*, Source: ATA News Agency, 23 September 2000.

<sup>61</sup> BBC, 25 October 2000, Macedonia: *Albanian President sees future of Kosova, Montenegro as “sovereign entities”*, Source: Albanian Radio, Tirana, in Albanian, 25 October 2000.

<sup>62</sup> Albanian Telegraphic Agency, 10 January 2001, Albania: “Albania and Montenegro discuss upon increase of economic cooperation”, Albanian Telegraphic Agency, 11 January 2001, “Joint projects between Albania and Montenegro on development of agriculture and environment”

<sup>63</sup> BBC Monitoring Service, 25 January 2001, Albania: “Albania, Montenegro express readiness to deepen cooperation”, Source: Albanian Radio, Tirana, in Albanian 1320 gmt, 23 January 2001.

Belgrade Djukanovic and Montenegro enjoyed very strong support from the West. However, as an observer put it “the fall of Milosevic brought to an end an extraordinary period in Montenegrin history.”<sup>64</sup> The West lost interest in the anti-Belgrade policy line pursued by Djukanovic, which was reflected in a significant drop in political and financial support. The West’s main concern seemed to have been the impact of Montenegro’s independence on regional stability and especially on Kosova’s future. As a journalist from Podgorica had noted earlier: “In its drive for independence Montenegro is in the straightjacket of Kosova. In dealing with Kosova the international community is determined to keep alive a third Yugoslavia that is unviable and effectively, already dead.”<sup>65</sup> Whether this was/is the right policy that would bring the desired outcome is another issue, which is not the subject under enquiry here. As far as we are concerned, since adversity to Montenegrin independence stemmed from the regional security concerns, and this was shared by both the US and EU, that meant that it was going to be a durable policy line.

The April 2001 parliamentary elections in Montenegro did not help to clarify the situation. The governing coalition entered parliamentary elections with the independence card expecting to win a large majority that would have allowed them to hold the referendum on independence afterwards. While the pro-independence forces led by Djukanovic were able to win the elections, they could not win with a margin wide enough to call for the referendum on independence. All this meant that the state of limbo was going to continue for an indefinite period of time. Although so far the unsettled status of Montenegro had not constituted a problem for bilateral cooperation, now considering Western countries’ attitude, Albania, while still interested in pursuing bilateral relations, could not afford to support openly the independence of Montenegro as it had done in the past. This was very clearly reflected in the reserved reaction of Tirana to the victory of pro-independence forces in Montenegro.<sup>66</sup>

Another element that was introduced into this charged atmosphere before the parliamentary elections, was a systematic media campaign that pro-Yugoslav forces had started in Montenegro allegedly with the aim to alert the Montenegrin public to the so called Albanian terrorist threat. The outbreak of the armed clashes in Southern Serbia and later on in Macedonia were used by pro-Yugoslav forces as evidence that the same thing was going to happen in Montenegro and that Kosova Liberation Army was already present in Montenegro. The press also reported that terrorist groups from Albania would join once the conflict would break out. The main message of this campaign was to intimidate the Montenegrin voters that “only unity with Serbia can save Montenegro and that a sovereign Montenegro would be dismembered.”<sup>67</sup> This media campaign was not just confined to the parliamentary elections but endured after that as well, since the governmental coalition left open the possibility of a referendum on independence. In fact it was not only pro-Yugoslav forces in Podgorica that together with Belgrade launched this campaign, Western diplomats as well used the “Albanian threat” as an argument in their negotiations with Podgorica in order to persuade them to shelve the project for holding a referendum on independence.<sup>68</sup> The democratic developments in Serbia had their positive side effects as well on Albanian Montenegrin relations. Unlike the previous year, the Yugoslav army could no longer interfere with cross-border trade and the free movement of people. Even though Tirana restored diplomatic relations with Belgrade, this did not prevent it from pursuing its

<sup>64</sup> European Stability Initiative, *Rhetoric and Reform: A Case Study of Institutional Building in Montenegro*, July 2001, available at [www.esiweb.org](http://www.esiweb.org)

<sup>65</sup> Ljubinka Cagarovic, “Belgrade vs. Podgorica: the New Cold War”, *Balkan Crisis Report*, No.1, 1999, at [www.iwpr.net](http://www.iwpr.net)

<sup>66</sup> Arian Leka, “The impossible Equidistance of Tirana with Podgorica and Belgrade”, *AIM Tirana*, April 30, 2001 at <http://www.aimpress.org>

<sup>67</sup> Independent Newspaper, (UK) 21 March 2001, Yugoslavia: Albanian “extremists” will not spare Montenegro party leader says, Source: Tanjug News Agency, Belgrade, 1133 gmt, 19 March 2001; Zoran Radulovic, “Is Kosova Liberation Army Present in Montenegro” *AIM Podgorica*, 28 March 2001; Veseljo Koprivica, “Is Montenegro Threatened by the Albanians?” *AIM Podgorica*, 22 June, 2001

<sup>68</sup> Interview with Montenegrin Foreign Minister Branko Lukovac



special relationship with Montenegro. Although we do not see anymore the frequent high level visits that we witnessed in 2000 or early 2001, it would be wrong to attribute this simply to the hesitation of authorities in Tirana to pursue an intensive cooperation with Montenegro following the developments that we mentioned above. Although, the changes in the international community's stance did have an effect, other developments also contributed to the lack of high level visits, as compared to the previous year or early 2001. The parliamentary elections of June 2001, which went on for five rounds, and afterwards the infighting that ensued within the ruling Socialist Party between the Party Chairman Fatos Nano and Premier Ilir Meta, which ended in the resignation of the latter, consumed the energies of the government leaving little room for other concerns. However, cooperation between Albania and Montenegro did continue and had now entered a new phase, which required cooperation at lower levels between the different commissions and sub-commissions that had been created. As we mentioned earlier, in a meeting in October 2000 between the two Foreign Ministers a committee for economic cooperation between the two countries was formed, and during the visit of Montenegrin Foreign Minister Lukovac in January it was agreed that during February meetings of sub-commissions dealing with transport and water issues would be held in Montenegro and Albania. While the joint committee meetings was going to be held in March.<sup>69</sup>

Normally in a well functioning state the main problems related with cooperation would evolve around the ability of political elites to identify common interests. Once that is achieved there should not be any serious obstacles in achieving common results. However, in a weak state political will alone cannot define the pace of cooperation. In addition to political will, cooperation at technical level requires also a well functioning state administration with the capacity to design and implement projects. Problems at this level are multiple, ranging from technical issues to political ones. There are problems related to the low paid salaries of civil servants, frequent purges in the administration that follow power rotations, which seriously undermine efforts to build an efficient state administration. Underscoring the importance of this fact, an advisor in the Montenegrin Ministry of Tourism voiced the same concern when he said that our contact person in the Albanian Committee of Tourism (now Ministry of Tourism) is changing frequently something, which renders cooperation difficult.<sup>70</sup> All this is reflected in poor results, in meetings that do not take place, in the slow communication between different layers of government etc. The problems become even more compounded if we add the loss of momentum as a result of domestic political developments.

Problems related to weak state functioning aside, an important achievement in the process of cooperation with Montenegro was the setting up, in May 2001, of an inter-border cooperation forum in the Shkodra Montenegro region. The establishment of this forum was seen as something crucial in the context of implementation of joint projects in the framework of Stability Pact. The aim of the forum was to coordinate the work on regional inter-border development, and eliminate bureaucratic and procedural hindrances. The Forum would maintain close cooperation and communication with central authorities and departments in Tirana that are involved in cooperation with Montenegro and also establish contacts with respective bodies in Montenegro. The Shkodra prefecture heads the forum, which is composed of different local actors. It was foreseen that the Forum should meet three to four times a year. The establishment of this forum reflected also awareness of the importance of the local actors and their legitimate interests in furthering cross-border cooperation that was important for their economic development. Cooperation between the two countries expanded in many areas including also municipalities, and other local actors such University of Shkodra "Luigj Gurakuqi" and the University of Montenegro, several NGOs etc. We will be looking at greater detail at cooperation

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<sup>69</sup> BBC Monitoring Service, 25 January 2001, Albania: *Albania and Montenegro express readiness to deepen cooperation*, Source: Albanian Radio, Tirana, in Albanian, 1320 gmt 223 January 2001

<sup>70</sup> Interview with Mr. Isat Dragovoja, Deputy Minister of Tourism, Montenegro

at this level in the next section. In July 2001 Albania and Montenegro reached an agreement to cooperate on export and import of electric energy. Albanian Prime Minister Ilir Meta also asked Yugoslav Minister of Energy support for several joint projects in electricity and for the Albania Montenegro high power voltage line.<sup>71</sup> Intensive cooperation was noted also between the Ministries of Transport and Communication. Montenegrin government undertook to coordinate the work for the construction of a high way that would connect Albania, Montenegro and Bosnia-Herzegovina. This project is important because it will link Albania to the European road system. The project for the road axis that will link Shkodra and Bar will be drafted in 2002. The Montenegrin side has expressed interest for the construction of a road that would connect Podgorica and Plav (in Montenegro) through Albania. The current highway between Podgorica and Plav is 200 km long. The proposal of Montenegrin authorities is to use the Albanian territory, about 12 km, so that the distance between Podgorica and Plav is shortened to around 60 km. The construction of this road would be beneficial not only for Montenegro and Albania but also for Kosova and Southern Serbia since it provides the shortest connection with Montenegro and its coast.<sup>72</sup> Apart from the material benefits, there is an important symbolic value involved too – the fact that the citizens of Montenegro would cross Albanian territory, as part of traveling within their own country constitutes one big step toward the goal of a borderless Southeastern Europe. Cooperation in the maritime transport has also been in the focus of discussions between the two countries. In addition to the Dures - Bar ferry that started to operate since 2000, the two sides were examining ways to expand this service also between other Albanian and Montenegrin city ports. Whereas the railway line connecting Albanian railway station of Bajza and Montenegro was completed at the end of 2001. Another important achievement in cross-border cooperation was the opening in May 2002, of a new border crossing, Murriqan – Sukobin that shortens drastically the distance between Shkodra and the coastal areas of Montenegro. Before opening this border crossing the distance between Shkodra, Albania and Ulcinj, Montenegro was around 160 km, while now it is shortened to 40 km. This will make it easier for Albanian tourist to reach the Montenegrin coast, but also for tourist spending their holidays in Montenegro to visit Albania. The idea to open this border crossing had been around since 1996. After resumption of cooperation between Albania and Montenegro from 2000 onwards the Albanian government had often declared that this border crossing would be opened soon. However, the truth is that it was mainly due to the lack of infrastructure on the Albanian side that delayed the opening of this border crossing.

The number of people that crossed the Albanian Montenegrin border increased in 2001. According to the custom statistics the majority of people that crossed the border were Albanian citizens. However, the number of Montenegrin citizens had increased compared to the same period last year. In the first five months of 2002 there were 17351 border crossings by Montenegrins as compared to 8212 border crossings in the same period in 2001. Similarly the number of Albanian tourist that spent their holidays in Montenegro in 2001 was bigger. In contrast to the previous holiday season (summer 2000), in addition to Albanians from Albania, tens of thousands of Albanians from Kosova spent their summer holiday in Montenegro. The fact that they had chosen to spend their holidays in Montenegro was noteworthy. In the same fashion with Albanians last year they chose to spend their holiday in the predominantly Albanian town of Ulcinj. While many Albanians from Albania chose instead other coastal places like Budva. As a result of this there were newspaper advertisements, made by restaurants and hotels, asking to employ people who spoke Albanian.<sup>73</sup> What we notice is the ability of Montenegro to act as a

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<sup>71</sup> ATA News Service, 20 October 2001, Albania: *Albanian Premier asks for Yugoslav support in electricity projects.*

<sup>72</sup> Republic of Montenegro, Commune Plav, *Initiative for opening border crossings with Albania for better traffic connection of Commune Plav with Podgorica and Montenegrin coast*, June 2001.

<sup>73</sup> Interview with Zenel Katana, BBC correspondent, Montenegro.

“meeting place” for all three neighboring countries. The ability of Montenegro to play this role is related to the domestic situation in Montenegro and to its differentiation from Belgrade.

In March 2002 the unsettled status question of Montenegro came to and, at least for the coming three years. After significant pressure from the EU, Djukanovic agreed to the proposal of creating a new union between Serbia and Montenegro. The name of the new state is the State of Serbia and Montenegro. The agreement provides for: a unicameral parliament, a president, a council of ministers composed of five ministries and the court. In the economic sphere the two republics will keep their separate economic systems: both in monetary as well as trade and custom policies. However in the economic action plan adopted by the two governments in July 2002 the two sides will harmonize their custom system in three years, maintaining their own currencies.

At this stage we need to explore the impact that the adoption of this agreement might have on cross-border cooperation and the likelihood of the opposition coming to power.

## **2.4 Future prospects for cross-border cooperation**

### *The new agreement*

The agreement reached between Serbia and Montenegro ended the limbo situation in which the issue of the future status of Montenegro had entered. Prior to the fall of Milosevic the fact that the status issue was unsettled did not influence the development of cross-border cooperation. This status quo – a de facto independent state that continuously postponed its final decision on the status issue – was supported by the US and EU as the best strategy of putting pressure on Milosevic and providing an example for the democratic but fragmented opposition forces in Serbia in their struggle against Milosevic. The West constantly cautioned Djukanovic not to make the final step toward independence. In return, the EU and the US provided substantial financial aid to Montenegro. With the fall of Milosevic the degree of Western interest for Montenegro dropped significantly. Western officials demanded that Podgorica should reach a compromise with Belgrade over the future of the federation. This development made it more difficult for Albania to support openly the drive for independence of Podgorica. Although as we showed above that cross-border cooperation between Albania and Montenegro did continue and at the local and grass root level the cooperation further intensified, the intensity of visits at the higher levels fell in comparison to 2001. Another negative side effect of the unsettled status question was that it attracted the attention from other pressing issues that require immediate addressing by the Montenegrin authorities such as economic and institutional reform. Transformation of the economy is a prerequisite for sustainable economic growth, and at the same time restructuring of the economy could lead to a reorientation of the export and import flows. However, because of the social and political implications of the economic reform it was/is very difficult for the incumbent authorities to undertake this measures without solving first the question of the future of Montenegro. Thus we could say that while the continuation of the limbo situation would have not halted the cross-border economic activity of the ordinary people, which might even expand in some aspects (people gaining better knowledge of markets across the border), it might have hinder further cooperation on substantial issues because of potential uneasiness of Albanian authorities to cooperate closely.

