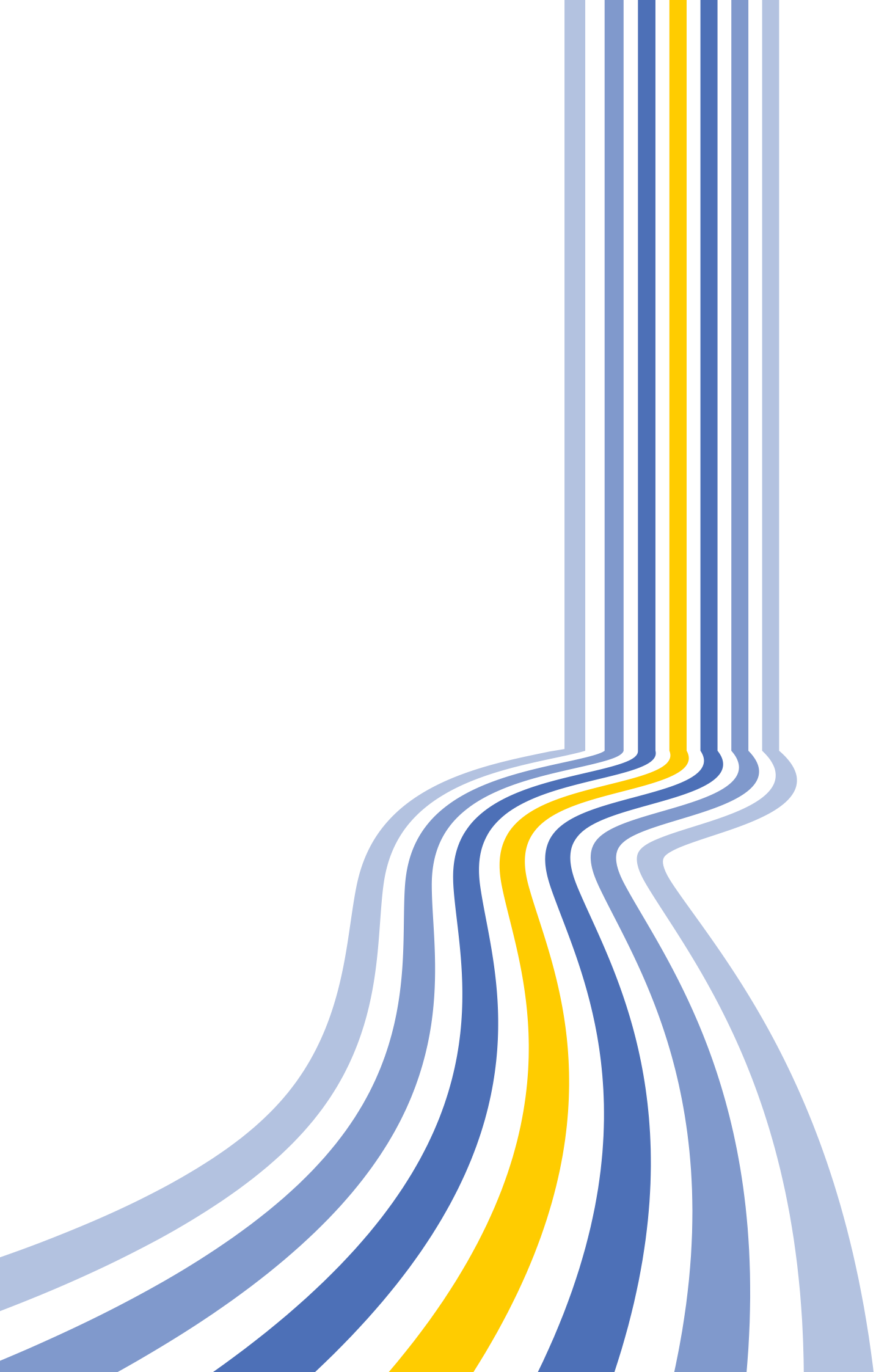
Policy Brief:

Accelerating Western Balkans Integration: Implementing the Common Regional Market and Advancing EU Single Market Access[1]

Berlin Process WB6 Business & Chambers Forum

Advancing Western Balkans Economic Integration through the Common Regional Market and EU Single Market

Belgrade, October 07, 2025



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1 Introduction and Context

The Western Balkans' path toward EU integration has been marked by slow and uneven progress, hindered by political fragmentation and growing enlargement fatigue. While foreign direct investment and trade have grown, the region's economies remain fragmented and poorly integrated with each other and the EU, limiting their growth potential (World Bank, 2022). Intra-regional trade remains below potential, accounting for only about 20% of total trade, compared to over 60% within the EU (CEFTA, 2023).

The Common Regional Market (CRM), launched in 2020 and renewed through the 2024-2028 Action Plan, was designed to address this, by bringing the EU's four freedoms (free movement of goods, services, capital, and people) into the Western Balkans, and laying the groundwork for deeper economic integration.

