

A new opening in relations between the EU and the Western Balkans

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The EU-Western Balkans summit held on 17 May in Sofia – the first such event since 2003 – is one example of the EU's increasing interest in the Balkan states which aspire to membership. On 6 February, the European Commission presented its new strategy for its Western Balkans policy. Its desire to become more closely involved in the region has also been indicated by visits from the EC President Jean-Claude Juncker and the head of the European Council Donald Tusk to all the countries in the region during recent months. This activity on the part of EU institutions has been accompanied by actions targeted at the Balkans by member states under the aegis of the Berlin process, which focuses on economic cooperation. This new dynamic in the EU's policies towards the Western Balkans is the result of a growing awareness in Brussels of the risks resulting from the crisis in the enlargement policy, which is the EU's main instrument for ensuring lasting stability in the region.

In the last few years, most of the Balkan states have seen setbacks in the process of building democratic institutions and market economies, despite fifteen years of reforms under the auspices of the EU and their formal progress towards accession. The Balkan states' weakness poses a growing threat to the security of the EU member states, especially in areas such as illegal migration, drug trafficking, and the smuggling of people and arms. These formally pro-European governments, which base their power on clientele networks, are ready to use nationalist and anti-EU rhetoric in order to channel public frustration, a habit which generates frequent tension in the region and threatens its stability. At the same time, the EU's influence in the Balkans has weakened as a result of the increasingly active policies of Russia, China, Turkey and Arab states in the area.

In proposing its new strategy for its Balkans policy, the European Commission has taken into account the member states' common fears of what might happen upon the accession of states in which the rule of law is not respected. As it tries to reconcile these concerns with the need to deepen cooperation between the EU and the Balkan states, the EC has proposed bringing the EU and the Balkans closer together through sectoral integration and infrastructure before the latter are granted full membership. This plan is beneficial for the Balkan states' elites, who are interested in the immediate benefits of sectoral integration with the EU, but not in implementing democratic reforms and free markets, which would undermine the current system of government in their countries. Consequently, the present actions will most likely only have limited results; the Balkan states will become more integrated with the EU, but will not necessarily become more law-abiding or democratic.

The ineffectiveness of the enlargement policy

The EU-Western Balkans summit in May, the publication of the EU's new Balkans strategy¹ and the EU institutions' diplomatic activities are part of an unprecedented wave of EU interest in the Balkans over the last year. At the previous European Council in Thessaloniki in 2003, the countries of the region were promised EU membership upon fulfilling certain conditions. Fifteen years after this event, only Croatia has become an EU member, and the state institutions and market economies in the other countries remain very weak, despite these countries' formal progress along the route to accession (see Table 1). The negative trends in the region have been noted both in NATO reports² and in global rankings on the rule of law³, freedom of the press⁴ and levels of corruption. Also, as the European Commission presented its new strategy, it sharply criticised the capture of the state, links with organised crime at all levels of government and administration, and the strong entanglement of public and private interests⁵.

¹ The document *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans* has been published in the form of a communiqué from the EC to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions. https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

² For example, see *A renewed deterioration in the Western Balkans*, 02.02.2017, <https://www.nato.int/docu/Review/2017/Also-in-2017/backsliding-western-balkans-kosovo-servia-bosnia/PL/index.htm>

³ In the Freedom House rankings *Nations in Transit in 2017*, of the six Balkan states only Kosovo has received a better assessment of compliance with the principles of the rule of law compared to 2009. The other countries have seen a regression with regard to the rule of law. None of the Balkan states were considered fully democratic. The worst situation in this respect was found in Bosnia & Herzegovina, Kosovo and Macedonia. *Nations in Transit 2017: The False Promise of Populism*, <https://freedomhouse.org/report/nations-transit/nations-transit-2017>

⁴ Reports on the freedom of the press confirm the deterioration of standards in this area in comparison with 2009. *Freedom of the Press 2017*, April 2017, <https://freedomhouse.org/report/freedom-press/freedom-press-2017>

⁵ *A credible enlargement perspective...*, *op. cit.*, p. 4.