While the agreement ended the limbo status it is important to look at its content and the structure of the new entity since that could have an impact on development of cross-border cooperation. In a centralized federation in which decisions are taken in Belgrade, Montenegro – because of its size in relation to Serbia – “would become peripheral, a region whose reforms, their

speed and character would depend on the federal level.”<sup>74</sup> This would reflect the problems related with the lack of context-sensitive policies<sup>75</sup> because from the federal level different policy issues will not be seen in the same light as from Podgorica, especially when we consider the different nature of Serbian and Montenegrin economies. As Montenegrin input in the economic decision-making dilutes so could fall the importance of other issues such as cross-border cooperation between Albania and Montenegro.

However, the new agreement between Serbia and Montenegro establishes a rather loose federation of two semi-independent states. The agreement provides for: a unicameral parliament, a president, a council of ministers composed of five ministries and the court. In the economic sphere the two republics will keep their separate economic systems: both in monetary as well as trade and custom policies and will harmonize them at some future point. The fact that the agreement does not create an internal market but allows different monetary and custom system has been criticized as creating a non-functional federation. However, certain issues in the agreement are vague and it depends on the political will of the parties involved to define them. While both sides have to harmonize the custom system and adopt similar standards there is enough ambiguity in the agreement to allow for different interpretations, for example the pro-Yugoslav block could say let’s harmonize close to the Serbian standards and perhaps even replace Dinar for Euro, though this is more difficult, while the governmental coalition would be in favor of harmonizing close to the EU level.<sup>76</sup>

Concerning external relations, the new agreement makes it possible for Montenegro to influence decision making in foreign policy issues even at the federal level. In addition, the new agreement does not prevent Podgorica from pursuing the cross-border cooperation with Albania and there does exist political will in the governmental coalition to pursue this course of action.<sup>77</sup> The perceptions on the Albanian side are that after the new agreement between Serbia and Montenegro cross-border cooperation between Albania and Montenegro will intensify.<sup>78</sup>

#### 2.4.1 *The opposition coming to power*

The last issue that we will explore concerns the question that what impact would have on the development of cross-border cooperation the coming to power of the pro-Yugoslav opposition. This scenario is worth exploring because the pro-Yugoslav opposition represents almost half of the electorate and the likelihood of coming to power is not very remote, especially after the unexpected move of the Liberal Alliance that agreed to create coalitions at the municipal level, not with pro-independence forces, but with “Together for Yugoslavia” and the subsequent decision of the parliament to hold early parliamentary elections this October. The coming to power of the opposition “Together for Yugoslavia” could affect cross-border cooperation between Albania and Montenegro in two ways: it would change the general political orientation of Podgorica and influence the relations between the government and the Albanian minority.

As we traced the history of Albanian-Montenegrin relations we noticed that differentiation between Podgorica and Belgrade was an essential element that had a direct impact on the relations between Tirana and Podgorica. The lack of this differentiation until 1996 made cooperation difficult. With the subsequent break between Djukanovic and Milosevic, relations between Albania and Montenegro intensified. However, Milosevic is no longer in power and

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<sup>74</sup> Veselin Vukotic, “The Economic Situation and Economic reforms in Montenegro”, in Nicholas White (ed.), *The Future of Montenegro: Proceedings of an Expert Meeting*, Center for European Policy Studies, 2001, pp.50-52

<sup>75</sup> Those who advocate greater decentralization of authority to regional and local government levels raise this concern.

Susan E. Clarke, “Regional and Transnational Discourse”, *International Journal of Economic Development*, Vol.2, No.3, available at [http://spaef.com/IJED\\_PUB/tblcontent.html](http://spaef.com/IJED_PUB/tblcontent.html)

<sup>76</sup> Interview with Mr. Srdjan Darmanovic, Director, Center for Democracy and Human Rights, Montenegro

<sup>77</sup> Interview with Montenegrin Foreign Minister Branko Lukovac

<sup>78</sup> Interview with Albanian Foreign Minister Paskal Milo

significant transformations have taken place in Belgrade. The negotiations for signing a free trade agreement between Tirana and Belgrade, though part of the conditions set by the EU to adopt the Stabilization and Association Agreements, is a sign that things have changed. Therefore, one might say that cooperation between Albania and Montenegro can no longer be defined by the latter's attitude toward Serbia. Yet, until and unless the status of Kosova is resolved, relations between Tirana and Belgrade will be restrained. As we have shown above that for the pro-independence forces in Podgorica the Kosova issue did not constitute an obstacle to pursue closer relations with Albania. However, with the coming to power of the pro-Yugoslav opposition the differences in foreign policy positions between Podgorica and Belgrade will disappear or become insignificant. The most important, or we could even say the only message that the SNS (Socialist Peoples Party) has used throughout these years has been the policy for Yugoslavia – keeping Montenegro in federation with Serbia. Consequently the SNS and the opposition in general have been against the process of state building that has taken place in Montenegro. Once in power the opposition will be totally oriented toward Belgrade. In this process the cooperation with Albania would be neglected. As an author focusing on trans-frontier diplomacy argues that is crucial for countries to face one another. "It is only thus that vistas of opportunity can be opened up, which an entire society as well as its leadership can see."<sup>79</sup> However, most of the attention of an opposition led government in Podgorica will be turned rebuilding the federation with Serbia.

The opposition was against the opening of the Albanian Montenegrin border and the improvement of relations between the two countries. "In July 2000 Bulatovic accused Djukanovic that is turning Montenegro against Serbia.... in the interest of close ties with Tirana and Zagreb."<sup>80</sup> At the same time the opposition represents that part of the electorate that is more fearful of the idea of Greater Albania. All these could reflect itself in different spheres such as the visa policy. Right now between Albania and Montenegro exists a liberal visa regime. Albanian citizens do not need visas to cross to Montenegro, while Montenegrin citizens are issued visa at the border free of charge, since only Yugoslav citizens whose passports were issued in Montenegro could benefit from this arrangement. In contrast to this Albanian citizens need visas to go to Serbia. Possible measures that could be taken by the "Together for Yugoslavia" is the imposition of the visa regime or the application of a certain fee, which in both cases will reduce the number of Albanians that cross the border. Although the adoption of this or other measures could be harmful for Montenegro itself because it would reduce the number of Albanian tourist that visit the country, the experience from other cases shows that political considerations prevail over economic ones. Northern Ireland provides a very good example. "Unionist can oppose cooperation [with Republic of Ireland] even when it holds significant material advantages for Northern Ireland as in agricultural cooperation, on the argument that it would drive a wedge between Northern Ireland and UK."<sup>81</sup> Another example reflecting more or less similar concerns is provided by Canada. In 1947-8 Canada did not adopt a free trade regime with the US fearing the Americanisation of the country.<sup>82</sup>

The coming to power of the pro-Yugoslav opposition could influence also the relations between the state and the Albanian minority. It is important to clarify since the outset that in contrast to Macedonia, in Montenegrin politics the main cleavage is not ethnic but 'ideological' – between supporters of independence and those favouring union with Serbia. Yet it is true that the support of Albanian and Boshniak/Muslim minorities has been crucial for the victory of the pro-

<sup>79</sup> Alan K. Henrikson, "Facing Across Borders: The Diplomacy of Bon Voisinage", *International Political Science Review*, Vol.21, No.2, p.132

<sup>80</sup> European Stability Initiative, *Autonomie, Dependency and Security: The Montenegrin Dilemma*, 4 August 2000, at <http://www.esiweb.org>

<sup>81</sup> James Anderson and Liam O'Down, "Contested Borders: Globalization and Ethno-national Conflict in Ireland", *Regional Studies*, Vol. 33, No. 7, October 1999, p. 692

<sup>82</sup> Emanuel Brunet-Jailly, "Globalization, Integration and Cross-border Relations" *International Journal of Economic Development*, Vol.2, No.3, available at [http://spaef.com/IJED\\_PUB/tblcontent.html](http://spaef.com/IJED_PUB/tblcontent.html)

independence forces. Thus part of the reason for the anti-minority rhetoric used by the opposition is explained by this fact. The other part is explained by the values that the pro-Yugoslav has adhered to.<sup>83</sup> The opposition is not simply for retaining the Yugoslav Federation and closer ties with Belgrade but it represents that part of the political spectrum in Montenegro that was supporting Milosevic and until recently, though they have changed their position now, was against cooperation with the Hague tribunal. The opposition has questioned the right of minorities in Montenegro to decide the future of the state and has called for “positive discrimination to ensure neutrality of minorities when fundamental issues are at stake.”<sup>84</sup> In addition, as we have already shown, the opposition has tried to present the Albanians as a threat to the security of Montenegro in order to shift the Montenegrin political spectrum closer to Belgrade, since only in this way Montenegro could survive. The increasing influence that Belgrade will gain in Podgorica after the opposition comes to power is another factor that will increase apprehensions among Albanian minority. Due to this, there is ground for the Albanian minority to be suspicious of a government led by the pro-Yugoslav forces. As result Albanians’ attitudes toward the government could change and become more vocal concerning their rights since the coming to power of the opposition, which has no electoral base among the Albanians would be considered as a drawback. Strained relations authorities in Podgorica and Albanians could influence negatively cross-border cooperation.

Although this scenario seems to have the potential of having a certain negative impact on cross-border cooperation a number of developments could mitigate its influence. Although these developments are recent and not a clear guarantee that the opposition has changed its outlook they are still important. Due to its loyalty to Milosevic the SNS, as the biggest party in opposition, suffered from a lack of legitimacy. After the dramatic changes that happened in Serbia the SNS was forced to change. Actually what helped the SNS to claim that they are on the ‘Western side’ was the role that the EU played in the Podgorica Belgrade dispute over the future of the federation. The EU was adamant against the holding of the referendum on independence. However, as some observers noted, that by putting pressure on Djukanovic and supporting a solution that would have kept the federation the EU was isolating the pro-western forces in Montenegro while indirectly enhancing the legitimacy of the opposition, “whose pro-European credentials are suspect.”<sup>85</sup> This development and the general need to change the image of the party has forced the SNS and opposition in general to change their rhetoric. The opposition is now trying to get rid of the Milosevic heritage.<sup>86</sup> A representative of the opposition whom I interviewed said that the current government has given just empty promises to the Albanians.<sup>87</sup> Although the majority of Albanians interviewed expected things to change once the opposition was in power they also pointed to the constraining role that the international community and the new developments have placed.

### 3. Nascent Elements of Cross-border Regional Building

By cross-border regional building we mean the contacts and cooperation that develops between non-central government (NCG) actors such as municipalities and other actors such as universities, different NGOs, institutes and various cultural associations on both sides of the border. The question that naturally arises, especially considering the experience of the last decade and the

<sup>83</sup> Florian Biber, *The Instrumentalization of the Minorities in the Montenegrin Dispute over Independence*, European Center for Minority Issues, Brief No.8, March 2002, <http://www.ecmi.de>

<sup>84</sup> “Hate Speech as an Election Message”, AIM Press, Podgorica, March 2001

<sup>85</sup> Mabel Wisse Smit, “Squabbling Yugoslav Republics Set for Divorce”, *Balkan Crisis Report*, No. 322, March 2, 2002 at <http://www.iwpr.net>

<sup>86</sup> Interview with Dr. Nebojsa Vucinic, Director, University of Montenegro Human Rights Group.

<sup>87</sup> Interview with Mr. Dragan Koprivica, Socialist People’s Party Montenegro

security concerns of the states in our region, is: Why should we consider the activities of these actors and not confine ourselves to the role played by the state – central authorities? This question constitutes one of the classic discussions in international relations theory between realist and liberals. Without central authorities recognizing certain common interests relations between other actors, either will not take place at all, or even if they do will not amount to anything. Albanian Montenegrin relations between 1993-96 very well illustrate this. The municipality of Shkodra tried to establish contacts with the municipality of Podgorica only after it was encouraged by the government to do so. During this period contacts between the two municipalities and other local actors were anemic. As we have already shown the nature of Albanian Montenegrin relations, and the context within which they took place, did not create room for other actors. Actually even central authorities were very refrained in their cooperation. However, after the split of Djukanovic with Milosevic, and the western democratic course pursued by Podgorica, the end of the Kosova war, and finally the fall of Milosevic created a different environment.

