Introduction: Overcoming the Crisis of EU Enlargement

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The thematic focus of the first issue of Contemporary Southeastern Europe scrutinizes the state of the European Union’s (EU) enlargement process after Croatia’s accession to the EU.¹

The goal of this volume is to explore the EU-integration process in the Western Balkans region during a period of declining support for enlargement. Articles in this special issue aim to expand knowledge and scholarship in this area, but also to influence policy-led discussions in order to reinvigorate the EU integration process. So, instead of viewing enlargement as the fulfillment of formal criteria, this volume will focus on how and if the enlargement process can overcome the “enlargement fatigue” and skepticism towards the EU membership of the Western Balkans whilst having a transformative effect. This introduction provides a brief overview of the processes of European integration as well as the current challenges that the region faces, including political and socio-economic transformation in the (potential) EU candidate countries, coupled with external leveraging on the part of the EU, which has been beset by a combination of enlargement fatigue and internal debate on the future of the Eurozone, in the midst of the global economic crisis.

At the Thessaloniki summit in 2003, the European Council declared that “the future of the Balkans is within the European Union.”² This political commitment taken by heads of states and prime ministers of EU member states was a clear promise and provided for a strong incentive to the societies of the region from the EU and seemed to entail the promise that the future of the region will be stable, prosperous, and within the EU.

Since then, the Western Balkans has experienced more than a decade without armed conflict. The violence of the previous decade has left its traces however, not only in terms of death and displacement, but also through delaying the region’s ability to catch up in terms of the democratization processes that be-

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gan a decade earlier the rest of post-communist Central and Eastern Europe, whilst controversies over the past continue to haunt political debates. As a result, out of the countries termed the “Western Balkans” only Croatia managed to join in 2013 and this some 13 years after the Stabilization and Association process was launched. The rest of the region remains still distant from accession for the foreseeable future and some countries remain blocked altogether. In addition to the challenges of political and economic transformation, Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia remain weak states with dysfunctional institutions, notwithstanding the considerable diversity among them.  

With Croatia joining the EU, the opening of the accession negotiations with Montenegro and Serbia, and the Kosovo-Serbia agreement, 2013 appears to have been a good year for the EU in the Western Balkans. Nevertheless, although the dynamics of the EU integration processes seem to have introduced a new phase of political relations in the region, debates about the wars of the 1990s remain highly contested and ethno-nationalist rhetoric remains potent in parts of the region. In Bosnia and Herzegovina, most reforms and requirements for closer ties with the EU fail due to uncompromising political elites, while in Macedonia, the Greek veto for accession negotiations provides a cover for the current government to delay reforms. Macedonia managed to avoid a full-scale war and to reduce inter-ethnic tensions through the largely successful implementation of the Ohrid Framework Agreement of 2001, but democracy is far from being fully consolidated. Though an EU candidate since 2005, the country’s Euro-Atlantic integration has been stalled by Greece’s veto as a result of the on-going dispute over the country’s name, a conflict which remains deadlocked despite efforts of international mediators. As a result, the name dispute has contributed to the rise of a destabilizing strand of populist politics in the domestic arena. In addition, the implementation of the Ohrid Framework Agreement has not transformed relations between Macedonians and Albanians and some reforms resemble a Potemkin village. Finally, Bosnia-Herzegovina and Kosovo remain at least partially internationally administered territories with high levels of inter-ethnic contestation.

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Serbia, after the dissolution of the common state with Montenegro in 2006 and Kosovo’s declaration of independence in 2008, is today governed by the parties that ruled during the Milošević era of the 1990s. While the current government has been more effective in tackling negotiations with Kosovo, its willingness and ability to conduct domestic reforms remains less clear. The situation is similar in Montenegro. Having gained independence in 2006, Montenegro has nearly completed its state-building processes. However, the country’s newly achieved independence did not result in the swift resolution of key challenges which Montenegro still faces today, in particular weak governance and the widely perceived corruption and clientalism. Albania however, did not have to cope with a violent state dissolution as was the case with the Yugoslav successor states and did not have to undergo a phase of reconstruction and reconciliation. Consequently, Albanian society has faced fewer challenges to a democratic consolidation process, but has nonetheless experienced very slow democratic and economic transition and is still hampered by a high level of internal political polarization between the ruling elites, the dominant influence of informal centers of power, and high levels of corruption throughout all branches of government.

Despite rapid growth in the 2000s, effective economic reform has often been delayed so that the economies of the Western Balkans are not fully capable of withstanding the competitive pressures of the EU market. Throughout much of the region economies remain undeveloped, dependent on aid, loans and remittances and are prone to high levels of state intervention coupled with low levels of institutional complementarity with other EU markets. For years, consumption in the Western Balkans has been higher than production and has been financed primarily by foreign investment. Unemployment runs at very high levels especially among the youth and has further increased in the wake of the global and European economic crisis. The private sector remains underdeveloped while the majority of the working population continues to be employed in state owned enterprises. The structural changes which have taken place have primarily favored the expansion of services rather than production. Considering the role of the institutional framework developed during the transition, the 2008 global financial and economic crisis has only deepened already existing economic problems in the region by adding two further external shocks: reduced capital inflow from abroad and the collapse of export demand. Bartlett and Prica suggest that variability in “demands for export, […] access to credit, and in inflows of foreign investment and remittances” were the main cause of the impact of the crisis in the region. While the entire Western Balkans experienced rather modest overall decline in GDP during the crisis, in most countries industrial production and exports fell more steeply, while the unemployment rate particularly increased in Bosnia and Herzegovina (27.2%) and Serbia.

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Consequently, the crisis has also had a wider social impact, resulting in increased poverty and lower living standards of the citizens of the Western Balkans and growing social discontent, reflected in recent protests across the region, in Bosnia and Herzegovina in particular. Additionally, the crisis of the Eurozone has deprived the countries of the region with its most potent role models (Greece, Italy) for economic growth and political stability. At the same time the economic and political instability in Hungary, Romania and Bulgaria reduce the appeal of EU integration.

Moreover, enlargement is also under threat from the EU itself: opinion polls display growing skepticism among citizens in EU member states towards further enlargement. In spring 2013 more EU citizens (53% to 37%) opposed enlargement than supported it. The highest levels of skepticism can be found in Austria, the Netherlands, Finland, France and Germany, where three quarters of citizens oppose enlargement. While much of this rejection is directed towards Turkey, it reflects the member states’ internal political debate which is increasingly colored by recent experiences of high levels of immigration (or at least the perception) from those states which joined the Union through the 2004 enlargement wave as well as immigration by asylum seekers from the Western Balkans. Despite of the temporary restrictions for the influx of workers from Romania and Bulgaria, the enthusiasm for future enlargement depends upon the perceived likelihood of large-scale immigration to the EU from future member states. Furthermore, reports of corruption and misadministration from Southeastern Europe color the perception in many EU countries. An additional factor, is the domestic consideration over the effective cultural and religious integration of candidate countries should they accede to the Union.

After the Croatian accession to the EU, the enlargement perspectives for the rest of the Western Balkans are remote and there is a real risk that EU enlargement might be stalling. It took Croatia six years to conclude formal negotiations after it started them back in 2005 and it took nearly another two years for the final accession phase before the full membership. Even Montenegro and Serbia, who commenced their formal negotiations in 2012 and 2014 respectively, are not likely to join before 2020. Citizens of the Western Balkans, with the exception of Croatia, thus will have to wait for more than 20 years since the launch of the Stabilization and Association Agreement in 1999 and 30 years since the end of Communism to join the EU - in the case of Bosnia and Herzegovina and Kosovo, it is likely to be closer to 40 years. At the same time the EU continues to play a strategic game of conditionality stretching or “moving the goal posts.” This suggestion, of course, plays into the hands of domestic ‘gatekeeper elites’ who are not interested in quick EU membership. For example new economic elites, who are content with a quick profit-maximizing logic against EU rules enforcing more competition, or political predatory elites, both in power and opposition, who will avoid rule adoption and implementation.

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Introduction: Overcoming the Crisis of EU Enlargement

if they fear negative consequences for their support in the next elections. In conclusion, the momentum generated immediately following the democratic changes in the region in 2000 has stalled and the current situation can be best described as the consolidation of unconsolidated democracies. The latest edition of the Freedom House *Nations in Transit* report presents a record of stagnation and backsliding in all key governance indicators across the countries of the region. While governments seemingly identify themselves with the EU and their countries’ accession, a large number of formal and informal economic and political elites continue to manipulate ethno-nationalist mobilization for their own private economic interests and the preservation of political power. Despite the initial steps that have been made, the reconciliation after the violent conflicts of the 1990s is far from complete and conversely elite-level political decision-making in some cases is still driven along the old ethno-national lines and these are also reflected in widespread public attitudes. In addition to the continuing enlargement fatigue in many member states, EU institutions are currently preoccupied with the economic and financial crises and the very survival of the Eurozone. Many EU member states only seem to pay lip service to enlargement and make use of their veto powers to delay the accession process thus shifting the decision making power from Brussels and the European Commission towards the capitals of EU member states. Furthermore, a major change inside EU institutions that is expected after the 2014 European elections possibly bringing about a much more EU-skeptic European Parliament. At the same time some governments in the Western Balkans seem to be only half-heartedly committed to joining the EU. Bearing this in mind, one of the bigger challenges in the region in the years to come will be to keep elites and citizens motivated to continue the reforms process. While EU accession continues on autopilot amidst the crisis, it is not clear that it will be able to integrate the countries of the region fast enough or even if it does, whether it will be able to have a transformative effect as previous enlargements have had.

These facts indicate the need, timeliness and usefulness of this volume on the state of European integrations in the Western Balkans. The different contributions to this volume seek to address these particular challenges of transition, reconciliation and internal change from various national, regional, and disciplinary perspectives. Seen from these varied viewpoints, the assessment of the European integration in the leftover SEE countries is directly related to the political, economic, and societal features, which “come together or conflict in the formulation of public policy”\textsuperscript{12} in the (potential) candidate countries. Due to their interrelatedness and complexity, these processes have to be approached with regard to ‘broader theories of social change’ and with an interdisciplinary methodological approach which encompasses legal, political, social and economic component as we shall observe in various chapters in this volume.

Elena Basheska’s study on good neighbourliness in the EU enlargement process makes a contribution to the interdisciplinary debates of international law, Europeanization and political sciences in an attempt to point out inconsistencies and irregularities on the implementation of the condition of good neigh-

bourliness in the EU enlargement policy. By providing an explanatory analysis of the successful outcome of the good neighbourliness EU policy in Central and Eastern Europe compared with the ‘more problematic SEE’, Basheska concludes that it has in fact been the lack of strict and consistent conditionality that has allowed for some of the candidate countries from the 2004 enlargement to join the EU without solving their disputes or referring them to the International Court of Justice. Recognising the important role played by bilateral disputes, the European Commission dedicated more attention to ‘bilateral questions’ in the later accession rounds by introducing specific ‘benchmarks’ that negotiating state must meet in order to progress in the accession process. Based on the cases studies of Croatia and Macedonia Basheska argues that such an approach has merely opened up the arena for political influence of interested member states, leading to increasing abuse the existing asymmetry in the accession negotiation in order to force their self-driven political considerations.

Similarly, Dorian Jano’s article explores the EU politics of conditionality and investigates if complying with EU requirements and norms is indeed a necessary condition for accession. On a sample consisting of five Southeast European countries, Jano has produced a qualitative comparative analysis taking into account the main political enlargement decisions, namely the decision to open the association negotiations and the accession negotiations.

Through his five qualitative analyses he highlights that on the demand side of negotiations, the applicant country needs to construct a functioning democracy, a free market economy and effective administration capable to take over the Acquis. His main conclusion relates to the supply side of the negotiating process as he defines the EU enlargement process as a ‘two-fold process’ in which the final outcome does not only depend on the (potential) candidates’ compliance, but mostly to the willingness of the EU to accept the applicant country.

Shifting attention to the larger economic context, Ritsa Panagiotou’s contribution considers the impact of the crisis on the Western Balkans, arguing the prospects of the Western Balkan’s EU enlargement has been (negatively) influenced by the deterioration of the EU economy coupled with a growing ‘enlargement fatigue’. Through a convincing analysis of three different pillars - namely the immediate effect of the global economic crisis on regional macro-economies, the repercussions of the Greek sovereign debt crisis, and finally the impact of the Eurozone crisis on the SEE economies - the author proposes that the global economic crisis had influenced the growth of Euro-scepticism in the countries of the Western Balkans. Moreover Panagioutou argues that the current crisis has challenged predominant Europeanization theories and the very essence of the EU transformative power. Bearing this in mind she concludes that it is unusually important that the EU maintains the credibility of the membership perspective not only for the sake of the EU integrations, but also for the recovery of weak Western Balkans economies.

Davide Denti’s article analyzes Europeanisation within a ‘limited-statehood’ context thus contributing to the growing number of studies on adjectivised Europeanisation. The author introduces the concept of EU member-state building, with reference to the EU’s purpose of building functional member states simul-
taneously with the process of their integration. Following the logic of state-building and EU integration Denti analytically observes that the current EU candidate countries are facing two often contradictory impulses stemming from the concurrent need for sovereignty concentration and sovereignty diffusion. Appropriately concluding that the top-down Europeanization study is not able to assist in this process alone, the author proposes that the EU should be more sensitive towards the particularities of local democracies in candidate countries by employing a complementary state-building approach.

Last but not least, Ardit Memeti presents in his chapter, judicial reform and rule of law enforcement as two crucial challenges ahead of the Western Balkans states on their European integration paths. The author focuses mostly on the top down approach describing how the interplay of various assistance-providing stakeholders is able to influence the process. Taking Macedonia as a case study Memeti argues for an increase of efficiency in assistance provided, placing it in direct correlation with the beneficiaries’ accession progress. Based on the comprehensive analysis of the judicial reform based on the independence and efficiency benchmarks, he recommends that the financial assistance provided to the (potential) candidate countries within the IPA II must not be ad hoc and time limited. Instead, Memeti argues for the more holistic and comprehensive assessments of the judicial sector followed with a comprehensive plan, identification of priorities, and open dialogue with domestic stakeholders.

All five articles presented in this volume debate various obstacles that candidates for the EU enlargement are currently facing, due to a complex interplay of various political, socio-economic and historical legacies, as well as the enlargement fatigue on the side of the EU institutions. Despite apparent multi-disciplinarity of the proposed studies, all the authors are unequivocal regarding the need for further effort to be invested in Europeanization of the left-over Western Balkans countries. Two interconnected issues seem to be the shared conclusion of the authors featured in this volume; first that the EU should be more sensitive towards the regional and country specific particularities of the Western Balkans states, and second that the EU should be more convincing in sustaining the credibility of the membership promise. The authors share the opinion that the combination of these two decisive factors would enable remaining candidate countries from the Western Balkans to be more efficient and effective in strengthening their democracies and economies, whilst simultaneously meeting the conditions set, to become EU member states.

