

The EU Meeting its Internal Challenges: Implications for Stability in the Western Balkans

Policy Recommendations¹

Study Group Regional Stability in South East Europe

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Situation Analysis

The EU Crisis and its Stabilisation Policy towards the Western Balkans

So far, the EU Common Foreign and Security Policy (CFSP) as well as the EU stabilisation policy in South East Europe have neither been tremendously affected by the EU financial crisis, nor by the ensuing EU internal crisis management.

Internal challenges of the EU do not heavily influence ongoing missions and operations in the Western Balkans conducted in the scope of the CSDP. The EU's most important stabilisation tool for the region – the Stabilization and Association Process (SAP) – aimed at leading to future full membership of all Western Balkan countries has not been contested to date. EU funds dedicated to the SAP are still fully operational.

Quite on the contrary, Croatia's accession to the EU in July 2013 is considered by leading representatives of the EU as proof for the correct and successful course in stabilizing former conflict areas. Croatia's positive example gives credibility to the integration perspective for other Western Balkan candidates and aspirants.

The EU concentration on internal problem management has, however, unsheathed some of the weak sides of CFSP and advocated a more distant stance towards problems for consolidating peace and stability in the Western Balkans. A clear strategic vision of how to position the Union in a multi-polar world as well as a clear guiding theme for its CFSP seems to be lacking at present. The rise of financial and social problems, which is accompanied by rising levels of nationalism among affected EU citizens in some EU member states, has evoked a crisis of confidence in EU

institutions. How the EU will deal with the technical, but also the psychological sides of its crisis will certainly impact its soft power exercised abroad.

Although further enlargement as a long term strategy is not put into question, a fast integration of the Western Balkan states presently is not regarded a top priority by the EU itself. Brussels directs stronger demands to decision makers in the Western Balkans to show more local ownership. This concerns both open issues in peace- and state-building as well as with relevance to secure high level stability in the region. In some cases, as in Bosnia and Herzegovina, these demands clash with nationalistic policies which still prevail on the ground.

Western Balkan Perceptions of the EU Crisis

With the exception of Albania, which has lost remittances from its immigrants in Greece, the crisis of the Euro zone is at present not endangering the economies of the Western Balkan countries. However, this positive message has to be put into the perspective of their general worse economic performance compared to the EU member states, in particular regarding their higher level of unemployment and uneven trade relations. A long lasting Euro crisis will harm the Western Balkan economies, as the EU is both the most important trading partner and investor.

The stabilization and integration policy of the EU in the region is still highly accepted by regional political decision makers and regarded as being without real alternative. However, the role of the EU in supporting the consolidation of this part of South East Europe is perceived less euphoric and with more realism than in the past years. This is shown by declining support for EU membership in surveys

done through the region (although supportive positions being still high) and in the less important role issues of “Europeanization” play in election campaigns.

Developments in the Single Countries

Croatia’s positive development over the last two decades – from a newly independent state, created under war conditions, to a member of NATO and an upcoming member of the EU – is a positive role model. It has demonstrated the functionality of EU’s policy of conditionality towards the Western Balkans. Expectations are high that Croatia will utilize its membership in the EU for giving a new push to regional consolidation. However, the country’s own economic performance could be challenged after July 2013 when the then EU member will have to leave the Central European Free Trade Agreement (CEFTA). This economic cooperation framework presently covers South East European non-EU-members and has been aiming to achieve a free trade market of 30 Mio people.

In Bosnia and Herzegovina, the long awaited formation of a central government in the beginning of 2012 raised hopes for a more constructive policy of national decision makers. A generally more functional state administration meeting EU criteria in the association and integration process, meeting NATO’s conditions for opening the MAP process as well as the conditions for the closure of the Office of the High Representative (OHR) was expected. Though the political climate between the political leaders from the main parties of the two state entities regarding the open issues through continuous meetings has improved, little has been achieved so far.

Obstructive and – as far as the entity Republika Srpska is concerned – secessionist policies still seem to dominate upon constructive attitudes in Bosnia and Herzegovina. International support is further needed for consolidating this country. The rather technical than political approach of the EU towards Bosnia and Herzegovina and the circumstance that the presence of OHR has been called into question by some of the influential western powers, weaken the international role. Apart from its internal challenges, Bosnia and Herzegovina has to come to terms with its neighbours Croatia and Serbia. While border issues have to be solved in its relations with Croatia, Belgrade’s attitude towards a functional Bosnian state remains unclear. From a Sarajevo perspective, cooperative and reconciling signals sent by the former Serbian president Boris Tadić during his term have been undermined by a rather strong support from Belgrade for the quasi state-building measures in the entity Republika Srpska.

