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# CENTER FOR EUROPEAN INTEGRATION STRATEGIES

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AUSTRIAN PRESIDENCY OF THE EU:  
REGIONAL APPROACHES TO THE BALKANS

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# AUSTRIAN PRESIDENCY OF THE EU – REGIONAL APPROACHES TO THE BALKANS

## Policy brief

Center for European Integration Strategies

Center for the Study of Global Governance (LSE)



Austria took over the six-month EU Presidency at a moment full of challenges. There exists a fairly widespread feeling among commentators as well as the wider public that the EU has lost direction, notably after the failure of its draft constitution and the difficult negotiations on the 2007-13 budget in the last days of the UK Presidency. Many doubt its capacity to refocus and to give Europe a new vision which would be citizen-centred.

These doubts all come together in the issue of enlargement: the May 2004 entry of ten new member states resulted in a certain sobering of the mood within the accession countries as well as the EU-15. Positive decisionstaken in the autumn of 2005 concerning Croatia (October 3), Serbia and Montenegro (10 October), Bosnia and Herzegovina (21 October), and Macedonia (November 9 and December 16) have built a momentum in the Balkans but much remains in the balance. Due to its geo-strategic position and its history, Austria is in a privileged position to act as a driver for a refocused enlargement, also beyond its six-month Presidency, and especially with regards to the most burning enlargement issue, that of the Western Balkans.

The EU has not yet fully recognized its responsibility towards the Balkans. The EU's contractual obligations towards the Balkan states are accumulating as these countries acquire candidate status or conclude Stabilisation and Association Agreements. Yet, this is not matched with a strategy of building domestic constituencies for enlargement within current member states. Perceived hesitation of Brussels leads to increasing disappointment in the Balkans with regards to its EU accession prospects. This is critical given that the European membership is the only goal that divided states and societies in the Balkans can agree upon, and also in light of the fact that the region's stability is not yet fully consolidated.

The technocratic and *acquis*-focused approach successfully applied by the European Commission to the 2004 entrants, and still being applied to Romania and Bulgaria, is reaching its limits, especially given the politicized nature of the accession debate on Croatia and Turkey. Kosovo, Macedonia, Serbia and Montenegro, and Bosnia and Herzegovina all present political and security issues that require a rethink in the implementation of the European project in the Western Balkans.

On the one hand, the EU needs to look inward in order to affirm the European perspective for the Balkan aspirants. Enlargement is an issue that involves the entire polity in the EU-25 and enlargement countries, not just their governments. Active citizenship and involvement of large sections of civil society could contribute to a change of political and social attitudes inside the EU as well as in candidate countries and help tailor strategies to the specificity of each situation.

On the other hand, the EU needs to ensure that the accession of some Balkan aspirants does not disadvantage others. Importantly, the EU process itself has created new lines of division in the region, between the candidates and aspirants. These lines of division benefit the transnational forces opposed to the stabilisation of the region, and, therefore, ought to be countered by effective policy follow-up.

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In consequence, Austria needs to present a pragmatic but innovative vision and strategy for the future of the Western Balkans in the framework of the EU. Key to that vision is the promotion of a regional dimension to the EU's strategy and its instruments in the Western Balkans. The regional focus is of utmost importance since the challenges faced by the EU in the region are regional in origin and manifestation, while the EU's strategy is essentially based on a country-by-country approach, with a regional dimension in policy formulation marginalised in favour of specially tailored individual approach.

The Vienna seminar hold on 18 November 2005 has identified four policy areas where the application of a regional approach could contribute both to the stabilisation of the Western Balkans and to enhanced effectiveness of the European integration process: 1) states and borders; 2) EU instruments and methods; 3) economic development; and 4) society and culture.

### **States and Borders**

In the Western Balkans, the EU is dealing with a host of states whose statehood is contested and whose societies are divided along ethnic lines. The beginning of the negotiations on the final status of Kosovo, the likely referendum on Montenegrin independence in the spring of 2006, as well as efforts to redesign the constitution of Bosnia and Herzegovina all have the potential to destabilise the entire region. The EU's involvement should contribute to stability in the region by:

- i) Acknowledging the success of the conflict resolution strategy applied in Macedonia, which was based on decentralisation and minority participation in state institutions, and considering to adapt this strategy to the Kosovo case.
- ii) Even though Kosovo and Republika Srpska are two separate issues, recognising and planning to counter the likelihood that nationalists in Belgrade and Banja Luka might try to exploit instability in the region, and their capacity to do so, is critical.
- iii) Supporting the negotiation team chaired by Martti Ahtisaari in developing a stable solution for Kosovo, while incorporating the prospects of the Euro-Atlantic integration in the Kosovo status resolution strategy with a more prominent role for the EU.
- iv) End uncertainty over the borders in the region to reinforce stability in tandem with a more assertive EU accession approach to the Balkans.

