



Recalibrating the EU's Approach to the Western Balkans

European View
2020, Vol. 19(1) 54–61
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DOI: 10.1177/1781685820913655
journals.sagepub.com/home/euv



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Abstract

Almost two decades after the European Council summit in Thessaloniki, the promise of EU membership remains unfulfilled in the Western Balkans. Although the process of EU accession is continuing, the current pace throws the Thessaloniki promise into doubt. Despite initial success, the current approach to enlargement has reached its limits, as it seems to be slowing down the integration process rather than accelerating it. At the same time, the transformative power of the EU is too weak to positively impact on democratic and economic setbacks in the region. That is why this article considers various strategies that the EU could employ to recalibrate the accession of the Western Balkans, notwithstanding the need for sincere reforms in the aspiring member states.

Keywords

Western Balkans, Enlargement, Rule of law, Democracy, Economic convergence

Introduction

At the Thessaloniki Summit in 2003, the European Council declared that the future of the Balkans was within the EU (European Council 2003). This political commitment by the heads of state and prime ministers of the EU countries was understood as a strong incentive and a promise that the future of the region, within the EU, would be stable and prosperous. However, 17 years after the Thessaloniki Summit, the Western Balkan countries—apart from Croatia, which joined in 2013—are still a long way away from achieving full EU membership. That is why this article argues that the current EU approach to enlargement encompassing the Western Balkans is insufficient and suggests some ways to reinvigorate the EU integration process in the Western Balkans and ensure its completion.

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In the meantime, Montenegro and Serbia have become the only countries from the region engaged in EU membership negotiations. Yet, despite having already been negotiating for 9 and 6 years respectively, these two countries combined have only managed to provisionally close 5 out of 35 negotiating chapters. At this pace, it will take them several decades to reach the goal of EU membership. North Macedonia became an official candidate in 2005; however, in the 15 years since it has not been allowed to start accession talks. Albania applied for accession in 2009, yet more than a decade later it has still not started accession talks. Bosnia and Herzegovina (BiH) applied for candidacy in 2016 and has not made any progress since. Kosovo's¹ independence is not recognised by five EU member states, making the success of any future EU membership bid highly unlikely.

The initial hope was that alignment of the region with EU norms would result in a liberal form of government founded on democracy and the rule of law gradually being introduced in the six non-EU Western Balkan countries. On the contrary, however, serious backsliding on democracy and the rule of law has been observed throughout the region over the past decade (Kmezić 2020). Moreover, the Western Balkans is suffering from a development gap. Despite the increased investment in infrastructure in recent years (Bonomi and Uvalić 2019), effective economic reform has often been delayed due to the fact that the regional economies are incapable of withstanding the competitive pressures of the EU common market. Throughout much of the Western Balkans, economies have remained undeveloped; dependent on aid, loans and remittances; and prone to high levels of state intervention. With the current average growth rates, it will take these countries several decades at least to converge with the average EU gross domestic product per capita (Sanfey and Milatović 2018). In addition to the democratic and socio-economic setbacks in the region, the incomplete process of reconciliation after the violent conflicts of the 1990s threatens to undermine the fragile regional stability (Djolai and Necev 2018). Moreover, the EU's unfinished business in the Balkans, coupled with diminished economic membership incentives, has opened the door to various political, economic and security alternatives (Bieber and Tzifakis 2019).

In its latest Enlargement Strategy, titled *A Credible Enlargement Perspective for the Western Balkans*, the European Commission (2018) acknowledges the lack of progress among the current EU candidate countries. Going beyond the usual diplomatic language used in the EU progress reports, the Commission has established that 'the [Western Balkan] countries show clear elements of state capture, including links with organised crime and corruption at all levels of government and administration' (European Commission 2018). This is why the main message of this article is that further efforts are needed in order to recalibrate the EU accession process.

