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**EU policies towards the Western Balkans:
The role of sticks and carrots**

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Abstract

Since the launch of the EU Stabilization and Association Process in late 1999, designed specifically for the countries of the Western Balkans (WB), EU policies towards the individual countries have been prevalently based on bilateral relations. As in Central and Eastern Europe in the 1990s, progress in contractual relations of the WB countries with the EU has been based on EU conditionality, where those countries that have shown greater compliance with the various EU conditions (the Copenhagen criteria, cooperation with the Hague Tribunal, regional cooperation) have also been able to progress faster in their contractual relations with the EU. The paper shows how EU conditionality in the Western Balkans has been much stricter than in Central and Eastern Europe, and argues that this has had very negative consequences for the internal processes of transition, both economic and political. In some countries, very strict EU political conditionality has negatively affected not only the speed of economic and institutional reforms, but also the speed of political transformation processes, including democratization, the transformation of political parties, and the general attitudes of political agents and of the general public towards the EU. In other words, the EU variable policies towards the single WB countries has offered some countries more carrots than sticks with respect to others, and this has been an important determinant of the internal transformation processes of their economic and political systems.

1. Introduction

The paper discusses European Union (EU) policies towards the Western Balkan (WB) countries - Albania, Bosnia and Herzegovina, Croatia, FYR of Macedonia, Montenegro, Serbia, and Kosovo under UNSC Resolution 1244. More specifically, it looks into EU conditionality towards the WB countries, and the important role that 'sticks' and 'carrots' have played in the transformation of their economic and political systems. The paper will first recall the main features of EU policies towards the Western Balkans in the 1990s and the new EU strategy launched in 1999. I will then assess the post-2000 EU strategy of Balkan integration, with its main achievements and failures, and discuss why the new EU strategy in the Balkans has not been successful. In addressing the remaining challenges, some suggestions are given which seem essential for accelerating EU-Balkan integration in the future.

2. EU policies in the Balkans: From containment towards accession

Since the launch of the Stabilization and Association Process in late 1999, a new process designed specifically for the countries of the Western Balkans (WB) – Albania, Bosnia and Herzegovina, Croatia, FYR Macedonia, Montenegro, Serbia, and

Kosovo (under UNSC Resolution 1244) – EU policies towards the individual countries have been prevalently based on their bilateral relations. As in Central and Eastern Europe in the 1990s, progress in contractual relations of the WB countries with the EU has been based on EU conditionality, where those countries that have shown greater compliance with the various EU conditions (the Copenhagen criteria, cooperation with the Hague Tribunal, regional cooperation) have also been able to progress faster in their contractual relations with the EU.

Contrary to today's ten EU Member States from Central Eastern Europe (CEE),¹ that have established contractual relations with the EU by signing association agreements relatively quickly after the fall of the Berlin Wall in 1989, the WB countries were not able to intensify their relations with the EU until fairly recently. High political instability caused by the events of the 1990s – the disintegration of SFR Yugoslavia, the multiple military conflicts that accompanied it, the inward-oriented policies of the newly created states, the UN and EC sanctions against FR Yugoslavia, the Greek embargo against FYR Macedonia - have all left profound and long-lasting economic, social, and political consequences. These processes have also substantially delayed the integration of the WB countries with the EU.

Because of continued political instability in the Balkans in the 1990s, the EU initially failed to elaborate a clear, comprehensive, and long-term strategy for the WB countries. After the break-up of former Yugoslavia in 1991, EU intervention and assistance policies in the region have mainly been shaped in response to emerging crises, most frequently on an *ad hoc* basis. Although after 1996 the EU did announce its so-called 'Regional Approach', intended to promote regional cooperation among the WB countries, the initiative failed to bring any substantial results. The EU instruments backing the Regional Approach were vague and inadequate, while the Balkan countries themselves at that time were not willing to engage in any meaningful regional cooperation (Uvalic, 2001).