Bibliography


The Europeanisation of candidate countries: the case for a shift to the concept of EU member-state building

Research Article

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The Europeanisation of candidate countries: the case for a shift to the concept of EU member-state building

Davide Denti

The research on the impact of the European Union on its candidate countries has been traditionally framed within the concept of Europeanisation. But the term, notwithstanding two decades of usage, still lacks clarity in its attributes and its referent. Moreover, the statehood of candidate countries has emerged as a prerequisite for its effectiveness, providing no answer for cases of limited statehood and limited Europeanisation. The concept of member-state building, which refers to the EU’s purpose of building functional member states while integrating them, may help reframe the academic discussion on the impact of the EU on candidate countries, particularly in limited statehood contexts, by complementing it with insights from the literature on state building. Deriving from an understanding of sovereignty as responsibility, member-state building highlights the paradoxes of simultaneous state building and European integration, given their competing logics of sovereignty concentration and sovereignty diffusion. To solve the dilemma, nevertheless, member-state building has one further resource. By exploiting the lack of a single blueprint and the possibility of different solutions for institutions to be compatible with EU requirements, member-state building can also foster domestic ownership and legitimacy, thus evading the trap of imposed international state building.1

Keywords: Europeanisation, state building, member-state building, EU enlargement, candidate country

Introduction
Research on the impact of the European Union on its candidate countries has been traditionally framed in the concept of Europeanisation - the domestic impact of Europe. The concept, which proved particularly useful in describing the spillover effects of integration on the EU member states and their responses, was later applied in the field of EU external relations, first in the occasion of

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1 An earlier version of this article was presented at the annual conference of the Società Italiana di Scienze Politiche (SISP), Florence, 12-14 September 2013, in the panel on "The transformative power of Europe: EU and Western Balkans after 15 years." I am grateful to the panel’s organisers, Cristina Dallara and Daniela Irrera, as well as to the discussants, Paul Blokker and Lorenzo Cecchi and to the journal’s anonymous reviewers.
the eastern enlargement of the EU in 2004/07, and then also in relation to the European Neighbourhood Policy.

Compatible with both rationalist and constructivist approaches, Europeanisation has been used to describe the two-ways, top-down and bottom-up relation between the European Union and the domestic structures which interacts with it. The result is not necessarily a homogeneous convergence, but rather a differentiated pattern, dependent on several scope conditions.

Europeanisation, notwithstanding two decades of usage, still lacks clarity in its attributes and its referent. The same concept has been used both as a measure of the specific impact of the EU (EU-isation) and of the circulation of broader ‘European’ practices, and referred either to quantitative indicators (adoption and implementation of EU-based laws) or qualitative markers (Europeanisation of identities, attitudes and preferences). Finally, Europeanisation has been embedded in the literature on norms diffusion, and the statehood of candidate countries has emerged as a prerequisite for its effectiveness, providing no answer for cases of limited statehood and limited Europeanisation.

The research agenda on “Europeisation East”, in particular, has focused on the process of Europeanisation in the framework of the EU enlargement process towards Central and Eastern Europe (CEE). The starting positions of those candidate countries, dealing simultaneously with a transition to democracy, market economy, and ‘Europe’, together with their strong power asymmetry towards the EU, has led to a process of Europeanisation that is strictly one-way, top-down, and explained better by rational choices approaches based on incentives and conditionality. On the other hand, in particular in the post-2004 enlargement agenda focused on the Western Balkans, consolidated statelessness has emerged as the fundamental prerequisite for Europeanisation, that most states of the region still lack.

To overcome the problems of conceptual overstretch in Europeanisation studies, and the dilemma of Europeanisation in limited statehood contexts, this paper introduces the concept of EU member-state building, with reference to the EU’s purpose of building functional member states while integrating them. Deriving from an understanding of sovereignty as responsibility, the concept of member-state building integrates the literature on Europeanisation with the literature on state building. Member-state building has to face several paradoxes in order to accomplish its aim. State building and European integration are usually dealt with in different moments of time, as they follow the two opposite logics of sovereignty concentration and sovereignty diffusion. The current EU candidate countries, nevertheless, are facing the two processes simultaneously, thus confronting often contradictory impulses.


The Europeanisation of candidate countries

To solve the dilemma, nevertheless, member-state building has one resource more than Europeanisation or state building alone: it can refer to the value of diversity and the commitment to its preservation in the European Union. By exploiting the lack of a single blueprint and the possibility for different solutions to be compatible with the broad European standards, member-state building can also foster domestic ownership and legitimacy, thus evading from the trap of imposed “liberal peace” statebuilding. The EU is thus able to act as an “interested moderator” “neither a model, nor a hegemon.”

The first section of the paper introduces the various definitions of the concept of Europeanisation and the different theoretical approaches used to understand its causal mechanisms, taking into consideration the scope conditions that allow Europeanisation to manifest itself. The second section zooms in on the Europeanisation of candidate countries, discussing its open issues. The third section introduces the concept of member-state building as a complement and an alternative to current discussions about the Europeanisation of candidate countries, considering how member-state building allows to better frame the contradictions and challenges that the Western Balkans and the EU face in their integration path.

1. **Europeanisation: definitions and mechanisms**

1.1. **Defining Europeanisation: exploring the domestic effects of Europe**

The research on Europeanisation is part of the shift from an ontological to a post-ontological research agenda in EU studies. Europeanisation research is interested in explaining not what the EU is, but what the EU does, as in its effects on the member states, and their responses to adjustment pressures. The definition of Europeanisation has been gradually broadened from an outcome to a process, to include recursive relations.

As an outcome, Europeanisation has been understood as “a situation where distinct modes of European governance have transformed aspects of domestic politics.” This result-oriented definition is static rather than dynamic, answering the question of how much something is “europeanised” with reference to a predetermined “European” norm in policies, institutions, or even identities as an end result. Nevertheless, it is problematic in referring to an end point which is difficult to pinpoint, and it loses sight of other possible outcomes than convergence. Alternative definitions have thus focused on Europeanisation as a process, either a top-down or a circular one.

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9 The distinction between process-oriented and result-oriented definitions was first put forward in Maniokas, Klaudijus. 2001. Concept of Europeanisation and Its Place in the Theories of the European Integration, *Lithuanian Political Science Yearbook*. 

As a one-way process, Europeanisation has been defined as integrating the supranational and national political levels by “reorienting the direction and shape of politics.” In this way, “domestic policy areas become increasingly subject to European policy-making”, while the EU level exerts an influence “impacting member states’ policies and political and administrative structures.” All these first generation definitions stress a top-down relation following an organisational logic, in which domestic institutions adapt to the altered context of EU membership. When defining Europeanisation as “the ‘domestic impact of Europe’ - the various ways in which institutions, processes and policies emanating from the European level influence policies, politics and polities at the domestic level”, Börzel and Risse treat European-level developments as the explanatory factor of changes at the domestic level. Nevertheless, risks lie in reifying Europeanisation as something out there, able to explain what we see, or in giving it primacy as an independent rather than an intervening variable in ongoing processes of modernisation and globalisation.

Finally, a two-ways, process-oriented definition of Europeanisation sees it as a relation of influence between the national and the supranational level which is circular rather than unidirectional, and cyclical rather than one-off. One of the most accurate definitions put forward is the one by Dyson and Goetz, who define Europeanisation as “a complex interactive ‘top-down’ and ‘bottom-up’ process in which domestic polities, politics, and public policies are shaped by European integration and in which domestic actors use European integration to shape the domestic arena. It may produce either continuity or change and potentially variable and contingent outcomes.” The pressure from above (structure) interacts with the “creative use” (agency) of European integration by domestic actors, including their attempts at “uploading” and “projecting” their own national standards at EU level, and with phenomena of horizontal socialisation and learning. Convergence is not prioritised, but uneven

18 Chatzigagkou, Enlargement, 47.
outcomes stem from differences among countries and issue areas, refracting, mitigating and filtering the impact of integration.\textsuperscript{21} Europeanisation appears both as a cause and an effect of change, blurring the boundaries between independent and dependent variables.\textsuperscript{22} Though useful to remind of the interrelatedness between Europeanisation and European integration, this definition risks to directly encroach upon the field of the latter and to end up into conceptual overstretch. The three understandings of Europeanisation, captured by the definitions above, are summarised in the table below.

Table 1: Definitions of Europeanisation

<table>
<thead>
<tr>
<th>Direction of change</th>
<th>Dimensions of Europeanisation</th>
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<tbody>
<tr>
<td>One-way, linear, one-off (top-down)</td>
<td>Static: outcome</td>
</tr>
<tr>
<td>Two-way, circular, cyclical (bottom-up-down)</td>
<td>Europeanisation as transition towards a 'Europeanised' end state</td>
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</tbody>
</table>

1.2. The three strands of neo-institutionalism and the mechanisms of Europeanisation

Europeanisation research has been mainly framed within neo-institutionalist theories of European integration. Neo-institutionalism argue that institutions structure politics by determining who is able to act and by shaping their strategies and (eventually) their interests, identities, and horizons of action. Three theoretical strands have helped to frame Europeanisation: rational choice, sociological, and historical institutionalism.\textsuperscript{23}

First, rational choice institutionalism, as an agency-centred approach based on methodological individualism, relies on a hard rational choice ontology depicting the actors as dedicated to maximise their utility function according to a logic of consequentiality. Preferences are fixed and exogenous to interaction. Institutions work as opportunity structures, constraining states’ strategic behaviour and solving collective action problems.\textsuperscript{24} A rational choice reading of Europeanisation sees the EU as yet another resource for domestic actors, leading to their differential empowerment and to a strategy of reinforcement by reward: “a state adopts EU rules if the benefits of EU rewards exceed the domestic adoption costs.”\textsuperscript{25} Moreover, functional emulation can also indirectly lead to policy competition and lesson drawing: “A state adopts EU rules, if it


\textsuperscript{22} Börzel, Europeanization.


expects these rules to solve domestic policy problem effectively. The EU acquis and accession negotiations make up the context where “reinforcement by reward” works best; technicality allows de-politicisation, while sectoral veto players are kept at bay by the aggregate benefit of membership.

A critique to this rational choice approach has come from the perspective of post-positivist social science (Verstehen), interested more in understanding the meaning of the actors’ behaviour than in explaining or predicting it through mechanistic reasoning based on if-then causality chains typical of positivist natural science (Erklären). In fact, it is doubtful whether agency and subjectivity can be externally objectivised and analysed as if they were natural forces acting in causally linear ways, while both the agents and the researcher are involved in a complex web of human interactions. Thus, following the lesson of Droysen, Dilthey and Simmel on hermeneutics, a more interpretive understanding has been offered by sociological institutionalism. This approach posits a social ontology where agents and structure are mutually constituted, “claiming that there are properties of structures and of agents that cannot be collapsed into each other.” Immersed in a normative environment, actors first adopt and then internalise social prescriptions in the form of norms, i.e., “set[s] of shared intersubjective understandings that make behavioural claims” upon them. Preferences and identities are endogenous to the process of interaction. Individuals behave trying to “do the right thing” through a logic of appropriateness, i.e., “rule-guided behaviour.” The EU is considered by sociological institutionalists as “the formal organization of a European international community defined by a specific collective identity and a specific set of common values and norms.” Indirectly, even in absence of EU impulse, normative emulation may result in the mimicry of models with higher perceived legitimacy.

Thirdly, historical institutionalism is an eclectic approach relying on the sequencing of the previous two. In the short-term, institutions are only behavioural constraints for actors’ strategies of utility maximisation, but “in the long-run, actors’ very identities may be powerfully shaped by institutional arrangements.” Historical institutionalism sees institutions as sticky structures that lock in actors into persistent patterns. Change is explained by institutional misfit and external shocks, punctuating the equilibrium and resettling it on a new course. Policy inertia and path dependency limit EU influence, and only

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26 Schimmelfennig and Sedelmeier, Governance, 668.
27 Schimmelfennig and Sedelmeier, Governance, 671-73.
28 I am grateful to an anonymous reviewer for this insight.
32 Schimmelfennig and Sedelmeier, Governance, 667.
35 Risse, Social Constructivism, 152.
marginal change can be expected by layering or patching up. Though combining the previous two approaches, historical institutionalism remains somehow biased towards structure. The three strands of neo-institutionalism are summarised in the table below.

Table 2: Europeanisation according to the three strands of neo-institutionalism

<table>
<thead>
<tr>
<th></th>
<th>Rational choice institutionalism</th>
<th>Sociological institutionalism</th>
<th>Historical institutionalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logic of action</td>
<td>Consequentiality (cost-benefit analysis)</td>
<td>Appropriateness (rule-guided behaviour)</td>
<td>Path dependency (stickiness of institutions)</td>
</tr>
<tr>
<td>Interests of the actors</td>
<td>Exogenous to interaction (new means for old goals)</td>
<td>Endogenous to interaction (new means for new goals)</td>
<td>Evolving over time (malleable in the long-term)</td>
</tr>
<tr>
<td>Main element of change</td>
<td>Thin learning (strategic bargaining)</td>
<td>Thick learning (socialisation)</td>
<td>Timing and practices (punctuated equilibrium)</td>
</tr>
<tr>
<td>Strategy of Europeanisation</td>
<td>Conditionality (reinforcement by reward)</td>
<td>Persuasion and legitimacy</td>
<td>Incremental change and critical junctures</td>
</tr>
<tr>
<td>Direct influence</td>
<td>Cost/benefit manipulation (incentives/disincentives, capacity-building)</td>
<td>Normative pressure (authoritative models)</td>
<td></td>
</tr>
<tr>
<td>Indirect influence</td>
<td>Functional emulation: - regulatory competition - lesson-drawing</td>
<td>Normative emulation (mimicry)</td>
<td></td>
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<tr>
<td>Contexts of main relevance</td>
<td>Acquis conditionality: - Accession negotiations</td>
<td>Democratic conditionality: - Association negotiations</td>
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</table>

Finally, domestic actors are not simply passive recipients of Europeanisation. Instead, it is their active engaging, interpreting, incorporating or resisting to external influence that shapes the outcomes, resulting in convergence or divergence. Four scopes conditions for institutional change were identified by Börzel and Risse. They include the need for a domestic demand for change, the presence of statehood and institutional and administrative capacities, the type of domestic regime and its resonance with EU norms, and power asymmetries strengthening the EU’s leverage. The final resulting framework of Europeanisation can be depicted as in table 3 below.

