

BROADENING MULTILEVEL CONNECTIVITY BETWEEN GREECE AND NORTH MACEDONIA IN THE POST-PRESPA ENVIRONMENT

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Broadening multilevel connectivity between Greece and North Macedonia in the post-Prespa environment

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Executive Summary

Research Report, South-East Europe Programme, ELIAMEP & Analytica

General

This report is the product of research conducted jointly by the South-East Europe Programme of the Hellenic Foundation for European & Foreign Policy (ELIAMEP) in Greece and Analytica in North Macedonia, within the framework of the project “Confidence Building Measures between North Macedonia and Greece”, funded by the Swedish Ministry of Foreign Affairs. The project has run for four consecutive years (2017–2020), always with the generous support of the government of Sweden. This year’s report is the second jointly produced and published by ELIAMEP and Analytica, and the sixth report produced in the context of the research project since 2017.

The main purpose of this report is to propose an innovative framework for assessing cooperation between the two countries in the context of the post-Prespa Agreement environment. Cooperation is approached through the dynamic concept of Connectivity, which includes both a descriptive dimension (i.e. the ways in which the two countries are connected across various fields) and an interpretative one (i.e. the idea that the multiplication of these connections will lead to more effective and beneficial cooperation). Thus, this report invites reflection on cooperation as a purposeful process as well as on its limitations and facilitating factors. Through Connectivity, this report touches simultaneously on the technical and material facets of connections and cooperation (i.e. infrastructure) as well as on more political, institutional and societal aspects (i.e. governments, stakeholders and civil society). The report seeks to function as a baseline for measuring the future pace of connectivity and cooperation between Greece and North Macedonia.

Objectives

- a) To provide a general map of connectivity in several key policy/thematic sectors. For every sector, special attention is paid to the institutional framework in the form of recently-signed agreements and protocols, as well as to the recent progress made in the relevant area. Moreover, an assessment of the current state of affairs, and of the prospects for enhancing cooperation, is provided in each policy sector.
- b) To enable a comprehensive and forward-looking reflection on bilateral cooperation. This report has the potential to generate awareness about the interconnectedness of various sectors (e.g. transport and the Port of Thessaloniki, people to people and transportation). This could contribute significantly to the development of strategies and synergies, both at the level of policy planning and in the prioritization of ongoing or soon-to-begin projects (e.g. road and rail infrastructure, construction of new border crossings).
- c) To offer policy recommendations in all thematic areas. Policy recommendations are addressed to the governments of the two countries, the EU and all relevant stakeholders. They refer to specific projects and initiatives, as well as to policies that may be pursued in the near future.

**Policy
areas
examined**

The report analyses Connectivity in the following policy areas/sectors:

Government to government

Business

Investment

Trade

Energy

Electricity grid connections

Oil and gas

Transport

Air

Rail

Road

Internet and telecommunications

Port of Thessaloniki connections

Cross-border and transboundary connections

Border crossings

Water management

People to people

Tourism

Academia, student exchanges and culture

Civil society

Findings

Government to government connectivity

The Prespa Agreement offers a comprehensive framework that not only settles the name dispute between Greece and North Macedonia, but also provides a positive agenda around which the two countries can build a future partnership. During the first period of enthusiasm, the two countries signed a significant number of bilateral agreements, laying the foundations for advanced cooperation in a number of policy areas. Still, a number of factors have served to slow down the pace at which bilateral cooperation is being built. Some factors have been objectively beyond the control of the two sides: for example, the elections in the two countries and changing policy priorities due to the public health emergency brought about by the coronavirus pandemic. But others have stemmed more to the policy stances taken by the two sides. While the new Greek government that came to power after the July 2019 elections has decided to respect the Prespa Agreement, it is still clearly reluctant to fully engage with North Macedonia. Even though a number of bilateral visits and official and unofficial high-level meetings have taken place, the ambiguity of its stance can be seen in the small number of new bilateral agreements signed since July 2019, as well as in the slow pace at which existing agreements have been ratified. On the side of North Macedonia, the eagerness to build strong connections with Greece remains, but the Skopje government is becoming increasingly disillusioned due to the obstacles that have repeatedly presented themselves during its EU accession process, as a result of which membership talks have still not commenced.

Business connectivity

Economic cooperation, and private sector cooperation in particular, is often mentioned as one of the areas that has proved most resistant to the adverse political environment between Greece and North Macedonia. And economic ties have indeed grown quite strong, despite the tense relations prior to the Prespa Agreement, with further improvements in business connections possible in the near future, thanks to the foundations laid by the Prespa Agreement. It is logical to assume that the positive climate in the post-Prespa period will boost business ties. The Prespa Agreement provides all the tools required for the two governments to develop targeted actions, adjustments and improvements. Importantly, business connectivity is one of the non-politicised areas in which even opponents of the Prespa Agreement invite progress and a strengthening of relations.