Given the highly unfavourable political conditions that prevailed throughout the 1990s, the EU assisted the war-affected Balkan countries only sporadically, mainly through humanitarian aid, military presence, and some trade concessions offered to selected countries (Uvalic, 1997). Over the 1991-99 period, the EC/EU extended some € 4.5 billion of financial assistance to the five WB countries, but the largest part – almost 50% of the total - has been in the form of humanitarian aid provided under ECHO² (Uvalic, 2001). The main EU programme of financial assistance for the CEE countries – PHARE³ - was extended to Bosnia and Herzegovina and Macedonia in 1996, but not to Croatia and FR Yugoslavia. A specific EU programme for the war-affected WB countries - the Obnova programme⁴ - was launched in 1997 to help their reconstruction efforts, but the initial amount of aid was extremely low (€ 218 million) and 64% of the total was used in Kosovo (Commission, 2002). As to other forms of

¹ The Czech Republic, Estonia, Hungary, Poland, Latvia, Lithuania, Slovakia, and Slovenia became EU Member States on 1 May 2004 (together with Cyprus and Malta), while Bulgaria and Romania on 1 January 2007.

² ECHO is the European Commission's Humanitarian Aid department, which does not implement humanitarian projects itself but funds actions that are implemented through partner relief organisations.

³ PHARE is the French acronym which stands for 'Pologne, Hongrie: Assistance à la Reconstruction Economique'. Though the PHARE programme was initially, in January 1990, launched for Poland and Hungary, it was soon extended to the other CEE countries.

⁴ 'Obnova' is the Serbian-Croatian-Bosnian word for 'Reconstruction'.

assistance, the only country that was able to benefit from loans of the European Investment Bank was Albania (see more in Uvalic, 2006, 2008).

The EU policies towards some of the key countries in the Balkans were more frequently based on the use of the ‘stick’ (exclusion from financial assistance programmes, delays in extending trade preferences, economic and other types of sanctions, even military force) than the ‘carrot’. Despite strong political motives underlying such policies, the EU approach did not bring any tangible results but was even counterproductive. The impact of EU assistance on stabilization and development of most WB countries has been minimal. The problems accumulated and reached their peak in 1999 with the Kosovo crisis, leading to the NATO intervention in FR Yugoslavia.

A fundamental change in EU and international strategies towards the Balkans began emerging after the end of the Kosovo conflict. In June 1999, the *Stability Pact for Southeast Europe* (SEE) was adopted with the aim to help mobilize donors’ assistance for the economic reconstruction of countries affected by the Kosovo war (not only the then five WB countries, but also Bulgaria and Romania) (see Stability Pact, 1999).⁵ Even more importantly, in May 1999 the EU Commission announced a new approach towards the WB countries – the Stabilization and Association Process (SAP) – which was to offer support for their transition, stabilization, and integration efforts, and even prospects of future EU membership, that led to the adoption of important documents to support the new policy (see Finnish Presidency and the European Commission, 1999). Subsequent positive internal developments in two key WB countries contributed to the implementation of the announced strategy - in Croatia, President Tudjman’s death in January 2000, and in Serbia, the replacement of Milosevic’s regime by a democratic government in October 2000.

The SAP is a new type of contractual relationship between the EU and the WB countries which envisages the signing of Stabilization and Association Agreements (SAA) between the WB countries and the EU, similar to those concluded with the CEE countries in the first half of the 1990s. For the first time since 1989, the SAP has also offered the WB countries prospects of future EU membership. The speed of accession is determined by how quickly a country meets the political and economic accession criteria. These criteria were formulated at the European Council Summit in Copenhagen in 1993, and were used in the late 1990s for assessing the readiness of the CEE countries to join the EU (see Nuti, 1996). The Copenhagen criteria consist of three groups of requirements that the acceding countries need to fulfil (and a fourth one referring to the EU):

- Stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- Functioning market economy and capacity to cope with competitive pressures and market forces within the Union;
- Ability to take on obligations of membership (*acquis communautaire*), including the aims of political, economic and monetary union;
- Capacity of the EU to take on new members.

⁵ The main partners of the Stability Pact, in addition to the beneficiaries and the neighbouring states, include the European Commission, the OSCE, the NATO, all major international financial organisations, the EU member states, the USA, Japan, Russia, Canada, and a few other countries.