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Table 3: Europeanisation framework: logics of action, scope conditions, outcomes

<table>
<thead>
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<th>Influence modes</th>
<th>Logics of action</th>
<th>Scope conditions</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>Coercion, authority</td>
<td>Domestic Demand</td>
<td>Inertia</td>
</tr>
<tr>
<td></td>
<td>Consequentiality</td>
<td>Statehood</td>
<td>Absorption</td>
</tr>
<tr>
<td>Indirect</td>
<td>Appropriateness</td>
<td>Regime type</td>
<td>Transformation</td>
</tr>
<tr>
<td></td>
<td>Path dependency</td>
<td>Power Asymmetries</td>
<td>Refrenchment</td>
</tr>
</tbody>
</table>

2. Europeanisation beyond the member states and its pitfalls
During the 1990s, the growing influence of the EU on Central and Eastern European countries (CEE) in the frame of its enlargement policy led Europeanisation scholars to widen their field of research.\(^{38}\) This section zooms in on Europeanisation beyond the member states, highlighting the main features of “Europeanisation East” and identifying four main open issues: unclear conceptual boundaries, a return to first generation top-down definitions, the risks of degreeism and adjectivised Europeanisation, and the seemingly intractable issue of stateness for contested candidate states.

2.1. Europeanisation vs. EU-isation: lack of clear conceptual boundaries
The concept of Europeanisation, first, is subject to a terminological ambiguity. The term does not include a clear specification of the source of change expected at domestic level. We need to know “which Europe we are talking about.”\(^{39}\)

In a minimalist sense, Europeanisation is understood as “the process of downloading EU directives, regulations and institutional structures” to the national level.\(^{40}\) “Minimally, ‘Europeanization’ involves a response to the policies of the European Union.”\(^{41}\) This narrow, EU-centric sense, which could be better termed ‘EU-isation’,\(^{42}\) is the one that scholars usually refer to in rationalist approaches, as it is easier to operationalise and to test empirically.

In a maximalist sense, on the other hand, one can “speak of Europeanisation when something in the domestic political system is affected by something European”,\(^{43}\) i.e., it is “a phenomenon exhibiting similar attributes to those that predominate in, or are closely identified with, ‘Europe’.”\(^{44}\) Such an approach

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\(^{38}\) Sedelmeier, Europeanisation, 5.
\(^{40}\) Jano, Europeanization, 30.
\(^{44}\) Featherstone, Introduction, 3.
opens up to the possibility of voluntary, indirect mechanisms resulting in institutional isomorphism or mimicry, and includes the possibility of a broader understanding of “Europe”, taking into consideration the role of other European international organisations, global institutions and the broad “cultural Europe” in the circulation of norms, practices and behaviours, as in the framing of the Eastern Enlargement as a part of the historical process of “return to Europe” of countries which felt having been violently separated from it.\textsuperscript{45}

In fact, while the second, maximalist meaning seems the most linguistically appropriate for the concept of Europeanisation, for the sake of familiarity and operationalisation most scholars use the first, minimalist sense. This is an even more contentious issue when the Europeanisation of candidate states is at stake, since the EU may be acting in parallel with pressures from other organisations, as the Council of Europe or NATO, in addition to the broader globalisation and modernisation trends.

2.2. Europeanisation East in the shadow of hierarchy: back to a top-down definition?

The research agenda on the Europeanisation of candidate countries developed from the studies on conditionality in the EU’s eastern enlargement process. It was possible to speak of Europeanisation of candidate countries, striking a parallel with internal EU dynamics, due to the broad scope of the process, covering the whole of the \textit{acquis}, and to the extent with which EU institutions steered it.\textsuperscript{46}

According to Héritier, the main differences between “Europeanisation West” (Europeanisation within the EU) and “Europeanisation East” (Europeanisation of candidate countries) lay in the starting situation of CEE countries, featuring both a triple simultaneous transition (to democracy, market economy, and sometimes also statehood) and a strong linkage with EU accession negotiations. In such a setting, the “overpowering external incentives associated with EU membership conditionality” exert an “enormous pressure” on candidate states.\textsuperscript{47} When coupled with the wide scope of accession negotiations, including all the issues areas covered by the \textit{acquis} and even beyond in cases of democratic conditionality, the frequent demands for wholesale institutional reform, and the extensive monitoring role of the European Commission on implementation, membership conditionality leads Europeanisation East to conform more with first-generation definitions of Europeanisation as a one-way, top-down process. Candidate countries are denied agency in the process, as they have no outlet to express their voice or to shape the policies of which they are at the receiving end.

Both types of Europeanisation share the key empirical finding of a differential impact of “Europe” across countries and issue areas. Nevertheless, given its peculiarities, Europeanisation East has highlighted a more clear-cut explana-


\textsuperscript{46} Sedelmeier, \textit{Europeanisation}, 6.

\textsuperscript{47} Héritier, \textit{Europeanization}, 203-5.
tory value of rational institutionalist hypotheses for the domestic impact of the EU, when compared with sociological and historical institutionalist alternatives. Clear and credible incentives underpinning conditionality, in terms of both rewards and punishments, and the political costs incurred by domestic elites, seem able to explain the variance in the outcome levels of Europeanisation.\textsuperscript{48} As such, the Europeanisation of candidate countries looks like a hierarchical process of conditional compliance.

2.3. Adjectivised Europeanisation: the dangers of degreeism

As underlined by Sartori, a concept is defined in its field of application by two properties in a trade-off relation, intention and extension.\textsuperscript{49} The more the properties a concept includes (intention), the less the empirical realities to which it will apply (extension). Radaelli noticed earlier on that Europeanisation studies seemed to privilege extension, covering a broad range of different phenomena, and attributed it to the early stage of the research field.\textsuperscript{50} Similarly, the definition that he put forward back then\textsuperscript{51} was also highly denotative, intending to seize the research object by putting forward a catalogue of elements that may fall within its field of application, even if they do not appear at first sight to have many properties in common. In Sartori’s language,\textsuperscript{52} Radaelli’s definition could be classified as a “precising denotative” definition.\textsuperscript{53}

The assumption was that, after a first exploratory approach to the field, more intensification-focused definitions and approaches would have resulted in a deeper understanding.\textsuperscript{54} In fact, more than one decade later, Europeanisation studies keep using the same denotative and extensive definitions. The result is conceptual stretching in terms of degreeism, as differences in degree replace differences in kind.\textsuperscript{55} By not being able to define what Europeanisation is and what is not, observers tend to see it everywhere, but only partially. As Radaelli contended, “if everything is Europeanized to a certain degree, what is not Europeanized?”\textsuperscript{56} The result can be seen in the rising trend of ‘adjectivised Europeanisation’ studies, arguing that Europeanisation is there, but only to a certain extent, by referring to “limited”,\textsuperscript{57} “slow”,\textsuperscript{58} “shallow”,\textsuperscript{59} “sluggish”,\textsuperscript{60} or “negoti-
The Europeanisation of candidate countries

ated”61. Europeanisation. While these labels are often used descriptively, sometimes they are held up as new concepts. In fact, they risk mistaking a difference in the outcome (differential, limited convergence and compliance) with a difference in the process. Instead of defining the scope conditions of the process of Europeanisation in the context of candidate countries, in order to explain its differential outcome, the process itself is tweaked.

2.4. The issue of stateness: a cul-de-sac for weak states in the enlargement process?
Concerning the Europeanisation of candidate countries, one scope condition appears to be particularly well-suited to explain variance in outcomes: statehood (or stateness). As underlined by Fukuyama, “before you can have a democracy or economic development, you have to have a state.”62 Differently than in previous EU enlargement rounds, in the Western Balkans different types of states coexists, ranging from international semi-protectorates to more or less consolidated states. The contestation of the polity, together with the weakness and vulnerability of state structures, which Linz and Stepan had already put at the centre of the explanatory model of post-communist transition,63 have also been singled out as an intervenient variable in Europeanisation processes: “deficient patterns of compliance tend to correlate well with the problem of stateness.”64

The same argument is endorsed by Börzel, when she states that “limited statehood is the main impediment for the Western Balkans on their road to Brussels”, since it “affects both the capacity and the willingness of countries to conform to the EU’s expectations for domestic change.”65 In fact, limitations in both sovereignty (the domestically and internationally uncontested claim to the legitimate monopoly of force) and capacities (organisational, financial and cognitive resources to make and enforce collectively-binding rules) “have seriously curbed the transformative power of the EU in the Western Balkans - despite their membership perspective.”66 In contexts of contested statehood, conditionality is not able to produce social learning and modify behaviours, and state weakness leads the EU to behave inconsistently, reducing its own leverage and the effectiveness of conditionality.

62 Chatzigagkou, Enlargement.
Consolidated statehood is crucial to make Europeanisation work. Uncontested sovereignty and sufficient state capacity are indispensable to comply with EU expectations for domestic change. For countries that lack one or both, membership is too remote to provide sizeable and credible incentives to engage in costly reforms.\(^{67}\)

This finding leads to a dilemma in the EU enlargement policy: the EU has offered future membership as a contribution to soften and solve statehood issues, but those very issues are undermining the Western Balkans’ compliance with EU norms and rules. According to Börzel, “the EU is unlikely to deploy much transformative power in its neighbourhood as long as it does not adjust its ‘accession tool box’ to countries whose statehood is seriously limited.”\(^{68}\) The EU appears ill-equipped, to Börzel, to deal with weak statehood cases, as it has no previous experience as a state-builder, and the case of Kosovo demonstrates that it has not developed the policies to become one. Its conditionality, capacity-building and selective coercive powers seem insufficient to produce anything more than formal, superficial change. Moreover, the EU’s post-modern emphasis on power-sharing and minority rights clashes with state-building attempts to create strong central institutions and national identities. “Somewhat paradoxically, the EU can neither empower liberal reform coalitions where they do not exist, nor can it build states where there is no consensus on the national unit.”\(^{69}\)

Börzel’s ultimate finding is that the EU “lacks a clear strategy for state-building”, but she does not suggest the EU to equip itself with one (as “it is no use trying to develop one”),\(^{70}\) advocating instead that the EU acknowledges that it can only promote stability in its neighbourhood, and not substantial change. While this seems reasonable in the framework of the European Neighbourhood Policy, it should be not necessarily so for the countries included in the enlargement agenda. The next section puts forward a new approach to the dilemma, by reframing it in terms of member-state building, in order to look for new solutions.

3. **A clearer referent: the case for the use of the concept of member-state building**

An alternative approach - or better a complementary one - to Europeanisation in the context of EU candidate countries is the concept of “member-state building.” Initially employed quite denotatively, the use of this concept is growing in the literature and its features are becoming clearer. This section introduces the theoretical referents of member-state building in the literature on state building and the notion of sovereignty as responsibility. It then defines it and traces the early discussions on the topic, concluding with identifying the insights that member-state building can provide about how to solve the dilemma of simultaneous state building and European integration.

\(^{67}\) Börzel, *When Europeanization*, 183.

\(^{68}\) Börzel, *When Europeanization*, 174.

\(^{69}\) Börzel, *When Europeanization*, 183.

\(^{70}\) Börzel, *When Europeanization*, 184.
3.1. From international state building to member-state building

The issue of statehood, essential for Europeanisation but not addressed by it, has been usually tackled by the literature on international state building, focused on “expanding over time the autonomy, authority, legitimacy and capacity of the state.”\(^71\) Under the assumption that state weakness or failure is at the root of conflict, international state building has developed since the 1990s as a strategic approach to sustainable peace.\(^72\) Premised on the incapacity of domestic state consolidation, external intervention is considered necessary, geared towards “the creation of new institutions and the strengthening of old ones.”\(^73\)

Two different approaches to state building can be discerned in the literature: a structure-centred approach focusing on institutions, and an agency-centred approach focusing on legitimacy. The mainstream approach to state building, based on a Weberian conception of the state, keeps this latter conceptually distinct from society and equates weak statehood with lack of institutional capacity.\(^74\) State building is thus defined as the creation and strengthening of new governmental institutions, consistently with a liberal peace-building approach arguing that democracy, economic interdependence, and international organisation are conducive to peace.\(^75\) It nevertheless fails in devising an adequate notion of legitimacy without falling in a circular definition of legitimacy as belief in legitimacy - a by-product of successful institutions.\(^76\)

To the contrary, the critical literature on international state building has pointed to the lack of legitimacy of models of state building designed and imposed from abroad.\(^77\) Institutional state building has been criticised as a discourse that produces states that are “failed by design”,\(^78\) by underplaying the role of local agency and reinforcing political dependency from abroad.\(^79\) An alternative approach to state building and legitimacy, reinstating an element of agency, has thus been developed by these scholars by taking into account the relation of mutual constitutiveness between state and society and the possibility to analyse it using constructivist theoretical tools. State failure and collapse is also deemed to derive from the collapse of the central authority’s legitimacy and of its capacity to command loyalty, adding “a layer of complexity by looking

at the nation-state as a constitutive whole" and drawing attention to the role of the “local” element and the agency of the beneficiaries of state building in hybridising the outcome.

3.2. Sovereignty as responsibility and the making of responsible (minimalist?) states

Member-state building, as a concept, relates directly to the literature concerned with “liberal peace” and post-liberal international state building, which in turn refer to a notion of sovereignty as responsibility. In contrast to the traditional meaning of sovereignty, couched in terms of absolute independence and autonomy, sovereignty as responsibility underlines its role in the socialisation of states. Sovereignty “no longer appears to be an on-or-off condition,” rather than a natural right of states, sovereignty is constructed as a concession, a privilege dependent on the fulfilment of certain responsibilities. In this way, sovereign governments are subject to both domestic and international accountability; they are less “free agents” and more “members of one community.”

Taking a Foucauldian perspective, Aalberts and Werner remark how “state sovereignty is used as a governmental technology that aims to create proactive, responsible subjects.” Starting with the Islands of Palmas arbitration, and up to the 2001 final report of the International Commission on Intervention and State Sovereignty (ICISS), sovereignty is being increasingly understood as an obligation to respect the rights of other states, shaping and fostering autonomous and responsible members of the international society, “constituting states as capable actors that bear responsibility for their policy choices.”

