

Interview with **GERI SELENICA**,
Executive Director of the Albanian Center of Strategic Studies,
published on 14.09.2015 at **MONITOR** magazines <http://www.monitor.al/>



Albania - the regional loser of the "Vienna Summit"

MONITOR :

Just a few days ago at the "Vienna Summit" there were discussed infrastructure projects for the 6 Western Balkan countries between the leaders of the region and the EU. You were present in many economic meetings. What was discussed there and what was said about their financing?

GERI SELENICA:

First, let us analyze in a cause and effect line, to clarify for your readers on what is the "Berlin Process", what is the "Connectivity Agenda" of the EU, what are the "Trans European Corridors" and then what was achieved at the "Western Balkans Summit Vienna 2015" and what did Albania win.

The so-called "Berlin Process" is an original initiative of the German Government and Chancellor Merkel to accelerate the integration of 6 Western Balkan countries in the EU (Bosnia-Herzegovina, Kosova, Montenegro, FYROM, Serbia and Albania). One of the instruments that are used for this purpose is to accelerate and support the "Connectivity Agenda" of the European Commission for these countries. This is a very positive thing economically, as the basic reason why these Balkan countries are economically underdeveloped is because they are far away from the main markets and the economic epicenters. In short, they are some remote areas of Europe. Improved connectivity with the most developed countries of Europe, as well as between the Balkan countries themselves (regional market expansion) is the most important step to increase their economic potential. The "EU Connectivity Agenda" provides capital investments in better connecting their infrastructures in transport (road, rail, river, port, airport) and in energy (electricity and gas). In fact, it should have been included also the broadband internet infrastructure. The "Connectivity Agenda" foresees also legislative improvement in the transport and energy sectors by some "Soft Measures". These are combined with technical support from SEETO (<http://www.seetoint.org/>) and the Energy Community Secretariat (www.energy-community.org).

The development of transport in the EU is governed by a program called "TEN-T" - "Trans European Transport Network". TEN-T has identified 9 trans-European transport corridors, out of which 3 run through the Balkans (2 of them in Albania: "Med" and "Orient / East Med" Corridors). These corridors have two layers: the "Core Network", which carries the most important flows of passengers and goods and the

"Comprehensive Network", which provides access to the main network. The "Core Network" projects are the priority projects which are legitimized for possible funding from the EU over the next six years.

There have been several meetings in support of the "Berlin Process" at the level of prime ministers, ministers and experts. The second meeting of prime ministers was the "Western Balkans Summit Vienna 2015". At this summit, the 6 Balkan countries I believe had much higher expectations, but the Commissioner Hahn cut them short by saying that "the EU is not an ATM". In fact, every initiative has its bill to be backed up. The real bill to implement 100% the "Connectivity Agenda" for 6 Western Balkan countries is over 30 billion euros. According to studies, a total of over 100 billion euros are needed in investment in the 6 Western Balkan countries, in order to make competitive and sustainable their economies.

In Vienna was not mentioned any investment figure (other than the 1 billion euros Commissioner Hahn has launched time ago), but simply were presented projects or better saying some pre-identified project, that were discussed in advance at the technical level with the EU and were held political speeches, especially for the energy. EU published a list of intended project in the infrastructure of the transport (TEN-T Extension Indicative Core Network to Western Balkans) and of the electricity (Electricity Infrastructure Projects of Energy Community Interest - PEI).

The EU presented a list of ten mini projects that were ready to co-finance, under "Pre-Accession Program", 4 in energy and 6 in transport, worth 616 million euro, which benefited from a grant of 205 million euros. Albania won only one power project - "the interconnection with FYROM" and received 14 million euro grant and did not win any transport project.

I do not know exactly what projects did Albania present to the EU, but the EU presented 24 transport projects, out of which Albania received only 1 project.

Here are the **24 projects** that were presented:

Bosnia and Herzegovina, 5 projects:

- 1 - border highway Croatia / Bosnia - Sarajevo - Ploče;
- 2 - railway Bosanski Šamac / Šamac – Sarajevo;
- 3 - Sarajevo Airport;
- 4 - border highway Croatia / Bosnia-Gradiška-Banja Luka-Travnik;
- 5 - Port of Brčko.

