

European Prospects of the Western Balkans

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European leaders promised the Western Balkan states during the EU summit in Thessaloniki in June 2003 that their future was within the united Europe, and that each of them could prospectively become an EU member¹. But judging by the actual steps taken by Brussels, the EU does not intend to proceed with true integration of the region in the nearest future. No road map for negotiations was proposed in Thessaloniki, and neither was even a tentative accession date stated, although leaders of the Balkan five had asked for this in a joint statement. The SAP, a special association procedure developed specifically for the integration of the Western Balkan states, may even lead to a “freezing” of the Balkan countries’ integration at the initial level. The same applies to the unclear position of these states in the EU foreign policy instruments now being developed (Wider Europe, New Neighbourhood Instrument). The situation looks even worse in economic terms. The volume of funds provided to the Western Balkans from the EU budget has been decreasing for several years, and will continue to decrease unless the EU alters its policy. At the same time, substantially larger amounts of funds are provided to neighbours of the region, i.e. the acceding Slovenia and Hungary, and Bulgaria and Romania – recipients of pre-accession aid. This may deepen the civilisational gap between the region and its neighbours, stall economic growth in the Western Balkans, and undermine the Balkan societies’ confidence in European institutions. As a result, populist parties with anti-EU programmes (extreme nationalist groups in most cases) may win over a portion of the Western Balkans’ electorate. If Europe fails to take decisive measures to truly integrate the Western Balkans, the region, released from the spiral of ethnic conflicts by the international community’s effort (the EU institutions and funds playing a major role), may slip into another crisis, this time civilisational in nature, and lose all chances of integration with Europe in the foreseeable future.

1. The special Balkan integration path

The Western Balkans is an EU term that has been around since 1999. It refers to the area of “the former Yugoslavia, less Slovenia, plus Albania” and includes five countries: Croatia, Bosnia and Herzegovina, Serbia and Montenegro (including Kosovo), Macedonia and Albania. As yet, none of these countries have acquired the status of an EU applicant country. Since 1999, they have been on a special integration path called the Stabilisation and Association Process (SAP). The SAP is supposed to ultimately lead to the Balkan states’ membership in the EU through the signature of Stabilisation and Association Agreements (SAA), among other measures. However, it does not provide for a guarantee that membership negotiations will be opened within any specific deadline². Unlike in the previous association agreements, the SAP is not part of the accession process itself, but rather, an external instrument for the integration of countries that have signed the SAA with Brussels³. The SAP does not automatically grant the states in question the status of EU applicant countries, neither does it offer them access to pre-accession funds⁴.

2. The burden of recent history – stereotypes about the Balkans

After 1991, the region was affected by a series of armed conflicts, which spared none of the Western Balkan countries. These conflicts included the over four years long war in Croatia and Bosnia, the guerrilla wars in Kosovo and Macedonia, the NATO operation against former Yugoslavia, armed incidents in the ethnically Albanian southern Serbia in 2000, and the bloody riots that accompanied the wave of anarchy in Albania in 1997. The wars have encumbered the perception of the region to such an extent that even today it continues to be seen as a politically unstable area and a recipient of foreign aid rather than a serious candidate for EU membership. This way of looking at the Western Balkans began to change after the authoritarian regimes were toppled in the two largest countries of the region (Serbia and Croatia) in 2000, but change progresses slowly.

The commonly overlooked fact today is that there has been no open conflict in the Balkans since the summer of 2001, and all “frozen” conflicts no longer threaten escalation, owing to the insistent efforts of the international community and equally insistent endeavours of the local authorities and communities. In other words, conflicts in the Balkans are no more “inflammable” today than conflicts in the Basque Country or Northern Ireland. Another fact that goes unnoticed is that since the regimes in Croatia and Serbia collapsed, viable democratic institutions have been developing throughout the region and no country is currently in danger of slipping back under authoritarian rule⁵. The indefinite status of organisms such as Bosnia and Herzegovina, Serbia and Montenegro or Kosovo is frequently invoked as an argument in support of the claim that the countries (regions) in question are unprepared for integration with the European Union. We believe that this argument is false and that it is being abused as a pretext to justify the failure to proceed with integration. The European Union will soon have a new member – Cyprus – whose status is probably equally difficult to resolve as the situation of the countries named above. It was the ethnic conflicts, deeply rooted in tradition and mentality, that have led to the emergence of “indefinite status territories” in the Balkans following the break-up of Yugoslavia in 1991. Now the European Union, known for its respect for minority rights and the expanding experience of multiethnic peaceful co-existence, seems to be the only place where the status of these countries or regions can ever be resolved. Left outside Europe, the Western Balkan countries will be doomed to solving the indefinite status problem the “traditional” way.