However, despite modest progress - such as the limited introduction of Green Lanes for transport and trade facilitation, and the implementation of regional free roaming - overall execution fell short of expectations. Many of the barriers identified five years ago remain in place today. Businesses across the region still operate in small, fragmented domestic markets, face difficulties scaling up across borders, and struggle to integrate into EU and global value chains.

The renewed CRM Action Plan 2024–2028 raises the level of ambition. Going beyond the four freedoms to support long-term growth, digital and green transitions, and faster alignment with EU standards. Yet one year in, concrete results remain very limited. While declarations of support continue, implementation lacks consistency, coordination, and accountability.

The EU Growth Plan 2024-2027, backed by €6 billion in grants and loans, offers renewed momentum and a strong incentive for reform. However, this financial support is tied to the implementation of structural changes, including those aligned with the CRM and the EU acquis. In this context, delivering on the CRM is not only economically necessary, but also a political priority.

To move forward, the region must make a decisive shift, from repeated commitment to concrete implementation. Without urgent and coordinated action to remove regulatory fragmentation, harmonize rules and standards, modernize infrastructure, and support labour mobility, the Western Balkans risk falling further behind. The cost of inaction is high and growing.

The CRM must now shift from policy vision to practical delivery - producing tangible results for businesses, workers, and consumers. This requires decisive leadership, institutional coordination, and sustained political commitment to turn existing commitments into real, measurable progress.

2 Roadmap for Effective Implementation of the Common Regional Market and Accelerating Western Balkans EU Single Market Access

Prepared for and discussed at the Berlin Process Business and Chamber Forum[1]
7 October 2025, Belgrade

Purpose and Context

Five years after the launch of the first Common Regional Market (CRM) Action Plan, and one year into the renewed 2024-2028 CRM Action Plan, businesses across the Western Balkans (WB6) continue to face barriers that limit trade, investment, and mobility.

Key issues:

- **Borders and Infrastructure:** Long queues, manual inspections, insufficient infrastructure and staffing at border crossings, incompatible SPS/veterinary schedules with customs working hours, and only partial use of electronic pre-arrival systems.
- **Regulatory Fragmentation and Technical Barriers:** Certificates and lab results are not mutually recognized across the region; Conformity Assessment Bodies (CABs) are under-resourced; rules and standards diverge from EU norms.
- **Labour Mobility and Services:** Mutual recognition of qualifications is inconsistent; fragmented labour markets hinder cross-border service provision.
- **Digital and E-Commerce Trade:** Slow parcel clearance, fragmented VAT procedures, inconsistent trust services and limited interoperability across WB6 economies.

Impact: Despite political commitments, **delivery on the ground remains limited**, constraining cross-border trade, regional competitiveness, and EU integration progress.

Strategic Priorities

1. Regional Political Leadership & Accountability

- Establish a **Regional CRM Implementation Task Force** of ministers responsible for Economy, Trade, Digital, Agriculture, Transport.
- **Report quarterly** to a high-level political forum; **involve business chambers** to ensure private sector relevance and accountability.

2. Integrate CRM reforms into EU Accession Roadmaps

- Embed CRM priorities into national EU accession roadmaps with measurable outcomes.
- Apply a **"Recognition by Adoption"**: EU-aligned rules, once adopted in one WB6 economy, are recognized regionally, avoiding duplication and accelerating Single Market alignment.

3. Prioritize High-Impact Reforms

- Focus reforms on **border efficiency, mutual recognition, digital services, labour mobility, e-commerce**.
- Emphasize actions that directly **reduce costs, delays, and regulatory burdens**, particularly for SMEs.

[1] For further reference, see the full Policy Brief: Implementing the Common Regional Market and Accelerating EU Single Market Access.

Immediate Actions and Priority Areas

Borders and Trade Facilitation

WB6 Actions:

- Expand border crossings, modernize inspection, 24/7 operations, **multi-lane processing**.
- Harmonize **SPS/veterinary working hours** with customs.
- Full electronic exchange of SPS certificates via SEED+, including sanitary certificates**.**
- Implement **mutual recognition of AEOs** (Authorized Economic Operators) across the region.

WB6-EU Coordination:

- Mutual recognition of **AEO status with EU**.
- **Adapt Entry/Exit System (EES, Oct 2025)** to WB6 realities; provide transitional arrangements to prevent congestion.
- Exempt professional drivers from **90/180-day limits** or calculate stays by hours.
- Joint and integrated border controls on **key EU-WB6 routes**.