The “technical dialogue” between Belgrade and Prishtina/Priština has been continued under the umbrella of EU mediation. In most parts of the negotiated fields concrete implemented results are still missing. Some negotiated points

are not defined clearly and therefore create opportunities for different interpretations and new disputes (see for instance the agreement on the representation of Kosovo in regional organisations). The population on both sides has not been informed sufficiently about the nature and aims of the dialogue. For that reason the necessary societal support for the dialogue in Serbia and Kosovo is still lacking.

Northern Kosovo remains an “open wound” in the Belgrade-Prishtina relations and a tough nut to crack for the international presence in Kosovo. This particular security problem can not be solved only with the means of the technical dialogue. For relaxing this issue a different, more political negotiating format is needed between Serbian and Kosovar officials, which should also include Serb representatives from Northern Kosovo.

The conditionality policies that the EU has exercised towards Belgrade and Prishtina/Priština certainly have helped to open a dialogue in this frozen conflict situation. However, Kosovo’s uneven position in EU integration processes compared to Serbia, the latter being a candidate country while Kosovo is still at the starting point of a visa dialogue and of negotiations on the Stabilisation and Association Agreement, in a medium term could weaken this tool. Beside the question what should be the right incentives for achieving cooperative behaviour in the open regional issues connected to Kosovo, the support for internal reform processes in Kosovo should not be neglected.

Representatives from NGOs in Kosovo point to the problem of ongoing massive corruption in the political field. The announced restructuring of the EU Rule of Law Mission (EULEX) could be an opportunity for the international side to critically analyse the previous strategy for addressing this issue. There are apprehensions that not all parts of the obligations from the Ahtisaari package connected to the protection of non-Albanians will be fully implemented due to the planned closing of the International Civilian Office at the end of 2012.

Unfortunately, the perennial stagnation of the FYR Macedonia in regard to its integration into EU and NATO has worsened inter-ethnic relations in this country. Since February violent incidents with inter-ethnic connotations have increased significantly. The deep financial, social and political crisis in Greece on the one hand and the policy of the present Macedonian government aimed at strengthening antique Macedonian identity-building on the other hand prevent a solution for the name dispute. Without solving this crucial question FYR Macedonia remains blocked in its integration processes.

Among the Western Balkan countries, Albania suffers most from the Greek/EU crisis. Apart from the economic and social challenges which appear as a consequence of diminished remittances, political stability is challenged

by the polarized relations between the ruling Democratic Party and the oppositional Socialist Party. Albania's present stagnation in its aspirations towards EU membership has increased the level of social frustration.

The Role of the US, Russia and Turkey

For the US, Trans-Atlantic relations remain its most important strategic relationship. There is still a high degree of overlapping with European partners in regard to strategic goals and democratic values. The EU financial crisis has not changed this. As far as the tools for managing the financial crisis are concerned, different approaches exist: The US would prefer a joint US-EU approach for stimulating global economy, while leading EU countries are in favour of austerity measures and fiscal discipline.

The US is concerned about decreasing defence budgets of European NATO members and the consequences for European contributions to Peace Support Operations. Stability projection in South East Europe is a shared goal of the US and the EU. The leading political role of the EU in the Western Balkans is accepted by the US, but there are strong doubts that EU is resolute and coherent enough to do the job alone. Therefore a substantial US presence – in particular in Bosnia-Herzegovina and Kosovo – is still seen as a necessary “safety net”. The US government – unlike some influential EU members – is against a premature termination of the OHR's mandate not before Bosnia and Herzegovina has really become a functional state. Additionally, ongoing measures of reshaping the EU led peace operation EUFOR Althea has called forth scepticism in Washington. There are doubts that EUFOR would not be able to react properly in crisis situations.



Russia's policy towards the Western Balkan countries in the era of Putin has been primarily influenced by pragmatism and business orientation. With the exception of some “emotional ties” that Russia has traditionally cultivated with Serbia and competition with the US in the energy sector, this part of Europe is of minor geo-strategic interest for

Moscow. The ongoing processes of integrating the Western Balkan countries into EU and NATO are not perceived as a danger for Russian strategic interests. From a Moscow perspective, the role of EU in the multi-polar world has however lost ground, due to EU's financial crisis.

During the last ten years of the government of the moderate Muslim party AKP Turkey has developed a very pro-active regional policy towards South East Europe. Similar to the EU, a soft power approach was chosen in supporting regional cooperation. Turkish investments have been increased significantly in the previous years. The interests of the EU and Turkey regarding the process of consolidation in the Western Balkans are highly overlapping. At present there is no major conflict of interest. Turkey has become an important contributor to EUFOR Althea and other peace missions in the region. Although constructive Turkish foreign policy activities are also directed towards countries in the region with mainly non-Muslim population, there are fears among some “Christian” politicians and non-Muslims that “Neo-Ottomanism” could lead to the dominance of Islam.

Summary of Recommendations

Regarding the EU Crisis and CFSP

Despite the current financial problems EU institutions are strong enough to cope with the challenges. Negative discourses, which focus on “catastrophic scenarios” should therefore be avoided, due to the negative influence they could have for EU's internal coherence and its ability to exercise a credible CFSP.