Kosova, 3 projects:

- 1 - highway Niš-Prishtina;
- 2 - highway Prishtina - Kosova / FYROM border;
- 3 - railway Kraljevo - Prishtina - Gorce Petrov;

Montenegro, 3 projects:

- 1 - highway Croatia / Montenegro border – Bar – Montenegro / Albania border – Lezhe – Albania / Greece border;
- 2 - railway Belgrade - (Vrbnica) - Bar;
- 3 - highway Belgrade - Bar;

FYROM, 4 projects:

- 1 - highway Kichevo - Gostivar;
- 2 - common railway station Tabanovce - Serbia / FYROM border;
- 3 - railway Beljakovce - FYROM / Bulgaria border;
- 4 - highway Rankovce - Kriva Palanka - border FYROM / Bulgaria;

Serbia, 13 projects:

- 1 - railway Niš - Dimitrovgrad - Serbia / Bulgaria border;
- 2 - railway Belgrade - Novi Sad - Serbia / Hungary border;
- 3 - railway Belgrade - Niš;
- 4 - highway / Belgrade Ring (Strazevica-Bubanj Potok);
- 5 - highway Niš - Prishtina;
- 6 - common railway station Tabanovce - Serbia / FYROM border;
- 7 - railway Belgrade - (Vrbnica) - Bar;
- 8 - highway Belgrade - Bar;
- 9/10 - two projects on the Sava River;
- 11/12 - two projects on the Danube River;
- 13 - Intermodal Terminal in Belgrade.

Albania, 1 project:

- 1 - highway Croatia/Montenegro border – Bar –MN/Albania border – Lezhe–AL/Greece border, which in Albania includes studies and works for sections Thumane – Kashar/Vorë, Lezhe bypass and Tirana bypass. Studies ongoing, works needed on Tepelena bypass.

As you see, Albania has received very little from the EU or demanded too little from the EU. For this you can ask the Albanian authorities.

MONITOR :

For this, you do blame the Albanian authorities or the EU?

GERI SELENICA:

I believe that the main responsibility for this falls on the Albanian government, because according to EU Commission the National Investment Committees, I do not know whether such a one exists in Albania, are responsible for determining and managing the priorities of the national projects (Single Project Pipelines) and should serve as the basis for programming of all possible sources of financing (including domestic and other donors).

With our domestic and foreign experts we have made it clear many times and with many scientific arguments to the Albanian government, that in addition to "Adriatic-Ionian (Blue) Highway" (or "Mediterranean Corridor" – EU classification), they should have presented to EU also these very strategic projects, as "TEN-T Core Networks":

- 1 - highway Elbasan – Qafe Thane – Kapshtice / Albania-Greek border;
- 2 - railway AL-Greek border / Kapshtice-Pogradeci-Hani Hoti / AL-Montenegro border.

Perhaps also these additional projects, to meet our full transportation needs:

3 - Railways Milot-Prizren / Kosova

4 - Spitala Multimodal Terminal integrated with Durres Port or Porto Romano.

EU may classify these projects as "Med" or "Orient/East Med" Corridors. In my opinion, the EU has not paid the proper attention to the "Adriatic/Med Corridor" and much less to Albania. In fact, I raised this issue in Vienna in the meeting with the director of the expansion of the European Commission responsible for Albania, Mr. Jean Eric Paquet, and I gave him a written note (including Commissioners Hahn and Bulc), which consisted of:

- the total exclusion from the EU corridors of the "Adriatic Aegean (Blue) Railway" (Croatia-Montenegro-Albania-Greece) and
- the total exclusion of Albania from the TEN-T Railway Corridors for the Western Balkans, thus de-facto isolating us from the European rail connections.

Many Balkan high officials considered very right my observations and I have official information from the Croatian and Greek government, that they would strongly support by the EU the above two issues. The Albanian government has given us no answer so far.

Geopolitically, if there isn't any EU technical negligence or any incompetence on our part, reading the list of projects and their categorization in "TEN-T Core Networks" and "Comprehensive Networks" seems very clear that the EU strongly supports "Corridor 10" versus "Adriatic Corridor".

Hence these projects are indicative and not final, there should be done a great work from the governments of Albania, Croatia, Montenegro and Greece, to change this reality at the EU.

MONITOR :

How the EU does fund these projects?

GERI SELENICA:

The European Commission, via the Western Balkans Investment Framework - WBIF, co-finances only mature energy projects from the list of PECEI (Projects Interest Energy Community) and mature transport projects from the "TEN-T Core Network" list, in cooperation with international financial institutions.

