

# Croatian Membership in the European Union

Implications for the Western Balkans

Ernst M. Felberbauer and Predrag Jureković (Eds.)

Study Group Information



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Predrag Jureković (Eds.)

# **Croatian Membership in the EU – Implications for the Western Balkans**

**27<sup>th</sup> Workshop of the PFP Consortium Study Group  
Regional Stability in South East Europe**

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## Foreword

*Ernst M. Felberbauer and Predrag Jureković*

On 1 July 2013, Croatia officially became a full-fledged member of the European Union, thus fulfilling both foreign policy goals (EU and NATO membership) and making a huge step ahead in the process of its long-term consolidation. On the other hand, the other countries of the region are currently in different stages of their reforms/accession processes and it is very difficult to predict the pace of the developments in the period to come. The issue of long term consolidation of Bosnia and Herzegovina is far from being resolved. Moreover, the name issue is still a heavy burden of Macedonia's EU and NATO accession processes. Finally, the Belgrade-Prishtina dialogue and related developments such as the beginning of accession talks with Serbia and negotiation on the Stabilisation and Association Agreement with Kosovo represent a significant step ahead. However, the full implementation of the agreements that derive from the dialogue has yet to take place and it's still difficult to anticipate the final resolution of the problem.

Regardless of that, the last pre-accession Monitoring Report of the European Commission on Croatia (March 2013) sent somewhat optimistic note for the future: "Croatia has demonstrated its ability to fulfil all commitments in good time before accession. EU membership offers many and substantial opportunities for Croatia and the EU. These opportunities now need to be used, so that Croatia's participation in the EU will be a success – to the benefit of Croatia itself, of the Western Balkans region, and of the EU as a whole."

The aim of the 27<sup>th</sup> Workshop of the Study Group Regional Stability in South East Europe (RSSEE) that was convened in Zagreb from 26 to 28 September 2013 and whose results are presented in this volume was exactly to try to detect the consequences of Croatia's accession to the EU both for the former and the latter, but also for the countries of the Western Balkans. A distinguished group of experts from the South East European region, the international community and major stakeholder nations



met under the umbrella of the PfP Consortium of Defence Academies and Security Studies Institutes and the Austrian Ministry of Defence and Sports, represented through its National Defence Academy and the Directorate General for Security Policy. The following key questions constituted the framework of discussions and debate during the workshop and thus also structure the contributions in the following pages:

- What are the main political and economic implications of EU accession for Croatia (costs, benefits, challenges, opportunities, responsibilities...)?
- What kind of impact will that have on the dynamics of the reforms/accession processes of other countries that participate in the Stabilisation and Association Process (SAP)? What are the views from SAP countries?
- What impact will the Croatian accession to the EU have on regional co-operation?
- What are the economic and political challenges created by Croatia's accession for the rest of the Western Balkan states?
- How will it affect the overall legitimacy of the EU and its enlargement policy in the region as a whole?
- Is there any change in perception of decisive foreign actors about the Euro-Atlantic perspectives of the region following the Croatian accession to the EU?

It is clear that long-term stabilisation of the entire South East Europe has no alternative and while it should predominantly be a task for the local political elites ("local ownership"), to a certain extent it remains the responsibility of the EU, and Croatia as its new member in particular. Therefore, it is important to try to explore the new role of Croatia as a bridge between the EU and the countries of the region that are still not a part of it.

Other than that, for many of these countries, the Croatian membership brings the EU for the first time to their borders, which may cause a positive spill over effect and enhance the processes of “Europeanization” in respective countries and contribute to their enthusiasm for the reform processes before them. Such a political development would be very important for the long-term stabilisation of South East Europe and its accession to the Euro-Atlantic structures. However, this may also create challenges in particular vis-à-vis the freedom of movement, cross border cooperation and trade.

The editors would like to express their thanks to all authors who contributed papers to this volume of the Study Group Information. They are pleased to present the valued readers the analyses and recommendations from the Zagreb meeting and would appreciate if this Study Group Information could contribute to generate positive ideas for supporting the still challenging processes of peace-building in South East Europe.

In addition to the results of the 27<sup>th</sup> RSSEE Workshop in Zagreb, this volume of the Study Group Information Series of the Austrian National Defence Academy also contains some papers provided for the 25<sup>th</sup> RSSEE Workshop convened from 27 to 29 September 2012 in Skopje. Though focusing on a similar topic, namely “Meeting the Challenges of EU Membership and NATO Accession – Macedonia and her Neighbours”, the papers in Part V stem from 2012. The editors would like to point out that these articles need to be viewed through a historical lens by the esteemed readers.

Special thanks go to Ms. Edith Stifter and Ms. Edona Wirth, who supported this publication as facilitating editors and to Mr. Benedikt Hensellek for his stout support to the Study Group.



## Opening Remarks

*Johann Pucher*

At the beginning I would like to commend the three organisers – the Institute for Development and International Relations in Zagreb; the Austrian Ministry of Defence as well as the PFP Consortium Study Group “Regional Stability in South East Europe” for their endeavours. The 27<sup>th</sup> workshop of the Study Group Regional Stability in South East Europe has shown again that the future of this particular region will merit future academic and political attention.

In general terms the stability in the region has grown. During the last couple of years steady progress, albeit slow, could be achieved. The decision regarding Croatian EU membership is for sure a further very positive step. Approximation of most Western Balkan states towards NATO or EU seems to be on track. Regrettably some states are falling behind. And there is still a long way to go when it comes to heal the wounds of the past.

### **The relevance of the EU integration process for the Western Balkan countries**

This issue is of paramount importance for the region. There is a common understanding among the participants that the EU membership process remains essential for the reforms in the states in the region. However, the process goes beyond restructuring or reforming governmental and economic structures. It is about reforming societies. This process will determine the future of South East Europe and beyond. Common vision and will, as well as cross party co-operation in the region, will be required.

The engagement of the European Union – together with the contributions of NATO and other international organisation – will remain indispensable for a prosperous development of the region. It will be critical for further consolidating stability in the region.

### **Absolute priority should be put on economic development**

The political survival of political leaders in the region, even the progressive ones, will largely depend on achievements in the socio-economic sphere: it is all about improving the living standard and the well being of the people, in particular of the youth. The present rate of unemployment is politically just not sustainable. Leaders are challenged to open a future oriented perspective for their people.

It is a fact that all countries that are on the road to EU integration profit economically. However, unfinished structural reforms have slowed down the process. The more intense the relations with the EU are, the bigger the positive revenues, in particular regarding foreign investment. Regrettably the business environment in the region is not developed to the degree necessary. Still, and this seems to be applicable for Croatia too, foreign investors are not yet seen as partners on an equal footing.

Besides that, a dire economic situation is the most fertile ground for nationalism, revisionism and suppression, xenophobia. Therefore, economic recovery and prosperity are vital for ethnic and interstate reconciliation.

### **Disconnection between the people and the elite in more or less all countries**

The technical nature of the integration process, its protracted duration as well as the “techno-speech” of the elite has resulted in a lack of understanding by the ordinary people. It is no big surprise that this has contributed to alienation from the side of the population in general terms. In that respect, the turnout of the referendum in Croatia and similar elections are revealing. It stands to be seen how far even strong leaders can go on with reforms without sufficient support from the people. People have to understand what the intention of the leadership is. Therefore transparency of the integration process is indispensable. In that respect countries that are still at the beginning of the process could learn from the positive Croatian example.

## **Lacking vision for the periphery of the EU**

Because there seems a strong vision missing – on the side of most of the EU member states, but also on the side of the countries in the region – the accession process increasingly has become predominantly technocratic. With the exception of some EU member states there is no ambition to go on with the enlargement agenda speedily. Political and personal dedication on the side of European leaders is largely missing. Statements like that by Prime Minister Angela Merkel regarding further enlargement after Croatia having joined the EU are extremely disturbing and sobering. It seems that for the meantime, the EU is just buying time to ensure a certain degree of normality and stability. I have the impression that also the EU bureaucracy, aware of the economic situation, the North-South divide and the postponement of enlargement is satisfied with the general direction and outcome: the area of stability is growing. It seems to be accepted as minimal success that a forceful change of borders can be realistically excluded.

## **Importance of regional economic and political co-operation**

The necessity of constructive regional co-operation has been underlined several times during the workshop. Besides being one of the political criteria for EU accession, all arguments speak for it. This touches mainly the economic dimension. Major regional infrastructure projects and cross-border investments to boost labour require regional co-operation. This also will complement the necessity to overcome the heritage of the past.

The second argument is related to the political dimension. My firm impression is that the influence of small states in the EU decision making and lobbying processes, when it comes to core decisions, is generally limited or even marginal. Size matters. How much political weight does a country have with a population of let's say 4 million people among the concert of more than 500 millions?

Co-ordinating political positions amongst states in the region at an early stage will increase their relative political weight. This issue might be-

come even more relevant as the EU will definitively move on towards a more general or sectoral integration after the financial crisis, albeit the direction is not yet clear.

2014 might be a year of a strategic pause in the EU; different elections, a new leadership, a new EU commission etc. might slow down the political momentum to a certain degree. This pause should be used by the countries in the region to take steps to position themselves more energetically for the period thereafter. In that sense let me refer back to above mentioned deficiency – they lack of a convincing vision of the states of their own region.

### **Croatia as a positive example for other South East European states on their way towards the EU**

The workshop emphasised the opportunity as well as the challenge and responsibility for Croatia to be a positive example. This would be in the interest not only of other acceding countries but also for Croatia. Croatia should continue her positive engagement when it comes to supporting other states through sharing best practices and lessons learnt in a comprehensive manner. Countries in the region doubtlessly will observe very carefully Croatia's attitude and approach inside the EU. In that respect let me mention the recent case of Josip Perković and the harsh reaction from EU side.

### **Irreversibility of the stabilisation process in the region cannot be taken for granted**

It could be felt during this workshop, the reversal of the generally positive processes is considered to be possible still. A deteriorating economic situation may wake up the ghosts of the past and ignite nationalism, revisionism and in some parts in the Western Balkans growing Islamism. Consequently, post conflict, ethnic and social reconciliation remains key for true democratisation and Europeanization in the best sense of its meaning. Besides showing a light at the end of the tunnel regarding economic recovery this will be critical in the process of further consolidating stability in the region.

Up to now, the EU's minimal goal and the purpose of its engagement were to ensure normality and stability. The recent events in Vukovar or in the case of Perković show that the EU would be misled to assume that societies in South East Europe have totally overcome their past. To close the eyes and tolerate the re-emergence of nationalism as long as business goes on will endanger or at least slow down reached achievement. Regrettably, this seems to be the prevailing pragmatic approach of the EU machinery and of the political elite presently. It also may play into the hands of some on the EU leaders for whom the status quo seems to be sufficient.

An erosion of stability might creep into the societies in the Western Balkan region. This is especially dangerous in times of depression and harsh economic development, when painful restructuring is combined with authoritarian regimes. All this could not only create challenges for the countries and societies in the region: It also could have the potential to become a European problem – be it for the core of the EU, but even more for the less integrated states.

The essential role of the civil society was repeatedly highlighted during the workshop. Its function of a watch dog is purely indispensable, in particular, when one may take note of the emergence of “strong leaders” in the region, in several instances combined with an authoritarian tendency.





**PART I:**

**THE NEW POLITICAL AND ECONOMIC  
ENVIRONMENT FOR CROATIA –  
CHALLENGES AND EXPECTATIONS**



# **The Relevance of Croatia's EU Membership for the Western Balkans and the European Union**

*Višnja Samardžija*

## **Introduction**

The paper focuses on the political and economic relevance of Croatia's membership in the EU at national, regional (Western Balkans) and the EU level. The national level dimension is discussed considering the fact that the country entered the Union in the period of the Euro zone crisis and during the prolonged recession of its own economy. The paper tries to elaborate to which extent this accession process was successful and what were its weaknesses. Secondly, positive and eventual negative impacts of Croatia's accession for the Western Balkans' region are briefly elaborated, particularly its political significance, stabilisation of the region, economic challenges, new chances in CEFTA, transfer of knowledge but also the continued "transition fatigue". Finally, the impacts of new membership on further EU enlargement are discussed, with the emphasis on the need for introducing new mechanisms to facilitate and speed up the accession of Western Balkan countries.

## **Croatia and the EU membership – achievements, challenges and lost chances**

Croatia entered the European Union on 1 July 2013 and thus became the 28<sup>th</sup> EU member state. It is the first country to join the EU after Bulgaria and Romania. After long preparations that started in 2000<sup>1</sup> and six years of negotiations (since 2005), the accession talks were concluded on 30

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<sup>1</sup> The year 2000 marked start of preparations for the Stabilization and Association Agreement between the European Communities and its Member States and the Republic of Croatia on behalf of the European Community, which was signed October 29, 2001 and entered into force on February 1, 2005. (Official Gazette– International Treaties 20/01, 20/05, 20/06, 20/11).

June 2011. The Accession Treaty<sup>2</sup> was signed in Brussels on 9 December of the same year. This was welcomed both in the EU and in the country, but also in the region as a great success that happened in a time when Croatia celebrated 20 years of independency. According to Stefan Füle, the EU Commissioner for Enlargement and European Neighbourhood Policy, the negotiations were “... *fair but strict: no discount has been awarded, no shortcuts taken, no corners rounded*“.<sup>3</sup>

The EU membership is seen in Croatia as a new start for the country, not the end of the process. To put it metaphorically, Croatia bordered an “*accession train*” that proved to be much longer and much multifaceted than initially foreseen.<sup>4</sup> During negotiations, Croatia proved to be capable for implementing reforms, but it will not become a perfect society by entering the EU only. It is of crucial importance to continue with the reforms.

There is no doubt that Croatia made tremendous achievement through the harmonisation of its legislation with the *acquis* and its enforcement, institution building, transformation of policies and public administration reforms. It was above all a big step forward in the Europeanization of the society and the minds of citizens. The EU’s transformative effect was particularly evident through the newly introduced negotiating Chapter 23 – Judiciary and Fundamental Rights – which made the ground for comprehensive transformation of in the area of rule of law, judiciary and particularly fight against corruption. Another two chapters were also crucial for internal reforms, namely the Chapter 24 – Justice, Freedom and Security – as well as Chapter 8 – Competition Policy. Enormous work was done to successfully fulfil the 127 benchmarks (more precisely

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<sup>2</sup> Accession Treaty: Treaty concerning the accession of the Republic of Croatia; <http://delhrv.ec.europa.eu/files/file/articles-st14409.en11-1323455241.pdf>.

<sup>3</sup> Europe Indirect, July 8, 2011, <http://www.edcovasna.ro/index.php?pid=582&newlang=english>.

<sup>4</sup> Drobnjak, Vladimir: 2011: Specificity of Croatia’s accession negotiations and implications for EU membership (2011). [http://www.etudes-europeennes.eu/images/stories/A\\_look\\_at\\_Croatia/ENA-vladimir\\_drobnjak-final\\_draft\\_011211js-FINAL.pdf](http://www.etudes-europeennes.eu/images/stories/A_look_at_Croatia/ENA-vladimir_drobnjak-final_draft_011211js-FINAL.pdf) , Accessed on 18 June 2013, p.3.

23 benchmarks for opening of 11 chapters and 104 closing benchmarks for 31 chapters) and to cope with the technical dimension of the negotiation process and its new methodology. During the negotiations, 370 legal acts and 1133 bylaws were adopted in accordance with the *acquis*. Furthermore, changes in constitution were adopted in June 2010. Some 130.000 pages of legislation were translated.<sup>5</sup> Furthermore, the awareness of the need to implement the legislation was significantly raised among citizens. Bilateral issues were successfully solved with Slovenia and through that a message was sent to neighbouring countries that Croatia will pawn for separating the bilateral from multilateral issues in the continuation of enlargement.

On the other hand, there are also some lost chances during the negotiation process that should be mentioned here, because their repercussions are still visible. One of them is evidently the fact that legal harmonisation and institutional building were not adequately linked with the structural reforms which are still incomplete while some of the economic reforms were postponed or not implemented in depth. Another issue is inadequate transparency of negotiation process which resulted with relatively low support for the EU membership.

Croatia's accession was to a great extent different from the previous two rounds because the country entered the EU in the period of the Euro zone crisis which was not favourable for the newcomers. It was clear already in advance that the country could not expect the same economic synergic effects that might boost the national economy, as it was the case in the 2004 enlargement. On the opposite, the economic future of Croatia strongly depends on its own efforts to successfully continue the structural reforms and fiscal consolidation, revival of economic growth and strengthening competitiveness. With the achieved level of 61% of the EU 27 average GDP per capita in 2012, Croatia is positioned below most of the member states, but still better than Bulgaria (47%) and Romania (49%). On the other hand, the countries of Western Balkans are

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<sup>5</sup> Government of Republic of Croatia: Report on conducted negotiations on the accession of Republic Croatia to the European Union. Zagreb, 25 October, 2011. 136-138.

all lagging behind Croatia in this respect (Montenegro 43%, FYROM 35%, Serbia 35%, Albania 30%, and Bosnia and Herzegovina 28%).<sup>6</sup>

Croatia is facing big challenges resulting from structural weaknesses. Among the key issues is the need to change the economic development pattern towards job-rich growth, consolidate public finances, develop more flexible labour market and increase employment, improve competitiveness through increasing the quality of business environment and continue the restructuring of industry. After five years of recession, the Croatian economy deepened in 2012 and in the second half of 2013 (during first months of EU membership) it continued contracting. According to the Commission's estimations, the GDP will contract by 0.7% in 2013. Moderate recovery is expected in 2014 only, based on improved international environment, EU accession and new legislation adopted to improve the investment climate.

The Croatian Government is struggling to bring the general budget deficit (estimated by the Commission as 5.0% of GDP in 2012) below the 3% of GDP by 2016 as well as to reduce the rising trend of public debt which is approaching the limit of 60% of GDP.<sup>7</sup> According to the autumn European Economic Forecast 2013<sup>8</sup> the general government deficit is estimated to reach 6.5 % of GDP while the ratio of the public debt to GDP will continue growing above 60% in 2014. The key issue is not the level of mentioned indicators only but the accelerating negative trend, particularly regarding the ratio of the public debt to GDP. Furthermore, it is of crucial importance to change the decreasing trend of the economy and reduce the double-digit unemployment rate (16.7% in 2014).<sup>9</sup>

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<sup>6</sup> EUROSTAT. See:  
<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=1&language=en&pcode=tec00114> (last access 8 November 2013).

<sup>7</sup> European Commission, European Economic Forecast, autumn 2013, European Economy 7/2013, pp.66-67.

<sup>8</sup> Ibidem.

<sup>9</sup> Similar view was expressed in the IMF visit concluding statement (spring 2013). Namely, the implementation of the structural reform program (which is critical to restart growth, fully benefit from EU accession, and improve medium-term prospects) must be accelerated. Reforms in the area of labour market and those aimed to reducing barriers to investment should be placed on the top the agenda. It was sug-

Before the accession, Croatia took part in the European Semester on an informal basis already in 2013. The 2013 economic program (which Croatian government voluntarily submitted to the Commission) was estimated by the Commission to be rather optimistic in comparison with the Commission forecasts.<sup>10</sup> All mentioned indicators show that Croatia will enter the excessive budget deficit procedure in 2014 within the fourth European Semester of European governance, which was already announced by the EC.<sup>11</sup> The overall economic convergence with the EU requirements will not be easy and the implementation of strict measures is a process that will last for another two or three years.

	Annual percentage change					
	2010	2011	2012	2013	2014	2015
<b>GDP (2012=100%)</b>	<b>-2.3</b>	<b>0.0</b>	<b>-2.0</b>	<b>-0.7</b>	<b>0.5</b>	<b>1.2</b>
Private Consumption	-1.3	0.2	-2.9	-0.5	-0.5	0.5
Public Consumption	-2.1	-0.6	-0.8	-1.0	0.5	0.5
Exports (goods and services)	4.8	2.0	0.4	-0.7	2.5	3.0
Imports (goods and services)	-2.8	1.3	-2.1	0.0	1.8	3.8
Employment	-5.1	-2.3	-3.9	-1.7	0.1	0.5
Unemployment rate (% of total labour force)	11.8	13.5	15.9	16.9	16.7	16.1
Terms of trade goods	0.4	0.7	0.0	0.1	1.1	0.9
Trade balance (% of GDP)	-13.9	-14.5	14.3	-14.8	-14.7	-15.2
Current account balance (% of GDP)	-0.9	1.1	-0.2	0.1	0.7	0.1
<b>General government balance (% of GDP)</b>	<b>-6.4</b>	<b>7.8</b>	<b>-5.0</b>	<b>-5.4</b>	<b>-6.5</b>	<b>-6.2</b>
<b>General government gross debt (% of GDP)</b>	<b>44.9</b>	<b>51.6</b>	<b>55.5</b>	<b>59.6</b>	<b>64.7</b>	<b>69.0</b>

Table 1: Selected economic indicators for Croatia

Source: European Commission, European Economic Forecast 7/2013, Autumn 2013.

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gested that the gradual fiscal consolidation should continue in order to restore debt sustainability and preserve market access. Measures such as public sector wage cuts and pension and health sector reforms are steps in the right direction. See: IMF. Croatia—2013 Staff Visit Concluding Statement. February 25, 2013, <http://www.imf.org/external/np/ms/2013/022513.htm>.

<sup>10</sup> European Commission (2013). Commission Staff Working Document. Assessment of the 2013 economic programme for CROATIA. SWD (2013) 361 final.

<sup>11</sup> European Commission. Statement of President Barroso on the European Semester 2012. Brussels, 13 November 2013. Speech/13/912.



As it was mentioned before, another important aspect is the transparency of the negotiation process. In spite of the fact that Croatia had prepared a rather good communication strategy for the EU accession, negotiations were not transparent enough. They strongly relied on public administration and did not involve all interested stakeholders into in-depth debates to the extent that was necessary.<sup>12</sup> One of the consequences was a decreasing support for the EU membership among the population. After the period of strong public support (some 70-80% of citizens were in favour of Croatia's integration into the EU in 2000), the support started to decline and after 2003 the support fell to around 50%.<sup>13</sup> The EU referendum for entering the EU results showed that 66.27% of citizens voted for, 33.13% voted against, while the turnout was only 43.50%.<sup>14</sup> These results, together with the record low turnout on the European Parliament elections held in April 2013, re-confirm the fact that there is still a need to communicate with Croatian citizens in a more effective way.

Having in mind these circumstances, it is understandable that there was no big euphoria in Croatia regarding the accession before the country entered the Union. Most of the citizens had a realistic approach, without high expectations. According to the national public opinion survey conducted on behalf of the Delegation of the European Commission in Croatia before the EU accession (spring 2013), the attitude of citizens was almost equally split between those expecting more benefit than harm from the EU membership (37% of respondents), more harm than benefit

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<sup>12</sup> Maršić, Tomislav: Assessing the negotiation experience: quick accession or good representation? In: Ott, Katarina (Ed). *Croatian Accession to the European Union. The Challenges of Participation. Fourth Volume.* Institute for Public Finances. Zagreb, 2006. pp. 29-57.

<sup>13</sup> Samardžija, Višnja and Vidačak, Igor: *The Challenges in Communicating EU Integration Issues in Croatia.* In: *Communicating integration impact in Croatia and Ireland / edited by Višnja Samardžija and Alan Dukes.* – Zagreb: Institute for International Relations – IMO; Dublin: Institute for International and European Affairs: IIEA, 2008. p 76.

<sup>14</sup> State Election Committee (2012). *Final results of the referendum on the EU Membership (Croatian only),* [http://www.izbori.hr/izbori/dip\\_ws.nsf/0/285B8CAADE86805FC12579920040C324/\\$file/Sluzbeni\\_potpuni\\_rezultati\\_glasovanja\\_referendum.pdf](http://www.izbori.hr/izbori/dip_ws.nsf/0/285B8CAADE86805FC12579920040C324/$file/Sluzbeni_potpuni_rezultati_glasovanja_referendum.pdf), accessed 8 November, 2013.

(30%) and neutral attitude (30%).<sup>15</sup> The confidence in the EU institutions were in the period before the accession not very high (37%, which was slightly higher than in 2012) but it was significantly higher than the confidence in national authorities (17%, which showed decreasing tendency in comparison of 20% in 2012).<sup>16</sup>

Similar to other EU member states, unemployment (76%), economic situation (48%) and rising prices (17%) are – according the spring 2013 issue of Euro barometer<sup>17</sup> – the main concerns of citizens in Croatia. Some 43% of Croatians think that the impact of the crisis on jobs has already reached its peak while 51% of citizens think that the worst is still to come (similar to citizen's attitude in Finland, Sweden and Austria). However, some 59% of citizens are still optimistic about the future of European Union while 38% are pessimistic.<sup>18</sup>

### **Good news for the Western Balkans with bitter flavour of “transition fatigue”**

Croatia's membership in the EU is good news for the region as it is the first regional, post-conflict country, representative of the region that entered the Union. This enlargement achievement will primarily have a strong stabilisation effect for the region, although its political and economic implications are not less important. It is good news for the countries of the region as it offers concrete proof that reforms according the European standards and values are rewarded. In the recession time marked by rising Euro scepticism or even pessimism, the EU membership of the first representative from the region symbolically means encouragement for the others. The region has now a new direct border with

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<sup>15</sup> The attitudes of Croatian citizens toward Croatian accession to the EU, research of IpsosPuls Public Affairs, with support of EU Delegation in Croatia (4 June 2013, survey carried out in April 2013). See: [http://delhrv.ec.europa.eu/files/file/vijesti/PrezentacijaHR\\_Ipsos\\_Puls\\_DEU\\_2013\\_v3.ppt](http://delhrv.ec.europa.eu/files/file/vijesti/PrezentacijaHR_Ipsos_Puls_DEU_2013_v3.ppt).

<sup>16</sup> Ibidem.

<sup>17</sup> European Commission (2013). Public opinion in European Union. First Results. Standard Eurobarometer 79, Spring 2013.

<sup>18</sup> Ibidem.

the EU that opens the ground for new forms of cross border cooperation through the EU funded projects.

According to Neven Mimica, the European Commissioner for Consumer Protection,<sup>19</sup> the EU membership of Croatia enshrines three-facet significance for the region. Firstly, it sends the encouraging message that reforms could be undertaken and sustained, driven by the rewarding process of the EU negotiations and ultimately being paid off through the EU membership status. Secondly, Croatia is committed to be a loud proponent regarding the continuation of the enlargement with the position that the enlargement needs to continue, complemented with the new innovative tools. Thirdly, Croatia must not allow fading out of its reform efforts after becoming EU member, both for domestic and external reasons.

The EU membership is of essential importance for the countries of the neighbouring region which is passing through constant changes. The regional architecture of the Western Balkans has significantly changed over the past decade – two new independent small states appeared (Montenegro and Kosovo) – and the region gained its first EU member state in 2013.<sup>20</sup> For years to come, the overall landscape of the region will be characterized by a set of unresolved issues, the most important being the constitutional and state issues of Bosnia and Herzegovina, Macedonia's name issue with Greece, and the Belgrade-Prishtina dialogue issue. The unresolved – very often bilateral – inter-state disputes still represent one of the region's biggest challenges and a threat for the process of enlargement.

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<sup>19</sup> Speech given at the international conference “Further EU Enlargement in South Eastern Europe – the Road Ahead”, Institute for Development and International Relations (IRMO) and Swedish Institute of International Affairs (UI). Zagreb, April 17<sup>th</sup> 2013. See: Conference Report. <http://www.irmo.hr/node/1702>.

<sup>20</sup> In terms of the size of population and territory, GDP and economic performance, the Western Balkan countries are relatively small in the European context. The smallest, Montenegro with less than 700,000 inhabitants could be considered a micro-state, while the largest one is Serbia, with a population of slightly more than 7,000,000. In total, seven states of the WB region have some 23 million inhabitants, which is less than 5% of total EU population.

Being a country that shares a large part of the European Union's external border towards Western Balkans, Croatia is in an extremely challenging position as a new EU member. Stability and prosperity of the region are important goals for Croatia which is naturally, historically and culturally part of the region and is therefore strongly supporting continued enlargement. Having this in mind, Croatia is supposed to play an important "bridging" role towards the remaining countries of the Stabilisation and Association Process. One dimension of this role would be a continued involvement in regional cooperation to which the country is strongly committed. The Government Programme of Republic Croatia for the mandate 2011-2015 (from December 2011) puts the policy towards neighbours among Foreign policy priority on the first place. It underlines that „the advantages of the EU membership will not be complete until the remaining countries of the region do not join the EU. In this respect Croatia will pawn for regional stability, good neighbourly relations and the European future of all countries of South-Eastern Europe”.<sup>21</sup> This was confirmed in the current strategic plan of the Ministry of Foreign and European Affairs.<sup>22</sup>

Another aspect should be through transfer of knowledge and sharing the institutional memory or lessons learned in the accession process. Croatia is the first country which has gained knowledge and experienced the new EU methodology of negotiations (namely the opening benchmarks, new chapters, track record, specific conditionality), has experience in organisational aspects of negotiations, was relatively successful in attracting the pre-accession funds and has done the extensive work in translation of the *acquis* to the language which is understandable for most countries in the region. During the more than ten years long process of preparations for the EU, Croatia has learned that the accession process is more important than the accession itself because it means reforms. The recently established Council for Transition Processes (or shortly Centre of Excellence) within the Ministry of Foreign and Euro-

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<sup>21</sup> The Programme of Republic of Croatia Government for the mandate 2011-2015 (December 2011), p. 43.

<sup>22</sup> Republic of Croatia. Strategic plan of the Ministry of Foreign and European Affairs for the period 2013-2015, p. 3.A.

pean Affairs will promote the transfer of knowledge by gathering Croatian experts which took part in negotiations with the EU and involving them in seminars, workshops, study tours, conferences and forums. Documents and materials relevant for the accession process will also be made available for the countries of the region.<sup>23</sup>

CEFTA is an example of potentially positive consequences for the countries of the region and, on the other hand, eventual negative implications for Croatia. Namely, with the entry into the EU, Croatia had to adopt the EU trade regime and, consequently to withdraw from own previously existing free trade agreements, including the Central European Free Trade Agreement – CEFTA. This means the loss of duty free trade access to CEFTA market for Croatia. As a former CEFTA member, Croatia has liberalised trade with the mentioned free trade area which had important share of some 20% in Croatian exports (c.f. Table 2). The markets of the neighbouring Serbia and Bosnia and Herzegovina are traditionally important. Having in mind that trade in industrial products is almost completely liberalised between the CEFTA countries and the EU, the open issue remains trade in agricultural products whose exports from Croatia is now burdened with tariff and non-tariff barriers. This might endanger exports of some Croatian foodstuffs and confectionary products because agricultural processed products represent some 27.4% of total Croatian trade to CEFTA.<sup>24</sup>

The new trade regime is the subject of negotiations between the European Commission and CEFTA countries which is still in place with Serbia and Bosnia and Herzegovina.<sup>25</sup> The new situation on the market might open new chances for redistribution of shares and potentially new trends in trade within the mentioned free trade zone, having in mind that Croatia was a significant exporter to CEFTA countries (particularly to

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<sup>23</sup> <http://www.mvep.hr/hr/posebni-projekti/centar-izvrsnosti/> (Accessed on 12 November 2013).

