THE EUROPEAN PERSPECTIVE OF THE WESTERN BALKANS

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Abstract

The membership in the European Union represents for the Western Balkans a good motive to correct the existing shortcomings and to actively undertake the building of a better future. Western Balkan is a geopolitical term that refers to countries: Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia, Montenegro and new state Kosovo. The term Western Balkan, has been used for the first time in the beginning of 1990's and is often explained as Yugoslavia minus Slovenia plus Albania. Western Balkan countries are also in a political and economic context described as a "black hole" of Europe as a result of lacking cooperation with the rest of Europe and slow reform process toward modernization and democratization of their societies.
Western Balkan countries occupy an area of 196,047 km2, with population of around 21 and a half million citizens. Western Balkan are still not members of EU, but some of them are candidates, they all are in the process of Stabilization and Association Agreement and they all share similar and turbulent history with a lot of struggles and bloody ethnic conflicts. That is why EU tends to spread the zone of stability and prosperity to this region too.
Countries of Western Balkan have made significant progress in democratization, stabilization and neighborhood relations in comparison to a decade ago. Every country has established democratic institutions, and the leaders are promoting pro-European ideas. Croatia and Macedonia are officially candidates. Balkan countries still have significant problems which can slow down negotiations with European Union. Because of that, they are starting to look at the membership as a key which will solve all their problems, and bring prosperity to the countries.

Keywords: Western Balkan, economy, relations, development, perspective;

1. EU relations with Western Balkans

In the first half of the '90s the relations between the EU and the Balkans were minimal and very different from that with CEE. From the very beginning of the dissolution of Yugoslav Federation till the acute phase of the Bosnian crisis (1995), the EU precise desire was to keep problems at distance.

After the end of Bosnian war in 1995, EU policies even though still concerned by stabilization of the region marked a turning point on the way EU was approaching Balkans. EU started to see the Balkans more as part of Europe rather than a region far from its doors.

The Kosovo crises and the NATO intervention in 1999 were another warning, urging the EU to pay more attention and possibility to introduce a more comprehensive approach into the entire region including the question of its enlargement into EU. On June 2000 in the Feira European Council, the EU member countries confirmed that the prospect of the Balkan countries to be potential candidates for EU membership would be the main motivator reform.

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Another important development was the Zagreb Summit of November 2000, the first summit of Balkan states and European Union.[1]

EU and Western Balkans countries agreed to proceed with the "Stabilizations and Association Process" as a mean to prepare the region for sustainable reform and possible candidate status. The prospect of potential candidacy was offered in return of the commitment by the Western Balkans countries to undertake a set of reforms.

EU's commitment to assist the Southeast European states in their preparations for membership was reaffirmed at the Thessalonica European Council held in June 2003, under the Greek presidency. The new agenda for the Western Balkans' enriching the Sap by including the establishment of new European Partnerships which would build upon previously negotiated Stabilization and Accession Agreements and would target assistance towards each country's specific need.

EU launched the Stabilization and Association Process for the countries of the Western Balkans and it was established a strategic framework for their relations with the EU, combining a new contractual relationship (Stabilization and Association Agreement) (SAA) and an assistance program (CARDS).[2] The SAP is both bilateral and regional, creating strong links between each country and the EU as well as encouraging co-operation between the countries themselves and their neighbor in the region. Stabilization and Association Agreements are legally binding international agreements, which after signature require EP assent, ratification by the parliament of the country concluding the agreement as well as by all EU member state parliaments. They require respect for democratic principles, human rights and the rule of law; they foresee the establishment of a free trade area with the EU and they set out rights and obligations in area such as competition and state aid rules, intellectual property and establishment, which will allow the economies of the region to begin to integrate with that of the EU.

The CARDS-program underpins the objectives and mechanisms of the Stabilization and Association process. As each country moves deeper into the process, assistance will focus increasingly on support for the reforms and institution building necessary to implement the obligations in the SAA. The CARDS regulation foresees some €4 650 million for the entire region in the period 2000-2006.[3]

Since 2007, EU pre-accession funding is channeled through a single, unified instrument designed to deliver focused support to both candidate and potential candidate countries. In

[1] Dorian Jano, *EU - Western Balkans Relations: The Many EU Approaches,* University of Milan, 2009
[2] Sandro D'Angelo / Georgis Ghiatis, *The Western Balkans Countries* in www.europarl.europa.eu/ftu/pdf/en/FTU_6.4.1.pdf
[3] European Parliament , *The Western Balkans* in www.europarl.europa.eu/facts_2004/6_3_3_en.htm