Regulatory and Technical Alignment

WB6 Actions:

- Upgrade **Conformity Assessment Bodies (CABs)**, adopt EU rules on **product safety, labelling, and environmental standards**
- Implement **mutual recognition agreements** for products and professional qualifications.
- Implement mutual recognition of test results from labs for plant, animal and mixed-origin products**.**

WB6-EU Coordination:

- Mutual recognition of test reports, certificates, and conformity assessments with EU
- EU technical assistance and funding to support CABs capacity.

Labour and Services Mobility

WB6 Actions:

- Harmonize professional qualifications and licensing in key sectors (construction, tourism, ICT, business services) across the region
- Enable **cross-border electronic signatures and trusted digital identity**
- Align licensing and labour mobility frameworks with EU professional mobility rules

WB6-EU Coordination:

- Implement schemes for cross-border recognition of professional qualifications and licensing

Digital and E-Commerce

WB6 Actions:

- Harmonize VAT, parcel delivery, consumer protection rules
- Implement **regional e-signature framework**, align with EU Digital Services Act
- Accelerate b**roadband and 5G rollout**

WB6-EU Coordination:

- Align regional **digital systems with EU Digital Services Act, Consumer Rights Directive, and eCommerce Package**.
- Support interoperable **e-filing, customs declarations**, and **cross-border e-commerce**

3 The Stakes for Businesses: Commitments vs. Reality

For businesses, especially SMEs, the gap between political commitments and practical outcomes is clearly evident. Despite nearly five years of CRM framework and high-level agreements, businesses across the region report that little has changed in their everyday operations.

Persistent non-tariff barriers, inconsistent national regulations, duplicative testing and certification processes, slow and unpredictable customs procedures, weak transport and digital infrastructure, fragmented labour markets continue to limit business expansion and investment. Despite CEFTA commitments on mutual recognition, conformity certificates and test results issued by labs in one country are often rejected by others, leading to costly retesting and delays. These ongoing obstacles highlight that the CRM's objective of creating a single, fully functional regional market remains unfulfilled. This implementation gap is most evident in the practical, everyday areas where businesses expect tangible improvements, faster border crossings, mutual recognition of certifications, or seamless access to cross-border services.

Border Crossings, Delays and Infrastructure

The CRM Action Plan set clear goals to modernise border operations, through "green lanes," infrastructure upgrades, 24/7 online customs declarations and payments, electronic pre-arrival data exchange. Yet, many border crossings remain underdeveloped and overloaded. Long queues, inconsistent opening hours, and a lack of modern inspection equipment persist. Critical sanitary and phytosanitary (SPS) controls often do not align with customs working hours, adding delays, especially for agri-food exporters.

Furthermore, many border crossings do not operate with electronic pre-arrival data exchange with neighbouring EU states. Where those systems exist, their coverage is inconsistent. As a result, even when policy says there should be paperless, risk based, streamlined controls, businesses still face manual procedures, delays, or lack of mutual recognition of inspections or scans.

Regulatory Fragmentation and Technical Barriers

A core promise of the CRM was the reduction of regulatory divergence through mutual recognition of conformity assessment, harmonised technical standards, streamlined labelling requirements. However, these remain largely unfulfilled. Businesses continue to report that certificates or test results from labs in one economy are not accepted in another. Conformity Assessment Bodies (CABs) remain under resourced, sometimes lacking accreditation or equipment. Standards differ not only among WB6 economies but between them and EU, raising export risk and compliance costs.

Mobility of Labour and Services

The CRM commits to enabling labour mobility, mutual recognition of qualifications, and licensing harmonization. Yet implementation is uneven, undermining regional mobility and restricting service providers from expanding cross-border.

Digital and E-Commerce Trade

Despite commitments to harmonize e-commerce regulations, streamline VAT procedures, and speed up customs for parcels, progress lags significantly. Cross-border e-commerce logistics are still underdeveloped; VAT compliance and returns for cross-border goods are cumbersome; digital signatures and trust services are not uniformly recognised across the region; digital payments and taxation systems remain fragmented. Harmonising digital invoicing and shipping documentation, consumer and data protection standards, streamlining customs procedures, particularly for low-value B2C parcels is essential for business.

Across all these areas, the disconnect between CRM commitments and business realities remains substantial. Businesses continue to face persistent barriers that CRM was designed to eliminate. Moving forward requires a shift from promises to concrete action: fast-tracking high-impact reforms and strengthening institutions to ensure consistent enforcement across borders. Enhanced coordination, trust among regulators, and clear accountability are essential.

Given limited resources, reforms must be strategic, targeting measures and sectors that promise with the highest returns. Prioritising areas with strong export potential and existing links to the EU Single Market offers a pragmatic path forward.

The next section highlights these priority sectors, where focused, coordinated reforms can deliver visible benefits and showcase the value of deeper economic integration.

4 Sectoral Opportunities and Benefits

Certain goods and services sectors are better positioned than others to absorb CRM reforms and generate tangible growth. These sectors are already integrated into regional or EU supply chains and can respond quickly to regulatory improvements. The following overview identifies key sectors, outlines their main constraints, and aligns targeted actions with the broader reform roadmap detailed subsequently.