<sup>24</sup> Čudina, Adrijana and Sušić, Gordi: The impact of Croatia's Accession to EU trade and economic relations with CEFTA countries (in Croatian). *Ekonomski pregled*, 4/64, p. 380. Zagreb 2013. pp. 380-381.

<sup>25</sup> Negotiations were not finalized between the European Commission and Serbia and Bosnia and Herzegovina in the time of preparing this paper.

Bosnia and Herzegovina and Serbia). But it is even more important to stress that competitiveness becomes a serious issue when speaking about future trade prospects within the CEFTA market.<sup>26</sup>

Exports from Croatia	2000	2001	2002	...	2008	2009	2010	2011	2012
<b>CEFTA</b> (mil. EUR)	735	868	1.006		2.254	1.602	1.666	1.838	2.016
Annual modification (%)	21,0	18,0	15,9		12,4	-28,9	4,0	10,4	9,7
Share in total export (%)	15,3	16,6	19,4		23,5	21,3	18,7	19,2	21,0
<b>EU 27</b> (mil. EUR)	3.348	3.538	3.427		5.842	4.561	5.439	5.735	5.604
Annual modification (%)	23,7	5,7	-3,1		7,6	-21,9	19,3	5,5	-2,3
Share in total export (%)	69,4	67,8	66,1		60,9	60,6	61,1	59,9	58,3
<b>Other countries</b> (mil. EUR)	738	809	755		1.490	1.367	1.801	2.009	1.991
Annual modification (%)	0,7	9,5	-6,6		-5,1	-8,2	31,7	11,5	-0,9
Share in total export (%)	15,3	15,5	14,6		15,5	18,2	20,2	21,0	20,7
<b>TOTAL</b> (mil. EUR)	4.822	5.214	5.188		9.585	7.529	8.905	9.582	9.611
Annual modification (%)	19,1	8,1	-0,5		6,5	-21,4	18,3	7,6	0,3

Table 2: Exports from Croatia to different group of countries (2000 - 2012) Source: Croatian Bureau of Statistics, First Releases on Croatia's foreign trade in goods<sup>27</sup>

There are also some potentially negative consequences for the region which should be mentioned in this context, although they are of minor relevance as compared to previous ones.

Firstly, there is a doubt among the current candidates in the Western Balkans that the important natural ally of the region (namely Croatia) will have to act according the EU rules and change priorities towards the region after becoming the full member of the Union.<sup>28</sup> The answer to

<sup>26</sup> After Croatia's ranking in 2012 showed a downward trend, the "Global Competitiveness Report, 2013-2014." has registered a slight improvement, rising six positions to 75th among the 148 countries included in the report. Since 2002, when Croatia was first included in these rankings, it recorded real progress from 2005 to 2007, and then continual decline from 2008 to 2012. See: World Economic Forum. Global Competitiveness Report 2013-2014.

<sup>27</sup> Čudina, Adrijana and Sušić, Gordi: The impact of Croatia's Accession to EU trade and economic relations with CEFTA countries (in Croatian). Ekonomski pregled, 4/64, p 380. Zagreb 2013.

<sup>28</sup> Teokarević, Jovan at the conference "Regional Implications of Croatia's Accession to the EU". Faculty of Political Sciences, Belgrade. 17-18 May 2013.

this is the fact that relations with Western Balkans remain deeply imbedded in Croatian foreign policy after accession. It starts from the assumption that all countries of the region have their European perspective and approaches the region through the cooperation on the common European future. Croatia will remain deeply involved in the Western Balkan region due to its geographical position and historical legacy and as the EU member state it will be able to integrate even more into the region, yet from the completely new platform of self-confidence and security.<sup>29</sup>

Secondly, the slow progress of enlargement after Croatia's accession might result with gradual slowing down in reforms in candidate countries, leading to period of economic stagnation, social tensions and subsequent political instability. It is therefore important to clearly show that the enlargement process continues.

Thirdly, it is most likely that the EU will in the post-crisis period continue its development in a direction of differentiated integration and multi-speed Europe. The most developed countries will continue in a higher speed than the others. It becomes evident that it is impossible to achieve full integrity among countries with such different capacities. The countries of Western Balkans might also be affected by the combined impacts of both "*enlargement fatigue*" among the EU member states and "*accession fatigue*" on the side of candidates. To continue the enlargement process in an effective way, the strategic and tactical changes are needed both on the EU and the candidates for membership.<sup>30</sup>

### **The European Union - rethinking policy towards the Western Balkans?**

The Croatian example is good news for the EU itself by proving that the Stabilisation and Association Process (SAP) is working, although it

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<sup>29</sup> This was underlined by Croatian Minister of Foreign and European Affairs, Vesna Pusić at the ministerial meeting with five WB countries on 30 June 2013 (the day before entering the EU) in Zagreb.

<sup>30</sup> Teokarević, Jovan. Ibidem.

needs adjustments to the changed situation. In the period of crisis and growing Euro scepticism, it confirmed the credibility of the EU's enlargement policy and showed that results in reforms meant progress towards membership. It is understood as a strong positive signal for all countries of the Western Balkans, proving that the EU accession is still a rewarding process, and a sign of encouragement showing that tough reforms are awarded by the Commission ("*reforms matter*").

The EU enlargement is considered by many authors to be one of the EU's most successful foreign policy dimensions, while there are opinions that it causes problems, or represents a source of instability.<sup>31</sup> Enlargement encompasses evolving accession conditions and principles through which the EU actively prepares the candidates with the view to transform them into the future member states.<sup>32</sup> Continuation of enlargement highly depends on transformation abilities and political readiness of acceding countries to implement reforms and fulfil criteria but also on readiness of the EU to introduce some new, necessary enlargement instruments.

According to the conditionality principle, progress towards EU membership depends on implementing required reforms based on the *acquis communautaire*. The EU's *transformative power* still seems to play an important role in institution-building, policy development and reforms, although not always with expected success. Slow reforms are result of weak institutional capacities, insufficient political will or perceived uncertainty over accession.

Due to complexity of security problems related to peace and state-building processes in the post-conflict regional environment, the EU's approach towards the Western Balkans represents an interaction between the EU's enlargement policy and the Common Foreign and Security Policy (CFSP), including its operational arm of Common Security and De-

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<sup>31</sup> Jović, Dejan. Croatian foreign policy facing the challenges of EU membership (available in Croatian only). In: *Politička misao*, year 48, No 2, 2011, Pp. 7-36.

<sup>32</sup> Hillion, Christopher: *The Creeping Nationalisation of the EU Enlargement Policy*, SIEPS 2010, No. 6, p. 14.



fence Policy (CSDP). Apart from the general security challenges and concerns, the problems of weak states, inter-ethnic tensions, reconciliation, and transnational organised crime, illegal trafficking, cross border disputes, corruption and migration are difficult to overcome in some of the Western Balkan countries.

However, due to the economic and financial crisis of the EU and its focus on own internal problems, the enlargement is significantly been slowing down. Even before Croatia's accession there were opinions that the EU enlargement policy has reached an impasse, both politically and conceptually.<sup>33</sup> It is likely that before 2020, no further country will join the Union.<sup>34</sup> Some authors argue that the narratives of "returning to Europe", "convergence", or "widening and deepening" now seem tarnished and ambiguous in the face of new sets of power relations and disciplinary practices within the EU, together with reworked ideas of the core and periphery, "old" and "new" Europe, that reveal the paradoxes of Euro-Atlantic integration.<sup>35</sup> Therefore active support of continuation and renewal of enlargement should be considered as one of the EU's most important strategic priorities.

Many new instruments for enlargement have already been introduced in the past decade, such as a new methodology for negotiations with opening and closing benchmarks, track record, new chapters (Croatia), high level talks (Macedonia), political dialogue between Serbia and Kosovo, involvement of high-level politicians (Albania). Not all of them proved to be equally efficient. One of the examples is the process of frontloading of conditionality (e.g. opening benchmarks) which makes negotiations more difficult as the country is only allowed to start the negotiations when it stands completely ready. On the other hand, prioritising the focus of accession process and shifting more difficult chapters to the

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<sup>33</sup> Lippert, Barbara: The EU's Enlargement Policy. Ways out of the Impasse. SWP Comments, 18. August 2009.

<sup>34</sup> Lippert, Barbara: The EU Enlargement: In Search of a New Momentum, in A. Balcer (ed.) Poland and the Czech Republic: Advocates of the EU Enlargement? Demos Europa, Centre for European Strategy, Warsaw, 2010.

<sup>35</sup> Stubbs, Paul and Solioz, Christoph, (Eds): Towards Open Regionalism in South East Europe. Nomos Verlagsgesellschaft, Baden Baden, 2012, p. 15.

beginning of negotiations are better perceived by candidate countries. However, in addition to it the renewed approach, reshaped (or renewed) instruments are needed to maintain credibility of the process. The existing challenges require some innovative approaches in the EU policy towards the Western Balkan region and speeding up the enlargement. A slow-down in the enlargement processes would bring new frustration, populism and nationalism in the region and, what is most important, a further slow-down in reforms. The EU should rethink its strategy for the Western Balkan accession with clear goal and vision, time horizon, target dates, action plan cut in smaller steps, developing a toolbox of policy instruments.

Instead of the policy of „*carrot and stick*“ a more awarding concept might be a better answer to current needs through introducing “*more for more*” principle, meaning the more reforms country undertakes, the more awards it gets (more assistance, faster process of accession etc.). Secondly, it would be advisable to spread the conditionality across the entire EU accession process instead of being frontloaded at the beginning. The opening benchmarks disable the acceding country to make a step forward before fulfilling requirements for opening the chapter while a process could be speeded up if this goes parallel with negotiations.<sup>36</sup> Bilateral issues should be tackled bilaterally wherever is possible and avoided from (multilateral) accession negotiations. An interesting solution might, according to some authors,<sup>37</sup> be reached through the reinforcement of sectoral integration. Candidates could be enabled to actively take part in some EU policies in the period before accession be treated like EU members in selected policy areas while committing to the adoption of the *acquis communautaire* as regards specific issues.<sup>38</sup>

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<sup>36</sup> This was underlined by Neven Mimica in his speech at the international conference: “Further EU Enlargement in South Eastern Europe – the Road Ahead”. Zagreb, April 17<sup>th</sup> 2013.

<sup>37</sup> Despot, Andrea; Reljić, Dušan and Seufert, Günter: Ten Years of Solitude. Turkey and the Western Balkans Require Practical Integration Measures to Bridge the Hiatus in the European Union Enlargement Process. SWP Comments 16, May 2012.

<sup>38</sup> Ibidem.

One example of sectoral integration is the Energy Community<sup>39</sup> Similar integration mechanisms could be developed in the services sector, in the fight against cross border criminality and corruption and as regards the use of EU structural fund, not to mention other sectors. Such measures should facilitate the creation of economic and social prerequisites for the possible future accession.

Finally, the enlargement needs to speak louder in the Balkan countries.<sup>40</sup> There is a need to keep the “open door policy” towards the region alive with stronger public awareness campaign, communicating impacts both among the EU and the Western Balkan countries.

## **Conclusions**

Croatia's accession is a step forward not only for the country itself, but also for the Western Balkans region and the European Union. It is good news for the region as Croatia is the first regional, post-conflict representative of the region that entered the Union. It will primarily have a strong stabilisation effect for the region, although its political and economic implications are not less important. It offers concrete proof that reforms according the European standards and values are rewarded.

In the recession time, marked by rising Euro scepticism or even pessimism, the EU membership of the first representative from the region symbolically means encouragement for the others. The Croatian example is also good news for the EU itself by proving that the Stabilisation and Association Process is working, although it needs adjustments to the changed situation. It is understood as strong positive signal for all countries of the Western Balkans, a sign of encouragement showing that tough reforms are awarded by the Commission (“*reforms matter*”).

However, the enlargement process is becoming too slow and after the

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<sup>39</sup> The Energy Community was created in 2006. Its full members include the Republic of Moldova and the Ukraine as well as the EU and the Western Balkan states and Armenia, Georgia, Norway and Turkey as observers.

<sup>40</sup> Stratult, Corina: EU enlargement to the Balkans: Shaken, not stirred. Policy Brief, 4 November 2013: European Policy Centre – EPC, Brussels 2013.

28<sup>th</sup> member no new members could be expected before 2020, or even later. Each new EU round of negotiations seems to be more difficult.

The slow-down in enlargement could bring new frustration, populism and nationalism in the region and, what is most dangerous, another slow-down in local reforms. Therefore the EU should rethink its strategy for Western Balkan accession providing a clear goal and vision, time horizon, target dates, an action plan cut in smaller steps, and by developing a toolbox of policy instruments.



# **Welcome Croatia – What Next? Possible Economic Impacts of the Croatian EU Membership**

*Ana-Maria Boromisa*

## **Abstract**

The aim of the paper is to summarise the progress, evaluate main achievements and identify main economic challenges emerging from Croatia's accession to the EU. Based on an overview of Croatia's accession process, its economic development, empirical and theoretical studies dealing with effects of economic integration, potential economic impacts of Croatia's EU membership on Croatia, EU and CEFTA countries are outlined. It is concluded that economic impacts depend on the dynamics on the reforms within the EU and candidate countries, continuation of the enlargement process and efficiency of regional cooperation.

## **Introduction**

On 1 July 2013, Croatia became the 28<sup>th</sup> member of the EU. The EU accession was defined as Croatia's strategic goal in 1999. Thus, Croatian accession to the EU is a significant step forward for the country. It is also relevant for South East Europe. The accession of Croatia, together with granting Serbia candidate status shows that the process has not ended. It demonstrates that all the Western Balkans states have the prospect of joining. After years of political and economic instability, the EU accession could mark a new period in the development of cooperation within the EU, the Western Balkans and between the EU and the Western Balkan countries.

## **Integration process**

The process of economic integration starts with trade integration, i.e. the creation of a free trade zone and customs union. The next step is an internal market (i.e. through participation in European Economic Area)

and finally economic and monetary union. Integration into EU's internal market is possible without formal EU membership through participation in the European Economic Area. It requires implementation of three wide categories of measures: liberalisation, harmonisation and acceptance of common policies. Liberalisation provides for abolishment of barriers. It is also necessary for the establishment of a free trade zone. Harmonisation relates to common measures, as necessary for functioning of a customs union. Acceptance of common policies requires common institutions and a certain amount of political integration. Participation in the economic and monetary union requires EU membership and meeting the Maastricht convergence criteria.

The liberalisation of Croatian foreign trade policy started in the early 1990ies, in spite of war and risky environment. The formal trade integration with the EU started a decade later. Croatia signed a free trade agreement (Stabilisation and Association Agreement, SAA) with the EU in 2001. It entered into force in 2005. An interim agreement on trade and trade-related matters was applied from January 2002 until the SAA entered into force.

Croatia applied for EU membership in 2003. The European Council granted candidate country status to Croatia in 2004. The entry negotiations began in 2005 together with the screening process. Negotiations were finalised in June and the Accession Treaty was signed in December 2011. A referendum on EU accession was held in Croatia in January 2012. Roughly 2/3 of participants voted in favour of joining the Union and the EU membership was supported by all Croatian parliamentary parties.

The ratification process was concluded on 21 June 2013. The Treaty entered into force and Croatia acceded to the EU on 1 July 2013. There have been opposing perspectives on the speed, length and effects of the process. From a Croatian perspective it was seen as slow and long. On the other hand, there are voices that the Croatia's accession is premature, mainly because political and economic corruption and the functioning of the judiciary.

The reality is that it took 20 years from independence to EU membership. The accession process produced a transformative effect, especially regarding the most problematic issues. In economic terms, these relate to competition policy (primarily state aid to shipyards). Politically, the most sensitive issues concerned judicial reform and human rights. The negotiation process was also burdened with the cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and the border dispute with Slovenia. These issues caused some delays in the negotiations. It took 10 years from launching the formal membership request to membership.

Empirical data show that roughly 10 years are necessary from the creation of a free trade zone to the integration into the internal EU market (c.f. Table 1). During this period, transition countries had to establish market economy (about 3 years), develop capacity to deal with market forces and competition (4 years) and harmonise legislation (3 years).

	<b>1. Bilateral free trade zone</b>	<b>2. Common market (1958-1986)</b>	<b>3. Single market-European Economic Area (1986-1993)</b>	<b>4. EMU (1993-1999)+(1999-2002)+</b>	<b>TOTAL: 1+2+3+4</b>
<b>Austria, Sweden, Finland</b>	20	-	3	4+3	30
<b>Spain</b>	16	-	7	6+3	32
<b>Portugal</b>	13	-	7	6+3	29
<b>Greece</b>	20	5	7	6+3	41
<b>Ireland</b>	-	13	7	6+3	29
<b>Denmark, UK</b>	-	13	7	6+3+?	29+?
<b>Founding 6</b>	-	28	7	6+3	42
<b>CEECs</b>	10-12	-	-	3+?	13+?
<b>Croatia</b>	10	-	-	+3	>13
<b>SEE</b>	6?	-	-	+3	>9

Table 1: Number of years at integration level (including transition periods)  
Source: author's compilation based on Baldwin (2003)



Thus, the length of Croatia's accession process is typical. Some countries, notably Sweden, Finland, and Austria have been faster, taking only a few years, as they started from much higher integration level. Before membership, they already had participated in European Economic Area (EEA). Central and Eastern European Countries of the fifth enlargement round needed about eight to ten years to establish only a free trade zone with the EU.

On the other hand, the process can last even much longer: Turkey applied in the 1950s, started negotiating in 2005, together with Croatia, but concluded only one (science and research) of 35 negotiating chapters. While the length of the process is comparable with previous rounds of enlargement, there are some significant differences. These relate to size, timing and the process of enlargement.

First, as it regards size, Croatia was the second country ever (the first was Greece in 1981) admitted in a single country enlargement. Second, the circumstances under which Croatia joined the EU were very different from previous enlargements. At the time of the fifth enlargement, the EU had the image of an exclusive, rich and democratic club. It was experiencing economic growth, and so did the candidates. Croatia's accession and, in particular, the signing of the Accession Treaty, coincided with the 'Euro-crisis' and the enactment of the Fiscal Compact Treaty. Croatia has been in recession since 2009. The GDP has fallen by 11%; unemployment is more than 20% and youth unemployment more than 40%. Public debt has almost doubled and is likely to reach 60% of GDP in 2013. Credit rating is speculative. Such data rise the question to which extent is Croatia able to cope with competitive pressure and market forces within the EU, which is one of economic membership criteria.

Third, some new features marked the process of Croatia's integration into the EU. Croatia's integration process was more rigorous and technically complex than previous enlargements. The *acquis* was divided into 35 chapters, 4 more than in the previous enlargement. The new chapters deal with areas expected to be troublesome. E.g. the previous chapter 7 on Agriculture was separated in two chapters: 11 – Agriculture and Rural Development; and 12 – Food Safety, Veterinary and Phytosanitary

Policy (c.f. Table 2).

5th Enlargement Round	6th Enlargement Round
1. Free movement of goods	1. Free movement of goods
	7. Intellectual property law
2. Free movement of persons	2. Freedom of movement for workers
	3. Right of establishment and freedom to provide services
3. Freedom to provide services	9. Financial services
4. Free movement of capital	4. Free movement of capital
5. Company law	6. Company law
6. Competition policy	8. Competition policy
	5. Public procurement
7. Agriculture	11. Agriculture and rural development
	12. Food safety, veterinary and phytosanitary policy
8. Fisheries	13. Fisheries
9. Transport policy	14. Transport policy
	21. Trans-European networks (transport networks)
10. Taxation	16. Taxation
11. Economic and Monetary Union	17. Economic and monetary policy
12. Statistics	18. Statistics
13. Social policy and employment	19. Social policy and employment (including anti-discrimination and equal opportunities for women and men)
14. Energy	15. Energy

	21. Trans-European networks (energy networks)
15. Industrial policy	20. Enterprise and industrial policy
16. Small and medium-sized enterprises	
17. Science and research	25. Science and research
18. Education and training	26. Education and culture 10. Information society and media
19. Telecommunication and information technologies	
20. Culture and audio-visual policy	
21. Regional policy and coordination of structural instruments	22. Regional policy and coordination of structural instruments
22. Environment	27. Environment
23. Consumer and health protection	28. Consumer and health protection
24. Cooperation in the field of Justice and Home Affairs	23. Judiciary and fundamental rights
	24. Justice, freedom and security
25. Customs union	29. Customs union
26. External relations	30. External relations
27. Common Foreign and Security Policy (CFSP)	31. Foreign, security and defence policy
28. Financial control	32. Financial control
29. Financial and budgetary provisions	33. Financial and budgetary provisions
30. Institutions	34. Institutions
31. Others	35. Other issues

Table 2: Acquis chapters - 5th and 6th enlargement round  
Source: Author's compilation

New instruments – benchmarks – were introduced for opening and closing of each negotiating chapter. Formally, benchmarks were designed to facilitate prioritising all sectors and to promote social, political and economic development. Their purpose was to assist a candidate country to identify and meet the specific target. However, from a Croatian perspective, benchmarks were sometimes seen as an instrument to prolong or even bloc the accession process.

The sixth enlargement round was different from the fifth in terms of its size, timing and the process. Thus, its expected impacts are also quite different. In following section we briefly outline expected economic effects of Croatia's accession.

### **Economic effects of Croatia's accession**

The mere size of Croatian economy compared to the EU-27 indicates that effects of Croatia's accession to the EU are limited. By Croatia's accession, EU's population increased by 0.9%; the BDP by 0.4%, the BDP per capita decreased by 0.4% (c.f. Table 3). In previous rounds of enlargement, the average size of the EU member state decreased from 25 to 18 million of inhabitants and the average BDP per capita by 13%.

	Size	No of inhabitants	GDP	GDP per capita
	<i>1000 km<sup>2</sup></i>	<i>millions</i>	<i>millions €</i>	<i>(pps)</i>
<b>EU 27</b>	3,969	500,00	12,667,200	25,200
<b>Croatia</b>	57	4,64	44,384	15,200
<b>EU 28</b>	4,206	504,64	12,711.584	25,100

Table 3: Croatia - compared to the EU 27  
Source: Eurostat (2013)

The effects of Croatia's accession to the EU, through which Croatia left CEFTA, are likely to be more relevant for CEFTA than for the EU. Croatia was among the biggest and the most advanced CEFTA members (c.f. Table 4).

	Population, million	Area (000 km <sup>2</sup> )	GDP million US\$	GDP per capita
Albania	2,85	29	13,119	4,149
Bosnia and Herzegovina	3,07	51	17,047	4,447
Macedonia	2,06	25	9,617	4,568
Moldova	3,56	34	4,231	2,038
Montenegro	0,60	14	4,501	6,813
Serbia	7,24	88	37,489	5,190
Kosovo	1,79	11	6,237	3,453
<b>CEFTA (after 1 July 2013)</b>	21,17	252	92,241	4,357
Croatia	4,26	57	56,441	13,227
<b>CEFTA (before 1 July 2013)</b>	25,43	309	148,682	5,847

Table 4: Croatia - compared to CEFTA  
Source: World Bank (2013)

In detail, Croatia, with 4.26 million inhabitants made about 17% of the CEFTA population (or market). Its GDP (56 billions US\$) represented about 1/3 of the CEFTA GDP. Thus, change of the trade regime is, at the aggregate level, felt more by CEFTA than by the EU.

Since 1 July 2013, the Croatian trade with CEFTA countries relies solely on each country's respective Stabilization and Association Agreement (SAA), a bilateral trade agreement with the EU. Hence, many Croatian exports face different tariffs and quotas than before. The European Commission has conducted negotiations with the CEFTA countries on changing their Stabilization and Association Agreements to account for Croatia's EU accession, or to allow for a transition period for Croatia beyond July 2013. The CEFTA countries saw this as an opportunity to gain a competitive edge against Croatian products and increase their market share on the CEFTA market (Kotevska, 2013)

While about 21% of total Croatian exports are exported to the CEFTA market, but about 45% of Croatian exports in agricultural and food exports are intended for the CEFTA market. Thus, tariffs and quotas

change are likely to have impact on trade. In accordance to previous enlargements and trade theories, impacts are to be felt most in neighbouring excluded regions, especially in traditional sectors (such as agriculture).

Also, theoretical and empirical findings indicate that the effects of integration are more relevant for a small country joining a bigger block. Integration with more developed countries fosters economic development and growth. Croatia thus is likely to experience benefits from joining the EU, while the CEFTA countries might be negatively affected.

Still, these effects are expected to be limited. The EU economic membership criteria require a high level of economic integration before accession. In 2011, Croatia's primary trade partner was, in fact, the European Union (61.3% of all trade). Also, the EU applies free trade regime with CEFTA countries. The relevant agreements are renegotiated in order to enable adaptations for Croatia's inclusion into the EU. This should limit possible negative effects of Croatia's accession to CEFTA countries. While the necessary adaptations were mostly prepared in time, negotiations with Bosnia and Herzegovina on adaptation of the Stabilisation and Association Agreement have not been finalised in time to allow smooth continuation of trade relations. After Croatia's accession to the EU, Bosnia and Herzegovina banned imports of meat and dairy products from Croatia. The formal argument of the Bosnian authorities was that meat producers in Croatia were no longer subject to the Central European Free Trade Agreement (CEFTA) which provided for less stringent standards than those applied by the EU. Thus, the BH authorities applied the same rules as for the EU. The EU and Croatia had agreed on a transitional period until the end of 2015, by which time the Croatian companies have to align with EU rules. As part of the transitional arrangement, the establishments in Croatia concerned cannot send their products to the rest of the EU, i.e. the same regime as before accession applied.

While the ban raised lots of reactions in diplomatic circles and the media, it affected only a limited numbers of producers and trade: There are 90 facilities in Croatia that need a transition period. Parts of them were exporting to Bosnia and Herzegovina: 18 according to Croatian sources,

47 according to Bosnian. The value of trade affected is also not stated officially. According to BiH authorities, it is tens of millions of Euros, while Croatian authorities claim that only a small share of the export is affected. The value of export of agricultural products and foodstuff from Croatia to BiH in 2012 was 424 million US\$. If the small share is less than 5% (i.e. 21 million US\$, which is 16 million Euros), the size of the negative effect of Croatia's accession to the EU is estimated at 10-20 millions Euro; i.e. they are limited indeed.<sup>1</sup>

The transition and safeguards clauses contained in Croatia's accession treaty provide for an additional period of adaptation. They allow the Union to remedy difficulties encountered during the accession process in either Croatia or old member states. Transition periods relate to freedom of movement for workers, free movement of capital, competition policy, financial services, transport and internal borders. 'Safeguard clauses' last in principle for three years. Safeguard clauses relate to general economic issues, internal market and home affairs. The internal market safeguard clause covers all sectoral policies involving economic activities that take place across borders, and can also be invoked in case of threats to the financial interests of the EU. The Justice and Home Affairs (JHA) safeguard clause covers mutual recognition in the area of criminal law and civil matters. Safeguard measures could include protective measures taken by member states, or the suspension of specific rights under the EU acquis directly related to the shortcomings of Croatia.

After expiry of transitional periods and safeguard clauses, different monitoring instruments will be applied to ensure compliance with the acquis, such as recommendations issued under the European semester or by the Macroeconomic Imbalance Procedure (MIP). Political conditionality, which was applied in the pre-accession period, is replaced by legal obligations (enforceable by the European Court of Justice). The problems might arise with the soft-law or the compromise culture of the EU. Active participation in policy making (as opposed to policy taking, which was the guiding principle in the pre-in phase) might help solving these problems.

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<sup>1</sup> For more see Boromisa (2013).

## **The sixth enlargement round is over: what's next?**

In the medium to long term, the effects of Croatia's membership depend on the further development within the EU, including Croatia. The EU membership for Croatia could mean participation. Participation in policy making can be regarded as an indicator of successful integration, which requires capacity to identify relevant interests, lobby, create coalitions and finally, participate in decision making. If Croatia will be able to participate, its voice and vote become important for future EU reforms.

Croatia's accession and the further economic growth of Croatia as a new EU member country and the EU as a whole could have relevant impact on the enlargement process. A success of Croatia would keep EU membership attractive.

Croatian failure in the process of economic recovery, following entry to the EU would most probably reduce the EU's attraction for further would-be members. It would also mean the gradual marginalization of Europe as a leading actor of international relations in the region. In this respect, Croatia's accession is relevant for the EU and its success improves EU's credibility and creates basis for EU's global action. Economic success, together with the mere fact of Croatia's integration would thus have political implications.

Croatia's accession might confirm the integration project, or send a warning message to other 'would-be-members'. It can provide evidence of the credibility of EU enlargement policy and demonstration of the still-existing strong beliefs in the European Union. On the other hand, it could also mark the beginning of the end of a process.

Croatian accession certainly marks a new phase: the end of enlargement policy as the most effective EU's foreign policy tool or the beginning of enlargement towards Western Balkans. Once the Balkans is absorbed, the distant and vague possibility of accession of Moldova, the Ukraine or the South Caucasus might be raised.

Through enlargement, the EU foreign policies are internalised. Provided that internal decision making is efficient and effective, through enlarge-



ment the EU increases its global influence. Therefore the EU should continue the enlargement process provided that efficient and effective institutions enable decision making. This means, however, also means that enlargement has its limits, the EU cannot expand endlessly.

Following each round of enlargement links with neighbours and “new neighbours” need to be improved. They should be functional, efficient and developed based on mutual interests and not only conditionality. This is one of the building blocks necessary to improve the both the efficiency and the legitimacy of the EU action in the globalised world.

Finally, through enlargement, the EU has become too big to be considered an exclusive club. Thus, in order to be attractive it should strengthen its negotiating positions towards Russia, China or the U.S.

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**PART II:**

**THE WESTERN BALKANS –  
INTEGRATION VERSUS STAGNATION  
AFTER THE CROATIAN EU ACCESSION**



## **Croatia's EU Accession: Chances and Challenges from an EU Perspective**

*Franz-Lothar Altmann*

### **Regatta principle instead of group accession**

Croatia's accession as 28<sup>th</sup> member of the European Union can be seen as a special case in several aspects. So far the enlargement process of the EU was characterized by group accessions, and for quite some time it was also expected that in the case of the Western Balkans the group approach, even on a smaller scale, would be applied, too. However, the EU had to realize that differences between the prospective candidate countries remained large, and even the idea that in order to balance the power situation, Croatia and Serbia should be taken in at the same time was not any longer acceptable due to the unresolved Kosovo-Serbia dispute. Macedonia remained constantly, and very probably will be also for some more years, blocked by Greece's veto, which recently has even found support by Bulgaria. Albania still is plagued by fundamental deficiencies concerning weaknesses in the judiciary and the administration as well as the fight against corruption and clientelism, and Bosnia and Herzegovina seems to be a lost case due to its petrified ethnic division. Only Montenegro, although a state captured by the Djukanović clan, has succeeded in proceeding towards membership negotiations with Brussels.