The EC also emphasised the lack of freedom for the media, widespread corruption and the low level of economic freedom. Further, the EC accused the Balkans' formally pro-European governments of employing nationalist and anti-EU rhetoric, and of provoking tension in relations with their neighbours in order to mobilise society (particularly before elections) and channel the public frustration linked to the economic and political situation in the region. As the EC has emphasised, not only is this not conducive to the process of European integration, it also destabilises the situation in the region as a whole⁶.

Despite formal progress in EU accession, the Balkan countries have gone backwards in building democratic institutions and a market economy system.

The slow pace of the enlargement process stems not only from the internal situation in the Balkan states, but also from the activities of the EU itself, which abandoned the pursuit of an active policy towards this region after 2008. The EU's internal problems, caused by factors including the global economic crisis, have caused its neighbourhood policy (including towards the Balkans) to lose a great deal of importance. In Western Europe, the critical evaluation of the consequences of the EU's expansions in 2004 and 2007 has strengthened opposition to the admission of new members⁷. At the same time, the Balkans' relative socio-political stability since 2008 has meant there have been no impulses that would demand the EU's intense in-

⁶ One exception is Macedonia, where in 2016 the political elite (which had been ruling since 2006) was removed from government as a result of many years' peaceful protests.

⁷ According to a Eurobarometer survey of 2015 in Austria, 75% of the population was against further enlargement. In Germany this percentage amounted to 73%, in Luxembourg 69% and in France 67%. See Europeans' views on the priorities of the European Union, <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Result-Doc/download/DocumentKy/72669>

involvement in the region. In this context, the candidate countries' lack of progress in fulfilling EU conditions was paradoxically a plus for the EU, as it allowed the challenges of acquiring new members to be postponed. As a consequence, pressure on the Balkan states to enact the necessary reforms weakened greatly. This policy culminated in the statement by Jean-Claude Juncker in 2014 that there would be no new expansion over the next five years. Even though none of the Balkan states had any chance of accession before 2019, the Balkan elites considered the emphasis of this fact as a withdrawal of the promise of membership which had been made in 2003. The EU's policy towards the Balkans in addition has also been complicated by Brexit. The United Kingdom was one of the biggest supporters of the region's states joining the EU. Moreover, for the elites and publics in the region, Britain's decision to leave the EU was an additional argument undermining the attractiveness and benefits of membership⁸.

The EU has limited its criticism of the undemocratic practices of formally pro-Western Balkan leaders who have helped stop migration.

The enlargement policy, which has so far been the EU's most effective tool of influence on its immediate neighbourhood, allowed the acceleration of the democratic transformation of the Central European countries in the 1990s. The prospect of obtaining the benefits of membership motivated the candidate countries' governments to implement reforms. In the case of the Balkan states, however, this approach has not had such good results. The reasons for this include the following: in the name of regional

stability, the member states and EU institutions have used the enlargement policy to put pressure on the Balkan countries in areas not related to the technical process of implementing the EU acquis. In addition, these activities have often been inconsistent. In Bosnia & Herzegovina the EU made progress towards integration conditional on the introduction of reforms to the police and the political system, but nevertheless accepted that state's application for membership, even though it did not meet the majority of the EU's conditions. Kosovo and Serbia were rewarded with progress towards integration for their compromises in the process of normalising relations, under the aegis of the EU, regardless of their failure to implement reforms. This policy meant that the Balkan elites recognised that putting political pressure on EU member states was a more effective way to achieve progress in the enlargement process, for example by using the threat of deepening cooperation with Russia, or by escalating bilateral disputes. Negative consequences for the effectiveness of EU policies also arose from the practice of EU member states blocking the enlargement process in order to force the states aspiring to membership to make concessions in bilateral disputes. The flagship example of this is the policy conducted by Greece, which has not allowed accession negotiations with Macedonia to start since 2008 in connection with a dispute over the latter state's official name⁹. This has arisen despite Macedonia's compliance with the technical conditions posed by the EU. As a result of these two tendencies, the degree of progress towards integration has ceased to reflect the real state of progress in making reforms, especially in the field of the rule of law. The lack of pressure from the EU to reinforce state institutions caused the clear subordina-

⁸ Brexit was used by Russian propaganda in the Balkans to show the EU as an area mired in permanent economic and social crisis.