Another stereotype about the Balkan countries is that they are totally corruption-ridden⁶. The authorities of the Western Balkan states endeavour to crack down on corruption, and they seem to have been quite successful. For example, the mafia structures in Serbia were decimated as a result of a huge-scale police operation that followed the assassination, in 2003, of Prime Minister Zoran Djindjic, and the cigarettes smuggling and people trafficking from Albania and Montenegro to Italy were curbed substantially. It should be remembered that in the past, the EU has entered into negotiations with countries

commonly criticised for high levels of corruption (Romania, Bulgaria), acting on the premise that offering them membership prospects would be the best way to urge their authorities to eliminate the informal structures⁷.

3. Between partnership and humanitarian aid

As a post-war region, the Western Balkans were initially covered by humanitarian and reconstruction aid programmes which aimed first of all to reconstruct the economy, the market and the infrastructure, rather than to adjust their workings to the EU standards. All EU funding currently received by the Balkans is provided under the CARDS⁸ programme established to finance the SAP, which definitely focuses on “reconstruction”, rather than “integration”. As the post-war reconstruction of the region advances, the amounts of funding are gradually reduced. Since the Western Balkan countries do not have the pre-accession status, CARDS funds cannot be replaced with EU funds earmarked for the adaptation of applicant countries (or countries with similar status) to EU standards. The scale of this phasing out of reconstruction funds provided to the five Western Balkan states is dramatic⁹.

At the same time, neighbouring countries receive growing amounts of EU funding. Consequently, the gap between the region’s economies and the rest of Europe is widening rapidly. This is evident in the comparison between the Western Balkans and the two Balkan countries joining the EU in 2007, namely Romania and Bulgaria. In 2006, Romania and Bulgaria will receive over EUR 1.4 billion of pre-accession aid from the EU, which accounts for 2.6 percent of these countries’ accumulated GDP. During the same period, the five Balkan states will jointly receive EUR 500 million, which corresponds to 1 percent of their GDP¹⁰.

In addition to this quantitative disadvantage, keeping the five Western Balkan states in the position of reconstruction assistance recipients and refusing to promote them to the pre-accession stage also has a substantial qualitative disadvantage. Unlike pre-accession funds, reconstruction funds are distributed without the requirement for the recipient’s budget to co-finan-

ce the projects, to get local administration involved in projects implementation¹¹, or to use a specified amount of materials provided by local manufacturers, etc. All of these requirements, which are mandatory in the pre-accession mode, aim to stimulate economic growth, create jobs, and urge the recipient country or region’s local administration to take creative action. Reconstruction funds may come (and frequently do come) exclusively from the EU (as the co-financing requirement does not apply). Projects are carried out mainly by experts from the EU countries, whose remuneration is astronomically disproportionate to the pay of local experts, if any, working on the same project. Finally, there is no obligation to implement the projects using goods or materials produced at least partly in the recipient country. This leads to the formation of a secondary model of welfare state in the post-communist countries (the former SFRY and Albania) where large sectors of the society live on unemployment money¹², disability pensions or other welfare benefits financed partly from foreign humanitarian aid. This conserves passivity as the prevalent social attitude. In regions with a high concentration of foreign personnel (whether military or civilian), a special kind of elite has formed whose members provide services to this special mode of foreign “tourism” and want the present state of affairs to be preserved as long as possible. Another humanitarian gesture, i.e. the unilateral cancelling of import duties on approx. 80 percent of commodities exported by the five Balkan states, has also led to pathologies in some cases, like the infamous 2003 scandal which involved re-exporting EU sugar provided as humanitarian aid, back into the EU.

4. The European Union's current and future role in the Balkans

The international community's endeavours, in which the EU member states provided the lion's share of financing and military and civilian personnel even when they remained passive diplomatically, have led, or substantially contributed to, the following developments:

- the suspension of (and, in practice, putting an end to) the armed conflicts in Bosnia and Herzegovina (1996), Croatia (1995) and Kosovo (1999); “freezing” of the threatening armed conflict in Macedonia (2001); and prevention of the outbreak, towards the end of 2001 and in early 2002, of an armed conflict in southern Serbia (the ethnically Albanian Kosovo border);
- “civilising” the dispute between Belgrade and Podgorica over the status of Montenegro;
- progress in the refugee returns in Croatia, and especially in Bosnia (on a smaller scale, in Kosovo and Macedonia);
- stable economic growth, which most countries of the region have reported for several years¹³; and the implementation of market reforms aiming to adapt the Balkan economies to WTO standards and, to a growing extent, to EU standards;
- substantial reduction (even if the exact figures be difficult to estimate) of the amount of contraband smuggled *via* the Balkans (including tobacco products, drugs and people), and in particular, a crackdown on cigarettes smuggling that used to take place on a gigantic scale from Montenegro and Albania to Italy.