Improving the political relationship between the two countries, and increasing opportunities for business-to-business contacts, will have a positive impact on investment. Moreover, understanding what has worked and what has not is critical for the delivery of tangible improvement in the investment environment. While the high-level political rhetoric is generally encouraging, it will be necessary to provide specific incentives to encourage commercial activity if the political momentum triggered by the Prespa Agreement is to last and translate into sustained investment and business cooperation.

The most impactful change to the existing trade relationship between the two countries would be North Macedonia becoming an EU member. Joining the EU Single Market would remove all the remaining barriers to bilateral trade with Greece (and all other EU

member states). This is a longer-term goal, and cannot be relied upon to deliver immediate improvements in bilateral trade in the next 5–10 years. Thus, while the government of North Macedonia is working towards joining the EU as a key foreign policy priority, both governments will need to focus on interim goals and seek ways to encourage bilateral trade.

Working with local businesses and their associations, including harnessing bilateral chambers of trade and commerce, will help governments support cross-border business activities. Studying the evidence relating to what were the drivers and spoilers of trade and business activity across borders both before and after 2017 will be critical to designing the most impactful set of trade measures possible.

Energy connectivity

Energy has been one area where there has been concrete government and business interest in enhancing bilateral cooperation and connectivity following the signing of the Prespa Agreement. At present, energy connectivity is limited to the interconnection of the two countries' electricity grids, but the (substantial) import of oil and oil products from Greece undoubtedly strengthens the overall energy ties between the two countries. Since June 2019, however, there has been a good deal of activity aimed at expanding energy connectivity: initial agreements on upgrading the connectivity capacity of the two countries' electricity grids, and connecting North Macedonia to the gas pipeline (TAP) crossing Northern Greece, which were made before the signing of the Prespa Agreement have provided the basis for further talks aiming at their implementation. Furthermore, North Macedonia has expressed an interest in participating both in the construction of the liquefied gas terminal in Alexandroupoli and, more recently, in the construction of a gas-powered power plant (again in Alexandroupoli).

Clearly, North Macedonia's connection to the TAP pipeline and its interest in participating in the liquefied gas terminal in Alexandroupoli would serve the nation's energy security by effectively reducing its dependency on Russian gas. For Greece, North Macedonia's connection to its gas network would not only strengthen bilateral ties, it would also enhance its position on the regional energy map. There is even an expectation that the improved political climate generated by the signing of the Prespa Agreement could lead to the reopening of the oil pipeline from Thessaloniki to Skopje, strengthening bilateral connectivity even further, with obvious economic and environmental benefits for both nations. The Prespa Agreement and the Action Plan agreed by the two governments in April 2019 have provided a sound basis for the development of bilateral energy cooperation. The advancing of North Macedonia's EU accession process would address another issue of concern: the need for North Macedonia's legislation to be further harmonized with the EU's *acquis communautaire* on energy.

Transport connectivity

Transport connectivity relates to three key sectors: air, rail and road transport. Connections in these areas are certainly insufficient and much needs to be done to further improve the situation. Still, transport connectivity is a sector in which one finds concrete results in the post-Prespa environment. There have been a number of positive

developments, such as the re-establishment of an air connection between Athens and Skopje, the planned reopening of the rail connection between Thessaloniki and Skopje via Idomeni-Gevgelija, and the re-establishment of a connection between Thessaloniki and Bitola. In the case of rail and road transport, one should also note the inauguration, via the Prespa Agreement and the subsequent memoranda, of a combined approach aimed at linking different sectors to serve more general purposes: the initiative to improve the road and rail infrastructure at existing and newly-established border crossings can be seen in this context. Other significant positive examples should also be highlighted, such as the good practices of cooperation in the context of EU-funded projects, and bilateral projects aimed at improving rail and road connections in order to boost tourism.

Internet and telecommunications connectivity

Developments in the Internet and telecommunications sector have drawn attention to the Prespa Agreement's positive impact on connectivity between the two countries. Despite its importance in the context of information society and the digital era, connectivity between the two countries had, prior to the Prespa Agreement, focused on rudimentary and technical aspects with an absence of proactive policies. Moreover, the two countries were largely integrated into two separate cross-border areas with limited to date inter-connection between the two: Greece in the integrated EU market and North Macedonia in the Western Balkans, an area which is becoming increasingly inter-connected thanks to the various agreements reached within the Berlin Process. As a result, communications between Greece and North Macedonia were costly and ineffective.

