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The process of EU enlargement towards south-eastern Europe: current challenges and perspectives

Introduction

This article analyses the underlying processes of EU enlargement towards south-eastern Europe. An exposition of key moments of this process will be given, in addition to appraising and examining all relevant policies and mechanisms designed to encourage EU enlargement. In order to facilitate an easier, more complete and broader comprehension of the process of enlargement towards the south-east, an overview of the enlargement process towards earlier incomers from central and eastern Europe will also be offered.

The article will also appraise the most recent trends in the enlargement process and its challenges and perspectives. An appraisal of mutual perceptions (the EU and those of south-east European countries) is also provided. The main focus, however, will be maintained on fundamental issues, such as the unresolved political disputes in the region and economic and political co-operation between the countries of the region.

The enlargement process

The enlargement of the European Union, which in 2004 and 2007 almost doubled its membership of fifteen countries, is its most important project at the beginning of this century. The other tasks which the Union has in hand – the single currency and the development of Europe's role in foreign policy, security and defence – are of capital importance, touching as they do on key areas of economic and political activity. But enlargement is a key project which, by bringing in twelve or more countries, and more than one hundred million people, will literally change the shape and the dimension of the EU.

At the Copenhagen Summit of June 1993, it was decided that accession would take place as soon as an associated country was able to assume the obligations of membership by satisfying the economic and political conditions required. Or, as stated in the Copenhagen Presidency conclusions:

> Membership requires that the candidate country has achieved stability of the institutions guaranteeing democracy, the rule of law, human rights, respect for, and protection of, minorities, and the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The Luxembourg European Council, held in December 1997, decided that the enlargement process should encompass a pre-accession strategy and accession negotiations which would be opened as soon as the candidate countries could fulfil their obligations as set out in the pre-accession strategy. Pre-accession strategies may differ

according to the candidate country in question but, on the whole, the EU's pre-accession strategy consists of Association Agreements – basic legal instruments setting out the relationship between the EU and the candidate country – the Accession Partnership and the National Programme for the Adoption of the *Acquis Communautaire*.

In the Accession Partnership, the Union designates the short- and medium-term priorities which candidate countries should implement in order to make progress towards meeting the accession criteria. In response to that, each candidate country has to prepare its national programme indicating the appropriate institutional and legal measures, while also undertaking the implementation of the *acquis*. After the candidate country has completed all the criteria associated with the pre-accession strategy, negotiations are opened following an analytical examination of the *acquis* (screening), which is done chapter-by-chapter. After negotiations are held, the results are incorporated in a draft accession treaty which is submitted to the Council for approval and to the European Parliament for assent. When these procedures are complete, the treaty has to be ratified by member states and the candidate country and, after ratification, the candidate country becomes a member state.

A more integrated Europe, both through being widened and deepened, will shape future relationships within the region in a different manner, so the extent to which Europe will be enlarged is of vital importance both for candidate countries as well as for member states; not only does enlargement pose serious challenges to the candidates but also the Union itself will be affected, positively or adversely, by this process. These challenges on the part of the Union will be centred on institutional reforms as well as on internal policy adjustments. So far, the most serious attempts to handle the anticipated problems subsequent to the accession of new members have been the launching of Agenda 2000 and the 2001 Intergovernmental Conference which culminated in the European Summit at Nice.

Agenda 2000 envisaged the future problems and proposed certain remedies for these, but the EU's success in tackling the potential economic, regional, financial and institutional problems of enlargement has not been as remarkable. Therefore, in Nice, member states' governments decided to launch a follow-on Conference, which witnessed several debates and contentions between the member states and which left unresolved many of the problems regarding south-eastern enlargement. Out of the thirteen countries that were in the EU's table for membership, ten candidate countries were ready to join the EU in 2004. The list included eight eastern European countries – Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia – plus the Mediterranean islands of Malta and Cyprus. Of the remaining candidates, Bulgaria and Romania entered the Union in a subsequent, second phase of enlargement in 2007, while Turkey is not yet considered to have fulfilled the political criteria for membership. This is in addition to the sceptical stance of the new French President, Nicolas Sarkozy, who opposes the country's entry into the European Union, although he has recently indicated that he is not going to block renewed accession talks with Ankara. As far as Sarkozy is concerned, geographically Turkey belongs not in Europe but in Asia. Thus, he would prefer rather to include Turkey in a Mediterranean Union, a proposal forcefully opposed by Turkey but which may be advanced during the EU's French Presidency in the second half of 2008.

