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EU ENLARGEMENT AT A CROSSROADS*

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Abstract: *The present article aims to explore the general theme of the EU enlargement strategy in the new 2012 European context. Until now, the EU's enlargement strategy has yielded impressive results. It succeeded in transforming ten central and eastern European countries from post-communism confusion into open-market, mature and effective systems of democratic governments, and even on the economic front, they have also made astonishing progress. It is no doubt that people in the new EU countries live better than before. In this context, the EU must continue the enlargement process to help stabilize the Balkan region that lie beyond its expanded eastern border. No one can deny that major issues concerning western Balkan countries' accession are still on the table, and they even exert a geopolitical influence of sorts. This makes it all the more important to see stability and regional co-operation there are strategically vital. An all-out effort must now be made to complete the enlargement process and ensure there is no strategic vacuum. This article provides the framework of analyses for the EU problems and the challenges for the Balkans governments as for Brussels.*

Keywords: enlargement, EU, Balkans, reforms.

JEL Classification: D72, D73, D78, D81, D84

The EU's enlargement policy, as enshrined in the Treaty on European Union, is the response to the legitimate aspiration of people of our continent to join the endeavor of a unified Europe. The integration of the countries of Central and Eastern Europe over the past decade has shown that enlargement benefits the EU as a whole and allows it to be better positioned to address global challenges (Communication from the Commission to the European Parliament and the Council, 2011). Eastward enlargement has been one of the EU's greatest successes. By opening its doors and stretching out a helping hand, the EU has contributed to transforming 10 central and eastern European countries from post-communist confusion into open market, well functioning democracies (Barysch, 2010, p. 95). Seven years is still a comparatively short time in which to draw conclusions, and today's apparent successes can still turn into failures almost overnight (Laar, 2010). Yet the enlargement that took EU membership from 15 to 25 countries and later 27 was among the most important events in the European Union's history, and changed Europe beyond recognition.

The situation in central and Eastern Europe following the collapse of communism was far from easy. The chaos that ensued served to underscore the many problems that had previously been

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hidden behind the façade of communism. The tragic events that soon followed in former Yugoslavia and parts of the former Soviet Union were the bitter fruits of freedom. So for central and Eastern Europe the prospect of eventually being able to join the European Union was of enormous importance. Although the applicant countries would have to embrace certain rules and values-democracy, the rule of law and an open market economy-and looking back it would have been hard, if not impossible, for them to do so without the magnet of EU membership (Laar, 2010). The truth is that the EU's enlargement strategy has yielded impressive results. In the area of democracy, despite all the pessimistic forecasts at the beginning of the transition process, the central and Eastern European countries have created mature and effective systems of democratic government (Laar, 2010).

Of course the EU's new members are not perfect. The 2008-2009 global financial crisis has laid bare their economic weaknesses. The fight against corruption, cronyism and crime has slowed in some places, and massive investments in skills, technology and infrastructure are still needed to bring the eastern Europeans up to western European living standards. Despite of all this, there is no doubt that people in the new EU countries live longer, healthier, happier and more secure lives than they would otherwise enjoy (Barysch, 2010). The clear conclusion is that the EU must continue enlargement to help stabilize the regions that lie beyond its expanded eastern border. Yet the accession process is widely perceived to be in trouble, with would-be members queuing for decades while the EU is busy gazing at its own navel.

The enlargement policy has proven to be a powerful tool for societal transformation. Countries that have already acceded to the EU and those on the road to join have undergone impressive changes through accession-driven democratic and economic reforms. Commitment, conditionality and credibility have been situated at the core of the accession process and its success. The renewed consensus on enlargement, agreed by the December 2006 European Council, and based on the principles of consolidation of commitments, fair and rigorous conditionality and good communication with the public, combined with the EU's capacity to integrate new members, remains the framework for the EU enlargement policy (Communication from the Commission to the European Parliament and the Council, 2011).