Following the Prespa Agreement, however, the two governments initiated a process that will pay dividends in the future in the form of closer Internet and telecommunications connectivity between the two countries. The Memorandum of Understanding for the reduction of international roaming tariffs was the first agreement signed between Athens and Skopje after the ratification of the Prespa Agreement. This was a promising start, but much more needs to be done if convergence and closer cooperation is to be achieved in the field of digital policies. Importantly, with North Macedonia entering NATO, the two countries are likely to also increase their cooperation in the sphere of cybersecurity and the fight against cyber threats.

Port of Thessaloniki connections

This section analyses the importance of the Port of Thessaloniki for bilateral economic and transportation relations. This epitomizes the two countries' need to collaborate in order to mutually maximize their benefits. The privatization of the port authority in 2018 has led to policies which seek to intensify cooperation with neighbouring countries including North Macedonia (the "dry ports" policy). The Thessaloniki Port Authority S.A. aims to make the port a top international and regional trade hub, while North Macedonia is a country situated at the intersection of major European transport corridors (IV and X). The Prespa Agreement and the Action Plan provide a solid framework upon which this cooperation can be founded and expanded. A concrete example of the post-Prespa environment is the Greek government's project to improve and upgrade the rail connection to the port. It is expected that connectivity through the Port of Thessaloniki will grow even stronger in the near future. This corresponds to the countries' respective needs—import and export for North Macedonia, the port as a

regional and international trade hub for Greece—and will serve their mutual interests.

Cross-border and transboundary connectivity

In terms of cross-border infrastructure (border crossing points), connectivity prior to the Prespa Agreement focused on the basics and was rather stagnant. Certainly, the two countries cooperated in upgrading such infrastructure within the EU's multilateral framework (cross-border cooperation projects), but there was a significant lack of bilateral cooperation in the form of targeted synergies, long-term goals and strategies. The Prespa Agreement set in motion a quantitative (increasing the number of border crossings) as well as a qualitative (improving road and rail access, committing to harmonize procedures and upgrade equipment) overhaul. The Prespa Agreement includes provisions that aim to increase the number of border crossings from four (1 rail, 3 road) to seven (2 rail, 5 road). This framework will certainly increase and upgrade connectivity; even more importantly, this upgrade will take place through continuous cooperation between the two sides in relation to timeframes, technical characteristics, and other relevant aspects of the infrastructure.

In the case of transboundary water management, our research shows that various connections that have existed at the EU multilateral level have not yet been transposed into the bilateral one. However, there is great potential when it comes both to protecting the environment and cultural heritage, and to promoting tourism. To that end, the involvement of local stakeholders will be crucial.

People to people connectivity

In our report, people to people connectivity refers to the fields of tourism, academic and student exchanges, and culture. With the exception of tourism, these fields remain severely underdeveloped. Connectivity seems to hinge on a mutually accepted institutional framework (e.g. agreements between universities and bilateral agreements between states enabling various formats of cooperation). The Prespa Agreement has provided an overarching institutional framework that enables connections and cooperation initiatives at multiple levels. For example, the potential for enhancing synergies in higher education is high. This could take the form of signing memoranda between universities aimed at developing joint curricula, enabling joint applications for research funding, and increasing the number of student exchanges.

Though it has gone unnoticed, tourist flows between the two countries have grown steadily over the years. Still, they did not reach their full potential in the past, due to the political tensions. Recently-announced projects for enhancing bilateral tourist cooperation should be noted; regrettably, however, most have had to be put on hold due to the COVID-19 pandemic. Similarly, the health emergency has delayed cooperation in the fields of higher education and culture.

Civil society connectivity

This section takes a closer look at the connections between civil society organizations, with a particular focus on young people and recent initiatives for developing bilateral contacts, such as the Bilateral Youth Cooperation Office (BYCO). Connections in this field

are under-developed and a long way still from reaching their full potential. Despite good intentions and a generally positive reaction to the Prespa Agreement, contacts at this level remain sporadic and typically lack both continuity and visibility. This is not to say that progress has not been made. Numerous civil society organizations have developed cross-border cooperation in previous periods, mainly at the multilateral EU level. However, the two nations face important challenges in this field, the most important being the viability of such associations. To these, one should add both the negative legacy of the name dispute and the overall persistence of prejudices and negative stereotypes, which hamper contact and genuine cooperation.