The practice of international state building derives from an understanding of sovereignty as responsibility. Under the assumption that state weakness or failure is at the root of conflict, and premised on the incapacity of domestic state consolidation, state building aims at reconstructing state structures through external intervention. Intervention may be either direct, or through coercion and monitoring, or by conditionality, in a ‘long-distance’ state building approach. The shift towards the latter is due to the incompatibility of long-term

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80 Lemay-Hébert, Rethinking Weberian Approaches, 11.
82 Fukuyama, Stateness, 88.
86 Aalberts and Werner, Mobilising Uncertainty, 2198; This understanding nevertheless does not go uncontested. On the one hand, it appears to undermine political agency and the accountability of power, see Cunliffe, Philip. 2007. Sovereignty and the Politics of Responsibility, in Politics Without Sovereignty. A Critique of Contemporary International Relations, edited by Bickerton, Christopher J. / Cunliffe, Philip and Alex Gourevitch. New York: UCL Press, 40. On the other hand, it seems to serve well to an “Empire in denial”, when one considers that power, in the post-ideological era, is exercised to escape and avoid responsibility, see Chandler, Empire, 30.
direct intervention with democracy and the rule of law, and to its legitimacy and commitment crisis.\(^{87}\)

The state that tends to emerge from international state building, anyway, has some typical features: according to Zaum, it is an executive-dominated state, still unable to provide most public services, and often reproducing pre-war patterns of political economy.\(^{88}\) Bieber coins for it the term of minimalist state, i.e., “an effort to address the sources of conflict and state weakness by fostering state structures which fall short of the set of functions most states are widely expected to carry out, but by doing so might be able to endure.”\(^{89}\) The minimalist state is a sub-type of the weak state, but it holds minimal functions and has only minimal ambitions. Its legitimacy is still contested, both domestically and often internationally; its capacity to enforce decisions is weakened by power-sharing agreements and veto points; and its scope (the fields with which its structures engage) may be limited to few central functions: defence, foreign affairs, monetary policy. Nevertheless, its very limitation may allow it to sustain itself.\(^{90}\)

3.3. Member-state building: building functional states while integrating them

Member-state building was first referred to as a strategy in the 2005 report by the International Commission on the Balkans (ICB), “\textit{The Balkans in Europe's future}.”\(^{91}\) Member-state building was supposed to face the “integration challenge” and respond to the ghettoisation of the remainder of the Balkans, once Romania, Bulgaria and Croatia would have joined the Union. The ICB recognised that Western Europe and the post-Yugoslav states were “talking at cross-purposes” in the 1990s.\(^{92}\) The EU was set on the course of a post-modern project of supranational integration, while the newly independent states were in a state- and nation-building moment which led only to the creation of weak states and protectorates. “Building functional member states while integrating them into the EU is Brussels unique challenge in the Balkans.”\(^{93}\) Member-state building was seen as a distinct strategy from both international state building and the EU enlargement process: “The objective is not simply to build stable, legitimate states whose own citizens will seek to strengthen and not destroy them - rather it is the establishment of a state that the EU can accept as a full member with absolute confidence.”\(^{94}\)

The same year as the ICB’s report, the European Stability Initiative (ESI) distinguished in the Western Balkans three models of state building. The first, traditional capacity-building, focuses on standard non-coercive developmental

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\(^{89}\) Bieber, \textit{Building Impossible States}, 1784.

\(^{90}\) Bieber, \textit{Building Impossible States}, 1786-90.


\(^{92}\) ICB, \textit{The Balkans}, 29.

\(^{93}\) ICB, \textit{The Balkans}, 29.

\(^{94}\) ICB, \textit{The Balkans}, 29.
tools to foster democracy and institution-building, as applied in many other locations worldwide. The second, authoritarian state-building, aims at fostering institutional development by entrusting wide-ranging competences to international structures, unaccountable in the domestic constitutional sphere. Such powers, meant to respond to threats to public order and ensure minority protection in post-conflict scenarios, were “reasonably successful” in achieving Fukuyama’s first stage of nation building - the material and institutional reconstruction of the countries at stake. Nevertheless, they faced open issues in passing to its second stage - the creation of an effective state, able to respond to the challenges it faces. The national administrations were still too weak to even describe such issues (see the lack of censuses in Bosnia and Kosovo), before being able to set a strategy and enact it.

The third, EU-peculiar approach was named member-state building and when applied to candidates for EU membership “accomplished revolutionary transformations over the past decade” in CEE and Turkey, outnumbering the success stories of the first two approaches. Member-state building, according to the ESI, is made up of three processes. First, “an administrative revolution”, brought about by alignment to the EU acquis, in terms of institutions and legislation. Second, “a process of social and economic convergence”, aiming at cohesion and fostered by regional and rural development policies, increasingly implemented through national multi-year programming and certified by the Commission. And third, “a shift in the substance and processes of democratic governance”, opening up the decision-making process to consultation with the civil society, due to the effect of the first two elements.

3.4. The paradoxes of member-state building and the role of the EU
Later studies defined EU member states building as “a specific path to EU membership creating, in parallel, the preconditions for being a sustainable State as well as a future Member State.” The EU enacts a dual strategy, of state building and of European integration, towards the states in its enlargement agenda, through the tool of conditionality:

The intricate process of EU integration with all its norms, procedures and criteria is the best crash-course in rational state management, good governance and administrative capacity building ever. The added value is in the form rather than the content of the EU integration process.

The challenge for the region is no longer about peacebuilding but about a process of preparation for membership in European structures [...] Democratization and state building are fundamental elements of this Europeaniza-

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96 ESI, Breaking out, 3.
97 ESI, Breaking out, 6-8.
98 Woelk, EU Member State-Building, 470.
tion. The EU, in other words, is building states which can eventually join the Union.100

Nevertheless, as much as Europeanisation is weakened by the lack of statehood, member-state building shows all the contradictions of the EU’s effort to build states while integrating them. A third generation of critical Europeanisation studies needs to tackle the issue of the contradictions of the EU strategy, and the factors weakening its transformative power.101

The EU has been unable to transfer conditionality to state-building; stateness has remained the biggest obstacle to EU integration. Europeanisation-Southeast, to paraphrase Héritier, has been mostly externally-driven, coercive and increasingly demanding.102 The main contradiction arises from the tensions between building minimal states (the post-conflict state building agenda) and building future EU member states (the member-state building agenda). In fact, there exists a complex and non-linear relation between European integration and stateness. On the one hand, integration requires from states to renounce to absolute competence and pool some sectoral sovereignty in order to achieve common solutions. On the other hand, the EU requires from them high capacity requirements, in order to transpose EU law into domestic legislation, and to take part in common decision making. This is at odds with the conditions of most post-conflict states, which feel a need for strong, symbolic external sovereignty, while facing challenges of limited domestic capacity.103

EU member-state building in the Western Balkans has come to encroach on open issues of sovereignty. Conditionality itself has sometimes undermined state building, by the little leverage of “sliced out” conditions, the cross-conditionality with other international organisations, and the absence of a single EU member-state model. The EU acquis is “weak on the nature of the state [...] The EU gives little guidance as to what kind of states can join the EU.”104

In this context, “success” in member-state building, according to Bieber, corresponds to exiting the minimalist state category, by acquiring legitimacy, strength and scope, “to be able to function as a future EU member state, and to provide services to citizens that allow them to secure popular legitimacy.”105 Meeting the high expectations of both society and the EU is proving challenging for state institutions; “the bar for state success in the Western Balkans is considerably higher than in other regions.”106

Woelk identifies five paradoxes of member-state building. The first is the “paradox of sovereignty”: Western Balkans states, while they see the mirage of ab-

103 Bieber, Building Impossible States, 1785.
104 Bieber, Building Impossible States, 1793-94.
105 Bieber, Building Impossible States, 1798.
106 Bieber, Building Impossible States, 1799.
Solute sovereignty, are subject to international pressures to limit their sovereignty even before full integration. The second is the “no blueprint paradox”: the region, as well as the EU, shows remarkable diversity in the forms and functions of state structures, not providing any clear constitutional model. The third is the “good will paradox”: the EU lacks effective means of enforcement, especially in case of violation of political and constitutional duties, as a reflex of the voluntary nature of integration. The fourth is the “no damage paradox”: sanctions, as a way of enforcing decisions, might often even worsen the situation, thus suggesting a more strategic use of positive incentives instead. Finally, the “mirror paradox” tells us that “the EU’s capacity of acting as a catalyst for reforms depends very much on its own attractiveness.”

The main question about the EU’s role concerns “how to find solutions for sustainable change and create incentives for overcoming these paradoxes.” According to Woelk, the point of reference is that diversity is worth being preserved, as it is recognised by the EU as a value in itself (art. 4.2 TEU). Therefore, the sovereignty paradox and the no-blueprint paradox seem to dispel the idea of a grand road map, a “detailed construction plan” for member-state building. Rather, the EU should shift its discourse and practice from “European standards” to “European adaptations”, in order to take into consideration the diversity among candidates and among member states. By taking as a reference point the shared values and principles of democracy, human rights, and rule of law, operationalised in particular by other organisations (Council of Europe, OSCE), the EU could spell out a set of different compatible options, from which the candidates could legitimately decide which to adopt according to local needs and features. This would help overcome the sovereignty paradox, as well as fostering “local ownership” by citizens and political elites.

The EU, in the context of member-state building, would thus assume the role of an “interested moderator”, suggesting different perspectives and aiming to improve the political debate and decision making processes. The concept is similar to Balibar’s idea of a “vanishing mediator”: the EU would employ a relational power in its conflict management strategy, highlighting “the constitution of a community sharing a similar fate (and thus not necessarily a similar identity as such).” By recognising conflict as a constitutive of the political, Balibar too points to the ability of the EU to preserve diversity, thus working as “neither a model, nor a hegemon.” This may also help depoliticising the issue of EU integration, which has often become a divisive theme in candidate countries, as “the creation of a general consensus on EU integration is of fundamental importance in the process of EU Member-state building.”

What are thus the necessary features for a working member-state building approach? Woelk underlines the need for an incentive-based perspective of post-

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107 Woelk, EU Member State-Building, 473-74.
108 Woelk, EU Member State-Building, 474.
109 Woelk, EU Member State-Building, 477.
111 Ramel, The Role of the European Union, 281-82.
112 Ramel, The Role of the European Union, 282.
113 Keil, Europeanization, 350.
itive conditionality, consultation and assistance in constitutional matters, and citizens' involvement to achieve reconciliation.¹¹⁴ Juncos' suggestions are overlapping, focusing on the need to secure legitimate institutions, to acknowledge the political nature of state building, and to prioritise peace building as its foundation.¹¹⁵

The ability of the EU member-state building approach to soften the contradiction of "liberal peace" international state building may be illustrated with an example from the enlargement process, the police reform in Bosnia and Herzegovina. In a case of mismanaged conditionality, in 2004 the Office of the High Representative/European Union Special Representative (OHR/EUSR) Paddy Ashdown identified police reform as a key prerequisite for progress in the European integration path of the country. However, early apparent inter-ethnic agreement on the issue soon disappeared, leading Bosnia to the deepest political crisis since post-war democracy. Ashdown's centralisation effort, cast in technocratic terms of judicial reforms, was undermined by the lack of common standards, either in the EU or by the Council of Europe, on police matters. The evident lack of legitimacy of the EU conditions raised opposition by local politicians. The impasse remained until the OHR/EUSR backpedalled, accepting cosmetic changes as satisfactory.¹¹⁶ In this case, it is apparent how the lack of respect for the value of diversity, intrinsic in the international state-building agenda allowed domestic actors to oppose a veto and conquer the agenda of reform. A different approach, based on member-state building, could have presented Bosnian politicians with several possible solutions for compatibility between Bosnian institutions and broad European standards, drawing options from the experiences of various EU member states. In this way, open domestic discussion on the model to adopt would have also added legitimacy to the process, avoiding the democratic contradictions of imposed models.

A change in this direction is evident in recent practice from the EU’s previous vertical and hierarchical positioning at the helm of international protectorates (Bosnia-Herzegovina, Kosovo) towards a more horizontal and deliberative approach based on new political partnership instruments (High Level Accession Dialogues, HLAD) aimed at fostering ownership and legitimacy in low-statehood candidate countries. The EU is thus trying to be less of an “Empire in denial”¹¹⁷ or a “substitute for Empire”,¹¹⁸ and work together with local elites in fostering state building in a way that is compatible with both the European member-state model and domestic democratic procedures.

More could still be done; Farrell has gone as far as to call upon the EU to facilitate a locally-driven agreement to reform the Dayton Constitution of Bosnia-Herzegovina to make it compatible with EU accession and put an end to the

¹¹⁴ Woelk, EU Member State-Building, 477-79.
¹¹⁵ Juncos, Member State-Building.
¹¹⁷ Chandler, Empire.
international presence in the country. This could be the final challenge for EU member-state building; after the several failed attempts at reforming Dayton, the EU would have to be extremely careful, though, in fostering a local solution from within, without imposing it from outside, for both legitimacy and effectiveness concerns.

Conclusions
This article has reviewed two approaches to the relation between the European Union and the candidate and potential candidate countries which are now part of its enlargement agenda, the countries of the Western Balkans and Turkey. The first one makes use of the concept of Europeanisation, coming from neo-institutionalist theories of European integration. But the lack of consolidated statehood is undermining the very mechanisms of Europeanisation, which has proved unable to transfer conditionality to state building. The literature has thus seen the growth of studies on ‘adjectivised Europeanisation’, with a looming risk of degreeism.

A second approach, complementary to Europeanisation, derives from the literature on state building, particularly its legitimacy-focused approaches. Member-state building, intended as “building functional member states while integrating them into the EU”, faces the same competing logics of sovereignty concentration and sovereignty diffusion as Europeanisation, but allows more ways out of the dilemma. Besides the traditional capacity-building approach of state building, member-state building allows the EU to refer to its value of diversity preservation. By exploiting the lack of a single blueprint and the possibility for different solutions to be compatible with the broad European standards, member-state building can also foster domestic ownership and legitimacy, thus supporting local democracy rather than hindering it. The role of the European Union in its candidate countries emerges as the one of an “interested moderator”, “neither a model, nor a hegemon.”

Overall, making enlargement work is fundamental for the future shape of the relations between the EU and its neighbours, and for the identity of the Union itself. As recalled by Krastev, “the real choice the EU is facing in the Balkans is: enlargement or Empire.” Member-state building can be a useful analytical tool to understand the challenges of enlargement, and look for new solutions to seemingly intractable dilemmas.

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The New Environment of EU Enlargement: The Impact of Economic Crisis on the Western Balkans and their EU Accession Prospects
Research Article

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The New Environment of EU Enlargement: The Impact of Economic Crisis on the Western Balkans and their EU Accession Prospects

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This paper will explore the impact of the economic crisis on the Western Balkan countries, and how the new, unfavorable international environment is affecting their EU accession prospects. The analysis will be presented in three sections: the first part will examine the effect of the “first wave” of the global economic crisis on the economies of the region, specifically the impact on the region’s macroeconomic indicators, foreign direct investment flows, financial sectors, etc. Part two will analyse the repercussions of the “second wave” of the crisis, namely the Greek sovereign debt crisis, which rapidly spilled over into the entire Eurozone. Part three will build on the issues examined in parts one and two and will discuss the repercussions of both waves of the crisis on the region’s enlargement process and prospects. The paper will also propose that although the EU’s role in Southeast Europe remains crucial (not least as a provider of economic assistance) its hitherto undisputable symbolic role as an “anchor” of stability and as a goal to be aspired to may be losing its appeal for some of these countries.¹

Keywords: EU Enlargement, Global Economic Crisis, Western Balkans

Introduction
The process of the European Union’s enlargement towards the Western Balkans may be facing its most difficult challenge since its launch in Zagreb in 2000. The prospect of Balkan enlargement has been hard-hit by the deterioration of the European economy - and particularly the Greek sovereign debt crisis - with serious ramifications for both partners in the negotiation process. The negative repercussions of the economic crisis on the Western Balkans are evident on many levels, including the impact on the economies per se, their pro-

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spects for growth, their capacity for reform, their social, political and institutional structures, and their ability to fulfill the accession criteria. All these factors, coupled with a growing “enlargement fatigue”, which set in after the extraordinary rounds of enlargement during the period 2004-2007, have created a particularly unfavorable environment within which enlargement is being pursued.