In addition to the Copenhagen criteria, however, the WB countries must also fulfil two additional groups of requirements, which were formulated at the European Councils in 1997 and 1999 specifically for the war-affected WB countries (see European Council, 1997 and 1999):

- Countries must demonstrate their willingness to implement regional cooperation with neighbouring states; and
- Countries must fulfil all their international obligations (including collaboration with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague, the Dayton Peace Accords, the UN Security Council Resolution 1244, and so forth).

In preparation for signing an SAA, progress in various areas of reform would be assessed for each country by meetings of a joint EU-Balkan Consultative Task Force (CTF). Next, the EU Commission would prepare a Feasibility Report, confirming (or rejecting) that a country is ready to start negotiating an SAA, and the successful completion of negotiations would eventually lead to the signing of a SAA when a WB would become associated with the EU. Once a country has signed an SAA, it can apply for the status of EU 'candidate', which must be approved by the European Council. The final stage involves the launch of negotiations on EU accession, during which each of the 33 chapters of the EU's *acquis communautaire* needs to be opened and negotiated, and an agreement has to be reached on temporary provisions and derogations in specific sectors.

Even before a WB country concludes an SAA, however, it can benefit from EU autonomous trade preferences. These trade concessions for the WB countries, adopted in 2000 (extended to FR Yugoslavia in November 2000), eliminate duties and quantitative restrictions for around 95% of goods from the WB countries entering the EU market, including agricultural and sensitive industrial products, with only a few exceptions.⁶ These trade preferences were recently renewed until the end of 2010 (see Commission, 2006).

Another important element of the SAP is a new programme of financial assistance for the WB countries - the Community Assistance to Reconstruction, Development and Stabilization (CARDS) - which has provided around €5 billion of financial aid to the WB countries over the 2000-6 period (see Commission, 2000). In order to increase the efficiency in aid delivery, the EU has also established the European Agency for Reconstruction (EAR) in charge of managing economic reconstruction projects in FR Yugoslavia (Serbia, Montenegro, Kosovo) and FYR Macedonia.

The EU strategy was reinforced at the Thessaloniki EU-WB Summit in June 2003. An important new instrument was introduced for the WB countries - the European Partnership, similar to the Accession Partnerships designed earlier for the CEE countries - which identifies the main priorities and checklists (see Commission, 2004). The Thessaloniki provisions also announced the opening of various EU programmes which previously were reserved only for candidates, including 'twining',

⁶ Some fishery products, baby-beef, and wine, while trade in textile products is covered by bilateral agreements.

TAIEX, ISPA, SAPARD, and FP6.⁷ The Summit also reconfirmed the EU's commitment to EU-Balkan integration.

In July 2006, the European Council established a new instrument – the Instrument for Pre-accession Assistance (IPA) - which replaced all the previous financial assistance instruments available to the WB countries. Over 2007-13, the total amount under IPA planned for the WB countries is over € 3.5 billion (or an average annual allocation of around € 800 million). IPA offers support to five main components: (1) transition assistance and institution building; (2) cross-border cooperation; (3) regional development; (4) human resources development; and (5) rural development. However, the possibility of using the various IPA components depends on the status of a given WB country in the EU integration process - whether a country is a candidate or a potential candidate for EU accession. Whereas the candidate countries can benefit from all five components of IPA, the potential candidates can only use the first two (the last three being reserved exclusively for the candidates). The status of a country is therefore fundamental, as it determines access to more (or less) IPA funds.

Political dialogue has also been an important part of recent EU-WB countries relations. Joint Parliamentary Committees were established in 2004 between the EU and the two more advanced countries, Croatia and FYR Macedonia, while regular inter-parliamentary meetings have been held with Albania, Bosnia and Herzegovina, Serbia, Montenegro, and Kosovo. In order to improve the quality of the EU-WB accession process, various other instruments have been used, such as impact assessment of accession in key policy areas, estimates of budgetary implications of specific measures, evaluation of a country's integration capacity, the use of benchmarks, and so forth.

3. Progress to date: Main achievements

There is no doubt that the new EU strategy towards the Balkans has brought positive results in many areas. The SAP and the Stability Pact for SEE has offered substantial support to all the WB countries in their transition and integration efforts. The main achievements of the new EU policy in the Balkans will be briefly discussed.