⁹ For more on this topic see M. Szpala, Macedonia: A new beginning in relations with Greece, *OSW Analyses*, 31.01.2018: <https://www.osw.waw.pl/en/publikacje/analyses/2018-01-31/macedonia-a-new-beginning-relations-greece>

tion of those institutions to party structures, whose power is based on extensive clientelist network.

The EU's internal problems, the migration crisis in 2015 and the growing influence of Russia have led to the EU significantly limiting its criticism of the Balkan ruling elites' undemocratic practices, and focusing on its cooperation with them in order to limit migration and keep individual countries within the Euro-Atlantic sphere of influence. The Balkan leaders who are in a position to guarantee these things then receive support from the EU, which in turn places less weight on holding them responsible for implementing reforms. Politicians who in the eyes of the West prevent the seizure of power by radical parties which could pose a threat to the stability of the region can also rely on getting an easy ride¹⁰. Balkan politicians whose parties work closely together with the strongest EU political groups also get off more lightly. For ex-

Russia, China and Turkey have exploited the passivity of the EU and strengthened their networks of influence in the Balkans at the expense of the EU's position.

ample, the European People's Party, and in particular Hungary's Prime Minister Viktor Orbán, defended the regime of Nikola Gruevski and the VMRO-DPMNE in Macedonia, even when the latter tried to remain in power despite losing general elections.

The EU's new rivals in the Balkans

Russia, China and Turkey have taken advantage of the EU's passivity, and have strengthened their networks of influence in the Balkans at

¹⁰ This is the situation in Kosovo, where the West supports a corrupt ruling elite, fearing the takeover of government by the Vetëvendosje party, which wants to limit the influence of external forces.

the expense of the EU's position. Russia's actions in the Balkans are patently contrary to the EU's priorities in the region. It is in Moscow's interest to maintain the frozen conflicts and constant tensions in the area, and to block the Balkan countries' Euro-Atlantic integration because this weakens the Kremlin's influence. By using its influence in the local media and ruling elites, Moscow is attempting to stoke inter-ethnic tension, block reform processes (particularly in the energy sector), strengthen anti-EU and anti-NATO groups, and sabotage the bilateral negotiations to resolve disputes (such as Serbia/Kosovo and Greece/Macedonia). For their part, China and Turkey are focusing on deepening their economic ties with the Balkan countries. Officially they support stability and Euro-Atlantic integration within the region, but in contrast to the EU, they have not made financial loans conditional upon reforms. This makes financial support from the EU less attractive, and thus weakens the force of the EU's instruments for pressure on Balkan governments. Moreover, both the Turkish and Chinese business models are based on close (and often corrupt) relationships with local elites. Such practices are in conflict with the priorities of the EU, which calls for the introduction of transparency in the Balkan states' public administrations. In the long run, China and Turkey may also use their influence in the Balkans to exert pressure on the EU and its member states.

Rising Euroscepticism and challenges to stability

Public support in the Balkan states for the idea of EU membership has been gradually declining for several years now. This means that public pressure for quick integration with the EU is weakening significantly, whereas in the past it was an important part of the pressure on the authorities to implement the reforms required by the EU. The decline in support for accession is also associated with the EU undermining the

credibility of the prospects for membership; this has led to a feeling that the countries in the region have no real chance of entering the EU. At the same time, many years of reforms introduced under the slogan of adapting to EU standards have not produced measurable and positive effects, in the perception of the public. The rising disillusion with the EU has also strengthened by the political elites, which have blamed the EU's conditions for the implementation of unpopular reforms or taking steps which are controversial in the eyes of society, such as prosecuting war crimes or normalising relations with their neighbours. Another issue which significantly contributed to the drop in support for the EU has been the latter's support for undemocratic elites – something which the public sees as conflicting with the values that Brussels officially promotes. The EU's member states and institutions are increasingly seen as the allies of the local regimes, and as being reluctant to support pro-democratic protests.