We must understand that the EU has its own financial problems. Investments in the EU have fallen from 3 trillion euros in 2007 to 2.6 trillion euros in 2013. To fill up this gap in EU investments, President Juncker has launched the European Investment Strategic Plan (EFSI) of 315 billion euros. The novelty of this plan is that through innovative financial mechanisms, it will enable attraction of third parties capital in the EU investments, including investments in "Connectivity Agenda" for the 6 Western Balkan countries. This is good news, as the EU will allow the capitals from the third parties and in fact capitals of third parties that can realistically be absorbed are mainly the Chinese capitals. President Juncker agreed in principle with Prime Minister Li Keqiang in May 2015 in Brussels for the establishment of a China-EU Investment Platform, which will materialize during the visit of President Juncker at the end of this

month in Beijing. So the EU co-financier may be even China. Especially the Balkans is a good part of the Chinese strategy "Silk Road Economic Belt", which has as entry points in Europe the Port of Piraeus and Istanbul. At several meetings in Vienna, this was admitted also from the top executives of EU financial institutions, provided that Chinese financing should be carried out according to EU banking institutions rules.

But almost all transportation projects, even if financed or co-financed by third parties are not really self-payable and affordable for the poor Balkan countries. So there must be an EU financial support in the form of grants or traffic guarantees. So the classification of our projects as "TEN-T Core Network" increases the theoretical possibility of obtaining EU funding and support.

MONITOR :

So without the real commitment of the EU, the financing of these projects will be put in difficulty?

GERI SELENICA:

In a great extent yes. In my view, the Vienna meeting was a political meeting without much real tangible economic value to the implementation of the "Berlin Process". I believe, and this opinion had many prime ministers and leaders of the Balkans, the EU is not really focused and has not taken seriously the Western Balkans. Simply is keeping them with promises. If the EU would take seriously our 6 countries, as seriously as they took Greece, with a fraction of the funding that is helping Greece, EU could make tremendous contribution to our 6 countries.

MONITOR :

How is the issue of "Blue Corridor"? What is this project?

GERI SELENICA:

"Blue Corridor" is the most strategic artery linking Albania with Europe and is a great success that EU classified it few months ago as part of the EU "Med Corridor". As the highway is concerned, it must be built from Ploče, Croatia to Ioannina, Greece (according to the EU). A very positive achievement of the Croatian, Montenegrin and Albanian Governments is that they determined the right approximate crossing points of this highway from Debeli Brijeg and somewhere between Muriqan and Velipoja. The exact track will emerge from the detailed feasibility study and the final project, which will be funded by the EU immediately. The greatest financial and engineering difficulty of this highway is in Montenegro, due to its mountainous terrain and financial constraints, although 10 km of this highway will be provided as a grant from Azerbaijan's Socar.

In our opinion, which I have said many times to Albanian and Greek governments and to EU, the "Blue Highway" connection with Greece via Kakavija is out of economic logic. We have brought in facts that the Kapshtica connection is better, because:

- the highway route via Kakavija needs other 70km new highway up to the Egnatia Motorway A2 south of Ioannina. And still it needs over 100 km of new motorway (A5)

to connect with Athens. While A2 Egnatia motorway has reached 3 km south of Kapshtica (Ieropigi). So via Kapshtica Greece does not need to build a new highway. Tirana-Athens via Kapshtica is 100 km less than via Kakavija.

- According to the socio-economic study, Kapshtica route serves faster and better 90% of the Greek economy and population, living in the north and south of Greece.
- Kapshtica route is about 200 km closer to Istanbul, than via Kakavija.
- Kapshtica route makes "Blue Highway" and "Egnatia Highway" more competitive against Corridors 4, 10 and 8. The distance Piraeus-Tirana-Trieste will be 150 km shorter than the Piraeus-Belgrade-Trieste and Istanbul-Tirana Trieste only 75 km longer than the Istanbul-Belgrade-Trieste.
- Kapshtica route is integrated for 120 km from Tirana to Qaf Thane with the Corridor 8, thus increasing significantly and the profitability of this route.

Since the EU and the Albanian government want Kakavija connection with Greece, then it is an urgent task for the Albanian government to classify the segment Qaf Thane - Kapshtice as a "TEN-T Core Network". Either as a "Med Corridor", or as an "Orient / East Med Corridor". But its lack of classification as a "TEN-T Core Network" will automatically exclude it from the financial support of the EU. Also Greek transport officials and experts prefer Kapshtica as the best link between the two countries.