To some, usually large extent, Brussels may count the above achievements among the successes of its foreign policy.

The European Union gradually becomes the leading player in the political map of the Balkans, and in the near future it may become the only major player there. Brussels aspires to this role at a surprisingly late moment, given its bold moves at the time the socialist Yugoslavia was disintegrating. In December 1991, the EU was the first “great power” to recognise the independence of Slovenia and Croatia. Later on, however, it was unable to single-handedly face the problems that emerged as a result of the outbreak of wars in Bosnia, Croatia or Kosovo. The European

Union left the Balkan mandate in the hands of the international community, represented for ad hoc action by the so-called Contact Group composed of the United States, Russia, Great Britain, France, Germany and Italy. Whenever decisive action was taken, including the armed operations in Bosnia (1995) and Kosovo (1999), the initiative was always on the part of Washington. When the war in Kosovo was over, however, Brussels began to step in the United States' role as the main player in the Balkans. Its major independent achievement was the development, in 2002, of the compromise solution for Serbia and Montenegro, under which the two countries formed a confederation for a trial period of at least three years (the US was more inclined to support the separatist ambitions of Podgorica). Also in 2002, the EU took over the Concordia mission from NATO (Concordia monitors the cease-fire in Macedonia). This was the first military mission in the European Union's history, soon to be followed by the policing mission in Bosnia and Herzegovina. At the moment, Brussels is preparing to take over the SFOR mission in Bosnia from the international community, and in future it also intends to take over the KFOR in Kosovo¹⁴. However, both operations require much more funding than policing or monitoring missions, which is why the media are generally concerned about whether Brussels will ever be able to do without US troops¹⁵. As Russia has withdrawn its peacekeeping contingent from the Balkans, and the US, which has been gradually downsizing its personnel in Kosovo and Bosnia for over two years now, has announced a similar move, the European Union is about to become the only major player in the Balkans.

5. The specifically Balkan integration problems

Integration of the Western Balkans will entail new problems for Brussels, which it did not encounter in any of the applicant countries to date and which stem from the violent recent history of the region. These problems include the requirement for the Balkan countries to co-operate with the Hague Tribunal in the search for persons suspected of war crimes, the emphasis on enabling war refugee returns, and the question

of the status of Serbia and Montenegro, Kosovo, Bosnia and Herzegovina, and Macedonia.

5.1. Co-operation with the International Criminal Tribunal for the former Yugoslavia

Co-operation with the Hague Tribunal is an issue in the relations between the EU and the entire region, excluding Albania and Macedonia. For understandable reasons, some groups in the society refuse to co-operate, reluctant to have their compatriots tried by an international tribunal or even sympathising with the accused who remain in hiding. Nevertheless, co-operation is progressing, the major success being the handing over, in June 2001, of the former Serbian president Slobodan Milosevic to the Hague Tribunal. It is commonly believed that if the other three main defendants from the Hague list, i.e. the Croat general Ante Gotovina, the former Bosnian Serbs leader Radovan Karadic, and the JNA commander, general Ratko Mladic, are handed over, the Hague will informally approve of recognising the countries as meeting the accession criteria under Justice and Home Affairs. The accused remain at large, though, and the authorities of the countries where they are probably hiding, being Croatia, the Serbian Republic (Bosnia and Herzegovina) and Serbia, respectively, are criticised for being “deliberately passive” in the search operations.

5.2. The refugee problem

The refugee return movement is probably the most difficult part of the Western Balkans’ post-war legacy. As a result of the war operations, more than 2.7 million people left their homes in Bosnia, Croatia and Kosovo¹⁶. Out of this number, approx. one million refugees have decided to return to date. The greatest exodus took place as a result of the civil war in Bosnia (approx. 2.2 million people). In 1995, 300–350 thousand Croatian Serbs left the territory of Krajina occupied by the Croatian army, and approx. 200 thousand Serbs, and a smaller number of Romas, left Kosovo in 1999 for fear of persecution at the hands of the Albanians. Bosnia has witnessed the greatest percentage of refugee returns. Nearly one million people came back, though most of them (approx.