Taking democracy and the rule of law seriously

Over the past several years the EU has remained rather silent on the serious backsliding on democracy and freedom of the media in the Western Balkans. This has been the case even when confronted with concrete evidence, as in the wiretapping scandal in North Macedonia and the Savamala incident in Serbia—where several sites on the Belgrade

riverbank were illegally demolished to pave the way for the controversial Belgrade Waterfront project. This gives the impression that the EU is willing to provide external support to regimes that have considerable shortcomings in terms of democratic governance for the sake of a (false) promise of stability. In a regional context, this practice has led to the establishment of a new type of illiberal political system that formally commits to EU integration and internalises the reform discourse, but continues to govern through informal rules and clientelism—both of which are part of the toolbox of populist rulers with an authoritarian streak. At the same time, this practice offers stability for the EU, be it to enable the pacification of regional issues, such as bilateral relations, or to deal with external challenges, such as the flow of refugees.

To prevent further democratic decline, the EU needs to sharpen its focus on monitoring the aspiring members on their paths to stable and prosperous democracies governed by the rule of law. Without exception, it must highlight all the democratic deficiencies in the Western Balkan countries. The Union needs to pay greater attention to the whole forest and not just to the trees along the way, as is currently happening via the tick-box exercise exemplified by the Chapters 23 and 24 benchmarks that deal with the judiciary and fundamental rights, and justice, freedom and security. Instead, the issue of consolidating liberal democracy should be regularly addressed in the annual progress reports as a new negotiating chapter focusing on the core criteria set for new EU members. It is very important that the EU continues to use local expertise in this matter, for example, by commissioning regular ‘shadow’ reports on the state of democracy. Here, the Commission needs to ensure that the criticism that is articulated behind closed doors becomes more audible.

Of course the drive for democratic transition must come from the region itself. Key to sustainable change is the strengthening of professional and transparent institutions able to break the power of the patronage networks that are the main lines of connection between politics and citizens across the region. This is why the primary task of the EU must be to extend its support to reinforce state institutions that ensure respect for the rule of law.

Second, sustainable change also requires a new type of party politics. To date, most parties in the region are deeply distrusted and/or are only joined by people so that they can get a job, not to pursue a political commitment. They are essentially interest groups focused on gaining and maintaining power, only superficially following European-type ideological distinctions. Through their inertia, the political groups of the European Parliament provide support for the Balkan parties that share their views. In the future, however, the European parties should pay attention not only to the Balkan parties’ rhetoric, but also to their actions. They should use their position of influence to remind their Balkan counterparts of their commitment to respect European values, including democracy and the rule of law.

Finally, it is essential to achieve the transformation of traditional top-down power structures, in which governments are at liberty to influence the legislative and judicial

branches through clientelistic networks and/or methods of more or less open pressure, into a horizontally structured civil society based on the rule of law. In other words, a more inclusive bottom-up approach to EU rule of law promotion, in which civil society actors are empowered to play a rights-holder's role vis-à-vis public authority, is needed. This would help to push for compliance with key laws, monitor their implementation and influence norm internalisation, both before and during negotiations. The broad inclusion of civil society in the accession process could help to build a wider constituency in favour of EU accession in the Western Balkans, as well as keep negotiations on track. In concrete terms, civil society empowerment should strengthen expertise, capacities and technical organisation, and provide for regional² and international networking possibilities. Furthermore, the EU should maintain its support for the involvement of responsible civil society actors in an effort to put pressure on the government to do its job better, both before and during negotiations. Finally, EU officials and MEPs should regularly engage in direct communication with citizens, as this would allow them to name and shame those elites who do not follow through on their declaratory support for EU integration.

Financial support through the Instrument for Pre-accession Assistance (IPA) could play a key role in empowering democratic forces in the region. Based on the principle of a sector-based approach, the current IPA (IPA II) takes national development plans as templates for programming its assistance. While this solution has been successful in increasing local ownership of IPA assistance, it bears the risk of omitting support for non-government-related projects. In this regard, it is important that, regardless of the principle of 'local ownership', the European Parliament and the Commission, together with the beneficiaries, fine-tune the list of projects and institutions that should be funded under IPA III, which comes into effect in 2021. In addition, increased efforts should be made to support constructive grass-roots and local initiatives in the region.