Once the states have democratic regimes and establish normal diplomatic relations, then this creates room for other transnational actors to operate. Although the state still remains the dominant player, we are faced with a different situation. First, a democratic state is more sensitive to pressures from other social groups that are trying to push their own agendas. During the electoral campaign for the local election of October 2000 Albanian Prime Minister Ilir Meta in his visit to Shkodra and Malesia e Madhe regions, which border Montenegro, promised to open new border crossing points, to turn the region into a linking bridge with Montenegro and further improve relations with the latter, out of which local people would benefit the most.<sup>88</sup> While having good relations with Montenegro was in the general interest of Tirana, in this case the Premier was responding to local needs in order to gain their vote. Although observers of cross-border relations have pointed out that the “lack of a natural political constituency bedevils many trans-border initiatives”<sup>89</sup>, yet the lack of a cross-border political constituency should not totally overshadow the potential role that border regions’ constituencies can play. In Southeast Europe there is no popular movement pushing for regional integration, similar to the federalist movement that existed in post-World War Two Western Europe. Regional integration is not a goal in itself, and cannot substitute the desire of these countries to join EU. While the support for European integration is very high, this cannot easily be translated into concrete public pressure on the government to fulfill the conditions set by the EU. The nature of the process leading to the Stabilization and Association Agreement is very technical and negotiations between the government and the EU are conducted mainly outside the public focus. In the case of cross-border cooperation the issues are much more concrete and tangible – opening of new border crossings, improvements in border regions infrastructure, special advantages for the people residing in frontier areas etc. Even though we are speaking for a small constituency whose particular border related concern, is not shared with the same intensity by the rest of the population, yet it represent a step forward from the situation of apathy to wider projects of regional cooperation. This constitutes one more reason why cross-border cooperation in the region should be supported and encouraged because there are people behind it. In addition, a democratic state, unlike an authoritarian one, cannot have total control on the pace of cooperation between other actors, and on the perceptions and visions that start to take form as result of these contacts. To make the difference much clear we could compare between an inter-state alliance that is the result of strategic calculations by national elites without much public input in it and the one that involves, in addition to central authorities, also a wide range of transnational links. A genuine process of reconciliation should not and could not remain confined just to elites. The perceptions that

<sup>88</sup> Albanian Telegraphic Agency, 6 September 2000, Albania: “Premier Promises to Open new Border Crossing with Montenegro”, Source: “Zeri i Popullit” daily newspaper, in Albanian, 3 September 2000; Albanian Telegraphic Agency, 26 September 2000.

<sup>89</sup> Susan E. Clarke, “Regional and Transnational Discourse” *International Journal of Economic Development*, Vol.2, No.3, available at [http://spaef.com/IJED\\_PUB/tblcontent.html](http://spaef.com/IJED_PUB/tblcontent.html)

ordinary people hold for those across the border and the level of interaction between these grass-root actors are crucial to create a healthy cooperation.

The activities of NCGs and NGOs have been described in different ways such as: micro-diplomacy, paradiplomacy, multilayered diplomacy, or when the interaction is very intensive then the networks that these different local actors establish together with cross-border activities of the ordinary people, transforms the regional space in which they operate by giving rise to cross-border regions or “common region” that promote a positive sense of identity, which changes perceptions about borders and neighbors.<sup>90</sup> The low level, bottom up nature of local authorities involvement in cross-border cooperation focusing purely on local concerns considerably contributes to confidence building across the border. In addition, involvement of local authorities representing national minorities in cross-border relations is very useful because it helps them to maintain contacts with “mother countries” and thus reduce the negative impact of borders.<sup>91</sup> The rest of this section explores the potential and extent to which local authorities and actors have been able to establish contacts with their partners across the border.

There is a wide range of factors that affect the processes of cross-border regional building. The first one is the existence of some notion of regional identity, whether people on either side of the border identify with the same region, which facilitates interactions. Geographically the cross-border region is made up of two areas: the main one is the region around Shkodra Lake and Buna River that flows from the lake and the region known as Malesia. The river and the lake have made communication between people living on either side easier. During the Ottoman period these regions interacted intensively with each other and formed an integrated market. Apart from the physical landscape that creates a natural region, the human factor has also contributed to this. The existence of Albanian minority in Montenegro, composing up to 7 percent of the population and residing mainly along the Albanian Montenegrin border, but also the small Montenegrin minority on the Albanian side, around 15000, are an element that strengthens cross-border bonds. If one looks at the Shkodra phone book he will find out that the surnames of many families are similar to places in Montenegro like Kraja, Podgorica etc. After the decision of the Great Powers in the Congress of Berlin that Albanian inhabited town of Ulcinj should be ceded to Montenegro a many families fled to Shkodra and other Albanian cities. Religious diversity on both sides of the border is another element that helps in strengthening common features. On either side of the border but in different proportions we have Orthodox Christians, Muslims and Roman Catholics. Yet the most important factor that has contributed to the image of a common region is based on the long tradition of cooperation. The cities of Shkodra, Ulcinj, Bar but also Podgorica have intensively interacted with each other and have formed an historical and traditional trading area. The memory of this legacy, which has survived the period of communist isolation, is reflected in the fact that the Montenegrin side in its relations with Albania emphasizes cooperation between Montenegro and Shkodra. This sensitivity is also reflected on the Albanian side, as Tirana recognized by supporting the creation of the local Forum for Cooperation with Montenegro. The perception of a common region started to emerge again during the embargo years when people from the Albanian side would cross the border, legally or illegally, in order to sell different products. After the opening of the border in 2000 cooperation has restarted again. More Albanians travel to Montenegro than vice versa. The difficult economic situation in Shkodra has had a negative impact on the propensity of Montenegrin to visit Albania.

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<sup>90</sup> Joachim Blatter, “Emerging cross-border regions as a step toward sustainable development?” *International Journal of Economic Development*, Vol.2, No.3, available at [http://spaef.com/IJED\\_PUB/tblcontent.html](http://spaef.com/IJED_PUB/tblcontent.html) Marcus Perkmann, “Building Governance Institutions Across EU borders”, *Regional Studies*, Vol.33, No.7, October 1999, pp. 657-669

<sup>91</sup> Ann Kennard, “The Institutionalization of Borders in Central and Eastern Europe”, paper presented at the *Conference: Border Regions in Transition*, Tartu University, Estonia, June/July 2001, <http://www.ut.ee/SOPL/english/border/> Noe Cornago, “Diplomacy and Paradiplomacy in the Redefinition of International Security”, *Regional & Federal Studies*, (Special Issue on Paradiplomacy) Vol.9, No.1, Spring 1999, pp.40-53.



However, as we showed above their numbers are increasing as compared to the last year. Positive perceptions exist on both sides about cross-border cooperation.<sup>92</sup>

Another factor that has an impact on the intensity of cross-border cooperation is the presence of important urban centers near the border.<sup>93</sup> There are four cities close to the border one of them is the capital of Montenegro Podgorica, Shkodra, Ulcinj and Bar. An important urban center has more resources both human and financial to pursue cross-border relations and to influence central authorities than small provincial towns or rural areas. Of course the degree of decentralization of power and economic development do influence the capacity of the local authorities and other actors to pursue cross-border relations. In both cases the government is very centralized. Although former Yugoslavia had an experience in decentralization of power, the law of 1992 has provided for a centralized state. Whereas the current draft law, has many shortcomings and has not passed yet in the parliament. Albanians in Montenegro demand greater devolution of power and the creation of a new municipality in Malesia with its center in Tuz. On the Albanian side the process of decentralization is proceeding very slowly. Out of the three components of decentralization only the first one has been achieved. In addition to this, Shkodra region has suffered also from political discrimination. Known as a stronghold of the center-right forces the central government, which is controlled by the center-left coalition, has provided very few funds to the local authorities. The authorities in the municipality of Shkodra complain that the government does not invite them during meetings between Albanian and Montenegrin representatives while the prefecture of Shkodra is invited.<sup>94</sup>

The Shkodra Municipality with the support of the Commune of Venice and UN Office for Project Services will set up a local public transportation service between Shkodra, Albania and Montenegro. The Commune of Venice has also provided motorboats for cross-border nautical transportation in the lake. This project is in the framework of tourism and cultural promotion. The local authorities have been instrumental in organizing different cultural activities such as painting exhibitions in different cities such as Shkodra, Podgorica, Bar, Vir Pazar, Ulcinj. Due to lack of decentralization of power and limited financial resources, the meetings between local authorities are more of a ceremonial nature. Notwithstanding, they are very important because they are meetings between elected authorities that can express a political will rather than meetings between officials appointed by the central government. Furthermore, as it has been observed also from other cases, the nature of the meetings involving local authorities is very different from that of central authorities. The language used in these 'micro-diplomatic' meetings is very direct and open as compared to the state level contacts, contributing to the creation of a friendlier environment. It is observed that the low level, bottom up nature of local authorities involvement in cross-border cooperation focusing purely on local concerns considerably contributes to confidence building across the border.<sup>95</sup>

There are many other associations and individuals that are involved in cross-border cultural cooperation. Migjeni Theater of Shkodra has performed several times in Montenegro. The choral group Preng Jakova in Shkodra in cooperation with Alba-Montenegro association and Mobil Art in Montenegro has organized joined activities. The Doclean Academy of Arts and Sciences of Montenegro has visited Shkodra University and has been interested in developing

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<sup>92</sup> During my field work in Shkodra and Montenegro I found very positive perceptions among those interviewed about cross-border cooperation. According to a survey conducted in Montenegro by the Institute for Marketing and Polls, (Romania) Montenegro January-February 2002, 63 percent of the Montenegrins were in favor of cooperation with Albania.

<sup>93</sup> Alan K. Henrikson, "Facing Across Borders: The Diplomacy of Bon Voisinage", *International Political Science Review*, Vol.21, No.2, p.127

<sup>94</sup> Interview with Mr. Fatlum Nurja, Deputy Mayor, Municipality of Shkodra

<sup>95</sup> Interview with Mr. Gjergj Murraj, Director, Albanian Secretariat of Stability Pact. Ann Kennard, "The Institutionalization of Borders in Central and Eastern Europe", paper presented at the *Conference: Border Regions in Transition*, Tartu University, Estonia, June/July 2001, <http://www.ut.ee/SOPL/english/border/>

closer cooperation. They have supported the translation of a book by an Albanian writer from Shkodra in Serbo-Croatian and another book by a Montenegrin writer is being translated in Albanian. In Ulcinj with the participation of Albanian artist summer festivals have been organized. A cross-border newsletter called Pluric is published by Economic Relief Agency, a local NGO in Shkodra and Montenegrin Youth Parliament. In Malesia, an Albanian region that was divided in two parts by the border but that has maintained its regional identity regardless of the state border, an association “Rapsha” is open to members on either side of the Malesia region. There are many other individual initiatives.

The existence of universities close to the border regions – the Podgorica University in Montenegro and University Luigj Gurakuqi of Shkodra – is an important factor that can have a significant impact on cross-border cooperation. Universities play an important role in providing non-political platforms for the articulation of regional concerns.<sup>96</sup> Joined research between universities on different topics can help cross-border cooperation in general by creating a consensus on those issues that are of mutual interest and thus putting pressure on authorities to act accordingly. Right now cooperation between the two Universities has been institutionalized only in the environmental field, conducting joint research on the Shkodra Lake. Recently the Montenegrin side has demanded the assistance of the University in Shkodra to send two professors to teach Albanian language in the University in Niksic. Cooperation between the two universities can expand in a number of other areas however, due to lack of financial resources it has been confined only to the environmental field.

As it has been observed in other cases too, cross-border cooperation is issue specific. Thus we will be looking at those areas where cross-border cooperation has advanced or has a potential to develop. We start first by looking at the cooperation in the environmental sector.

Proposals and agreements to cooperate in environmental field were reached since mid-1990s. In 1994 a protocol for cooperation was signed between the universities of Shkodra and that of Montenegro for conducting scientific research on Shkodra Lake (Skadar Lake in Serbo-Croatian). In 1995 the Minister of Environment of Montenegro in a visit to Albania had proposed to the Albanian side to declare its share of Shkodra Lake a national park. The conditions that existed then did not allow for any of these initiatives to materialize. After the end of Kosova war contacts between the two sides restarted. During this period we have witnessed more cooperation between non-governmental actors such as universities, NGOs and international donors, rather than cooperation at governmental level. The first contacts at governmental level took place in January 2001, while cooperation between other actors had started at the end of 1999. Although there have been contacts between the two sides, the “Memorandum of Understanding for the Protection of Environment and Sustainable Development” was signed only recently. The Montenegrin side was particularly interested that Tirana declares Shkodra Lake a national park. Yet the Albanian side accorded only “Protected Area Status” to the lake, which means that the level of protection in Albanian side is 4, whereas in the Montenegrin side is 2. Economic reasons, the fact that many people earn their living on fishing, and the lack of technical capacity to protect the lake, prevented Tirana from granting it national park status. Had this happened then commission that would have been created on both sides to deal with monitoring of the lake would have been able to have a joint management plan. Standardization of national legislature and cooperation at administrative level would have given rise to a cross-border environmental regime. However, some of the vacuum in governmental cooperation has been filled by the activities of other local actors in cooperation with international donors.

The German Rectors’ Conference and the University of Graz supported the university of Shkodra and that of Montenegro in their bilateral cooperation on Shkodra Lake. Laboratory equipments for chemical and biological analyzes were provided to both universities and a project, called the

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<sup>96</sup> James Wesley Scott, “European and North American Context for Cross-border Regionalism”, *Regional Studies*, Vol.3, No.7, October 1999, p.608

“Integrated Monitoring of Lake Shkodra” has started to operate since early 2001. Joint meetings have also been held in both countries focusing on this cooperation. The aim of the project is to create the ground for a long-term cooperation. Currently there are plans to further institutionalize cooperation between the two universities by creating a management board in addition to the scientific one, that would be composed by four Albanians and four Montenegrins and two Germans that will try to do promotion work for the project, and keep the public informed. It is also planned that this management board should cooperate closely with management board of the Regional Environment Center (REC) that has already initiated a pilot project on the Shkodra Lake. REC has country offices both in Albania and Montenegro and its aim in this phase is to promote biodiversity networks and shared management of natural resources. The program has started to operate in October 2000 and will last until 2003 under the framework of Stability Pact and is being financed by the Swiss Agency for Reconstruction and Development. This program would prepare the ground for launching another one, which will focus on revitalization of the villages around Shkodra Lake. The REC office has been very helpful in providing a wide range of support to different local actors. REC has been instrumental in organizing bilateral meetings between Albanian National Agency of Environment and Montenegrin Ministry of Environment. It has also provided equipments to the Regional Environmental Agency in Shkodra and the Skadar Lake National Park in Montenegro. It has published a report, which is produced by experts of both countries, on risks and opportunities of the Shkodra Lake and a joint database has been compiled as well. In July 2001 it organized in Montenegro a workshop on “Joint Vision of Cross-border Sites” bringing together people from two different pilot programs: The Shkodra Lake and Neretva Delta to exchange experience. In addition, it has financed also 22 small projects, which promote cross-border cooperation and networking of local NGOs.<sup>97</sup>

In addition to these initiatives that center on cooperation between the two universities and the activities of REC, there have been also other contacts, though sporadic and not institutionalized to the level of the two initiatives mentioned above. Actually the first contacts in environment field were made in December 1999 between the “Association for the Protection and Preservation of the Environment” a local NGO in Shkodra and the Skadar Lake National Park administration in Montenegro. The OSCE also helped, at some point, to create a joint commission that would have focused on monitoring organic polluters, but apparently the initiative did not last. There are also other projects focusing on River Buna (Bojana in Serbo-Croatian).