Automotive Components

Opportunity:
The European Union remains the largest and technologically advanced automotive market. Ongoing pressures to reduce costs and diversify supply chains, driven by competition from Asia, disruptions from global shocks, and nearshoring trends, create a clear opening for stronger participation by Western Balkans as automotive suppliers. Several WB6 firms already supply complex, high-standard subcomponents to Original Equipment Manufacturer (OEMs), positioning the region to deepen integration.

Constraints:
- Redundant conformity testing due to weak mutual recognition within WB6 and with the EU, forcing costly duplication.
- Border delays caused by inconsistent customs inspection, and certification procedures, raising costs and reducing competitiveness, especially for time-sensitive deliveries.
- Fragmented technical regulations and standards undermine economies of scale, boost compliance costs, and limit the region's ability to act as a unified supplier base.

Actionable Steps:
- Lead regional harmonization of automotive technical standards and conformity assessments, enabling labs and notified bodies to certify components per EU standards.
- Facilitate recognition of EU type approvals, allowing EU-compliant products to move freely without additional testing.
- Support accreditation of labs and regulatory agencies to align with EU frameworks.
- Implement transparent, predictable regulatory processes to foster supplier investment and integration into EU value chains.

Information Technology & Business Process Outsourcing

Opportunity:
There is strong and growing demand among European firms for IT services and business process outsourcing (BPO), driven by rising EU wages, skill shortages, and nearshoring trends. Western Balkans economies already possess sizable pools of IT talent and experience in software development, back-office services, and complex subcomponent digital work for EU clients. For example, Serbia's tech export sector exceeded €3.44 billion in 2023, up from about €2.5 billion in 2022, and the country supports over 45,000 IT professionals. Full access to the digital single market and implementation of CRM's digital agenda could significantly expand this base by removing key administrative, regulatory, and legal obstacles.

Constraints:
- Recognition of professional qualifications and licensing for digital or BPO services remains inconsistent across the WB6.
- There is no unified digital identity or trust service framework across the region comparable to eIDAS; e-signatures

and trust services that are legally valid in one WB6 economy may not be accepted in others.
- Digital taxation, cross-border VAT for services, and consumer protection rules remain fragmented; this increases compliance costs and operational risk.
- Weak positioning of the region and digital infrastructure compared to established outsourcing destinations.

Actionable Steps:
- Harmonise the recognition of IT and professional certifications and formal qualifications region-wide, aligned with EU principles.
- Adopt eIDAS-aligned digital identity and trust service frameworks, ensuring cross-border legal acceptance of e-signatures.
- Streamline digital taxation and VAT rules for cross-border services and remote work, reducing unnecessary friction and aligning with EU
- Strengthen consumer protection and data privacy frameworks per GDPR and eIDAS standards.
- Develop a unified WB6 outsourcing brand, invest in shared digital infrastructure, and support visa and remote work policies to attract contracts.

Metals and Metal Products

Opportunity:
The WB6 industrial base, particularly in steel, aluminium, and processed metals, offers potential for value-added manufacturing and deeper EU integration. However, this potential is at immediate risk from the EU Carbon Border Adjustment Mechanism (CBAM). Without significant decarbonisation or policy alignment, CBAM costs (e.g., €175–210/tonne of steel; up to €1,000/tonne for aluminium) could make WB6 exports uncompetitive, given the region's high export dependence on the EU and outdated industrial infrastructure. Without major intervention, the impact will be severe: inaction could effectively eliminate WB6 metal exports to the EU.

Constraints:
- High emissions intensity of steel, aluminium, cement, and fertilisers due to coal-dominated energy mix and outdated processes.
- Limited green infrastructure investment capacity and slow progress on industrial decarbonisation.
- Lack of a carbon pricing mechanism, leaving WB6 producers exposed to full CBAM costs with no compensating revenue.
- Fragmented standards and testing systems that hinder access to higher-value segments of the EU market.

Actionable Steps:
- Accelerate mutual recognition of product standards, technical regulations, and conformity assessment procedures within the WB6 to enhance economies of scale.
- Implement a regional Emissions Trading System (ETS) aligned with the EU ETS to avoid full CBAM exposure and return revenues for reinvestment.
- Secure EU transition assistance or partial exemptions for the WB6 under CBAM, conditional on credible reforms.
- Prioritize public and donor investment in energy and industrial decarbonisation.
- Establish joint testing and certification labs for metal components, aligned with EU standards, to reduce compliance costs and enable export of higher-value products.