550 thousand) settled in areas controlled by their own ethnic group (Serbs in the Serbian Republic, Croats and Muslims in the Muslim-Croat Federation), i.e. not necessarily in the homes they inhabited before the war (majority returns). Some progress has been reported recently (2000–2002) in terms of returns to areas controlled by “strangers” (minority returns)¹⁷, as approx. 100 thousand Croatian Serbs returned to Croatia. However, according to the Human Rights Watch analysts this number is exaggerated, since many Serbs come to Croatia (and register their stay) only to fix the formalities concerning the property they have left behind, and then come back to their current homes in Serbia, Montenegro or the Serbian Republic¹⁸. The census of March 2001 showed that 201.6 thousand Serbs lived in Croatia, accounting for 4.5 percent of the country’s population. This is three times less than in the 1991 census¹⁹.

In addition to political factors (such as the reluctance to assume the citizenship of “new” states) and social considerations (the fear of ostracism in an ethnically different community), the returns are impeded by difficulties with reclaiming property left in the former place of residence (real estate in particular). In Croatia and the two constituents of Bosnia – the Muslim-Croat Federation and the Serbian Republic – it was a common practice to place a country’s “own” refugees in the homes abandoned by refugees (e.g. Croats fleeing from the Serbian Republic would be settled in Krajina, and Serbs from Krajina in the Serbian Republic). In this situation, returning refugees who face unanimous resistance of the local community find it extremely difficult (and sometimes impossible) to reclaim their real estate and evict the persons residing there presently, even if they hold proper court judgements. Some progress in this respect has been reported only in Bosnia, which remains under control of the international forces²⁰. In the case of Croatia, there is one more obstacle, namely the apprehension of routine interrogations by the police and secret services, which returning men who have, or may have, served in the armed formations of the so-called Republic of Serbian Krajina in 1991–1995, must undergo.

5.3. The status problem

5.3.1. Serbia and Montenegro

Montenegro was the only former Yugoslav republic that chose not to “divorce” Serbia in 1991–1992 and has been suspended between cohabitation and independence ever since, while its society remains split, each option being supported by approx. 40 percent of respondents²¹. Since the team that has been in power in Podgorica for a few years favours separation from Belgrade, the country in fact enjoys a great deal of independence, including a separate currency and police force, local taxation settlement, and a customs border between the two states. The new factor in the relations between Podgorica and Belgrade is the growing aversion to the idea of a joint state among the inhabitants of Serbia (according to some polls, much more than 50 percent of respondents are in favour of dissolving the federation). In this context, the only thing that keeps the two states together is the “three-year trial cohabitation” formula developed by Brussels in 2002. Unless the attitudes in both countries change (which seems unlikely), in 2006 Serbia and Montenegro will carry out a peaceful separation, provided that the EU does not object²².

5.3.2. Kosovo

The difficulties with defining the ultimate status of Kosovo stem from the very provisions of the UN resolution No 1244. In 1999, the resolution opened the way towards increased independence of this former autonomous Serbian province, but at the same provided that Kosovo should remain an integral part of Yugoslavia (today’s Serbia and Montenegro). Since Kosovo Albanians, who account for 90–95 percent of Kosovo’s population, generally want independence, all efforts to keep the already *de facto* independent Kosovo within Serbia seem doomed to failure. A compromise solution with some chances of successful implementation is the recent proposition for Kosovo to be included into the federation of Serbia and Montenegro as the third constituent with equal rights. However, this formation will last, at best, only as long as the international community insists on the cohabitation of the three communities. In March, Brussels decided to enter into negotiations with the authorities in Pristina on the inclusion of Kosovo into

the SAP, without consulting Belgrade on this issue. This was a move that finally took account of the reality, i.e. the impossibility to reach a compromise between the arguments of both sides²³. What prevents Brussels from recognising the authorities in Pristina as an international subject is probably the fear that as a result, Serbia might abandon its pro-European policy. Such a scenario, however, does not seem realistic²⁴.

5.3.3. Bosnia and Herzegovina

The question of Bosnia’s status seems to be the most difficult, in spite of the progress made in terms of the restoration of human rights (faster progress of refugee returns than in Croatia or Kosovo). If the current *status quo*, i.e. the *de facto* existence of two Bosnian states, got international recognition, this would be the first instance of a recognised state borders alteration in post-war Europe²⁵. The international community, and the EU in particular, will take all measures available to avert this decision. The results of the parliamentary elections of November 2002 have demonstrated that the policy whereby the international community “sews” Bosnia together by force has reached the limits of its potential. A realistic compromise would be to preserve the current status, i.e. the existence of both Bosnian sub-states, with symbolic insignia of a federation, as long as possible²⁶. The problem is that if the international community recognised the authorities of the Serbian Republic as an international subject (even to a limited extent), they would almost certainly strive to legalise the “special relations” between the Serbian Republic and Belgrade. The Bosnian Croats would respond by coming up with a similar demand, calling for the recognition of the authorities of “their” cantons (leading to a disintegration of the Muslim – Croat Federation). The ultimate decision on the status of Bosnia will have to provide some form of separateness (autonomy?) to both Bosnian minorities.