### **Signal and new mechanisms**

In the view of this bleak general situation on the Balkans a clear signal that the enlargement process has not ended was in the interest of the enlargement prone EU Commission, and Croatia which anyhow was pushing hard became the signal state for the Balkans. In this context it should be remembered that Croatia's accession happened at a time when the EU still was desperately struggling with internal problems derived from the severe economic and financial crisis in the South and in Ireland, but also when Brussels was more and more confronted with rising enlargement fatigue, in the EU but also in the aspirant countries.

Croatia in fact became the first candidate to enter the EU according to the regatta principle as well as experiencing the new instrument of applying pre-negotiation benchmarks. Croatia's negotiation process thus became an example how in the future the entire procedure will be executed, but more important was the signal to the remaining aspirant countries that successful reform processes finally lead to EU membership. Politicians and citizens in the candidate countries may be motivated to scrutinize their reform attempts and the accession processes critically. The example of Croatia should bring new momentum and pressure for the respective governments in the Western Balkan countries to intensify their reform endeavours.

Furthermore, Croatia is expected to support the other Western Balkan countries by providing its experiences from the accession process, in particular from the negotiation rounds. It certainly is helpful that it is an easy task for Serbia and Bosnia and Herzegovina to translate for example the hundreds of thousands of pages of the *acquis communautaire* which Croatia had to accept and to translate into Croatian language.

### **Responsibilities**

On the other hand, it will be of utmost importance for the EU and for the aspirant countries how Croatia will behave now as a new member of the EU. The negative examples of Bulgaria, Romania, and recently also of Hungary, have raised scepticism in the old EU countries whether now Croatia will serve as a new model pupil or will become another problem member. The first problematic case already appeared with the Perković case and the European arrest warrant. The pure fact that the very last working day before formal accession of Croatia a new law was passed by Parliament in Zagreb that prohibits the extradition of those who committed respective crimes before August 7, 2002, had stirred up widespread irritations in the EU, in particular in Germany where the murder case happened on which Perković is allegedly responsible for, and prompted the threat of EU sanctions against Croatia. This strange behaviour of Croatia's officials, including the President of the state, was commented as unfortunate revival of nationalistic tendencies, an attitude which those always have indicated as an anti-argument when discussing

Croatia's acceptance to the EU! For Brussels the necessity to monitor the development in Croatia also after the accession was thus underlined in most comments in West European newspapers. For the remaining aspirant countries it became obvious that if Croatia misbehaves also in future, stronger reform commitments for the candidate countries and stricter pre-accession monitoring will be applied. Furthermore an intensification of accession preparation is requested.

### **Croatia in the EU**

Croatia as new EU member will co-design and co-determine internal and external politics of the European Union. In principle Croatia will be a strong promoter of the enlargement process due to its own interests: it must be against a long-lasting divide within South Eastern Europe, economically there will be higher import duties for Croatian products in the remaining CEFTA countries. And it does not want to remain forever a protector of the longest outer border of the European Union (almost 1400 km)! There is the fear of a stronger delimitation of Croatia vis-à-vis its South Eastern neighbours in the sense: Croatia the "last fortress of Europe". The EU anyhow supports the improvement of the border regime of Croatia with a temporary Schengen facility of € 120 million until 2014.

For the EU Croatia will remain one more beneficiary country financially. Since years its economy is in an extremely dire situation, 52.8 % youth unemployment is outreached only by Spain and Greece! Structural reforms are overdue but experiences from former enlargement rounds have shown that once a country is "in" the reform momentum came to a halt. It might also become a problem member if it claims support from the EU in resolving bilateral disputes: with all neighbouring aspirant countries (BiH, Montenegro and Serbia) Croatia still has unresolved border disputes! The possibility that Croatia uses its right of veto in the enlargement process cannot be excluded; the negative examples of Greece and Slovenia are still in the remembrance of the EU.



### **Special problems concerning Bosnia and Herzegovina**

Certain problems exist from the special relationship between Croatia and Bosnia and Herzegovina (BiH). Still the EU feels responsible for a sustainable development in Bosnia and Herzegovina, and Croatia as a new member now must take much of this responsibility. Brussels had to insist that no longer can ID cards of Bosnian citizens be used for easy traveling to Croatia, but only 40% of Bosnian citizens (Croatian Bosnians included) possess biometric passports. On the other hand, the fact that many Croats in Herzegovina already have Croatian passports will now cause an even deeper divide among the citizens in BiH into those who de facto are now EU citizens and others, the Bosniaks (Muslims) and Serbs, who remain simple Bosnian citizens without the privilege of EU passports. Furthermore for Bosnia's economy the non-fulfilment of EU requirements means that animal projects from BiH can not any longer be exported to Croatia which so far has been the second important export market for BiH.

### **Some lessons learned**

The process of Croatia's accession to the EU also has provided some lessons learned. The first certainly is that close cooperation with ICTY has been a strong condition for accession however, it should be realized that recent rules (acquittals) in The Hague have weekend the importance, the weight of this condition! A positive outcome of the accession process has been that for overcoming the condition of "no bilateral disputes must be carried into the membership" a solution has been found by applying the way out of arbitrage. Another lesson certainly is that national parliaments of the member states have increased their influence during the entire negotiation and accession process with Croatia. Whether this will make future enlargement rounds easier or rather more difficult will remain to be seen.

## **NATO 2014: An Enlargement Summit?**

*Matthew Rhodes*

Fireworks and festive crowds on Zagreb's main square greeted Croatia's accession to the European Union on 1 July 2013. Four years after the country's entry into NATO and two decades after Yugoslavia's violent breakup, the achievement offered fresh evidence of the success and remaining potential of Euro Atlantic enlargement.<sup>1</sup>

Nonetheless, along with recognizing remaining challenges for the Union's newest member, sober observers have noted that this happy milestone could mark the EU's last addition for many years to come. The combination of tightening scrutiny of further aspirants and questions concerning the EU's future could leave membership perspectives too distant and uncertain to further stability and reform across the rest of Southeast Europe. With new enlargement by NATO at its next summit in London now also appearing unlikely, Croatia and the rest of the Euro Atlantic Community must find deliberate means to fill the gap.

### **EU half-steps**

Oddly, the perception that EU enlargement has reached an extended pause coexists with proliferation of intermediate integration progress. Most notably, the April 2013 Framework Agreement between Serbia and Kosovo that was mediated by EU High Representative Catherine Ashton paved the way for Serbia to receive official candidate status in July (with accession negotiations anticipated to commence in early 2014) and for Kosovo to open talks on a Stabilization and Association Agreement in October. Meanwhile, international monitors' certification of the June 2013 elections in Albania also led the European Commission to endorse candidate status for that country after three rejections. Farther afield, the EU has resumed accession talks with Turkey after a three-year hiatus

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<sup>1</sup> See Timothy Judah, "Croatia Proves that Brussels has Transformed the Balkans." *Financial Times*, July 1, 2013.

and offered Deep and Comprehensive Free Trade Agreements to the six former Soviet states within its Eastern Partnership.

Nonetheless, all these countries as well as other aspirants still face well-known (and sometimes intensifying) obstacles to membership. Discomfort with Turkey's candidacy based on its size and Islamic culture has been exacerbated by imprisonment of dozens of journalists, questionable evidence in the *Ergenekon* military conspiracy trials, and security forces' violent clashes with protesters against development of Istanbul's Gezi Park in June 2013. Likewise, the Commission's introduction of a High-Level Dialogue with Macedonia in 2012 has done little to resolve that country's stubborn name dispute with Greece, which has blocked the start of its candidacy talks since 2005. Indeed, prospects for a breakthrough have been further set back both by Greece's financial straits (which have focused EU attention on austerity agreements) and by Macedonia's neo-classical "Skopje 2014" architectural project. Political stasis in Bosnia-Herzegovina also blocks electoral reforms demanded in the European Court of Human Rights *Sejdic-Finci* decision, a condition for implementation of the Stabilization and Association Agreement the country signed with the EU in 2008.<sup>2</sup> Even Iceland has suspended its membership talks over fishing rights disputes.

Meanwhile, challenges to EU cohesion sparked by the global financial crisis have intensified existing members' determination to toughen candidate screening in the wake of persistent rule of law concerns with Bulgaria and Romania. The cumulative effects of high Euro zone debt and unemployment, growing support for Euro sceptic nationalist parties, energized independence drives in Catalonia and Scotland, and the announced British referendum on continued EU membership have thrown the Union's future shape and composition into question. Considering the time Croatia's accession efforts took under more favourable circumstances, new EU enlargement within this decade appears unlikely.

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<sup>2</sup> Elvira Jukić, "Bosnia's EU 'Advance' Remains Stuck in Slow Lane." *Balkan Insight*, Oct. 16, 2013.

## NATO as an alternative?

The anticipated lag in further EU accession has drawn attention back to NATO. Although the two institutions' basic prerequisites are similar, the greater demands of adopting the EU's extensive *acquis communautaire* have left NATO the easier club to join. As in Croatia's case, the standard post-Cold War sequence has been entry to NATO first, partly as a stepping-stone toward the EU.

In addition, two particular factors have boosted expectations that NATO's London summit in October 2014 should include membership offers. The first is the sense that these are now "due" given the recent pattern of invitations at five to six-year intervals (Madrid 1997, Prague 2002, and Bucharest 2008). The second is then-U.S. Secretary of State Hillary Clinton's oft-quoted remark that the Alliance's last such gathering in Chicago in May 2012 should be "the last [NATO] summit that is not an enlargement summit."<sup>3</sup>

However, such views may be overly optimistic and misrepresent enlargement's dynamics. To begin with, Hillary Clinton is no longer Secretary of State. In four years she could be the next American President, but for now she has become a private citizen. Even to the extent today's official U.S. position remains in line with Clinton's comment, Greece's blockage of Macedonia's membership as well as other Allies' refusal of Membership Action Plan (MAP) status for Georgia and Ukraine at Bucharest in 2008 presented pointed reminders that American preferences do not always equal Alliance decisions.

More fundamentally, NATO enlargement is not an end in itself. Rather, it is an instrument for enhancing security interests for both existing and entering Allies. NATO does not depend on steady enlargement to justify its existence. Indeed, nearly three decades separated West Germany's accession in the mid-1950s and Spain's in the early 1980s.

Furthermore, side considerations added political urgency to each of

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<sup>3</sup> Remarks at the North Atlantic Council Meeting, May 21, 2012.

NATO's most recent enlargement waves. German leaders' desire for stability and reconciliation with their immediate eastern neighbours as well as American domestic political appeals to ethnic voters in the 1996 elections helped advance the bids of Poland, the Czech Republic, and Hungary at Madrid. A year after the 9/11 terrorist attacks in the United States, the *Big Bang* invitations to seven additional countries in Prague reflected the George W. Bush administration's interest in additional allies in its War on Terror. Likewise, the offers to Albania, Croatia, and (conditionally) Macedonia at Bucharest provided means of reinforcing regional stability around the time of Kosovo's declaration of independence. No comparable motivation currently exists.

Finally, none of NATO's four official aspirants enjoys a clear consensus for admission. Though Macedonia was deemed otherwise ready in 2008, its bilateral issues with Greece remain as described above. The ascendancy of billionaire Prime Minister Bidzina Ivanishvili's Georgia's Dream party has not resolved intra-Alliance concerns regarding Georgia's internal politics and relations with Russia. Parallel to the obstacles for Bosnia in implementing its Stabilization and Association Agreement with the EU, political leaders there have failed to conclude the division of defence property between the central state and federal entities required for activation of the MAP on offer since 2010.

That leaves Montenegro the most plausible invitee. Already before Chicago, NATO's then-top military commander U.S. Admiral James Stavridis had judged the country militarily "ready to go."<sup>4</sup> However, political questions appear again set to delay an accession invitation.

The most tangible issue is weak public support. Notwithstanding a supportive information campaign, only about a third of Montenegrins favour joining the alliance while close to half are explicitly opposed.<sup>5</sup> Usual explanations include memories of NATO bombing in 1999, the large

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<sup>4</sup> "NATO Commander Lauds Montenegro Military Progress." NYTimes.com, March 14, 2012.

<sup>5</sup> Atlantic Council of Montenegro, "NATO and Montenegro" brief, September 2013, p.2.

ethnic Serb minority's alignment with Belgrade's own reluctant position, and fears that Alliance exercises would close beaches or otherwise harm the important tourism industry. Even if partly based on misconceptions, within a democratic alliance such high scepticism calls a prospective member's reliability for collective defence and other shared tasks into question.

Democratic consolidation presents a second concern. Although generally not seen as oppressive, the uninterrupted dominance of Prime Minister Milo Djukanović and his Democratic Party of Socialists since Yugoslavia's breakup fails the standard *two-turnover test* for completed transition.<sup>6</sup> Moreover, leaked tapes of ruling party board sessions as well as controversy over the constitutionality and vote count in President Filip Vujanović's re-election for a third-term (second since independence) in April 2013 raised some basic rule of law questions even while potentially marking the late emergence of a competitive opposition.<sup>7</sup>

A third source of doubt among some NATO governments is the significant Russian presence in Montenegro. Estimates of Russia's share of foreign investment in the county have ranged from less than ten to over thirty percent. This included majority ownership of the Podgorica Aluminium Plant, the country's largest exporter, until its recent bankruptcy. A draft EUROPOL report leaked in April 2013 characterized much of the extensive Russian investment in coastal properties as illicit money-laundering. Roughly a fifth of tourists are also Russians. Though such factors need not be sinister per se, some Allies view their effects as further corrosive to political-economic transparency as well as to trust in Montenegro with NATO classified information.

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<sup>6</sup> Samuel Huntington, *The Third Wave: Democratization in the late Twentieth Century*, 1993 pp.266-67.

<sup>7</sup> "Leader of the Pack," *Economist*, Aug. 17, 2013.

## Conclusion

Much can change in a year, but NATO's London summit will likely pass without enlargement. Allies will undoubtedly reconfirm commitment to their Open Door policy and encourage further progress by aspirants. The late 2013 tug-of-war between the EU's Eastern Partnership and Russia's Eurasian Union might also revive efforts to extend Membership Action Plan status at least to Georgia.<sup>8</sup>

NATO and EU members should act to maintain integration momentum during the extended intervals before the next accessions to these organizations. While easier suggested than done, successfully addressing their present domestic challenges in a way that upholds collective solidarity will be the necessary if insufficient precondition. They will also need to remain supportively engaged with aspirant countries on both bilateral and multilateral bases.

These general guidelines apply with particular force to Croatia as a new NATO and EU state. As a positive model that meaningfully contributes to NATO initiatives, manages its economic challenges, and extends its active role in regional cooperation Croatia would help to counter feelings of enlargement fatigue among other members as well as to maintain the perception of Euro Atlantic perspective as an achievable reality elsewhere in Southeast Europe.

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<sup>8</sup> See also Karl-Heinz Kampe, "NATO's 2014 Summit Agenda," NATO Defence College Research Paper No. 97, Sept. 2013, p.5.

# Turkey, the Western Balkans and the EU

*Nilüfer Narli*

## **Introduction**

The papers aims to address the following questions: which motivations are advanced in Turkey's activity in the Balkans, particularly in the Western Balkan countries? Is Turkish activity in the Western Balkan countries part of Turkey's EU policy or it is motivated by domestic political elements? Is Turkey's Western Balkan policy in cooperation or in competition with the EU strategic interests? What are the implications of the Turkish EU stagnation for the EU membership of the western Balkan countries?

## **Turkish foreign policy in the Balkans**

Amongst the regions where Turkey has increased its activism, the Balkans has a special importance. "The Balkans is a priority for Turkey", the web page of the Turkish Ministry of Foreign Affairs states, not only because of political, economic and geographical perspectives, but also due to its historical, cultural and human ties to the region".<sup>1</sup> This shows that domestic factors are advanced in designing a more active Balkan policy. Political dialogue, security, economic integration and preserving the multi-ethnic, multi-cultural, multi-religious structures of the Balkan countries are listed as the four main axes of Turkey's Balkan policy.<sup>2</sup>

To meet the objectives listed above, Turkey has a) adopted a vision of increased visibility in the Balkans by improving Turkey's relations with Balkan countries in general; further strengthening good relations particu-

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<sup>1</sup> On November 2, 2013, it was retrieved from <http://www.mfa.gov.tr/relations-with-the-balkan-region.en.mfa>.

<sup>2</sup> On November 12, 2013, it was retrieved from <http://www.mfa.gov.tr/relations-with-the-balkan-region.en.mfa>.



larly with “traditional Balkan partners”;<sup>3</sup> and has b) tried to play the role of a conflict broker and led multilateral initiatives to improve regional stability and security. The NGOs (including humanitarian associations) and business community are also active in the Western Balkans, the second track diplomacy that reinforces Ankara’s first track initiatives in the Balkans.

After coming into power in 2002, the AK Party government brought two novelties into Turkish foreign policy: The first one was formulating a new policy replacing the republic’s military centred Hobbesian strategic culture “a zero-sum balance of material power approach to international relations, based on self-help, mistrust”,<sup>4</sup> with a more Kantian strategic outlook. This change was part of Turkey’s new foreign policy, initiated by Foreign Minister Ahmet Davutoğlu when he was an advisor on foreign policy before becoming the minister of foreign affairs in May 2009. The shift in the security and strategic culture commenced with a new mind-set of the political elites that began gaining power in the mid-2000s and giving priority to becoming a regional power with a focus on a wider civil and economic agenda. The second one was departing the tradition of sustaining an aloof posture in the foreign policy and adopting a vision of “being a pivotal state that should play a proactive diplomatic”,<sup>5</sup> political, and economic role in the Middle East, the Balkans and the Caucasus.

This new policy foreign policy, as Keyman (2009) observed, has enabled Turkey to increase its capacity for involving in regional and global politics as a regional power and pivotal state, and this in turn, has increased Turkey’s sphere of influence by using its soft power rather than hard power. Ankara’s self-confidence in foreign policy is a process that has been reinforced by Turkey’s political stability and economic development during the last decade. Today, Turkey is the world’s fifteenth largest economy and it is becoming a rising regional power with “global

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<sup>3</sup> Loïc Poulain and Akis Sakellariou (2011) used “the traditional Balkan Partners” of Turkey concept referring to Bosnia, Kosovo, Albania.

<sup>4</sup> Herd 2009.

<sup>5</sup> Loïc Poulain and Akis Sakellariou (2011) analyzed the pillar of Turkey’s foreign policy.

aspirations” that has received attention in the academic and diplomatic circles. Turkey’s activity in the Balkans and in other regions boost the self-confidence of Turkey’s citizens who are proud to see Turkey is becoming a regional power with increasing soft power in the form of exporting material goods and products of culture industry (TV serials, soap opera serials, etc).

Turkey’s activism in the Balkans gained more momentum with Ahmet Davutoğlu becoming the Turkish foreign minister in May 2009. The indicator of Davutoğlu’s personal contribution to Turkey’s activism in the Balkans is his historical speech, on 16 October 2009 in Sarajevo, which underlined the success of the Ottoman centuries of the Balkans, with the promise that the golden age of the Balkans can be recaptured:

“As in the 16th century, when the Ottoman Balkans were rising, we will once again make the Balkans, the Caucasus and the Middle East, together with Turkey, the centre of world politics in the future. That is the goal of the Turkish foreign policy, and we will achieve it.”<sup>6</sup>

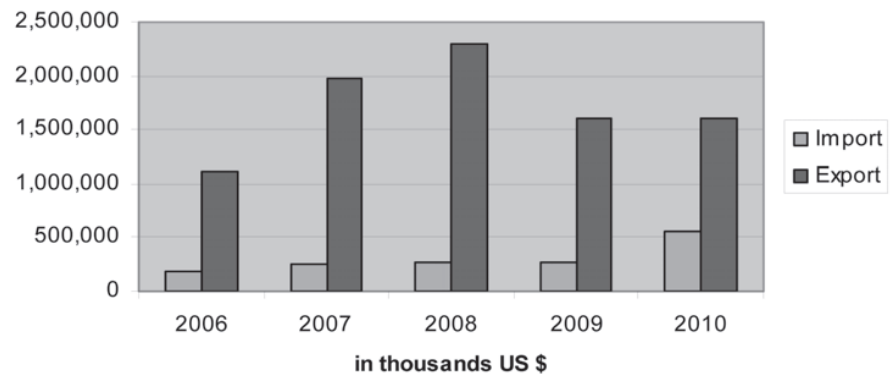
Many observers of the Balkans were concerned after hearing Mr. Davutoğlu telling:

“The Ottoman era in the Balkans is a success story. Now it needs to come back.”

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<sup>6</sup> The speech was quoted in Hurriyet Daily News, August 16, 2013.

### Turkey's Total Trade with Western Balkan Countries



Source: Žarko Petrović, Dušan Reljić (2011, p. 164)

Davutoğlu's speech and Ankara's engagement in the Western Balkans created controversy and conflicting analyses of Ankara's motivation for its activism in the Balkans. Malik Mufti (2011) reviews the two conflicting schools of thought on Turkey's new foreign policy including its Balkan policy.

The first looks at Ankara's new foreign policy activism as a sum of new regional and international dynamics and opportunities created by the developments following the end of the Cold War, motivated by pragmatic calculations, while the other school argues that the radical departure from the traditional foreign policy is motivated by Islamic political elements, nostalgia for the Ottoman past and the desire for rebuilding the Ottoman hegemony in the Middle East, Balkans and the Caucasus (Taşpınar, 2008; Çağatay, 2009; 2010; Rubin, 2010). The former school argues that the pillar of Turkey's foreign policy still is the NATO membership and the relationship with the U.S. and the European Union, despite changes in Ankara's foreign policy (Evin, 2011). But the latter ar-

gues that Turkey is moving away from the West and “turning its back to on the West”.<sup>7</sup>

### **The EU enlargement, Turkey and the Balkans: cooperation or competition**

The gradual inclusion of Balkan countries into the EU in the 2000s further motivated Ankara to have amicable relations with all Balkan countries that are seen as the “potential supporters” of Turkey’s EU membership. Nevertheless, certain political issues, originating either from the current international and political circumstances (e.g., Gezi protests in Turkey discussed below) or from history, act as a catalyst of conflict between Turkey and the Balkan countries, and in turn, create divergences in the political values and strategic interests of Turkey and the EU, as exemplified below.

One of the examples of the rise of divergence between the EU and Turkish strategic interests with implications for the Balkans countries was Turkey’s motive to mobilize Albania to support *Palestinian* status in the United Nations to non-member *observer state in 2012*. On 29 November 2012, *despite Turkey’s strong recommendation*, Albania was one of the 41 abstainers from the proposal to admit Palestine as a non-member observer. In response to this development, Erdoğan declared that he had exerted pressure on an unnamed Muslim land to abandon its intention to vote “no,” encouraging it to support the Palestinians, and arguing that an abstention would be considered the same as a “no” by Turkey. “I told them that this would damage bilateral relations we have. [...] It would upset us,” Erdoğan complained; and lamented by saying: “there are many cowards in the world.”

Responding to Erdoğan’s statement, Prime Minister Berisha, who spoke on Albanian national television about the controversy (on admitting *Palestinian* status in the United Nations to non-member *observer*) with Erdoğan, told that “Albania had chosen to follow the lead of the United

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<sup>7</sup> For an example of the discussion on if Turkey departing the Western club, see: ‘Is Turkey Turning its Back on the West?’, *The Economist*, 21 Oct. 2010.

States on the Israel-Palestine issue”, which Berisha described as “the most complicated in the world.” Abstention represented a step back from a “no.” But the government in Tirana would support a peace process and a two-state solution, not a one-sided vote to satisfy the Arab and Islamic alliances”, Berisha said.<sup>8</sup>

### **Different position on Gezi protests: EU’s democracy criticism versus the Macedonian position**

Another example of the conflict between the political values of the EU, Turkey and the Balkans was the divergence between the position of the EU capitals and that of Macedonia on the Gezi protests that erupted in May 2013 in Turkey. This issue is important because it is related to the democratization in the member and candidate countries, as well as in potential Western Balkans candidates.

Sparked by the urge to save the Gezi Park (located in Taksim) in Istanbul, the Gezi protest spread in waves to the entire country. The use of gas against the demonstrators and the adoption of harsh measures by the government against them raised eyebrows across Europe. Criticism immediately emanated from European countries and EU institutions and a question rose: does the Turkish government undertake increasingly authoritarian actions in response to the protests? The Turkish officials rejected the EU criticism categorically, and even challenged the rules of diplomatic courtesy in their response. For example, Turkey’s minister of EU affairs, Egemen Bağış rejected German Chancellor Angela Merkel’s criticism of the Turkish government’s reactions to Gezi protests, but rather advised Germany to deal with its racism issues instead of criticizing Turkey. Bağış told Germans that their critical position on the Turkish government’s response to the Gezi protests could be costly in terms of disrupting Turkey-EU negotiations. Bağış said, “Merkel should remember what happened to Sarkozy (the former French President who lost French elections) who used to antagonize Turkey. If Merkel doesn’t want to join Sarkozy in fishing, she should calculate carefully.” (Erol,

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<sup>8</sup> Quoted in Stephen Schwartz (2012).

2013)<sup>9</sup> This caused a diplomatic crisis between the two countries in late June (2013), with the EU capitals were concerned with this tension.

While the major EU capitals raised their concern over the “authoritarian” response of Ankara to the Gezi protests, Macedonian President George Ivanov's position did not converge with the EU capitals; on the contrary, Ivanov endorsed Erdoğan. Sharing his opinion of Gezi protests with the journalists, Ivanov said: “Mr. Erdoğan should not be troubled [by the protests] and should resist”; and he added: “We all know that foreign countries interfere in such events and play their own games. His [Erdoğan's] heart is with ours and our heart is with his”. (Quoted in Marusic, 2013). Added to the official endorsement coming from Macedonia, many Turkish non-governmental organizations based in Macedonia along with some political parties (Democratic Party)<sup>10</sup> also supported Erdoğan upon Gezi protests by staging a rally in Gostivar with participants from Kosovo, Bulgaria and Albania. The Gostivar rally received a large coverage in Turkish dailies and it was televised live by Anatolian News Agency of Turkey (2013).<sup>11</sup>

President George Ivanov's support of Erdoğan received conflicting responses from the public and opinion leaders in Macedonia, with some criticizing Ivanov's endorsement of Turkish premier who “accused of curbing democratic freedoms”. The veteran Macedonian journalist Bor-

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<sup>9</sup> See Erol (2013) on the crisis between Germany and Turkey and Egemen Bağış's statement on Merkel.

<sup>10</sup> On the Gezi protests, Secretary General of Democratic Party (TDP) Enver Huseyin “stated they were concerned over protesters' aiming Erdoğan while digressing from the actual environmentalist reasons. He announced that they would stage a rally in Gostivar on June 14 in support of Turkish Prime Minister Erdoğan upon Taksim Gezi Park protests and to tell the whole world that they stood up for Erdoğan.” Quoted in: “Balkan Turks to support Erdoğan upon Gezi Park in Gostivar”, June 14, 2013. accessed on November 2, 2013  
from: <http://www.turkishweekly.net/news/151753/balkan-turks-to-support-erdogan-upon-gezi-park-in-gostivar.html>.

<sup>11</sup> Refer to “Balkan Turks to support Erdoğan upon Gezi Park in Gostivar”, Anadolu Agency, 14 June, 2013. Accessed November 2, 2013 from:  
<http://www.aa.com.tr/en/news/193126--ngos-political-parties-and-balkan-turks-to-support-erdogan-upon-gezi-park-in-gostivar>.

jan Jovanovski said: “Ivanov cannot express support in the name of all Macedonians in a situation when western democracies have condemned the way the Turkish police are dealing with the demonstrators.” (Marusic, 2013).

### **The shadow of history and “minor issues” with traditional partners**

Albania and Turkey have predominantly Muslim populations. Albania is considered one the traditional partners of Turkey, a country that has a sizable number of ethnic Albanian people;<sup>12</sup> and a country whose Prime Minister, Mr Erdoğan, already identified Turkey and Albania as brothers and considered the Albanians in Kosovo and Albania as brothers.<sup>13</sup>

Prime Minister Erdoğan visited Kosovo in late October (2013) and declared brotherhood by saying:

“Dear brothers and friends, we share common history, culture and civilization. Do not ever forget, Turkey is Kosovo and Kosovo is Turkey, we are so close and even the man who composed the Turkish national anthem, Mehmet Akif Ersoy, was from Pec, Kosovo.”<sup>14</sup>

Turkey has several investments<sup>15</sup> in Albania and supports Albanian po-

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<sup>12</sup> The migration of Albanian-speakers from the west Balkans to today’s Turkey dates back to the sixteenth century. Over the course of the late nineteenth and twentieth centuries, wars including Balkan Wars (1912-1914), political conflicts and social motives have pushed larger numbers of Albanians to seek refuge in Turkey, forming a contemporary diaspora that numbers in the hundreds of thousands. (Özgür-Baklacioğlu, 2003).

<sup>13</sup> Reported in Today Zaman, the National Security Council of Turkey report shows that “approximately 1,300,000 people of Albanian ancestry live in Turkey, and more than 500,000 recognize their ancestry, language and culture.” There are also data on large number of Albanians living in Turkey: “Other data estimates that 3-4 million Albanians live in Turkey, and close to 20 million people who have ancestral roots from the Balkans live in Turkey.” (Today Zaman, 21 August 2011).

<sup>14</sup> It was quoted in: <http://www.balkaninside.com/recep-erdogan-kosovo-is-turkey>.

<sup>15</sup> Turkey has investments in construction, education, health, manufacturing, defense and transportation sectors of Albania. For further information, visit the web page the Ministry of Foreign Affairs: <http://www.mfa.gov.tr/relations-between-turkey-and-albania.en.mfa>. Also visit the web page of the ministry of economy: <http://www.economy.gov.tr/index.cfm?sayfa=countriesandregions&country=AL&region=9>.

litical interests in the region. Nevertheless, the Turkish-Albanian “brotherhood” is not free from trouble. As discussed above, the controversy on supporting the admission of Palestine as a non-member observer in the UN stressed the Ankara-Tirana relations. There are other issues of bilateral tension that are generated by the shared history.