In environmental field we have noticed the development of cross-border policy communities and even cross-border advocacy coalitions, albeit still in an embryonic stage. The project for the construction of the Bushat hydropower on the Albanian side was an important example illustrating the different cross-border coalitions that were created in favor and against this initiative. Faced by a severe energy crisis the Albanian government, with the support of foreign donors such a World Bank, decided to revive the old project of building the Bushat hydropower on the Buna and Drin Rivers. However, the projects caused concerns about the negative ecological impact on Shkodra Lake and the surrounding areas since it would have also changed the course of the river flow. The environmentalists on either side of the border were against the reconstruction of the hydropower because it would have lowered the water level in the lake causing significant environmental damage, especially on the Albanian side. The reconstruction of the hydropower would have been very difficult had the Montenegrin government opposed the idea. However the Montenegrin government supported the project. By lowering the water level in Shkodra Lake the Montenegrin side would have gained 14 000 hectares of arable land. Montenegro had expressed its interest in lowering the water level in the Lake since late 1990. Actually both sides signed a protocol of cooperation on water management in October 2001. The aim of the project was to dig the bottom of the river flowing from lake Shkodra so as to allow more water to flow and thus reduce the water level in the lake, which

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<sup>97</sup> Interview with Ms. Diana Bej, Project Manager, REC regional office in Shkodra

according to some specialist is higher from what it should be. However, the conflict of interest between the water and environmental sector, at that time cooperation in the environmental sector was not organized at the governmental level, did affect international donors that would have financed the project.<sup>98</sup> There were attempts by environmental groups on both sides to organize a campaign against the construction of the hydropower but the creation of a cross-border advocacy coalition proved difficult and there was not enough cooperation across the border.<sup>99</sup> It seems, though this is not very certain yet, that the project for constructing Bushat hydropower has been shelved. The environmental groups on the Albanian side were able to influence foreign donors, which have decided not to support any longer this project but to build instead a thermo power.

In cross-border environmental cooperation between Albania and Montenegro there is one more area that requires cooperation, which at the same time has the potential for involving Kosova and Serbia as well. This cross-border region is called the “Cursed Mountains” in both languages. The initial idea to declare it a national park came from Montenegro, and there have been some preliminary discussions on this issue. The Montenegrin side has completed their study on the area, while on the Albanian side the status of protected area was given only to certain sites and not the whole region. Apart from the benefits that would stem from environmental cooperation between Albania and Montenegro in this area, the important fact is that this cooperation could be extended to include Kosova and Serbia as well. The Cursed Mountains region in addition to Albania and Montenegro extends also to Kosova and Serbia. Thus we have a cross-border region with some kind of “identity” since it is called by the same name in all four countries. The region is known for its huge biodiversity and rare plants and animals, which in addition to other political considerations could help to attract international donors. A successful case of cross-border cooperation between Albania and Montenegro, and the environmental focus of cooperation would make it easier for Kosova, and Serbia to join in. Thus we would have a contiguous national park that extends in four countries, and an association that would deal with monitoring and management of the area could be created.

The environmental area is the one that has witnessed more cross-border cooperation. In addition to this, tourism and transportation constitute two other sectors where cross-border cooperation has a potential to grow. These areas are also very much interrelated with each other. Tourism represents the sector with the greatest potential and interest for cross-border cooperation between Albania and Montenegro. In tourism cooperation has started since 2000 between private agencies in Shkodra and those in Ulcinj, Budva etc. Cooperation between private tourist agencies is expected to intensify after the opening of Murriqan-Sukobin border crossing that has dramatically shortened the distances between Shkodra and Ulcinj. Developing the tourist industry in the region would require considerable investments in infrastructure. Hence this is an area where only the central government can intervene. Yet, the local actors have a role to play by performing two functions: by coming up with proposals and ideas they can create a consensus on the necessary steps that need to be taken, which are vital for the economic development of the region. Second, by creating this consensus on the local level and reinforcing their position by creating cross-border coalitions they can increase their pressure on the government to act accordingly.

Both governments have put forward proposals for an integrated tourism development in the Albania Montenegro cross-border regions. We will be looking at these ideas in greater detail in the section on cross-border economic cooperation. However, in these two sectors, unlike the cooperation in environment, we do not witness any organized cross-border cooperation between local actors. It is essential that local actors like Shkodra municipality and prefecture, the chamber

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<sup>98</sup> Interview with Mr. Vasilije Buskovic, senior advisor Ministry of Environmental Protection and Physical Planning, Montenegro.

<sup>99</sup> Interview with Dr. Ana Mishurova, Center for Eco- Toxicological Researches of Montenegro, and Ms Diana Bej, REC regional office Shkodra, Program officer.

of commerce and other interested local actors should create a coalition in order to advocate and bring pressure on the governments to take steps in this direction. In order for cross-border cooperation to happen, coalitions have to be built first on either side of the border. The development of cross-border policy communities in tourism could be assisted in its initial phases by cooperation in the environmental field, since eco-tourism has been forwarded as an integrated approach that would address many of the concerns.

Cooperation in the order domain between the regional police departments of Shkodra and Podgorica is another area that has been characterized by very intensive cross-border cooperation. The first meeting of the regional police chiefs took place in Podgorica in April 2000, where they agreed to exchange information and cooperate in fighting smuggling and other cross-border illegal activities. Two other meetings of the regional police chiefs were held in July and August to discuss the situation created by the actions of the Yugoslav army that had temporarily closed the border and forced Albanian citizens to turn back. And to increase cooperation in fighting against different types of trafficking in the Albanian Montenegrin border. Talks focused also on the acceleration of procedures for the extradition of Albanians citizens who have committed crimes in Albania and are fugitive in the territory of Montenegro.<sup>100</sup> The cooperation between regional police departments of Shkodra and Podgorica is on daily basis and there exists a very positive perception on the Montenegrin side about this cooperation.<sup>101</sup> It is important to note that this cooperation is not the product of pressure or incentives from international community.

An important development, with the potential to influence cross-border cooperation and institutional building, was the setting up in May 2001 of Shkodra regional forum for cooperation with Montenegro. The forum is headed by the Shkodra Prefecture Office and is composed by various local actors such as: the Municipality of Shkodra, the communes bordering Montenegro, Directorate of Agriculture and Food, Regional Environmental Agency, Regional Police Directorate, Labour Office, Chamber of Commerce, Regional Customs Office etc. The main tasks of the Forum was to coordinate the work on cross-border cooperation, thus to accelerate the implementation of bilateral agreements. One of the tasks of the Forum was to draft sectoral and comprehensive policy papers that would have presented local concerns and proposals to the central authorities. Another function of the Forum was to encourage its members to strengthen cooperation with their Montenegrin counterparts. The creation of the forum and the cooperation that it should have maintained with central authorities – it was foreseen that representatives of central government would participate in the meetings depending on the issue that was discussed – indicated that there was a political will to involve local actors in the process of cross-border cooperation. The creation of the Forum represented a novelty in the sense that, in carrying out its tasks, it was supposed to perform also certain functions in the foreign policy domain. The fact that the Forum would have established contacts with different institutions across the border in order to facilitate cooperation indicated that it was going to be involved in paradiplomatic activity or a better term in this case might be multilayered diplomacy. This reflected the recognition by the central authorities of the long tradition of cooperation between Shkodra region and Montenegro. As it was stated also in one of the Forum meetings that Due to its position and traditional relations Shkodra has taken a more representative role in the relations with Montenegro but always in cooperation with the Ministry of Economic cooperation and trade and foreign affairs.<sup>102</sup> As we mentioned earlier in this section that cross-border regionalism is issue specific. We have sectoral policies and relations lacking an overall perspective and as some authors have noted from other case studies that this could be damaging to environmental concerns and the search for sustainable development. The regional forum for cooperation with Montenegro

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<sup>100</sup> Albanian Telegraphic Agency, Shkoder: August 31 2000, "Fighting Against Trafficking in Albanian Montenegrin Border"

<sup>101</sup> Interview with Mr. Mico Orlandic, Deputy Minister of Interior, Montenegro

<sup>102</sup> Prefectura e Shkdres, Takimi i Forunit te Malit te Zi, 4 Maj 2001

could perform this function of integrating different initiatives. However, despite the positive and potential role that the Forum could play in assisting cross-border cooperation, its role has faded. This is due to lack of cooperation between central authorities as well as local actors in Shkodra.

Cross-border cooperation between Albania and Montenegro is a new phenomenon, while contacts between Tirana and Podgorica did start since the early 1990s due to the reasons that we have already presented this cooperation does not fall into the category of “normal” bilateral relations. An intensive cooperation between the two countries, including also local actors and focusing on a wide range of issues, started only at the end of 1999, after the Kosova war. Consequently, in a period of not more than three years we could not expect to see significant progress in the process of cross-border regional building. Yet there are nascent elements of cross-border regional building, which bode well for the future such as: the positive attitude/inclination of both sides toward each other; the existence of some form of regional identity; the tradition of cooperation; the existence of large urban centers close to the border.

### **3.1 The relevance of cross-border cooperation for the case of Albanians’ relations with their neighbors**

Albanians in the Balkans live in contiguous territories in five countries: Albania, Kosova, Macedonia, Montenegro and Serbia. Their legitimate demand is to be able to freely interact with each other, which in other words means to live in a Balkan with open borders. Their demand is further reinforced if we consider that it is compatible with the values and objectives of the larger European integration processes. However, this legitimate need and demand might encounter difficulties in its actual application and be delayed if the Albanians in the region are not sensitive to the need of their neighbors to maintain borders. If Macedonians, Montenegrins or Serbs perceive closer contacts among Albanians in the region as threatening to their national sovereignty and territorial integrity then they will hinder such processes. An episode from Romanian Hungarian relations very well illustrates this point. In early 1993 Romania did not join the Carpatian Euroregion in order to prevent certain regions inhabited by Hungarians like Satu Mare, Bihor and Maramures from participating in the initiative and thus creating contacts with Hungary. Romanian government was distrustful of Hungary, which through the paradiplomatic activities of the Hungarian inhabited regions could ensure its influence in Romania.<sup>103</sup> The wars and conflicts that ensued from the dissolution of Yugoslavia have strengthened the need of the newly created states and their nations to maintain borders as an outward expression of national identity.<sup>104</sup> This phenomenon is not confined only to our neighbors but is present also in the Albanian case. On the one hand Albanians would like to have a liberalized visa regime with Greece. Several hundred thousands of Albanian emigrants in Greece are an indication of the desire to be able to move freely into this country. On the other hand Albanians would like to maintain their borders with Greece. They are suspicious about the Greek intentions and economic expansion. The same concerns are present in Macedonia as well. Taking in consideration the Greek foreign policy in the first half of the 1990s and the fact that many issues still remain unresolved, many people raise questions whether the new Greek approach is simply a change of means or a change of heart. In the case of Kosova the need of Albanians to maintain their borders with Serbia is very clear.

Scholars of border studies have always emphasized the dual and contradictory functions that borders perform – they separate sovereign states and act as barriers to the flow of people and goods but also perform the function of meeting points between people and states. From these

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<sup>103</sup> Noe Cornago, “Diplomacy and Paradiplomacy in the Redefinition of International Security”, *Regional & Federal Studies*, vol.9, No.1, Spring 1999, p.47.

<sup>104</sup> Ann Kennard, “The Institutionalization of Borders in Central and Eastern Europe”, paper presented at the Conference: *Border Regions in Transition*, Tartu University, Estonia, June/July 2001, <http://www.ut.ee/SOPL/english/border/>

contradictory functions stem two different strategies to peace making. The associative strategy contends that removing borders between hostile neighbors will help to reconcile them. Whereas the dissociative approach argues that maintaining borders between unfriendly countries will reduce their antagonism. The solution, Henrikson argues, lies in a strategy that recognizes these two contradictory functions of border that he calls consociative approach.<sup>105</sup> How can this approach be operationalized in the context of relations between Albanians in the region and their neighbors? And what is the contribution that cross-border cooperation could make?

Bearing in mind the concerns of their neighbors about territorial integrity. Tirana and Prishtina, mainly, but also Albanian leaders in the other three countries, have an important role to play in this respect. They should take steps to develop trust and confidence building with neighbors in order to address and mitigate the fears and suspicions that exist. It is exactly this approach that would fulfill the function of border making – in other words their territorial integrity is not in question – that would reassure the neighbors to open their borders. In this context, this paper argues that cross-border cooperation between Albania and Montenegro could provide a useful example of how trust and cooperation can be build despite the existence of Albanian minority in the border areas between Albania and Montenegro. And the mechanism of cross-border cooperation rather than simply contacts confined to authorities in the capital cities is the most appropriate way to build trust among the peoples of the region.

In the introduction and other parts of this paper we have tried to show that cross-border cooperation greatly contributes to confidence building. The nature of the meetings involving local authorities is very different from that of central authorities. The language used in these ‘micro-diplomatic’ meetings is very direct and open as compared to the state level contacts, contributing to the creation of a friendlier environment. The process of cross-border cooperation transforms our mental images as the meanings of borders and territoriality changes. The relationship with the neighbor, which very often constitutes the other, also changes giving rise to positive perceptions. In the framework of cross-border cooperation another factor that contributes to the reduction of tensions is the ability of local authorities, municipalities or communes, inhabited/representing national minorities to develop and maintain contacts with their “mother countries”. While the borderline that divides them from their mother countries is still there its functions have been changed.