Still, effective connectivity between the two countries necessitates stronger ties at all levels, and the civic sector is central to this process. The Prespa Agreement can certainly help both in multiplying frameworks for cooperation and providing justification for assisting this sector. Moreover, the improvement of cross-border civil society cooperation depends on multiplying contacts through a range of channels (at the bilateral, regional and EU levels), as well as on the viability of the relevant organizations.

When it comes to BYCO, it is commendable that Greece and North Macedonia have decided to adopt a model that has worked miracles in other contexts and helped bring about long-term reconciliation between formerly bitter enemies. Importantly, the government of North Macedonia seems to have fully committed to the idea; unlike most other political leaderships in the Western Balkans, it appears to appreciate novel and progressive ideas. However, despite the impetus from the side of North Macedonia, the idea has been slow to take off in Greece, due to the lack of political support and the general weakness of the stakeholders involved.

Overall conclusion

The record of connectivity between Greece and North Macedonia before the Prespa Agreement was mixed, but overall relations were severely hampered by the name dispute. The Prespa Agreement not only settled one of the oldest bilateral disputes in the region, it also provided a comprehensive framework and positive agenda for building a strong partnership between the two countries in the near future. Post Prespa, there has already been a significant strengthening of the connectivity between the two countries in a number of policy areas. Progress has, however, been slower in other policy areas, while the COVID-19 pandemic has also reduced the pace at which new contacts are established and new cooperation developed. Importantly, if the potentially strong partnership between the two countries is to be realized, the two sides need to throw their full political support behind the idea of multi-level connectivity and enable various forms of cooperation to flourish. The institutional framework needs to be expanded with the signing of new bilateral agreements and memoranda. And the implementation of existing agreements needs to become a priority for both sides.

Policy recommendations

Government to government

- The governments of Greece and North Macedonia should reinvigorate government to government connectivity using the tools made available in the Prespa Agreement

and the Action Plan. The second session of the High-Level Cooperation Council is long overdue and should be organised as soon as possible. Coordination and planning session between the two governments should take place regularly and without delays. The two governments should aim to reach bilateral agreements that will regulate policy areas that have not as yet been addressed by signed agreements.

- The government of Greece should expedite the process of ratifying the three bilateral agreements that are currently on hold in the Hellenic Parliament. The three agreements are crucial for the multi-level connectivity between the two sides, and their implementation should begin immediately.
- The Greek government should develop a multi-level and multi-year plan in support of North Macedonia's European perspective and accession process. It should aim to develop novel and creative ideas for cooperation with Skopje and supporting its reform process, to coordinate with other pro-enlargement EU member states to ensure the continued European perspective of the Western Balkans, and to provide support to the civic sector lobbying to keep EU enlargement alive.

Business connectivity

- The governments of Greece and North Macedonia should prioritize the development of business infrastructure to enable cross-border interactions (small and medium sized businesses, banking and cash facilities, simplification of bureaucracy etc.). The local administrations in the border regions and other state authorities should follow their governments' lead and implement these measures locally without delay.
- Businesses should strengthen relationships with peers across the border through business/industry associations and regional chambers of commerce, and explore business opportunities together.
- The Greek government should signal to the business associations of Northern Greece that it is fully committed politically to supporting the development of new business connections with North Macedonia. It should also work more closely with associations and individual businesses in Northern Greece with a view to understanding what legislative and political interventions are needed to unleash the potential for cross-border business connectivity.

Energy connectivity

- The governments of Greece and North Macedonia should continue their efforts aimed at enhancing energy connectivity according to the Prespa Agreement and the Action Plan.
- The two governments should promote the idea of connecting North Macedonia's gas system to the TAP pipeline.
- The two governments should coordinate their efforts in relation to the reopening of the Vardax oil pipeline. The same applies to North Macedonia's plans to participate in the liquefied gas terminal in Alexandroupoli.
- The electricity operators in the two countries will need to establish cross-border high

voltage electricity transmission lines in order to ensure the stability of the electricity supply in both countries.

Transport connectivity

- The governments of Greece and North Macedonia should pay special attention to improving their rail and road connectivity. This entails: i) improving the highways leading to the existing border crossings, ii) constructing and/or upgrading the road connections to the newly-established and soon-to-be-constructed border crossings (Promachoi-Majden, Laimos-Markova-Noga), iii) returning passenger transportation to the Thessaloniki-Idomeni-Gevgelija-Skopje rail connection once again, and speeding up the revival of the railway connection between Florina and Bitola, and iv) upgrading and improving the railway connection to the Port of Thessaloniki
- The two governments should resume the implementation of all the projects that were put on hold due to the pandemic, and focus on improving road and rail transport for facilitating tourism.

