THE EUROPEAN UNION IN
THE BALKANS: ANOTHER STEP TOWARDS EUROPEAN INTEGRATION
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INTRODUCTION

Since the establishment of the Stability Pact for South-eastern Europe of 10 June 1999, the European Union has become the linchpin for short-term peacekeeping and long-term stability in the Balkans. The Union has assumed a new political role in the region for which it was, and still is, to a large extent, unprepared. Actual EU policy towards the Balkans is not only an undertaking in correcting past failures and stabilising a precarious present but also an attempt to develop a framework for a better future for Europe's most crisis-ridden and violence-prone region.

The considerable improvement in the EU's engagement in the Balkans has opened a new and daring field for the Union's common foreign and security policy. In the eyes of the European public, it is the ultimate test of the EU's ability to conduct a common foreign and security policy of any meaning at all. However, Brussels' new Balkan policy is more than just a foreign and security policy; it is simultaneously the opening of another chapter in the process of European integration. In the long-term, a successful European Balkan policy will not only bring peace and prosperous stability to the region but also produce another change in the EU's own political and institutional set-up by furthering the integration of another group of European countries into the structures of the Union.

Consequently, in my analysis of the EU's Balkan policy, the following questions will be addressed:

o What are the main challenges facing the EU's Balkan policy?

o What are the main instruments of the EU's engagement in the Balkans?

o What are the short- and long-term prospects of the Union's regional role?

o How does the Balkan policy relate to the wider integration framework?

THE CHALLENGES: REHABILITATION AND STABILISATION FOR REGIONAL DEVELOPMENT

The challenges with which the EU is actually confronted are fourfold and multi-layered. First and most pressing are the post-conflict tasks of peacekeeping, political reconstruction, and economic and social rehabilitation in Kosovo and Bosnia-Herzegovina. These areas have been largely devastated by intense civil war combined with strong international military interference. In the long-term, the challenge lies in the establishment of functioning democracies that are based on sound market economies in Europe's least developed region.

The development of democracy and market economies is seen as the unconditional
prerequisite for stable regional political and economic development. A highly problematic element of this longer-term task is the settlement of the final status of Kosovo as a part of the Federal Republic of Yugoslavia (FRY) or a new independent state in the region\(^5\) and the consolidation of Bosnia-Herzegovina as a multiethnic, multi-zonal single state. Neither will be possible without a clarification of Serbia's political future.

In order to meet these challenges, the EU has to intensely co-operate with other international actors, especially the US, NATO, the UN and the OSCE. More important, however, is the congenial co-operation of the local actors. They are especially asked to support UNMIK, the KFOR and other Western institutions in their effort to reconstruct Kosovo as a multiethnic autonomous political entity within the borders of the FRY, in which the Serbs and other non-Albanian minorities have their acknowledged place and role. This means to abjure any schemes of Kosovar independence or a policy of Albanian unification. For this to be realised, it is of utmost importance that the political, legal and administrative set-up of Kosovo provides for guaranteed and equal participation of the various ethnic groups. Of equal importance is to prevent the development of an Albanian-dominated Kosovar army or police based on the former units of the Kosovo Liberation Army (KLA). This would imply the danger of a systematic maltreatment of non-Albanian groups in Kosovo.\(^6\) Up to now, these goals of the international community's Kosovo policy, which is at the centre of the EU's endeavours in the western Balkans, have been only reluctantly accepted by a minority of Kosovo's political leaders and the majority, especially the former KLA leadership, more or less openly rejects them.

In a similar manner, the EU's efforts in Bosnia-Herzegovina, together with those of other international actors such as the High Representative, aim to establish a functioning multiethnic state in which the authorities of the different political entities not only allow but further the resettlement of displaced persons of whatever ethnic background. Croats should stop trying to establish special relationships with Croatia to secure Croatian dominance in their areas of the common state; Serbs should stop dreaming of reunification with Belgrade; and Bosniaks (Muslims) should refrain from a creeping Islamisation of their policies. Instead, all ethnic groups should work hard on the full and quick implementation of the Dayton Agreement.

Second, there is the challenge of stabilising the fragile political and economic systems of the immediate neighbourhood, i.e. Croatia, Albania, and (the Former Yugoslav Republic of) Macedonia. Given regional interdependencies, all of these states are directly affected by developments in the post-war areas and can influence these developments to a certain extent by their own policies. Immunising neighbouring states against conflictual tendencies emanating from the post-war area and preventing these states from exploiting the actual weakness of Kosovo and Bosnia-Herzegovina for regional power politics is the rationale behind the EU's engagement with respect to the neighbours.