Cross-border cooperation between Albania and Montenegro could make a valuable contribution to the larger processes of regional reconciliation and cooperation. This cooperation has the potential to provide a foundation for wider cooperation schemes involving Kosova and Serbia. Considering the wars in Kosova, in southern Serbia and the conflict in Macedonia, Montenegro emerges as the only place where a conflict between Albanians and their “Slav” neighbors did not take place. Although building a successful cross-border cooperation in this case could seen as being easier than in other relationships it is vital that the process of regional cooperation and reconciliation has concrete results to offer as models. Yet the Albanian Montenegrin border resembles the history of many other borders in the Balkans. The drawing of the Albanian Montenegrin border<sup>106</sup> has followed wars and Great Power involvement. The presence of the Albanian minority in the border regions testifies to this. Consequently the achievements and developments in this border region could provide an example for similar cases in the immediate neighborhood. However, despite this legacy Albanian Montenegrin relations in the 1990s and especially after the end of the Kosova war have not been dominated by security concerns. The Albanian minority in Montenegro, which composes around 7 percent of the population, is not perceived as a threat. In contrast to Macedonia, the main cleavage in the

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<sup>105</sup> Alan K. Henrikson, “Facing Across Borders: The Diplomacy of Bon Voisinage”, *International Political Science Review*, Vol.21, No.2, pp.129-30.

<sup>106</sup> At the time of Berlin Congress in 1878 Albania was not an independent state but part of the Ottoman Empire, however Albanians did emerge as a factor in the border drawing politics before their state was created in 1912.

Montenegrin politics is not ethnic but “ideological” – to remain in the same federation with Serbia or to become independent. This difference could be attributed to the small size of the Albanian minority in Montenegro but also to a different legacy of inter-ethnic relations. While Albanians in Montenegro do have their real grievances, there was in general agreement that their relations with Montenegrins were better than those between Albanians and Macedonians or those between Albanians and Serbs.<sup>107</sup> Podgorica has not perceived Tirana as a threat, which is reflected in a very intensive relationship that has developed in the last three years between Albania and Montenegro. In addition to the confidence and trust that exists in the relations between Albania and Montenegro, the latter has also been interested in expanding its relations with Kosova too, and has asked UNMIK to work on this.<sup>108</sup> Last summer almost a hundred thousand Albanians from Kosova visited Montenegro and many businessmen use the port of Bar for trade. Although the pro-Yugoslav block and part of the electorate are more afraid of Greater Albania, the progress achieved so far in cross-border cooperation provides substantial evidence against such fears. In this way Montenegro emerges as an important “meeting place” if we consider the links between Montenegro and Serbia as well. Successful cross-border cooperation between Albania and Montenegro, but also between Montenegro and Kosova would constitute a positive example that could make cross-border cooperation a useful devise also for other cases too. In the case of Kosova and Serbia cross-border cooperation could be a useful mechanism to address some of the problems that are related to the presence of Albanians in Southern Serbia bordering Kosova and Serbs in Northern Mitrovica bordering Serbia. Since these national minorities feel cut off from their “mother countries” the space provided by cross-border cooperation could prove helpful in mitigating some of the negative effects that borders have created. The same thing holds true for relations between Macedonia Albania and Kosova. In order for the experience of a particular cross-border cooperation to be spread to other cases it would be very useful to create an association of border regions and different cross-border cooperation schemes.

#### 4. Cross-border Economic Activity

Before we focus at the cross-border economic activity between Albania and Montenegro it is worth looking at the impact that borders have on the economic activity in border regions.

As we have already indicated borders perform two functions that of separation or barrier to economic activity and the function of contact, which is the case when we have an open border regime. When borders act as barriers they affect spatial distribution of economic activity by separating market and production areas and placing the regions adjacent to it in a peripheral status. In this way borders limit economic activity in the border regions. A discouragement of trade at the frontier regions is likely to follow and weaken the innovativeness. The existence of borders will effect decisions where to invest, moving production areas away from the borders, and causes migratory movements of population that further depresses the border regions and increases regional disparities. Due to the existence of the border the economic activity, which would have reached the border does not reach the region. Another factor that has an influence on the economic activity is the system of transportation networks. Without transportation and communication networks there will be no interregional trade. Borders would then seem to have both direct and indirect affects on trade and development. Indirect effects are those caused on the networks. The fact that the models for the development of the national networks do not include any borders into the network means that there is not border within the optimal network. Borders

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<sup>107</sup> Most of the people interviewed from the Albanian minority in Montenegro, which included politicians, journalist, NGO activists etc. concurred with this opinion.

<sup>108</sup> Interview with Montenegrin Foreign Minister Branko Lukovac.



restrict the building of networks at the border regions. If borders are not functioning as open borders then the national network planning takes borders into account and this tends to further reduce the economic activity. The border can change its function from a boundary to an opportunity and if there is no supporting network, the opportunity may cease to exist. It is not possible to overlook the effects of borders when building international networks. In contrast, an open border in terms of the removal of obstacles interfering with trade provides opportunities for growth that are based on the synergy that can be created by the cooperation of the border regions. The development of trade will increase the activity of small and medium size enterprises and encourage entrepreneurship. Opening markets may suggest changing the location of the industrial activity closer to the border where the markets on both sides can be utilized more effectively. In some cases border regions do not seem to have any specific role in trade, which is simply moving through the region. But the existence of networks may improve the role of these regions in domestic and international market.<sup>109</sup>

#### **4.1 A brief historic overview of cross-border economic activity until 1990**

During the Ottoman period, what is now the cross-border region between Albania and Montenegro formed an economically integrated area. Not only was this region economically integrated but it was also a region characterized with an intensive economic activity, which is mainly attributed to the economic weight of an important city such as Shkodra. Shkodra was the most important economic center in the whole Albania, although at that time there was no domestic market as such. This economic area with Shkodra as its center included: the Vilayet e Shkodra, other northern provinces together with Kosova: the major cities were Shkodra, Ulcinj, Bar, Lezha, Prizren, Peja and Gjakova. The economic influence of Shkodra extended into the center and southern Albania as well. Shkodra was an important transit place for the goods moving from the Adriatic Sea to the Balkan hinterland and vice versa. In the mid 18<sup>th</sup> century Shkodra was a city with around 40 000 inhabitants and a big market place with around 1000 shops. The Buna River allowed the navigation of ships up to 60 tons. An important role in the economic relations between other economic centers in the Adriatic and Mediterranean Seas and Balkan regions played the ports of Ulcinj and Bar. In the mid 18 century Ulcinj had around 10000 inhabitants. Other important centers that were part of this regional economic area were Prizren with 15000, Peja and Gjakova with around 10000 inhabitants. From 18 to 19 century the economic importance of Shkodra further increased, and in mid-19<sup>th</sup> century Shkodra had between 50 000 to 60 000 inhabitants and 3000 shops. The existence of some form of regional identity in the Shkodra Montenegro cross-border region that we mentioned in the previous section is attributed to the economic role that Shkodra played in the whole region. The economic importance of Shkodra started to decline in the last quarter of the 19<sup>th</sup> century. Among other factors, the construction of the railway line connecting Thessalonica, Skopje and going further north deviated trade and the transit importance of Shkodra decreased; and the establishment of the Balkan nation states, which started to build their own national economic systems, reduced the size of the hinterland. Finally with the creation of a truncated Albanian state in 1912, Shkodra and Albania lost its traditional market area in Kosova.<sup>110</sup>

During the interwar period agreements between the Yugoslav and Albanian states were reached in order to mitigate the negative effects of borders on the life of the people living in frontier areas. The Albanian Yugoslav borderline was finally approved in November 1921. In

<sup>109</sup> Marko Nokkala, *Economic Interpretation of Borders*, unpublished MA Thesis, Faculty of Social Sciences, University of Joensuu, Finland, November 1996.

<sup>110</sup> Zija Shkodra, *Esnafet Shqiptare*, Instituti i Historise, Akademia e Shkencave te Shqiperise, Tirane, pp.285-9, 306-7, 324-327, 337.

1925 a protocol was signed between the two sides to facilitate the movement of people in the Guci - Podgorica and Vermosh - Hoti Lake areas. The width of the frontier zone was set to 15 km. The agreement provided for the free border crossing of people and livestock. In order to benefit from this arrangement people were given a border permit that was valid for a year. In 1929 another agreement was signed, dealing with trade and navigation. Special permits, written in both Albanian and Serbian, were given to those who had land titles on the other side of the border, allowing these persons to cultivate their land and pasture the livestock. People living in the frontier zone had special permits to cross the border for trade without having to pay custom duties.<sup>111</sup> It is important to note what a report of 1936 of Shkodra Chamber of Commerce was saying with regard to the cross-border trade and the suggestions that it was making to the Ministry of Economy. "It is important to study the agreement reached with Yugoslavia for the cross-border trade since it is creating some difficulties for our market. Many domestic products have lost their value due to the large quantities of imports that are not respecting the terms of the agreement. Even those products, which are not allowed according to the agreement, are imported illegally. In the market of Shkodra come every week between 200-300 people from the border regions of Kraja and Ana e Malit but since they are restricted by the Yugoslav authorities they buy only few products in the Shkodra market. Whereas the tourism industry has marked an improvement in comparison to previous years, and this is mainly attributed to the Shkodra-Podgorica road. The number of visitors would have been larger if Shkodra – Dubrovnik road would be reconstructed."<sup>112</sup> The frontier area between Albania and Yugoslavia was divided into different sectors. There were three main border crossings in Muriqan-Sukobin, Bozhaj-Han i Hotit and Vermosh and in addition, several other border crossings were in the Shkodra Lake, Buna River. The total number of border crossing points was more than 10. Comparing this to the current situation where we have only two border crossing points between Albania and Montenegro, we can conclude that cross-border cooperation was more intensive during the interwar period than it is now.

From 1945 to 1948 the border between Albania and Yugoslavia was relatively open reflecting the good relations between the two countries and the possibility of Albania becoming the seventh Yugoslav Republic. After this, due to the strained relations between the two countries, all border crossings were closed except for the Bozhaj-Han i Hotit point. During the communist period, between 1945-89, 85 percent of Albanian foreign trade was done through this border crossing point.<sup>113</sup> From the human aspect the border was almost totally sealed. During this period Albania traded with Yugoslavia and through it with other communist countries. In 1989 the movement of people in the border restarts. We have agreements signed between Albanian and Yugoslav tourism agencies. Between 1989-91 around 100 people would cross the border from Montenegro during the weekends. After 1991 people from Albania started to go to Montenegro.

It is interesting to note that at the end of 1980s the agreements between Albania and Yugoslavia had special provisions for cross-border trade that would be exempted from paying custom duties. The five Yugoslav firms that would have been involved in cross-border trade were from Montenegro, Kosova, and Macedonia. In the protocol signed in 1990, the Yugoslav side did not agree that the total amount of transactions in the framework of cross-border trade exceeds 10 million USD, although the Albanian government had considered this to be lower than the capabilities of two countries. While in 1990 the Minister of Economic Cooperation of Montenegro made a visit to Albania. The aim of the visit was to find ways to increase the level of cooperation between the two, which had experienced a dramatic decline reflecting a general drop in the volume of trade between Yugoslavia and Albania. Trade between Albania and Montenegro

<sup>111</sup> Nail Draga, *Shqiptaret ne Mal te Zi*, Art Klub, Ulqin, 1994, pp.74-77

<sup>112</sup> *Raport Vjetor i viti 1936 i Odes se tregtise Shkoder*, 6 Prill 1937, Arkivi Qendror Historik i R.P.SH., F.30, D. I, Dok. Nr. 370/I, origjinal f. 265-69.

<sup>113</sup> Mario Majosh, *Studime Gjeografike-Ekonomike*, Sloveni

made only 2 percent of the 50 million US dollar trade between Albania and Yugoslavia. At that period Yugoslavia had already taken certain steps toward reforming its economy, and in this context the Montenegrin Minister declared that Montenegro had decided to develop closer economic relations mainly with Italy and Albania due to the geographic proximity with these two countries. The two sides also discussed ways how to promote cross-border cooperation and to increase contacts between different firms in both countries and agreements were signed for the manufacturing of refrigerators in Albania with some assistance from Montenegro and production of cigarettes in Shkodra according to the demands of the cigarette factory in Montenegro. Many firms, which would have been involved in this cross-border cooperation, were from Shkodra. In this context the two sides agreed to organize two fairs in Shkodra and Titograd (now Podgorica). The Albanian government required greater facility in terms of getting multiple-entry visas of long duration. Other issues that were discussed have also been present in the recent cooperation between the two countries. Reducing the water level in the Shkodra Lake, water management of the two rivers Drini and Buna, the construction of the Bushat hydropower, exchange of tourist and environmental cooperation in the Shkodra Lake. The Montenegrin side expressed interest to revitalize cultural activities between Podgorica, Niksic and Shkodra. They also discussed how to put in a better efficiency the railway line, which was constructed in 1987, and that through Montenegro/Yugoslavia provided to Albania the only connection to the European railway system. Actually the railway was used until 1992.<sup>114</sup> Despite the fact that most of Albania's foreign trade went through the border crossing between Albania and Montenegro/Yugoslavia, the Albanian Yugoslav border during the communist period could very well be considered a dead border. The economic activity was totally centralized and the number of people that crossed the border was insignificant. This was mainly the result of a combination of the self-imposed isolation of Albanian communist authorities and the security concerns of the Yugoslav side that kept the Albanian Yugoslav border sealed.