In any event, why do these countries wish to join? The first motivation of the countries of central and eastern Europe, when they escaped from Soviet or Commu-

nist influence, was to turn to the European Union for confirmation of their potential for (re-)admission to the European 'family' and to render irreversible their turn to pluralist democracy and the market economy. A second motivation was, and remains, security: having left the Warsaw Pact, they wanted to secure their independence by joining the western alliance. For 'hard' security, they wanted to join NATO and, in 1999, three of them (Poland, Hungary and the Czech Republic) succeeded in doing so. But for 'soft' security they also value the EU, whose mechanisms of integration – common rules, common policies and common institutions – bind its members so closely together. Last, but not least, the applicant countries want full access to the EU's market and to the economic benefits of its common policies and common budget. This rationale is naturally applicable to western Balkans societies.

The post-Cold War era

The fall of the Communist regimes in central and eastern Europe opened up the possibility of the further enlargement of the European Union. In 1993, the Copenhagen European Council took the crucial decision to offer the perspective of membership to all countries of central and eastern Europe if certain criteria were met. These criteria, known as the Copenhagen Criteria, include democracy, the rule of law, human rights, minority rights and a functioning market economy. Subsequently, Association Agreements were signed with ten countries of the region. These so-called 'Europe Agreements' obliged the countries to bring their legislation into line with EU standards and to modernise their administrations. Negotiations were opened with six of these countries in 1998 (Estonia, Poland, Czech Republic, Hungary, Slovenia and Cyprus). The Commission also recommended that negotiations be opened with Malta, Latvia, Lithuania and Slovakia.

By the time of the elections for the European Parliament in 2004, the biggest wave of EU enlargement had became a reality, with the ten new member states as identified above.

With the exception of Slovenia, no country of the former Socialist Federal Republic of Yugoslavia has obtained member status. Full membership of the countries of the western Balkans has been postponed to a later period. The European Union recognises, however, its responsibility in the region and is committed to fostering political and economic reform.

Enlargement of the Union is about the transfer of stability. It is about enlarging the unique zone of stability, peace and freedom which has grown up over more than five decades in western Europe to encompass the east of Europe. Those countries that have already engaged in accession negotiations with the European Commission have realised that they must resolve their conflicts with their neighbours first, prior to accession. The new spirit of co-operation between Hungary and Romania is a good example in this respect while the encouraging new policy of Croatia towards Bosnia and Herzegovina and Slovenia is another.

The June 2000 European Council at Feira concluded that the main motivator for reform within Balkan countries, including the establishment of a dependable rule of law, democratic and stable institutions and a free economy, is a relationship with the EU based on the credible prospect of membership. At the same time, countries of south-eastern Europe have to be convinced that orientation towards the EU will not

alone suffice, but that they will have to accept the need for good bilateral relationships which will allow greater economic and political stability within the region.

At the Zagreb Summit of November 2000, the countries of the region and the EU agreed to proceed with the Stabilisation and Association Process as a means to prepare the region for sustainable reform and possible candidate status. This process has three phases:

1. towards a Stabilisation and Association Agreement
2. negotiating and implementing Stabilisation and Association Agreements
3. assistance.

Towards a Stabilisation and Association Agreement

The cornerstones of the long-term commitment of the EU are the Stabilisation and Association Agreements (SAA). Through these, the EU offers the opening up of markets, as well as significant financial and political assistance to the respective countries, in return for serious steps towards political and economic reform according to the Copenhagen Criteria. Before negotiations for such an Agreement can be opened, the respective countries have to show the seriousness of their political and economic reform agenda and a willingness to overcome the basic impediments to peace and stability in the region. An SAA is thus the first major step towards EU membership and outlines the processes that a country needs to make to bring its legislation into line.