A stunning example of this was the story of a prominent Ottoman Albanian: the executed Governor Tepedelenli Ali Paşa (1744-1822) whose remains in Turkey (the head of his corps) were requested by Albanian Prime Minister Sali Berisha in February 2013. Tepedelenli Ali Paşa was killed by Ottoman soldiers and brought to Istanbul, the capital of the Ottoman state, and then decapitated. His head is in Turkey while his body has been in Albania for 191 years. He is considered as a hero in Albania, but a traitor<sup>16</sup> in Turkey. Along with the remains of the executed Governor Tepedelenli Ali Paşa, Berisha also requested the return of the remains of celebrated author Şemsettin Sami to Albania. The Albanian request of the remains of Tepedelenli Ali Paşa received the attention of the Turkish press that reported it in February 13-14 (2013). Yet, Hasan Akkaya (2013) from the religiously conservative paper *YeniAkit* commented on the request by arguing that asking the head of Tepedelenli Ali Paşa was an idea given to Albanian authorities by the European Union leaders. Furthermore, Hasan Akkaya (2013) mentioned the “Christian” wife of Tepedelenli, KiraVassilikiand, and included a romantic picture of Ali Pasha and his favourite mistress (or wife) by Paul Emil Jacobs. Other Turkish dailies argued that the request was an investment in the nationalist electorate to win the upcoming elections in Albania.<sup>17</sup>

The Turkish Foreign Minister Ahmet Davutoğlu rejected the request from Albania to return the remains Şemsettin Sami and Tepedelenli Ali Paşa by saying: “Sami is a treasure for Turks and that he will always

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<sup>16</sup> The perception of Tepedelenli as a traitor in Turkey is well exemplified in the book written by Mahmut Çetin (2006), entitled: “Genetic Betrayal From Grandfather to Grandson: From Tepedelenli Ali Paşa and Halil Paşa Kemal Derviş”. This book reminds the “treason” of Tepedelenli to the generations who, perhaps, did not know anything about him or did not learn his “backstabbing” from the history textbooks.

<sup>17</sup> Today Zaman, February 10, 2013.



remain in Istanbul.” (Akkaya, 2013). The issue is frozen, yet it could be raised again in the coming years.

### **Stagnation in the Turkish-EU relations and implications for the Balkans**

Turkish public support for Turkey’s EU membership declined from over 70% in early 2002 to 50% in the late 2000s. At the same time, EU officials observed a slowdown in the EU harmonization reforms and stagnation in the EU-Turkish relations.<sup>18</sup> This process could have negative implications for the convergence between Turkey’s and EU’s strategic interests.<sup>19</sup>

Analyzing the Turkish-EU relations, Kardaş (2010: 125) explained the reasons for the stagnation and its implications for the Turkish-EU and Turkish-US relations:

“Turks increasingly question the sincerity of the EU regarding Turkey’s membership process, continue to view U.S. policies in their periphery as a threat to national security, and even question the utility of NATO to the country’s defence...Turks across the political spectrum, not just the 'Islamists' or supporters of the [AKP], share these opinions.”

In the paragraph above, one can find the clues of the likely divergence between the strategic interests of the EU and Turkey, and the negative implications of this divergence for the Western Balkans.

A recent example of divergent political values that created tension between the EU and Turkey was the speech of Prime Minister Erdoğan on August 15, 2013 when Erdoğan strongly criticized the European Union for remaining idle despite “massacres in Egypt, Syria and the Palestinian territories”.

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<sup>18</sup> For the declined public support for Turkey’s EU membership since from the mid-2000s, see Yılmaz (2011).

<sup>19</sup> For the assessment of the convergence between Turkish-EU strategic interests, see Herd (2009).

Erdoğan said:

“You have ignored [the Palestinian territories], you have ignored Syria and still do,” and Erdoğan added: “At this stage what right do you have to speak of democracy, of universal values, of human rights and freedoms?”<sup>20</sup>

Turkey’s soured relations with the EU and with some Arab countries created concerns and question. Responding to the question of Turkey’s isolation, Ibrahim Kalın, Erdoğan’s principal foreign policy adviser, analyzed the situation by a tweet on July 31. Kalın wrote that he did not accept the assertion that Turkey has become isolated in the Middle East, but added that even if this were true, it would be a “precious isolation”.

Turkish columnist, including NazlıIlıcak (2013) and Cengiz Candar (2013) wrote critical articles discussing the concept of “precious isolation” and arguing that “precious isolation could curb Turkey’s newly established soft power in the Middle East and alienate Turkey from the EU. In Turkey and in the EU countries, many are concerned with the on divergent political values, yet keep their guarded optimism for Turkey’s EU bid.

## **Conclusions**

The far-reaching reforms of EU harmonization and democratization characterized the 1999-2005 period. Parallel to this process, there was an increasing convergence between the EU’s and Turkey’s strategic culture in the 2000s with Turkey adopting a more Kantian strategic culture.

Starting in the late 2000, this process has been replaced by a lack of effective conditionality in Turkey’s EU bid and a political stagnation in the EU- Turkey relations setting Turkey and the EU apart in political values and in the strategic interests. Starting in the year of 2005, a combination of domestic factors with a loss of credibility of the EU conditionality led to a situation in which political reform is substantially stalled, and the EU harmonization process lost its initial momentum in

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<sup>20</sup> Quoted in “Turkey’s Erdoğan blasts EU for Egypt, Syria massacres”, 16 August, 2013 accessed on November 14, 2013 from <http://www.euractiv.com/global-europe/turkey-erdogan-blasts-eu-egypt-s-news-529830>.

Turkey. According to Keyman (2012), the stagnation of Turkish democracy goes hand in hand with the impasse in EU-Turkey relations. It seems that less EU is associated with less democracy in Turkey or elsewhere.

Less EU at the domestic level seems to converge with less harmony between the EU's and Turkey's political values and strategic interests. Cooperation as well as tension have emerged between "values" and "interests" in the EU's and Turkey's foreign policies concerning post-Arab Spring developments (e.g. the coup against the Muslim Brotherhood supported Morsi government in Egypt) and the Syrian crisis, a process of divergence that has been observed since the late 2000s.

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## **PART III:**

### **CROATIAN ACCESSION TO THE EU – POTENTIALS FOR POSITIVE SPILL-OVER EFFECTS?**



# Repercussions for the Democratic Consolidation of Bosnia and Herzegovina

*Damir Kapidžić*

## Introduction

Consolidation is at the same time a buzzword and a very ambiguous concept. It has been used extensively in both research and policy-making throughout a large number of areas and across disciplines. This usually resulted in a muddling of concepts and produced policies calling for the 'consolidation' of states, peace, democracy, economies, institutions, electoral systems, political parties, and various other state and societal structures. In order to cover the variety of observations ascribed to it, consolidation would have to be broadly conceived as a certain quality of institutional and societal conditions in a country at a given point in time, which in itself doesn't say very much. Trying to figure out influencing factors and repercussive effects of consolidation becomes impossible with an analytical concept so broad that it can take on any meaning, while at the same time meaning nothing at all. Before asking whether Bosnia and Herzegovina (hereafter also Bosnia or BiH) is consolidated or not, and to what extent, it is necessary to narrow down the concept and make analytically useful.

At first the term would have to be limited to the territorial state as a unit of analysis. This would mean that consolidation would not, for example, specifically look at armed groups, but take them as an indicator of the consolidation of peace in a country. While this state-centric approach has its limitations, it allows for a comparison of various countries using both qualitative and quantitative indicators regarding their level of consolidation. Second, consolidation should be perceived as a continuum, not as a dichotomy, meaning that we would have various degrees of consolidation between two poles of an ideally consolidated and ideally non-consolidated country. No country is therefore fully consolidated, nor non-consolidated, but rather consolidated to a higher or lesser degree compared with others or a mean value. Along this continuum it is possi-



ble to identify thresholds that allow us to classify countries into distinguishable categories, usually as non-consolidated, partially consolidated, and consolidated. Third, consolidation should not be perceived as a 'condition' but rather as a process where states are generally moving towards a more consolidated system. That said it is important to add that consolidation is not a one-way street and that consolidation can stall, backslide or even break down. At last, we can distinguish between various areas, systems or regimes of consolidation within the territorial state such as peace and security, democracy, economy, and judiciary. While each covers an important and indispensable policy area, they are all mutually interdependent. At the same time a different theoretical and analytical approach is needed to comprehensively examine and evaluate the quality of each system. There is no appropriate or preferred choice of system and each is significant in its own regard. For my reflection on the consolidation of Bosnia I will specifically look at the democratic consolidation of the country, as this best fits my area of expertise.

### **Democratic consolidation**

Democratic consolidation, as a term of its own, has been described as a catch-all concept lacking a core meaning<sup>1</sup> that has been overstretched to be of any analytical use. Meaning next to nothing on its own it has to be brought into theoretical context in order to be applicable on a country basis. Democratic consolidation is part of the broader process (or research agenda) of democratization. According to Gerardo Munck, democratization can be subdivided into a number of concepts and research fields, namely 1) democratic transition, 2) democratic stability or consolidation, and 3) quality of democracy.<sup>2</sup> These three concepts together form the process-oriented essence of democratization that can generally be perceived as the move towards more and broader democracy. As there are no clear boundaries within this process, the distinction between the three concepts is often contentious and it is a matter of debate where one ends and the other begins. Still, it is possible to conclude that transition has to precede consolidation, while quality of democracy is in-

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<sup>1</sup> Diamond, 2001: 69.

<sup>2</sup> Munck, 2001: 123; Munck, 2007: 45.

creased throughout the process, even after consolidation has been achieved. Democratic consolidation usually begins after the first open, free and fair elections following a democratic opening have been held and describe the process of making democracy the “only game in town”,<sup>3</sup> and preventing any backsliding towards authoritarian rule.

Since there is no single or correct definition of democracy, our understanding of democratic consolidation varies according to the definition we adopt. The minimal definition of democracy by Schumpeter is focused only on the electoral process; while the most commonly accepted definition by Dahl also looks at preconditions leading up to democratic elections.<sup>4</sup> Accordingly, “the essence of consolidation is generally agreed to be defining and fixing the core rules of democratic competition, in other words, transforming the set of democratic rules and institutions agreed upon in the transition phase into regular, acceptable, and predictable patterns”, while a “‘consolidated democracy’ in this understanding denotes a minimal or electoral democracy that has already lasted for some period of time, and that can be expected to last into the future”.<sup>5</sup>

The focus is primarily on regular, free and fair elections, as well as on a peaceful transfer of power between contestants (political parties). According to a rule of thumb two consecutive democratic elections and one transfer of power are required to consolidate democracy, meaning that Bosnia can certainly be classified as a consolidated democracy. There are also no *relevant* elements in the state and society who dispute the essence and open contestation of electoral politics, in fact making democracy the only game in the proverbial Bosnian town. But does this

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<sup>3</sup> Linz & Stepan, 1996.

<sup>4</sup> Schumpeter defines democracy as an “institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote” (2003: 9); while Dahl defines polyarchy, his equivalent of regular democracy, as “a political order distinguished at the most general level by two broad characteristics: Citizenship is extended to a relatively high proportion of adults, and the rights of citizenship include the opportunity to oppose and vote out the highest officials in the government” (\*1989: 220).

<sup>5</sup> Doorenspleet & Kopecký, 2008: 701.

mean that Bosnia is a consolidated democracy? With a multilayered definition of democracy I argue that this is not the case.

More complex definitions of democracy and democratic consolidation take into account a whole array of rights and liberties.<sup>6</sup> But at the same time that the concept becomes more complex and multilayered, it becomes increasingly vague and inflated with numerous objective and subjective criteria. This results in a large number of terms, commonly described as 'democracy with attributes', that are often used to identify varieties of non-consolidated democracies. Various attempts to streamline such an expanded concept of democratic consolidation have been made, of which the work of Wolfgang Merkel stands out in succeeding to outline an analytically useful framework. Building on a broad definition of democracy, democratic consolidation consists of a multilevel model with four complementary areas of consolidation: 1) constitutional consolidation, 2) representative consolidation, 3) behavioural consolidation, and 4) the consolidation of civic culture and civil society. Constitutional consolidation refers to the “the consolidation of the central constitutional organs and political institutions, such as the head of state, government, parliament, judicial and electoral systems”, while representative consolidation “involves the level of territorial (parties) and functional (interest groups) interest representation”.<sup>7</sup> These two levels put together, as well as the resulting configuration influences behavioural consolidation that “refers to reducing the attractiveness for powerful actors (...) to pursue interests outside the democratic institutions and against the democratically legitimated representatives”.<sup>8</sup> Finally, the consolidation of civic culture and civil society emerges as consolidation within the previous three levels solidifies, where this last level must be perceived as a long-term process that “may last for decades and only be complete after a change of generations. Only after all four phases of consolidation have been completed is it possible to characterize consolidated democracy as largely resistant to endogenous crises and exogenous shocks”.<sup>9</sup>

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<sup>6</sup> Linz & Stepan, 1996.

<sup>7</sup> Merkel, 1998: 39-40.

<sup>8</sup> Ibidem.

<sup>9</sup> Ibidem.

Apart from determining the extent and form of democratic consolidation, which means looking at the current situation in a particular country, it is necessary to take into account the various internal and external factors that influence it. Needless to say that democratic consolidation does not take place in a confined and controlled environment, but rather within a dynamic setting influenced by various structural factors and actor preferences. Within the academic literature a large number of factors have been proposed that can exert either positive or negative influence on democratic consolidation. Some of these factors are also important for the process of democratic transition, but a clear distinction should be made between those that facilitate the democratic opening of authoritarian regimes and those that contribute to the consolidation of democracy. The most important ones for democratic consolidation are summarized in the following table:

	<b>Positive influence on democratic consolidation</b>	<b>Negative influence on democratic consolidation</b>
<b>Structural factors</b>	<ul style="list-style-type: none"> <li>• Sound economic development</li> <li>• None or limited number of previous (failed) democratic transitions</li> <li>• Democratic neighbouring states</li> <li>• Good relations to (neighbouring) democratic states</li> <li>• Regional incentives to democratize</li> <li>• Local acceptance of the state and citizenship rules</li> </ul>	<ul style="list-style-type: none"> <li>• Economic contraction and recession</li> <li>• Many previous (failed) democratic transitions</li> <li>• Non-democratic state neighbourhood</li> <li>• Isolationist policies</li> <li>• Lack of regional democratic political dynamic</li> <li>• Disagreement on the state and citizenship within the country</li> </ul>
<b>Actor preferences</b>	<ul style="list-style-type: none"> <li>• Active local civil society</li> </ul>	<ul style="list-style-type: none"> <li>• Externally imposed or clientelistic civil society</li> </ul>

Table 1: Effects of democratic consolidation.<sup>10</sup>

<sup>10</sup> Compiled from: Gassebner, Lamla & Vreeland, 2013: 172, and Doorenspleet & Mudde, 2008: 818.

From this table it is possible to draw two broad conclusions that I will apply to the case of BiH: democratic consolidation foremost happens as a result of processes occurring within the state, and that external factors and actors can exert relevant influence on domestic processes.

### **The democratic consolidation of Bosnia and Herzegovina**

To come back to our initial question of whether Bosnia is a consolidated country, the answer is negative, albeit not universally. Building on Bertelsmann Transformation Index (BTI) methodology<sup>11</sup> it is possible to analyze consolidation of the individual levels of the state identified by Merkel. Regarding the constitutional consolidation of the country it is necessary to look deeper at a number of issues that include the problem of stateness, political participation, free and fair elections, rule of law, and the stability of democratic institutions. Undoubtedly the stateness problem is crucial for the consolidation of BiH. Although the very existence of the country is no longer openly disputed by mainstream political parties<sup>12</sup> the structural makeup of BiH is highly disputed, the main arguments being in favour of a firmly federalized state or stronger centralization of policies and institutions. There has been little progress on this substantial problem as it has continuously been overshadowed by technical questions of constitutional reform.

In a way, under intense external pressure, local political actors have been attempting to build a house, while following three different construction designs. Regarding participation and contestation through free and fair elections things look somewhat more optimistic. Elections are held at regular intervals and are openly contested by numerous actors with a variety of political programs. A serious problem has been posed by the 'Sejdić-Finci verdict' of the European Court of Human Rights that declared the political rights of minorities and other non-constituent peo-

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<sup>11</sup> <http://www.bti-project.org/> (25.09.2013.), also see Merkel, 2007.

<sup>12</sup> An analysis of referendum threats and the threat of establishing parallel institutions indicate that this political rhetoric can be directly linked to concrete political goals and serve as an argument in interparty negotiations on state vs. entity prerogatives.

ples<sup>13</sup> violated. The rule of law and the reform of the judicial sector is another important area that has so far not contributed to democratic consolidation. Although the situation in this sector is better than in other countries in the region, BiH still shares many of the problems and issues that plague post-communist and especially Western-Balkan countries, foremost involving corruption, political clientelism, organized crime, and insufficient judicial capacities and legal impartiality. Finally the stability of democratic institutions is an area that is least questioned, as no viable alternative to democratic institutions exists, where threats to institutional stability foremost include economic concerns and limited public trust and support. Generally constitutional consolidation can be seen as partially consolidated, where further consolidation depends on resolving the stateness issue amongst local actors.

Regarding representative consolidation in BiH it is necessary to focus on the development of political parties and interest groups. Arguably this level of consolidation is only minimally consolidated in BiH. While political parties do dominate the political landscape, the power basis of these parties is not genuine interest representation but a form of patron-client relation that makes electoral success dependent on providing certain good and benefits for a limited number of citizens. Representation can further be understood as ethno-representation that never entails representing BiH citizens or members of different ethnic groups, but solely the members of one's own group. This form of representation in turn fosters clientelistic practices even more resulting in a strongly flawed consolidation.

The third level of behavioural consolidation concerns the presence of non-institutional veto-actors and threats to the institutionalization of democracy. I argue that Bosnia is actually very much consolidated in this regard as no serious alternatives to democratic rule are widely accepted, and no relevant actors pose a threat to, or have the legitimacy to undermine, the democratic decision-making process.

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<sup>13</sup> The constituent peoples across the whole state are Bosniaks, Croats, and Serbs. Additionally there are currently seventeen recognized national minorities and non-ethnic citizens who are all grouped under the label of 'Others'.

Finally, the consolidation of civic culture and civil society is arguably the least consolidated level of democratic politics in BiH where only minimal consolidation has been achieved in the civil society sector. An active civic culture is only present in more urban areas and amongst younger people, while there is virtually no respect for civic action on behalf of any political elite in the country. Prevalent is an atmosphere of pessimism and fatalism, characterized by an overwhelming passivity of BiH citizens. This resignation with formal politics is a universal trait of everyday life in BiH where the long-term process of consolidating a civic culture is in the very beginnings.<sup>14</sup>

Regarding the influence of structural and actor-centred factors on BiH consolidation, I shall limit my brief analysis on three of the most important ones. In the political science literature, economic development is regarded as the most important structural factor that influences democratic consolidation. Within the BiH context the influence of this factor is both positive and negative. The Bosnian economy is strongly tied to both regional and wider European economies and has been negatively influenced by the economic crisis starting in 2008. Nevertheless, throughout the years since, and especially during the past two years, it has not suffered serious economic contraction, while maintaining monetary stability. During the past five years GDP declined slightly in two and rose somewhat in the other three. Still perpetually high and unemployment and regular fiscal deficits pose a direct threat to economic stability, while a persistent lack of substantial foreign direct investments hinders stronger economic development.

Diffusion is the second important structural factor and refers to the democratic neighbourhood of Bosnia and Herzegovina. All of Bosnia's neighbours are democracies and are better consolidated than BiH itself. This creates numerous opportunities for institutional cooperation and exchange, and the sharing of experiences and lessons learned on the path towards consolidation. Furthermore the European Union (EU) is com-

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<sup>14</sup> Such initial civic movements include the “Babylution” during the summer of 2013, a citizens protest aimed to end a political deadlock that prevented urgent legislation on citizen ID numbers from being passed.

mitted to vigorously promoting democracy in the region by engaging domestic political elites through the process of European integration. Croatia also plays an important role in this process that will most likely become even more significant in the near future.

At last, the stateness issue, or lack thereof, is a serious structural factor limiting the democratic consolidation of Bosnia and Herzegovina. It is thereby not so much the very existence of the state that is disputed, but its form. Bosnia's citizens, ethnic groups and political elites simply do not agree on how the joint state should look like and which level of government should have certain competences. Even more so troubling is the absence of an informed public discussion on the stateness issue. There is no such discussion amongst political elites, nor between elites and citizens, and least of all between citizens of different ethnic groups. This lack of common and public deliberation is, in my understanding, the core problem facing Bosnia and Herzegovina. In the absence of a discussion on BiH stateness, the only agreement is that there is a lack of agreement. No viable or consolidated democracy can be built on such a premise.

In terms of policy recommendations I shall be very brief. As an open debate on BiH stateness that actively involves the citizens of the country does not exist, while at the same time any political debate involving the future of BiH is hijacked by opportunistic ethno-national political elites, the EU, its member states, and other foreign actors can encourage this discussion. Engaging citizens and letting their voices be heard might open up new ideas and pathways for reforming the state while working towards solving the stateness question and strengthening democratic consolidation.



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## **Kosovo-EU Relations: the Status-Neutral Dilemma**

*Florian Qehaja*

### **Introduction**

The perspective of the European Union (EU) towards the Western Balkans countries progressed significantly during the year of 2013 when Croatia became fully-fledged member of the EU family. The advancement towards the EU was obvious in all of the countries in the region turning the aspirations from the discourse level into practical efforts for aligning with the EU acquis. While each of the Western Balkan countries made a step forward in its path to EU, the political complexities in some cases hampered the position of the EU to act with a single voice. This was particularly the case with the newest independent country in the region – Kosovo.

Hence, this paper intends to examine Kosovo's progression towards the EU in light of the distinct steps made recently by starting the first contractual relationship between both entities. The completion of the Feasibility Study for Kosovo manifests the very first step in concluding whether Kosovo does meet the basic standards of any EU member state. The long expected Stabilization and Association Agreement (SAA) was introduced only in autumn 2013 and can be rightly considered as a breakthrough into the long process of the European integration. In parallel to the start of the SAA, the structured dialogue for visa liberalization is another process which is viewed as complementary in fulfilling significant number of criteria's in the rule of law area.

However, while the formal steps shall be applauded, the commencement of the SAA dialogue between Kosovo and the EU could be drawn figuratively into the tunnel dilemma: while recognizing the light in the tunnel, it is still difficult, however, to detect from where the light comes. This dilemma can be evaluated against mixed external and internal complexities surrounding the position of EU towards Kosovo which is reflected through an awkward terminology, specific status-neutral position

and over-reliance on the dialogue between Kosovo and Serbia. The unique positioning of Kosovo vis-à-vis the EU does not provide a clear picture of how the process will be concluded legally and politically and whether it will influence the decision of the existing EU member states which do not recognize the statehood of the country.

The first part of the paper elaborates the general aspects of the relationship between EU and Kosovo which is divided into two periods: 2003-2008 and 2008-2013. The second part provides an analysis of the recent affairs in light of the formal dialogue between Kosovo and EU through SAA and visa liberalisation process. This part highlights some specific features influencing the processes in the context of Kosovo's path to EU. The last part of the paper brings the role of the EU's largest mission on the ground – the EULEX and its position in the framework of Kosovo's progression towards the EU.

### **The context of Kosovo-EU relations**

Since the end of the war in 1999, a number of complexities highlighted the relationship between the European Union (EU) and Kosovo. The recognition of the Kosovo's aspiration to join the EU started in 2003 in the Thessaloniki Summit where all of the participating countries of the Western Balkans reiterated their vision for the membership in the EU.<sup>1</sup> Kosovo was explicitly mentioned and hence one of participating countries, (then) being represented by the Special Representative of Secretary General (SRSG) who led the United Nations (UN) mission in Kosovo until 2008. This was one of the formal recognition of Kosovo's path towards the EU. While the Thessaloniki Summit reflected the desire of both EU and Kosovo to strengthen the links, the Kosovo's aspirations were overshadowed by the uneven relationship between the two. In fact, the relationship between the EU and Kosovo could be divided into two periods: The first period covers the years 2003-2008 where the Kosovo's progression towards the EU was hampered as the result of the unresolved final political status. The second period covers 2008-2013, by this

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<sup>1</sup> For more details please see Declaration of the Thessaloniki Summit in 2003 [http://europa.eu/rapid/press-release\\_PRES-03-163\\_en.htm](http://europa.eu/rapid/press-release_PRES-03-163_en.htm).

time Kosovo's statehood was continually rejected by five member states of the EU hence the single voice to Kosovo was missing.

The first period (2003-2008) manifested political uncertainties even though Kosovo's road to EU started almost simultaneously to other Western Balkan countries. During this period, the dialogue was conducted in line with the mandate of the United Nations Security Council Resolution 1244. This phase refers to some efforts in concluding parts related to negotiation for the Stabilisation and Association Agreement (SAA) which, due to the unique political status, it had the additional notion of the *tracking mechanism*. Specifically, the very first direct relations of Kosovo with the EU structures and policies were introduced with the Stabilization and Association Process Tracking Mechanism (STM) that contributed to institutional-building processes and other administrative and technical assistance though not that greatly in bringing Kosovo closer to the EU.<sup>2</sup> The STM was rightly defined as a magic formula of the EU.<sup>3</sup>

The second period (2008-2013) included the processes after the declaration of the independence of Kosovo. Here, the EU's approach with regards to Kosovo became more complex followed by new political dynamics making therefore the position of the EU further confusing. The uncertainty became emphasised by the time the recognition of the Kosovo's statehood stopped to the number 22 (out of 27 members)<sup>4</sup> of the EU member states meaning that five other members of the EU resisted recognising the independence of the country, namely Spain, Cyprus, Slovakia, Rumania and Greece. The arguments of these countries were principally based on their domestic problems linking the case of Kosovo with particular regions in their states. While the persistence of Spain circulated around the argument of domestic issues, the hidden argument

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<sup>2</sup> Qehaja Florian and Mentor Vrajolli (2013) 'Progress in the Europeanisation of the Security Sector in Albania, Kosovo and Macedonia – a comparative assessment' pp. 10-27 'Progress in the Europeanisation of the Security Sector in Albania, KCSS, Analytica and IDM.

<sup>3</sup> Palokaj Augustin, Kosovo-EU relations: The history of unfulfilled aspirations? p.9.

<sup>4</sup> Croatia joined the EU by the 1<sup>st</sup> of July 2013 as the 28<sup>th</sup> member state. Croatia recognized Kosovo immediately after its declaration of independence, in 2008.

behind the rest of the countries had to do with the close and historic ties<sup>5</sup> of the successor of former Yugoslavia – Serbia, which is strongly opposing the statehood of Kosovo.

In fact, the EU-Kosovo relationship never took a more formal status. What marks the relationship in practice is that every phrase associating Kosovo with EU integration processes does frequently contain the word “but” which, in a way, challenges the first part of the statement. In other words, the political standing of the EU towards Kosovo reflects the EU desire to have the country clear prosperity towards the EU “... but five EU countries continue to oppose the statehood of Kosovo ...” and “... but there is a need to wait for the technical dialogue between Prishtina and Belgrade” and further sentences followed by “but”.

The discourse containing *but* dilemma was circulated towards the common denominator of the EU-invented concept of “status-neutrality.” This concept meant that the cooperation between the two entities would imply all aspects pertaining Kosovo’s path towards the EU except the reference to the statehood of Kosovo. The “status-neutrality” made an invention in the wide corpus of the EU vocabulary however in reality, this approach was in huge discrepancy with the practical efforts of EU which indirectly supported the capacity building efforts of the key state institutions in Kosovo, namely Police, Justice System and Customs. The state-building contribution of the EU was provided in number of forms, be it through programme assistance or its rule of law mission were all of the member states had a stake including those that did not recognise Kosovo.<sup>6</sup>

The “status-neutrality” was never properly explained while the concept itself challenged the growing efforts of the EU to act as global actor. It marked the lack of a single voice by the European Union with regards to an aspiring country in the Europe where its existence was uncontested nominally and geographically in the Balkan region. Some argues that the

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<sup>5</sup> For more see <http://kfos.org/wp-content/uploads/2012/04/Kosovo-Calling-ENG.pdf>.

<sup>6</sup> Kentas Giorgos, Position Paper on Kosovo, p.133 <http://kfos.org/wp-content/uploads/2012/04/Kosovo-Calling-ENG.pdf>.

*status-neutrality* manifests a practical and genuine invention of EU but the lack of single voice transmits discordant messages to other regions of the world where the EU intends to perform as global actor.

While the political dimension reflects the core aspect of the Kosovo's complexity vis-à-vis the EU, it is however not the only argument which hampers progression of the country into the EU. Kosovo faces tremendous challenges in domestic affairs whereas the overall state-building efforts are still in the early stage of development. One of the main concerns has to do with the rule of law which in practice is weak and limitedly enforced. The country managed to complete a solid legal and policy framework, yet the culture of implementation is at an insufficient level. The challenges to introduce law and order in the northern part of Kosovo mark a particular concern, too.

The country struggles to increase economic growth as result of small investments and a high level of unemployment. It is facing major problems in reforming public administration, especially regarding the civil service challenged by elements of patronage, politicisation and clan-structures.<sup>7</sup> The political establishment shows limited willingness to reform the public administration while the results in achieving the EU acquis in number of fields are limited. These weaknesses, along with those of political nature, reflect the countries domestic obstacles in progressing towards the European Union.

### **(Re)opening of the formal accession to the EU**

Kosovo's initial and genuine step towards the EU re-commenced in February 2012: at this moment, the process of a feasibility study was introduced. The feasibility study of 2012 sidelined the prior feasibility study conducted by the EU on 2009.<sup>8</sup> The Commission's feasibility study examined whether the political, economic and legal criteria for a Stabilisa-

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<sup>7</sup> For more see <http://www.oecd.org/site/sigma/publicationsdocuments/48970710.pdf>.

<sup>8</sup> For more see <http://www.telegrafi.com/lajme/ke-harton-ne-vjeshte-studimin-e-fizibilitetit-per-kosoven-2-4974.html>.

tion and Association Agreement (SAA) are fulfilled.<sup>9</sup> The report scanned the current state of affairs in Kosovo in the broader field of political, economic and rule of law matters. The feasibility study made some critical points with regards to Kosovo's alignment with the EU which served as a green light for negotiations under the SAA.

The SAA contains aspects related to the trade, economy, political relations as well as freedom and security.<sup>10</sup> The Lisbon Treaty does vest the responsibility to the European Council in ratifying the SAA agreement which practically means that Kosovo-SAA agreement does not need to pass to every parliament of the EU member for ratification. This resulted in some concerns raised in the United Kingdom (UK) which did not show readiness to transfer some of the responsibilities to the EU when negotiating to Kosovo, having in mind that justice and home affairs are considered as part of the sovereignty of the UK. Yet, the UK's intention was by no means to detriment the negotiation with Kosovo but it was just an internal EU-UK matter.<sup>11</sup>

There are still some uncertainties with regards to the contractual relations between Kosovo and EU. The EU lawyers found a genuine formula in the context of “status neutrality”, yet still signing a formal agreement with Kosovo. This is found in the EU treaty which has a provision allowing the EU to sign documents with administrative regions.<sup>12</sup> The EU applied a similar approach when signing the agreements with Hong Kong and Palestine.<sup>13</sup> From the political point of view, the formula was in disharmony with the willingness of the majority of EU member states who recognised Kosovo. But it was the modus operandi in signing the treaty with Kosovo until the five non-recognisers decide to change their position over the recognition.