## 4.2 Cross-border economic activity after 1990

Due to the UN embargo on rump Yugoslavia, economic cooperation between Albania and Montenegro/Yugoslavia was no longer possible. The embargo caused considerable damage to the economy. Only in the first 12 months the economic damage amounted to 90 million US dollars. The shortest and most economic way for Albanian businesses to reach European markets was by using the railway connection through Yugoslavia. Due to the embargo the businesses were forced to use nautical transportation, which increased their transportation costs to 20 million USD per year. The Albanian imports and exports with Yugoslavia were cancelled causing significant damage when we consider that it was very difficult to find alternative markets for the low quality type products that were being exported. The embargo made also impossible the export of electric energy. As a result of the embargo around 60 private enterprises went bankrupt in the border regions of Shkodra and Malesia e Madhe.<sup>115</sup> These border regions in addition to the embargo that made cross-border cooperation impossible were also isolated from other economic center in central and southern Albania due to poor infrastructure. It is extremely difficult to make a comprehensive calculation of the damages caused by the international sanctions on the neighboring regions with Yugoslavia because many elements such as the amount of investments that would have otherwise reached the region, is difficult to assess. Furthermore these damages were caused to a country that similar to other regional countries was going through a very difficult transition. Although the whole country was experiencing the hardships of an economy in

<sup>114</sup> Ministria e Puneve te Jashtme, *Per Protokollin e Shkembimit te Mallrave me Jugoslavine ne vitin 1990*, 8 March, 1990. Information note: *Mbi bisedimet me delegacionin ekonomik te Republikes se Malit te Zi*, 17 April, 1990.

<sup>115</sup> Radio "BBC" in Albanian, 18 June 1993 (taken from Albanian Telegraphic Agency), Reuters, 7 September 1993, Tirane: *Shqiperia i vlereson ne 20 million dollare humbjet nga Embargo Jugoslave*;

ruins – the GDP fell by more than 50 percent from 1989 to 1992 and unemployment had reached around 40 percent – the northern regions faced tougher challenges also due to the accumulated problems of the past. Shkodra with a population of 90 000 inhabitants, numbered 27 000 people unemployed or over 50 percent of the labor force. In addition, Shkodra and other northern regions due to geographic reasons did not experience massive emigration to Greece and Italy like other parts of the country. Consequently they could not benefit from remittances sent by emigrants that considerably contributed in mitigating economic and social problems.<sup>116</sup>

However, in addition to the economic damage, the embargo became also an important source of income for the border regions. The very existence of the embargo created the reasons for crossing the border. During the embargo years, from 1993 to the end of the 1995, the Albanian Montenegrin border was transformed into a dynamic border zone and an important source of income. The main economic activities evolved around smuggling of oil and other products and the small cross-border trade, where Albanians from the border regions would cross the border in order to sell different products in the market place of Tuz, a predominantly Albanian town in Montenegro that was around 13 km away from the border.

It is difficult to arrive at an accurate figure of the amount of oil smuggled. As we have already mentioned some argued that the amount smuggled was equal to the quantity of oil consumed inside Albania. While former Albanian President Berisha on a TV program stated that the amount of oil supplied by Albania made around 6 percent of the total amount of oil smuggled to rump Yugoslavia. Whatever, the amount smuggled through Albania that constituted an important source of income for the border regions. The smuggling of oil was done either in big quantities such as through tank-trucks, ships or even pipelines extending across the border, which indicated some degree of organization or what is known as professional smuggling, or through the daily activities of borderlanders. Most of the oil was smuggled through the lake. By loading several barrels of oil depending on the size of the boat, tens of motorboats crossed every night to the other side of the lake, where the price of oil was twice as much. For many villagers smuggling was the only way to earn their living. Another way to smuggle oil, which was considered “acceptable”, was by enlarging the car’s oil-tank and taking a few more drums of oil as people regularly crossed the Han i Hotit – Bozhaj border crossing. This amount of oil was considered to be for personal use. In addition to oil other products like cigarettes and a wide variety of other goods were smuggled as well. Another type of cross-border trade centered on the market place of Tuz. Hundreds of people, would cross everyday to the other side and sell in the Tuz market. This was a big market place where not only people from Montenegro but also busses from Serbia would bring people to purchase goods, which was important because it significantly increased the demand for goods. Needless to say that the police and army on the Yugoslav side but also the police on the Albanian side were co-opted in this cross-border trade/smuggling.<sup>117</sup>

The profit made out of these cross-border activities was an important source of income for the economies of the border regions. Although some construction firms and small businesses like shops were opened with these resources, most of the capital was not invested in production but was spent on building new houses, buying domestic appliances, and cars or in many cases it was just subsistence smuggling. In order to understand this we should bear in mind the extreme deprivation that Albanians had suffered under communism and the harsh economic conditions in which they were living. Although smuggling and the small cross-border trade had provided an important source of income during the embargo years, this was only of a transient nature arising from the particular situation created by the imposition of international sanctions on rump Yugoslavia. A more durable form of cross-border cooperation would have to reflect the endogenous capacity of border regions. However, certain consequences of the cross-border

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<sup>116</sup> Interview with Albanian Prime Minister Aleksander Meksi, 1992-97. Radio “VOA” in Albanian, “*Interview with Mayor of Shkodra Filip Guraziu*”, 15 February 1993, (taken from Albanian Telegraphic Agency).

<sup>117</sup> This information was taken from conversations with different people in Shkodra and Montenegro

smuggling during this period would have a lasting effect such as: the informal contacts that people had created with those across the border, getting basic knowledge of the language and their neighbors. In 1996 the embargo was lifted and the official trade statistics for that year indicate that the amount of Montenegrin imports and exports with Albania were 3.62 and 2.52 million US dollars respectively.<sup>118</sup> In 1997 the Yugoslav army following the pyramid schemes' crisis in Albania and the collapse of the state closed the Albanian Montenegrin border. The appearance of Kosova Liberation Army meant that the border would continue to remain closed. The number of people that crossed during the following years until 2000 was very small and consisted mainly of the members Montenegrin - Serb minority in Shkodra.

The Albanian Montenegrin border was reopened in January 2000. Although as we showed the Yugoslav army interfered at different times by closing the border or hampering the development of trade by not allowing lorries to cross the border, the cross-border trade did grow. The official trade figures indicate that Albanian exports to Montenegro amounted to 1.32 million USD, while imports were insignificant. However, the following year, with the removal of the army checkpoint from the border, the Montenegrin exports to Albania reached 1.9 million USD exceeding the imports, 1,19 million USD.<sup>119</sup> As we notice the total amount of trade between the two countries more than doubled in 2001. Yet these figures represent only part of the total amount of cross-border trade. First, due to the corruption in the customs not all the goods are registered. The share of goods that goes through the customs unregistered could be even up to 30 percent. Second, the trade embargo that Yugoslav army had imposed on Montenegro fed the continuation of contraband through the lake. In November 2000 the police of the Malesia e Madhe district blocked seven motorboats that were used for contraband trade. The report says that the police forces of this district in the past ten months had confiscated 24 tons of various food articles smuggled from Montenegro through the lake.<sup>120</sup> Most probably the quantity of goods smuggled was much larger than the amount caught by police. The last factor that would increase the volume of trade between the two countries is the "petty cross-border trade" or what is known as "bag trade". With the opening of the border the activity in the Tuz market resumed. Small traders from the Albanian side would cross the border to sell mainly different articles of clothing, cosmetics etc. and buy products like flour, potatoes, beer, bananas etc. The quantity of goods that people carried in their cars was considered to be for personal use so in general they were exempted from paying custom duties. Although it was considered a petty trade, people were able to load several quintals even sometimes up to one ton of different goods such as potatoes or flour in their cars most of which are an old production of Mercedes Benz. The continuation of this type of cross-border trade, although not with the same intensity as during the embargo years, continued to be an important source of income for the local people. Actually the cross-border trade had lead to a reduction in the prices of certain food items in Shkodra.<sup>121</sup> However, the volume of small cross-border trade has steadily decreased.<sup>122</sup> There are many factors accounting for this decrease in cross-border trade. First of all, the volume of the petty cross-border trade could not be similar to the embargo years since that was a unique situation. With the removal of the army from the border wholesale traders have entered the market and monopolized it. It is likely that it was due to the pressure of the latter that the customs have started to demand that small traders pay the custom duties for quantities that before they did not pay, on the ground that they were competing with those who are paying the custom duties. Another factor that might have influenced the activity of small traders is the different regulations that have been issued. Since July 2001 the Montenegrin government has taken measures against the gray economy, and

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<sup>118</sup> Source: Montenegrin Ministry of Trade.

<sup>119</sup> Source: Montenegrin Ministry of Trade.

<sup>120</sup> Albanian Telegraphic Agency, 12 November 2000, "Police block seven contraband-bound motorboats",

<sup>121</sup> Arben Lagreta, "Benefits from cross-border trade", Albanian daily newspaper *Shekulli*, 15 March 2000.

<sup>122</sup> There are no estimates on the volume of the petty cross-border trade, however, people working at the Hani i Hotit customs put it at a very low percentage.

smuggling of cigarettes. Goods in open market were 10-12 percent cheaper than those in normal markets. People who trade in the open markets must register themselves as entrepreneurs, and in addition there is a tax for the place to sell in the market and a turnover tax. However, it is in the nature of the small cross-border trade to fluctuate reflecting the price differentials on both sides of the border. An important factor in cross-border trade is the intensity with which people cross the border. Increasing the number of border crossings would be helpful in this aspect.

In terms of illegal trafficking the Albanian Montenegro border region is part of trafficking routes of women for the purpose of sexual exploitation. The trafficking networks start from Moldova and Romania or even further east and then through Serbia and Montenegro enter Albania via the northern town of Shkodra and end up in Italy or other European countries.<sup>123</sup>

### **4.3 Brief overview of the economic situation in both countries**

A general overview of the economic situation on both sides of the border is important because the current depressed economic situation in both Albania and Montenegro does not allow us to form a clear idea of the potential that lies in cross-border cooperation. Although we are looking at the importance of cross-border cooperation for stimulating economic growth yet, cause and consequence are interchangeable in this case. While some economic growth is important in order to increase the level of economic cooperation and trade however, cross-border economic cooperation in return provides resources to increase domestic production.

#### **Albania**

Albanian economy has recorded very impressive growth rates since 1993 above 8 percent except for 1997, when the GDP contracted due to the financial crisis caused by the collapse of the pyramid schemes. According to the assessment of the European Bank for Reconstruction and Development for 2001 Albanian GDP has reached its pre-transition production level. The Albanian GDP is estimated slightly below 4 billion USD. Agricultural production contributes 50 percent to the GDP, services 20 percent, construction 16 percent and industry 11 percent. Notwithstanding its unexploited potential in agriculture, the growth in this sector has witnessed a slow down. The Albanian agriculture suffers from serious structural problems. Despite the reported high growth rates, Albania remains the poorest country in Europe, the GDP per capita is around 1100 USD and economic poverty is widespread. Although the government has achieved macro-economic stability this policies did not provide the same support to micro-development. The unemployment has been very high throughout the transition years. According to the official statistics the unemployment rate is 17 percent however, many other experts argue that it could be higher. The harsh economic realities that Albania is experiencing have forced many people to emigrate mainly to Greece and Italy. There are around 600 000 Albanians emigrants, which constitutes over 20 percent of the labor force. The remittances from emigrants, which average 350 million USD annually, have made a significant contribution to the Albanian transition by mitigating economic and social problems. Remittances from emigrants have been an important source for starting small businesses. As far as structural reforms are concerned Albania rates behind other transition economies the major shortcomings are in the area of massive privatization, restructuring of state enterprises, market competition policies and the reform in the financial system. Internal political instability, and weak implementation of the rule of law have inhibited economic growth. Mainly as result of the domestic situation, but also due to the regional

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<sup>123</sup> International Organization of Migration and International Catholic Migration Commission, *II Research Report on Third Country National Trafficking Victims in Albania*, June 2002

environment, direct foreign investments have been very low, in the period 1998-99 they were close to 1 percent of GDP.<sup>124</sup>

In 2000 Albania became a member of the World Trade Organization and right now is in the process of signing bilateral free trade agreements with the neighboring countries. The free trade agreement with Macedonia has already been signed and negotiations have started with Croatia and Yugoslavia. However, Albania remains a relatively closed economy as it is indicated by the ratio of the volume of foreign trade to the GDP, which is 33 percent. The decreasing degree of openness does not bode well for the future growth. The major trading partners of Albania are Italy and Greece. The Albanian exports for 2001 are 303.8 million. A significant share of this amount is composed of re-exports. With regard to other regional countries (or those countries that are part of the Stability Pact) the amount of Albanian exports in 2001 to these countries is 17.6 million USD or 5.8 percent of Albania's total exports, which marks an increase from 4.8 percent in 2000. More than half of these exports go to Kosova. Montenegro ranks fourth after Kosova, Macedonia, and Turkey. Total Albanian imports for 2001 reach 1 326.9 million USD. Imports from Stability Pact countries amount to 17.4 million USD or 3.1 percent of total imports, which has fallen in comparison to 3.9 percent in 1999.<sup>125</sup>

It is important to look briefly at the situation in Shkodra Prefecture, which has three districts, two of which – Shkodra and Malesia e Madhe – border with Montenegro. For simplicity we will call these the Shkodra region. Shkodra has been in the past the economic center not only of northern Albania but also of a wider economic region. Notwithstanding the innate potential of the region, currently Shkodra region is very much depressed economically. This of course does have an impact on the intensity of cross-border trade.