Agriculture and food processing

Opportunity:
The WB6 has strong potential in premium agri-food exports, including wine, berries, lamb, cheese, and organic or Geographical Indication (GI)-labelled products. These niche categories offer a competitive advantage within the highly protected EU agri-food market, provided that Sanitary and

Phytosanitary standards and traceability requirements are fully met. Better alignment with EU rules and CRM-supported reforms can unlock premium pricing, improve market stability, and foster sustainable rural development.

Constraints:

- SPS regulatory systems remain fragmented across the WB6, with varying levels of alignment and limited interoperability with the EU's SPS framework.
- Commodity agricultural exports continue to face significant EU protectionist measures, such as tariff-rate quotas, non-tariff barriers, and complex customs procedures.
- Inconsistent application of SPS controls and border inspection delays
- Limited certification and enforcement capacity in SPS infrastructure.

Actionable Steps:

- Launch a WB6 program for GI product development, certification, and promotion.
- Implement "green lanes" for SPS-compliant perishable goods.
- Harmonize SPS procedures and mutual recognition of inspections across WB6.
- Support regional branding and quality assurance initiatives focused on premium, organic, and GI products to elevate the WB6's profile in international markets and drive value addition. Invest in accredited labs and digital traceability aligned with EU systems.

Tourism Services

Opportunity:

The WB6 is well-placed to attract high-value tourism, cultural, eco, and adventure, leveraging its natural and historical assets. Diversifying beyond coastal tourism and integrating inland regions into regional itineraries can increase visitor spending and reduce seasonality. The CRM and Growth Plan frameworks can support the development of a unified Western Balkans tourist brand and facilitate infrastructure and service investment.

Constraints:

- Poor intra-regional transport and connectivity.
- Lack of coordinated region-wide marketing and branding efforts reduces the WB6's visibility as a unified tourist destination.
- Infrastructure and service quality deficits, particularly in inland and less-developed areas, hinder the development of high value-added tourism products.
- Fragmented regulatory environments and visa regimes limiting cross-border travel and tourist flows.

Actionable Steps:

- Promote the Western Balkans as a single tourism destination with cross-border packages.
- Facilitate investment in air, road, and rail connectivity across key destinations.
- Support investment in upgrading accommodation and service quality standards to meet EU expectations, enabling the region to attract higher-spending visitors.
- Harmonize regulatory frameworks, including visa facilitation and tourism service licensing, to reduce barriers to cross-border travel and business operations.
- Enhance regional cooperation on tourism marketing and branding, leveraging digital platforms and EU tourism networks to raise the WB6 profile internationally.
- Encourage Single Market access for EU tourism operators to invest in the region.

Construction

Opportunity:

Construction accounts for 5-9% of GDP and is key to absorbing EU-financed infrastructure investment, such as the Economic and Investment Plan (EIP) and the Connectivity

Agenda, providing substantial growth opportunities. These EU programs envisage up to €9 billion in grants, expected to leverage around €30 billion in total investment, primarily focused on sustainable transport infrastructure, clean energy projects, and digital infrastructure development. Such investments create strong demand for construction services and materials.

Constraints:

- Heavy reliance on non-EU financing, which often operate with weaker transparency and procurement oversight compared to EU standards.
- Fragmented and non-harmonised regulations, technical standards, and professional qualification requirements (e.g., engineers, architects) across WB6.
- Weak transparency in public procurement processes.
- Exposure to CBAM-related cost increases for key inputs such as cement, steel, and aluminium, critical for infrastructure projects, due to high carbon intensity of local production and reliance on coal-based energy.

Actionable Steps:

- Harmonise regulations, technical standards, and professional qualification frameworks across the WB6 in line with EU norms.
- Digitize procurement systems and adopt EU-aligned transparency and accountability measures.
- Prioritise the decarbonisation of domestic cement and steel production, either through targeted green investments or adoption of a regional ETS, to mitigate CBAM exposure and keep infrastructure project costs competitive.
- Encourage the use of lower-carbon materials, green building certifications, and circular construction practices in public procurement to align with EU Green Deal goals.

Textiles and apparel

Opportunity:

The textile and apparel sector remains a significant employer in the Western Balkans, employing over 100,000 people. Despite intense global competition, especially from low-cost Asian suppliers, the sector has potential to transition from low-margin "cut, make, trim" (CMT) subcontracting towards higher value-added activities such as material sourcing, design, branding, and advanced manufacturing processes. Transitioning to higher value-added activities could boost resilience and job quality. Alignment with EU standards and leveraging proximity to the EU market offers the possibility of capturing niche markets demanding higher quality and sustainable products.

Constraints:

- Low profit margins inherent in current CMT models limit reinvestment and modernization efforts.
- Difficult access to finance constrains upgrading of technology and capacity expansion.
- Complex Rules of Origin limiting regional value chain development
- Fragmented technical standards and certification impede cross-border sourcing and integrated regional supply chains.