5.3.4. The status of Macedonia (the name problem)

Greece claims an exclusive right to use the historic name of “Macedonia”, even though over the nearly 50 years of the socialist Yugoslavia’s existence Athens tolerated the existence of this state as a federation constituent with a constitutio-

nal right to secession. This dispute has led, in the early 90s, to a diplomatic blockade of Macedonia. In 1993, the country was allowed to operate in the international scene under a bizarre name of Former Yugoslav Republic of Macedonia, or FYROM. The only way out of this situation seems to be for the remaining EU Member States to press Greece to change its position²⁷. The problem of the Albanian minority in Macedonia, on the other hand, has apparently been solved by the formula of the Okhrid agreement of 2001. It provided for an emancipation of the minority in terms of political and civil rights (including equal status for the Albanian language), without any territorial autonomy. The Albanian side, however, has criticised the speed and practice of implementation of these provisions.

6. Recommendations

In May 2004, the EU will accept ten new members, and towards the end of the year, Brussels will probably decide to enter into accession negotiations with Turkey. In 2007, the other applicant countries, i.e. Bulgaria and Romania, will probably join in²⁸. As a result, the only region left in the map of Europe with uncertain future prospects, in addition to regions whose accession has been postponed until an indefinite date under the Wider Europe document²⁹, will be the Western Balkans. The Union may potentially face difficulties after the upcoming great enlargement. Consequently, further enlargement plans may be suspended, especially once Romania and Bulgaria have been accepted. If, for instance, the wave of job migration from the acceding countries to the “old” members is higher than expected, this may effectively stall the enlargement process. In order to prevent this, the political elite in Brussels should take measures that are a logical continuation of the European Union’s commitment in the Balkans to date. It should:

- promote the Western Balkans from the position of a (reconstruction) assistance recipient to the position of a partner in the process of European integration (a recipient of structural aid co-financing the projects);
- move countries of the region from the 4th Directorate General (External Relations) to the 7th Directorate General (Enlargement), i.e. grant them

the status of *de facto* applicant countries without entering into negotiations with them, or even without specifying the date for such negotiations³⁰. As a result, the Western Balkan states will get access to pre-accession funds, helping them to bridge the gap between the region and its neighbours who are more advanced in terms of integration with the EU³¹. The experience of former and present applicant countries (including Spain, Greece, Portugal and Ireland in the West) shows that granting a country the applicant status almost automatically entails increased foreign investment. In the EU terminology, the five Western Balkan states are currently “potential members”, which status entails no measurable benefits³².

- possibly, select individual countries meeting the applicant criteria from among the Balkan five (being Croatia in the first place), and enter into negotiations with them. As a result of the policy whereby the Western Balkan countries are treated as one whole, those better prepared for integration are levelled down, which ultimately delays the integration process, possibly to substantial extent. The conclusions of the Thessaloniki summit theoretically provide for such treatment (no “reduced fare” in the integration process due to political situation – each country should be evaluated separately in terms of its compliance with the EU criteria), but this does not translate into any action on the part Brussels. For instance, the latter fails to appreciate the integration progress made by Croatia in comparison with the rest of the countries³³;
- require progress in the refugee returns process as a precondition of recognising a given country (or region, as in the case of Kosovo) as complying with EU standards in terms of ethnic minority rights. The example of Bosnia shows that returns take place on a massive scale where they are not impeded by the prevalent practice of law enforcement. In countries where, unlike in Bosnia, the international community cannot directly enforce the necessary legal amendments and changes to the legal practice, it seems advisable to maximise external pressure, even to the point of specifying a percentage threshold of returns based on which the return process can be recognised as “satisfactory”³⁴;
- open accession negotiations with the Western Balkan states without waiting until their politi-

cal status is ultimately determined. In spite of the general rule that only independent states may join the EU, this solution would be in keeping with the EU's practice hitherto (negotiations with the divided Cyprus); besides, the European Union is probably the only framework within which the status of some Western Balkan countries / regions (Bosnia and Herzegovina, Kosovo) can ever be determined – within the Union state borders a no longer a barrier to the free movement of persons and there exist successful autonomous formations that enjoy varying degrees of political or cultural separateness (e.g. Catalonia, the Basque Country, Northern Ireland or the Aland Islands). If the EU chooses to continue enforcing the “one Bosnia” policy, it should stick to the rule of talking exclusively to the central government in Sarajevo, thus, in a way, forcing this government to be effective (such a move, however, would be difficult to justify given the fact that the EU has entered into negotiations with Pristina without consulting Belgrade).