Internet and telecommunications connectivity

- The governments of Greece and North Macedonia should implement the agreement on reducing roaming charges for mobile phone usage across the border. Reducing or removing such charges would have a substantial impact on increasing mobile phone and data connectivity.
- The two governments should draw up plans to enhance the cross-border infrastructure with a view to boosting Internet and phone connectivity.
- The governments of Greece and North Macedonia should hold consultations aimed at developing collaboration in the field of cybersecurity, especially in a NATO context.

Port of Thessaloniki connections

- The governments of Greece and North Macedonia should increase connectivity through the Port of Thessaloniki. This entails: i) upgrading and improving the Port of Thessaloniki's road—and especially rail—connections, and ii) harmonizing procedures and operations (i.e. customs, border control, freight transport, and vehicles),
- Thessaloniki Port Authority S.A. should develop services that respond, and can be adjusted, to the needs of major companies from North Macedonia. The Greek government could liaise and play a facilitative role between North Macedonia's governmental and business actors, on the one hand, and the port authority of Thessaloniki on the other.
- Thessaloniki Port Authority S.A. should continue developing and implementing its "dry port" scheme, which includes the creation of facilities in North Macedonia that will speed up and improve transportation (imports and exports) between the two

countries.

- Thessaloniki Port Authority S.A. should also set up an office in North Macedonia to act as a node and contact point. The government of North Macedonia should be proactive in supporting this initiative and enhance contact and cooperation with its business community.

Cross-border/transboundary connectivity

- The governments of Greece and North Macedonia should intensify their efforts to construct and bring into service the three new border crossings.
- The two governments should seek every opportunity to fund and implement joint projects aimed at harmonizing procedures for travel and commerce.
- The government of North Macedonia should keep up its efforts to adjust to the EU's Integrated Border Management (IBM) scheme. The government of Greece should assist North Macedonia with political support and technical expertise where needed.
- The two governments should ensure the implementation of the 2010 agreement on the protection of Prespa Lake, including activating the meetings of the relevant boards as agreed in the Agreement.
- The governments of Greece and North Macedonia should initiate the process aimed at developing a model for Dojran/Doirani Lake.

People to people connectivity

- In the light of the restrictions and delays imposed by the Covid-19 pandemic, the two governments and other relevant stakeholders should examine ways to promote exchanges in higher education through digital platforms.
- The ministries of education of Greece and North Macedonia should initiate programmes for establishing networks for exchanges, curricula improvement, and research in higher education.
- Thessaloniki remains an attractive destination for students from North Macedonia and other Western Balkan countries. The Greek government should initiate a fund to provide scholarships allowing promising students from North Macedonia and the region to study in Thessaloniki and Northern Greece. The Greek government may seek to mobilize EU funds for that purpose, and to convince prominent Greek private donors to provide funding for this initiative.
- The Greek government should revamp and multiply the Greek language courses offered to young people in North Macedonia and other neighbouring countries, so students can develop the language skills needed to study on university degrees delivered in Greek.

Civil society connectivity

- The governments of Greece and North Macedonia should support civil society organizations—and, more generally, initiatives that relate to youth—with a view to upgrading contacts and cooperation (at the bilateral and EU levels) in accordance with the spirit and provisions of the Prespa Agreement.
- Civil society organizations and other stakeholders in Greece should compile a registry of organizations which have experience in cross-border cooperation with Balkan countries, with an emphasis on North Macedonia.
- Civil society organizations in Greece should initiate efforts to build tools tailored specifically to the development of cross-border cooperation with civil society in North Macedonia. Training organizations and coordinating platforms in Greece should develop guidelines and training curricula intended for new initiatives in cross-border cooperation with North Macedonia and the Western Balkans in general.
- The government of Greece should earmark funds for the promotion of civic connections with North Macedonia. Such funds may be sought through the support of the EU and/or the financial backing of Greek private foundations and prominent donors.
- The government of North Macedonia should develop a strategy for directing the focus of civil society activism to building bridges with its neighbouring EU member states, Greece and Bulgaria.
- The Greek government should provide political support to grassroots efforts to intensify cooperation through the BYCO. A review study should be commissioned to identify the lessons learned from the work implemented to date and to provide new ideas for enhancing the work of the BYCO.
- The two governments and the EU should assist in the transfer of knowledge and experience, drawing on the youth initiatives that proved successful between Germany and France, on the one hand, and Germany and Poland, on the other. Athens and Skopje should sign Memoranda of Understanding delegating to prominent civic and research organizations the responsibility for coordinating the knowledge transfer and for designing a research framework for comparing youth civic activism between the Balkan region and Central and Western Europe.

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