Actionable Steps:

- Harmonize technical standards, certification, and quality assurance frameworks, in line with EU Textile and Apparel Directives and REACH regulations to ensure market compatibility.
- Negotiate simplified Rules of Origin for regional cumulation clauses to enable manufacturers to use inputs sourced across WB6.
- Establish a regional innovation and skills centre focused on design and sustainability.
- Facilitate improved access to finance through EU-backed loan guarantees, credit lines, or investment funds target-

ed at modernization and capacity building.
- Foster cross-border sourcing and joint ventures to scale regional supply chains.

Furniture

Opportunity:
A small but growing niche of high-quality, sustainably produced wooden furniture, mainly in Bosnia and Herzegovina, Serbia, and North Macedonia, offers potential for export-led growth. EU demand for eco-certified furniture is rising, aligned with WB6's natural resources and craftsmanship capabilities. A harmonized regional market with aligned standards and regulatory frameworks would enable numerous high-quality producers to scale operations, increase competitiveness, and establish themselves as widely recognized exporters.

Constraints:
- The majority of firms operate at a small scale with limited export readiness, lacking sufficient international marketing, branding expertise, and supply chain integration.
- Illegal logging and unsustainable forestry practices pose substantial reputational, regulatory, and compliance risks that threaten market access, especially under stringent EU regulations.
- Fragmented product standards, testing protocols, and certification requirements across WB6 hinder regional supply chain development.

Actionable Steps:
- Implement a comprehensive regional regulatory framework for sustainable forestry and legal timber sourcing, in line with EU regulations such as the EU Timber Regulation (EUTR) and the EU Deforestation Regulation (EUDR) to secure EU market access.
- Establish joint certification and traceability systems to ensure compliance and build trust.
- Harmonize product safety, quality standards, and testing procedures to enable seamless movement of semi-finished goods and components across WB6, supporting integrated regional production networks.
- Support SME clustering, scaling, and branding to enter higher-end markets.

Addressing the sector-specific constraints outlined above through CRM and Growth Plan reforms requires a coordinated regional effort that goes beyond regulatory alignment to deliver real, measurable benefits for businesses, investors, and citizens.

The following section presents a practical roadmap for implementation, structured around strategic, regulatory, and operational priorities.

5 Recommendations: Roadmap for Effective Implementation

To ensure effective progress, the roadmap begins with strategic actions that provide strong leadership, coordination, and alignment with EU integration goals.

Strategic

- **High-level political ownership and coordination**
  Establish a Regional Implementation Task Force of key ministers (Economy, Trade, Digital, Agriculture, Transport), to coordinate CRM Action Plan delivery, reporting quarterly to a high-level political forum. Involve business chambers in oversight to ensure private sector relevance and accountability.

- **CRM-EU integration mechanism**
  Fully embed CRM targets into national EU accession roadmaps and align with funding priorities under the EU Growth Plan to ensure coordinated, resourced reforms.
  Introduce a "recognition by adoption" mechanism where EU-aligned rules, once adopted and verified in one WB6 economy, are recognised regionally - avoiding regulatory duplication and accelerating convergence with the EU Single Market.

- **Cross-sector and horizontal coherence**
  Synchronise reforms across standards, digital regulation, labour mobility, environment, and rule of law to maximise mutual reinforcement of reforms.

- **Business-driven outcomes**
  Prioritise reforms that directly reduce costs, delays, and regulatory burdens – especially for SMEs. Measure success through export growth, investment, and business feedback, not only by legal transposition.

Regulatory/Policy-Making

- **Agri-Food Trade and SPS Alignment**
  Fully align sanitary, phytosanitary, and veterinary measures with the EU acquis to enable agri-food exports:
  - Ensure full electronic exchange of SPS certificates via SEED+, including integration of sanitary certificates.
  - Apply risk-based border controls to reduce unnecessary delays; develop an agreed list of low-risk agri-food products exempt from checks at BCPs/CCPs.
  - Enable mutual recognition of test results from accredited labs for plant, animal and mixed-origin products.
  - Pilot mutual recognition in key sectors (dairy, meat, eggs, animal feed, and pet food)

- **Industrial Goods: Standards and Quality Infrastructure**
  - Harmonise product safety, labelling, and environmental standards in line with relevant EU New and Old Approach directives:
  - Upgrade Conformity Assessment Bodies (CABs) and testing labs to meet EU accreditation (EA MLA) or NANDO listing recognition.
  - Promote mutual recognition across WB6; remove conflicting national norms.
  - Support shared use of high-capacity CABs/labs operating under ISO/IEC standards.