As we mentioned earlier Shkodra was one of the regions that has suffered the most from the economic transition. The earnings stemming from the cross-border smuggling and trade with Montenegro during the embargo years helped in some respect Shkodra and other border regions to survive economically. The 1997 crisis sparked by the collapse of the pyramid schemes and the collapse of the state gave a severe shock to the economy. However, some regions were able to recover faster than others, reflecting the increasing regional disparities in Albanian transition. Shkodra was one of those regions whose recovery was prolonged. The financial dimension of the 1997 crisis was only one aspect of the problem. The collapse of the state and strained political relations between government and opposition caused the greatest damage to the economy. Due to the 1997 crisis many businesses in Shkodra were severely damaged and were forced either to close their operations or to drastically reduce them. The unemployment rate, which has always been and still is very high, reached 63.2 percent in the city and 43 percent in the Shkodra district.<sup>126</sup> Due to the crisis the Yugoslav army closed the Albanian Montenegrin border depriving people from the earnings that they could have made from the cross-border trade. This difficult situation not only has prevented new businessmen from investing but has also forced many entrepreneurs to leave the region. The dire economic problems that Shkodra is facing and the delayed recovery are caused by a number of factors that we will briefly mention.

Problems related to public order and security lingered on in Shkodra longer than in many other regions. The main reason for the general insecurity that characterized the country in the aftermath of the 1997 crisis is attributed to the weakness of the state. However, while the situation improved in the other major centers in Shkodra public order was still fragile. Other factors that account for this is: the migration of people from rural to urban areas and the dire economic

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<sup>124</sup> Marta Muco, "Albania", in Thanos Veremis and Daniel Daianu (eds.) *Balkan Reconstruction*, Frank Cass, London, 2001, pp.119-132; Banka e Shqipërisë, Raporti Vjetor 2001, Tirane, Maj 2002, [www.bankofalbania.org](http://www.bankofalbania.org); Albanian Human Development Report 2000 at <http://www.al.undp.org>;

<sup>125</sup> Ministria e Ekonomisë, Te Dhenat Statistikore te Tregtisë se Jashtme dhe Analiza e Tyre per Vitin 2001, Blendi Kajsia, Aldo Bumci, Albert Rakipi, *Albania: a Weak Democracy a Weak State*, Albanian Institute for International Studies (AIIS), 2002, available also at: <http://www.aiis-albania.org>

<sup>126</sup> Shkodra Labor Office, *Tregu i Punës 2000*,

situation; the phenomenon of blood feud is also present in this region. In addition, people in Shkodra pointed also to the lack of political will to deal with the problem. There is a wide spread perception in the city that they are being politically discriminated by the center-left government because Shkodra region is well known as a stronghold of center-right forces. They indicate the amount of investments allocated by the center government to the Municipality of Shkodra, which ranks 24<sup>th</sup>, even though it is one of the biggest cities in Albania.<sup>127</sup>

Shkodra region is a periphery both in geographic and economic sense. Most of the economic activity, national and foreign capital in Albania is concentrate in the Tirana - Durres region. Tirana is the capital city while Durres is the major seaport of Albania, which is 40 km away from Tirana. This region has also experiences a large influx of population. Due to the lack of good transportation connections Shkodra does not have fast access to other economic centers. This of course affects the decisions of businessmen about their investment locations. In addition, due to poor infrastructure less than half of the villages have a fast access to the Shkodra market for the rest it takes hours to reach it. If we take in consideration that the agriculture sector in Albania is composed of subsistence or semi-subsistence farmers, which means that they sell very small quantities of their agricultural products, then the distance from market places mergers as a crucial factor.

The lack of financial services is another factor that has not helped the situation. The opening of the bank branches indicates a positive judgment on the regions economy and is an important factor for economic renewal.<sup>128</sup> In Shkodra there are currently operating two small micro-crediting foundations and recently the Fefad bank, which also gives small credits has also opened its branch. Albanian Partner in Micro-credit has started to operate in Shkodra at the end of 1999. It gives small loans up to 3000 - 4000 USD. The total amount of loans given is around 1 million USD. There are minimal problems with returning loans. The loans are split between rural and urban areas and some of the loans that are given are connected to trade activities with Montenegro. Taking in consideration the large share of informal activities, loans are given even without requiring for licenses for micro-businesses a large part of which is subsistence businesses. Besa foundation operates only in the city and does not cover rural areas and provides loans from 5000 to 10000 USD. It has given around 800 loans until now. There was an increase in the demand for loans and the amount asked for however, due to the severe energy crisis the activity has slowed down. There are no problems concerning returning of loans. Similar to Albanian Partner in Micro-credit, they do provide credits up to 2000 USD without demanding for a business license, which is required for amounts bigger than 2000 USD. Fefad bank has opened its branch in Shkodra in 2001. The total sum of the credit given has not exceeded 1 million USD. The credit scheme does not cover yet the rural areas.

The activities of these micro-credit schemes and Fefad bank are very positive and in addition to the loans they also help in creating a better perceptions about the city. However, there is clearly a need for more financial services especially for the rural areas, which have extremely limited access to crediting and loans. Other more powerful banks that operate in Albania are also planning to open their branches in Shkodra. Right now the situation in Shkodra has witnessed some improvements. Significant improvements have been noticed with regard to the public security. The reconstruction of the railway line that connects Albania to Montenegro and the opening of the new border crossing will facilitate trade between the two countries. The completion of the Tirana Shkodra road that will shorten the distance will also contribute to the economic recovery of the region. There seems to be greater interest from the central government to help the region. Albanian Prime Minister Pandeli Majko in his recent visit to Shkodra declared that politics should offer an apology for the way it has treated this city. The improvement of the

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<sup>127</sup> Bashkia Shkoder, Te dhena Statistikore te Bashkesise s Shkodres per Gashte Mujorin e pare te 2001

<sup>128</sup> The features of the transition of Hungary's regional system, at [www](http://www).



general situation in Shkodra region will have a direct affect on the number of Montenegrins that cross the Albanian Montenegrin border.

### *Montenegro*

In the last decade Montenegro has experienced a severe decline in the standard of living. The GDP has dropped by 50 percent since 1989, and it is currently around 1 billion USD. Whereas the GNP per capita has fallen from 2,300 to 800 US dollars and the unemployment rate is around 40 percent, though some other estimations that take in consideration the informal economy give a lower figures. This state of economy is accounted by the economic costs that were associated with the break up of Yugoslavia and the loss of traditional markets as well as the impact of international sanctions. Another important characteristic of the Montenegrin economy is that the process of transformation has started only in the recent years and due to the predominant preoccupation with the status issue the progress in the implementation of the reforms has been very sluggish. The western financial support given to Montenegro was one of the highest per capita in Central and Eastern Europe, however since its principal aim was to strengthen the position of the pro-western forces, it was not conditioned to the progress made in the implementation of the reforms. The outcome of all these is that the current structure of the Montenegrin economy is not sustainable. Many sectors of the economy, especially the heavy industries, are not profitable but carry on as a result of state subsidies. These industries have little prospects to survive privatization. Furthermore, over the past few years the Montenegrin public administration has grown in size and cost and currently employs more than 34 000 people. In total the Republic employs 75 000 individuals in the public administration and in publicly controlled companies. This is some 60% of active official work force (the data conflict regarding the total number of employed however, the number of those employed by the state is very large). The progress in privatization has been limited and sections of these emerging private sector rather than contributing to a healthy economy tend to be parasitic on loss-making public enterprises.<sup>129</sup>

Total exports for 2001 were 201 million US dollars, while the export of aluminum alone was 138 million USD. It is important to show the share of aluminum in order to create the right idea about the structure of exports but also to take in consideration the fact that the production of aluminum is made possible due to the state subsidies. If the power company charges to the aluminum production company a higher electricity price that is sustainable then the production of aluminum is no longer profitable. Imports for 2001 reached 579 million US dollars. The trade deficit for 2001 is 378 million USD or 35 percent of the GDP. Montenegro has a current account deficit 12 percent of GDP. Similar to other regional countries Montenegro trades largely with countries outside the region. In terms of trade Montenegro with regional countries Montenegro imports more from regional countries than exports to them. The main trading partners in the region are Serbia and Kosova, Croatia, Bosnia Herzegovina, Slovenia, and Macedonia.<sup>130</sup>

The implementation of the economic reforms and the transformation to a functioning market economy, similar to other countries, could drastically change the structure of production and that of exports and imports, which could open new opportunities for cross-border trade that have not been considered until now. According to the findings of the Center for European Policy Studies mission to Montenegro in November 1999: "In any scenario that makes Montenegro part of the modern Western economy two large components of present economic activity – heavy industry and what one might call tax-exempt activities – would be severely curtailed. The country has no particular advantage to offer for investments in either agriculture or light manufacturing.

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<sup>129</sup> See European Stability Initiative reports on Montenegro especially: *Montenegro: Rhetoric and Reform*, July 2001, at [www.esiweb.org](http://www.esiweb.org) in addition see also the information provided in the footnote below

<sup>130</sup> Institute for Strategic Studies and Prognoses (ISSP), *Montenegro Economic Terms – MONET*, March 2002, pp.40-41, 47, 60-65. ISSP provides regular and detailed reports on the economic trends in Montenegro, at [www.isspm.org](http://www.isspm.org)

This means that the only significant substitute for the activities to be lost are legitimate regional transport, entrepot and trading services linked to the Port of Bar, and Tourism.”<sup>131</sup> Another point that is made by foreign and domestic economic experts is that it is in the advantage of a small country to have a very open economy. Actually Montenegro has moved in this direction by implementing a low tariff rate and with the adoption of DM and now Euro.<sup>132</sup> By bearing in mind these key components of the future Montenegrin economy we will be looking at the current and potential cross-border cooperation with Albania.

#### 4.4 Cooperation in the field of tourism and transportation

The tourist sector has also benefited from the cooperation between the two countries. However, cooperation in this aspect is largely one sided, the majority of tourist are from Albania, while the number of Montenegrin that visit Albania continues to remain small although it has marked an increase from the same period last year.<sup>133</sup> Albanian tourists have started to visit Montenegro since the summer of 2000 and a larger number visited the following year. Due to the proximity of the border these visits are not confined just during the summer but happen throughout the year. For example in 7-8 March when we celebrate in Albania the mother and teachers day the number of people that visited Montenegro witnessed a sharp increase as compared to the previous or next month. This is an important indicator because it shows the intensity with which people cross the border, and the positive perceptions. There are no data on the number of Albanian tourist that have spent their holidays in Montenegro. The Montenegrin statistics do not provide a separate category for Albanian tourist either from Albania or from Kosova but they are included in the *others* category. Furthermore it is recognized that more than 50 percent of the tourist that visited Montenegro have not registered. However, statistics are important because it is on the information that they provide that policy recommendations are made. The strategy that tourist agencies and institutions in Montenegro will employ in building cooperation with their counterparts in other countries, Albania included, will be based on this information. Although tourist industry in Montenegro is interested in attracting large numbers of tourist from Western countries similar to the situation in the 1980s, the quality of services provided by this industry are low due to almost a decade long of neglect and lack on investments.<sup>134</sup>

Albania is a country with a potential in the development of tourist industry. It has a long and largely unexploited coast, however, with no tradition in this sector due to communist isolation, while the development of tourism during the last decade was inhibited by the lack of infrastructure and unstable political environment. On the other hand, Montenegro was a well-known tourist destination in former Yugoslavia and in the 1980s tourism was one of the main components of the economy. However, after a decade long of neglect due to wars in the neighborhood and international sanctions out of 24 economic activities tourism ranks only in the 18<sup>th</sup> place now.<sup>135</sup> Despite the present situation, tourism represents the sector with the greatest potential and interest for cross-border cooperation between Albania and Montenegro. Competition could as well be part of this relationship. Some improvement of the tourist sector in

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<sup>131</sup> Daniel Gross et.al., *Notes on the Economy of Montenegro*, CEPS Working Document 142, 2000, p.29 at <http://www.ceps.be>

<sup>132</sup> See the chapters of Veselin Vukotic and Daniel Gross in Nicholas Whyte, (ed.) *The Future of Montenegro: Proceedings of an Expert Meeting*, Center for European Policy Studies, 2001, pp.45-62, 65-80.

<sup>133</sup> There are no data on the number of Albanian or Montenegrin tourist that have visited either Montenegro or Albania however we can provide the total number of border crossings. In 2001 there around 116 000 border crossings for Albanians and only 22 000 for Montenegrins.

<sup>134</sup> Institute for Strategic Studies and Prognoses in Podgorica and Center for European Policy Studies in Belgium, *Montenegro Economic Trends*, December 2001 at [www.isspm.org](http://www.isspm.org)

<sup>135</sup> Ibid. p.44

Albania would attract, at least, the Albanian tourist from Kosova that have visited Montenegro, last year there were close to 100 000 visitors, and reduce the number of Albanian tourist that have spent their holidays in Montenegro. Yet the benefits stemming from cooperation are much larger. Development strategies in tourism, but also in other areas, should not be confined to only one side of the border as if the region across the border does not exist. The cross-border dimension is an important element that should be incorporated in the development strategies. This need becomes even more obvious when we consider that the cross-border region represents an integrated ecosystem made up of the Shkodra Lake, Buna River and the drainage basin.