Negotiating and implementing Stabilisation and Association Agreements

The Stabilisation and Association Agreements are fashioned after the European Agreements signed in the 1990s with ten central and eastern European states. The Stabilisation and Association Agreements focus on respect for key democratic principles and the core elements of the EU single market. Through a free trade area with the EU, this process will allow the economies of the respective countries to begin integration with the EU economy. Stabilisation and Association Agreements are tailor-made to the situation in each individual country. However, the final goal is the same for all: the full realisation of association after a transitional period via the implementation of the core obligations.

Assistance

The EU has provided extensive assistance to the countries of the region in meeting their Phase 1 and Phase 2 obligations. The CARDS programme for Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, and Macedonia was designed for the specific needs of each country in the course of the Stabilisation and Association Process. Assistance has been synchronised to the respective needs of each country and has focused on support for the reforms and the institution building necessary to implement the obligations entered into. CARDS also has a significant regional component that underpins the requirement of regional co-operation.

The countries of the region are encouraged to develop relationships with each other in a manner comparable to the relationships that now exist between EU member states. There is still a long way to go, but the perspective of the full membership of the countries of the western Balkans region is real. It has to be noted, however, that membership of the European Union commits all states to openness and tolerance *vis-à-vis*

each other. It is a prerequisite of membership of the European Union that the lethal conflicts between the peoples of the region are overcome. The countries of the region must come to believe that peaceful co-existence is the key to political and economic stability. The first test, therefore, will be whether the countries of the region are able to establish good relations between themselves.

EU-Balkan perceptions

Europe's current perceptions of western Balkan economies, and the policies applied in recent years, need to be analysed and assessed within the general framework of EU policies toward all the former socialist countries of central and eastern Europe. Following the revolutionary changes that took place in these countries in 1989, marking the beginnings of the transition to multi-party democracy and the market economy, the EU undertook a series of measures to sustain the transition. However, different approaches have been adopted towards different groups of countries and these have, to a large extent, been shaped by the perceptions of EU policy-makers regarding their progress in implementing the transition. The result has been different policy measures on aid, trade access and accession to the EU. So, in the last ten years, the western approach towards the Balkans has changed dramatically, from ignorance through involvement to advocating integration. It now remains to be seen whether the EU will follow through regarding the bringing of south-eastern Europe into the structures which increasingly apply across the rest of the continent.

In the early 1990s, most western countries failed to appreciate that Yugoslavia was going through a process of disintegration. The western fear of setting a precedent for the further disintegration of the former Soviet Union, or other post-communist countries, came to shape public opinion – and, above all, the views of many leaders – more than did actual developments on the ground. The result was that many western governments failed to grasp what was going on in the Balkans and, on that specific issue, they let their policies be heavily swayed by domestic concerns. It took the EU (then the EEC) more than six months to understand, after Serb and Yugoslav President Slobodan Milošević had launched his war in Slovenia and Croatia – and after the beginnings of a major refugee crisis – that Yugoslavia had ceased to exist and, thereafter, to recognise the independence of most of its former republics. But it took different countries different lengths of time to draw the consequences from the disintegration process and from the outbreak of the wars.

After four years of fruitless negotiations under international mediation, hundreds of broken ceasefires and a hostage crisis involving Serbs taking UN troops prisoner, the 1995 Dayton Agreement marked a turning point in the international approach. It showed that, when dealing with tough-minded Balkan politicians, a credible threat of force was capable of making them act more reasonably. Europe was, at the time, unable to conceive or carry out such a policy while its own mediation efforts had failed and, consequently, the US was crucial in bringing the Europeans together behind a common strategy. The deployment of a NATO-led international peace-keeping force that was able to enforce peace marked the end of the war in Bosnia. However, the post-conflict situation proved to be a still more complex matter. Even though the international community has provided large amounts of humanitarian and reconstruction assistance to Bosnia and Herzegovina, the country now faces a deep economic

crisis triggered by protectionist policies, communist economic legacies and by an overwhelmingly non-transparent and, often, corrupt bureaucracy.