- *Harmonization of legislation:* The EU has provided a strong anchor for the process of economic, political, and legal reforms in the WB countries. The EU integration process has prompted and accelerated the process of internal reforms in the WB countries in many areas, even before the signing of a SAA. Thanks to a number of technical meetings between the EU Commission and the WB governments, a number of new laws have been adopted in conformity with EU norms. The EU model and the *acquis communautaire* has been an important blueprint for institutional reforms.
- *EU financial assistance:* The WB countries have received an increasing amount of EU financial assistance. From €1.4 billion of financial aid that the EU extended to the five WB countries in 1991-94, the overall amount increased to € 3.1 billion in 1995-99, and to € 5 billion during 2000-06.

⁷ TAIEX stands for 'Technical Assistance Information Exchange', ISPA is the 'Instrument for Structural Policies for Pre-Accession', SAPARD is the 'Special Accession Programme for Agriculture and Rural Development', and FP6 is the Sixth Framework Programme for scientific research.

Additional financial assistance has been collected at the various donors' conferences organized by the Stability Pact for SEE (see Uvalic, 2008). Although the amount of financial assistance given to the WB has so far been relatively low if compared to what the ten CEE countries have received prior to EU membership, these resources have been important for supporting their reforms.

- *Contractual relations:* Although the WB countries are at very different stages of the EU integration process, as of 2008 they have all signed an SAA (FRY Macedonia in April 2001, Croatia in October 2001, Albania in June 2006, Montenegro in October 2007, Serbia in April 2008, and Bosnia and Herzegovina in June 2008). At present, Croatia is the only candidate negotiating EU membership, FYR Macedonia is a candidate but accession negotiations have not yet commenced, Montenegro and Albania have applied for candidate status which yet needs to be considered and approved, Bosnia and Herzegovina and Serbia are still potential candidates, while Kosovo has a special status under the so-called 'tracking mechanism'.⁸
- *Regional cooperation,* an important objective promoted by the EU for over a decade aimed to stimulate cooperation among the WB countries, has been implemented in many areas. There has been steady progress in various sectors, from trade liberalization (the 2006 CEFTA agreement) and energy cooperation (the signing of the SEE Energy Treaty in October 2005), to cooperation on a number of political and security issues. Moreover, as of 2008 regional initiatives are governed primarily by the WB countries themselves. The long-promoted 'regional ownership' of the process of regional integration has finally been attained with the 2008 transformation of the Stability Pact for SEE into the Regional Cooperation Council based in Sarajevo.
- *EU integration as priority on the political agenda:* EU integration has become a political priority for all WB countries, leading to the adoption of EU Resolutions, National Strategies of EU integration, and other important documents, also in countries lagging behind. For instance, in October 2004 the Serbian Parliament adopted a Resolution on EU Accession, and soon after an Action Plan and Strategy on EU integration, in line with the main objectives of the European Partnership. The new Serbian pro-European government elected in May 2008 places EU integration among its top foreign policy priorities.
- *Strong popular support of EU integration:* Recent opinion polls undertaken in all the WB countries suggest strong support for EU integration. In Serbia, for example, Serbia's membership in the EU in December 2008 received support of 60-70% of its citizens, which is somewhat higher than comparative figures for Croatia, Bosnia and Herzegovina or Montenegro, though a bit lower than

⁸ Since 2001, the Kosovo provisional authorities under UNSCR 1244 have prioritized the European agenda and committed to a long term European integration process. A permanent technical and political dialogue with Kosovo authorities, called the SAP tracking mechanism (STM), has been established to provide sound policy advice and guidance to Kosovo's reform efforts. Under the SAP tracking mechanism, regular meetings have been held to assess Kosovo's progress in realizing European Partnership recommendations.

those in Albania and FYR Macedonia (see Serbian European Integration Office, 2008).