This picture is not quite accurate because enlargement is still progressing. Croatia is likely to be a member next year and Iceland could soon follow. Serbia has handed its official applications for membership, following applications from Albania and Montenegro. Serbians, together with Macedonians and Montenegrins, now travel to EU visa-free: a hugely important change for the

people of the western Balkans. Turkey has beefed up its machinery for managing the accession process and has started negotiations in the tricky area of EU environmental rules. Some observers still hope that movement towards a Cyprus settlement could unblock other negotiations chapters (Barysch, 2010). The enlargement process is progressing more slowly than in the run up to the 2004-2007 “big bang” enlargement. One of the reasons is that the current group of candidates is less well prepared and in many ways much harder to absorb than the 2004 intake. Another reason is that the countries of the western Balkans suffer from dodgy business environments, structurally high unemployment, weak and corrupt state administrations and, in some places, organized crime. Some people in the western Balkans say that the EU should not be too tough: after all Bulgaria and Romania did not match EU standards in many areas when they joined. That is true, but many EU politicians and officials have since regretted allowing those two countries to join in 2007 because once in they further relaxed their reform efforts. So the argument is now that for the EU to have made a mistake once is not a good enough reason to repeat it (Barysch, 2010). Turkey, although better prepared than most western Balkan applicants, poses a different set of challenges. Turkey is a proud country with a dynamic economy and growing expectations of regional leadership. It does not fit so easily into the EU’s accession paradigm, whereby the EU sets the rules and each candidate must demurely apply them to prove its suitability as a member of the club (Barysch, 2010).

Through the enlargement policy, the EU extends its zone of peace, stability, democracy, and prosperity; concepts that have gained renewed relevance, in the light of recent developments:

- The dramatic events in the Southern Mediterranean and the Middle East, as well as the fragility of the ensuing situations, underline the importance of a pole of stability and democracy in South-East Europe, solidly anchored in the EU’s enlargement process.
- The recent global financial crisis and the present difficulties in the Euro zone have highlighted the interdependence of national economies both within and beyond the EU.

These events underline the importance of further consolidating economic and financial stability and fostering growth, also in the enlargement countries. The enlargement process is a powerful tool to that end (Communication from the Commission to the European Parliament and the Council, 2011, p. 2).

The impediments on the part of the candidate countries are met by a sense of enlargement fatigue on the part of the EU. Rising unemployment within the EU will reinforce the skepticism as many Europeans associate enlargement with influxes of cheap labor. The kind of political leadership needed to defuse such fears is lacking. Berlin and Paris have toned down their calls for a

“privileged partnership” with Turkey, but they are still openly dubious about admitting so populous and predominantly Muslim a country. Though, the EU cannot afford to be ringed to the east by countries that are poor, disgruntled and unstable. It is not only the current candidates that need the EU as an anchor, so too do the EU’s other eastern neighbors: Ukraine, Belarus, Moldova, Georgia, Armenia and Azerbaijan. The EU’s “Eastern Partnership” is designed to draw these countries closer, but its attractiveness will be much reduced if the EU cannot offer a membership perspective, however faint. The relative prosperity and democratic stability of its new members should serve as a constant reminder of what the EU can and must achieve in its neighborhood (Barysch, 2010).

The EU must succeed in Balkans. It must keep the accession process moving steadily forward enough to motivate the south east European countries, but not so fast that EU leaders complain and threaten to block it. EU has to promise membership is just around the corner to motivate the would-be members, but cannot offer a date or promise short-cuts because conditionality would lose then its credibility. And yet, if these countries consistently fail to meet the conditions, Brussels cannot just walk away from the Balkans. The region is in many respects already part of the EU—it is an enclave within the EU, sharing borders with member states like Greece, Bulgaria and Italy that have been a source of much inward investment. The European single market is the Balkan region’s most important trade partner, and problems in the region spill over into the EU very quickly: literally, in the case of environmental accidents on the Danube, and metaphorically with organized crime using the Balkans as a major route for the trafficking of weapons, drugs and people. So Balkan and EU leaders alike are stuck with the increasingly unpopular policy. Enlargement has consistently lost support in public opinion surveys around the EU as it is seen as expensive and as the potential source of more migration and crime. But what policy could the EU offer that could resolve the region’s problem if not eventual membership, with conditions to encourage reforms along way. It is the strongest political incentive and most substantive support the EU can offer to any country (Grabbe, 2010).