This paper will explore the impact of the economic crisis on the Western Balkan countries, and how the new, unfavorable international environment is affecting their accession prospects. The analysis will be presented in three sections: the first part will examine the effect of the “first wave” of the global economic crisis on the economies of the region, specifically the impact on the region’s macroeconomic indicators, foreign direct investment flows, financial sectors, etc. This first wave reversed much of the progress these countries had achieved over the past few years, and thus made them even more vulnerable to the upcoming shocks. Part two will analyse the repercussions of the “second wave” of the crisis, namely the Greek sovereign debt crisis, which rapidly spilled over into the entire Eurozone. As the paper argues, the high interdependence of most Western Balkan countries with Greece has made the region exceptionally vulnerable to the shock waves emanating from the Greek crisis. Moreover, due to the intense “Euro-isation” of the Western Balkan economies, these countries are also deeply affected by the profound crisis underway in the Eurozone, which is partly due to contagion from Greece. Part three will build on the issues examined in Parts one and two and will discuss the repercussions of both waves of the crisis on the region’s enlargement process and prospects. It will be argued that in addition to contributing to the deterioration of economic conditions in these countries, both dimensions of the crisis (Eurozone and Greek crisis) have created a new dynamic that has left a deep and lasting negative impact on the Western Balkans’ EU accession prospects. Finally, it will be proposed that although enlargement remains the EU’s official policy towards the Western Balkans, there is no doubt that the fallout from the ongoing crises has dampened enthusiasm for this process at both the policy-making and the grassroots levels. Crucially, enthusiasm for EU accession has diminished significantly from the Western Balkan side as well: the drawn-out and increasingly demanding process has fuelled these countries’ frustration and disenchantment, as the prospect of accession seems more and more remote.

1. **The first wave: the global financial crisis**

The economic crisis hit the Balkan region just as it was consolidating the progress it had made after emerging from years of war, political instability and painful economic reform programmes. For most countries in the region, the period 2003-2007 was one of the strongest in more than a decade, with annual real GDP growth averaging about 6 percent, while the region also received large inflows of FDI in 2003-2007.² The economic slowdown in EU countries - the main recipients of Balkan exports - and the decreased influx of foreign direct investment triggered the first symptoms of the crisis in the region by the last quarter of 2008. By mid-2009 the effects on the financial sector were being

felt more strongly, particularly with a slowdown in foreign bank lending activities.³

1.1. Macroeconomic deterioration
The first years of the crisis were characterised by falling GDP, rising unemployment rates, declining rates of investment, falling industrial output and growing current account deficits. As can be seen in Figure 1, the Western Balkan economies contracted significantly in 2009, resulting in negative GDP growth rates for all the countries in the region; Albania was the least impacted by the crisis due to the low volume of Albanian exports and comparatively low level of integration into the international economy.⁴ The strong growth levels of the previous years had been based on robust domestic demand fuelled by excessive credit growth in household consumption and mortgage services.⁵ The sharp slowdown indicated *inter alia* that consumer demand was radically adjusting downward, with credit availability frozen and debt repayments becoming more commonplace.⁶ Unemployment, which was already very high in the region - more than twice the West European average - rose sharply in 2009 and even further in 2010, as the impact of the crisis deepened and widened (Figure 2). Significantly, in most countries the unemployment rate for those under 30 years old was almost 50 percent.⁷

Figure 1: Western Balkans, GDP growth rates

![Western Balkans, GDP growth rates](image)


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³ Bastian, Jens. 2008. ‘Cry wolf’ no more: external anchors and internal dynamics in the Western Balkans. *Journal of Southeast European and Black Sea Studies* 8(4), 325-44.
As the region's traditional export markets contracted, it was increasingly difficult to keep the state budgets in balance. The characteristically high current account deficits all over the region significantly increased the countries' economic vulnerability, necessitating a fiscal tightening which together with the poor external economic outlook hit Serbia, Croatia, FYROM and Bosnia-Herzegovina particularly hard. The current account deficits as a percentage of GDP in 2009 ranged from 30.1 percent in Montenegro to 5.2 percent in Croatia.

1.2. Decline in remittances

Another important impact of the crisis was the decline in remittances. Migrant workers’ transfers in the Balkans constitute a major economic force: in the years before the crisis Albania, Bosnia-Herzegovina, Montenegro and Serbia were among the top twenty countries in the world in terms of remittance inflows as a percentage of GDP. In 2008, remittances as a share of GDP had reached 17.2 percent in Bosnia, 16.5 percent in Kosovo, 14 percent in Serbia and 12 percent in Albania. In 2010, Albania’s stock of emigrants numbered

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1.4 million (45.4 percent of the population), whose countries of destination have been Greece, Italy, FYROM, Germany, UK, France and the US. Bosnia-Herzegovina’s stock of emigrants was 1.4 million (38.9 percent of the population) heading mostly to Croatia, Germany, Austria, Slovenia, Sweden, Italy and Switzerland. Most remittance flows to FYROM come from Germany and Italy.

Table 2: Western Balkan Remittances (US$ mn)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>% of GDP in 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>1,161</td>
<td>1,290</td>
<td>1,339</td>
<td>1,468</td>
<td>1,495</td>
<td>1,317</td>
<td>1,156</td>
<td>1,221</td>
<td>10.9</td>
</tr>
<tr>
<td>Bosnia</td>
<td>2,072</td>
<td>2,043</td>
<td>2,157</td>
<td>2,700</td>
<td>2,735</td>
<td>2,167</td>
<td>1,906</td>
<td>2,021</td>
<td>12.9</td>
</tr>
<tr>
<td>Croatia</td>
<td>665</td>
<td>711</td>
<td>859</td>
<td>1,194</td>
<td>1,292</td>
<td>1,271</td>
<td>1,287</td>
<td>1,236</td>
<td>2.1</td>
</tr>
<tr>
<td>FYROM</td>
<td>213</td>
<td>227</td>
<td>267</td>
<td>345</td>
<td>407</td>
<td>381</td>
<td>388</td>
<td>435</td>
<td>3.9</td>
</tr>
<tr>
<td>Montenegro</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>196</td>
<td>298</td>
<td>302</td>
<td>301</td>
<td>334</td>
<td>7.5</td>
</tr>
<tr>
<td>Serbia</td>
<td>2,650</td>
<td>2,754</td>
<td>3,064</td>
<td>3,064</td>
<td>3,064</td>
<td>3,064</td>
<td>3,064</td>
<td>3,064</td>
<td>3,064</td>
</tr>
</tbody>
</table>


The economic crisis, however, which led to significant layoffs elsewhere in Europe, adversely affected the migrant workers’ continued ability to transfer important amounts to their home countries. Many of these labourers were employed in sectors hit by the recession in their host countries, particularly in car manufacturing, construction and household work. A decline in remittances from relatives working abroad has affected families in the countries of origin and their income expectations and also impacted on countries’ foreign currency holdings, medium-term budgetary planning and the financing of high current account deficits. As can be seen in Table 2, Albania and Bosnia-Herzegovina were the most affected by the decline in remittances after 2008.

1.3. Spillover from neighbouring countries in crisis
As small, open economies - more than one fifth of economic output and employment is based on exports - the Western Balkan countries were especially vulnerable to the effects of the world crisis, especially the fall in global growth and trade. The euro area countries are the main trading partners for the region, accounting for about half of all exports on average - slightly more in the case of Albania and Bosnia-Herzegovina, and slightly less for Serbia, which has relatively strong trade links with Russia and other emerging European economies. Within the euro area, Italy is generally the most important export market for the region, especially for Albania, while Greece is the most important export market for Montenegro. Trade linkages with the rest of the euro area are mostly dominated by Germany.

Since the EU member states constitute the most important trade partners for these countries, the deteriorating conditions in the EU - leading inter alia to falling consumer demand - had a particularly detrimental effect on exports to traditional markets and cross border trade relations.11 For example, due to

11 Sanfey, Peter and Simone Zeh. 2010. Trade potential and long-run growth in SEE, in South Eastern Europe after the Crisis: a New Dawn or back to business as usual?, edited by Bartlett,
reduced foreign demand, FYROM’s metallurgical industries were operating on 50 percent of their capacities for a great part of 2009, leading to a large fall in production as well as massive layoffs. Croatia, whose tourism industry is a major source of income and is mostly powered by citizens of EU countries, also lost important revenue as the economic downturn led to a dramatic fall in tourism.

Due to its dependence on steel and metal exports, the region was also hit hard by the global slump in manufacturing and commodity prices in the world market. The price of metals fell by almost two-thirds between 2008 and 2009, contributing further to the slowdown in the region’s economies. Thus, Serbia, who relies massively on exports of food and raw materials such as copper and iron (which make up 40 percent of total exports) suffered not only from the fall in demand of these products but also because of the dramatic fall in the price of copper in 2008. US Steel, one of Serbia’s leading exporters, was one of many companies to close a large plant in 2009. Similarly, in FYROM, Silmak - a significant producer of ferro-nickel - cut production and lay off workers due to the drastic fall in ferro-nickel’s price on the world markets.

1.4. Declining foreign direct investment
With relatively low labour costs and easy access to European markets, the region had started attracting significant foreign direct investment (FDI), especially after 2003. The countries of the euro area - especially Austria, Italy and Greece - were particularly active, accounting for about 70 percent of the total stock of FDI in the region. The sharp decline in foreign direct investment after 2008 - caused mainly by the economic downturn in the investing countries - had a seriously detrimental effect on the national economies in the region. Overall FDI flows to the region decreased by 34 percent between 2008 and 2009, with total flows declining from US$12.6 billion to US$8.3 billion (Table 3). There were many situations whereby major investment projects in the region had been approved before the full impact of the crisis was felt, and then red-lighted and shelved. As far as individual countries are concerned, the greatest loss of FDI between 2008 and 2009 was experienced by Bosnia (75 percent), while FDI in FYROM fell by 65 percent, in Croatia by 46 percent and in Serbia by 33 percent.

The situation deteriorated even further in 2010. As can be seen in Table 3, Croatia received only US$ 394 million of FDI in 2010, compared to US$ 3.3 billion in 2009 (which was already down from US$ 6.2 billion in 2008). For the first time, Croatia fell behind Albania, Serbia and Montenegro in the levels of foreign direct investment it received, marking a departure from its position as one of the most popular recipients of foreign funding in previous years. Reductions in investment from EU countries played a crucial role in the sharp contraction of FDI in Croatia. Specifically, Austria and the Netherlands - historically two of the largest investors in Croatia - both divested in 2010, recording negative inflows of US$ 150 million and US$ 500 million. FDI also fell dramatically in Bosnia, Montenegro and Serbia. Only FYROM and Albania achieved an increase in FDI between 2009 and 2010; this can be attributed to some privatisations within the strategic sectors and increased investments in the energy, finance and telecommunications industries. Overall, between 2008 and 2010, FDI in the region fell from US$12.6 billion to less than US$ 4 billion.

1.5. Financial sector implications
The rapid privatisation of the banking sector in the Balkan countries after 2000 resulted in considerable market shares being controlled by European interests. Over the past decade, European banks and non-bank financial institutions (insurance companies) developed a strong presence in the Balkan region. According to the European Bank for Reconstruction and Development (EBRD), in 2007 European banks (mainly Austrian, French, Italian, Dutch, German and Greek) owned 94 percent of the banking system assets in Albania, 82 percent in Bulgaria, 86 percent in FYROM, 79 percent in Montenegro, 87 percent in Romania and 75 percent in Serbia.

Since the Balkan countries were very dependent on foreign currency lending, the credit squeeze made it increasingly difficult for domestic banks and local companies to refinance their foreign debt holdings, leading to decreasing capi-
tal flows. As western financial institutions downsized their operations or put their investments on hold, the economies of Southeast Europe were being frozen out of credit markets and were being side-tracked in their effort to attract foreign currency loans.\textsuperscript{16} The crisis also affected the stock markets in the region: the Zagreb Stock Exchange index experienced an annual decrease of 67 percent in 2009, while the Belgrade Stock Exchange index lost 75 percent. Due to a substantial fall in the share prices in the region most privatisation processes in both countries were suspended.\textsuperscript{17}

The crisis had exposed most countries to destabilising financial gaps on the external accounts, leading to a significant increase in the activities of a number of international financial institutions in the region, most notably the IMF.\textsuperscript{18} In May 2009 Serbia signed a multi-year programme with the IMF which provided it with $US 3.8 billion. In July 2012 the Bosnian authorities agreed to a 2-year $US 500 million IMF standby loan. A 2-year precautionary IMF arrangement of €476 million was approved in January 2011 for FYROM, and was partly used (€ 220 million) to finance the 2011 budget.\textsuperscript{19} Other institutions active in the region - the EBRD, European Investment Bank (EIB) and World Bank - also stepped in with their support.\textsuperscript{20} The three institutions provided over $US 33 billion in support for banks and the transition economies (including the Western Balkans) in 2009 and 2010.

In conclusion, the first wave of the crisis destabilised the economies of the Western Balkans and reversed a significant amount of the progress achieved during the previous five years. Although the impact of the crisis was felt first and foremost on an economic level, it rapidly spilled over into social and political structures throughout the region, contributing to the deterioration of the transition process and creating new hurdles on the road to EU convergence, which will be analysed further below.

2. The second wave: contagion from the Greek (and Eurozone) crises

Before the impact of the Greek crisis was felt, the Western Balkan economies had already been weakened by exposure to the full brunt of the global economic crisis during the period 2008-2011, as discussed above. By the end of 2011, some level of stabilisation had been achieved and there were slight signs of recovery in the region; this proved, however, to be the calm before the storm, as the full impact of the Greek debt crisis imploded, compounding the fallout from the first wave.


\textsuperscript{18} The number of IMF programmes in operation in the region had declined from 12 during the period 1994-97 to 3 in 2007; by 2008, only Albania still had a lending programme, which ended by the end of the year.