No progress without economic progress

Benefiting from their favourable geographical location, skilled labour force and lower wage costs than in Central and Eastern Europe, in 2019 the Western Balkan countries saw strong inflows of foreign direct investment, record low levels of unemployment and steady economic growth after two decades of decline or at best stagnation. By June 2019, 150,000 additional jobs had been created in the Western Balkans compared to a year earlier (World Bank Group 2019).

However, despite these positive labour market developments, record low unemployment still translates into double-digit joblessness percentages across the region, while the gross domestic product per capita across the 6 Western Balkan states is still only half the average in the 11 EU member states of Eastern Europe, which includes Poland and Hungary, and just 29% of Germany's.

Two important regional infrastructure investment initiatives are active in the Western Balkans, namely the European Western Balkans Investment Framework and the Chinese Belt and Road Initiative. Both focus on traditional infrastructure such as energy and

transport, and both offer about €8 billion in loans (Holzner 2018). Yet, consistently weak investment in education, innovation, research and development, and culture remains common in most of the Western Balkan countries. The key problem holding back the region's sustainable and equitable economic growth remains low productivity, reflecting years of under-investment, but also weak institutions and prevalent high-level corruption and organised crime.

Investment in education, skills, innovation and applied research thus needs to be a priority for investors, coupled with efforts to build strong democratic institutions that are able to curb clientelistic practices and corruption. Without these efforts, there is a risk that the region may never become truly able to withstand the competitive pressure of the EU.

In concrete policy terms, the EU should mobilise resources for the Western Balkans that are proportional to the countries' levels of market integration. The EU is considering ways of opening the European Structural and Investment Funds even before accession, in particular the European Regional Development Fund, the European Cohesion Fund and the European Agricultural Fund for Rural Development. These should primarily target infrastructure, capacity building, energy and environmental protection. Next, the EU should expand cooperation in education and research and innovation policies with institutions and individuals from the Western Balkans through its Erasmus+ programme, or a similar project, with a focus on the developmental needs of the region. Special emphasis should be put on creating a policy framework for facilitating and financially encouraging the return of young scientists from the region who have studied abroad, as well as on engagement with the diaspora. A good example of this practice can be seen in Croatia, where the government has instituted the new International Fellowship Mobility Programme for Experienced Researchers in Croatia, which aims to reverse the brain-drain process by encouraging the return of outstanding Croatian researchers. This project was co-financed through the Marie Curie programme. Finally, the EU should consider whether IPA III funds could possibly be better used to boost investment across the region. For example, the EU should invest in tailor-made training for public officials, particularly those at local and regional levels, to ensure the effective management of pre- and post-accession assistance. Unused funds could be used to boost investment across the region and assist in education. The criteria for access to EU funds should be eased; in particular, criteria that require an annual turnover of several million euros, which hardly any non-governmental organisation or consultancy company from the region can meet, should be removed.

What to do with EU accession laggards?

The distant and uncertain prospects of eventual EU membership are increasingly affecting the EU's transformative leverage in the Western Balkans. Although a regional trend, this is most visible among the current laggards in the accession process—BiH and Kosovo. Without neglecting the uncertainty regarding the internal political contestation and the outcome of ongoing Belgrade–Pristina talks on the normalisation of relations, as long as Cyprus, Greece, Slovakia, Spain and Romania continue to de facto block Kosovo's membership prospects by denying recognition of the country, the potential for

destabilisation and regression should not be underestimated. Equally, after being unable to move the country forward for decades, the EU itself acknowledged the failure of its conditionality toolbox in BiH, launching a British–German initiative in late 2014 that aimed to unblock the stalemate by delaying the implementation of the Sejdić–Finci ruling of the European Court for Human Rights—again without much success. The issue here is how to avoid losing Kosovo and BiH from the EU accession process, especially as the remaining four seem to have greater prospects of advancing.

Two major problems visible in BiH and Kosovo, but also in the other Western Balkan countries, are the lack of legal certainty and poor economic performance. The EU should devise a new strategy for BiH and Kosovo that mutually interconnects these two problems by addressing them through incentives rather than fragile rules. In other words, it should link conditionality regarding democracy and the rule of law with the prospect of economic development through the provision of conditional financial assistance.