The EU will only be able to reach its political goals if actors in Macedonia and Albania co-operate in a concurrent manner. Macedonia's political élite from all strata should concentrate on economic and political stabilisation, taking into account the necessity of balancing the ethnic groups in the country. Political participation, economic and social development, and access to economic and social infrastructure such as transportation, health care and education should be evenly distributed between the Macedonian majority population and the Albanian minority. Furthermore, the EU's regional goals would benefit from a continuation of Macedonia's efforts at co-operative and good-neighbourly relations with all its neighbours.
Albania could support such EU and Macedonian efforts by continuing to refrain from any attempts at explicitly or implicitly furthering secessionist forces in Macedonia and the Sandjak. Generous European support for the establishment of a functioning government and administrative system in all parts of the country plus large-scale economic aid to improve the general level of development would greatly further such an Albanian approach to regional affairs.

Third, the EU has to synchronise its policy towards the western Balkans with the ongoing enlargement process, which includes Bulgaria and Romania (two more Balkan countries) and Hungary and Slovenia (two other south-east European states) all of which are highly affected by the developments in the Balkans. Brussels has to keep a certain coherence in its policy approach towards the whole region in order to prevent the development of new political and socio-economic 'borders' within the Balkans that could lay the ground for new potential conflicts.

This is not a merely abstract danger given the high probability that Slovenia and Hungary will enter the Union much earlier than Bulgaria and Romania. These countries, in turn, have much better chances of becoming EU member states than can be foreseen for the western Balkan region states, which, with the exception of Macedonia and Croatia, do not even qualify for association relationships with the EU. There is a real danger that the different speed of integration into the EU will severely impede the equally necessary process of intense regional co-operation and integration that, in the long run, would be the best basis for lasting regional peace and development. Hungary together with Slovenia and the Czech Republic, after their entry to the EU, will take over from Austria and Italy important gate-keeping functions under the Schengen system concerning the fight against illegal migration, drug trafficking, illegal arms sales and other forms of international organised crime. These new functions, however, should not lead to a new border that would prevent regional economic and political cooperation from flourishing all over the Balkans. The regional states together with the EU will have to develop effective regional border control mechanisms that do not prevent regional free trade and an easy free movement of persons in the region.

Fourth and finally, the European Union has to develop a comprehensive policy to cope with the Serbian problem. Everybody agrees that as long as Serbia remains the odd man out of the region, peace and stability remain endangered. Furthermore, many regional economic cooperation schemes are heavily dependent on Serbian participation given the country's central location in the region. How to induce changes in Serbia that put the country on the path of democracy and market economy and that let it agree on a regional settlement at Serbian cost remains one of the most daring challenges to the EU's Balkan policy.

THE ELEMENTS OF THE EU'S BALKAN POLICY

For a long time, the EU showed little determination and coherence in its reactions to the violent dismemberment of the former Yugoslavia. This was mainly the result of serious differences among important member states over the correct evaluation of the developments in the region and the political consequences to be drawn from these developments. It was only after the Bosnian catastrophe and the Dayton Agreement that the EU developed a more coherent and comprehensive approach to its Balkan policy by adopting the 'Regional Approach' to co-operation with the states in the western Balkans in 1996.
The level of EU co-operation, especially its readiness to engage in contractual relationship, was made dependent on the partners' behaviour in two important areas:

- The fulfillment of minimal requirements for the establishment of a functioning democracy, including respect of human rights and transition to a market economy;

- The establishment of co-operative relations with neighbouring countries, including the gradual development of free trade.

Bosnia-Herzegovina, Croatia and Yugoslavia faced the additional condition of fulfilling the terms of the Dayton Agreement.

As regional progress in the fulfillment of these conditions had been slow and could not prevent the renewed escalation of violence in early 1999, the EU revised this conception in May 1999 by introducing the 'Stabilisation and Association Process' (SAP) for the regional states. The SAP is regarded both as an important part of the Union's still-to-be-developed Common Strategy towards the western Balkans and as an essential element of the EU's contribution to the Stability Pact for South-eastern Europe. With the SAP, the EU now has in place its tool-kit for the stabilisation of the region and its later integration into the Union's structures. "The Stabilisation and Association process has six key target areas:

- Development of existing economic and trade relations with and within the region;

- Development and partial redirection of existing economic and financial assistance;

- Increased assistance for democratisation, civil society, education and institution-building;

- Co-operation in the area of justice and home affairs;

- Development of political dialogue, including at regional level;

- Development of Stabilisation and Association Agreements."12

The political conditionality applied to the Regional Approach is also valid for the SAP.