A broad strategic discussion in the EU could be helpful to develop a “leitmotif” for the CFSP and to define its priorities. There is a necessity to define precisely the role of the EU in this multi-polar world.

The financial crisis should not hide the fact that the EU is more than a framework for economic cooperation. “European values” as the foundation of the EU's soft power projection should be emphasized again, in particular in pro-active campaigns in the South East European candidate and aspirant countries. Missions conducted in the scope of CFSP should follow a preventive and long term approach. There should be a clear distinction between urgent and less important agendas.

Regarding EU and its General Policy towards the Western Balkans

The process of regional consolidation still needs international support. For that reason it is necessary that the Western Balkans remain a priority region for the CFSP. A close cooperation between the EU and other important international stakeholders that share similar stability goals in the region, in particular the US and Turkey might stand to reason.

Croatia's upcoming accession as a new member of the EU would provide a good opportunity to strongly reemphasize the Union's general commitment to the enlargement process. Through launching pro-active campaigns the pro-European political decision makers in the Western Balkans could counter "EU fatigue" among their populations.

The financial problems of some EU countries should not call into question the financial foundation of EU's peace operations and of EU funds dedicated to the consolidation process in South East Europe. Nevertheless, money coming from these funds should remain conditioned upon delivering concrete results in the reform processes. It can be expected that the process of negotiating membership with the EU for most of the Western Balkan countries will be a long term perspective. In order to avoid "EU fatigue" in these countries the application process should be "shortened" for their populations by including mid-term results and incentives that "can be seen" in the integration process. They would bridge the waiting time till full membership is achieved.

Furthermore, the ongoing – and in most cases faster – enlargement of NATO in South East Europe is a substantial complementary development of high relevance for achieving cooperative security in the region. Together with other international stakeholders the EU has interfered in regional political processes. So much constructive ownership of decision makers in the region would be desired in the various processes of consolidation, the political reality on the ground has shown that nationalistic forces still have a strong say and are able to obstruct. A more sophisticated concept of ownership would therefore be necessary. "As much local ownership as possible, as much international intervention as necessary" could be its guiding principle.

The national decision makers in the Western Balkans should be expected to make the necessary domestic compromises in order to achieve progress in EU and NATO integration processes. In cases of non-constructiveness and nationalistic revival the EU and the other international stakeholders that are engaged in the peace processes should have tools to sanction obstructive politicians. In these particular cases an intensified dialogue with relevant civil society groups is of great importance to counteract negative political trends.

Regarding Single Countries

Croatia's experiences related to the implementation of EU standards could be very useful for the other candidate countries in the region. A positive impetus to regional cooperation could be achieved, if Croatia would stick further to its official policy not to merge open bilateral issues with its support for the EU membership aspirations

of its neighbours. Croatia itself needs economic support from the EU in order to avoid trade losses when it will have to withdraw from the regional trade organisation CEFTA.

The political dialogue in Bosnia and Herzegovina has not delivered enough satisfying results yet. As long as this situation will not change basically, the international "safety net" provided by the OHR and EUFOR should be kept. The insecure situation in North Kosovo and the shared aspirations of Belgrade and Prishtina/Priština to integrate their countries into the EU would demand a new platform for their dialogue. It should be less technical, but broader and more political and should lead to a contract situation that would be the real starting point for a normalisation of relations between Serbs and Albanians. The EU should again accompany this dialogue.

Kosovo should be given more concrete and for the population visible political and economic incentives to implement EU standards. These incentives should be connected to credible steps of Kosovar authorities to conduct anti corruption measures. The planned restructuring of EULEX is a chance to coordinate better law enforcement activities from the international side. Prior to its closure the ICO needs to ensure a smooth transition, otherwise core agendas of the Ahtisaari package, in particular related to the protection of non-Albanians could remain uncompleted.

There is a need to raise awareness that ethnical tensions in FYR Macedonia are increasing. Further international activities are necessary to end the name dispute between FYR Macedonia and Greece in order to enable the FYR Macedonia to become a NATO member and to start negotiations on membership with the EU. Till such a compromise will be found FYR Macedonia should be enabled to proceed in the integration processes by using the name "FYROM".

The EU should recognize the progress that Albania has achieved in its reform processes. On the other hand, the full normalization of political relations between the two big political parties must remain a core condition for the country on its way to the candidate status.

¹ These policy recommendations reflect the findings of the 24th RSSEE workshop on "The EU Meeting its Internal Challenges: Implications for Stability in the Western Balkans" convened by the PFP Consortium Study Group "Regional Stability in South East Europe" from 3 – 5 May 2012 in Reichenau/Austria. They were prepared by Predrag Jureković, valuable support came from Ernst M. Felberbauer and Judith Ivancsits (all Austrian National Defence Academy).