- **Customs and trade facilitation**
  Simplify cross-border trade procedures in line with EU customs practices:
  - Fully implement CEFTA Protocol 5, including AEO mutual recognition,

electronic declarations, and risk-based controls.
- Support the rollout of the Import Control System 2 (ICS2) for e-commerce, ensuring businesses can electronically file customs declarations and obtain simplified procedures.
- Prepare for the EU's new Entry/Exit System (EES) launch (October 2025) by adapting infrastructure, staffing, and procedures at border crossing points (especially road crossings). Without adapted implementation, EES could disrupt trade and mobility, particularly affecting logistics firms, frequent cross-border workers, and professional drivers. Advocate for transitional arrangements or exemptions, aligning the rollout with WB6's accession trajectory and practical realities.

- **Mobility of services and professionals**
  Facilitate free movement of services and labour by aligning with EU rules:
  - Harmonise professional qualifications and licensing across WB6, in line with EU Directive 2005/36/EC on recognition of professional qualifications.
  - Prioritise mutual recognition in key sectors: construction, tourism, ICT, business services.
  - Enable cross-border electronic signatures and trust services; make digital fiscalisation systems interoperable across WB6 economies.

- **Digital Single Market and e-commerce**
  Build a regional digital economy aligned with the EU's Digital Strategy:
  - Harmonise with the Digital Services Act, Consumer Rights Directive, and Omnibus Directive.
  - Adopt common VAT and customs procedures for cross-border e-commerce to reduce compliance burden for SMEs.
  - Develop regionally consistent rules for parcel delivery, returns, and consumer rights in line with the EU eCommerce Package.
  - Simplify and speed up permits for 5G and broadband rollout, and ensure fair, transparent access following EU best practices.

- **Legal and regulatory consistency**
  Ensure a transparent and predictable business environment:
  - Ensure transparent public procurement procedures (aligned with EU Procurement Directives)
  - Implement CEFTA AP7/dispute resolution mechanism to manage regulatory divergences and cross-border non-tariff barriers.

Operational

- **Border infrastructure and logistics upgrades.**
  Modernise 2-3 priority corridors per WB6 economy to support efficient trade:
  - Deploy paperless customs systems, digital scanning, and pre-arrival data exchange
  - Strengthen border point staffing and technical capacity.
  - Establishing of the border inspection point (BIP) at the rail border crossing between WB6 and EU.

- **Quality infrastructure and mutual recognition.**
  Accelerate quality infrastructure development:
  - Select sector-relevant labs per economy for NANDO recognition.
  - Upgrade equipment, train personnel, and adopt ISO/IEC methods.
  - Finalise mutual recognition agreements to cut costs and delays for exporters.

- **Services and professional mobility pilots.**
  Test practical implementation of mutual recognition:
  - Pilot mutual recognition schemes for select professions (e.g. engineers, architects, ICT specialists)
  - Simplify cross-border licensing and

fast-track permits.
  - Enable use of cross-border electronic signatures and trust services, in line with the EU eIDAS Regulation.
  - Use pilot results to scale regionally in alignment with EU frameworks.

- **Digital infrastructure and e-commerce readiness.**
  Ensure foundations for a functional digital single market:
  - Expand broadband and 5G in industrial/logistics hubs.
  - Deploy interoperable digital fiscalisation systems across the region
  - Harmonise customs and VAT procedures for low-value e-commerce shipments.

- **Trade facilitation and 24/7 customs processing.**
  Support faster trade flows through digitalisation:
  - Enable online, round-the-clock submission of customs declarations and payments.
  - Develop digital interfaces for interaction with customs authorities, improving speed and predictability for logistics operators.

- **Transparency, monitoring, and accountability.**
  Track progress and build public confidence:
  - Publish quarterly CRM dashboards with reform indicators
  - Conduct biannual business climate surveys to gather company-level feedback on reform impact.

6 Sector-Based Priorities: Early demonstrators vs. Longer-Term Plays

To maximize effectiveness and momentum, it is important to differentiate between sectors offering early demonstrators - quick, visible wins within 12-24 months - and long-term growth sectors, which require sustained structural reforms over 2-5+ years.

This approach allows for realistic sequencing, targeted resource allocation, and better stakeholder management. Early demonstrators serve as proof-of-concept, building trust and momentum, while long-term sectors lay the foundation for sustained growth and deeper value-chain integration.

Early Demonstrator Sectors (Quick Wins)

These sectors are characterised by high responsiveness to regulatory improvements, existing export orientation, and relatively low capital intensity. Targeted reforms can unlock immediate gains in trade, investment, and employment.