For the implementation of the SAP, the EU relies on two instruments: the Community Association and Reconstruction Assistance (CARA) and the Stability and Association Agreements (SAA). CARA is the main programme for organising and distributing the Union's assistance to Albania, Bosnia-Herzegovina, Croatia, Macedonia and, in principle, the FRY. It is to replace the former PHARE and OBNOVA programmes for the financing of EU assistance to the region. It is foreseen that it will spend EURO 5.5 billion in the period 2000-2006, although the Council seems hesitant to agree to that sum due to the imponderabilities of Serbian development.13 With this amount of aid, the Union would again underline its position as the largest single donor for the region, especially if one takes also into account the bilateral aid from various EU member states. It is estimated that the EU and its member states have made a contribution of about EURO 9 billion to international assistance for the region since 1991.14
The Stability and Association Agreements are instruments for the long-term integration of the countries of the western Balkans into the EU structures. The conclusion of a SAA with a country of the region is made conditional upon the achievement of considerable progress towards a democratic system, substantial results in the field of economic reforms, and proven co-operation with neighbouring states. Although the agreements would share a common substantial and institutional framework, each single one would be designed according to the specific situation of the respective partner country. Until the present, only Macedonia and Croatia have qualified to start negotiations for a SAA, whereas Albania and Bosnia-Herzegovina still have some distance to go to reach the conditions of sufficient reform and stability.

The SAAs intend to further the classic goals of the EU's policy towards European transformation societies:

- Offering the prospect of full integration with EU structures;
- Establishing a functioning framework for a continuous political dialogue;
- Supporting the consolidation of a democratic regime and a state of law;
- Furthering economic reforms and the development of market structures;
- Establishing the administrative and economic pre-requisites for the later conclusion of a bilateral free trade agreement;
- Laying the foundations for extensive co-operation in justice and home affairs;
- Establishing broad co-operation on all issues that would contribute to reaching these goals.

Financing this co-operation would largely rely on the CARA programme. However, participation in CARA is possible without the conclusion of a SAA.

The SAAs follow the same intentions as the well-known Europe Agreements concluded between the EU and many central and east European states (CEES) since the early 1990s. The instruments of the SAAs have also been applied in these other agreements. In this respect, there is nothing new in the SAAs. It is the application of an established EU policy on the western Balkans as CARA is but a reshaped and streamlined version of the former EU programmes for regional assistance. In this perspective, the Stabilisation and Association Process does not offer a really new and inventive EU policy for the region. Only the prospect included in the SAAs of opening a process of gradual integration into the EU structures based on the Amsterdam Treaty and the Copenhagen Criteria introduces a new element into EU policy towards the five countries of the region. In doing so, the Union offers them the same long-term political perspective as with almost all other former socialist states since the early 1990s. In a certain sense, this can be regarded as an EU acknowledgement of the 'Europeanness' of the western Balkans.

Besides the regionally-oriented SAP, the European Union is playing a key role in the international community's rehabilitation and reconstruction work in Kosovo. As in the broader region, the EU is the largest single donor of aid to Kosovo, where it has been active through its humanitarian agency ECHO and an interim Task Force for assistance for reconstruction. Since February 2000, this has been changed into the more permanent structure of the
European Reconstruction Agency situated in Salonika with an operational 'antenna' in Pristina. The Agency is concentrating its activities in the key areas of housing, power, water and transport; all of which are crucial for re-establishing normal economic and public activities. In addition to this, the EU has taken over responsibility for the fourth pillar (economic reconstruction) within the framework of UNMIK.

In monetary terms, the EU provided EURO 243.7 million in 1999 for humanitarian aid, reconstruction assistance and special financial assistance to UNMIK. For the year 2000, the Union foresees providing another EURO 360 million for different purposes, including the partial financing of Kosovo's consolidated budget.16 What is more important, however, are the Commission's steps to speed up the delivery and effectiveness of EU assistance as a reaction to continuous complaints about the EU's over-bureaucratised and ludicrous procedures for getting the aid to the needy.17 The more the Union enhances the efficiency of its assistance the more people of the region will see it as an important actor. Vast popular acknowledgement and support of its actions, however, is the most crucial factor for the long-term success of the EU's broader regional political strategy.

PROBLEMS OF THE EU'S BALKAN POLICY

The parallelism of the EU policy instruments with regard to relations with the central and east European states and those with the western Balkan states should not lead to the conclusion that the EU faces parallel problems and prospects in its respective relations. Furthermore, it would be equally erroneous to infer from the relatively positive experiences with the CEES similarly good prospects for the stabilisation of the Balkan region. Both situations are hardly comparable.