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<sup>9</sup> EU, Feasibility Study for a Stabilisation and Association Agreement between European Union and Kosovo, p. 3.

<sup>10</sup> For more see <http://lajmi.net/hapen-edhe-gjashte-kapituj>.

<sup>11</sup> For more see <http://www.koha.net/?page=1,9,155566>.

<sup>12</sup> EU, The Treaty on the Functioning of the European Union, Art. 218.

<sup>13</sup> Palokaj Augustin, Kosovo-EU relations: The history of unfulfilled aspirations? p.22.

While the generic EU conditionality is explicitly provided in the documents of the SAA, the dialogue between Kosovo and Serbia marked the cornerstone of the Kosovo's and Serbia's pathway in concluding the SAA<sup>14</sup> and progressing further towards the EU. The dialogue between both countries started under moderation by the European Union in 2011. Since then, the process encountered number of agreements achieved in the field of freedom of movement, return of cadastral to Kosovo, recognition of diplomas, the Integrated Border Management (IBM) and other.

The most notable agreements were those reached between the Prime Ministers of Kosovo and Serbia on the 19<sup>th</sup> of April 2013 on Kosovo's membership in the regional initiatives as well as the agreement regarding the dissolution of the Serbia's parallel structures in the northern part of Kosovo.<sup>15</sup> Whereas both countries faced tremendous problems in enforcing rule of law, the primary trigger for accessing the EU was exactly the outcome of the dialogue between the two countries. Hence, the normalisation of the relationship between the two countries reflected one of the key pre-conditions.<sup>16</sup> In the visit of the EU Commissioner for Enlargement to Kosovo during 2013 it has been concluded that the highlight of Kosovo's opening dialogue under SAA was the agreement with Serbia including its implementation. Somehow, the underline of this issue overshadowed the preconditions of Kosovo's to fulfil the standards in other segments of the life, equally important to the dialogue with Serbia (if not more important).<sup>17</sup>

The EU's over-reliance on the dialogue between the both countries can be measured against the discourse applied by their officials, be it verbal or in written. The EU launched the SAA negotiations with Kosovo in October 2013 while the argument for introducing the SAA relied princi-

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<sup>14</sup> For more see <http://www.telegrafi.com/lajme/msa-ja-varet-nga-normalizimi-i-marredhenieve-me-serbise-2-38475.html>.

<sup>15</sup> For more see [http://europa.eu/rapid/press-release\\_MEMO-13-351\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-351_en.htm).

<sup>16</sup> See for example:

<http://www.botasot.info/kosova/147357/0UBqvYB/>

<http://www.blic.rs/Vesti/Politika/409207/Normalizacija-odnosa-sa-Kosovom-uslova-Srbiju>.

<sup>17</sup> Informal conversation with Governmental Official of Kosovo, June 2013.



pally on the progress made in the dialogue. The statement on the launch of SAA dialogue with Kosovo was provided by Štefan Füle, EU Commissioner for Enlargement and European Neighbourhood Policy. Füle stated:

“With the start of the SAA negotiations, we turn a new page in our relationship. It is a clear recognition of the progress made by Kosovo on key reforms and the substantial efforts achieved in normalisation of relations with Serbia. The Commission aims to complete these negotiations in spring 2014, to initial the draft agreement in summer and thereafter to submit the proposal for the Council and the European Parliament to conclude the agreement. The agreement will bring tangible benefits to all citizens of Kosovo. Kosovo now needs to focus on the negotiations and beyond. Kosovo needs to confirm and explain its negotiating position. It also needs to continue to work on the eight other priority areas identified in our feasibility study so that it will be able implement the SAA and meet the obligations this will entail. I am confident Kosovo can successfully meet this exciting new challenge.”<sup>18</sup>

From the message, it can be interpreted that other challenges that Kosovo faced, such as those pertaining rule of law and economic development are not provided at the forefront which creates rooms for confusion among the population as whether the dialogue with Belgrade will improve other aspects of the life in Kosovo. It is an additional argument which provides the dilemma that the exaggerated stability (meaning issues related to normalisation with Serbia) prevails comparing to the strengthening of the democracy (meaning issues falling within the three aspects of Copenhagen criteria’s: political, economic and compliance with EU *acquis*). Indeed, EU does not seem to have the intention to make a compromise with regards to conditionality to Kosovo but, what makes the EU’s approach visible is the fact that the priorities are meant to be designed more on the exaggerated stability rather than prompt efforts in maintaining rule of law and democracy.

To examine the EU’s overemphasis on the Prishtina-Belgrade dialogue, one needs to analyse whether the implementation of one of these agreements was taking place so the statement of EU officials become factual. Let us take the agreement on the Kosovo’s participation in the regional initiatives where the political stakeholders considered this as a historic

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<sup>18</sup> For more see [http://europa.eu/rapid/press-release\\_MEMO-13-938\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-938_en.htm).

achievement of 19<sup>th</sup> April 2013 between both Prime Ministers. Let us dig up specific regional security initiatives. Since the agreement was reached, Kosovo was not able to get membership in any of the security initiatives.

It became member of Regional Cooperation Council (RCC)<sup>19</sup> as one of the core platforms of regional cooperation but it did not manage to benefit from any of the branches of the RCC containing security related cooperation mechanisms. There are 33 identified regional security and justice related initiatives in South East Europe<sup>20</sup> but Kosovo is not fully-fledged member of any of those while in up to five of these initiatives it has either the status of observer or its representation is conducted through EULEX. The guarantor of the agreement (the EU) did not manage to ensure that the agreement is implemented but, instead, it is based on the minimalistic assumption that the fact that the dialogue is ongoing consequently reflects a significant progress.

In addition to the correlation with the Prishtina-Belgrade dialogue, the dialogue on visa free regime for Kosovo is one of the dimensions in the context of Kosovo's aspirations to the EU. Kosovo remained the only country in the Western Balkans (WB) not benefiting from the visa free regime. The EU granted the visa free regime to Macedonia, Montenegro and Serbia (in 2010) and Albania and Bosnia and Herzegovina (in 2011). While the dialogue on visa liberalisation with Kosovo did not formally start until 2012, the Kosovo's unilateral adoption of the 'Action Plan for the Implementation of Kosovo Government Roadmap on Visa Liberalisation with the European Union' replicated the commitment of the Kosovo government and society to progress on the matter.

The initiation of the 'Action Plan' resulted in the adoption of some important government policies in the area of public order and security, document security, integrated border management, migration and fundamental rights related to the freedom of movement. The official EU

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<sup>19</sup> For more see <http://www.mfa-ks.net/?page=2,4,1603>.

<sup>20</sup> Prezelj Iztok, Challenges of Multilateral Regional Security and Defence Cooperation in South East Europe, p. 6.

Visa Liberalisation dialogue commenced in January 2012, however the Visa Liberalisation Roadmap was handed in only on 14<sup>th</sup> of June 2012.<sup>21</sup>

The process of visa liberalisation is mainly perceived as technical, bearing in mind that the countries need to fulfil a set of criteria in the road map. The road map for Kosovo happened to contain more criteria than other countries in the region.<sup>22</sup> It includes four blocks (pillars): Re-admission, Public Order and Security, Human Rights and Document Security. Another difference to the other countries in the region has to do with the increase of technical requirements which, as a consequence, require more time. While the requirement for other countries in the region contained the need for the adoption of the legislation and policies, here Kosovo is asked to report the track of implementation and impact.<sup>23</sup> The increase of criteria reflects the lessons learned among the EU on the basis of bad track of experience with other countries (already benefiting visa free regime).

The increase of asylum-seekers in the EU countries highlights a particular concern. This triggered the reaction of the Ministries of Internal Affairs in most of the EU member states faced by a tremendous increase of request. Kosovo's path towards the free visa regime was hampered as a result of this. The sudden reporting for the increase of Kosovo asylum-seekers to Hungary and France compromised the progress made in implementing the criteria's.<sup>24</sup> The reporting on the matter increased the concerns for the impact of this scene in the well expected visa free regime.

With the visa liberalisation remained high in the agenda of the government and society; there were fears that the overall delays in measuring

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<sup>21</sup> KCSS, *The EU Visa Liberalisation Process in the Western Balkans: A Comparative Assessment*, p.11.

<sup>22</sup> Vrajolli Mentor, *Assessing the implementation of Public Order and Security Policies in the Context of Kosovo Visa Liberalization Process*, p.7.

<sup>23</sup> KCSS, *The EU Visa Liberalisation Process in the Western Balkans: A Comparative Assessment*, p.11.

<sup>24</sup> For more see <http://www.balkaninsight.com/en/article/eu-reports-rise-in-kosovar-asylum-seekers>.

the Kosovo's progress have their roots in the political reasoning. In one of the statements of the Minister of European Integration of Kosovo, Vlora Çitaku, argued that “she expects that the EU shall not treat the issue of visa liberalisation as a political matter but instead solely technical”.<sup>25</sup> This statement reflects the overall dilemma present in the Kosovo society which sense that leaving Kosovo in *ghetto* was not a right decision of the EU. It happened that the information on the decision over the visa free regime *ping pongs* from the European Commission to the Ministry's of Internal Affairs of the Member States. The fears goes even further when some of the assumption points out to the correlation between the visa free regime for Kosovo and the outcome of the Prishtina-Belgrade dialogue. This can be examined against the EU *stick and carrot* principle which in this case the carrot (visa free regime) will be granted to Kosovo after major progress in the political dialogue.

Despite the prevailing dilemmas it is clear that Kosovo finally started the formal dialogue with the European Union. Hence, comparing to the major uncertainties in the past, the decisions taken during 2012 and 2013 marked a tremendous step in decreasing these uncertainties but by no means removing those entirely. It is certain that the three processes currently ongoing; the SAA, visa liberalisation dialogue and Prishtina-Belgrade dialogue marks the axis of Kosovo's progression to the EU family.

### **The Kosovo-EULEX dichotomy**

What makes the case of Kosovo specific is the fact that in its territory it has, what has been declared, the largest European Union civilian mission on the ground known as EULEX. It operates under the mandate provided by the Council Joint Action 2008/124/CFSP with some additional amendments in 2012. From its deployment in 2008 up to 2012 the EU invested 613.8 million Euro for the EULEX mission which makes a significant amount of funds paid by the taxpayers of the EU member states.

As stated by the EU, EULEX forms part of a broader effort undertaken

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<sup>25</sup> For more see <http://www.evropaelire.org/content/article/24673861.html>.

by the EU to promote peace and stability in the Western Balkans and to support the Kosovo authorities as they undertake necessary reforms, in line with their and the overall European perspective of the whole Western Balkans region.<sup>26</sup> Hence their role is to support (among others) the efforts for institution-building of the Police, Justice System and Prosecution. However, their function is within the invented paradigm of *status neutrality* in order to satisfy the position of the countries that do not recognise the sovereign Kosovo. It also satisfied the position of Serbia under which circumstances it did not object the deployment of EULEX. Hence, the EULEX adopted a “chameleonic pragmatism” in order to be suitable to both parties’ demands, thus making its presence possible.<sup>27</sup> This approach, although ambiguous and complex, has helped EULEX establish its presence and slowly build up its full operational capabilities in most of Kosovo’s territory.

The *status neutral* approach made the EULEX being perceived as politically neutral, but in essence there was a discrepancy between the concept of *status neutral* and their role on the ground. In fact, EULEX was increasing the capacities of the key pillars of the state of Kosovo such as Kosovo Police, Courts, Prosecution and Customs. These institutions are the attributes of the state. For instance, the EULEX judges have worked with the Kosovo laws approved by the Assembly of Kosovo and have sat together with Kosovo Judges appointed in accordance with Constitution of the Republic of Kosovo in the same courts and chambers created with Kosovo’s legal acts.<sup>28</sup> In addition to that, the Kosovo legislation makes it clear that the EULEX judges and prosecutors are integrated into judicial and prosecutorial system of the Republic of Kosovo.<sup>29</sup>

Status-neutral dilemma is seen differently with *balanced* dilemma. In a discussion about EULEX in the Kosovo Assembly it was stated that the very balanced approach of EULEX towards the northern part of Kosovo

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<sup>26</sup> For more see <http://eeas.europa.eu/csdp/missions-and-operations/eulex-kosovo>.

<sup>27</sup> Kursani Shpend, A Comprehensive Analysis of EULEX: What's next? p.6.

<sup>28</sup> Ibidem, p.9.

<sup>29</sup> Muharremi Robert, The European Union Rule of Law Mission in Kosovo (EULEX) from the Perspective of Kosovo Constitutional Law, p.374.

is not a suitable approach and it shall be rather changed.<sup>30</sup> It has been further stated that EU is over-calculating and over-rating the need to balance which is consequently leading towards limited results on the ground. The EULEX balanced approach towards Kosovo is deconstructed in a discourse analysis which showed that the mission applies ambiguous messages when communicating to the public and, most importantly, the translated versions differs from one to the other.<sup>31</sup>

In addition to the *status neutral* dilemma, an additional uncertainty with regards to EULEX-Kosovo relationship has to do with the fact whether the mission supported the Kosovo's pathway towards the EU. From the Kosovar point of view, it was frustrating to have the largest EU mission on the ground while, in the other side, the perspective towards the EU was uncertain. This gave rise to a number of dilemmas of whether the EU sees Kosovo as a country with clear prosperity towards the EU family or solely as a territory where it can exercise its ambitious of running the largest civilian EU mission. This situation can be measured against discordant messages provided by the EU which, when considered convenient it regarded EULEX as indispensable part of Kosovo's path to EU. On the contrary, when there was a sense of dissatisfaction with EULEX in Brussels and member states, then it intended to make a distinction between EULEX and Kosovo path to EU. This resulted in the low legitimacy on the ground. The Kosovo Security Barometer, in its second edition launched by May 2013 reported that only 25% are satisfied with the presence of EULEX<sup>32</sup> making it one of the lowest trusted, satisfied and accepted mechanisms on the ground.

Overall, EULEX reflects an important mission in the ground but its performance cannot be correlated to the European integration process of

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<sup>30</sup> For more see the transcript of Kosovo Assembly p. 182.  
[http://www.kuvendikosoves.org/common/docs/proc/trans\\_s\\_2013\\_07\\_18\\_10\\_5079\\_al.pdf](http://www.kuvendikosoves.org/common/docs/proc/trans_s_2013_07_18_10_5079_al.pdf).

<sup>31</sup> Ferati, Violeta. De-constructing EULEX discourse, KCSS.

<sup>32</sup> For more see  
[http://www.qkss.org/repository/docs/Barometri\\_Kosovar\\_i\\_Siguirs%C3%AB-\\_Z%C3%ABrat\\_e\\_Kosov%C3%ABs-V%C3%ABshtrimet\\_dhe\\_P%C3%ABrceptimet\\_864612.pdf](http://www.qkss.org/repository/docs/Barometri_Kosovar_i_Siguirs%C3%AB-_Z%C3%ABrat_e_Kosov%C3%ABs-V%C3%ABshtrimet_dhe_P%C3%ABrceptimet_864612.pdf).

Kosovo. It therefore adds to the corpus of *but* dilemma pertaining countries progress towards the EU.

### **Conclusion**

Undoubtedly, the Kosovo-EU relationship improved in the course of new developments occurring during 2012 and 2013. These helped deconstructing the Kosovo's aspirations to join the EU, which is surely less uncertain. The opening of the SAA dialogue with Kosovo marks first and significant formal steps. Also, some political agreements reached with Serbia reflect a new momentum which in a way supports the efforts of both countries to progress further in the road towards the EU.

The dialogue on the visa free regime is regarded as detached from the cycle of EU integration, however it is seen equally important, at least, from the Kosovo perspective. The departure from this *ghetto* is of utmost importance and will have significant impact in the political as well as security dimension.

However, from the political point of view, the remaining points of uncertainty are sufficient enough to challenge the forecast for Kosovo's path towards the EU. These points form a triangle: Kosovo-Serbia dialogue, five non-recognizers of Kosovo and domestic problems pertaining rule of law (namely northern part of Kosovo). These axes of problems are expected to constantly challenge the long way of the country towards the EU family.

## **Albania after Croatia's Accession and the General Elections**

*Alba Cela*

### **Introduction**

This has been a good year for Albania on its path to European integration considering its three years freeze and its historically unprecedented triple failure to get the candidate status. Upon a successful and mostly peaceful<sup>1</sup> conduct and finalization of the elections process, Albania is set to receive the candidate status at last.<sup>2</sup> What is more important than the electoral process is the reaction that followed it. Despite a Central Elections Commission deprived of the presence of half of its members, the MP Mandates according to the votes counted were certified in due time by the Electoral College averting a painful and dangerous drag of official results.

Soon after, the former PM, Sali Berisha admitted defeat, signalled a peaceful transfer of power and even more in a quite surprising move assumed all responsibility by resigning from his only left post, that of Chairman of the Democratic party in a almost historical news conference. Hence at least formally the path was made clear for a potential renewal of the Albanian right wing and the formation of a constructive opposition through the democratic election of a new leader, Tirana current mayor Lulzim Basha. The full realization of this potential is still pending due to Berisha's continuing influence but it's however within reach.

One cannot overestimate the importance of this electoral process that was called historical for the real reasons. Political conflict and different forms of parliamentary boycott have frozen Albania right on its track for

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<sup>1</sup> One murder happened on Election Day, however it remained an isolated event which did not affect the process at large.

<sup>2</sup> <http://www.top-channel.tv/english/artikull.php?id=9402>.



a long time. Contestations and protests that have followed disputable election results have imposed a very heavy cost on Albania's internal dynamics as well as on its international progress. Therefore it is of paramount importance that the example set in the managing of the period after Election Day goes on.

However the real struggles seem to be continuing. How the new government, backed up by a strong majority in the parliament, will deal with the reform in the justice sector, administration and public services will determine most of the real progress that Albania will experience. Such progress has been hindered by political conflict so far. The big numbers in the parliament (83 votes for the alliance) will give the majority the ample space to pass through many reforms even those which need 3/5 vote.

The new government has been so far criticized for an approach focused on correcting the so called esthetical details such as fixing the offices of the PM and removing its iron gates, removing the picture of the president and replacing it with that of the founder of the Albanian independence, etc. However, one should not underestimate the new developments on the front of rule of law: positive signals are there to be found. Many corrupt policemen are being fired and the hospital wards are being cleared of abusive vendors.

Another major challenge will be the tackling of organized crime, plaguing Albania since the beginnings of its opening to the world in the 90s. Albania is still present in problematic reports by different institutions including the annual State Department report which identifies current trends of human and drugs trafficking. Severing the ties between crime and politics is a key challenge that remains to be addressed.

In the economic front there are also some important elements to be highlighted. On the positive front some sort of subsiding of the immediate crisis effects has occurred with fewer people arriving from Greece and Italy as the crisis is being managed a bit better in these countries as well. However, remittances are at an all time low driving consumption down. Additionally the newly elected government claims that it has found the

state public finances in a disastrous shape and has vowed to audit them by a foreign entity as soon as possible. The lack of financial resources will negatively affect the efficiency and timing of the implementation of difficult reforms. On the other side the public with its economic expectations will exert a lot of pressure on the administration to deliver on its promises of lowering unemployment and combating poverty.

### **The optimistic scenario**

By the end of this year the expectation of receiving official candidate status, which by now has been set at a historically negative precedent of three refusals in a row, is firmly set. “The sprint to catch the departing train to Europe” is a slogan of the new PM Edi Rama who nevertheless even in his electoral promises has been careful to set a time limit of no less than ten years until full accession. However, if Albania maintains a positive momentum and avoids further meddling into electoral contestations which have infested all its other progress points in the past, chances are that many milestones can be within its reach.

The inflow of some European funds, partly due to the funds of IPA components being made eligible after granting of candidate status, is expected to revitalize Albanian agriculture and rural development, deeply in need of some support.

The high level visits that have occurred to Brussels upon the institutionalization of the new government in Albania have contributed to fostering a positive expectation. Moreover the welcome news is that some new projects aiming at expanding the base of cooperation and of assistance towards Albania are being conceived. Recently the Foreign Minister Ditmir Bushati explained to the media that the EU will assist Albania in restructuring and preparing the Foreign Service to better serve the integration purpose by offering technical expertise.<sup>3</sup> Bushati even said that the ambitions of Albania surpass status at this point and include setting a

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<sup>3</sup> Ditmir Bushati (Foreign Affairs Minister of Albania) Voice of America Interview, 23 September 2013.

date for opening negotiations.<sup>4</sup>

Another interesting facet of the integration effort in Albania is that it is being continuously and publicly monitored and encouraged by the United States through its diplomatic presence in the country. In a recent common editorial, the American Ambassador Arvizu and the Head of the EU delegation in Albania Sequi argued that Albania this year has reason to be optimistic about its European path, urging hard work to be kept at high pace.

### **Croatia in the EU: lessons to be learned**

Albania has to take some basic lessons from the Croatian integration experience as a start.

First be serious about *tackling corruption and setting examples against the culture of impunity*. Croatia has not hesitated to put very high political figures behind bars. Albania has yet to have a case of high profile corruption case that ends in conviction. Problems in Albanian justice system coupled with pervasive corruption are and will remain the number one obstacle to integration now that electoral processes are left behind and conditional upon the fact that they don't revive in the near future.

Several court cases addressing major corruptive practices stand still at the desks of prosecutors, many of them dismissed after procedural mistakes further diminishing public trust in the fight against corruption. The poor standards of service and the lacking infrastructure in services such as education and healthcare have also created a vicious circle where citizens themselves sponsor petty corruption.

Critical voices against corruption are rising once again. In recent meetings USA and EU ambassador have urged the Attorney General to tackle corruption and have called for reforms in the judiciary. The vision of the

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<sup>4</sup> Ditimir Bushati (Foreign Affairs Minister of Albania), Gazeta Shqip, 24 September 2013.

new government is to counter corruption through a combined methodology of modernizing services and setting examples by punishing corruption especially at high levels.

Second try to *be inclusive about integration* and here I return to the point I was trying to make with my opening half-joke. Albania is struggling still to promote local ownership of the integration process. Our colleagues from Croatian research institutes have been formally part of negotiations teams with the EU in almost every chapter. Albanian CSOs are engaged in the process rarely and on an ad-hoc basis rather than in an institutionalized way which would benefit all sides.

We have been trying for almost one year now at the Albanian Institute for International Studies (AIIS) to convince several donors to support an initiative. The idea is to bring the experience of Croatian CSOs that so actively engaged in the process of integration, being even included in the negotiations teams themselves to their Albanian counterparts with the desire and aim to facilitate the alters contribution to EU integration. Initiatives that enable the transfer of expertise but also of mistakes to be avoided need to be encouraged.

### **Neighbourly relations: watch carefully**

Albania remains committed to a constructive approach promoting a region of stability and cooperation. The aspiration of the new government is also to have a constructive regional approach. Its official foreign policy towards neighbours as expressed by both the Prime Minister and the Foreign Affairs Minister will be that of “*zero problems*.” It will be clearer in the future whether this model borrows from the Turkish model more than its name. However zero problems do not really explain the current situation in Albania vis-à-vis the region.

In the same time that the climate up north seems to be ameliorating with the dialogue proceeding between Serbia and Kosovo, the relations south of the borders have become tense. Tensions between Albania and Greece have mounted to a considerable degree in the last two years due to different reasons among which the crisis in Greece and the risen nationalis-

tic political rhetoric in Albania on the eve of the electoral process.<sup>5</sup> Indeed in his first interview after being confirmed a victor of the electoral process, Prime Minister (then PM-to be) Rama highlighted the fact that thawing Albanian Greek relations would be one of his main foreign policy priorities.<sup>6</sup>

Perceptions remain contradictory and colourful. According to the last poll conducted by the Albanian Institute for International Studies (AIIS) in the context of a project examining popular perceptions of Albanian-Greek relations, “46 percent of Albanian citizens do not believe that the Greek government has aided the process of European integration in Albania and 37 percent of them believe that the Greeks would not want Albania to become a EU member state.”<sup>7</sup> The mix up between politics and religion in recent conflicts such as those erupting from a court decision in Albania to return a property of the church to the state in the city of Permet and the subsequent Greek reaction from the Ministry of Foreign Affairs are a stark reminder of the complexity of the relation between Albania and Greece.<sup>8</sup>

Although on formal ground Athens has confirmed several times its support for the European integration process of Albania, much will depend on the approach that the new government will take on pending issues such as the definition of maritime borders.<sup>9</sup> If Albania is to remain serious about its integration aspiration it has to keep in consideration the upcoming Greek presidency of the EU (starting in January). Despite its formal commitment to enlargement testified by official documents from Greek Foreign Affairs ministry and its proposal to hold even a Thessalo-

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<sup>5</sup> <http://www.balkaninsight.com/en/article/albania-nationalist-rally-fails-to-draw-crowds>.

<sup>6</sup> Interview: Edi Rama. Kathimerini, June 30 2013.

<sup>7</sup> Albanian Institute for International Studies, National Poll, Project “Albania and Greece; a new chapter in relations” (forthcoming).

<sup>8</sup> See Tirana Times: “Politics religion mix in Greece- Albania spat”, September 5, 2013. [www.tiranatimes.com](http://www.tiranatimes.com)

Stavros Tzimas, What Athens expects from the Rama government Kathimerini cited in Gazeta Shqiptare, September 6, 2013.

<http://www.balkanweb.com/raioni/2687/kathimerini-ja-cfare-pret-athina-nga-qeveria-rama-147485.html>

niki 2 summit,<sup>10</sup> in a subsequent listing of the priorities enlargement seems missing.<sup>11</sup>

The last thing Albania needs it's a cold storm from Greece to wither all its bloom of optimism at the end of this important year. And that is the key challenge for Albanian foreign policy nowadays.

One last note on the foreign policy is the positive abating of the nationalistic trend emphasized by the "100<sup>th</sup> year of independence" celebrations as well as the pre-electoral scene and by political movements that tried to capitalize on it such as the red and Black Alliance. Albanian voters left the RBA outside of the parliament and collected only 0.6 percent of the national vote. The newly elected government has shed aside all nationalistic declarations and has reaffirmed its priority of being united exclusively under the European Union.

To conclude Albanians remain avid supporters of the integration. In the most recent poll of 2012, AIIS measured the popular support for European accession of their country to be at the level of 86.5 %.<sup>12</sup> Whether this shall be achieved within the timeframe set by Edi Rama of ten years or later no other alternatives are feasible or desired by Albanians.

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<sup>10</sup> [http://www.mfa.gr/images/docs/periferiaki\\_politiki/agenda\\_2014\\_en.pdf](http://www.mfa.gr/images/docs/periferiaki_politiki/agenda_2014_en.pdf).

<sup>11</sup> <http://www.euractiv.com/priorities/greece-drops-enlargement-eu-pres-news-529920>

<sup>12</sup> "The European perspective of Albania: Perceptions and Realities 2012", Albanian Institute for International Studies. Tirana: 2012 ( See [www.aiis-albania.org](http://www.aiis-albania.org) ).



**PART IV:**

**POLICY RECOMMENDATIONS**





## Policy Recommendations

*Sandro Knezović and Zrinka Vučinović<sup>1</sup>*

### **Current Events involving Croatia's EU Accession**

On 1 July 2013, Croatia officially became a fully-fledged member of the European Union, thus fulfilling both her foreign policy goals (EU and NATO membership) and making a huge step ahead in the process of its long-term consolidation. After a painful and energy-consuming process of reforms in every segment of society (applying for EU membership in 2003, starting negotiations in 2005 and signing the accession treaty in late 2011), the country finally met all criteria for membership in the EU and hence became eligible for fully-fledged membership without any further monitoring system by the European Commission. In order to achieve that, it had to cope with significantly stricter criteria and patterns of their application than former applicant countries, something that reflects both the complexity of Croatia's transitional framework and the current EU attitude towards further expansion.

The other Western Balkan countries are currently in different stages of their reforms and/or accession processes and it is very difficult to predict the pace of the developments in the period to come. The issue of long term consolidation of BiH is far from being resolved. The name issue is a heavy burden of Macedonia's EU and NATO accession processes. However, the Belgrade-Prishtina dialogue and related developments such as the possible initiation of accession talks with Serbia and negotiations on the stabilization and association process with Kosovo in the

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<sup>1</sup> *The policy recommendations reflect the findings of the 27th RSSEE Workshop on "Croatian Membership in the EU – Implications for the Western Balkans" convened from 26-28 September 2013 in Zagreb. They were prepared by Sandro Knezović and Zrinka Vučinović, valuable support came from Ernst M. Felberbauer, Pedrag Jureković and Edona Wirth from the Austrian National Defence Academy.*

period to come represent a significant step ahead. Full implementation of these agreements has yet to take place and it is still difficult to anticipate the final resolution of the problem. Regardless of that, the last EC's Monitoring Report on Croatia dated March 2013 sends a somewhat optimistic note for the future: "Croatia has demonstrated its ability to fulfil all commitments in good time before accession. EU membership offers many and substantial opportunities for Croatia and the EU. These opportunities now need to be used, so that Croatia's participation in the EU will be a success – to the benefit of Croatia itself, of the Western Balkans region, and of the EU as a whole."

It remains to be seen what will be the consequences of Croatia's accession to the EU both for the former and the latter, but also for the countries of the Western Balkans. It will be interesting to see what will be the impact on political and economic life in Croatia, the Western Balkan countries and the EU itself, if any. Apart from that, what matters as well is a perception of the ongoing trends by major foreign actors that have recognizable influence on the developments in South East Europe (EU, NATO, US, and Turkey). It is clear that there is no alternative to long-term stabilization of the entire South East Europe. While this should predominantly be a task for the local political elites (local ownership), to a certain extent it remains the responsibility of the EU, and Croatia as its new member in particular. Therefore, it is important to try to explore the new role of Croatia as a bridge between the EU and countries of the region that are still not a part of it.

Other than that, for many of these countries, Croatian membership brings the EU for the first time to their borders, which may cause a positive spill over effect and enhance the processes of Europeanization in respective countries and contribute to their enthusiasm for the reform processes before them. That would be very important for the long-term stabilization of South East Europe and its accession to the Euro-Atlantic structures. However, this may also create challenges in particular vis-à-vis freedom of movement, cross border cooperation and trade.

## **Challenges and expectations of the new political and economic environment for Croatia**

For Croatia, the accession to the EU undoubtedly represents a paramount achievement, especially for a country that had to cope not only with post-socialist but also with post-conflict remnants in its transformation process. It not only changed the context of the country's positioning at the wider regional and international arena, but even more so entirely transformed the society through the processes such as reform of judiciary, fight against corruption and organized crime, as well as an overall 'Europeanization of values'.

However, this does not necessarily mean that the reform process was conducted in an optimal manner and without visible difficulties and errors. The current economic standing of the country shows that the structural reforms should have been done in a more persistent manner.

