

Enlargement to the Balkans: one step forward, two steps back

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Last Friday could have been a big day for the EU's enlargement policy towards the Balkans. Croatia signed its Accession Treaty; pending ratification of the Treaty by all member states' national parliaments (no referenda required) and a popular vote on accession in Croatia early next year, the country is expected to join the EU on 1 July 2013. That is one step forward. But the EU took two steps back when its member states failed to reconcile their differences over granting Serbia candidate status and Montenegro a date to start accession negotiations, delaying these decisions until the General Affairs Council in February and the European Council meeting in March.

While Croatia reached the finish line, Serbia and Montenegro were sent to the penalty box until 2012. This decision will reverberate negatively in the Balkans. Against the backdrop of the economic crisis, which is infecting the region too, the European Council's conclusions fuel suspicions that the EU could close the door after Croatia's (and Iceland's) accession.

Catch-22

The EU's tough approach towards the Balkans evolved with the realisation that Bulgaria and Romania's entry in 2007 was not preceded by adequate preparation. This perception, combined with anxieties related to security and unresolved statehood issues in the Balkans but also to the post-Lisbon development of the EU in an increasingly difficult economic climate, has encouraged a stronger EU focus on a more exacting method of applying membership conditions (such as by defining benchmarks for progress).

By raising the bar for aspiring Balkan members, the EU sought to assuage growing uneasiness among and within member states about enlargement and its potential consequences. However, this strategy has also triggered speculation in the region that conditionality is being used to keep the EU's door closed to new entrants. Brussels is therefore caught in a dilemma: how to strike the right balance between offering incentives to anchor the Balkans in Europe, while at the same time ensuring that their reform is substantive and sustainable.

Today the tilt appears to be towards a hard line. Having delivered to the International Criminal Tribunal in The Hague the two remaining fugitive indicted war criminals – Ratko Mladić and Goran Hadžić – Belgrade had hoped to be rewarded with candidate status. This was believed to be the final hurdle: given that not all member states recognise Kosovo, the EU cannot make Serbia's accession bid conditional on recognising Kosovo's independence. The plan was for accession negotiations to start while relations between Belgrade and Prishtina were normalised. Yet the new surge in violence in Northern Kosovo prompted Germany, Austria, Denmark and the UK to demand more progress in the EU-sponsored dialogue before making a decision next February. Progress now means implementing 'in good faith' the agreements reached in the talks, ensuring that regional cooperation includes Kosovo, and active support for EULEX and KFOR.

What is beyond doubt is that Serbia must reconcile itself with the need to find a solution to Kosovo's independence. But 'good faith' cannot be measured through technical benchmarks, and the Belgrade-Prishtina dialogue and its implementation would probably benefit more from the EU offering step-by-step prizes: candidate status for Serbia, with the date conditional upon progress, and the long-overdue opening of a visa dialogue with Kosovo.

With reference to Montenegro, the European Council signalled that the country will receive the green light to open accession talks with the EU in June if it manages to produce results in the fight it has been carrying out against organised crime and corruption. A spring 2012 report by

the European Commission will assess Montenegro's progress in this regard, as well as its track record in protecting fundamental rights and the independence of the judiciary.

None of the EU hopefuls in the region can expect to move ahead without satisfying 'good governance' criteria – maintaining the rule of law, an independent judiciary, adequate administrative capacity and an efficient anti-corruption strategy. This includes Croatia – even though the country already has one foot in the EU's door – which will be monitored until its entry by the Commission (with input from member states and international and civil society actors), particularly regarding commitments undertaken regarding the judiciary and fundamental rights. Should persistent deficiencies be identified during the monitoring process, the Council, acting by qualified majority on a proposal from the Commission, may decide to take 'appropriate measures' that could delay Croatia's accession date.

What is at stake?

Regional developments highlight the relevance of solving this quandary. The perception that the EU was setting new conditions related to Kosovo in order to keep Serbia at arm's length despite its best efforts to fulfil requirements had already been stirring up nationalistic and Eurosceptic sentiment in the country prior to this Summit. The European Council's unfavourable decision on Serbia's membership application could therefore prove a crucial test for the direction of the country in terms of attitudes and commitment to the EU. The lack of concrete and measurable benchmarks to assess when Serbia will be granted candidate status could also work to erode the country's motivation to pursue the goal of EU accession, all the more given that the electoral campaign has already started. The outcome of the elections in May is by no means a foregone conclusion and it is unclear how the government will be affected by this decision.

The Former Yugoslav Republic of Macedonia (FYR Macedonia), which has been unable to open accession negotiations since receiving candidate status in 2005 due to Greece's veto, has recently experienced a re-emergence of inter-ethnic tensions and a marked relapse in media freedom. It is unclear whether last week's ruling of the International Court of Justice against the objection of Greece to admit FYR Macedonia to NATO will help to also inspire a solution to the unresolved name issue, though Skopje may try to revive its bids for membership of both the EU and NATO. What is certain is that the country's relations with the EU are in dire need of resuscitation in order to prevent its domestic situation from deteriorating further.

Likewise, Albania and Bosnia-Herzegovina, whose progress on the path towards EU membership has effectively come to a standstill in the past couple of years, have been drifting without robust EU intervention into severe domestic political gridlock, with obvious negative implications for their reform agendas and stabilisation potential. Their internal political and social crises raise questions over whether the EU's transformative power has actually run its course.

By the same token, Kosovo, which is still outside a formal membership track and cannot hope to start a visa dialogue with the EU until the Prishtina-Belgrade talks step up, has been progressively spiralling into acute poverty and isolation. The offer of a more relaxed visa regime has previously afforded the EU significant leverage to maximise its rule transfer and the pace of reforms in the Balkan countries. Denying Kosovo the chance to engage in a visa dialogue is entrenching its situation as the 'black hole' of the Balkans.

The key to dissolving the spectre of conflict and making it an event of the past is to help the Balkans consolidate their democracies irreversibly, as we argued in a recent EPC Issue Paper on *The Democratic Transformation of the Balkans*. Additional conditions regarding the rule of law, the early opening of the relevant chapters to ensure the fight against corruption, the effective functioning of institutions, and the delivery of democratic goods by the institutions can represent win-win situations for the EU and its future members. But holding progress on EU membership hostage to changeable considerations can hinder these countries' reform and democratic consolidation efforts. If the EU does not manage to punctuate the process by finding a (more) generous balance between incentives and conditions, and if the pace of opening accession negotiations slows down after Croatia's entry, it might lose the Balkans once again. Is this the wisest use of EU's most precious 'carrot' – membership?

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