The EU legitimises undemocratic regimes in the name of stability of the region, which has weakened its credibility in the eyes of Balkan societies.

One noteworthy example of such practices was the crisis in Macedonia in 2015-16: despite the evidence of the Macedonian authorities' autocratic practices, as described in EU documents, the EU member states did not condemn the actions of the Gruevski regime, and some clearly supported them. Consequently, even the Balkan states' liberal elites now use pro-EU rhetoric less frequently than before. In the Balkan societies, the belief is spreading that the EU prefers to legitimise undemocratic regimes in the name of regional stability, instead of promoting the implementation of pro-democratic reforms.

The effects of the lack of EU pressure to build efficient institutions were visible during the refugee crisis in 2015 and 2016. Weak state apparatuses, controlled by corrupt oligarchies, could not and still cannot effectively combat the smuggling of human beings, weapons and drugs to EU countries. Nor can they deal with the problem of illegal trading in significant amounts of weapons and explosives which are used by terrorist groups and organised crime¹¹. Moreover, the bad economic situation and clientele-based political systems are strengthening migratory pressures in the Balkan states; between 2014 and 2016, 377,000 residents of the region applied for asylum in the EU. This has increased the problems of the member states, which are already struggling with the consequences of the global migration crisis. The scale of legal immigration from the Balkans is very great. At least 110,000 people left Serbia alone in the 2014-15 period¹². Such a large number of migrants is not only a challenge for the EU, but it also negatively affects the growth potential in the region, because a significant percentage of those leaving are the best educated and most active of the population.

Another threat to stability in the region comes from the practices of local elites; as they no longer have the chance to offer their publics any spectacular successes, they have been ever less inclined to speak about European integration, while they have increasingly chosen to channel public dissatisfaction by using nationalist slogans and generating tensions with their neighbours. The EU tolerated this practice for many years, and has only recently begun to openly criticise this kind of social mobilisation.

¹¹ Weapons from the Balkans have been used in terrorist attacks in France. See S. Candea, How EU Failures Helped Paris Terrorists Obtain Weapons, *Der Spiegel* 24.02.2016: <http://www.spiegel.de/international/europe/following-the-path-of-the-paris-terror-weapons-a-1083461.html>

¹² Srbija po emigraciji 31. u svetu, iseljavanje poprimilo galopirajući rast, 30.10.2017: <http://www.021.rs/story/Info/Srbija/174766/Srbija-po-emigraciji-31-u-svetu-iseljavanje-poprimilo-galopirajuci-rast.html>

The Berlin process: focus on the economy

With most countries being uninterested in the EU's enlargement policy in the Balkans, in 2014 the German Chancellor Angela Merkel initiated the so-called Berlin process, which covered seven EU member states and the six Balkan countries aspiring to membership¹³. The purpose of this initiative was first and foremost to stimulate the Balkan countries' economic development by investing in their infrastructure and harmonising their local regulations with EU law. In Germany's perception, the bad economic situation is the main cause of the Balkan democracies' weakness and reluctance to undertake reforms.

The goal of the Berlin process is to stimulate economic development through investments in infrastructure and harmonising regulations with EU law.

As part of this process, the concept of the Regional Economic Area (REA) has been devised. This is a concept for a common market for the Western Balkan countries which is to operate according to the EU regulations of free movement of persons, services, goods and capital; its creation is intended to improve and harmonise the regulatory environment and integrate the small Balkan economies. The second motor of growth, namely investment, is beginning to be funded and supported by the Western Balkans Investment Framework (WBIF). This instrument