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order to achieve each country's objectives in the most efficient way, IPA consists of the following five components:

- Transition Assistance and Institution Building
- Cross-Border Co-operation (with EU Member States and other countries eligible for IPA)
- Regional Development (transport, environment and economic development)
- Human Resources Development (strengthening human capital and combating exclusion)
- Rural Development[4]

2. The transition process of Western Balkans

In the last decade of the twentieth century, the synonyms for the Western Balkan countries were: ethnic conflicts, problems of minorities and dislodged persons, secessionist aspirations and violation of territorial integrity. Besides, political instability, underdeveloped civil societies, lack of the rule of law and destroyed economic systems represented a poor basis for economic development; hence, they hindered the progress in the region. A special problem for the group of countries of the Western Balkans is the amount of the foreign loan. Globally speaking, a degree of foreign loan is high while the presented data does not support any idea of an excessively indebted region. Out of the above-listed countries, the most indebted are Croatia and Serbia. The increase of the foreign loan is partly financed by incomes from foreign direct investments attained in the process of privatization and from other sources, mainly from abroad. A similar situation is in Bosnia and Herzegovina where an obscure situation regarding accumulated internal unpaid loans represents a considerable threat to public finances. In this country the foreign loan was, in 2005, 27.2% of GNP while in Albania it was only 15.5%. An inflow of foreign direct investments, especially green field investments, would considerably affect the reduction of the foreign loan and, in due time, ensure the conditions for a more intensive economic development of the region.

According to the systematization done by the World Bank, the economies of the Western Balkans belong to a group of countries with lower middle income.[5]

The fact is that, with the integration of Bulgaria and Romania into the European Union, the balance of power in Europe has changed considerably; in some countries of the Western Balkans there is a fear that in the following period, regarding their economic development,

[4] *Management and implementation of the IPA* in http://europa.eu/legislation_summaries/enlargement/ongoing_enlargement/e50020_en.htm

[5] Ivana Božić-Miljković, *Western Balkans in the process of Euro integration* , FACTA UNIVERSITATIS Series: Economics and Organization Vol. 4, No 1, 2007, pg. 79 - 90

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they will keep on lagging behind their advanced neighbors. The doubt that the Western Balkans will preserve, for a long period of time, its current position on the margins of the new integrated Europe is also justified by an article of the Treaty of Rome by which the European Union is defined as an integration of 27 member countries as well as by "indisposition" of some members of the Union regarding further expansion to the east. On the other hand, at the summit of the European Union about the Western Balkans which was held in Thessaloniki in 2003, there was unambiguously confirmed support to the European perspective of the Western Balkans.

The political situation in the region of the Western Balkans, in the early transitional period, has had a very unfavorable effect on the general macroeconomic climate and, thus, for a while moved this region away from business plans of foreign investors.[6] Starting from 2000, simultaneously with the reconstruction of the destroyed infrastructure in the region, there began a more intensive process of economic reforms in which foreign direct investments are on the rise. There was a rise in the investment in Serbia and Montenegro; yet, the rise was a direct consequence of the more intensive process of privatization. For example, in Serbia, in its privatization, from 2002 to 2004, the investors from the European Union countries participated with the total of 755.8 million euro, the largest share of which was realized through selling companies on tenders.

EU suggested the creation of the "Balkan zone of free trade". This idea has been rejected by the Croatian authorities who have seen it as an attempt to revive the type of integration similar to that in former Yugoslavia. The basic thesis of their rationale rests upon the opinion that the integration of Croatia with the countries that did not move far in the process of joining the European Union would slow down the negotiations that had already started and thus lessen the importance of the reached results for membership in the Union. As an alternative, it was proposed to enlarge the CEFTA agreement. The realization of this idea was done in late 2006 when, at the summit of the CEFTA in Bucharest, as many as ten countries signed their integration into the organization.[7]

[6] Ibidem

[7] Ibidem

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3. The Evolution of the Countries in the Western Balkans towards the Adherence to the European Union.