While issues like alignment with the *acquis* in the field of European arrest warrant and usage of bilingual plates on state and local municipality buildings in some parts of the country have dominated the political discourse in the early post-accession phase, the economic problems like lack of FDI's (especially green-filed ones), weakness of industrial sector and growing trade deficit and unemployment rate remain the most important ones. Given the fact that accession to the EU carries along submission to mechanisms like the European semester (surveillance of economic and fiscal policies by the EC), one could expect significant pressures exerted onto Croatian government to cut the costs of state administration and welfare state systems, which could lead to social tensions. Leaving CEFTA and all its trade benefits was obviously difficult for Croatian macroeconomics, especially given the fact that competitiveness at the EU single market and maximization of use of structural and cohesive funds still remain a serious challenge.

However, there were traceable successes at various different fields. The respect of human and minority rights was significantly fostered and improved, together with the overall interaction/co-operation between the state and civil society, significantly contributing to general success of

the negotiation process. This unfortunately does not eliminate a general remark about insufficient transparency of the entire process.

All in all, Croatian accession to the EU, especially taking into consideration the environment in which it took place (EU's internal problems and general lack of enthusiasm for further enlargement) and specific requirements the country had to face (additional *acquis* chapters, new benchmark system and pre-accession monitoring), regardless of its problems and shortcomings, is a success that sends a positive and stimulating message throughout the region. Croatia is the first SAP country to join the EU which sends a clear message about the European future of other countries from the region once they meet the membership criteria. One should bear in mind that for a country like Croatia, EU membership, apart from various benefits, carries a significant amount of responsibility for a mature approach to the region and support as well as knowledge-sharing with its south-eastern neighbours. Croatia, with its specific comparative advantages for the region of South East Europe (geographical and historical proximity, no language barrier and similar transitional problems), could be a bonding bridge with the EU and a strong advocate of finalization of European project in this part of the Old Continent.

### **The Western Balkans: integration vs. stagnation after the Croatian EU accession**

From the EU perspective, it is important to underline that Croatia is the first candidate country that actually acceded to the EU according to the 'regatta principle'. It is also worth mentioning that the Croatian accession has taken place at the moment when the EU itself is facing considerable internal problems and rising enlargement fatigue, coupled with the reformation fatigue among the countries in the region. Therefore, its accession represents an important signal that the enlargement process has not ended.

However, the fact that the accession process has been successfully concluded opens the possibility for political elites and citizens alike to scrutinize the reforms and accession process critically and exercise addi-

tional pressure onto respective governments to intensify efforts for the reforms which is a process far from over.

Furthermore, the way Croatia will act as a new member state is no less important both for justification of the enlargement process and for the message it sends to the aspiring countries, especially taking into account the examples of Bulgaria, Romania and Hungary. The transparency and maturity of Croatian policies within the EU is rather important given the fact that it is now in a position to influence and co-design EU's internal and external policies.

On the other hand, the new Croatian position represents a challenge for the country where it would require persistent support by the EU itself. First of all, having in mind the dynamics of reform of its South East neighbours, Croatia would remain 'the protector' of EU's South East borders for significant period of time. In that regard, the support of the EU for strengthening Croatia's capacity in preparation for the Schengen regime remains crucial, as well for its bilateral negotiations with the countries in the region on trade issues in post-CEFTA period. Croatia would also be expected to engage in intense communication and co-operation with the countries from the region, to share its knowledge and experience from the accession process. Its special responsibility for support of sustainable progress of democratic reforms in BiH, given the fact that it is a signatory of Dayton Peace Accord and due to the special relation with Croatian population in BiH that represents a constitutive element of the state, has been underlined.

While the EU accession for the countries in the region seems to be 'a long road ahead', the strategic reality and level of preparedness of aspirants for NATO membership seems to be postponing further enlargement of that alliance as well. Countries that pushed for enlargement in previous summits have other issues on the top of their agendas and the region as such does not seem to attract the amount of attention as before.

On the other hand there are other re-emerging actors in the region, such as Turkey, that are seeking for the opportunity to extend their influence throughout the region. So, while EU and NATO accession remains on

the top of the agenda of the countries in the region, the enlargement fatigue in those organisations coupled with lack of preparedness of aspirants would obviously not be helpful in the period to come. It remains to be seen how would this trend, together with increased interest of other external actors, influence the geostrategic picture of the region in the period to come.

### **Potential for positive spill-over effects for the region**

In general, Croatian accession to the EU represents a stimulating signal for the countries in the region, primarily due to the fact that it represents 'a proof' of functionality of the SAP and the fact that the enlargement process is still ongoing. However, the estimation about further expansion of the EU have to take into account two important elements: the current 'volume of enthusiasm' for enlargement within the EU and the current state of play in the reforms process of the WB countries.

It is clear that the pace of their reforms will determine their accession processes to the EU and in that sense, while it is important that the EU remains committed to the enlargement, the principal responsibility for the overall success is with every single state in this part of Europe.

*Bosnia and Herzegovina (BiH)* can be understood 'more as a process than as a state itself', with the democratic consolidation representing the highest concern in general. However, while one should acknowledge the inefficiency and dysfunctionality of its current political system and a need to change it with an operational one, it was made clear that there is no alternative to the existence of the state. While ethnic parties still are strong, the building of the civil society remains a long-term process, leaving BiH visibly unconsolidated with reform processes stalling.

The accession of Croatia to the EU represents not only a positive signal to the country, but it also brings the latter to BiH's borders and hence reduces physical and hopefully other types of distances between the EU and itself. It also, to a certain extent, brings the EU within BiH, given the fact that a vast majority of BiH's citizens of Croatian nationality are also Croatian, and thus now EU citizens. This would hopefully also change the perception of the EU. However, while there are numerous initiatives

of the foreign actors to resolve the BiH's statehood issue, it is obvious that most of the work has to be done from within.

*Serbia* itself can profit much from the Croatian experience in the accession process to the EU. However, it was underlined that apart from the usual conditionality that every country has to meet prior to acceding the EU, Serbia also has to be able to deal with the issue of Kosovo. Apart from that, lack of enthusiasm for further enlargement within the EU, coupled with internal EU challenges, has been recognized as an additional burden to the already difficult accession process. Additionally, the fact that national parliaments (especially the German Bundestag) have acquired increased leverage in setting 'the additional conditionality' have made the process of accession to the EU even more complicated and demanding. It additionally renationalized the entire process and decreased the significance of EU institutions, of the EC and the EP in particular. Regardless of aforementioned difficulties, Serbia will have to intensify its efforts in the field of reforms and good neighbourly relations in order to speed up its accession process.

*Kosovo* remains in a very difficult situation having its status issue unresolved and five out of 28 EU members still not recognizing its statehood. On top of that, while a dialogue with Belgrade dominates the political discourse; it struggles very hard with the problem of corruption dominating both the public and private sector. The economy itself is very weak and with limited FDIs, let alone growing Turkish presence, the issue of security and functionality of justice remains a serious concern. Due to the status issue, Kosovo has only limited access to regional co-operation initiatives and only recently became a member of RCC.

Given the fact that Kosovo's long-term foreign policy priorities are also membership in the EU and NATO, it is obvious that it can profit a lot from co-operation with Croatia and its experience from the accession processes. However, there is only a limited track-record of bilateral co-operation in the broader fields of security, rule of law and fight against corruption. Therefore, more active and visible Croatia's participation and assistance to Kosovo transition process is needed, given the fact that Kosovo suffers from a lack of informed political elites about EU acces-



sion processes where an experience of a partner from the same region can be more than helpful.

*Macedonia* has traditionally good relations with Croatia and therefore its accession to the EU provoked only positive reactions, making it ‘a new player of the EU’ in the region. The aforementioned represents a positive message for Macedonia, not only as a confirmation about the functionality of the SAP and the fact that long and energy-consuming reforms pay-off in the end once you meet all membership criteria, but also due to the fact that Croatian accession means increasing number of friends within the EU for the country. However, the political situation within Macedonia is far from being that optimistic, given the fact that there is general sense that Macedonia is backsliding, mainly due to the blockade imposed by Greece over the name issue and misbehaviour of the current Macedonian government.

The aforementioned regression, together with growing EU enlargement fatigue, makes the conditionality for Macedonia more difficult and demanding. Growing populism and democratic deficits of the current government result with questionable freedom of media, intransparent judiciary and no separation between the governing party and the state. Additionally, the increasing problems with neighbours – especially Greece, Bulgaria and Kosovo – make regional co-operation for Macedonia very difficult. Obviously, the country is in a deadlock that is preventing any substantial progress and unless it is resolved it is difficult to expect any positive trends in the forthcoming period.

*Albania* seems to be entering a new stage following a change of the government at the last parliamentary election that have been judged as free and fair by international monitors. As a consequence, there is a new dose of optimism and modest estimations that it could receive the candidate status in the forthcoming period. This is rather important, especially given the fact that Albania was stuck in a significant democratic deficit with the previous administration.

However, while there is a recognizable amount of optimism after the parliamentary election, there are still numerous problems that represent a

heavy burden of the Albania's transition process and a huge challenge for the new administration – corruption, organized crime, inefficient state administration and very weak economy. Croatian accession to the EU sends a positive signal to Albania about the prospects of future EU enlargement to the region, but also represents 'a reminder' about the necessity to fight corruption and organized crime at the highest political level in order to consolidate the rule of law system within the country and meet the criteria for EU membership.

Regional co-operation remains important for the aforementioned and while relations with some countries from the region represents a recognizable challenge (tensions with Greece over the maritime border line), there are other countries from wider region (Turkey) that are becoming strategic partners for the period to come, thus making the strategic positioning of Albania more complicated.

*Montenegro* has started negotiations with the EU by opening the most demanding two chapters first (23: Judiciary and Human Rights and 24: Justice, Freedom and Security) which reflects the new EU's trend in putting issues related to rule of law and respect of human and minority right at the very centre of the enlargement process. In general, the process of EU integration is going in the right direction and is supported by some 70% of the public.

However, there are serious challenges that are significantly affecting its pace. First of all, there is widespread corruption in the entire society and – unlike the Croatian example - there are no convictions or trial procedures related to that. On top of that, the judiciary is under severe political influence and is far from being efficient. What is even more important, the same political elite has been governing the country since 1989, which led the country to the situation where it is actually difficult to 'draw the line' between the party and the state. In that regard, the Croat experience from the phase of post-socialist transition and EU accession is more than useful for Montenegro, especially given the common history, geographic proximity and similarity of reforms processes.

### **Regarding the consequences of the Croatian accession for Croatia**

### **itself and for the Western Balkan countries**

In most sectors, Croatia's accession is perceived as a positive process which led to legal harmonization and adoption of European values. On the other hand, reforms in the economic field in particular are not yet finalized. It is necessary that the Croatian government intensifies its efforts in making the business environment more attractive for potential investors. This includes the appropriate use of EU funds.

After becoming member of the EU, Croatia had to leave the regional free trade zone CEFTA. Croatia needs the support of the EU to adapt efficiently to these new economic circumstances. The EU should play a more active role in negotiations with the other CEFTA members in order to overcome their trade difficulties – in particular regarding agricultural and animal products – with the new member state.

It is of great importance that not only the political elites of a country, but the whole society become a member of the EU. Thus the Croatian government needs to communicate the advantages and commitments of EU membership extensively to its citizens. Information campaigns by the media need touch in particular consumer's rights, the best access to EU funds and educational topics.

During the accession talks, considerable progress was achieved in the field of human rights. Human rights standards need to be further developed also after the finalization of the accession process.

There are some lessons learned from the Croatian accession process for the other EU aspirant countries:

- Difficult economic reforms – like complicated privatization processes – should start at an early stage;
- Successful economic reforms are connected to the knowledge on the appropriate use of EU funds;

- During the whole process political, transparency has to be guaranteed by informing and involving the parliament as well as important civil society organizations;
- The political stakeholders in a candidate country have to be serious about corruption at an early stage of the integration process;
- Sensitive bilateral issues – c.f. the Croat Slovene political disputes - should not be delayed to the end of the EU negotiations.

### **Regarding the impact of Croatia's EU membership on regional cooperation**

Croatia and other EU member states need to establish a group of friends of the Western Balkans in order to emphasize the significance of the enlargement process for the further consolidation of regional relations. The transfer of knowledge that stems from the Croatian accession process to the Western Balkan candidate countries could be supportive for managing the technical challenges lying ahead.

Bilateral problems should not be taken into the EU. For that reason, Croatia and her neighbours should start to tackle the unresolved bilateral issues (unsettled borderlines etc.) in order to prevent that these subjects will become a burden for the integration processes of the candidate countries.

If the chances for a bilateral compromise are small, the inclusion of an international arbitration commission could become a viable option

Being one of the co-signers of the Dayton Agreement, Croatia has a special responsibility regarding her bilateral relations with BiH. This demands a balanced approach which will take into consideration the support for the constitutional rights of the Croat community in BiH as well as conducting a policy that supports BiH's ambitions to become an EU member state.

The EU should continue with her policy to have regional cooperation as a core element of its conditionality policy. For optimizing this tool the establishment of more checks and concrete measures could be taken into consideration. Regional cooperation needs the clear vision that its priority is to serve consolidation and reconciliation. The EU could endorse regional ownership in this regard.

The Regional Cooperation Council (RCC) could become a more active and visible tool for enhancing regional exchange and relations. Since the EU is a member of the RCC, it should promote the visibility of this organization stronger that could encourage its members to be more engaged in regional cooperation. In practice, the RCC could launch more projects in fields which are visible for ordinary citizens, as they are social protection, health policies and economic development.

### **Regarding the further enlargement strategy of the EU and its impact on specific countries**

Previous experiences with the “regatta principle” were positive. Therefore, the EU’s strict policy of setting benchmarks and conditions should be continued. Beside the EU itself it is in particular in the interest of the Western Balkan societies that the integration processes of their countries do not end too early before the main European standards will be reached. Apart from the technical experts and political representatives also activists of substantial civil society organizations should be included in the integration process.

BiH still cannot be regarded a consolidated state. Since the national politicians in BiH display a lack of good governance, the EU is called to develop a pro-active policy for fostering the communication between the citizens from the two entities and the Brčko District. Croatia having special relations with BiH and being a new EU member should advocate pro-active policies inside the EU for overcoming the stalemate situation in its neighbouring country.

Notwithstanding the importance of a continuing political dialogue between Belgrade and Prishtina/ Priština for regional stabilization, a proper

balance has to be found between political requirements and the fulfilment of the necessary legal, economic and democratic reforms in Serbia as such.

In a short time period Kosovo will enter the first phase of the Stabilization and Association Process (SAP). The EU and the regional partners should support Kosovo's capacity building, so that this country will be able to meet the challenges of the SAP. For that purpose the mechanisms of the RCC could be used by encouraging the WB countries to train civil servants in Kosovo. In this regard also the role of existing educational structures in the region should be emphasized. However, Kosovo can become a credible partner in the integration process only if the fight against corruption will represent a primary goal of the political decision makers and the society as such.

Authoritarian tendencies that characterize Macedonia's political development should be considered more seriously by the EU which in its progress reports needs to have a stricter position on that weak point. Concerning the protracted name dispute between Macedonia and Greece, which has impeded Macedonia's integration process so far, the only rational opinion seems to be to start membership negotiations under the present official name "FYROM" and to leave the solution to be found later. Albania as the prospective next country that will become an official candidate for EU membership has to achieve measurable improvements regarding the fight against corruption. Further, the role of the civil society organizations has to be strengthened, in particular in the upcoming negotiations with the EU.

A more serious view on the problem of corruption and organized crime will remain also the crucial task for Montenegro in its integration process. Without establishing a judicial system that prosecutes also "untouchable" politicians who obviously are or have been involved in illegal business activities Montenegro's chances to become an EU member in a foreseeable future would be small.

### **Regarding the role of other important foreign actors**

At the 2014 NATO summit, most probably no new invitations for accessing the alliance will be extended to the Western Balkan countries. Among other factors, the main reasons for that are the unconsolidated intra-state situation (BiH), political blockades (Macedonia), and the negative public opinion towards NATO (Montenegro) as well as suspicious economic systems (Montenegro).

Although the concrete perspective for BiH, Montenegro and Macedonia to become NATO members will be postponed for some years, NATO should continue with sending positive signals to the aspirant countries and supporting their structural reforms. Turkey has played a positive political role in the region, in particular regarding its trilateral initiatives which have been directed towards Belgrade and Sarajevo.

As Ankara's economic engagement is increasing, it should try to coordinate its Balkan policy with Brussels and should avoid competition in the Western Balkans. As far as Turkey's own European – and presently stagnating – integration efforts are concerned, it is unquestionable that for the continuation of democratic processes and strengthening of human rights in Turkey EU's conditionality policies play a decisive role and therefore should be carried forward.

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## **PART V:**

### **MEETING THE CHALLENGES OF EU MEMBERSHIP AND NATO ACCESSION – MACEDONIA AND HER NEIGHBOURS**

**25<sup>th</sup> Workshop of the PfP Consortium Study Group  
“Regional Stability in South East Europe”  
27 - 29 September 2012  
Skopje**

**Selected papers**



## **Opening Remarks**

*Ljube Dukoski*

It is my privilege to briefly address the contemporary security scene in the Balkans, the regional cooperation and the preparations of the Republic of Macedonia for NATO membership. Allow me to express my gratitude to the Austrian Ministry of Defence and Sport, Austrian National Defence Academy, Analytica thinking laboratory, Progress Institute, for the organization of this workshop on this current topic.

### **The contemporary political and security scene in the Western Balkans**

The contemporary political and security scene in the Western Balkans is evidently characterized by peace, cooperation, economic and democratic development among states and Euro – Atlantic processes. In this past decade, the main actors on the Balkan scene are leaders who prefer cooperation and dialogue among the states, rather than using the national armed forces for resolving the disputed issues. The ambitions of all countries in this Region for EU and NATO membership and their “open door” policy are the key factors for the implementation of the national reforms, that is, the development of appropriate institutional capacities and capabilities.

The region of the Western Balkans is geographically, culturally and politically an essential part of Europe. Its security is indivisible from Europe and vice versa. NATO and the EU have been present in this region in continuity over the past two decades. These two organizations, NATO and the EU, are the key factors for maintaining and enhancing regional security, stability and prosperity. From our perspective, NATO is the key pillar of the contemporary Euro–Atlantic security architecture, whereas the EU is seen as the major driving force for a democratic, economic and social development of the entire European continent. Once all countries from this Region are integrated in the Euro-Atlantic family, we can speak of a united Europe, a free and democratic community of equal

member states in peace.

The 2010 NATO Strategic Concept describes the security environment as a wide and evolving set of possibilities and challenges to the security of the territory and population of the Alliance. According to the assessment by NATO, the globalization, the newly raised security challenges, sources of instability and potential conflicts, in combination with the existing threats and challenges, will continue to contribute to the unpredictability of the security environment of the Euro-Atlantic area including the Region of Southeast Europe. The Republic of Macedonia shares the NATO assessment on the security environment and continuously provides significant contribution to Euro-Atlantic security and stability.

The integration of the Republic of Macedonia, Montenegro and Bosnia and Herzegovina to NATO as soon as possible is a significant challenge for the Alliance. The Alliance should continue to maintain its military presence on Kosovo as long as it is necessary. Moreover, Kosovo should be enabled to move towards its NATO membership. The region still needs assistance in building its national institutions, and the support for the regional projects.

Guided by the fundamental principle of its foreign policy for building good neighbourly relations with all its neighbours, the Republic of Macedonia remains dedicated to long – lasting peace, stability and security, as well as to the development of all countries in this Region. In this spirit, we are strongly committed to further promoting regional cooperation and the integration of all countries from the Region to the Euro–Atlantic structures.

In terms of the development of the Republic of Macedonia, a number of facts indicate that it continues to develop as a stable and functional democratic and multiethnic state, based on the principles of rule of law, respect of human rights and freedoms and development of free market economy. The democratic institutions have enhanced in continuity their capacities in accordance with EU and NATO recommendations and standards.

11 years after the signing of the Ohrid Framework Agreement, the Government of the Republic of Macedonia continues to implement the key aspects of this Agreement. After 2002, the activities are directed towards further improvement of the equitable representation, the use of non-majority languages and the implementation of integrated education. As an illustration, 26% of the civilian and military personnel of the Army are members of the non-majority ethnic communities. The Ohrid Framework Agreement, its provisions and spirit, bear critical importance for the continuous efforts in the promotion of the good relations between the citizens and the communities of their belonging. Its provisions are integrated in the Constitution of the Republic of Macedonia.

Reforms are a process that only we can implement, by maximum use of the domestic expert capacities, strong public support and inter-agency coordination and cooperation. Macedonia has achieved in continuity an essential progress in all areas: rule of law (court reforms ...), public administration reforms, police reforms, local self-government, economic development, as well as in the involvement in several international organizations and instruments for security cooperation, including addressing terrorism.

### **Relations and cooperation of the Republic of Macedonia with the countries from its immediate neighbourhood**

As regards the relations and cooperation of the Republic of Macedonia with the countries from its immediate neighbourhood (Albania, Bulgaria, Greece, Serbia and Kosovo) are one of the key pillars of its foreign policy. Our principle commitment is constructive dialogue, mutual trust, understanding and respect as the basic means for seeking solutions to all neighbours – related issues in function of achieving lasting stability and security in the region. Macedonia fosters broad and fruitful cooperation with all neighbouring countries – Albania, Bulgaria, Greece, Kosovo and Serbia – both bilaterally and regionally.

The Status of bilateral cooperation agreements between Macedonia and neighbouring countries: 60 with Albania, 68 with Bulgaria, 20 with Kosovo, 45 with Serbia and 21 with Greece.

Macedonia is active in all regional initiatives, such as: US-Adriatic Charter, South-Eastern Europe Defence Ministerial (SEDM), South-Eastern Europe Brigade (SEEBRIG), South East European Cooperation Process (SEECP), SEE Clearinghouse, Balkan Chiefs of Defence, etc.

The close and fruitful regional cooperation of the US-Adriatic Charter (A-5 format) is a sterling example of the successful format for inclusion of all countries in the region, including Kosovo. The Republic of Macedonia believes that the promotion of the A-5 cooperation is a win-win approach, for the peace and stability as well as for the Euro-Atlantic integration of the region.

At the A-5 MOD Ministerial Meetings in Durrës (9 December 2011) and in Skopje (29 March 2012) the Ministers reaffirmed the achievements in the A-5 defence reform segment and encouraged all the countries from the region to continue implementing their defence reforms. The Adriatic Charter Ministers of Defence of the member states of the Adriatic Group agreed to form an Expert Working Group (EWG) on the level of defence policy directors with the mandate to identify the joint projects in the spirit of the NATO Smart Defence Initiative. Regional defence cooperation includes regular political consultations on all levels, joint training, development of regional training centres, joint projects on defence capability development, and establishment of military units as well as joint participation in international operations.

The national defence reforms, especially in conditions of an economic crisis are a new and great challenge for all countries of the region. History lessons teach us that periods of economic crises bring the possibilities of new ideas and concepts that can facilitate more rational behaviours and better results. Macedonia is convinced that the innovative NATO Smart Defence Initiative can become a strategic guide in management of the contemporary risks for the entire region.

An enhanced and well coordinated regional cooperation within the Adriatic Group can enable achieving more with less, in the development of joint defence capabilities in several areas. The application of the Smart Defence approach in the spirit of NATO's Smart Defence Initiative at the A-5 level entails an active regional cooperation and close coordination between the Alliance member countries, candidate countries, partners and interested countries. The key indicator for the application of the regional approach in the spirit of NATO's Smart Defence Initiative would be the implementation of the already initiated projects and the initiating new ones in the following areas: education and training, modernization of the national armed forces, air surveillance, air defence, and joint contribution to NATO, EU and UN led operations.

### **Joint Development of Projects in the Spirit of Smart Defence Initiative**

#### *1. Joint Regional Engagement in Afghanistan:*

- ISAF: ANA Military Police School;
- Post-ISAF: A-5 Police Advisory Teams within the National Police Coordination Centre in Kabul;

#### *2. Cooperation in the Area of Disaster Response:*

We share Albania's assessment on the needs for regional civil emergency planning and disaster relief capacities and capabilities. We are ready to participate in that project and declare our capacities which have already been demonstrated in practice;

#### *3. Closer Cooperation in Training and Education (including training facilities):*

- Regional Training Centres: We should continue with the national and regional efforts for enhancing the regional training centres: RACVIAC in Croatia, NBC RTC (Nuclear Biological Chemical Regional Training Centre) in Serbia, PSO RTC (Peace Support Operations Regional Training Centre) in Bosnia and Herzegovina, RTCC (Regional Training Centre for Communications) in Macedonia and



the Helicopter Pilots' Training Centre in Montenegro. Moreover, the network should be expanded to include the Training Area Krivolak and the Medical Training Centre in Macedonia.

- Training of the Forward Air Controllers: Having in mind our obligations from the possible deployment of one medium infantry battalion and one medium infantry battalion group, we need well trained and certified Forward Air Controllers, but we do not have the capacities to train them. Taking into consideration the similar commitment of the countries in the region, we would like to initiate a regional project for simulation and training of the Forward Air Controllers and incorporation into a multinational project related to that issue;

#### *4. Cooperation in Regional Air Domain Awareness:*

We believe in the successful implementation of the BRAAD (Balkan Regional Approach to Air Defence) Initiative, as the first project for building regional air defence capabilities. A similar joint approach can be applied in other projects in the area of modernization of the national armed forces;

#### *5. Medical Support:*

The joint development of Regional Medical Task Force and their possible deployment in NATO, EU and UN led operations has been supported by the Kingdom of Norway and the USA. We are interested in expanding this project to the Adriatic Charter member countries.

#### *6. Conducting Exercises on a Regional Level:*

We are ready to conduct joint exercises on the regional level.

#### *7. Cooperation in the Area of Officers Education: Support by Macedonia for officers' education from Bosnia and Herzegovina, Kosovo and Montenegro;*

#### *8. Cooperation in Coordination of Engagements in EUBG and NRF, etc.*

## **Preparation of the Republic of Macedonia for NATO membership**

The integration of the Republic of Macedonia into NATO and the EU are strategic priorities of our country. We have invested considerable efforts in all areas: political, economic, defence and security to meet this goal. Macedonia has earned NATO membership through her reforms, fulfilling all criteria for NATO membership including political and economic reforms at home and through contributions in NATO-led operations;

In 2008, the Republic of Macedonia met all NATO membership criteria and is fully prepared to assume the responsibilities arising from the full-fledged membership. Moreover, we continue to implement national reforms in all areas, and have significantly increased our contribution to ISAF and support to KFOR. At home, we enjoy a full consensus among the political parties on both strategic priorities, as well as a strong public support (above 80%). The citizens of the Republic of Macedonia expect an invitation from the Alliance sooner rather than later, as well as the start of the EU accession negotiations;

The overall national reforms in all areas and the long term contribution to the international operations: ISAF, EU ALTHEA, EU BG 2012/2, KFOR and UNIFIL are a strong argument for our firm commitment to the Euro-Atlantic aspirations. Also, I would like to underline that a full political consensus and a strong public support have been demonstrated for our contribution to the international operations. As a responsible and reliable partner, we will continue with our contribution in the aforementioned operations until it is deemed necessary.

The Republic of Macedonia, as a responsible member of the international community shall remain dedicated and involved in NATO's efforts to achieve a long-term partnership with Afghanistan. Macedonia's role in Afghanistan shall evolve in synchronization with the evolution of the role of ISAF. The ISAF transition should be carefully guided by the principle "in together, out together". Furthermore, our contribution shall gradually evolve from force protection to training and assistance of the Afghan Security Forces. We all know that they are doing an excellent

job in conducting their mission. The government and the citizens of Macedonia are very proud of their work and the Army enjoys a high political and public support for its contribution to international operations.

The Republic of Macedonia has continuously been providing significant contribution in assisting KFOR on our national territory, through the Coordination Centre for RSOM (Reception, Staging and Onward Movement), fuel supply, and escort and force protection. Moreover, we are ready to enhance our support to the Kosovo Security Forces in their training, education, exercises and sharing experience and expertise in the area of developing operational capabilities.

Macedonia is aware of the impact of the global strategic changes, as well as of the irrationality and insufficient efficiency of an isolated security system. The security system of the small countries is becoming even more sensitive to the global changes. Therefore, the Republic of Macedonia is even more committed to building a system of common values and participation in cooperative forms and activities of the collective security systems with the ultimate goal – integration in NATO and the EU.

Macedonia sees its future as integrated in NATO and the EU, goals that have a strong public support and a full political consensus. Macedonia is fully prepared to undertake the obligations and responsibilities as a NATO member, as well as for the accession negotiations for EU membership. In the Annual National Programme for NATO membership:2011-2020 it is stated that “We are committed to effectively and successfully deal with the remaining challenges, including the overcoming of the last obstacle that formally separates us from the Alliance“. On our road towards NATO membership, we will continue the national preparations, and will closely follow the Alliance’s transformation and its new initiatives, including the Smart Defence Concept.

## **Macedonia: A View from Tirana**

*Enfrid Islami*

Despite the fact that Macedonia has come a long way since the armed conflict in 2001, the relationship between ethnic Albanians and Macedonians inside the country keeps reminding outsiders of its fragility. 19 years after declaring independence from former Yugoslavia, its struggle for identity, besides slowing down the rhythm of necessary reforms needed for Macedonia's membership aspirations, has also brought back a question which most people thought was settled long ago. Who does Macedonia really belong to?

Troubled by the coexistence between ethnic Albanians and Macedonians; an ongoing struggle for identity - evidence for which is the name dispute with Greece - and efforts to become a member of NATO and the EU; the country is finding it hard to address all these issues simultaneously. At the same time, this struggle seems to be preventing Macedonia from becoming a factor of stability in the region as well as on the international arena. Macedonia should aim at making the final step from a security threat to a country exporting stability into the region.

The Balkans has always represented a troubled neighbourhood, and Macedonia was reminded of that lesson the hard way in 2001. It takes little to trigger discontent both on the political and social level in this neighbourhood. In the Balkans these questions often never get solved. It has been said that the Balkans are indeed the only place on earth that has not decided to let go of its past. Countries in the region should realize that EU integration and NATO membership is not a magic stick. It will not immediately solve all problems. But it will certainly provide for better circumstances to negotiate on them. A civilized, diplomatic discussion is undoubtedly better than the use of force to settle disagreement. The future of these countries is closely interconnected, whether it is membership to the EU, or simply interregional cooperation in the social and economic sphere.

## Internal problems

Although Macedonia has indeed come a long way from the armed conflict of 2001, which was settled by the signing of the Ohrid Agreement,<sup>1</sup> the process of implementing reforms in the country has been stalling. Macedonia was granted the candidate status in 2005,<sup>2</sup> and the country was expected to continue the implementation of necessary reforms in crucial areas such as its judiciary, fight against corruption, minority rights etc. Seven years later, Macedonia sees itself at the same stage in matter of EU membership with Montenegro and Serbia, which both started their journey towards integration much later. Inter-ethnic relations (ethnic Albanians and Macedonians) are still the main cause for most of the internal problems in the country. The failure of the Macedonian government to successfully implement requirements stemming from the Ohrid Agreement in 2001, often stir up relations between the central government and territories where the Albanian population constitutes a majority. At the same time, quotas reserved for minorities in local and central administration are not always properly met, which also leads to discontent and unrest in the country.