- *Economic integration:* The WB countries have become increasingly integrated with the EU economy (Uvalic, 2007). Since 2000, thanks to EU trade concessions, there has been an enormous increase in trade – a threefold increase (or more) of trade volumes - and the EU has had an increasing surplus in its trade with the WB region. The EU has become the main trading partner of the WB countries, in 2007 accounting for 55 - 80% of both Balkan countries' imports and exports. Since 2001, there has also been an enormous increase in FDI inflows to the WB countries, mainly by firms from EU Member States. Strong financial and capital markets integration has taken place, prompted by the privatization of the banking sector. Major EU banks today own 60-90% of banking assets in most WB countries. The foreign ownership of banks, though a welcome feature in the initial process of bank restructuring and privatization, is at present rendering the Balkan countries much more vulnerable to the current global economic crisis (Uvalic, 2009).

4. Main failures of EU policy: Two facets of the integration process

Today, EU membership is one of the most important foreign policy objectives for all WB countries. Despite all the achievements, there is a high degree of uncertainty about the future of the EU-WB integration process. The individual countries are at very different stages of the EU integration process, Croatia being the only candidate negotiating EU membership. In many cases progress has not been quick enough.

Why has the success of CEE not been replicated in the Western Balkans? It is clear that the overall political and economic conditions in the WB region in 2000 were fundamentally different than those in CEE in 1990. The legacy of the 1990s, when the region experienced military conflicts and high political instability, has left a heavy burden on most WB countries, including delicate problems of borders, status, return of refugees, and minority rights. In addition to the very different historical legacy in CEE and the WB region, there are other important differences.

There is no doubt that the principal reasons for the slow pace of EU-Balkan integration are to be sought on the side of the WB countries. Despite their aspirations to become EU Member States, many WB countries have not adopted many important reforms and still today do not fulfil the necessary conditions. Progress in the EU accession process of the two potential candidate countries, Bosnia and Herzegovina and Serbia, has been particularly slow. Still, part of the responsibility for the slow pace of EU-WB integration also lies with the EU. Three issues need to be stressed in this regard: current problems within the EU, EU's very strict conditionality, and specific policies applied towards some WB countries.

EU integration capacity: There is high uncertainty on the part of the EU about its enlargement commitments. The Dutch and French rejection of the EU Constitution, the difficulties in adopting the Lisbon Treaty, the long-forgotten 'fourth' Copenhagen criteria of EU's readiness to absorb new members, the often stressed problem of enlargement fatigue, have all added to increasing uncertainty regarding EU's commitment towards the WB. Although during the Finnish Presidency, EU Member

States agreed to a renewed consensus on enlargement, more recently some countries have taken the view that Croatia should be the last country to join the EU.

Strict conditionality: The EU has tried to improve its instruments of accession by drawing on the rich experience gained with the CEE countries. However, by trying to improve the quality of the accession process, the EU has actually made it much more complicated and burdensome. The WB countries have been subject to *stricter* EU conditionality than that applied to the CEE countries for two reasons. First, the conditions are more numerous - in addition to the Copenhagen criteria the WB countries also have to implement regional cooperation and comply with all international obligations. Second, the phases envisaged as part of the EU-WB integration process are more numerous: except for FYR Macedonia and Croatia, that were able to sign an SAA already in 2001, the procedure for the other WB countries has been much lengthier.⁹ Moreover, it is the political criteria that play the most prominent role, whereas the other criteria – such as the economic criteria - do not seem to be given much importance.¹⁰

It is therefore of no surprise that for some countries the process of concluding an SAA has taken so long. In the early 1990s, it was sufficient for the CEE countries to state that they wanted to implement the transition to multiparty democracy and market economy, in order to be offered Association Agreements (AA) with the EU. The AA were indeed signed fairly quickly – from December 1991 until June 1995 with all the CEE countries except Slovenia, delayed until June 1996 due to the block of the Italian government over the question of borders. For most WB countries, this important incentive - the status of association with the EU - came only after a very long and burdensome process of technical meetings, negotiations, assessments, feasibility reports, not to mention a series of country-specific conditions (see below).