### **EU Instruments and Methods**

The EU has a dual role in the Western Balkans. It is a magnet for the integration of the Western Balkans but it is also an important security actor on the ground. There are tensions between the EU's Stabilisation and Association process (SAP) and the accession process as well as between the SAP and Common Foreign and Security Policy (CFSP) instruments. On the one hand, despite its recent overhaul, the SAP remains distinct from the accession, which has undermined its potential effectiveness. On the other hand, the simultaneous pursuit of the SAP and CFSP instruments has slowed down rather than expedited the European integration process, as has been the case with Serbia and Montenegro. In order to eliminate the weaknesses inherent in the multiplicity of various instruments, the EU should:

- i) Reaffirm membership prospects to give additional credibility to the SAP.
- ii) Continue the application of conditionality, specifically related to the cooperation with the ICTY, but acknowledge the fulfilment of conditions with European integration-related awards within the SAP reaffirming the European prospects.

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- iii) Translate pre-accession processes into specific dates and frameworks in order to drive change and sustain momentum.
  - iv) Modify Instrument for Pre-accession Assistance (IPA) so as not to disadvantage the aspirants in favour of candidates.
  - v) Coordinate the enlargement and CFSP policies in the region.
  - vi) Streamline the work of a range of various EU representations in the Balkan states.
  - vii) Manage high expectations towards the EU within the region and shift responsibility to local actors to reclaim ownership of the European integration process.
  - viii) Adapt the current visa regime to allow easier travel for specific categories of Western Balkans citizens such as students or business people, specifically, simplify application procedures and reduce processing time.

### **Economic Development**

The Western Balkans face a complex set of issues concerning development, modernisation, and transition. The international political and economic involvement has had negative institutional and development consequences by separating the issues of economic and political transformation and restricting the economic agenda to a limited number of policy issues, i.e. macroeconomic stabilisation and trade liberalisation. It has supported restrictive and repressive policies and delayed institutional transformation, which has stifled broad economic recovery while breeding informal economic practices, including organized crime.

In tailoring its assistance to economic reforms, the EU has to acknowledge that legitimate, democratic authority is needed for institution-building as well as for liberalisation and privatisation: spontaneous market and political forces will not manage an institutional transformation in the framework of political *provisoria*. The EU strategy in assisting economic transformation of the region has to:

- i) Shift its emphasis towards supporting development and growth-oriented policies that would enable rebuilding the region's productive capacity. Besides policies aimed at attracting foreign investment, small and medium enterprises and entrepreneurial culture, which form the backbone of the EU economic policy, need to be promoted more strongly. Such an area of activity must be accessed from within (with more trust-building, genuine cooperation, relaxation of the visa regime) in order to overcome the flaws inherent in focussing solely on the regional market option.
- ii) Improve coordination between the EU and the international financial institutions in assisting economic reforms in the region
- iii) Develop a more proactive approach to assisting labour market and social policy reforms, which have so far been neglected in the EU assistance to the region; the harmonisation of legal requirements in these two areas should be given greater weight.
- iv) Develop a new set of policies to counteract the spread of informal economic practices, including corruption.

This would require:

- i) Pursuing policies of economic openness to encourage integration of local businesses into international corporate structures as a mechanism conducive to the formalisation of economic activity.
- ii) Reforms to broaden the tax base and to boost public revenues combined with measures to improve accountability in the provision and financing of public services as well as public administration reform combined with the development of new norms of proper conduct and ethics in public service.

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- iii) Creating a framework in which codes of conduct and ethics in public service are debated at the local level, which would feed into a new set of anticorruption policies, themselves supplemented by specific innovative policies aimed at deconstructing the links between organized crime and state structures in their regional dimension.

### Society and Culture

Society and culture are policy areas that are often neglected or debated only in a technical manner. However, they ought to be recognised as crucially framing a larger political process. The issues of education and transitional justice are of uppermost importance.

To this end, the EU needs to promote *soft-sector* integration in the following ways:

- i) Organise student exchange programmes among the states in the region possibly modelled on the Franco-German rapprochement after the Second World War. Continue to support cooperation in higher education through faculty exchanges and collaboration in curriculum development and research activities.
- ii) Assist democratisation of curricula as a part of the Bologna process, with a particular focus on elimination of radical and intolerant content.
- iii) Help the establishment of a Regional Law Faculty (with a specific focus on criminal justice) as a means of advancing both legal education and transitional justice. This could be a first step in establishing regional institutions of higher education, partly financed by the EU and the governments of the Western Balkans countries.
- iv) Provide support to local judiciaries *specifically* for adjudicating war crimes, as a part and parcel of assistance to the reform of legislatures.
- v) Allocate assistance, through designated project funding, to civil society organisations working on aspects of transitional justice in local and cross-border projects.

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