We believe that "Blue Highway" has been designed as a major European artery, that beside serving our modest economies and our scarce populations, would better serve bigger European traffic flows, as 25 million tourists go every year to Greece or 30 million tourists go to Turkey, goods coming from Turkey, the Middle East, the Far East, China and for the EU goods exported eastwards.

MONITOR :

What is the "Blue Railway"?

GERI SELENICA:

The "Med Corridor", in addition to motorway, should also include a railway. But it is missing in materials distributed in "Vienna Summit". It's a fact that Croatia does not have any study on this. Montenegro and Bosnia have made a study funded by the EU, to link Montenegrin railway from Nikšić with the Bosnian one in Čaplinja. Albania is conducting a study for the railway master plan funded by the EBRD. I do not know if this study will include 52 km of new railway line, connecting Pogradec and Kapshtica (Greek border). Greece, for its part, has included its railroad to Kapshtica as "TEN-T Core Network" and surprisingly "TEN-T Core Network" stops in Albania!!! Based on the vision expressed above, we are the main promoters of the Blue Railway (Kalabaka/Florina-Kapshtica-Pogradec-HaniHotit-Nikšić-Čaplinja-Ploče-Split) and we have protested to the EU for failing to include it in the "TEN-T Core Network". The partial railway solutions that we have heard from Albanian officials (as Tiranë-Hani i Hotit or Vlorë-Hani i Hotit or Lin-Durrës) are not logical, because if the railways do not cross Albania from North to South and serve to the international freights, there will be no future. Albania has neither the goods nor the passengers in sufficient quantities to make profitable a railroad. With a clear economic vision and a solid political will the "Blue Railways" may turn in a more feasible option than the "Rail Corridor 10". This needs a strong lobbying by the EU, supported by serious studies

and arguments, which thankfully Albanian government will have soon, from the study funded by EBRD (which should have funded itself long time ago).

MONITOR :

How is Albania positioned and what might be its economic and strategic benefits?

GERI SELENICA:

I cannot give an exact answer on this, as it needs serious studies, but our preliminary assumptions shows that traversing Albania from South to North, from the East and Northeast to the West makes it an important transit hub. This would have a much greater value if the Port of Durres or Porto Romano will be developed as a regional "hub", as the Chinese are doing with the Port of Piraeus. But too much depends on the interest of global shipping players.

MONITOR :

*At what stage is Albania compared with other West Balkan countries?
What difficulties are encountered to be coherent with them?*

GERI SELENICA:

What I have seen so far, all countries in the region are far ahead with making projects. While here I have not seen any serious project. In the opposite the only high value road that our government is constructing, that enters in the natural space of EU corridors, is a quite unnecessary investment of 150 million euros, 2 lane Road Qukës-Qafe Plloce. A mountain road, out of which 20 km will be built from 1'000m up to 1'300m altitude in the mountains of Mokra. Actually is totally impassable in the winter, for whom knows the area, with temperatures reaching below -20'C. For your information, Korca is only 800m above sea level. It will shorten the distance in relation to the route from Pogradec just 3km. So a project with no parameters, at which our foreign experts laugh at, that 'de-facto' was "designed" by a former deputy minister of the last government, simply to obtain in a corrupt way the Arab funding. This is very shameful and irresponsible misuse of our public funds. We have notified about this the prime minister and many ministers.

MONITOR :

How should lobby Albania? What should consider the Albanian government?

GERI SELENICA:

In Tirana they might be happy only with the "Blue Highway", but I repeat again, the Albanian government should immediately submit to the EU additional major projects. As a minimum, it should seek urgently the inclusion of the second link with Greece "Elbasan-Kapshtica Highway" and "Kapshtica-Hani Hotit Railway" in "TEN-T Core Network". They should not stop at the "Blue Highway". Look at the surrounding countries. All have introduced any project that they need, even they have been able to classify many in the "TEN-T Core Network". Needless to mention the projects and the countries. You would better check the maps approved at the "Vienna Summit".