Greece today is in the throes of an unprecedented crisis that has profoundly impacted its economic, political and social structures: the country is experiencing an unprecedented economic meltdown, as well as the disintegration of its infrastructure, the degeneration of its political system and the unraveling of its social fabric. After five consecutive years of recession, Greece’s GDP has dropped by over 20 percent, while official unemployment stands at 27.1 percent (and for under 30 year olds, 57 percent). The rise of extremism - symbolised by the election of the neo-fascist party Golden Dawn to Parliament in June 2012 - is another symptom of the deterioration of social structures and illustrates the depth of social and political unrest. The austerity packages voted by the Greek parliament over the past years represent the most aggressive fiscal and social adjustment in a democratic country in times of peace in post-war Europe.

Crucially, the implications of this crisis go far beyond the country’s borders: they spill over into Greece’s Eurozone partners as well as its Balkan neighbours. As far as the Western Balkan countries are concerned, the crisis in Greece is far more than merely a sub-set of the European economic crisis: due to a strong interdependence with Greece, the negative repercussions of the Greek crisis on the Western Balkans are evident on many levels, including the impact on the economies per se, their prospects for growth, their capacity for reform, their social, political and institutional structures, and ultimately their ability to fulfill the EU accession criteria. Moreover, a Greek exit from the Eurozone could trigger a domino effect of instability and insecurity not only in the euro-area, but would undoubtedly also send shock waves throughout its neighbouring region. It is indicative that the 2010 EBRD Transition Report highlighted the main short-term challenge for the region as being the survival of “possible contagion effects from economic weaknesses in the Eurozone, especially in neighbouring Greece.” In fact, it is difficult to overestimate the seriousness of the impact of the Greek crisis on the Western Balkan countries, as it transcends issues that are purely financial or economic or relating to EU membership, but has far-reaching social and geopolitical implications concerning the stability of the region as well. In terms of fallout from the crisis, the worst is not over, both for Greece and its Western Balkan neighbours.

The most likely channels of contagion from Greece include trade, banking, remittances and FDI flows. Due to the interdependence between Greece and the countries of the region, the Greek crisis has produced a vicious circle whereby the economic decline of Greece exacerbates the decline of the economies of Southeast Europe which feeds back into Greece through inter alia a fall in demand for imports from Greece and a fall in the return on Greek investments. Moreover, as Greece is also very involved in Bulgaria and Romania (particularly the banking sectors), the negative impact of the Greek crisis on these countries will undoubtedly spill over into the Western Balkan economies.

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2.1. Impact on trade and investment

Greece’s strong role as a trade and investment partner in the region since the mid-1990s had been driven by a combination of favourable factors, including geographical proximity, a significant knowledge of regional and country-specific idiosyncrasies, an understanding of historical developments and familiarity with cultural particularities, as well as a greater understanding of the risks involved in investing in the region. Moreover, it would appear that Greece - despite its European orientation and its membership in the European Union - maintained a solid “Balkan identity” and a commitment to participating in developments in the region. Also, in the earlier days of the transition process, this part of the world was to a certain degree neglected by big multinationals who, at that time, concentrated their efforts on the Visegrad countries and the former Soviet states, thus leaving a window of opportunity for Greek traders and investors. Numerous major Greek companies started expanding their activities throughout the Balkan market from the late 1990s onwards; many companies proceeded by entering a single country and using it as a launching pad, thus creating networks of establishments operating throughout the Balkan region.

For Bosnia-Herzegovina and Croatia, the trade, investment and financial links with Greece are negligible, and the risk of any spillover effects for these two countries is very low. Trade relations with Greece are most important for Albania, Montenegro and FYROM, whose exports to Greece account for around 12 percent of the total. As can be seen in Table 4 below, there was a sharp decline in exports to Greece between 2008 and 2009, as the economic crisis in Greece caused a further reduction in demand for goods from these countries.

Table 4: Western Balkan Exports to Greece (€ mn)

<table>
<thead>
<tr>
<th>Country</th>
<th>2008</th>
<th>2009</th>
<th>% of total exports, 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>90.5</td>
<td>72.7</td>
<td>11.6</td>
</tr>
<tr>
<td>Bosnia</td>
<td>11.6</td>
<td>8.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Croatia</td>
<td>23.6</td>
<td>42.6</td>
<td>0.3</td>
</tr>
<tr>
<td>FYROM</td>
<td>355.9</td>
<td>213.1</td>
<td>12.4</td>
</tr>
<tr>
<td>Montenegro</td>
<td>65.5</td>
<td>37.6</td>
<td>12.3</td>
</tr>
<tr>
<td>Serbia</td>
<td>151.3</td>
<td>102.9</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Source: ELSTAT, Greek Statistical Service.

By the time the crisis struck Greece, almost 4,000 Greek companies had invested in the region, helping create about 200,000 jobs regionally. Albania and FYROM are the most vulnerable to negative spillover through reduced FDI flows, as Greece ranks first in investments in these countries: in 2008, Greek FDI accounted for over 30 percent of total FDI stock in Albania, 20 percent in FYROM and 15 percent in Serbia (Table 5). Greek investments were made in a variety of sectors, including infrastructure, services, banking, telecoms, food and beverage, heavy industries and pharmaceuticals.
Table 5: Western Balkans Inward FDI stocks, 2008

<table>
<thead>
<tr>
<th>Country</th>
<th>Inward FDI stock, (US$ mn)</th>
<th>FDI stock, % of GDP</th>
<th>FDI stock, % Greek origin</th>
<th>Greek FDI, (US$ mn)</th>
<th>Greek FDI, % of GDP</th>
<th>Greek, FDI, rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>3,625</td>
<td>33.5</td>
<td>30.0</td>
<td>906</td>
<td>8.4</td>
<td>1</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>42,525</td>
<td>107.5</td>
<td>8.3</td>
<td>3,530</td>
<td>8.9</td>
<td>2</td>
</tr>
<tr>
<td>FYROM</td>
<td>3,739</td>
<td>48.8</td>
<td>20.0</td>
<td>561</td>
<td>7.3</td>
<td>1</td>
</tr>
<tr>
<td>Romania</td>
<td>72,608</td>
<td>42.9</td>
<td>6.5</td>
<td>4,720</td>
<td>2.8</td>
<td>6</td>
</tr>
<tr>
<td>Serbia</td>
<td>19,080</td>
<td>45.8</td>
<td>15.0</td>
<td>2,862</td>
<td>6.9</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>141,577</td>
<td>43.8</td>
<td>8.9</td>
<td>12,578</td>
<td>3.9</td>
<td></td>
</tr>
</tbody>
</table>

Source: Economist Intelligence Unit. 2012.

A considerable decline in Greek FDI flows to the region was evident even before the full impact of the crisis was felt: for example, Greek investment in Serbia for the two-year period 2008-2009 amounted to some €46 million, well below the total of €336 million for 2007 alone, while in Bulgaria it fell from €545 million in 2007 to €105 in 2009. In FYROM, Greek investment fell from €15 million euro in 2010, to €2 million in 2011. Overall, by 2010, Greek companies had disinvested almost €1.3 billion from the region.23

2.2. Impact on remittances

Another crucial spillover effect from the crisis in Greece relates to the inevitable decline in remittances, as it became increasingly difficult for migrant workers to stay employed in Greece and many were forced to repatriate. Their home countries, in turn, were usually unable to absorb them into the workforce, thus leading to a further rise in unemployment. A decline in remittances also had a negative effect on the countries’ foreign currency holdings, medium-term budgetary planning and the financing of their current account deficit. In terms of the potential impact of the Greek crisis on remittances, Albania was the most exposed. At the start of the crisis some 600,000 Albanians lived and worked in Greece; in 2009 workers’ remittances originating from Greece amounted to at least US$ 900 million (about 8 percent of GDP), contributing to domestic economic growth and providing livelihood for many families.24 The construction sector, in which many Albanians are employed, has culled almost half its workforce, from around 400,000 in 2008 to just 240,000 in 2011 and even further the following year. Since migrants can lose their legal status if they are jobless for long periods, many are forced to accept work for lower pay or without social security benefits. The number of migrant residence permits issued has fallen by 20 percent annually since the crisis began. Bulgaria is also affected by a significant decline in remittances from Greece: whereas the annual average over the last five years was € 400 million, in 2009 these remittances fell by 11 percent.

2.3. Contagion through the financial sector

Perhaps the most critical channel of contagion is through the Greek bank subsidiaries operating in the region. Greek banks have been particularly active and have invested heavily in the Balkans since the late 1990s, buying local banks and expanding their balance sheets, particularly in high-growth areas like consumer and mortgage lending. Seven major Greek banks - including the National Bank of Greece, EFG Eurobank, Piraeus and Alpha Bank - have established a network of around 20 subsidiaries in the region, with around 1,900 branches and employing approximately 23,500 people. By 2008, Greek banks had accumulated a significant market share in the financial sector of the region, accounting for around 30 percent of total banking assets in Bulgaria (where four out of the top 10 banks are Greek) and FYROM, 25 percent in Albania, 15 percent in Serbia (where three out of 10 banks are Greek) and 17 percent in Romania. These banks’ assets in the region are worth some €70 billion.

Subsidiaries are to a significant extent funded with loans from Athens rather than local deposits. Even if Greek banks did not withdraw from the region, they would try to grow the local deposit base faster than loans, and would be likely to refrain from making fresh loans for a while. Thus, there is a risk of Greek banks limiting their credit activity and reducing their exposure in the region as a result of funding and liquidity pressures on the Greek parent banks. Significantly, Greek banks that benefited from a €28 billion government bailout package in 2009 were encouraged - via a verbal agreement between the Greek Finance Ministry, the Bank of Greece and the participating institutions - to use the money to support lending at home, not at their subsidiaries in the Balkans. Thus, subsidiary branches of Alpha Bank, National Bank of Greece or Eurobank in Bulgaria, Serbia, Albania, FYROM and Romania did not get a share of the bailout package.

After 2009, widening spreads on Greek sovereign debt led to increased funding costs for Greek banks; faced with such a liquidity squeeze, Greek banks started withdrawing their funds from their operations in the Balkans. Consequently, Greek banking sector claims declined by 25 percent in Romania and Bulgaria, and by 18 percent in Serbia in the two years to December 2011. This liquidity retreat has not only disrupted the financial sectors in the region, but has also had a large impact on the local economies, given that all of these countries have bank-based financial systems where much of the borrowing activity is made through banks rather than equities or corporate bonds.

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26 Economist Intelligence Unit. 2012. 14 June.
The latest figures from the IMF *World Economic Outlook* (April 2013) illustrate the depth of the impact of the Greek crisis on the Western Balkan economies (Table 6). Although the previous year’s Report had allowed for some cautious optimism - as it had predicted a further upturn of GDP growth for the region in 2012, compounding the marginal growth reported for 2011 - in fact the figures deteriorated. Thus, as the full impact of the Greek crisis hit the Western Balkan economies, the IMF figures show deterioration in almost all key indicators, including GDP growth, unemployment, external debt and current account balances.

From the above analysis it is clear that due to the very strong Greek involvement in the Western Balkan, the spillover from this second wave of the crisis into the economies of the region had even more serious negative repercussions than the first wave. The Greek crisis not only compounded the damage inflicted from the first wave of the crisis - creating an adverse effect on trade, FDI, remittances, and the banking sector of the economies of the region - it moved far beyond the strict economic sphere and shook the very foundations of regional relations. It appears that the repercussions of the political and social systemic disintegration in Greece are not likely to dissipate for some time, and will adversely affect the accession prospects of the countries, as will be discussed below.

Table 6: Western Balkans, Economic Indicators 2011, 2012

<table>
<thead>
<tr>
<th>Country</th>
<th>Albania</th>
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<th>Croatia</th>
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<tr>
<td>GDP % change</td>
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<td>1.2</td>
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<tr>
<td>Unemployment (%)</td>
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<td>15.0</td>
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<tr>
<td>Consumer price inflation (%)</td>
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<td>4.0</td>
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<tr>
<td>External Debt (as % of GDP)</td>
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<tr>
<td>Current account Balance (as % of GDP)</td>
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<td>-8.3</td>
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<table>
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<th>Montenegro</th>
<th>Serbia</th>
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</thead>
<tbody>
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<tr>
<td>Unemployment (%)</td>
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<tr>
<td>Consumer price inflation (%)</td>
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<tr>
<td>External Debt (as % of GDP)</td>
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<td>26.8</td>
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</tr>
<tr>
<td>Current account Balance (as % of GDP)</td>
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<td>-5.1</td>
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3. **The Impact of the European and Greek crises on the Western Balkan EU prospects**

Having discussed the impact of the two waves of the crisis on the Western Balkan economies, it is now possible to proceed with an evaluation of how the damage that has been inflicted will affect their EU accession prospects. The Eurozone and Greek crises are still unfolding, and the outcome is far from clear. What is clear, however, is the fact that both dimensions of the crisis inevitably have a deep and lasting impact on the Western Balkan countries’ EU accession prospects. Crucially, on many interlinked and interdependent levels, the Eurozone and Greek crises are modifying the conditions in which the process of EU enlargement is taking place. The European crisis in general - and the Greek crisis in particular - have created new, negative realities and conditions under which the accession process is being pursued.

3.1. **Contagion through the financial sector**

It is a fact that in the years leading to the crisis, the Western Balkan countries had achieved significant progress on their transition path in terms of growth, macroeconomic stability, banking and FDI inflows. All these positive factors made it easier to pursue economic, political and structural reforms and make progress in achieving EU convergence criteria. However, as was discussed above, the extremely high interdependence that characterizes the Western Balkans’ relations with the countries of Europe (and particularly Greece) means that the euro-crisis - and particularly the meltdown of the Greek economy - has had extremely detrimental repercussions on the economies of the region, in all the areas described above. As the EBRD’s *2012 Transition Report* states, “the region’s exposure to the euro area has turned from a benefit into a disadvantage [...] The outlook for the region continues to be crucially driven by developments in the Eurozone crisis.”

The deteriorating economic conditions are making the increasingly demanding accession criteria and conditions in the Stabilisation and Association Process harder to achieve. The achievement of European approximation targets has slowed down and important structural changes - that are a sine qua non for accession - are being postponed, stalled, or even reversed. Thus, the Western Balkan economies have been caught in a vicious circle, whereby the crisis causes deteriorating economic conditions, deteriorating economic conditions mean less reform, and less reform means falling behind in the convergence process. These concerns are also expressed in the Commission’s 2012 Progress Reports, which cite evidence of hitherto favourable policies and results from the pre-crisis period being reversed. Thus, the deteriorating macroeconomic environment, the setback in economic progress and the slowdown in growth will affect the Western Balkan countries’ EU accession prospects, as they will find it increasingly difficult to implement the necessary structural reforms that are still pending in order for the accession process to progress.