Certainly, the name dispute with Greece has prevented the country from moving forward on its aspirations to become a full fledged member of NATO. However, the impression is that the Macedonian government has used this dispute as an excuse to leave membership, both to the EU and NATO, aside for the moment. That would be the only explanation why the speed of reforms implementation has decreased, which would in turn justify why the EU, still, after seven years, has not given Skopje a start date for accession talks. Many analysts in the country consider the current stagnation as the source of the current crisis in Macedonia. They also believe that accession to NATO, and possibly opening of accession talks with the EU, would certainly help diffuse ethnic tensions within the

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<sup>1</sup> Framework Agreement. 13.08.2001, available at:  
[http://faq.macedonia.org/politics/framework\\_agreement.pdf](http://faq.macedonia.org/politics/framework_agreement.pdf)  
(Accessed on 07.10.2012).

<sup>2</sup> Candidate Status for Macedonia: Osservatorio Balcani and Caucasio : Available at:  
<http://www.balcanicaucaso.org/eng/Regions-and-countries/Macedonia/Candidate-Status-for-Macedonia> (Accessed on 09.10.2012).

country. The hope is that after accession to the alliance, and the opening of accession negotiating talks for the EU, energies would be focused elsewhere, rather than in dealing with internal inter-ethnic issues. In the case of the EU, government efforts will most likely have to be addressed at fulfilling the necessary conditions for full membership in the European family. Whereas in the case of NATO, Macedonia will have to rise up to the challenge of meeting responsibilities as a full fledged member of the North Atlantic Alliance in terms of providing security in the region and beyond.

In recent years we could see a rise in populist movements across the Balkans. This trend of populism is often adopted by political parties in the region either to hold power, or to attract voters support in times of elections. The election of Tomislav Nikolić as the president of Serbia raised concerns in the international community about the willingness of the new president to give up on Kosovo and to continue reforms in view of Serbia's integration process. Undoubtedly, a strong reliance on populist ideology and support from die hard nationalist eventually led Nikolić to win these elections.

As a consequence of the current financial troubles, Greece also has to deal with the rise of nationalism, represented mostly by the Golden Dawn party, which has adopted an increasingly tough approach towards the issue of immigrants in the country ever since Greeks elected them to the parliament in the last two general elections.

Therefore, not surprisingly, for the first time after many years, we see the emergence of nationalist parties in Albania. The emergence of the Red and Black Alliance is expected to have a substantial effect in the composition of the next legislation which is to come out of the general elections in the country in 2013. As such, that could be considered as a general trait for the region. As it often happens, there seemingly is a lack of willingness among the Balkan countries to let go of their past. This often ends up being an impediment in their way to socio-economic development, mostly represented by membership in the EU, NATO. Memberships, which not only guarantee stability and security in the region, but which also could be the pillars of economic development for these

countries. This seems to have been the case for VMRO-DPMNE in the recent years as well.

One of the other important factors which have led to internal stagnation in terms of reforms implementation lies in the lack of political dialogue within the Macedonian political environment. There seems to be a lack of willingness from the Macedonian part to accept the possibility of the adoption of a common multiethnic state. The approach that the government has taken on the interpretation of the many ethnicity related incidents that have happened in the recent years in the country, has certainly added to the doubts of the international community, as well as to a lack of trust from ethnic Albanians. It seems as if the ruling Macedonian party, (VMRO-DPMNE) has been adopting populism as an important means to holding political power in the country. What the Macedonian government does not seem to realize is that coexistence between the two ethnicities, is not only necessary, but it is a must for building a functional and democratic state.

### **Albanian-Macedonian relations**

Like almost all relations between Balkan countries, the one between Macedonia and Albania has had its ups and downs through the years. As Albert Rakipi, Executive Director of the Albanian Institute for International Studies, says <sup>3</sup>

“Relations between Albania and FYROM ever since the independence of the latter have been as good as good can be in the Balkans. It is not that there have been no problems between the two countries but Albania has shown a European spirit and approach to solving these problems.”

Diplomatic relations with Albania are normal at current. High ranked public officials from both countries exchange visits on a regular basis. The presidents and prime ministers, countries meet at regional forums, and high ranked political figures meet with their counterparts on a normal basis. One of the pillars of this diplomatic relationships is certainly the presence of ethnic Albanians in the country. Political Tirana un-

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<sup>3</sup> Albert Rakipi PhD- European Integration à la Macédoine: Tirana Times, available at: <http://tiranatimes.com/news.php?id=3564&cat=3> (accessed on 09.10.2012).

doubtedly has an influence on ethnic Albanians in Macedonia. However, the influential role of Tirana in this perspective has been weakening. This is mainly a consequence of the ethnic Albanian political institutions in Macedonia having achieved a certain degree of maturity, thus slowly, but surely, pushing Tirana out of the main picture.

Another factor contributing to the weakening of the position of influence of political Tirana vis-à-vis Macedonia and ethnic Albanians living there is the approach taken by political elites in Albania. The political approach which could be seen recently in Albania, has been one that aimed at positioning the country at an equal distance between ethnic Albanian parties in Macedonia. This has made for a change from previous approaches from Tirana, which often enough resulted at rising tensions ethnic Albanians themselves in Macedonia, as well as between them and Macedonians. In terms of bilateral relations, we can certainly consider this a positive development.

Good relations between the countries are also a result of their respective efforts to adapt to the good neighbouring politics as required by authorities in Brussels. It must also be said that the political willingness of the Macedonian government to create a common multiethnic state, and the way it addresses the ethnic Albanians issue in the country, has a direct effect on the relationship between the two countries. Whenever the Macedonian government has attempted to benefit politically from inter ethnic incidents, the relationship between Skopje and Tirana has gotten tense. This is better shown by the latest incidents which stirred a massive wave of discontent among public opinion in Albania towards Macedonia.

There have also been periods of time when the relations between the countries have been shaky to say the least. In 2008, the Macedonian government decided to put in place a visa regime with Albania, a decision which created a lot of tension among ethnic Albanians in Macedonia, as well as in Tirana. The issue was later settled by an official visit of Prime Minister Gruesvki in Albania a few months after the decision was taken. Still, that helped to show that relations between Macedonia and Albania are fragile and are constantly determined by the policy mak-



ing in Skopje when it comes to bilateral relations, as well as the approach the government decides to take when dealing with ethnic issues.

### **Albanian-Macedonian economic relations**

On the economic level relations between Albania and Macedonia have been increasingly important for both countries. In the last 10 years Macedonia has been able to position itself as the second country in terms of exports into Albania. According to statistics from the<sup>4</sup> Albanian Ministry of Economy, exports towards Macedonia in 2012 made up 15.9% of total exports toward CEFTA countries. Regarding imports, Macedonia represents 21% of total Albanian imports from CEFTA countries, positioning itself in the 3<sup>rd</sup> position, after Croatia, and Serbia. Most of the imports from Macedonia come from the sector of agriculture and the food products in general. Taking advantage of a more modern and thus productive agriculture sector, Macedonia has been able to introduce its products to the Albanian market more easily and in larger quantities.

This has allowed Macedonian farmers to acquire a large share of the market in Albania. Statistics show that in the first 10 months of 2011, the total value of investments of Albanian business in Macedonia amounted to 2 million Euros. In the first 3 months of 2011, exchange between the two countries increased by 30 per cent. Translated in more specific amounts, that means a total export of 22 million Euros for Albania towards, Macedonia, and at the same time, a 46 million Euro turnout on imports from Macedonia to the Albanian markets. The exchange is mostly focused on agricultural and light industry. Article 40, of the CEFTA agreement, signed by several countries in 2006, and required the all signing countries to introduce measures which would alleviate costs of imports and exports between them, before May 2009. In this perspective, in <sup>5</sup>May, 2009, Macedonia and Albania removed custom tariffs for

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<sup>4</sup> Albania's Trade Relations with Regional Countries: Available at: <http://open.data.al/sq/lajme/lajm/lang/sq/id/388/Marredheniet-Tregtare-te-Shqiperise-me-Vendet-e-Rajonit-%28anetare-te-CEFTA%29> (Accessed on 10.10.2012).

<sup>5</sup> Albania-Macedonia, without Custom Tariffs: *Koha Jone*: Available at: [http://www.kohajone.com/html/artikull\\_38552.html](http://www.kohajone.com/html/artikull_38552.html) (Accessed on 09.10.2012).

goods imported and exported between them. This move has played an important role in the further improvement of economic exchange, mostly in the agricultural and light industry sectors.

Albania has also represented a valuable economic access point to the west for Macedonia, mostly by granting access to the port of Durrës to Macedonian businesses, Macedonia often enough uses its relative proximity to the port of Durrës, as an added value to attract foreign investors in the country. As the relations with Greece came to a freeze after the emergence of the name dispute, the normal access to sea, the port of Thessalonica, all of a sudden became unavailable for Macedonian business. At this time, the Albanian government granted Macedonia access to the port of Durrës, showing a friendly approach in view of the required good neighbourhood policy advocated by the European Union.

The general impression however, is that economic exchange between the two countries can and should be extended even further. Although, considering the last developments of agriculture production within Albania, the possibility that Albanian farmers will be able to meet national demands will shortly turn to reality. Consequently there will be less and less need for foreign imports, particularly in the agricultural sector, including imports from Macedonia. This will necessarily require a new approach in matters related to economic cooperation between the two neighbours. First data on exports and imports between Macedonia and Albania have already confirmed the trend, with exports and imports with Macedonia showing a slight decrease in the first four months of 2012. However, the recent decrease in economic exchange between the two countries could also be attributed to the ongoing European financial crisis. Although the level to which small, developing economies in the region (Greece is a different matter altogether) are affected from it, is certainly less severe than their western counterparts.

### **A gloomy perspective?**

The first half of 2012 showed how fragile the situation in Macedonia really is, and unless appropriate measures are taken by the government tensions are sure to rise even further. From the moment the coalition led

by Gruesvki's VMRO–DPMNE was confirmed in the last general elections, the ethnic tensions between the Albanian population and Macedonians have seen a sudden rise. The series of incidents began on February 28th, when two young ethnic Albanians were shot dead by a Macedonian police officer in a dispute over a parking lot, in Gostivar. While there was no reaction from Tirana's officials on this case, the Macedonian Ministry of Internal affairs was quick to dismiss the killing on the basis of self defence from the police officer after being attacked by the two victims. Unfortunately, this was only the first of many incidents to come, which would worsen the situation and the already volatile relationship between the two ethnicities in the country. On 13 March 2012, 5 bodies were found near Lake Smilikovski in Skopje.<sup>6</sup> Initial investigation on behalf of the Macedonian police concluded that the bodies are a result of a murder. According to the Macedonian Ministry of foreign affairs, all 5 victims belonged to minor age, and were Macedonian nationals. On the day of the incident, Albanian and Macedonian media in Skopje reported a highly flared up situation and consequently a number of ethnic based clashes during the night.

What emerges from the latest ethnic clashes is that although the signed Ohrid agreement looked good at least on paper, its implementation still lacks of the expected results. There seems to be a lack of willingness from VMRO DMPNE, to engage in mutually beneficial reforms which would bring the two ethnicities closer to each other. At the same time, it seems to be that Albanian parties, be it the opposition, or the party which is part of the ruling coalition, are more interested in participating in the blaming game, rather than engaging in a proactive effort to protect Albanian interests inside the country. Apart from the lack of insecurity and safety that people on both sides fear as a result of constant flare ups of ethnic hatred, the Macedonian society is suffering from the existence of what experts in the region define as two "parallel" societies. As time goes by, it is getting more difficult to bring these "parallel" societies together, even on important matters such as European integration.

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<sup>6</sup> Killing Heighten Ethnic tensions in Macedonia: *New York Times* Available at: [http://www.nytimes.com/2012/04/16/world/europe/killings-heighten-ethnic-tensions-in-macedonia.html?\\_r=0](http://www.nytimes.com/2012/04/16/world/europe/killings-heighten-ethnic-tensions-in-macedonia.html?_r=0) (Accessed on 10.10.2012).

## Conclusion and recommendations

When it comes to inter-ethnic relations within Macedonia there are a few things that to be taken into account as seen from the Albanian perspective. First and foremost, the political willingness of the Macedonian side to agree to a multiethnic state is the basis for creating a functioning democratic state.

The Macedonian side should definitely give up on proposing and implementing one sided laws which could incite anger and discontent amongst ethnic Albanians. The recent law for Macedonian special forces, the so called<sup>7</sup> “branitella law” was only the latest proof of this behaviour. The piece of legislation was drafted by VMRO DPMNE, and aimed at guaranteeing special rights and privileges to members of the Macedonian special force during the 2001 conflict. This triggered discontent from ethnic Albanian representatives in the parliament, both the ones in power (Democratic Union for Integration) as well as the opposition (Democratic Party of Albanians). These parties requested and suggested amendments to the law, which would guarantee the same privileges and rights for Albanian members of the National Liberation Army as well. The difference on opinion over this piece of legislation threatened the stability of the ruling coalition.<sup>8</sup> Former Prime Minister Lupco Georgievski himself warned of the risk of introducing laws of a homogenous ethnic nature,<sup>9</sup> such as the one proposed by VMRO on Macedonian Special Forces in terms of aggravating ethnic tensions even further. The situation was aggravated even further, when VMRP deputies, introduced amendments to the Parliamentary Regulations which limited the speaking time of Albanian members of parliament.

The focusing of energies on dissolving critical situations among ethnici-

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<sup>7</sup> The Law on Branitella in the plenary session: Koha.mk  
(Accessed on 15.10.2012) Available at: <http://www.koha.mk/aktuale/17456.html>.

<sup>8</sup> DUI: Law on “branitella” threatens the coalition: [www.zhurnal.mk](http://www.zhurnal.mk)  
Available at: <http://zhurnal.mk/content/?id=128211235132>  
(Accessed on 12.10.2012).

<sup>9</sup> Macedonia could go back to 2001 – Top Channel – Available at: <http://www.top-channel.tv/artikull.php?id=246131> (Accessed on 17.11.2012).

ties, rather than intensively cooperating in order to create the necessary set of circumstances needed for the further development of the country, both in terms of integration and economic development, might seriously damage Skopje's aspirations.

Secondly, if Macedonia aims at deserving a place in both NATO and the EU, it should aim to make the ultimate transition from a security threat, to a country exporting stability in the region. On a regional context, the evolving of current affairs in Macedonia may have dangerous repercussions elsewhere. With the Serbian media seemingly biased in its reporting of internal developments (ethnic incidents) in the former Yugoslav republic, an aggressive approach of the Macedonian government to these issues, might just show Belgrade the wrong way of dealing with its own ethnic disputes in relation to Northern Kosovo. Therefore, Macedonia should be particularly careful not to fail to consider the external consequences of its behaviour toward the ethnic debate in the country.

Thirdly, Albania's approach when addressing the ethnic situation in Macedonia is neither sufficient, nor adequate. Not only does Albania have to realize what is at stake, considering the presence of ethnic Albanians on the other side of the border, but it should also address this issue from NATO's perspective. As a member of NATO, Albania has a responsibility for guaranteeing security and stability in the region. As such, the country should not hold back from advocating the peaceful settlement of ethnic disputes which might risk having a spill over effect in the region. The relation between ethnic Albanians and Macedonians certainly falls under this category.

In such a critical and volatile dispute, Albania should put on the NATO suit more often, and address Skopje with an authoritarian but still diplomatic voice, without fearing of being accused to take sides. The situation in Macedonia is in itself an opportunity to show that the country has finalized the transition to a security exporting country. Apart from the privileges that it attains, membership to NATO also attributes responsibilities which should be carried out to the best of each country's abilities. Making sure that peace and stability reign in the region, seems to be Albania's share of responsibility in this regard.

## **Gaining Perspectives through Bilateral Cooperation: Bulgaria and Macedonia**

*Petyo Valkov*

First of all, it needs to be mentioned that bilateral relations between neighbouring countries is a process, which is characterized by its specificity, sensitivity and the ability to change the direction of the policy pursued by each country. A lot of factors influence this process, such as the international community, the internal policy and the public opinion in that country.

The Bulgarian perception of Macedonia today is as a country which has embarked on the road of EU integration and NATO membership, but facing many issues that should be resolved – both internally and internationally. This paper will present three variety of viewpoints in Bulgaria, focussing on the governmental, the academic as well as the public perspective.

### **The governmental level**

Bulgaria has always supported Macedonia's Euro-Atlantic orientation, but whether and how it will be implemented depends mostly on Macedonia itself: on the reforms which are taking place there, on the ongoing processes in the country, on finding a compromise solution with Greece on the bilateral issues with the name.

Bulgaria does not interfere with the dialogue between Macedonia and Greece, because it is bilateral, but when various options are put on the table and discussed, it will also have its own position.<sup>1</sup>

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<sup>1</sup> Nikolay Mladenov, Minister of Foreign Affairs – Bulgaria, available at: <http://www.dnes.bg/balkani/2012/06/08/ne-ni-haresva-zaiajdaneto-s-bylgariia-ot-makedoniia.160883>, last accessed on 01.09.2012.

Bulgaria was the first country, which recognized the independence of Macedonia, but there are problems with the recognition of the Macedonian language and nation, which lead to complications in signing agreements between the two countries.

From the Bulgarian side it is estimated that neither Bulgaria, nor Macedonia has territorial claims to each other. This is a good basis for cooperation between the two countries in the future.<sup>2</sup>

The official position of some of the leading politicians in Bulgaria is that for the development of the relations between our countries and the Balkans as a whole, it is much more important to focus on creating good conditions for the development of the region. To reach that aim, all our neighbours have to become part of the EU rules, realizing their European perspective. In order to do so each country must follow the EU requirements, starting with the criteria of Copenhagen. All bilateral, historical, political, commercial, infrastructural matters can be solved only in this context. As long as the countries from that region stay outside the European integration, it will be difficult to solve these issues.<sup>3</sup>

According to our country there are not specific issues between the two countries, which should be resolved in a radical way. On the other hand, there is an accumulation of unresolved issues that have existed for years without taking any actions (for example the lack of railway between Sofia and Skopje). In recent months there is a slowdown in cooperation between the two countries concerning cross-border programs, which are funded by the EU. This in turn is not a good indicator for the two countries to the EU.

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<sup>2</sup> Dr. Dimitar Bechev, director of the European Council on Foreign Relations – Sofia, available at:  
[http://bnt.bg/bg/news/view/78134/za\\_bylgaro\\_makedonskite\\_otnoshenija](http://bnt.bg/bg/news/view/78134/za_bylgaro_makedonskite_otnoshenija), last accessed on 02.09.2012.

<sup>3</sup> Op. cit.: Nikolay Mladenov, Minister of Foreign Affairs – Bulgaria, available at:  
<http://www.dnes.bg/balkani/2012/06/08/ne-ni-haresva-zaiajdaneto-s-bylgariia-ot-makedoniia.160883>, last accessed on 01.09.2012.

The position and the actions of Bulgaria are only and solely to support the security of Macedonia, its entirety, development, European integration, but Macedonia should go alone on this road; Bulgaria cannot do it for her.<sup>4</sup>

Among the main priorities in the bilateral relations between Bulgaria and Macedonia are creating favourable conditions for the realization of common projects of interest in the fields of transportation, infrastructure, business, tourism, culture, education and many more.<sup>5</sup>

As a member of the EU and NATO, Bulgaria is ready to share its experience and best practices in the integration process. In the face of Bulgaria, Macedonia has a friend and a partner, which will continue to support and encourage.<sup>6</sup>

There is a sufficient level of cooperation between Bulgaria and Macedonia. This is shown in the areas of education, tourism, trade and others. This is the real basis on which we tread. Bulgaria wants to work constructively with absolutely all neighbours to solve all existing problems that we have, which are not so many and together we can build the basis of the development of the whole Balkan region. As soon as possible it is necessary for all of us to look ahead, not back in the past and not to seek justification in it. In this way everyone will sooner realize the feasibility of the European perspective for the region and especially for Macedonia.

### **The academic level**

According to some of the leading scientists in Bulgaria “Emotional attitude to Macedonia is a historical figure. Nowadays it is decreasing and a process of distancing is growing.”<sup>7</sup>

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<sup>4</sup> Ibidem.

<sup>5</sup> Ivan Petkov – ambassador of the Republic of Bulgaria to the Republic of Macedonia, available at: <http://www.mfa.bg/bg/49/>, last accessed on 01.09.2012.

<sup>6</sup> Ibidem.

<sup>7</sup> Prof. Emil Mitev, available at: <http://focus-news.net/?id=n1667717>, last accessed on 09.09.2012.



Some of the scientists in Bulgaria share the attitude that an ethnic-national process of shaping Macedonian identity awareness is going on in Macedonia right now. This is neither an irreversible nor one-variant process and it does not lead to consolidation of the civilian population and state. A survey shows that a variety of processes is taking place in Macedonia now. The first of which is its return to the age-old Bulgarian root.<sup>8</sup> Pro-Serbian orientation or Yugo-nostalgia is another process greatly influenced not only by Belgrade but also by the other ex-Yugoslavian republics. The third process is the orientation towards Greece through admitting Greek businesses in the country as well as assuming the Greek cultural heritage. The next process is the turning towards Albania. “The last fact in this respect was the statement of Turkish PM Erdoğan that Macedonia will disintegrate unless the rights of the Albanians are observed.”<sup>9</sup>

The Bulgarian politics is facing an extremely difficult test because if it is, on one side, too tough it will cause anti-Bulgarian campaigns but if it is, on the other side, too soft it will encourage the pressure on the Macedonian Bulgarians. Exceptional tact is needed. The Bulgarian Business, TV and media will be of good use for that.<sup>10</sup>

For others, the issue with the language remains painful,<sup>11</sup> as well as trampling the rights of the Bulgarians in Macedonia and the policy pursued against them.<sup>12</sup>

In the past, Bulgarian policy concerning Macedonia was based on the view that all Macedonians are Bulgarians. Now, however, there is a change in the view and one can hear speeches about protecting the Bul-

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<sup>8</sup> Ibidem.

<sup>9</sup> Ibidem.

<sup>10</sup> Ibidem.

<sup>11</sup> Prof. Ivan Kochev, available at: <http://focus-news.net/?id=n1667717>, last accessed on 02.09.2012.

<sup>12</sup> Op. cit. Prof. Jordan Velichkov, “Servile politicians failed Bulgaria”, available at: <http://pressadaily.bg/searchingx/%D0%94%D0%BE%D1%86.%20%D0%99%D0%BE%D1%80%D0%B4%D0%B0%D0%BD%20%D0%92%D0%B5%D0%BB%D0%B8%D1%87%D0%BA%D0%BE%D0%B2/tags>, last accessed on 10.09.2012.

garians in Macedonia.<sup>13</sup> One of the main steps for Macedonia towards EU membership is to improve its relations with its neighbours.<sup>14</sup>

The prevailing view is that Macedonia can count on the support of Bulgaria on its road to the EU and NATO membership, but it should not be supported 100%, because of the past disputes concerning historical or cultural topics.<sup>15</sup>

### **The public level**

The majority of Bulgarians perceives Macedonia and the Macedonians as brotherly people that share a common history and culture.

Bulgarian people perceive Macedonia as a country, in which nationalism is over-developed. This leads often to anti-Bulgarian propaganda (For example: In May 2012, Bulgaria's ambassador in Skopje was prevented by Macedonian nationalists from laying wreaths at the monument to Gotse Delchev, a shared hero from the times of liberation of the non-liberated Bulgarian land from the Ottoman empire. The incident led to Macedonia's ambassador in Sofia being summoned to hear Bulgaria's protest.). According to the Bulgarians that affects negatively the relations of the citizens of the two countries. There is a possibility for some political parties in Bulgaria (for example - ATAKA, VMRO) to use these trends and the government to be affected under the pressure of public opinion for changing certain aspects in its policy towards Macedonia. (For example: It is a fact that public opinion in Bulgaria has managed to change the manipulative Macedonian title of the exhibition planned for the Royal Museum of Mariemont in Belgium and in a this way opened

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<sup>13</sup> Alexander Yordanov, former Ambassador of Bulgaria to Macedonia, available at: <http://focus-news.net/?id=n1667717>, last accessed on 10.09.2012.

<sup>14</sup> Ivaylo Kalfin, MEP, available at: <http://argumenti-bg.com/16065/prof-markov-balgariya-tryabva-da-pokazhe-zhalt-karton-na-makedoniya/>, last accessed on 04.09.2012.

<sup>15</sup> Prof. Markov: "Bulgaria must show a yellow card to Macedonia", available at: <http://argumenti-bg.com/16065/prof-markov-balgariya-tryabva-da-pokazhe-zhalt-karton-na-makedoniya/>, last accessed on 02.09.2012.

the eyes of the European scientists. It urged the Macedonian media to comment on this a lot and to give explanations and “proofs”).<sup>16</sup>

Bulgarian society supports Macedonia on its road to European integration and it has a positive point of view concerning our neighbour’s joining NATO.

On the other hand, repeatedly in interviews and polls in Bulgaria it has been stated that the main problems for the realization of these national goals are the internal conflicts (ethnic resistance), corruption, the poor relations, and uncreative dialogue with some of its neighbours. The majority of Bulgarians have no claims to their neighbour, nor do they want to interfere in its domestic affairs, but many are irritated by the Macedonian blackmail to give up part of their history and they want the historic truth established.<sup>17</sup>

According to National opinion polls two thirds of our country supports Macedonia’s accession to the European Union, but only 12% oppose.<sup>18</sup> 45% of Bulgarians do not care whether Macedonia will keep or change its name. Only 15% want to change it, and a lot more (40%) are those who insist that Macedonia should keep its present name. Overall, the Bulgarians think that whether Macedonia will keep or change its name, it will not affect the relations between the two countries.<sup>19</sup>

According to internet discussions by Bulgarians, it is time for the Bulgarian diplomacy to strongly put the issue to the Macedonian Government for neglecting the rights of the Bulgarians in Macedonia.<sup>20</sup>

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<sup>16</sup> Information agency “BLIZ”, “Macedonian media offend our alphabet”, available at: <http://www.blitz.bg/news/article/153547>, last accessed on 10.09.2012.

<sup>17</sup> Ibidem.

<sup>18</sup> “Two thirds of Bulgarians support Macedonia’s EU membership”, available at: [http://education.actualno.com/news\\_152937.html](http://education.actualno.com/news_152937.html), last accessed on 10.09.2012

<sup>19</sup> Ibidem.

<sup>20</sup> “Do you support the Macedonia-FYROM’s EU and NATO membership”, available at: <http://bg.pointdebate.net/debate/podkrepyate-li-makedoniya-byurm-za-chlenstvo-v-es-i-nato.629/50>, last accessed on 10.09.2012.

## **Conclusion**

The main problems in Macedonia are caused by historical and cultural contradictions. Until they are resolved in a rational way and through demonstration of diplomatic and moderate tone, without populism and use of nationalism as a tool for achieving political goals, the country will remain on the same level and it is possible to lag behind on its road to NATO and the EU.



# **A Resolution to a Dispute with no Strings Attached: The Name Dispute of the Former Yugoslavian Republic of Macedonia and Greece**

*Marios Panagiotis Efthymiopoulos*

## **Introduction**

Over the last 20+ years, the name dispute with all secondary issues of concern, between Greece and the Former Yugoslavian Republic of Macedonia (FYROM), a much described and discussed international issue of international concern, has been noted to be one of the most difficult resolution and mediation efforts that is coordinated by the international community. An issue currently mediated by the United Nations and its special envoy attached to this resolution effort,<sup>1</sup> the name dispute is far from being solved. This does not however necessarily state that steps forward have not been made towards its resolution, yet they seem not to be enough.

Through a fresh analysis, evaluation and proposals for consideration to be put forward, that are projected from the prism of this article, we attempt to bring forward a clear, renewed and a fresh picture on the subject and matter at stake. The proposals put forward in the end of this article, derive solely from primary and practical professional evaluation, analysis and opinions that were created through onsite research and meetings, a trip to Skopje FYROM in September 2012. This article will offer primary market and public policy oriented evaluations; proposals for consideration, a proposal for bold political steps that need to be made from this point onwards if the matter is to be solved, putting an end to the dispute.

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<sup>1</sup> Special Representatives of the Secretary General of the United Nations on all major issues including the name dispute over the Former Yugoslavian Republic of Macedonia and Greece: <http://www.un.org/sg/srsg/europe.shtml>.

At this early level and as aforementioned, we need to point out and stress that this article comes as a result of a recent important workshop of primary research and exchange of information between experts, professionals, economists and strategists. This 25<sup>th</sup> workshop of the PfP Consortium Study Group RSSEE that was held in Skopje from the 27-29 September 2012.<sup>2</sup> It provided space for a first class cooperation between a variety of international actors, experts and institutions. The aim was to exchange information and arguments, analyze and understand but also to put forward issues of consideration on a possible accession of FYROM to the Euro-Atlantic institutions while solving long-standing international cases of FYROM in its own society while also referring to its international relations affairs. Examples cases: the Albanian minority rights in FYROM, their social or financial freedoms and foreign relations issues such as the name dispute with secondary issues legal, historical, political and economic at hand were discussed and referred. Per the interests of this article, we concentrate on the name dispute, an international issue. As it was jointly reiterated by all, this is an issue that questions aspiration questions but also questions the effectiveness of the policy on good 'neighbouring relations'. Does as such FYROM belong to NATO and the EU and their respective organizations or not? Is the dispute resolution for FYROM a true obstacle to its entrance to the Euro-Atlantic Structures or just a pretext to avoid any new obstacles and discussions about ongoing and or emerging issues per the conditionalities that need to be fulfilled prior to any accession? Did Greece or FYROM made enough bold steps towards a joint resolution effort or not? Has the UN been effective enough in its engagement and mediation efforts to this point?

The arguments, wording and statements put forward in this article lead the reader to a simple mathematical equation form. The Algebra methodology meaning, formatting of argumentation, analysis and evaluation that shall be put to the test, will guide the reader through a concrete clarification of arguments and will lead to the necessary proposals and rec-

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<sup>2</sup> Partnership for Peace Consortium for Defence Academies and Security Studies Institutes: <https://pfpconsortium.org/news-story/25th-workshop-pfp-consortium-study-group-%E2%80%9Cregional-stability-south-east-europe%E2%80%9D>.

ommendations. Arguments will be put forward (being the A point). Analysis will follow (being point B), with arguments and counter arguments and analyses. Early Proposals will be put forward (being point C) and lastly recommendations and comments will be presented and thus put to the reader's own evaluation (equaling  $A+B+C=D$ ).

This article does not include any theoretical methodology and framework. It is of the author that his article be a professional analysis and estimated consultation paper. It is an analysis that should bring forward reasons for a faster resolution to the name dispute. It will better clarify some issues that have not been projected or where it is believed that the mediation effort has not concentrated or attempted to look into.