I suggest that the following steps should be taken in this regard. First, all the Western Balkan countries should be asked to draw up action plans for Chapters 23 and 24, which, after a screening exercise, should lead to these chapters being opened as soon as possible. This scenario would replicate the success of the EU visa liberalisation process for the Western Balkan countries, by encouraging regional competition between aspiring member countries and increasing the density of ties and linkages (Levitsky and Way 2005) between the EU and domestic elites in the Western Balkans, thus expanding the EU's transformative power with the accession laggards. At the same time, bearing in mind the economic disparity between the Western Balkans and the EU, it is necessary to increase the IPA funding. Together with the beneficiaries, the European Parliament and the Commission should fine-tune the list of priority projects that would have a huge economic multiplier effect, such as infrastructure (railways, highways and renewable energy), education, skills, and innovation and applied research programmes. Drawing on this financial assistance, however, would be strictly conditional on the countries' successful performance in meeting the accession criteria set within negotiating Chapters 23 and 24. Yet another, separate, branch of the IPA mechanism should be directed towards strengthening the expertise, capacities, technical organisation and independence of credible regulatory agencies and civil society actors.

It needs to be asserted that the incentives offered through the conditional mobilisation of resources must be generous, as they will be measured against the commitment of China's Belt and Road Initiative, or shady investments coming from the countries of the Gulf and from Turkey, all of which come without political conditions attached.

Conclusion

The transformative effect of the current EU approach in the Balkans appears to be insufficient. In a nutshell, conditionality works well if membership criteria are clear, if the same criteria are applied to all applicants, if they are strictly but fairly monitored, if the findings are transparently communicated and if there is no doubt that the reward will come once conditions are met. Currently, this is not the case.

The accession process should truly transform the Western Balkan societies by improving air quality and road safety, increasing consumer protection, and improving the system of checks and balances in government. In other words, it should change the Western Balkan countries and bring them into the EU. This process requires trust to be built on both sides—from the candidate countries and from the EU itself. From this perspective, it is difficult to understand how North Macedonia and Albania have been denied the right to open accession talks after fulfilling their part of bargain, or how Kosovo remains in the EU's waiting room with no foreseeable accession date in sight. For these countries the prospect of EU membership is disappearing in front of their eyes as it becomes more and more obvious that the main premise of EU integration does not apply to them—namely, that their accession progress no longer depends on their own efforts. Therefore, one of the bigger challenges for the six remaining non-EU Western Balkan countries in the years to come will be to keep both elites and citizens motivated to continue the reform process.

A re-energised approach to enlargement should, in addition to conditionality, rely more on soft mechanisms, such as civil society promotion and interaction, which aim to transform the traditional top-down power structures in the aspiring member states. The empowerment of democratic forces in the region is crucial to increase the accountability of the elites and the transparency of the reform processes. The EU needs to focus on monitoring aspiring members on their paths towards becoming stable and prosperous democracies governed by the rule of law, instead of trading this result for regional stability. The new approach should also address the need to improve the economies of the Western Balkans. The key to reaching these goals is to refocus the use of the IPA III mechanism and to conditionally open up EU structural funds for the Western Balkan countries.

In addition, further efforts are needed to speed up the accession process. Lessons learned from the 2004 'big bang' enlargement, but also from the Western Balkans visa liberalisation process, show that the 'stadium' approach—whereby all countries negotiate at the same time—might be beneficial. This approach encourages cooperation between the candidate countries and creates healthy competition in conducting the necessary reforms as no country wants to be left behind. Remembering cases in which other former Yugoslav countries successfully slowed down the accession processes of their neighbours by imposing bilateral membership conditions leads us to believe that the current laggards in the accession process should be given the same time frame for accession as long as they meet the accession criteria. Preventing future blockages in the accession process has to be an important component of any future strategy.

Notes

1. This designation is without prejudice to position on status, and is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.
2. For instance, a regional ombudsperson network or regional media outlets, such as the N1 TV channel, which broadcasts simultaneously in Serbia, Croatia and BiH.

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