In a recent testimony to the US House of Representatives, an American diplomat acclaimed for his efforts for the restoration of peace in the Balkans said: “In order to make the vision of a future within Europe more credible, the European Union needs to stop treating the Balkans as a distant region that needs to be stabilized and begin to view it as a neighboring area into which the EU intends to expand”³⁵.

For several times in its history, the European Union faced great challenges, the outcome of which was unpredictable at the time the given idea was conceived. A common currency, abolition of internal borders, absorption of the new Mediterranean democracies with long records of dictatorial rule (Spain, Greece, Portugal), the automatic inclusion of the former DDR following the German unification, and, finally, the admission of post-communist countries from Eastern Europe, in which the 50 years of the Moscow-controlled communism affected the mentality, attitudes towards work, etc, much more deeply than the “dollar communism” of the former Yugoslavia³⁶ – all of these are examples of undertakings in which what mattered was the idea, and not mere economic calculation. Today Brussels faces the challenge of integrating the Balkan “black hole” into Europe, and apparently it hesitates to take the final decision. As it promises to

take up this challenge, we should remember the words of Chris Patten, the EU Commissioner for External Relations, who said at the Western Balkans Democracy Forum in Thessaloniki in April 2002: “The choice for us in this case is very clear: either we export stability to the Balkans, or the Balkans export instability to us”³⁷.

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¹ The European prospects of the Western Balkans were asserted for the first time, less plainly, during the Balkans – EU summit in 2000 in Zagreb. This assertion was repeated during the European Council meetings in Feira (2000), Copenhagen (2002) and Brussels (2003). The Communication from the Commission dated 21 May 2003, prepared for the Thessaloniki summit, includes the following assurance: The preparation of the countries of the Western Balkans for integration into European structures is a major priority of the European Union. The unification of Europe will not be complete until these countries join the European Union (The Western Balkans and European Integration, European Commission, Com(2003)285, 21.05.2003).

² A clear difference with regard to the membership prospects is visible in the very way this issue is handled in the previous association agreements and the SAA. The former association agreements provided for “the way for the EU and the partner countries to converge economically, politically, socially and culturally” in an unambiguous and straightforward language. The SAAs, on the other hand, represent a vague and distant vision of membership: “In return for the EU’s offer of a prospect of accession (...) the countries of the region undertook to abide by the EU’s conditionality and use the Stabilisation and Association process, and in particular the Stabilisation and Association Agreements when signed, as the means to begin to prepare themselves for the demands of the perspective on accession to the EU”. (For the traditional association agreements, see: http://europa.eu.int/comm/enlargement/pas/europe_agr.htm; for the SAA see: http://europa.eu.int/comm/external_relations/see/actions/sap.htm).

³ Enhancing Relations Between the EU and Western Balkans. Belgrade Centre for European Integration, Belgrade, April 2003, p. 7.

⁴ It should be noted that the SAA is more rigorous than the association agreements signed by the applicant countries (the ten countries joining the EU in 2004, as well as Romania, Bulgaria and Turkey). For instance, it has two provisions that were not included in the earlier agreements:

- co-operation with the EU on Justice and Home Affairs;
- mutual co-operation between countries of the region.

⁵ It should be remembered that in its renowned democracy rating, the Freedom House has not reported any major progress in the development of civil and political rights in the Western Balkans to date (the most recent data for 2001–2002). The countries of the Western Balkans are referred to as “partly free” (only Croatia has enjoyed the status of a “free” country for two years). It should be remembered however, that Romania got rid of its “partly free” status only in 1996, and Turkey, an EU applicant country, is still regarded as “partly free” even today (in the detailed appraisals, Turkey shows worse scores than all of the Balkan five with the exception of Bosnia and Herzegovina, which scores less than Turkey in the “political rights” category). See: <http://www.freedomhouse.org/ratings/index.htm>

⁶ In 2002, the percentage of companies that resorted to bribery was estimated at 36 percent in Albania, 23 percent in Macedonia, 22 percent in Bosnia and Herzegovina, 16 percent in Yugoslavia and 13 percent in Croatia (The Western

Balkans in Transition. European Commission, Directorate-General for Economic and Financial Affairs, Occasional paper no. 1, January 2003, p. 15).

⁷ In the Transparency International Corruption Perceptions Index 2003, Croatia is in position 60, Bosnia and Herzegovina – 70, Albania – 92, Macedonia – 108, Serbia and Montenegro – 109, among the 133 countries studied (from the least to the most corrupt). For comparison, Poland is in position 65, Turkey – 77, Romania – 85. (http://www.transparency.org/pressreleases_archive/2003/2003.10.07.cpi.en.html).