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30 European Bank for Reconstruction and Development, *Crisis and Transition*. 
The economic fallout of the crisis impacts the Western Balkans’ accession prospects in other ways as well, namely by making reforms in the political and judicial environment more difficult to implement. The European Commission’s 2013 Enlargement Strategy states that corruption and organized crime are the biggest obstacles on the Western Balkan countries’ path to EU membership [...] Good governance, the rule of law, administrative capacity, unemployment, economic reform and social inclusion remain major challenges in most countries.\textsuperscript{31} Reforms in these crucial areas have been sidetracked, as it seems that the current difficult economic conditions make these necessary reforms and changes even more difficult to implement.\textsuperscript{32}

3.2. Moving the goalposts: intensification of “enlargement fatigue”

Even before the outbreak of the crisis, the term “enlargement fatigue” had become a familiar and much-used expression to describe the “malaise” within the EU, which set in after the unprecedented “Big Bang” rounds of enlargement during the period 2004-2007.\textsuperscript{33} Following the failed referenda on the EU Constitution in France and the Netherlands in 2005, and the decision to open negotiations for accession with Turkey in October 2005, more and more legitimate questions were being raised as to whether the EU institutions would be able to continue to function efficiently under conditions of such rapid expansion.

This enlargement fatigue has been exacerbated by the economic crisis, due to which many EU member states prefer to give priority to their own problems. Faced with an unprecedented economic slowdown, rising unemployment, the sovereign debt crisis, bailouts for several Eurozone countries, and a widespread sense of insecurity throughout the Union, the EU is currently focussed on domestic political and economic issues. Further enlargement is not only moving down as a priority on the agenda, it is also being pursued on a different basis: more and more, the question of the EU’s “integration capacity” is being discussed as an accession criterion. The “historical imperative” to reunify Europe has ceased to be the main driving factor of enlargement, and the enlargement process has become more complex and demanding. The \textit{acquis} has grown from 31 to 35 Chapters, while regional cooperation and cooperation with the ICTY are considered integral conditions for advancement towards EU membership. Moreover, the tightened accession negotiations also include a clause that defines the accession negotiations as an “open-ended process whose outcome cannot be guaranteed beforehand.”\textsuperscript{34}

The weariness within the EU concerning further enlargement is not only evident on a policy-making level: it is indicative that the Eurobarometer 76 (published in December 2011) showed that only 36 percent of the surveyed population of the EU-27 supported the idea of further enlargement (down from 47

The New Environment of EU Enlargement

percent in May 2009, before the full brunt of the crisis was felt throughout Eu-
rope. The numbers vary from country to country: the newer members (from
the 2004 and 2007 enlargements) were more in favour of further enlargement
(with Poland leading with a 69 percent approval rate, followed by Lithuania
with 60 percent), while in the older members such as Germany, France, and
Belgium supporting rates were mostly between 30-35 percent. Austria and
France were the most opposed, with 30 and 29 percent of the population sup-
porting further enlargement.

It is clear that on both levels - policymakers and population - there is a trend
towards increased skepticism, caution, introversion and fear of the implications
of further expansion during this critical period. Enlargement is nowhere near
the top of the EU agenda, and in the current context of increased protectionist
mentalities, fear of further contagion, international instability and the loss of
sense of solidarity that used to be taken for granted, it is difficult to imagine it
moving there anytime soon. The shock of the Greek crisis and the subsequent
contagion to other South European states has made most EU member states
even more hesitant to embrace more potentially “dysfunctional”, unreliable
states. Therefore, the euro crisis may not have “killed” enlargement - as Croa-
tia’s accession in July 2013 proves - but “it is relegating the region to the
outermost circle in a multi-speed Europe - the periphery of the periphery.”

3.3. Increasing “waiting room fatigue”
Crucially, enthusiasm and support for EU integration has declined on the Bal-
kan side as well. Analysts have warned that the increasingly complicated and
drawn-out enlargement process points to a contrast between the EU’s professed
plan to accept the Western Balkans and its actual implementation. The coun-
tries of the Western Balkans are trying to join the EU at a time when notions
such as “absorption capacity” and “enlargement fatigue” are dominant con-
cepts; moreover, as the process gets more and more difficult there is a distinct
impression within the Western Balkans that the EU is “moving the goalposts”
in order to gain time and delay enlargement as long as possible. This is where
“enlargement fatigue” within the EU meets “evaluation fatigue” in the Balk-
 kans: the increasingly negative economic environment in the EU, coupled with
the drawing out of the accession process, has resulted in the erosion of popular
support for EU accession in the Western Balkans, as the population of these
countries is finding it more difficult to maintain enthusiasm for the conver-
gence process.

EU accession is still supported, but not so fervently. A survey conducted by
Gallup Balkan Monitor in November 2010 revealed a largely pessimistic popu-
lation with little trust of domestic institutions and falling enthusiasm for the
EU, especially when compared to the previous year. Although the majority of
citizens of the region still saw the EU as the only long-term option, enthusiasm
for joining the EU was generally on the decline, mostly due to what the popula-

36 Gallup Balkan Monitor. 2010. Perceptions of the EU in the Western Balkans. (accessed: 17
March 2014).
tion perceived as a lack of concrete commitment on behalf of the EU. However, the Western Balkan region is not a monolithic group with uniform views of Europe, and opinions vary greatly between the countries, ranging from enthusiasm to skepticism to downright negativity. Specifically, in response to the question of whether EU accession was a “good thing”, responses ranged from the highest scores of 87 percent in Kosovo and 81 percent and Albania, to the lowest of 44 percent in Serbia and 25 percent in Croatia. Crucially, even in the more “enthusiastic” candidates, support had fallen compared to previous years: for example, in Albania, belief in the benefits of the EU fell by eight percentage points in 2010 compared to the previous year, while FYROM’s support for EU accession fell from 76 percent in 2006 to 60 percent in 2010. Overall, with the exception of Bosnia, support and enthusiasm for EU accession has been steadily declining since 2006.37

However, the results of the Gallup Balkan Monitor regarding voting intentions “in the event of an EU accession referendum” highlighted a very interesting reality: despite the declining enthusiasm regarding the benefits of joining the EU, the majority in all Balkan states - except Croatia - said that they would vote “yes” in such a referendum. The positive responses ranged from 93 percent in Albania to 63 percent in Serbia; in Croatia the proportion of those who would vote “no” in an EU accession referendum remained higher than those who would vote “yes” (43 versus 38 percent). These results illustrate the dominance of realism over idealism: even waning enthusiasm and disillusionment were not sufficient motivations to reverse the positive intentions vis-à-vis an accession referendum. The EU may have lost its magic, but it has not lost its importance in the region. The fact that when the referendum took place in Croatia in January 2012, the “yes” vote actually got 66 percent, supports the proposition that when it came down to the stark reality of joining the EU or not, realism carried the decision. Even so, the fact that there was only a 43 percent turnout to ratify Croatia’s accession agreement is very indicative of the general apathy and disenchantment.

Crucially, this lack of enthusiasm on a grass roots level could also translate into a lack of commitment to continue pursuing the necessary reforms regarding the political, economic and acquis criteria in the Western Balkans. In many cases, political elites of the region pay lip service to EU membership, conditionality and reforms but in reality they are concerned with “safeguarding their position domestically and with business as usual, which means rent seeking and clientelism rather than genuine reform effort.”38

The EU may still be considered the only game in town for the Western Balkans but it seems that the prevailing sentiment is Eurorealism, not Europhilia.39 EU is the necessary option, not a source of inspiration or a stimulus for deep change and reform. This disillusionment concerning the EU and what membership actually can deliver is inextricably linked to the breakdown of the “conver-

39 Bechev, Enlargement.
gence narrative”, which will be discussed below. Consequently, the loss of enthusiasm on behalf of the Western Balkans is also fuelled by the uncertainty regarding the characteristics of the Union these countries are trying to join. Will it be multi-leveled, multi-speed, less democratic, less tolerant of failure, with diminishing solidarity between member states, and with the Western Balkan states firmly entrenched in the “periphery of the periphery?”"40

3.4. End of “convergence narrative”: in need of a success story
Another crucial repercussion of the crisis as far as the Western Balkan countries are concerned is the erosion of the “convergence narrative”. Over the past decades, membership in the EU has been perceived as a one way path to stability and prosperity. The EU’s Mediterranean enlargement was until recently considered an outright success, and the post-authoritarian Spain, Greece and Portugal were the models of successful transitions: these countries had used EU membership as a means to consolidate democracy, achieve economic prosperity, and secure their place in the progressive European family. The EU experience was expected to do the same for the newer members from Central and Eastern Europe. The credibility of this narrative has been dealt a serious blow, as the current crisis - especially the condition of the economies of Greece, Spain and Portugal - has challenged some strongly held assumptions on the nature of Europeanisation and the transformative power of the EU.41 The crisis has also raised the question of whether in its current state, and under the current conditions, the EU is still an engine for convergence between core Europe and its peripheries.

Although all of South Europe is in deep crisis, as far as the Western Balkans are concerned it is Greece’s predicament that has a dramatic impact on the candidate countries’ perception of the “convergence narrative”. Greece was one of the region’s “success stories”: a quintessentially Balkan country that had made the transition from underdevelopment and marginality to prosperity and stability, under the aegis of the European Union. A bridge between the Balkans and Europe, Greece was the only Balkan country that was also a member of both the EU and NATO. Greece’s downfall illustrates, in the most painful way possible, that EU membership is not a one-way, irreversible guarantee of stability and prosperity.

Moreover, the Greek crisis and the deepening political chaos are sending worrying signals to a region still struggling to establish western-style democracies. Fundamental questions are being raised regarding deep structural reforms and institutional change: if Greece, a member of the EU since 1981, has not been able to successfully tackle problems like corruption, tax evasion, clientelism, vested interests, etc., what does this mean for the Western Balkans? Even more crucially, if intolerant, extremist and neo-fascist tendencies are showing signs of growth in Greece, a country with hitherto well-established democratic credentials, what could be the implications for a region known for its explosive

40 Bechev, The Periphery.
history on these fronts? In light of the demise of the Greek “success story”, the region is warily looking to Croatia for another success story to show that despite the current difficulties, the integration model still works and can lead to a sustainable increase in economic, political and social standards.

3.5. Last train to Brussels?
Javier Solana, EU’s High Representative on Foreign Policy until 2009, stated in 2008 that “the train for Brussels is ready to leave”. Since then, the first and only station has been Zagreb, and the crisis over the past years has raised concerns that the train might be stopped to prevent it from derailing later if boarded by risky countries. In this context, the Greek crisis has created other - non-quantifiable but very potent - repercussions, namely the further discrediting of the Balkan region. Greece, the first Balkan country to join the EU (in 1981) has been exposed as a country that not only ran ruinous and reckless fiscal policies for many years, but deceived its partners with false data in order to join the Eurozone in 2002. Even as the crisis is unfolding, and Greece is under IMF supervision, the country has apparently achieved very little in terms of real structural reforms, including dealing with tax evasion, corruption and lack of government transparency. The Greek predicament is being used by enlargement skeptics to propagate the perception of the entire Balkan region as an unreliable area of corruption and instability, where very little real convergence with EU criteria has been actually achieved. The Greek crisis has exacerbated what was already an apprehensive environment in Brussels towards the Balkan region, which had been further fuelled by the unsatisfactory experience of the last enlargement that brought Romania and Bulgaria into the EU. Since corruption, organised crime and judicial inefficiency remain serious problems in Bulgaria and Romania, there is a strong perception that in the 2007 enlargement the EU did not apply the accession criteria correctly; moreover, once a member, a country has little incentive to change.

The negative perceptions of the region due to the experiences with Bulgaria, Romania, and Greece, serve to compound the very real problems of corruption and organised crime in most of the candidate countries, which were discussed earlier. The road towards integration into the EU will definitely be longer if fragile and unreformed institutional structures, a weak rule of law, and largely corruption-based economies and organised crime flourish.

Table 7 presents the Corruption Perception Index for the Western Balkans for selected years, as calculated by Transparency International (out of a total of 183 countries worldwide). The Table shows that Croatia was the best placed in 2012 (although it experienced a significant decline compared to 2011) while Albania was ranked the lowest of all the Western Balkan countries. It is also interesting to compare the Corruption Perception Index of the Western Balkan countries to those of other EU countries, members that joined in 2004, in 2007, or even Greece. It is worth pointing out that many countries experienced a drop in their ranks between 2009 and 2012, a fact that supports the premise - discussed above - that pursuing and implementing the necessary measures

42 Kavrakova, Comparative Report.
against corruption and in favour of transparency is more difficult during times of economic crisis.

Table 7: Corruption Perception Index

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Thus, although fighting corruption and organised crime in the Western Balkan countries is a prerequisite for EU accession, the already challenging task of eradicating organised crime networks, establishing the rule of law, creating an independent judiciary, and ensuring transparency, is being made all the more difficult by the unfavourable economic environment. This, in turn, exacerbates the already negative perceptions within the EU concerning the ability of the Western Balkan countries to adapt to EU standards.

3.6. Friends in high places (no more)

Finally, the Greek crisis may affect the Western Balkans’ accession prospects on another level as well. For many years, Greece was the Western Balkans “enlargement ambassador” to the EU; since 2003 Greece had made enlargement towards the Balkans a cornerstone of its foreign policy and had promoted it actively within the EU institutions. Probably the most remarkable achievement of its 2003 Presidency was the Western Balkans Summit held in Thessaloniki in June 2003, which gave the countries of the region a clear perspective for membership in the EU. Its “Agenda 2014” aimed at achieving accession of all Western Balkan countries to the EU by 2014, as part of a plan to promote peace, security and democracy in the region.

Now, hugely indebted, discredited and facing years of austerity, Greece’s days as a regional champion are well and truly over. Greece no longer has the clout, the prestige or the capacity to play the role of the “champion” of Balkan enlargement, or to be a bridge between Brussels and the Balkans. This void leaves the candidate countries without an enthusiastic ally in less-than enthusiastic Brussels, adding yet another negative dimension to the enlargement picture. Significantly, the list of Greece’s priorities for its upcoming EU Council Presidency in January 2014 does not include enlargement policy, despite a previous commitment by Athens under the joint programme of the so-called Trio of Presidencies - currently made up of Ireland, Lithuania and Greece - which had defined enlargement as an “area of strategic importance”.

Evangelos Venizelos, the Greek Foreign Minister and deputy Prime Minister, described the economic priorities of the Greek Presidency as an attempt to “develop another narrative” for Europeans, who are living through an unprece-
dented economic crisis. While Greece is at the centre of the crisis, Venizelos stressed that other countries are experiencing it as well, through a general recessional European environment. Venizelos stated that a main priority of the Greek Presidency was to promote the “European political south.” Considering that only a year ago Greece barely managed to avoid bankruptcy and a catastrophic exit from the Eurozone, it is currently struggling to redefine its role within the EU and to regain a modicum of respect within EU institutions; in this context, its priorities have definitely shifted away from promoting the European prospects of its Balkan neighbours. Crucially, in an unprecedented initiative that illustrates how damaged Greece’s reputation has become, in September 2013 two German MPs called for Greece's resignation from the upcoming EU Presidency, arguing that the six-month Presidency will cost about 100 million euros and may precipitate the need for another assistance package.