But enlargement policy has steadily lost credibility and public support in the Balkans too. The process is slow and bureaucratic by nature and the EU has had to add conditions to deal with the legacies of war. Many Serbians blame the EU for giving independence to Kosovo (even though not many states recognized it) and for demanding the delivery of indicted war criminals to the Hague Tribunal. Some Bosnian and Macedonians feel that the EU has failed to deliver on promises made around the peace deals at Dayton and Ohrid. Across the region, reform fatigue and the sense that

living conditions are not getting better have made people jaded about promises of a brighter European future.

Between 1989 and 2004, the same formula of a membership promise plus tough conditions helped post-communist central and Eastern Europe to achieve a massive transformation. In the countries that were emerging from central to planning and authoritarian rule, the EU's conditions for 15 years provided both an anchor and a catalyst. The anchor of EU-focused reforms gave a sense stability and direction to the public administration even when governments changed every year, while the promise of accession was a catalyst that made reforms go faster because the rewards of membership were only a few years away (Grabbe, 2010).

So why is not this formula working in the Balkans? The growing academic literature on enlargement suggests that conditionality needs favorable circumstances on both the supply and demand sides if the accession bargain is to work effectively. On the supply side, the EU has to be consistent, coherent and credible in the demands that it makes. It needs to be consistent in asking for the same reforms year after year, regardless of changes of government. This is a critical factor when party coalitions in Balkan countries are unstable and governments fall so often (Grabbe, 2010). The EU needs to be more coherent in the demands it makes, so that politicians and civil servants are pushed in the same direction instead of being given different messages from different parts of the EU. As to credibility, the EU needs to show it is capable of delivering on its commitments, with its political leaders genuinely offering membership at the end of the process. For conditionality to work, the EU has to be strong in both promises and its threats, with no special pleading from any of the member states. Unfortunately, the EU has in both cases frequently failed in the Balkans. Self-styled "friends of the Balkans" have too often argued that one country or another is so important and so European that the Commission should not demand such difficult tasks as reform of the judiciary or delivery of indictees to The Hague. Other EU leaders have questioned the enlargement process, arguing for a "digestion period" after Croatia's accession, during which no more new members should join. Both proposals would undermine the conditionality that helps would-be member countries to transform themselves. On the demands side, conditionality transforms countries most effectively when would-be members have strong states, a cross-party consensus giving priority to accession and substantial inflows of foreign direct investments. The central European countries that had the most capable national administrations made the fastest progress towards EU membership. But in the Balkans, states are weak (Grabbe, 2010). But political leaders in the region also need to recognize their share of responsibility for

dealing with and resolving the remaining issues. They need to uphold the present pace of reform and to enhance the rule of law. Above all, perhaps, they must genuinely embrace regional co-operation because it holds the key to economic integration and thus to their EU accession. They should pool resources in a new regional platform and in multilateral large-scale projects that can accelerate their economic development (Bišćević, 2010).

After the fall of Berlin wall in 1989, there was a strong push towards the reunification of Europe through the EU accession process. This united mainstream parties in favour of undertaking any reforms that the EU demanded, with euroscepticism generally setting in only after these countries had achieved membership. But in Balkans some nationalist leaders are already questioning whether it is worth meeting the EU's demands (Grabbe, 2010).

EU enlargement and neighborhood policies in Europe have also been mired in contradictions and ambiguities. EU enlargement policies are mainly aimed at preparing the ground for the expansion of West European business and making the candidate countries adopt EU norms. Among the candidate countries, Turkey has the longest contractual relationship with the EU. At the same time, it is the most controversial of the candidate countries. EU accession negotiations are continuing with Turkey but they are of a rather token nature. Both sides tacitly behave as though these negotiations will lead nowhere (EuroMemorandum, 2012).