In general the strategies for the development of tourism in Albania and Montenegro do not have a cross-border dimension. Those focusing on Ulcinj area or the Lake do not have a cross-border dimension. The same could be said on the Albanian side where the strategies for the development of tourism do not include Shkodra but only the coastal areas.<sup>136</sup> However, some attempts to incorporate the cross-border dimension in the development of tourism are being made and have already been put forward by Albania and Montenegro in the context of the Adriatic Ionian Initiative. The project proposal includes the following objectives: Integrated tourism development in Albania Montenegro cross-border area; creation of a vision of a unique position in the eastern coastline; participation of the local community in tourist development guaranteeing respect of social, religious, cultural interests and local community traditions. Other proposals draw from the earlier experience when navigation in the Buna River and the lake was possible. Currently Buna is no longer navigable all along its course. In order to open it to navigation only a small section has to be dug. While making it navigable would be useful and there is agreement in principle to do this however this does not constitute a priority for either government right now. Opening Buna to navigation would make it possible for ferryboats from different harbors in the Montenegrin coast like Bar, Ulcinj, Kotor to sail through Buna and reach Shkodra Lake. This would stimulate the development of tourism and the construction of hotels restaurants, bars and other services along this route. The development of eco-tourism or rural tourism, in contrast to mass tourism, would be the best option not only because it will protect the environment but also would make sure that the local communities would benefit the most from the revenues coming from tourism. This will help the local communities to return to the traditional agricultural activities like vineyard, tobacco etc. The development of tourism and traditional agricultural activities will help to revitalize of the abandoned villages on the Montenegrin side of the lake.<sup>137</sup>

While the implementation of these ideas and projects would take time, some modest steps, like the opening in May 2002 of the Sukobin - Murriqan border crossing, have already been achieved that would greatly contribute to the development of the area. The opening of this border crossing has reduced the difference from Shkodra and Ulcinj from 160 km to 40 km. Similarly the difference between Shkodra and the seaport of Bar has been reduced. This will intensify the border crossing activity, because people could just cross to the other side for spending a few hours especially during the summer season. This proximity makes it possible for tourists who spend their summer in the Montenegrin coast to cross the border and visit Shkodra and its vicinities. For this closer cooperation should be established between the tourist agencies in Ulcinj and Shkodra in order to promote this. This will stimulate the growth of restaurants, bars, the development of handcraft tradition for which the region was known. The opening of the Sukobin-Murriqan border crossing will make possible also the development of cross-border trade between the two regions, which was not possible until now. Especially during the summer season when the demand for agricultural products increases, the villages on the Albanian side can find a market for their agricultural products.

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<sup>136</sup> Interview with Mr. Isat Dragovoja, Deputy Minister of Tourism, Montenegro, Interview with Ms. Arieta Dibra, Professor at the Shkodra University

<sup>137</sup> Interview with Mr. Vasilije Buskovic, senior advisor Ministry of Environmental Protection and Physical Planning, Montenegro.

The attractiveness of both countries as tourist destination would be enhanced if they organize joint tourist marketing. Due to the small distances that separate the two the choice of a foreign tourist is not either to spend the holiday in Montenegro or in Albania. In half an hour or so a tourist could travel from Ulcinj to Shkodra and in a few hours reach other tourist destination in central Albania or further south. This constitutes an important advantage for Albania and Montenegro, but which is valid also for the rest of the region. A salient characteristic of the Balkans is its striking diversity in a small geographical area. As one moves from one region to the other will come across different cultures, traditions, religions, and languages. This cultural richness is a precious asset that should be exploited and reflected in the tourist packages that are offered. In different meetings between Albanian and Montenegrin tourism bodies the idea to create an integrated tourist market that would include Dubrovnik, Budva and Saranda and the expansion of the maritime transportation by establishing ferryboat connections between different seaports in Albania and Montenegro has been discussed.<sup>138</sup>

Shkodra region would benefit more from the cross-border connection with Montenegro in case the actual road that connects it to Kosova would be upgraded. As we mentioned close to a 100 000 Albanians from Kosova spent their holidays in Montenegro last summer (2001). It is likely that this number will increase this year if we consider that there must have been some hesitation among Albanians from Kosova to visit Montenegro after the events of 1999. In terms of distance the shortest way to reach Ulcinj is through the Albanian territory – from Prishtina to Ulcinj through Shkodra is around 250 km. While only the section from Prishtina to Podgorica is 311 km. However, due to the poor quality of roads on the Albanian side Albanians from Kosova did not choose to go this way. If they traveled through Albania Shkodra would have been a transit place, where they would have stopped before going to Ulcinj.

Cooperation in the transportation sector is of great importance for both countries and it is linked also to cooperation in tourism. As we have mentioned earlier, the embargo on rump Yugoslavia caused significant damage on the Albanian economy. The shortest and most economic way for Albanian businesses to reach European markets was by using the railway or road connections through Yugoslavia. Due to the embargo the businesses were forced to use nautical transportation, which increased their transportation costs to 20 million USD per year. For all Albanian businesses that trade with the countries to the north of Albania, in central Europe and even Northern Italy it is much more cost effective to use the transportation routes through Montenegro, and the territory of former Yugoslavia. For example the distance from Shkodra to Ljubjana, Slovenia is 790 km. Slovenia borders northern Italy. To traverse this distance together with the custom delays, since several countries have to be traversed, it would take at most a day. Since the Southeast European countries have signed the Memorandum of Understanding with the aim of reducing costs of trade and transport and are in the process of signing bilateral free trade agreements with each other, this will further reduce the time spent in customs. So the distance would be traversed in less than a day. The alternative road that is being used now is through the port of Durres, Albania to Bari, Italy and then by road to northern Italy, which is much more time consuming and more costly. Both Albania and Montenegro are very much interested for the construction of the Adriatic – Ionian Corridor. In November 2001 Albania supported the initiative of Montenegro for the construction of a highway that would connect Albania, Montenegro and Bosnia-Herzegovina. The Montenegrin government has undertaken to coordinate the work for the construction of the highway and a trilateral commission will be created. This project is important because it will link Albania to the European road system.<sup>139</sup> Another cooperation in the framework of Stability Pact was the reconstruction of the railway link between the Albania

<sup>138</sup> Albanian Telegraphic Agency, 17 August 2001, "Albania and Montenegro to promote cooperation in Tourism". Albanian Telegraphic Agency, 17 November 2001, "Albanian sea-ports to cooperate with Montenegrin ones"

<sup>139</sup> BBC Worldwide Monitoring, 15 November 2001, Albania: Construction of a Joint Highway between Albania, Montenegro, Bosnia Herzegovina planned,

railway station of Bajza and Montenegro. This is very important because the link through Montenegro is the only one that connects Albania to the European railway system. In order to fully connect the entire Albanian railway system to that of Montenegro and the European one the Albanian government will fund the reconstruction of the railway section Shkoder Bajze within 2002. Albania and Montenegro are also cooperating on a joint project for the reconstruction of the Bar Shkoder road that will be presented to the Stability Pact. The construction of this road is important because it will connect northern Albania to the port of Bar. The Montenegrin side is very much interested to develop the trading services linked to the Port of Bar, which is vital for the economy of Montenegro. Businessmen from Shkodra and Northern Albania and even individuals do use the port of Bar for traveling to Italy. The fares charged by the ferryboats in Bar are cheaper than those charged in Durres. However, the construction of the Shkodra Bar road will not change much the situation, at least as far as businesses are concerned, if the bridge over Buna River is not constructed as well. The present bridge over Buna River is very old and heavy trucks cannot cross over it. The completion of the Shkodra Durres road will also shorten the distance to the port of Durres. In this way businessmen from the Shkodra region will have two alternative choices the port of Durres and Bar, which will substantially improve their peripheral position. Albanians from Shkodra region have also used the Podgorica airport – the distance between Shkodra and Podgorica is 56 km – and the fares are cheaper as compared to the Tirana airport.

There has been cooperation between Albania and Montenegro also in the maritime transportation. In the summer of 2000 a ferryboat started to operate between Durres and Bar and there has been discussion between the two sides for establishing ferryboat connections between other seaports in Albania and Montenegro. This is also linked to cooperation in tourism, by making possible movement of tourist from one country to the other, and offering joint tourist packages. Making possible nautical transportation in the Shkodra lake and Buna River will assist very much the development of tourism in Shkodra and the cross-border region.

The Montenegrin side has expressed interest for the construction of a road that would connect Podgorica and Plav (in Montenegro) through Albania. The current highway between Podgorica and Plav is 200 km long. The proposal of Montenegrin authorities is to use the Albanian territory, about 12 km, so that the distance between Podgorica and Plav is shortened to around 60 km. The construction of this road would be beneficial not only for Montenegro and Albania but also for Kosova and Southern Serbia since it provides the shortest connection with Montenegro and its coast.

## **5. Conclusion and Recommendations**

While cross-border cooperation is not a panacea for all the regional troubles, it could make a valuable contribution both in economic and confidence building terms. First the processes of regional cooperation is very much driven by international actors and confined to national elites. Since in the Balkans the goal is reconciliation then people as well should become part of these processes. The mechanism of cross-border cooperation fills this gap by bringing a bottom up approach. At the same time the nature of cross-border cooperation could contribute to the creation of trust and confidence among suspicious neighbors.

Cross-border cooperation between Albania and Montenegro, which ranges from official agreements that have been signed between Tirana and Podgorica to the bottom up activities of the local actors such as local government, different NGOs and the daily activities of the 'borderlanders', has expanded very quickly. This cross-border region has the potential of becoming a model Euroregion in Southeastern Europe if supported by Western institutions. The intensive cooperation between local actors across the border and the creation of different cross-border networks transforms the regional space in which actors operate by giving rise to cross-border regions or common regions that promote a positive sense of identity, which changes perceptions about borders and neighbors. And by so doing, make a significant contribution to

reconstruction of Southeast Europe. Although the process of cross-border cooperation between Albania and Montenegro is a relatively new phenomenon we could notice nascent elements of cross-border regional building. The intensification of cross-border contacts has contributed to the positive perceptions that actors on both sides of the border hold for each other. Cross-border cooperation is also helpful in addressing some of the needs of the national minorities. The involvement of local authorities representing national minorities in cross-border relations is very useful because it helps them to maintain contacts with “mother countries” and thus reduce the negative impact of borders. Successful cross-border cooperation between Albania and Montenegro would constitute a positive example that could make cross-border cooperation a useful device also for other cases too. This cooperation has the potential to act as a founding stone for wider cross-border cooperation schemes that could involve Kosova and Serbia. Here lies the special role that Montenegro could play. Montenegro is a place where not only Albanians from Albania go for business and tourism purposes but also, Albanians from Kosova do visit Montenegro for the same reasons. Tens of thousands of Albanians from Kosova have visited Montenegro last summer. At the same time, regardless of the future arrangements between Montenegro and Serbia, the functional and even emotional links between the two will continue to remain strong. In this respect Montenegro constitutes a crucial ‘meeting point’ for all three neighboring countries.

With regard to the economic and other problems that border regions face, it is a well recognized fact that the establishment of the border places the adjacent regions in a peripheral and marginalized position. In the case of the Balkans state borders have been drawn without much concern for ethnic or other consideration. They cut through regions that share similar traditions and formed integrated market. During the Cold War era, the totalitarian and centrally planned nature of the communist regimes, combined with the security concerns turned borders solely into instruments for separateness, relegating border regions to peripheral status or what is known as alienated borderlands. State borders in the region during this period could very well be considered as dead borders with all the economic activity directed toward the center. The bloody disintegration of Yugoslavia and the international sanctions on rump Yugoslavia meant that border regions would continue to be deprived from the opportunities of cross-border cooperation. As a result this has necessitated the initiation of cross-border contacts in order to address issues of mutual concern for the inhabitants of the border regions. Cross-border cooperation helps border regions to enhance their standing from peripheral, marginal regions to more competitive ones by joining their resources.

- *Environmental Cooperation in the Cursed Mountains Region*

There have been discussions between Albania and Montenegro to declare their cross-border mountainous region known as the “Cursed Mountains” a national park. Apart from the benefits that would stem from environmental cooperation between the two in this area, the important fact is that this cooperation could be extended to include Kosova and Serbia as well. The Cursed Mountains region in addition to Albania and Montenegro extends also to Kosova and Serbia. Thus we have a cross-border region with some kind of “identity” since it is called by the same name in all four countries. The region is known for its huge biodiversity and rare plants and animals, which in addition to other considerations could help to attract international donors. A successful case of cross-border cooperation between Albania and Montenegro, and the environmental focus of cooperation would make it easier for Kosova, and Serbia to join in. An environmental association composed of representatives from the four countries could be created.

- *Establishment of an Association of Border Regions*

Similar to the associations of frontier regions that have been created in the EU, like the different Working Communities of Alps, an association of border regions could be created that would include Albania, Montenegro, Kosova, Serbia, and Macedonia. This association would help the exchange of ideas and experiences. It could provide a forum where problems of border regions could be discussed. In this way the positive experience in one cross-border region could “spill over” to another.

- *Closer cooperation between East West Institute, Open Society Institute (Soros), and Freedom House in the area of cross-border cooperation*

All these three institutes have a cross-border program as their component. These institutes could enhance their effectiveness by better coordinating their efforts and focusing more on the Western Balkans region. Considering the fact that cross-border cooperation involves local authorities and other actors in border regions that are marginalized by developments that are usually confined to national capitals, the joint efforts of these three institutions could make a significant difference with much less resources that are usually spend for NGOs and institutes in the capital cities. While research should be done in this area to come up with more specific recommendations and concrete examples, it seems that among the three the East West Institute is better placed to coordinate the work.

- *Cross-border cooperation should be incorporated in the development strategies*

Cross-border cooperation should be incorporated as an important dimension of the development strategies that are devised by the central authorities. Policies that aim at the development of the regions adjacent to the border should not be envisaged as if the other side of the border does not exist. The measures taken can vary from one region to the other. By involving actors on both sides of the border cross-border cooperation can bring solutions to the daily problems of the people living in the border regions, which might not be of national importance however, they are important for the people living in the border zones.

- *Opening more border crossing points*

During the interwar period between Albania and Montenegro there were more than ten border points while now there are only two. Opening new border crossings will assist the small cross-border trade and intensify cooperation.

- *Cross-border cooperation in tourism*

Tourism represents the sector with the greatest potential and interest for cross-border cooperation between Albania and Montenegro. Several measures that could be taken in this area do not require a lot of efforts or capital. Opening the Shkodra Lake to nautical navigation will contribute to the economic revival of the villages around the lake. Closer cooperation between tourist agencies in Ulcinj and Shkodra arranging for transit or one day tourist trips to Shkodra.

- *Support the Forum in Shkodra*

The setting up in May 2001 of Shkodra regional forum for cooperation with Montenegro was an important development bringing local concerns into the government agenda. However, the role of

the forum has waned. In order to revitalize it more support should be provided by the central government.

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