Specific EU conditions: In the case of Serbia, for example, as one of the countries where the process has been delayed most, specific EU conditions have undoubtedly contributed to even further delays in the EU integration process. After the 2000 radical political changes in FR Yugoslavia, the EU insisted on the maintenance of one state – first of the Yugoslav federation with its two republics (Serbia and Montenegro), and later of the State Union of Serbia and Montenegro. EU pressure to delay Montenegro's referendum on independence has quite substantially delayed Serbia's path towards the EU, perhaps as much as the other sensitive political issue of insufficient cooperation with the ICTY. The EU Commission insisted on the full harmonization of a number of economic laws, which were quite different in Serbia and in Montenegro, including the foreign trade law, at a time when the average tariff in Montenegro was 3%, while in Serbia 9% (see Uvalic, 2002). After a long and burdensome process of negotiations, most tariffs were harmonized, except for 56 agricultural products. An Action Plan on Harmonization and the Internal Market was

⁹ As mentioned earlier, a country first had to have Joint Consultative Task Force meetings (in the case of Serbia and Montenegro promoted into 'Enhanced Permanent Dialogue' meetings in 2003), followed by a positive assessment that opened the door for a Feasibility Report, after which a country could start its negotiations on a SAA, which could be concluded only after some time - not to speak of the actual process of negotiating EU membership which is to follow.

¹⁰ The most recent Transition Indicators of the European Bank for Reconstruction and Development (EBRD), which measure progress of all 28 transition countries in various areas of reform, show that by mid-2008 most Western Balkan countries have also completed many important economic reforms required by the transition to market economy (see EBRD, 2008).

adopted, but it ended up being a total failure. The process was stalled by the inability to find a mutually acceptable solution, since Serbia and Montenegro had very different economic interests.

It was only in 2004 that the EU decided not to insist any longer on the harmonization of legislation, but to proceed with the ‘twin track’ approach: deal separately with the two republics on policies which Serbia and Montenegro conduct separately (trade, economic, and sectoral policies), while continuing to work with the country as a whole where it is the State Union that is the competent authority (international political obligations or human rights). The Feasibility Report was thus re-launched and approved by the Council of Ministers on 25 April 2005. On 3 October 2005, the European Council approved the beginning of negotiations on a Stabilization and Association Agreement, but again due to political conditionality (insufficient collaboration with the ICTY in The Hague), the signing of the SAA was postponed.

Serbia finally signed an SAA with the EU on 29 April 2008, immediately prior to the parliamentary elections, which greatly helped the Democratic Party-led pro-European coalition to win the elections. Yet Serbia has since not been given a clear membership perspective, while the trade-related aspects of the SAA have not been implemented by the EU. It is the political conditions – primarily the non-delivery of General Ratko Mladic to The Hague - that are presently blocking faster progress of Serbia towards the EU, much more than lack of readiness to fulfil the other criteria (see Serbian European Integration Office, 2009). In the meantime, after the first EU-FRY Consultative Task Force (CTF) meeting held in July 2001, numerous political and technical meetings have been organized to discuss progress in various sectors of reform – some 5 CTF meetings (2001-02) and some 22 Enhanced Permanent Dialogue (EPD) meetings (from July 2003 until the end of 2008), while another 9 EPDs are planned for 2009.

According to recent opinion polls in Serbia, the main reason for the slowing down of the accession of Serbia to the EU is the continuing policy of conditionality. There is a general perception – 62% of the respondents - that the EU constantly imposes new conditions for accession of Serbia to the EU, thereby placing Serbia in an unfavourable situation with respect to the other countries (Serbian European Integration Office, 2008). In the same survey, as many as 47% of the respondents do consider acceptable the EU condition of completion of the cooperation process with the Hague Tribunal.

5. Remaining challenges: How to speed up the process of EU-Balkan integration?

There are several groups of measures that the EU could implement to strengthen its Stabilization and Association policies and increase its commitments in the Balkans. Changes would be welcome regarding conditionality, the visa regime, and status.

