

II ASCEA

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THE IMPACT OF OPEN BALKAN ON CROSS- BORDER EMPLOYMENT AND LABOR MOBILITY

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OPEN BALKAN INITIATIVE (OBI)

Open Balkan is a regional initiative between Macedonia, Serbia and Albania aiming to foster regional economic cooperation and facilitate EU integration of the Region.

- October 2019 – Joint Declaration of the leaders of the three countries to establish a regional initiative that will focus on liberalization and policy integration with a commitment to create conditions for integration of the four freedoms of the EU in the region (freedom of movement of people, goods, services and capital).
- Complementary or Competitive to the Berlin Process
- 3 out of 6 WB economies are members of the Initiative so far. It is open to all 6 economies.
- “Local Ownership” of the Initiative

“Our goal is simple: to have a single market, without borders.” – Joint Statement of the Three Governments (29.07.2021)

OB Agreements with implications on cross-border employment and labor mobility

Agreement on Conditions for Free Access to the Labour Market in the Western Balkans

- Citizens of the Contracting Parties shall have the right to move, stay and work freely within the territory of the Contracting Parties [...]” (Art.1)
- Simplify the administrative procedure for entry, movement, stay and work of the citizens (Art.3)
- Guarantee equal access to the labour market in the Receiving Party (Art.3)
- Electronic application and introduction of a OB ID Number; valid for 2 years with a possibility for re-registration (Art. 7)
- Excludes the right for state employment incentives (Art.7)
- Establishment of a Joint Committee for coordination and control of the implementation of the Agreement (Art.11)
- Commitment to align domestic legislation with the EU aquis on matters related to the implementation of the Agreement (Art.14)
- Agreement on Social Security shall be concluded (not yet concluded), (Art.18).

OB Agreements with implications on cross-border employment and labor mobility

Agreement on cooperation in the Western Balkans in the field of mutual recognition of diplomas and scientific grades issued by higher education institutions and other authorized institutions

- Aim to facilitate institutional cooperation in the field of recognition of diplomas and scientific grades of higher education obtained in the Contracting Parties and to simplify the procedure and shorten the mutual deadlines for the procedure of recognition.

Agreement on interconnection of schemes for electronic identification of the citizens of the Western Balkans

- The purpose of the Agreement is to provide access to the eGovernment services for registration and electronic identification of workers from other Contracting Party, through the issuance of an Open Balkan Identification Number (OB ID)

Memorandum of Understanding on the cooperation of the taxation administrations in the Western Balkans

- Signed between the taxation authorities from the Contracting Parties with the purpose of mutual coordination and to prevent, detect and combat tax evasion in the Parties.

OB Regulation vis-à-vis Domestic Legislation

	Open Balkan Regulation			Domestic Legislation		
Subject	Agreement on Conditions for Free Access to the LM in the WB	Agreement on cooperation in the WB in the field of mutual recognition of diplomas and scientific grades issued by higher education institutions and other authorized institutions	Social Security Agreement*	Law on Employment and Work of Foreigners	Law on Foreigners	Bilateral Social Security Agreements
Temporary Residence Permit for the purpose of work	X				X	
Work Permit and Permit for Outsourced Workers				X	X	
Exemption for administrative charges and fees	X					X
Application of quotas for foreign workers				X	X	
Recognition of diplomas and scientific grades		X				

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	Open Balkan Regulation			Domestic Legislation		
Subject	Agreement on Conditions for Free Access to the LM in the WB	Agreement on cooperation in the WB in the field of mutual recognition of diplomas and scientific grades issued by higher education institutions and other authorized institutions	Social Security Agreement*	Law on Employment and Work of Foreigners	Law on Foreigners	Bilateral Social Security Agreements
Social Security Services*			X			X*
Coordination between state institutions (Ministry of Education, Ministry of Interior, Ministry of Foreign Affairs)	X		X	X	X	X
Periodic coordination between the Contracting Parties	X	X	X			X

Health Insurance, Health care and Motherhood, Pension and disability insurance, Insurance in case of injury at work and occupational disease, Insurance in case of unemployment*, Child protection*, Reimbursement of social security expenses, giving in kind, monetary giving)

Open Balkan Regulation

- The OB Regulation facilitates the procedure by opening a possibility of electronic issuance of a residence permit, that is, a OB ID number for a foreigner, while the procedure for securing a work permit is completely removed.
- Removal of Quotas for workers from the contracting countries.
- Possession of a residence permit is provided in both (domestic and OB regulation).
- The OB Regulation and the existing Bilateral Agreements emphasize the principle of equal treatment of citizens of the contracting countries.
- The initiative for a Social Security Agreement within the OBI is probably due to the fact that there is no BA regulating social security insurance between Albania and Serbia.

Domestic Legislation

- Outsourced workers are not within the scope of OB Regulation, thus their status remains to be regulated by existing domestic legislation.
- The provision of a temporary residence permit for the purpose of education, study, scientific-research activity or international exchange is covered in the Law on Foreigners. For the time being, the OB Regulation do not cover the regulation of these permits.
- Exemption of additional taxes and administrative fees for acquiring the right to social insurance is preserved in both of the existing BAs (with Serbia and Albania).

The Impact of the OBI on the Labor Market

1. Structure of the Labor Market

- Labor supply and demand (2023: 104.729 registered unemployed citizens vs. 15.000 demand from the business sector).
- Surplus gaps when the supply for certain (high-skill) occupations is bigger vs. deficit for workers in services and/or general workers (for example: 70 people on avg. are applying for a job as teachers, while only 1 person for 24 open spots in the ITC sector or technicians).
- Salaries structure in comparison to the countries that the market is opening to (minimum salary and average salary)
- (Un)Readiness for structural changes

Opportunities

- To fill the gap between supply and demand on the labour market
- “Trial period” and stimulation for faster adaptation to meet the challenges of the open market
- To foster a reform and transformation of the educational policies and labor market

Risks

- Risk to wider the gap for deficit of highly-skilled workers in certain occupations such as IT sector, engineers, etc.
- Risk to wider the gap for deficit for workers in the agriculture, tourism and construction sector due to the bigger salaries in this sectors in another Contracting Party.
- Not all six economies of the WB are part of the initiative.

Preliminary Conclusions

- Many political meetings, few implemented measures.
- A “single market” is more a political statement than a reality. The OBI does not establish a “single market” yet.
- The Macedonian legislation is quite harmonized with the proposed OB Regulation.
- The potential Social Security Agreement should harmonize the Bilateral Agreements, ensuring the same scope of services to the citizens of the contracting parties.
- The OB Regulations has the potential to harmonize the policies and regulation as a condition for establishment of free access to the labour market.
- It simplifies the administrative procedure to get a job in another country.
- The Agreement regulates only the rights related to work in a signatory country, but does not regulate the right of movement, stay and work in general.
- Access to the labor market *must be approved in each individual case* every two years.

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