¹³ The Berlin Process is a project initiated by Germany, an intergovernmental platform for cooperation with the countries of the Western Balkans, in which Austria, France, Germany, the United Kingdom, Italy, Croatia, Slovenia, Albania, Bosnia & Herzegovina, Montenegro, Kosovo, Macedonia and Serbia participate. As part of the process, annual summits are held, attended by heads of state and government as well as EU representatives (in 2014 this was held in Berlin, in 2015 in Vienna, in 2016 Paris, and in 2017 Trieste). At present this is the most important meeting between leaders of EU member states and those of the countries of the region aspiring to membership.

is intended to allow the better use of the financial resources which various institutions direct to the Western Balkans, and above all to support projects for integrated transport, energy and telecommunications systems in the region, and bind them closely with the EU¹⁴. Over time, the Berlin process has begun to include further areas of cooperation, such as security, as well as the stabilisation of the situation in the region by supporting reconciliation processes, etc.

The Berlin process has undoubtedly helped to sustain the interest of some EU member states in the Western Balkans, but it faces severe limitations within the countries of the region. Transforming the economy involves striking at the interests of the ruling elites in the Balkans, who control society by handing out jobs in the public sectors which predominate in the local economies. It also poses a threat to the local oligarchs, who are guaranteed monopoly positions on the market and government contracts by the authorities, thus inhibiting the growth of the private sector. The ephemeral nature of the Berlin process, with its formula of annual summits of heads of state, hinders the development of long-term solutions that would allow the progress of reform to be monitored, or expert support to be guaranteed. Consequently, the involvement of the European Commission and other EU institutions in implementing the objectives of the process has increased, but this in turn has raised objections from those member states which are not involved in this cooperation. The strategy which the EC presented in February 2018 was the response to these challenges, and was clearly inspired by the solutions proposed as part of the Berlin process. Due to the usefulness and flexibility of the Berlin process, however, cooperation in this format will continue as a complement to the EU's other activities.

¹⁴ Between 2009 and 2017 the WBIF dispensed €601 million in grants for the Balkan states.

The EC's new strategy: sectoral integration as the path to membership

While presenting the Commission's new strategy Johannes Hahn, the Commissioner for the European Neighbourhood Policy and EU enlargement negotiations, stated that the European Union will either export stability to the Balkans, or will import the threats from the region. It was the awareness of the rising challenges in the region and the reduced effectiveness of the current policy which formed the main impetus for the development of the new strategy. This is based on the gradual and sectoral integration of the Balkan states into the regulatory and institutional system of the EU.

The goal of the Berlin process is to stimulate economic development through investments in infrastructure and harmonising regulations with EU law.

The priorities and actions proposed by the Commission in its new strategy show the clear inspiration of the proposals which have been developed as part of the Berlin process. The six key areas highlighted by the EC in its Balkans policy are security and migration, the strengthening of socio-economic development, integrated infrastructure, the digital agenda, the process of reconciliation and good neighbourly relations, and the rule of law. Only this latter priority had not previously been a subject of cooperation within the framework of the Berlin process.

Implementing this strategy is intended to strengthen existing platforms for EU-Balkan cooperation such as the Energy Community and the Transport Community¹⁵, and also an-

¹⁵ The Energy Community established in 2005 between the EU and the Balkans, as well as Moldova and Ukraine, assumes the expansion of the EU's internal energy market to those countries. The Transport Community, established in 2017, assumes the gradual integration of the six Balkan states' transport markets into the regulatory and infrastructure framework of the EU.

nounces the creation of new ones, such as the dialogue on common foreign and security policy. The Balkan states are also to be gradually included into meetings of the representatives of EU states at various levels. Institutions from the Balkan states will also be able to participate in the work of their EU counterparts on matters such as transport policy, regulating energy markets, and the Creative Europe programme. It has also been proposed to increase the range of activities available to the Balkans under the Erasmus Plus and Connecting Europe Facility. A significant part of the strategy relates to security issues and the close cooperation of the Balkan states with institutions such as Europol, Eurojust, etc. Support will also be offered for the process of harmonising Balkan regulations with EU standards, based on the Regional Economic Area concept. In the area of the rule of law, which is essential for preparations for membership, a list of actions will be presented primarily concerning the reinforced monitoring of judicial reforms, media freedoms and respect for the rule of law.

