

# What is the Stabilisation and Association Agreement?



## HISTORY

European Union policy towards the Western Balkans was defined through the Stabilisation and Association Process (SAP), established with the aim of future EU membership of the countries concerned. Hence Western Balkan countries are engaged in a progressive partnership with a view to stabilising the region and establishing a free-trade area. The SAP sets out common political and economic goals, while progress evaluation is based on individual countries' merits. The SAP was launched in June 1999 and strengthened at the Thessaloniki Summit in June 2003 when it took over elements of the accession process. Its basic elements are:

- Contractual relationships (Stabilisation and Association agreements);
- Asymmetric trade liberalisation (autonomous trade measures);
- Financial assistance (the Instrument for Pre-accession Assistance – IPA);
- Regional cooperation and good neighbourly relations.

Advancing the SAP leads to the establishment of contractual relations between the country and the EU in the form of a **Stabilisation and Association Agreement (SAA)**.

BiH and the EU negotiated the SAA for 13 months, after which it was signed in Luxembourg on 16 June 2008. The SAA officially came into force on 1 June 2015.

## THREE KEY FACTS ON THE SAA

- Having the SAA fully in force is the first real step in Bosnia and Herzegovina's process of European integration.
- The SAA enables the creation of a free trade area between Bosnia and Herzegovina and the EU for a wide range of products (e.g. industrial products and most agricultural products). Thus Bosnia and Herzegovina has established trade relations with the biggest market in the world; a market of nearly 500 million potential customers.
- The SAA requires that all BiH, like other Western Balkans countries, carries out efficient harmonisation and implementation of the whole body of EU law (EU *acquis*) that has been created over the past more than six decades.

## BENEFITS FROM THE SAA

### POLITICAL RELATIONS:

The relationship between the EU and BiH has intensified due to the increased commitments on both sides including political dialogue and regional cooperation.

### TRADE:

The SAA stimulates economic development and cooperation through enhanced trade possibilities. It brought extensive trade liberalization with both the EU and other countries in the region, and provides for gradual harmonization with EU structures and rules in the areas of standards, certification, customs administration, competition, public procurement and intellectual property rights. As a result BiH trade position with the EU has substantially improved.

### EU STANDARDS:

Approximation to EU standards for product quality will lead to increased competitiveness of BiH products and the private sector overall, while the gradual introduction of higher standards of consumer protection will enhance the security of BiH consumers. More competition will potentially lead to lower prices and a larger choice of goods and services to the citizens. This means better consumer protection and higher-quality and safer food and other products, more efficient public services and more transparent spending of taxpayers' money.

### INVESTMENTS:

Thanks to the SAA with the EU, investors see BiH as a credible international partner of the EU and its Member States – which will increase domestic and foreign investors' confidence. The SAA will enable a better business environment due to the gradual approximation with EU laws and standards, encouraging individual entrepreneurial initiatives, and hence stimulate the much-needed investment and employment.

### HEALTH AND SAFETY:

Quality control of health and safety standards that are applied in BiH will improve.

### HOME AFFAIRS:

BiH and the EU will cooperate in the fields of asylum, borders and migration control, anti-money laundering, combating drug abuse, prevention of and the fight against organized crime as well as in preventing and combating terrorism and its financing.

### LABOUR MARKET:

During legal employment of BiH citizens in the territory of the Member States, their spouses and children who are legally residing in the territory of that Member State will have access to the labour market of that state during that worker's authorised stay.

### PUBLIC PROCUREMENT:

With the SAA in place, BiH companies will be granted access to public contract award procedures in the EU with as favourable conditions as companies from EU Member States.

### ESTABLISHMENT OF COMPANIES:

When establishing a company in the EU, companies from BiH will have a treatment as favourable as that accorded by EU Member States to their own companies, and vice versa.

### FREE MOVEMENT OF WORKERS, GOODS, SERVICES AND CAPITAL:

To use a metaphor, being part of the EU single market means that a Hungarian engineer who has a German university degree can work in a British factory based in Italy that is financed by a Belgian bank and uses electricity produced in France. With the SAA BiH citizens will not yet have access to all aspects of this mobility, but will closer to it, and even more with the continuing integration process.

Improvements are also expected in a variety of fields ranging from democracy and human rights, freedom of the media, higher education, and technical issues such as improvement of transport infrastructure.

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