The CEES, from the very beginning, have been aiming at integration with the EU according to the motto of 'Europe's re-unification'. Political developments in the western Balkans have been different. Most states of the region firstly followed the goal of parting ways with Belgrade. This has led to a fundamental redrawing of the region's political map and this cannot be regarded as completed yet. New states have been created or are in the process of creation.

This process has been accompanied by violent confrontations many of which have been concluded by massive international military interventions in favour of one of the combatants: the Kosovars in the case of the Serbian-Kosovar conflict over the Kosovo province of the Federal Republic of Yugoslavia and the Bosniaks (and, to a certain extent, the Croats) in the case of the Serbian-Bosnian conflict over the independence of Bosnia-Herzegovina. In both cases, Serbia and the Serbs have been the loser as they were in the earlier cases of the Slovenian and Croatian secession from the former Federated Socialist Republic of Yugoslavia.

Deep material and psychological wounds have been mutually inflicted and these will need much time to heal. Societal and public structures have been destroyed, the rebuilding of which are seriously impeded by the continuing uncertainty over some crucial regional problems such as the future fate of Serbia, Kosovo and Bosnia-Herzegovina. With the exception of Macedonia and, more recently, Croatia, in none of the regional countries are the political and social élite firmly established and these have as their first priority the transformation to democracy and market economy plus the integration into the European mainstream. Ethno-nationalistic ambitions often combined with vindictiveness and fierce struggles for power and influence continue to dominate the political scene to a considerable extent.
Under such conditions, many EU instruments lack their interface in the western Balkan states. As long as corruption, organised crime and rentier income from international assistance provide sufficient comfortable sources of income for important parts of the local élite, it will be difficult to promote the establishment of democratic, market-based and civil society-oriented structures, not to speak of the creation of functioning multiethnic states. It can be doubted that the latter goal is a serious political priority for the élite in Bosnia-Herzegovina and Kosovo. In general, the thrust towards ethnic separation continues to dominate the thinking of important regional political actors. Unless this state of mind is overcome there is little chance that functional cross-border or regional co-operation would lead to stronger regional political stability. It is a long way to go from the rebuilding of bridges, highways or railways across old and new borders to the creation of a general mutual political trust between societies that would be necessary to overcome old and newly created enmities between the peoples of the region.

The 'stabilisation dilemma' is another problem of the EU's Balkan policy, especially concerning the western Balkans. This term describes the anomaly of the EU regional approach that due to the conditionality of the SAP, the least stable states (in terms of democratic structures, functioning institutions and economic reforms) would qualify only for the lowest level of EU assistance, i.e. the most needy would get the least support. Thus, Albania, Bosnia-Herzegovina and Kosovo qualify for reconstruction aid and other forms of discretionary EU assistance but not for the much more comprehensive and integration-oriented SAAs. Yugoslavia does not even qualify for normal assistance in the framework of CARA.18 Thus, Albania, Bosnia-Herzegovina and Kosovo qualify for reconstruction and other forms of EU assistance but not for contractual relations and Yugoslavia does not even qualify for normal assistance in the framework of CARA. Where the full range of stabilisation instruments is needed most it is least applicable.

Under these circumstances, the EU's strong emphasis on economic reconstruction and development, including regional economic co-operation schemes, encounters another dilemma: economic development is seen as an important instrument for political stabilisation through the creation of economic welfare. On the other hand, economic development itself strongly depends on political stability, i.e. a political élite that puts a strong priority on economic and political reforms plus the existence of an institutional framework for the smooth functioning of market mechanisms, such as finance and banking, property rights and law enforcement.

Although the EU policy of stabilisation and association for the Balkans is meant as a broad undertaking in crisis prevention by way of integration, this policy still has other flaws beyond the general 'stabilisation dilemma'. The most important one is the insufficient mobilisation of 'civil' crisis interveners as is best exemplified by the slow pace of staffing the law enforcement institutions, including police, in Kosovo and to a certain extent even in Bosnia. This unsatisfactory situation concerning the core area of potential instability in the Balkans leaves the EU and the international community with no other choice but to rely on the long-term effect of its measures. In the meantime, there is a continuing need to uphold a strong international military and administrative presence to provide the minimum requirements for a positive effect of the various assistance measures. This implies also the need for continuous harmonisation between the various international actors. In this respect, a certain reduction of the multiplicity of institutions and frameworks active in the region should be sought to reduce duplication and enhance the division of labour. Too much time is often spent on harmonisation efforts between different institutions without much effect on the ground.19
In addition, the EU should improve its efforts to establish a circle of stability around the more fragile area by furthering Macedonia's consolidation through the rapid conclusion of a SAA and by doing the same with Croatia and strongly enhancing its assistance for Albania to prepare the country for the opening of SAA negotiations in the near future. As a rehabilitation of the 'core of crisis' in the western Balkans is a difficult and long-term task, it is even more important to upgrade the crisis resistance of the neighbourhood.