⁸ Acronym of Community Assistance for Reconstruction, Development and Stabilisation.

⁹ Community reconstruction assistance for the five countries of the Western Balkans:

Year	Funds available under CARDS (EUR million)
2000	956
2001	903
2002	766
2003	700
2004	600
2005	500
2006	500

Source: Assistance, Cohesion And The New Boundaries Of Europe. A Call for Policy Reform. European Stability Initiative, p. 12. The forecast for 2006 was prepared based on interviews with EU officials. (www.esiweb.org/westernbalkans/showdocument.php?document_ID=37).

¹⁰ The Road to Thessaloniki: Cohesion and the Western Balkans. European Stability Initiative, Berlin 12.03.2003, p. 3. Another cause for worry is the plan, so far known only from press leakages, to completely eliminate the pre-accession strategy item from the EU draft budget for 2006–2011. This is to be done in connection with the transfer of a large portion of funds to the newly created “growth and competition fund” (research and new technologies). (*Gazeta Wyborcza*, 09.10.2003, p. 17).

¹¹ It is estimated that only 10 percent of the CARDS funding is spent on projects that involve the local infrastructure. (Marie-Janine Calic, The EU and the Balkans: From Association to Membership?, in: SWP Comments 7, May 2003, p. 3–4).

¹² Unemployment, undoubtedly the greatest economic calamity affecting the Balkans, was estimated in 2002 at 30 percent of the adult population of Serbia and Macedonia, 40 percent for Bosnia and Herzegovina, and 60 percent for Kosovo (Country Strategy Papers 2002–2006. European Commission, DG RELEX). Obviously, these figures do not include the grey economy, very well developed in the Balkans.

¹³ According to the IMF, GDP growth figures for the region are as follows (recent years and forecasts to 2004) (percentage):

	1997	1998	1999	2000	2001	2002	2003	2004
Albania	-7	7.9	7.3	7.8	6.5	4.7	6	6
B&H	30.4	15.6	9.6	5.6	4.5	3.9	4.7	5.5
Croatia	6.8	2.5	-0.9	2.9	3.8	5	4.2	4.5
Macedonia	1.4	3.4	4.3	4.5	-4.1	0.1	3	4
S&M (Yug)	-	2.5	-18	5	5.5	4	5	5

www.imf.org/external/pubs/ft/weo/2003/01/data/index.htm

¹⁴ 80 percent of the personnel serving on both these missions are currently soldiers of armies of the EU Member States.

¹⁵ It is worthwhile to add that the media in the west perceive the taking over of both missions as a matter of life or death for the EU defence policy. Adam Balcer quotes the lofty comment by *Frankfurter Rundschau* ("The military mission is the beginning of a road at the end of which Europe will become a world power") and adds: "If (...) the Union fails to manage the Balkans, Europe's Achilles heel, it should forget about ever playing an important role in other regions of the world", in: Adam Balcer, *Balkański wymiar Europy, Międzynarodowy Przegląd Polityczny* (paper in printing).

¹⁶ Excluding the exodus of approx. 800 thousand Albanians who left during the Kosovo crisis in the spring of 1999 – almost all of them returned to their homes when NATO forces took over control of Kosovo in July 1999.

¹⁷ In the first half of 2003, a worrying decline in the rate of returns was reported, which may be an echo of the victory of nationalist groups in the parliamentary elections of November 2002. (http://www.unhcr.ba/return/Tot_Minority%20_GFAP_July_2003.pdf).

¹⁸ Broken Promises: Impediments to Refugee Return to Croatia. Human Rights Watch, September 2003, p. 3 (www.hrw.org/press/2003/09/croatia090203).

¹⁹ <http://www.dzs.hr/Eng/Census/census2001.htm>

²⁰ According to the UNHCR, the real estate "reclaimability" rate has reached 82 percent in Bosnia and Herzegovina. UNHCR's Concerns with the Designation of Bosnia and Herzegovina as a Safe Country of Origin. July 2003, p. 1 (<http://www.unhcr.ba/publications/B&HSAF%7E1.pdf>).

²¹ Over the last 2–3 years, independence supporters seemed to be in a small majority.

²² For instance, for the fear that Montenegro's secession could become a pretext for the Kosovo Albanians to demand independence more vocally.

²³ As a result, Kosovo has made greater progress in terms of integration with the EU, at least formally, than Serbia or Montenegro.