Tab.nr.1

The Evolution of the Countries in the Western Balkans

STATES	**CANDIDATE STATES**				**POTENTIAL CANDIDATE**			
EVENTS	Turkey	Croatia	FYROM		Bosnia and Herzegovina	Albania	Serbia	Montenegro
The start of the negotiations for SAA	1959	2000	2000		2005	2003	2005	2005
The signing of SAA	1995	2001	2001		2007	2006	2007	2007
The ratification of SAA	1996	2004	2004		2007	2006	2007	2008
The date of the demand of the adherence for EU	1987	2003	2004		2007	2009	2007	2008
The acceptance of the status of the candidate states	1999	2004	2005		2008	2012	2008	2012
The start of the negotiations for the adherence to EU	2007	2007	2009		2009	2015	2009	2015
The acquisition of the status of member state	2013	2011	2015		2020	2017	2015	2017

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Source: EU Enlargement in www.europa.eu.int/comm/enlargement/index.htm Access date: 03.05.2009

As we can find out in (table.nr:1), the candidate states for the European Union are: Croatia, Turkey and the Ex-Yugoslav Republic of Macedonia.

The opinions of the E.U. countries are divided concerning a new extension of E.U. : for instance, Markel Angela, the German chancellor, proposes during the Meeting of the Ministries of Foreign Affairs at Prague (the headquarters of the Presidency of European Union in the year 2009) that E.U. should *press the stand-by button* referring to the extension of its limits. The source cited is an article published on September the 30th 2009, article in which the German chancellor also mentions that she believes only in the integration of Croatia in the near future and in the stoppage of the extension process. She also affirms that the Treaty at Lisboa should be ratified before E.U. being able to extend more its limits.

Contrary, the Swedish Ministry of Foreign Affairs (Sweden is the country which has the E.U. presidency on June 2009) , Carl Bildt, warned that *the crush of the Balkan countries' aspirations to the adherence to E.U. will have devastating consequences* because the Balkans are contained in Europe, so this part of Europe should be also contained in E.U.

We can remark that there is a diversity of thinking concerning the opinions of the E.U. countries, so we can confront with contradictory points of view sometimes, but when a decision should be taken, the E.U. countries reach a consensus in order to solve the problem. Similar to E.U. countries, N.A.T.O. decided to integrate Albania and Croatia due to a unanimous decision taken by its 27 member-states. On the contrary, Greece didn't accepted Fyrom as member of E.U., so the other states of E.U. had to cancel the integration of Fyrom into E.U.

Croatia is more favored to become a member of E.U. because it is sustained by more states members of E.U. Croatia is also thought the only state which can adhere to E.U. in the year 2011. The last opponent to the adherence to E.U. of this country is Slovenia, state that continues a territorial dispute for many years with Croatia.[8] As a result, N.A.T.O. and E.U. decided that both countries should adopt a *constructive* approach in order to solve this problem at least after the integration of Croatia into N.A.T.O. (April the 4th 2009). Macedonia has made progress lately regarding the reforms in the judicial system, has accomplished its obligations foreseen in A.S.A. and has progressed in its fight against corruption, in improving the reform of the public administration, in stimulating people to occupy a job and to distribute efficiently the manpower. This state continues to strengthen the multiethnic democracy by applying the rules taken to the Agreement at Ohrid, in 2001, when

[8] *Candidate countries, Croatia* in http://ec.europa.eu/enlargement/candidate-countries/croatia/index_en.htm

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it was accepted the usage of Albanian language in those cities and countries in which the Albanian population predominates.

In 2006, through a national referendum, Montenegro claimed its independence towards Serbia. In order to be seen as a serious candidate for adherence, the country must continue to reform its judiciary sector, the weakness in this field representing a strong reason for Germany to come out against its application.

Montenegro is a potential candidate for membership to the EU. Its European perspective was reaffirmed by the Council in June 2006 after the recognition of the country's independence by EU member states. On 15 October 2007 Montenegro signed the Stabilization and Association Agreement (SAA) and an Interim Agreement on trade and trade-related issues. The latter entered into force on 1 January 2008 while the SAA will enter into force once its ratification process is completed. An European partnership with Montenegro was adopted by the Council on 22 January 2007. The government of Montenegro adopted an action plan for its implementation on 17 May 2007. Agreements between the EU and Montenegro on Visa Facilitation and Readmission entered into force on 1 January 2008.On 15 July the European Commission proposed to grant visa liberalization to Montenegro.[9]

Montenegro submitted its application for EU membership on 15 December 2008. On 23 April 2009 the Council decided to invite the Commission to prepare an Opinion on Montenegro's application. Based on previous experiences (like Croatia or the former Yugoslav Republic of Macedonia) the Commission estimates that the preparation of an Opinion takes normally 14 to 16 months. Thus, it intends to submit the Opinion to the Council in the course of 2010.