Tirana, 14.09.2015

OUR SUGGESTED PROJECTS TO THE ALBANIAN GOVERNMENT:

1 – “Qafë Thanë-Kapshticë Highway” was not in **TEN-T Core Network!!**



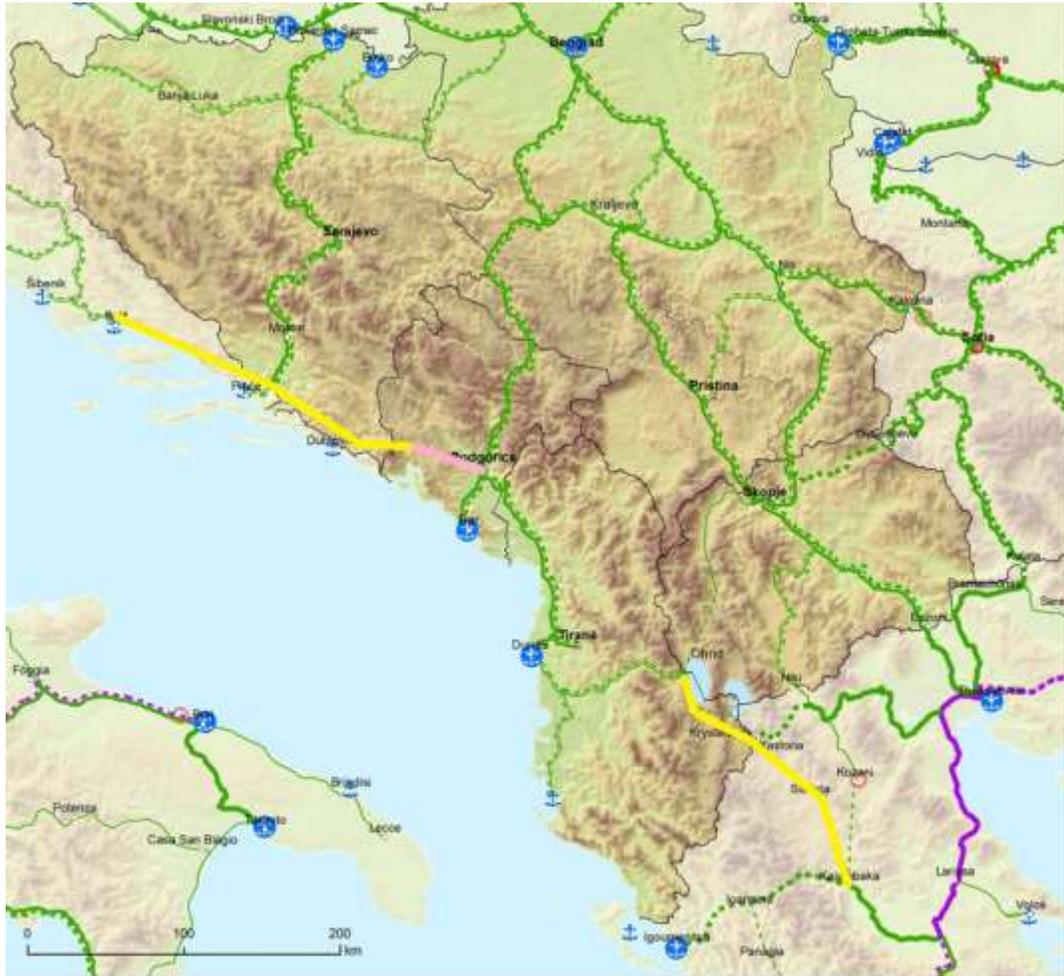
While Greek A2 **EGNATIA** has reached **Kapshtica**
(photo **13.9.2015**)

*Segment Koromilia (Kastoria) - Krystallopigi financed **139 milione €** by **EU***



2 – “BLUE ADRIATIC AEGEAN RAILWAY”

- Kalabaka-Kapshtica / **missing** completely
- Florina-Kapshtica / *is included* in “TEN-T Core Network”
- Kapshtica-Pogradec-Durrës-Tirana / **NOT** included in “TEN-T Core Network”
- Tirana-Hani i Hotit-Podgorica / *is included* in “TEN-T Core Network”
- Niksic-Čapljina-Ploče-Split / **missing** completely



Comprehensive		Core		Comprehensive		Core		Comprehensive		Core	
Conventional rail / Completed	Conventional rail / Completed	Conventional rail / To be upgraded	Conventional rail / To be upgraded	High speed rail / Completed	High speed rail / Completed	To be upgraded to high speed rail	To be upgraded to high speed rail	Ports	Ports	RRT	RRT
Conventional rail / Planned	Conventional rail / Planned			High speed rail / Planned	High speed rail / Planned						

TEN