²⁴ "The chauvinistic opposition forces [in Serbia] have lost much of their strength, and the ruling democratic elite will not risk an open confrontation with the West and the loss of EU membership prospects. Privately, Serbian politicians acknowledge that Kosovo has been lost"; in: Adam Balcer, *op.cit.*

²⁵ The disintegration of all post-communist federations in Europe, being the SFRY, the USSR and the CSSR, did not entail changes to the borders of the federation constituents, the-

oretically entitled to secession (even if the borders had existed only on paper for decades). The hypothetical independence of Kosovo could also be justified with its right to secession as the former autonomous province of Serbia (like Vojvodina). This right was abolished only in 1990 by a decree of the then Serbian president Slobodan Milosevic, the legality of which could be called into question. However, it would be a breach of the principle of inviolability of state borders to incorporate the ethnically Serbian enclaves in northern Kosovo into Serbia. Such a solution (a division of Kosovo) is mentioned ever more frequently in Belgrade, but the elite of Kosovo Albanians refuse to accept this option.

²⁶ Though not as symbolic as in the case of Serbia and Montenegro – a real test for the "one Bosnia" policy will be the success or failure of the recent joint fiscal policy (customs, turnover taxes).

²⁷ The Greek embargo, a frequent topic of behind-the-scenes jokes at conferences devoted to the Balkans, was breached by the USA in October 2003, when the latter signed an agreement on mutual exclusion of citizens from the jurisdiction of the International Criminal Court (ICC) with Macedonia. The agreement text has "Macedonia" (but not "the Republic of Macedonia", as the authorities in Skopje would have it) instead of FYROM. The conflict between the US and the EU over the ICC and its Balkan dimension is beyond the scope of this paper – since July 2003, this conflict has apparently abated, and Brussels clearly "understood and forgave" Albania, Macedonia and Bosnia, i.e. countries with distant membership prospects, for having signed the agreements with the US. The question of these agreements will probably re-emerge when the EU membership prospects of the three countries become more realistic.

²⁸ 2007 was sustained as the projected date of accession of both countries during the Thessaloniki summit in June 2003. This date had been proposed for the first time at the Copenhagen summit in December 2002.

²⁹ Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours. Communication from the Commission to the Council and the European Parliament, 11.03.2003 (www.europa.eu.int/comm/external_relations/we/doc/com03_104_en.pdf).

³⁰ This practice was applied towards Turkey, which acquired its applicant status in 1999.

³¹ Once the ten acceding countries join the EU in 2004, approx. 3 billion euro will be left in the pool of pre-accession assistance available to applicant countries in the years

2004–2006, i.e. more than the remaining candidates, being Romania and Bulgaria, are able to use (Turkey has separate financing). But see footnote 10.

Assistance, Cohesion And The New Boundaries Of Europe. A Call for Policy Reform. European Stability Initiative, s. 13 (www.esiweb.org/westernbalkans/showdocument.php?document_ID=37).

³² The authors of all cited studies on this subject seem to agree with the former two propositions.

³³ The situation of Croatia was described more explicitly by Adam Balcer who wrote: “In political and economic terms, Croatia is better prepared for membership than Bulgaria and Romania, the two countries joining the EU in 2007” (*op.cit.*). Adam Balcer recommends that Croatia should be accepted in 2007 or not much later, and within the ten successive years, the remaining countries should one by one become members. Croatia’s chances of taking a fast path to membership look better following the statement by Guenter Verheugen, the European Commissioner for Enlargement, who said that Zagreb could acquire the status of an applicant country in the spring of 2004 (<http://www.b92.net/indexs.phtml>, 14.10.2003).

Croatia’s ambitions may be marred by the victory of the nationalist HDZ in the November parliamentary elections, although the party has undergone a deep evolution ever since it lost power in 2000 – it no longer makes any claims to the territory of Bosnia and today, is no more radical than the analogous parties of the extreme (but acceptable) right in Western Europe.

³⁴ Brcko in Bosnia is an example of how efficiently the international community can activate the refugees return movement. That district, being the only one to be administered directly by the international community (as a region claimed by the Serbian Republic and the Muslim-Croat Federation) has reported the greatest percentage of minority returns (http://www.unhcr.ba/return/Tot_Minority%20_GFAP_July_2003.pdf).

³⁵ Daniel Serwer, *The Balkans: From War to Peace, From American to European Leadership*.

Testimony by Daniel Serwer Director, Balkans Initiative, United States Institute of Peace, April 10, 2003.

³⁶ In the SFRY, citizens could travel abroad, the dinar remained convertible into western currencies and vice (consequently, western goods were readily available in the market), and private small business and employee shareholding were preserved.

³⁷ http://europa.eu.int/comm/external_relations/news/patten/sp02_150.htm