Bosnia-Herzegovina must reach a necessary political consensus and to continue its reforms, while Kosovo, the newest state in the Western Balkans, which finds itself in the main stages of integration in the EU, has been accepted as a FMN Member State in April 2009, and after 2 months as a member of the World Bank. Kosovo cannot be accepted as a member of the European Bank because its independence is not yet recognized by 5 EU Member States (Spain, Slovakia, Cyprus, Romania, and Greece), as Serbia's acceptance is blocked by the Netherlands and who must cooperate with war crimes tribunal at Hague for the handing over of the war criminal Ratko Mladić and at the same time must recognize the independence of Kosovo.

The accession of Bosnia and Herzegovina to the European Union faces many economic and political problems today. The nation has recently been making slow but steady progress.

[9] *Potential candidates countries, Montenegro* in http://ec.europa.eu/enlargement/potentialcandidates/montenegro/index_en.htm

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4. The European Union and its relations with Albania.

The establishment of official relationships between the European Union and Albania dates back to December 1st.1992 with the Agreement for Trade and Cooperation Albania was the first country in south-eastern Europe to sign this agreement. The 1996 elections crisis and the general turmoil that fallowed it blocked Albania's European agenda. In 1999 the European Union signed the initiative of the process of Stabilization and Association. [10]After the crisis in Kosovo in November 1999, the European Commission presented the feasibility report on Albania related to the opening of the ASA agreement with Albania. The conclusion was that Albania hadn't yet met the requirements. The deficiencies were related to:

- The lack of order and security
- Weak government and low enforcement
- Destabilized economy and the slow rhythm of reforms

The Summit of Zagreb on November 24th. 2000 gave the message that the road was opened for the countries of the Western Balkans to enter the European Union. The Summit approved the Community Assistance for Reconstruction Development and Stabilization. The packet included a sum of 4.6 million Euro for 2000-2006.

The Summit of Salonika in 2003 was seen as a great hope for the countries of the Western Balkans. It was a step ahead in the history of the Western Balkans, the map of Europe would not be considered complete without the integration of the Western Balkans in the European Union. The Summit indicated the Strategy of Stabilization and Association as the most important strategy for the progress of these countries.

In 2003 a period of calm was inaugurated in the Western Balkans, the war in Bosnia ended with the Dayton Agreement. In Kosovo it was the intervention of NATO forces that ended the armed struggle. The Ohrid agreement resolved the conflict concerning the rights of the Albanian population in Macedonia, it's to be applauded that all the countries of the Western Balkans have one main objective the European Union and NATO.

Rehn, the Commissioner for the Western Balkans says that the integration of each country depends on its own individual achievements in relation to the standards required by the European Union.

The opening of the official negotiations for MSA was signed by Romano Prodi, President of the European Commission on January 31.2003. The ratification of the Accord of Stabilization

[10] *EU-Albania Relations* in http://ec.europa.eu/enlargement/potential-candidates/albania/relation/index_en.htm

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and Association was signed in 2006 while April 1st 2009 saw the signing of Albania's progress both economic and political.[11]

Albania "is Changing is a slogan indicating Albania's steps forward as a free democratic country which respects the rights of its citizens and those of its minorities. Some of the requirement Albania has to meet as conditions for membership in the European Union are modernization of the address system biometric passports and the identity cards.

Conclusion

The Western Balkans has some specific characteristics that make it particularly well-suited for regional integration. First, most countries were previously part of one national economy (Yugoslavia) and significant economic gains can be reaped from reintegrating fragments of former regional systems such as power grids, rail networks, or supply chains. Second, the Western Balkans is mostly comprised of small economies, which would benefit disproportionately from participation in a larger regional market, and Montenegro's independence in mid-2006 increases the number of small economies. Third, a number of geographic and ethnic factors increase the interdependency between these countries: common languages, common ethnic minorities, and the crescent-shape geography of Croatia, which wraps around Bosnia and Herzegovina. Fourth, all Western Balkan countries aspire to EU membership (Croatia has started negotiations and FYR Macedonia is a candidate) and are thus converging toward the same regulatory framework over the medium to long term. These positive aspects notwithstanding, the proximity has also brought with it political and ethnic divides in the region. These challenges need to be overcome through economic integration and political statesmanship.

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