Another problematic issue is the lack of conceptualisation of a functioning regional political order. Integration into the EU structures is a long-term undertaking the exact details of which remain open. What is needed, however, is an intermediate structure in which peaceful coexistence between the states of the region would be possible. For this to come about, the open questions of Bosnia-Herzegovina, Kosovo and Yugoslavia/Serbia have to be solved in a way that satisfies the interests of all parties concerned. This is not just a question of how to get rid of the Milosevic regime nor would it automatically result from functional economic regional co-operation and free trade. A determined political endeavour will be necessary which includes all relevant regional actors. Perhaps, the EU-Balkan summit meeting that is to take place later in 2000 could become a starting point for a process of regional reconciliation that would lead to a stable regional political order.

EU BALKAN POLICY AND EUROPEAN INTEGRATION

The EU and its member states have to be aware that the Union's engagement in the Balkans is a long-term and costly affair that also bears the risk of temporary relapses. It will be difficult to keep the necessary public support of the member states for such a long-term endeavour, especially if the first signs of success lead to the premature impression of normalisation in the Balkans. Experience shows that it is difficult to raise and keep public awareness of latent crises unless their outbreak is imminent.

Even if, for many years to come, the EU can tackle the task of stabilising the Balkans as a CFSP issue, it will nevertheless have to prepare for the task of integrating the states of the region with the EU structures. With the start of the Stabilisation and Association Process in 1999, the European Union changed its final outlook from a Union of potentially 28 states into one of potentially 33 (or more) states. In economic and social terms, it has taken the decision in principle to include in the Union, one day, Europe's poorest and least developed region. This will add another strain to the Union's still evolving societal fabric, even if at the moment of actual accession the Balkan states have passed through a period of economic progress.

All this adds to the necessity of rethinking the long-term implications of the concept of European integration. In doing so, a certain amount of political dialectic will be necessary: on the one hand, the continuing public acceptance of EU development depends on a rather concrete idea of the final goal towards which this development should lead. On the other hand, a premature finalisation of the integration process could create future problems given the foreseeable length of this process and the many uncertainties that are linked to it.

The debate about a 'European avant-garde' or a 'European Federation', which has recently started in France and Germany, is but a first step of this process of re-conceptualisation. In the same way, the Intergovernmental Conference that has to prepare the decisions on institutional reforms of the European Council in Nice in December this year is also one more in a row of similar conferences that have already taken place and that will take place in the future. All
this, however, is also a clear indicator that the EU's Balkan policy has become much more than just a policy of external stabilisation of a crisis-ridden European region.

1 For the text of the Stability Pact and further information about its functioning, see the Web-site of the Special Co-ordinator for the Stability Pact (SCSP): http://www.stabilitypact.org
4 For details of the problematic situation in these countries, see Marie-Janine Calic, Sicherheitsrisiken und Konfliktpotentiale in Südosteuropa, Ebenhausen: Stiftung Wissenschaft und Politik, May 2000 (SWP-AP 3131).
7 For the possibilities and temptations of looking to the creation of a 'Greater Albania', see Woodward, 'Kosovo and the Region', op. cit., pp. 38-42.
9 For details see 'The Regional Approach, as defined in 1996' (http://europa.eu.int/comm/external_relations/see/docs/reg_approach_96.htm).
13 See, for details, COM(1999)661 final, Brussels, 8 December 1999, 'Guidelines and Detailed Arrangements for Assistance to Albania, Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia and the Federal Republic of Yugoslavia under the Future CARA Programme, 2000-2006' and CEPS (ed.), Europa South-East Monitor, Issue 11, May 2000. It is important to note that more than EURO 2 billion of the amount is earmarked for Serbia if the country would turn to democratic development.
14 This figure is mentioned in 'Report on Western Balkans Presented to the Lisbon European Council by the Secretary General/High Representative together with the Commission' in CEPS (ed.), Europa South-East Monitor, Issue 9, Brussels, March 2000.
16 For details see EU Directorate General for External Relations, 'Kosovo - One Year on - The European Contribution', Brussels, 24 March 2000. (http://europa.eu.int/comm/external_relations/see/kosovo/1_year_on.htm).
17 For a rare admission of EU inefficiency by the Union's authorities see the relevant passages in 'Report on Western Balkans presented to the Lisbon European Council'.