Softer conditionality: Although political conditionality will necessarily remain the main EU instrument for implementing its policy objectives, it should be applied in a flexible way in order not to undermine the attainment of other important objectives. Considering that Serbia is a key element of stability in the WB region, the political conditions currently blocking the full implementation of the SAA need to be reconsidered. If general Mladic has not yet been delivered to the ICTY, this does not

mean that the Serbian authorities have not undertaken a number of initiatives to find him. Capturing Mladic is not only a question of political will of the Serbian authorities, but also of the government's capacity to find him.¹¹

Visa-free regime: Maintenance of visas for the WB countries has been highly counterproductive, in some countries directly slowing down the process of democratization and EU integration.¹² Ending isolation of the region by putting all WB countries on the White Schengen list is extremely important. Croatia is the only WB country that has never been put on the prohibitive visa regime. The 2004 and 2007 EU enlargements have created further dividing lines, since some of the remaining visa-free travel regimes between the WB countries and the future new Member States had to be eliminated (see Uvalic, 2004). Although this issue has been on the agenda for a long time, no progress has been achieved. The fears over massive inflows of workers from the WB countries are insufficiently founded, as were those expressed prior to the 2004 EU enlargement in reference to CEE.¹³ The elimination of visas would have a number of positive effects, greatly facilitating travel, studying abroad, the re-establishment of business and other contacts.¹⁴

Official status: Given the very different stages of EU integration of the individual WB countries, the EU may need to demonstrate a stronger commitment to their future EU integration, particularly to the potential candidates. The current rather uncertain prospects of EU membership may not be sufficient as an anchor to the reform process. One way to strengthen incentives for the countries lagging behind is to change their status from potential candidates into candidates. Such a change in status would automatically enable them to have access to all five components of the IPA, which would be extremely important for their economic development. Despite strong growth in the WB region over the past eight years which has permitted some catching up with respect to the EU average, the process has been very slow. Except for the most developed country, Croatia, that has a GDP per capita (in PPS) of approximately 50% of the EU-25 average, the other WB countries are much less developed (see Uvalic, 2008). Accepting all WB countries as EU candidates would represent a strong political message that the EU is committed to their European future.

6. Concluding remarks

The primary responsibility for speeding up current transition and integration processes in the WB countries clearly lies with the countries themselves, but an important part of the responsibility also lies with the EU. Political will must be employed to accelerate the EU-WB integration process. The future EU enlargement to the WB region, with its 20 million inhabitants and economies which are already highly integrated with the EU, would not significantly change the present power relations

¹¹ It took the Italian government 20 years to capture Toto Riina, one of the last known Mafia leaders, who lived in Sicily all those years.

¹² In Serbia, this issue has been used by the most conservative parties (e.g. the Radical Party) to push public opinion against the EU.

¹³ This is why most EU Member States (all but four) in 2004 retained restrictions on labour mobility from CEE.

¹⁴ In recent opinion polls in Serbia, 87% of the respondents consider that entering the White Schengen list is important for Serbia (see Serbian European Integration Office, 2008).

within the EU, yet it could help resolve the remaining political issues,¹⁵ thus contributing to more permanent stability in the Balkans and more generally in Europe. The only way to overcome existing tensions over borders, status, and sovereignty, is to let the WB countries join the EU as soon as possible.

Appendix

Table 1: Association Agreements between EU and CEE countries

Country	Date of Signature	Entry into Force
Czechoslovakia	December 16, 1991	--
Czech Republic	October 4, 1993	February 1, 1995
Slovak Republic	October 4, 1993	February 1, 1995
Hungary	December 16, 1991	February 1, 1994
Poland	December 16, 1991	February 1, 1994
Romania	February 1, 1993	February 1, 1995
Bulgaria	March 8, 1993	February 1, 1995
Estonia	June 12, 1995	February 1, 1998
Latvia	June 12, 1995	February 1, 1998
Lithuania	June 12, 1995	February 1, 1998
Slovenia	June 10, 1996	February 1, 1999

Table 2: Stabilization and Association Agreements between EU and WB countries

Country	Date of Signature	Entry into Force
FYR Macedonia	April 9, 2001	April 1, 2004
Croatia	October 29, 2001	February 1, 2005
Albania	June 12, 2006	April 1, 2009
Montenegro	October 15, 2007	Ratification process not complete
Serbia	April 29, 2008	Ratification process not complete
BiH	June 16, 2008	Ratification process not complete

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¹⁵ One of the most difficult issues is the question of Kosovo. After Kosovo unilaterally declared its independence in February 2008, five EU countries have still (by mid-May 2009) not recognized it as an independent state – Cyprus, Greece, Romania, Slovakia, and Spain.

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