The negotiations process leading to the February 1999 talks at Rambouillet, and the subsequent Kosovo war, clearly marked a change in western policies towards the region. Albeit under US leadership, European countries united behind a common goal and strategy in a comparably short time. After the war, Europe took charge of the largest part of the reconstruction and institution-building effort. Furthermore, the Kosovo war gave the essential impulse to a new regional approach on the part of the EU, aiming at the integration of all of south-eastern Europe. Furthermore, the EU's envoy on foreign and security policy, Javier Solana, is in charge of shaping that policy. To date, however, Solana has not been able to present great results. The EU's main mechanism for the region has been the Stability Pact for South-East Europe. However, the Stability Pact has no resources of its own; it has merely kept the region on the EU's agenda and has also served as a clearing house to promote cross-border co-operation and infrastructure development. The key impulse for integration must come, however, through the Stabilisation and Association Agreements that the EU is currently negotiating. All entities of the region are involved in the process of concluding such agreements.

Albania signed its SAA with the EU in 2006. For Bosnia and Herzegovina, however, no such agreement is in sight because the leaderships of the two entities (the Federation of Bosnia and Herzegovina and Republika Srpska) have failed to agree on the joint implementation of reforms. As regards Serbia, its full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague in handing over Ratko Mladić, the leader of the Bosnian Serb army sought on charges of genocide, crimes against humanity and war crimes, as well as other indictees, is decisive to continuing talks on a SAA.

Unlike many of the central European and Baltic countries, these new aspirant countries will draw up action plans jointly with the EU. Thereafter, they will have clearer guidelines as to where the reforms must be headed and what they have still to implement. For its part, the EU will apply 'conditionality' to the integration process, which means that the process comes to a halt if the candidates fail to deliver on their promises. However, the arrangements do give candidates some security in not being left alone or in lacking guidelines for their policies. However, it is true that not only the candidates have to deliver on their promises; the EU must also make good on its commitment to integrating them. Even though the EU supports regional and cross-border co-operation, many candidates will, paradoxically, have to give up free trade agreements that are not in line with EU standards (agreements between the Czech Republic and Slovakia are a case in point). Indeed, the EU wants the candidates already to be applying the *acquis communautaire* – the set of rules and standards for EU integration – between themselves prior to integration.

It is also true that misconceptions and misperceptions do exist on both sides – i.e. the EU and south-eastern countries – and that these can only be overcome if both parties increase their level of understanding of the most significant issues. In the end, the sincerity of the EU's approach to the economically-fragile states of south-eastern Europe will be measured by how far it opens its markets and develops policy guidelines in a spirit of sincere and open partnership. South-east European countries, for their part, should hold themselves within the agreed commitments. Co-operation among

the countries of the region themselves is one step; the other is a firm stance towards institutional reform and the fulfilment of the EU accession criteria. Both parties should, however, look towards overcoming certain minor misconceptions or unnecessary divergences which are less important compared to the aspiring values, as well as the advantages and the benefits that a unification process brings. To put it in the words of the prominent Paris-based Albanian writer, Ismail Kadaré:

> In order to exert influence, to make the Balkans a positive region, capable, as it is in reality, of bringing to Europe not only its riches and its beaches, which one finds there as in other regions, but also resources, human and cultural energy, the Continent will have to rid itself of the remaining prejudices that still veil its vision of the area. Europe must recognize that the peninsula is today the scene of new realities that, until very recently, were unimaginable … For their part, the peoples of the Balkans must understand once and for all that, if in past centuries they have marched side by side towards disaster, today they must go forward together towards their salvation. (Kadaré, 2001)

One has to conclude that, in order to bring about a unification of south-east Europe with the rest of the old continent, there exists almost a fixed correlation between mutual commitments and results. In turn, this entire process would lead towards mutual benefits, growth and development.

One of the unresolved political questions

Some of the barriers regarding the integration of south-east Europe into the EU are the unresolved political questions that generate ethnic and/or political tensions. One of the main issues here is the unresolved political status of Kosovo. Eight years after the United Nations (UN) took over the administration of the territory, *de facto* excluding Serbia from exercising any sovereign function, the final status of Kosovo remains the principal unresolved political question in Europe today. The recent global diplomatic efforts, including the G8 Summit in Heiligendamm, Germany, finally show an awareness on the side of the international community that this issue cannot be postponed indefinitely, while its postponement surely detracts from regional prosperity and stability.