Sector	Why a Good Demonstrator	Priority Reforms (0-2 Years)	Expected Outcome
IT & Business Services	"Borderless by nature", digitally delivered, agile, and already integrated with EU markets. Low infrastructure needs, high visibility. Constraints are regulatory, not physical.	· Mutual recognition of professional qualifications and digital credentials · Regional eIDAS -compatible digital ID / e-signature framework · Alignment of digital VAT, remote work	· Regional eIDAS-compatible digital ID / e-signature framework · Job creation in urban and diaspora-linked markets · Early Single Market integration in digital services
Automotive Components	Driven by FDI, already integrated in EU supply chains; success builds confidence for other industrial sectors.	· Harmonisation of component standards and type approval · Recognition of EU-compliant conformity assessments · Trade facilitation measures: green lanes, digital certificates	Increased production, reinvestment, and movement up the value chain (e.g., into EV components).
Tourism and Niche Agri-Food	Highly decentralised sectors with strong SME participation; quick wins through simplified SPS procedures and regional branding.	· Mutual recognition of SPS certificates and lab tests · Regional GI / PDO programme · Joint tourism packages and cross-border marketing campaigns	· Export growth for premium agri-products · Rural job creation · Increased tourist flows and sector diversification

Long-Term Reform Sectors

These sectors hold significant potential for deeper regional integration, EU convergence, and industrial upgrading but need comprehensive reforms, investment, and capacity building.

Sector	Key Reforms Needed (2-5+ Years)	Why it Takes Longer
Agriculture & Food Processing	• Full alignment with EU SPS acquis (e.g. animal welfare, traceability, pesticide limits) • Compliance with farm-to-fork strategy and digitisation • Modernisation of labs, inspection services, and cold chain infrastructure • Promotion and certification of GI/PDO and organic products at scale	• Fragmented farm structure and limited economies of scale • Requires behavioural change and training for thousands of smallholders • Significant rural infrastructure gaps in inspection and traceability systems
Metals & Construction	• Green transition and decarbonisation • Adoption of EU Construction Products Regulation (CPR) and environmental labelling • Compliance with CBAM: carbon accounting, emissions reporting, and verification systems • Modernisation of production facilities, emission controls, and reporting systems	• Highly capital- and energy-intensive sector • CBAM compliance demands accurate carbon reporting and integration with EU ETS frameworks • Requires major investment in clean energy, climate finance, and institutional capacity for monitoring and enforcement

7 Conclusion: Call to Action

One year into the implementation of the Common Regional Market Action Plan 2024-2028, and five years since the CRM's inception, the gap between regional ambition and tangible delivery remains significant. Despite a shared political vision and policy frameworks, reforms are progressing too slowly on the ground. Businesses across the Western Balkans still face fragmented rules, costly border delays, duplicative procedures, and a lack of interoperability, issues the CRM was designed to address.

The policy brief highlights two critical dynamics essential for success:

- **Early Demonstrator Sectors**, including digital services, automotive components, tourism, and agri-food, where targeted reforms can yield measurable benefits within 12 to 24 months.
- **Longer-Term Reform Sectors**, such as agriculture, construction, and green industry, requiring deep structural transformation, enhanced institutional capacity, and sustained investment.

These are not abstract priorities, but practical pathways into the EU Single Market, and real tests of the region's readiness for deeper integration. Access to Single Market benefits will increasingly depend on measurable, credible progress.

To move from commitment to implementation, the following imperatives must guide the next phase:

1. Translate regional commitments into nationally owned mandates

Embed CRM priorities firmly within national reform agendas, supported by clearly assigned institutional responsibilities, robust inter-ministerial coordination, and unwavering high-level political oversight.

2. Prioritise effective implementation over legal transposition

Emphasise mutual recognition, interoperability, and functional equivalence with reforms explicitly designed to deliver tangible benefits to businesses and citizens, transcending mere legal alignment.

3. Focus reforms where they generate the greatest impact

Target export-oriented sectors, streamline border procedures, advance digital integration, and enhance labour mobility—areas poised to unlock swift economic gains and restore investor confidence.

Between and within sectors prioritise reforms for the economy the Western Balkans can become. Across many sectors traditional exports are low value-added, low margin products which now have weak export potential due to cut-throat competition and in some cases significant trade barriers. The future lies in building regional value chains which add more value to products, and enable firms to compete on quality, not the lowest price and to target profitable niches in big markets

4. Address critical capacity gaps with decisive investment

Strengthen quality infrastructure, sanitary and phytosanitary systems, digital trust services, and readiness for the CBAM, important pillars underpinning full Single Market integration.

5. Integrate CRM implementation with the EU Growth Plan

Integrate CRM targets into national EU accession roadmaps and align with EU Growth Plan funding. Adopt a "recognition by adoption" model, where EU-aligned rules, once adopted and verified in one Western Balkan economy, are recognised regionally, eliminating duplication and accelerating harmonisation with EU Single Market standards.

The cost of further delay is high: ongoing fragmentation, lost investment, and missed opportunities in a competitive and uncertain global environment. In contrast, focused and credible implementation can demonstrate that regional cooperation delivers real economic results and accelerates EU convergence.

The path forward is clear: the Common Regional Market must now move from framework to delivery, producing concrete outcomes for businesses, consumers, and citizens. Only through practical, sustained reforms can the region gain the full benefits of EU integration, economic growth, and long-term stability.

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