Prospects

The initiatives by the EU institutions and the member states concerning the Balkan states is a clear signal to the local publics and political elites, disillusioned by the existing achievements in the European integration process, that the EU is still interested in their region. In the coming months, the current intense level of EU-Balkan ties will probably be maintained. In the reports on the progress of the EC reforms published in April, it was recommended that the European Council launch accession negotiations with Albania and Macedonia. The decision in this case should be taken in June. A summit on the Berlin process will take place this July in London; its priorities will be security issues, the fight against corruption, and the process of reconciliation and resolving bilateral disputes. More action under this platform has also been

announced; a further summit will be organised in Warsaw in 2019. In April a Digital Summit took place in Skopje, inaugurating deeper cooperation between the EU and the Balkans in this field as well. Meetings on the digital agenda will take place annually from now on.

Balkan issues are a priority for the Bulgarian presidency of the EU Council, as well as for the next three presidencies – those of Austria in 2018, and Romania and Croatia in 2019. At the same time, it is clear that most EU countries are reluctant to rapidly adopt new members or present the Balkan states with a package of attractive benefits (including financial) to motivate them to implement reforms. One sign of this comes from the summit in Bulgaria, which was originally supposed to refer to the 2003 summit in Thessaloniki (which was of key importance for the enlargement policy), but due to resistance from member states, any reference to further expansion was omitted.

The sectoral integration the EC has proposed as the main element of its offer to the Western Balkan countries is intended to keep them within the EU's orbit of influence in key areas before they meet the conditions for membership in the field of the rule of law. This approach assumes that the Balkan states' gradual integration in the EU cooperation structure will force the local governments to introduce democratic and free-market reforms. However, this concept

does not take several basic restrictions into account. The idea still seems to prevail within the EU that the countries in the region have no alternative to integration into the EU and NATO, and that it is in the local political elites' own interest that they should make the effort to reform. Contrary to this image, belief in the region is increasing that other strong actors, such as China and Turkey, may be attractive alternatives to the weakening EU, especially as they do not set any initial conditions for cooperation. Above all, however, the Balkan political elites have benefited from the unfinished transformation process, and the implementation of democratic and free-market reforms would undermine their central position in their countries' political and economic systems. In a situation when the EU is still trying to avoid open criticism of those elites which have been acting contrary to the principles of democracy, and above all is still unwilling to take any action against politicians who resort to nationalist rhetoric and autocratic practices, the chances of consolidating the rule of law in the region are small. It is the weakness of the institutions of the rule of law which poses the major obstacle to the region's faster economic development and integration with the EU. Consequently, the effectiveness of the EU's current activities regarding the Balkans will remain limited.

APPENDIX

Table 1. The progress of the Western Balkan countries in the European integration process

Country	Signed the Stabilisation and Association Agreement (SAA)	Applied for membership	Obtained status of candidate country	Started accession negotiations	Current state of accession negotiations
<i>Croatia</i>	2001	2004	2005	2005	<i>Member of the EU since 2013</i>
Montenegro	2007	2008	2010	2012	30 chapters open, 3 preliminarily closed
Serbia	2008	2009	2012	2014	12 chapters open 2 preliminarily closed
Macedonia	2001	2004	2005		
Albania	2006	2009	2014		
Bosnia & Herzegovina	2008	2016			
Kosovo	2015				

Table 2. Selected economic indicators in 2017

Country	Population in millions	GDP per capita by purchasing power parity as % (EU average)	GDP growth	Unemployment	Public debt as % of GDP
<i>Croatia</i>	4	60%	2,8%	9,1%	78%
Montenegro	0,6	45%	3,9%	17,2%	65,1%
Serbia	7	37%	2,0%	13,5%	61,5%
Macedonia	2	37%	1,7%	22,2%	38,7%
Albania	2,8	29%	4%	14,2%	68,2%
Bosnia & Herzegovina	3,5	32%	b.d.	20,5%	39,1%
Kosovo	1,9	b.d.	b.d.	27,5%	16,6%

Source: Eurostat

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