The name dispute and its mediation may look as an easy task compared by now, to other international issues of concern to name a few: the Arab Spring and lately the Syrian case, or the global economic crisis and the war against global terrorism or suicide terrorism. Yet, the no-resolution of the dispute, the geographical location where the actual dispute takes place at, looks and sounds like a 'bleeding trauma' in the lower south side of South East Europe; a South East Europe with multiple states that all wish to join international organizations and western institutions, each for their own national interest reasons but most of all to project stability, safety and much wishful sustainable growth and development.

In this article we attempt to clarify the subject, the issues associated with it, through the clarification of suspicious or – must use – correct protocol or negotiation wording and lastly topics of concern that need to be clearly pointed out, politically, geographically, historically, legally and financially. Recent and new political positions lastly to state, need to be well pointed out. A credible and robust understanding of the two positions, need to be clearly and correctly understood prior to any proposals, recommendations and lessons learned. Finally to stress, that per the opinion of the author, we state that the name dispute with all its secondary matters of importance needs to be finally cleared up, resolved for a multiplicity of reasons. Most of all being that there is a need for stability and growth projection now in South East Europe more than ever.



To also finally add a disclosure to the paper: This article cannot and should not be taken by any means as a government or any other ministry position association and at any level whatsoever. This is a pure independent work of the author, a primary research made by the author that represents his own professional views at all levels and represents solely the position of the President, founder and founding member the international institute based in Thessaloniki Greece, Strategy International. The opinions and statements are clear and should not by any means be interpreted of misunderstood. The aim of this paper is to provide evidence of a balanced guide for resolution to the conflict. It is a neutral position projected per the international community, the two sides of the dispute and the regional actors per their consideration. The Institute's goal is to enable international mediations and conflict solutions to be welcome to be discussed and negotiated in Greece, with the constant collaboration of international members, experts and institutions across Europe, the USA and the world.

### **An alternate short explanation to the issue**

The name dispute with all secondary aspects of needed negotiations according to the Interim Accord of 13 September 1995<sup>3</sup> is a mixture of legal/political and historical aspects to be explored and resolved. The dispute is currently mediated under the auspices of the UN and the UN special envoy appointed for the issue.<sup>4</sup> The positive side of things, states that neither side considers their counter-part a direct security threat or holds any security concerns of military nature. In contrast, current challenges of international concern such as the Arab Spring, the Syrian Crisis, the possible Lebanese spill over are all characterized by large and extended military involvement and civil unrests, including all other ma-

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<sup>3</sup> Application of the interim accord of September 13<sup>th</sup> 1995 between the Former Yugoslavian Republic of Macedonia and Greece  
<http://www.icj-cij.org/docket/files/142/14879.pdf>.

<sup>4</sup> According to the Security Council Resolution 845 of 1993 the UN Special Envoy of the Dispute between the Former Yugoslavian Republic of Macedonia and Greece is Matthew Nimetz from the United States of America  
[http://www.un.org/ga/search/view\\_doc.asp?symbol=S/1999/1286](http://www.un.org/ga/search/view_doc.asp?symbol=S/1999/1286)

major issues that the UN and the Office of the Secretary has to mediate on<sup>5</sup> and as such no credible negotiation for a long-term viable solution is there, what so ever.

An ever emerging threat, the global and regional fiscal crisis, attempts to change the financial and societal status of countries and puts value added pressure for both states to resolve the matter. Further, to maybe process to sustainable regional and international development through direct national or foreign investment.<sup>6</sup>

The fiscal crisis surely is not a thing that we can overcome suddenly. Fiscal and social reforms are and will be needed. The fiscal crisis should be battled through a new framework of development and growth of Interoperable European Development Network and through Foreign Direct Investment<sup>7</sup>. A reconstruction plan as such is needed, whether national or regional (in the area of South East Europe). It should therefore be seen as an incentive for change but also interconnection between local, national and international markets. Politically, change is an incentive for a fast resolution to all issues and disputes including the name dispute.

A positive posture against the crisis may also provide not only for foreign direct investment but also national direct investment through the incentive of exclusive regional economic zones in cross border areas to boost market capital, construction and development.

Currently, the relationship between the two countries, are seen to be on a public and government deadlock to what concerns the name dispute.<sup>8</sup> The decision not to overcome the “drawn red-lines” from either sides,

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<sup>5</sup> Ibidem, 1.

<sup>6</sup> Efthymiopoulos M. P & Zeneli V, (2012), From Transition to Opportunity: Security through Economic Development & Institutional Strengthening, Journal of Research in World Economy, ISSN 1923-3981(Print) ISSN 1923-399X(Online), Sciedu Press, Canada  
<http://www.sciedu.ca/journal/index.php/rwe/article/view/1725>.

<sup>7</sup> Ibidem.

<sup>8</sup> FYROM’s President Blames Greece for the deadlock  
[http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_wsite1\\_1\\_01/08/2011\\_400712](http://www.ekathimerini.com/4dcgi/_w_articles_wsite1_1_01/08/2011_400712).

has most probably failed to bring in any solutions whether temporary or long lasting one. A red line renders the relationship to be more complicated in the long term. It also renders the relationship between the two states, vulnerable to the checks and balances in the international community quest for stability, prosperity, peace and growth. A red line has not and will never provide a positive stance, attitude or viable solution for either sides at the level it is wished for, for both national or international interests, oriented national politics and party politics, whether either states are located inside or outside of the Euro-Atlantic institutions.

The name dispute is associated with all secondary sources of mediation, to the future of FYROM, per its integration to the Euro-Atlantic institutions. This statement and argument is correct as seen from the point of view of international law. Yet, politically it provides a negative effect to the government and thus citizens of FYROM. This issue is seen for them as a social deadlock, a methodology, as experts claim 'hand-made' by Greece. Greece assures nonetheless that this is not the case. According to Greece this is an international community matter that needs a resolution through the mediation efforts of the UN solely. Once the dispute is solved Greece will support FYROM's accession.

The ethical and the correct thing to stress is that during the course of 20+ years this dispute creates a long-term civil hate seen and witnessed. It gives rise to nationalist opportunities and short or low-level disputes between the two societies and cultural communities and nationalities becomes a far more extended issue than what it should actually be. A prime result: FYROM now claims ethnicity, as it interrelates very much the name dispute to be one that will threaten the ethnicity of its citizens.<sup>9</sup> As such the name dispute is by now for FYROM's citizens, a dispute for their nationality or ethnicity identity. It is an argument however, that will surely and always be rejected by Greece, Greeks but also international historians.

In modern political wording, the 100% region of Macedonia was a land of a larger Greece and its city-state. Both the city state, capital of Make-

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<sup>9</sup> C.f. "Macedonia belongs to Macedonia": <http://www.makedonija.info>.

donia, Vergina, and Greece (ancient or new), are symbols of Greek heritage. They hold archaeological importance but also, to put it professionally, 'copyright issues'. Any argumentation of the opposite raises questions of 'international copyright laws' of history and as such can be deemed legally important for the position of the Greek Government wishing to pursue its national interests.

To even extent matters at hand things seem to be even more complicated. The correlation of FYROM with the Euro-Atlantic relations and their aspirations, should have been based on the guiding principles of solidarity good neighbourly relations and prospect for collaboration, under the EU mandate, through as well as regional collaboration, including joined educational and exchange of cultural affairs, diplomatic ability to negotiate and protocol procedures; conditionalities for any country that is aspired by the Euro-Atlantic objectives.

FYROM has to this point not only avoided to concentrate on the conditionalities of the *acquis* for which to this day still does not satisfy all conditions, but rather has created a society of ethnic division over:

1. The recognized Albanian Minority and all societal issues that come forth or are attached to the recognition of the Albanian Minority in FYROM.
2. The name dispute over with Greece, thus associating major foreign policy concerns on this second matter, rather than trying to bring forward institutions of a European and Euro-Atlantic calibre, to bridge internal gaps and create long-standing collaborations with immediate neighbours such as Greece in practical ways as to project growth and development in all societal much needed sectors.

On the other hand, Greece exports the largest majority of FYROM imported goods and has the largest percentage of investment. Greece is associated with major infrastructure plans and major infrastructure companies; yet has made strategic mistakes, such as the embargo in the

90s.<sup>10</sup> This is a political mistake that could have provided a swifter resolution to the name dispute. We need to avoid today's generational gap of young people, brought up to be recognized as "Macedonians" per the concerns and interests of FYROM in its relations with Greece. Additionally, the use of new technology that de-facto recognize, but unlawfully,<sup>11</sup> FYROM as with its constitutional name, while not yet approved by any UN institution or the UN General Assembly or the UN Security Council for this matter.

A yet another mistake was that while Greece could have lobbied for its cause without a national uprising, at the same time made sure to introduce a patriotic feeling that yet was already there and surely did not have to be reinvented but surely used by its counterparts. Greeks never had to re-invent any "Macedonian Cause". There was nothing to dispute about. The 20<sup>th</sup> Century resolutions of conflicts Balkan Wars I & II World Wars I & II recreated solely the geographical map not the ethnological map. Macedonians are solely parts of the concept of the Greek, modern or old, state. As such Greece should have had politically degraded or devalued the name issue to merely a low level importance issue and as such the position not of the independence of FYROM from Yugoslavia in 1991 but rather the use of the name Macedonia as its constitutional name, would have been easier to mediate and surely resolve in a positive way for both sides. In fact in 1991 there was still the possibility to name FYROM as Vardarska Banovina, as was the name, from 1929 through 1944.<sup>12</sup>

A third case, is yet another cause, rightfully so seen by Greece and Greeks as unjust, undisputed and wrongfully estimated historically. The territories attached to FYROM relates merely only to the 15% of the

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<sup>10</sup> Greek Trade with Five Balkan States during the Transition period 1993-2000. Opportunity Exploited and Missed Vassily Kafouros, Ritsa Panagiotou and Nicholas Vagionis, KEPE institute, Athens Presented to the ASECU.gr: <http://www.asecu.gr/files/RomaniaProceedings/34.pdf>

<sup>11</sup> Papavizas George (2010), "FYROM searching for a Name and Problems with the Expropriation of History", *Mediterranean Quarterly Journal*, Duke University Press USA <http://mq.dukejournals.org/content/21/3/86.abstract>

<sup>12</sup> Ibidem.

geographical and geopolitical location of the Macedonian Control region of Philip the Second.<sup>13</sup> Not of Alexander the Great. To place historical realities right, Alexander the Great was an emperor. He was the emperor of Macedonia that exceeded to Babylon and modern India and that derived from the Greek state and region of Makedonia.

Through ancient monuments and history of philosophical scrolls, through teachings of the Ancient Philosopher Aristotle teacher of Alexander the Great, he was known as an emperor, conquering yet, spreading Greek civilization in the eastern parts of the world.<sup>14</sup>

Today, surely this argumentation cannot be disputed or be claimed politically by any state in any form in or outside the United Nations. This is a global cultural contribution of morals, values, and tactics of warfare, lessons learned, philosophies and the spread of democracy and economics, a much valued cultural global heritage from Greece, a copyrighted cultural value, to the World. Any therefore attempt to dispute the name over with any counter argumentation or through the use of credentials, reflects a notion to Greeks and Greece, that Greek national history is been exploited and the roots of Greece have been abused. This said, no solution is such way will ever be found, certainly used by either sides to exploit short-term political interests and political party needs with a

long-term history and political value, to the region of Southeastern Europe itself.

Greece holds a proud history of over 2500 thousand years of the various city states and Greek roots, characterized through the sectors of humanities and philology, architecture and human architecture, archaeology and evolution of historical events.

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<sup>13</sup> Web information from the MIT University source:  
<http://web.mit.edu/hellenic/www/macedonia.html>.

<sup>14</sup> Professor Robert Lane Fox on Makedonia  
<http://www.youtube.com/watch?v=zKEJzkLwtFQ>.

### **Modern public policy: A game of chess and jeopardy**

The agreement to negotiate the name dispute with all secondary issues through the mediation efforts of the UN has for many today, failed to do so. There should have been already a political agreement, rather than taking bold steps backwards. Instead of forward steps, a no solution, that is the existing situation, gives rise to suspicious questions about the credibility and effectiveness of the procedures to find a long lasting and viable solution.

Obviously any agreements to negotiate a dispute cannot render a 100% win in the end. Certainly, this is a game of 'political chess'. Yet this is also a political reality; the cost to pay for a political figure or government, when negotiating an issue or an international dispute. It is also a game of jeopardy, where important and difficult decisions may be needed to be taken. They may in turn in the long-term a solution to become a historical cross-road for any further developments to come. As such, important decisions need to be taken with precaution. They must be taken through projection goals. Through a projection of wishful achievements and opposing to any civil or side negative effects but also long-term risk assessment analyses that will be put to the test. The risk assessment will eventually lead to possible scenarios that will confidently project an important percentage of possible case to be, that may or will evolve from providing a solution to the dispute. To lead, the proposal further, it would be a far better case of a development scenario between the relations of the two states. Any decision taken would be surely put to the test and that is a small assessment, once a decision is made. This in turn is the risk associated with the name dispute resolution, yet also the incentive for a faster and more credible solution in a time of global and regional challenges economic and social.

Mistakes have happened on both sides and from both sides; most importantly to the mediation or joint negotiations efforts. At the same time, both thought that a no solution to the problem is a win-win situation to their respective side. The problem is that this can be only considered a lose-lose situation for the both, including both societies.

In theory, when there are larger risks, then there are also larger reasons that either unite or divide neighbours. The global financial crisis and the fear of any possible spill-over effects from the Arab world or the Middle East are reasons enough to go back to the drawing tables and reconsider positions and postures but also create possible proposals for consideration. The risk assessments and development scenarios that need to be created should become a motive for change and thus increase all options and opportunities for robust negotiations.

Both sides need to level positive and negative attributes towards a viable solution to the dispute. Given the fiscal crisis, it is estimated that growth and development will come forth soon with the incentive of the stability factor in the region. A program of sustainable regional or national development will and should come forward attached to the resolution of the name dispute for both government and foreign investors with capital. The entrance of FYROM eventually to the Euro-Atlantic institutions in the long-term and once the name dispute is solved, will bring both sides closer through major ethical and moral values that only the European Union family represents.

### **Proposals for consideration**

The dispute over the name should be solved as soon as possible. Any country that holds aspirations to join the Euro-Atlantic Institutions should be allowed to proceed with the necessary amendments to fulfil all conditionalities pertained from the EU the so called *Acquis Communautaire* and per the interests of NATO to the conditionalities of NATO's currently, 27 member states decisions.



This article proposes the following issues for consideration:

1. Per the dispute name, both sides should immediately start again negotiations. Yet with the following amendments:
  - a) A timeframe to successfully end negotiations, paving the way for both sides to prepare their risk assessment and growth analyses but also the EU or NATO to associate them with major reconstruction or investment programs.
  - b) A proposed joint country sustainable growth program that will create the conditions for both foreign and national investment tools to take place.
2. The creation of both sides of a side to side low tax economic zone that will boost local business and will bring forward foreign investment.
3. Joined civil and educational programs to reinstate good neighbour relations between young generations and society.
4. Historical perspectives should be considered to the final communiqué of the resolution to the dispute. History should be declared as a global heritage, an offer of the Greek civilization to the world. Respected and honoured as part of the local history of the indigenous land and people.
5. Incentives and motives for large scale financial, educational and political themes that will bring back stability cooperation and interrelations between the two states.
6. Bidding for joint ventures and events, e.g.: World Cup, or European Football, Summer or Winter Olympics or associated programs for Human Rights and others should bring the clause for solidarity closer between the two sides.

7. Joined ventures of think tanks and other lobby groups for a common cause: Stability and growth and prosperity in South East Europe lead by both countries.
8. Finally an annual border event, an international call for cultural heritage share and exchange of information through a global economic and political forum for mediation of an international scale, an offer to the international community to mediate international issues, disputes and frozen conflicts.

### **Concluding remarks**

During the course of the article's creation, a clear and balanced assessment of the pros' and cons' from both sides was made and proposals were recommended. These are just the first steps to resolve the international issue and find the incentive to move forward towards a long-term plan for reconciliation and cooperation in both a regional level but also European and International levels.

Obviously there are ways of projection and risk assessments to be made and presented per the name dispute and following the resolution to the name dispute. In this article we used a simple but careful wording to avoid any mis-interpretations or mis-understandings. This article was a challenge as to better and neutrally, scientifically and professionally understand the real problems but also the quality and quantity of choices that both sides hold currently or wish to do or may take.

To also clearly state that a no-solution or a red line drawn from either sides is a no solution. Therefore the name dispute can be considered as a frozen dispute. This has only and solely negative effects towards the aims and interests of both sides but also the credibility and prosperity of the UN and the envoy.

Both governments should do their share of the burden in order to resolve the name dispute in the name of sustainable growth and development. An asset so much needed to counter the global and regional fiscal crisis. This article was a balance attempt to a politically honest and profession-

ally correct analysis. It was a short-term assessment of the risks associated currently by the evaluation made during the professional and research trip to Skopje FYROM in September 2012, while evaluating the situation from the point of view of Greece, in the market, in society and in Government.

## **Meeting the Challenges of EU Membership and NATO Accession – Macedonia and her Neighbours Policy Recommendations**

*Magdalena Lembovska, Martin Pechijareski and Dane Taleski*<sup>1</sup>

### **Introductory remarks**

Considered by many as the only success story of peaceful transformation in the Western Balkans in the early 2000s, Macedonia<sup>2</sup> managed to emerge from the shades of the 2001 armed conflict and acquire EU candidate status in just four years. The first among the countries from the Western Balkans to sign a Stabilisation and Association Agreement in 2001, Macedonia today, however, is considerably lagging behind on its EU/NATO accession path. Formally, the country is situated in the Brussels waiting room, while other countries from the region have developed closer ties with both Brussels and Washington: Croatia and Albania joined NATO in 2009; Croatia will join the EU most probably in 2013.<sup>3</sup> Montenegro though gaining its independence in 2006, is expected to be the next on the enlargement line, with the EU accession negotiations starting in the summer of 2012.

On the technical level, Macedonia has shown progress in the implementation of the recommendations issued by the European Commission.

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<sup>1</sup> These policy recommendations reflect the findings of the 25<sup>th</sup> RSSEE workshop on “Meeting the Challenges of EU Membership and NATO Accession – Macedonia and her Neighbours” convened by the PfP Consortium Study Group “Regional Stability in South East Europe” from 27 – 29 September 2012 in Skopje, Macedonia. They were prepared by Magdalena Lembovska, Dane Taleski and Martin Pechijareski., valuable support came from Ernst M. Felberbauer, Judith Ivancsits and Predrag Jureković.

<sup>2</sup> Austria recognizes the “former Yugoslav Republic of Macedonia (FYROM)” under the name of “Republic of Macedonia”. For the benefit of the academic debate, the country is being referred to as “Macedonia” throughout these Policy Recommendations.

<sup>3</sup> Note by the editors: Croatia joined the EU on 1 July 2013.

However, due to Greek objections to Macedonia's integration in both the EU and NATO, Macedonia still remains in the waiting room. Meanwhile, democratic reforms slide back. To retain the Commission's recommendation, the government needs to make improvements in key areas such as public administration, rule of law and freedom of the media.

After the 2008 NATO Summit, the Macedonian political leadership started using patriotic and nationalistic rhetoric and put the "name dispute with Greece" in the centre of the political mainstream. This can be seen in ethno-centric projects such as "Skopje 2014" revamping the capital including a grand statue of Alexander the Great in the main city square. Without doubt, the nationalist rhetoric among elites causes an equal nationalistic response in other ethnic groups, thus creating a circle of nationalism and hatred. This culminates in inter-communal violence and led to inter-ethnic and inter-religious mass protests on the streets of Skopje in the spring of 2012.

While the Republic of Macedonia remains fully dedicated to the progress of regional stability and prosperity, all countries in the region still need support to build institutional capacities according to the EU standards. Macedonia's relations with its neighbouring countries are a key pillar of the Macedonian foreign policy. In this sense, Macedonia needs to foster cooperation and to undertake initiatives for active regional cooperation. There is a consensus among the political parties and strong public support for the process of joining NATO and the European Union. Therefore, Macedonia should look to the future and should emerge as a young and multi-ethnic democracy which shall be an example to follow for the countries in the region.

### **Macedonia: meeting the internal challenges of security, stability and progress**

The question of the inter-ethnic relations and implementation of the Ohrid Framework Agreement (OFA) remains fundamental for the development of the stability and security of the country. The main issue namely, "To whom belongs Macedonia?" is located in the mentality of both ethnicities (Macedonian/Albanian) which tend to present Mace-

donia as a country divided between two ethnic blocks. Although the OFA has helped a lot, especially in ensuring the access to resources for the minorities, it is still an ongoing process that is not fully implemented. What is lacking is promotion of its spirit. It is to say that a greater tolerance for diversity is needed. Moreover, the ongoing conflicts between the Macedonian and Albanian coalition partners in the Government have negative influence on the overall situation in the society, especially in the realm of ethnic relations.

While in 2005 and 2006 the nation and also the international community were optimistic about the Euro-Atlantic future of the country, things have taken a turn for the worse and the country is not in the same position as it was. There are two important aspects of the problem: the first is the name issue, the second are the internal reforms that are being introduced in too slow a pace. One of the indicators for this conclusion is the fact that the Parliament in 2011 devoted only 9% of its agenda to align the domestic legislation with the EU acquis.

The numerous drawbacks of couple snap elections in Macedonia (2008 and 2011) represent another internal challenge. There is a lack of consistent full-four-year agenda and a one state concept. Rather, daily politics is focused on short-term political benefit. Another significant problem is the independence of the judiciary which is the backbone in every country. Despite the fact that Macedonia introduced certain law reforms, the trust of the population in Macedonia in the judiciary is decreasing. The rule of law, along with the fight against corruption seems to be the biggest challenges not only for the country but for the whole region as well.

The percentage of unemployment in Macedonia is another reason for concern, especially the high unemployment rate of young people with university degree. The fact that over 50% of the young population are unemployed is a clear indicator for social disparity. In such conditions illegal and criminal activities tend to be on the rise.

Macedonia started a High Level Accession Dialogue (HLAD) with the EU Commission in March 2012. The HLAD is both welcomed and criticized at the same time. For the EC HLAD is a new instrument to rein-

vigorate the reform process and to foster the EU enlargement. The HLAD is considered a technical instrument to guide the reforms in key areas. However, the results from implementing the necessary reforms are lacking and this does not contribute improving the EU integration dynamics of the country.

### **Albania, Bulgaria, Greece, Kosovo, Macedonia and Serbia: gaining perspectives through bilateral cooperation**

Regarding the bilateral cooperation, the diplomatic relations between Macedonia and *Albania* are generally good but not on the highest level. This is a weakness as the inter-ethnic relations are fundamental for both countries. On one hand, Albania is a focal point for the Albanians in Macedonia, Kosovo and Montenegro and there is perception that Albania should do more for the Albanians. Strengthening relations with Tirana could improve the interethnic relations in Macedonia. On the other hand, Albania as a member of NATO has to use NATO language and has to act according to the diplomatic rules.

Being the first country that recognized the independence of Macedonia, *Bulgaria* fully supports Macedonia on its way towards NATO and the EU. Therefore, the authorities in Bulgaria have expressed their readiness to share their best practices regarding the process of joining the Euro-Atlantic structures on several occasions. However, the dispute between Skopje and Sofia related to issues of national identity as well as the name dispute with Greece may cause negative dynamics in the bilateral relation.

The most complicated bilateral relations are predictably with *Greece* due to the two-decades-long issue for the name of the country. It is a highly complex issue as it touches the sensitive areas of culture and history. The political will, necessary for a solution, is lacking on both sides and there is a feeling that the mediator Matthew Nimitz has not done enough for the negotiation process. To resolve the name issue there is a necessity for stronger interconnection. The already existing deep economic relations could be useful in this regard. Nevertheless, the key for finding a solution is the trust between both countries and readiness for compro-

mise.

Even though international presence is still strongly required for the stability of *Kosovo*, it is completely devoted to the integration process. This is visible by the recent agreement between Serbia and Kosovo. The agreement enables Kosovo to be represented at regional summits and ensures Kosovo's participation in the economic trade. However, Kosovo has accepted that its name is marked by an asterisk, linking it to a footnote. There is a general perception among the population of Kosovo, followed by an ongoing media story, that Macedonia is willing to join the EU and NATO exclusively under its own conditions and not under the general ones. At the same time, the Macedonian case is an eye-opener for the political elites of Kosovo. It shows that even if all the criteria are fulfilled there is a political element in the process of joining NATO and the EU. Nevertheless, the bilateral cooperation between Macedonia and Kosovo on an economic level is well developed, but mainly between Albanians from Kosovo and ethnic Albanians from Macedonia. Among Macedonians there is a concern that a formalized status of autonomy for the Serbs in the North of Kosovo could increase political demands of the Albanians in Macedonia.

The bilateral relations on a political level are the most developed between Macedonia and *Serbia*. However, the problem regarding the recognition of the independence of the Macedonian Orthodox Church by the Serbian Orthodox Church is still present. Serbs perceive Macedonians with sympathy but blame both sides in the dispute between Macedonia and Greece.

### **The international view on the uneven path to Euro-Atlantic integration: Macedonia and her neighbours**

The EU perceives the implementation of HLAD as an innovation in the integration process. It has brought new dynamics to the relations between the EU and Macedonia. There has been a shift in the level of engagement by the European Commission. Several visits of EU Commissioner Štefan Füle in 2012 to Macedonia confirm the level of commitment of the EU. However, the positive outcome of the HLAD is not



visible yet. In this sense, the delivery of the results will be crucial for the integration process of Macedonia to the EU.

Regarding NATO membership, it is evident that NATO is not ready to import the name dispute within the Alliance. Apart from this issue, the commitment of the country to the integration process is assessed as an impressive achievement: the Republic of Macedonia has successfully completed the fourteenth successive cycle under the NATO Membership Action Plan. Furthermore, it has developed deployable capabilities in accordance with NATO standards and has provided significant contribution to international peace operations.

However, the EU and NATO accession will and cannot resolve Macedonia's internal problems. Macedonia needs to continue making reforms as well as develop a long term political strategy to create a positive climate for solving the name issue.

### **The Ohrid Framework Agreement (OFA) and inter-ethnic coexistence**

Regarding the OFA there is necessity for discussions about its essence and further research and analysis on the effect it has had so far. The OFA should be promoted on behalf of all citizens and all ethnic communities should feel its benefits. While most of the technical aspects are already adopted, the implementation of its notion is lagging behind and Macedonians often see it as a set of concessions made to ethnic Albanians and do not feel direct beneficiaries.

The representatives from the ethnic communities should make sure that they are willing to fulfil the obligations to the country as a state authority, not simply enjoying the benefits of the positive discrimination stemming from the OFA. When meeting the quotas in the process of employment within the public administration, the selection of the candidates should be based on quality and merit, not only the ethnic background.

One important measure is the implementation of a strategy to develop an

integrated educational system. So far, only few projects, mainly financed by international community were conducted to support the educational system. There is a great need to raise the awareness for the coexistence as well as mutual trust. In this sense, special programs which will enhance the interaction among the Macedonian and Albanian students should be promoted by the government. The final outcome should result in a higher degree of ethnic coexistence and a lower level of ethnic distance between the Macedonians and Albanians.

## **Economy**

Improving the economy and the employment rate are the most crucial areas for a successful development. It is of essential importance for the country to continue with the economic reforms. As the unemployment rate, especially the one within the young population is alarmingly high, youth entrepreneurship projects are needed in order to engage young people to start their own businesses.

Improving regional cooperation could also be beneficial for raising the economy. The countries in the region share similar economic challenges and depend on each other. Macedonia and the countries in the region should make joint efforts to utilize the Instrument for Pre-Accession Assistance (IPA) and other internationally available funds.

Foreign direct investments are one important factor for developing the Macedonian economy as well as for creating new jobs. The authorities in Macedonia have spent an enormous amount of money (65 million Euros) on campaigns and advertisements in the international media in order to attract foreign investors. The outcome has been rather disappointing. According to the World Bank data<sup>4</sup>, the Republic of Macedonia has a significantly lower amount of direct foreign investments compared to the other countries in the region. Therefore, the authorities should focus on finding solutions to the internal issues, such as: solving ethnic tensions, strengthening the rule of law, independent judiciary and efficient public

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<sup>4</sup> Available at: <http://databank.worldbank.org/ddp/home.do>.

administration. This would aid the attraction of foreign investors.

### **Name dispute**

Macedonia and Greece need to increase the level of mutual confidence and cooperation. Both sides should express genuine political will in order to find a solution on the name dispute. Putting a time-frame may speed up the process.

The talks between Macedonia and Greece, under the UN, mediated by the diplomat Matthew Nimetz have started in 1995 and have intensified after the 2008 blockade at the Bucharest Summit. However, there is only a modest approximation of the positions of the both countries. This does not give optimism for a possible solution in near time.

Recently, the EU has been involved in mediation efforts between Greece and Macedonia. The name dispute is an obstacle for opening accession negotiations which impedes the EU integration of Macedonia. The prolonged blockade of Macedonia creates challenges for the regional security, but also hampers the credibility of the EU and the viability of the EU enlargement as a security policy.

### **International relations**

Good international relations are crucial for every country especially in the contemporary world of mutual interdependence. Macedonia should continue supporting NATO peace operations and should also start to support EU's police missions.

Bearing in mind that organized crime is a transnational activity; closer regional police cooperation is needed. To combat organized crime the countries in the region need to pull resources and information together.

The Republic of Macedonia should undertake initiatives to strengthen the diplomatic relations with Albania and Kosovo. In this way Macedonia will provide a positive dynamic to the internal ethnic cohesion be-

tween the Macedonians and Albanians.

### **The Republic of Macedonia and the International Community (EU and NATO)**

The High Level Accession Dialog (HLAD) is a new and creative instrument and should be welcomed as such. Hopefully, it will accelerate the internal reforms and prepare the country to face the challenges for EU membership and shorten the time needed for the negotiations. The HLAD needs to provide visible effects in order to gain the trust from citizens and experts.

The Republic of Macedonia is under-utilizing the financial support from the EU via the IPA funds. While Albania, Serbia, Bosnia and Herzegovina and Montenegro are eligible to benefit only from Components I and II, the Republic of Macedonia is eligible to benefit from all five components. In the past few years however, Macedonia hasn't managed to build the necessary institutional and administrative capacities. Therefore, authorities in the Republic of Macedonia should ensure continuous training via regular training mechanisms and increase the cooperation via seminars and workshops with the representatives of the EU institutions.

The Republic of Macedonia met all NATO membership criteria. Since its official name impedes its accession to NATO the Republic of Macedonia should be accepted as a member under the name Former Yugoslav Republic of Macedonia.

The International Community should use the expression South Eastern Europe when referring to the region rather than Western Balkans. In this way the European Union will highlight the notion that the countries from the Balkans are part of united Europe and their future is within the wider European family.



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