In most of former Yugoslavia, where the EU is hoping that the promise of EU integration will contribute to political stability, there are indications of a similar trend to Turkey. While Slovenia joined the EU in 2004 and negotiations with Croatia were concluded in 2011, the prospects of joining the EU are in jeopardy for the other countries of the region. In many EU member states there is an evident hesitation about a further enlargement of the Union and the remaining candidate countries face numerous obstacles, partly resulting from contradictory EU policies. Although the Former Yugoslav Republic of Macedonia (FYRM) signed a Stabilization and Association Agreement in April 2001, even before Croatia received the official status of a candidate country in 2005, negotiations on FYRM membership of the EU have not commenced because Greece objects to the name of Macedonia. The question of Serbia's EU membership is severely charged by the question of the status of Kosovo. In the 1990s the EU declared that it would only recognize the independence of former Yugoslav republics, but several EU member states supported Kosovo's secession from Serbia, even though Kosovo did not have the status of a republic in Yugoslavia. In all, 22 EU member states have recognized Kosovo's unilateral declaration of independence, while only five EU member states have, like most UN members, not done so. In spite of the divided

opinion in the EU, the European Commission is pressuring the Serbian government to take steps towards the recognition of Kosovo. In October 2011, the European Commission announced that it was in favor of granting Serbia and Montenegro candidate status but, in the case of Serbia, it made the beginning of negotiations dependent on improved relations between Serbia and Kosovo. By contrast, the de-facto partition of Cyprus was not resolved before Cypriot EU membership and conflicts about Northern Cyprus are one of the points of contention in EU negotiations with Turkey (EuroMemorandum, 2012).

The Eastern Partnership initiative, which was launched in 2008 and supported especially by Poland, is aimed at opening up countries in the post-Soviet region to West European capital and at persuading them to adopt EU norms in key policy fields. For those countries of the EU, which have very cool (or even tense) relations with Russia, the Eastern Partnership is conceived as a means of reducing Russian influence in the region. Eastern Partnership policies are likewise faced with contradictions and conflicts. Ukraine and Belarus belong to the key countries of the initiative. The political relationship between the EU and the governments of the two countries are fraught with tensions. The EU wants to bind the two countries – like the other countries of the Eastern Neighbourhood – closer to the EU. For Poland and the Baltic states, it is a strategic foreign policy aim to reduce the two countries' dependence on Russia. However, there are strong reservations about the governments in Belarus and Ukraine because of their authoritarian tendencies, especially in the case of Belarus. The governments in Belarus and Ukraine follow a 'multi-vectoral' external policy between the EU and Russia. They try to exploit the competition between the EU and Russia to their own advantage. Ukrainian heavy industry, which is backing the present Ukrainian government, has economic interests in the EU and wants better access to EU markets. This constellation has resulted in ups and downs in the EU-Belarus and EU-Ukraine relationships. In the EU, attitudes towards the Eastern Partnership initiative are to a significant extent conditioned by attitudes towards Russia. The views on this issue are highly divergent, ranging from the desire for a strategic partnership in German governing circles to fundamental reservations in the Baltic States (EuroMemorandum, 2012).

CONCLUSIONS

The situation in Balkans is difficult, but the EU has to maintain its credibility and needs to keep working on state capacity-building in the region, by bringing in more foreign investment. By

providing the support that the Balkans needs to become fully a part of the European mainstream, helps it escaping its ghetto of economic stagnation and organized crime. There is every reason to forge alliances with the many European leaders who support enlargement to make conditionality credible, consistent and coherent, and at the same time to strengthen the EU's promise to the Balkans that they really will join when they meet the conditions (Grabbe, 2010). With the Lisbon Treaty in force, the EU's efforts to play a more assertive role will hinge on its success or failure in creating a durable stability architecture in south east Europe. But in the same context, the western Balkans also has a clear historical responsibility for ensuring that it becomes an integral part of the European political economy, in other words part of the solution and not the problem.

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