The most valid solution to resolving Kosovo's status is a steady move toward an institutionalising of independence and Kosovar self-reliance, combined with a permanent NATO security guarantee and an EU-led civilian presence to monitor the rule of law, human rights and minority protection, as recommended by the UN Special Envoy on Kosovo's future status, Martti Ahtisaari. An independent Kosovo, with a legitimate and credible government, can make an important and long-term contribution to Balkan security. The time is approaching for Kosovo to become an international subject and no longer either an object of dependency or a bone of conflict.

For Kosovo and its people, the issue that eclipses all others is international recognition for an independent state. Only such a state will be capable of voluntary integration into NATO, the EU and other international institutions. Ahtisaari's report phrases it like this:

> Unlike many of its western Balkans neighbours, Kosovo is … unable to participate effectively in any meaningful process towards the European Union – an otherwise powerful motor for re-

form and economic development in the region and the most effective way to continue the vital standards implementation process.

Short of outright independence, Kosovo may experience a growing dependent relationship with the international institutions that may become more difficult to overcome the longer that such a 'stalemate' continues. In order to avoid long-term dependence on outside agencies, or a destabilising spiral of conflict, self-determination and independence for Kosovo can become a principle objective of the international community. Such a step would at least have positive symbolic, political and security ramifications. It would restore Kosovar confidence in the international community, in particular the European Union, and would prevent the potential radicalisation of Albanian politics, since long-term ambiguity regarding the question of status may well undermine the region's democrats. In order to ensure stability and security, UN functions must be diminished and the Kosovar government must be empowered to govern rather than simply consult with the international agencies. Only such a transformation can create an effective democratic legislature, maximise public initiatives and encourage public investment. It would also give dynamism to the development of a Kosovar state identity that is trans-ethnic, multi-religious and pan-European. This would be ensured if the Ahtisaari Plan was to be implemented.

One of the main reasons why politicians and analysts are looking at the status of Kosovo relates to the EU. The whole region desperately wants to begin to move towards membership but the organisation is a club for states, not territories with undefined status.

Regional co-operation and the new CEFTA

We can say that there are a large number of countries in which, in a lesser or greater volume, live populations with socio-cultural and religious elements which are shared with nations from the countries with which each has a border. This characteristic is the same for countries from south-east Europe. These elements ought to be grasped for every kind of collaboration, especially concerning the economy, because neighbouring countries in the region of south-east Europe share similar production configurations, especially in agriculture. This is the reason that greater efficiency is needed in all communications concerning economic integration. The agricultural goods of south-east European countries are characterised as organic – based on natural development without relying on agrochemical additives. Simply said, they are raised on clear agricultural soil.

Also, one other important element is that most of the regions of the former Yugoslavia are now sovereign and independent states and ought to continue intensive mutual economic collaboration. The main reason is that, half a century ago, they were involved in a narrow internal collaboration with production capacities which were connected and oriented towards markets both within that region and more widely. It is a better path to have a common exit towards economic integration in the world. Now, when the countries of south-east Europe are involved in transition activities, processes which operate neither very easily nor without difficulties, the best way is to start with more intensive routes of communication between them. The result of this would be that, after the transition is complete, they would have evolved into efficient econo-

mies which have maintained equilibrium with supplies from developed countries and from their economic integration in the world system.

A new path to such intensive economic activity is provided by the Agreement on the Amendment of and Accession to the Central European Free Trade Agreement (CEFTA) or CEFTA 2006. The new CEFTA, along with the SAA process, provides a spur to the further reduction of national obstacles to trade and investment and the opening up of markets to competition and growth. It also implies the greater responsibility of countries in the region for fostering trade and the implementation of relevant economic policies. After its entry into force, bilateral free trade agreements are to be terminated. The parties to the new CEFTA agreement are: Albania; Bosnia and Herzegovina; Croatia; Kosovo; Macedonia; Moldova; Montenegro; and Serbia. Timely ratification, and then acceptance of or approval by all the signatories, will enable the full effectiveness of the new CEFTA.

With democratic governments across the western Balkans and enhanced regional co-operation, we have before us the best prospects for a generation of lasting peace and prosperity across the whole of south-east Europe. Resolving Kosovo's final status and handing over the ICTY's most wanted fugitives in respect of the wars in the former Yugoslavia (i.e. Ratko Mladić and Radovan Karadžić) – the two remaining most sensitive and important unresolved political questions in the region – would give a definitive impulse to this process.