Moreover, it is a fact that in addition to extreme economic difficulties, Greece is facing serious political and social problems that are also severely hampering its prestige and consequently its ability to play a more constructive role in the region. Specifically, the increasingly provocative and aggressive behavior of the neo-fascist party Golden Dawn and the state’s inability to react decisively to it raise questions concerning the country’s capability to provide leadership and vision during its Presidency of the EU Council. Characteristically, on 18 September 2013, in response to the murder of an anti-fascist activist by a member of Golden Dawn, the head of the Socialist Group in the European Parliament, Hans Svoboda, declared that if the Greek government and the Prime Minister, Antonis Samaras, “do not stop the hateful behavior of Golden Dawn and other fascist groups, this will be an unacceptable EU presidency and will not bring any progress in Europe or Greece.”

Conclusion
There is no doubt that the timeline of the EU's Western Balkan enlargement is unfolding under extremely unfavourable conditions. As far as the EU is concerned, accession of the Western Balkan countries continues to be its official regional policy. EU officials have repeatedly stated that they remain committed to the integration of the Western Balkans into the bloc, dismissing fears of “enlargement fatigue” in the wake of the Greek financial crisis. Official rhetoric is still supportive of the Western Balkan accession prospects and consistent about the constructive role the EU must play in the region. The desire to maintain the EU’s role as an anchor of stability in the region was reiterated by the EU’s foreign policy chief Catherine Ashton during a visit to the region in April 2013: “I travel to the Western Balkans to reinforce the EU’s commitment to the European perspective for the countries in the region […] I would encourage the leaders in the region to continue the reform process and promote good neighbourly relations.”

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In practice, however, and under growing pressure as a result of the Eurozone and Greek crises, Europeans seem to be increasingly divided about what to do with the Balkans, and have adopted a “wait-and-see” policy. Some policymakers increasingly view the prospect of enlargement into the Balkans with alarm, with potentially destabilising political, social and economic repercussions. Other policymakers, however, see postponing the accession of the Western Balkans indefinitely as an even greater risk that could undermine the fragile progress that has been made in the region. They posit that the promise of EU integration has not only been the catalyst for reforms, but also the political glue that has held the Balkans together this past decade.

However, as was discussed above, the current crisis has challenged some strongly held convictions concerning the nature of Europeanisation and the transformative power of the EU. The shocking impact of the crisis on the entire Southern flank of the EU has also raised the question of whether in its current state, and under the current conditions, the EU is still an engine for convergence between core Europe and its peripheries. Divided between the fear of a hasty enlargement and the fear of a slow one, the EU has been losing influence across the Balkans, as the region’s leaders and population start to doubt the sincerity of the EU’s commitment - and the need to pursue EU-mandated reforms. If the enlargement process is to be kept on track, the European Union must reclaim its “soft power” in the region, and build on its position of creating incentives for reform and progress, rather than risk sowing disillusionment and the possibility of regression.

These are difficult times for Western Balkan politics. The economic crisis in Greece and other EU member states has deeply affected the already weak economies of the region and deepened the mood of uncertainty. Despite the danger of delaying enlargement indefinitely, the fact remains that with the survival of the Eurozone at stake it is difficult to interest EU leaders in the Balkans at the moment. At the same time, maintaining the credibility of the enlargement process is crucial both for its success and for the sustainability of the convergence process; in this new international environment, however, this credibility has become increasingly hard to uphold. In any case, the reality of the entire Western Balkan region being simultaneously in economic recession and in limbo concerning its future European prospects raises the stakes of stability in the region to dangerously high levels.

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Rule of Law through judicial Reform: A Key to the EU Accession of the Western Balkans
Research Article

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Rule of Law Through Judicial Reform: A Key to the EU Accession of the Western Balkans

Ardit Memeti

This paper focuses on the importance of judiciary reform as a key segment of rule of law enforcement for the EU accession of Western Balkan countries as a process mainly driven by EU assistance. The Western Balkan (WB) countries, namely Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia are considered 'potential candidates' for European Union (EU) membership. In the EU accession process of these countries, strengthening the rule of law is considered to be of vital importance. Although the concept of the rule of law is much broader, when it comes to the rule of law requirement, judiciary reform represents the most significant component for reform in the EU accession of Western Balkan countries. Judiciary reform is so crucial to the rule of law reform that it is at times interchangeably used as having the same meaning. This is not a result of the lack of knowledge and ability to make the distinction between the two, but due to the practical importance that the judiciary plays in the rule of law. Due to the limited resources of the Western Balkan countries as well as due to the significance of the assistance, judiciary reform has primarily been driven by EU Assistance.

Keywords: rule of law, judicial reform, EU accession, progress report, EU assistance

Introduction

All potential candidates for EU membership have to fulfill the so-called “Copenhagen criteria” before membership negotiations can begin. One of the main criteria’s for EU accession is the stability of institutions guaranteeing...
democracy, the rule of law, human rights and respect for and protection of minorities.\(^2\)

In the accession process of the Western Balkan countries strengthening the rule of law has proved to be an uneasy task and “identified as continuing major challenge and a crucial condition.”\(^3\) According to the communication from the Commission to the European Parliament and the Council “strengthening the rule of law and democratic governance is central to the enlargement process.”\(^4\) The Commission notes in the EU’s Enlargement Strategy that the accession process depends on demonstrating results in the application of the rule of law. In the 2012 annual Enlargement Package, Commissioner Stefan Füle said:

“Our recommendations place the rule of law firmly at the centre of the accession process. To create a more stable and prosperous Europe, momentum needs to be maintained both for merit-based enlargement process on the EU side and for reforms on the ground in the enlargement countries.”\(^5\)

Judiciary reform aiming to provide an independent, impartial and efficient judiciary is considered to be the main component of the rule of law. In fact, as will be discussed in this paper, in the context of promoting rule of law, the concepts of “rule of law” and “judiciary reform” have been interchangeably used as to have the same meaning.

The ongoing reforms of the Western Balkan countries in the area of rule of law and judiciary reform have been primarily driven by EU assistance. For a decade now, the EU through the assistance provided by the Community Assistance for Reconstruction, Development and Stability programme-CARDS and as of 2007 through the Instrument for Pre-Accession Assistance (IPA) supports the rule of law and judiciary reform. In particular, as mentioned by the Commission, the current IPA regulation has proved to be efficient and effective and the proposal for the new financial instrument will draw from this experience.\(^6\)

As a result of EU assistance and as noted through the Country Progress Reports, there is a general perception that (with noted exceptions) the legal and institutional framework in the judiciary is mainly in place. Therefore, EU assistance should now look into achieving better impact results by enhancing efficient and effective implementation of the already reformed legal and institutional framework.

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\(^2\) It should be noted that the requirements for the respect of human rights, rule of law, democracy and the guarantees of rights of different ethnic, national and minority groups extend the minimum of standards required by international law. See Hillgruber, Christian. 1998. The admission of new states to the international community. European Journal of International Law 9(3), 500.


1. **Rule Of Law and Judicial Reform**

International organizations that are promoting rule of law reform primarily seem to focus on judicial reform as the primary component of rule of law reform. These seem to be the case not only with the European Union but also with other international organizations including the World Bank and the United Nations.

In the European Union, the principle of rule of law is considered to be one of the main values of the EU. This is also strongly entrenched in the founding documents of the organization.⁷

Moreover, the external action of the EU should be focused in further strengthening the rule of law. This is regulated with the Treaty of Lisbon. In more specific terms, the Union’s action in the international scene is guided according to Article 21 (Under Title V, Chapter 1 on the Union’s External Action) by the principles inspiring its creation and which the union seeks to advance in the world including *inter alia* the rule of law. Furthermore, under Article 21, 2 (b) the Union shall work in order to “consolidates and support democracy, the rule of law, human rights and the principles of international law.” On a global scale the EU has supported the justice sector and justice sector reform as one of the main avenues to promote democratic governance, the rule of law, citizen security, human rights and consequently socio-economic development.⁸

Similarly, other international organizations including the World Bank (WB) and the United Nations (UN) also support the rule of law and at times stress the importance it has as a prerequisite for supporting development.

According to the World Bank, without rule of law, economic growth or poverty reduction cannot be sustainable or equitable. Empirical studies show that there is a strong correlation between rule of law and development indicators such as gross national income and infant mortality.⁹ Accordingly, in order for the law to promote economic growth and poverty reduction, first and foremost there should be an independent, impartial and effective judiciary.¹⁰ Here, the judiciary is considered to be of central importance to the rule of law. In fact, according to the publication of the World Bank on Justice Initiatives, the justice sector assistance and assistance portfolio of the World Bank consists of almost 2500 justice reform activities throughout developing and transition countries.

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⁷ Most recently this has been noted in the Treaty of Lisbon both in its preamble as well as in the articles of the Treaty. In this regard, the preamble of the Treaty of Lisbon enumerates the rule of law as one of the universal values and confirms the attachment of the EU towards the principle. Furthermore, Article 2 of the Lisbon Treaty considers the rule of law as one of the values upon which the Union is founded together with the values of respect for human dignity, freedom, democracy, equality etc., as common values to Member States. See Treaty of Lisbon, preamble, Article 2. (accessed: 14 March 2014).


showing clearly the link between rule of law and development. A number of World Balkan supported projects related to justice were implemented in Western Balkan Countries as well.

In the UN system, the Secretary General has stated that the ‘rule of law at the international level is the very foundation of the Charter of the United Nations’ and much of the efforts are directed to UN activities related to technical assistance and capacity building on the national level.

Although a crucial concept for a number of international organizations, the rule of law is difficult to define as there is no unified adopted definition on the concept. According to the UN,

“the rule of law is a concept at the very heart of the Organization’s mission. It refers to a principle of governance in which all persons, institutions and entities, public and private, including the State itself, are accountable to laws that are publicly promulgated, equally enforced and independently adjudicated, and which are consistent with international human rights norms and standards. It requires, as well, measures to ensure adherence to the principles of supremacy of law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness and procedural and legal transparency.”

On the other hand according to the World Bank,

“while defined in various ways, the rule of law prevails where (i) the government itself is bound by the law, (ii) every person in society is treated equally under the law, (iii) the human dignity of each individual is recognized and protected by law, and (iv) justice is accessible to all.”

It is noted that the EU does not have a definition and a specific policy for support to the justice sector and its reform, though the justice sector is considered to be primarily the judiciary (court system) and at the same time it is acknowledged that it is much broader. While the support to the justice sector has provided significant contribution to progress in many countries, at the same time the results were mixed as the “process is complicated, politicized, context-specific, and not fully suited to reaping the full benefits from technical assis-

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12 For example in Albania the project of Legal and Judicial Reform from 2000-2005; in Croatia the project on Institutional Capacity Building for Judicial Efficiency from 2002-2006 and a proposed project on the Judicial Reform Project on backlog of cases; in Kosovo on Judicial Statistics; in Macedonia on Legal and Judicial Implementation and Institutional Support Project from 2006 until 2011, and in Serbia on Strengthening the Court Administration System from 2002-2006. See World Bank, *Initiatives in justice reform*, 52-63.
tance provided by outside parties". The difficulty with this task in general and in specific in the Western Balkans is that there is no generally accepted definition on the rule of law and there is no blue print or a model what the assistance should achieve in individual countries.

In addition, the meaning of the concept of rule of law has also been the focus of academics and practitioners. In this regard, there seem to be a two layer type of definitions applicable to scholars and to rule of law development practitioners.

According to legal scholars and philosophers the definition on rule of law should emphasize the end result by considering that the rule of law should serve the society (upholding law and order, predictable and efficient judgments). And for the rule of law development practitioners, the highlight is at the institutional attributes believed necessary (comprehensive laws, well-functioning courts, trained law enforcement agencies) for the existence of rule of law in a society. The latter seem to be the case in practice also when it comes to the assistance provided by the EU and other donors as well. The focus is more in the required framework as a tangible result from the assistance with the idea that it will also serve the society.

This is so for a logical reason as countries differ in many ways and the assistance is conditioned by many constraints. According to one perspective, rule of law practitioners know what the rule of law should look like in practice, but are less certain in knowing what its essence is.

Rule of law promoters tend to see rule of law as an institutional checklist focusing primarily in the judiciary and this focus is widespread in rule of law field by even using interchangeably the terms rule of law and judicial reform. For example, an efficient and effective judicial system is the corner stone upon which rule of law is built and the World Bank has seen fit to promote: capacity building for judges as the key component to an efficient legal system, case management; transparency of court proceedings, Judicial Councils, alternative dispute resolution; assistance to the Ministry of Justice and the Prosecutors Office.

When it comes to the judiciary, according to the UN Rule book in there are 51 indicators measuring performance in the judiciary. They are categorized among others in the following sets: performance, integrity, transparency and accountability, treatment of members of vulnerable groups, capacity (material, human administrative and management capacity. Performance is evaluated based on

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17 European Commission, Support to Justice and the Rule of Law, 4.
19 Kleinfeld, Competing Definitions, 3.
21 Carothers, Promoting the Rule of Law, 8.
22 Dakolias, Legal and judicial reform, 4-8.
the outcome having in mind whether the institutions provide efficient and effective services which are accessible and responsive to the needs of the people. With regard to judiciary reform in the Western Balkan countries, the EU through its Progress Reports focuses on judicial independence, professionalism, efficiency, impartiality, material resources (infrastructure) etc.

2. Western Balkans, Rule of Law and Judicial Reform

According to the latest approach the negotiations on chapters 23 and 24 in the areas of judiciary and fundamental rights and on justice, freedom and security, it is clarified by the Commission and verified with the negotiating framework with Montenegro that these two chapters will be the first ones to be opened and the last ones to be closed in the negotiations.

The Commission on the conditions for membership regarding Chapter 23 on Judiciary and Fundamental rights provides the following explanation:

“EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and EU citizens’ rights, as guaranteed by the acquis and by the Fundamental Rights Charter.”

In order to achieve these standards the EU has provided significant assistance. For example, in the case of Macedonia, justice and home affairs and fundamental rights is one of the six sector priorities selected by the Commission for programming financial assistance for the period 2011-2013. From 2000-2006 technical assistance and support was provided through the CARDS programme and as of 2007 it is provided under the auspices of the Instrument for Pre-Accession Assistance (IPA). Until 2008 the European Agency for Reconstruction was responsible for the management of assistance. The IPA now represents the essential instrument for providing financial assistance to the Western Balkan countries and a significant number of projects provide assistance to the judiciary.

The major difficulty is that there is no comprehensive approach towards judiciary reforms and at times the political context within particular countries of the Western Balkan countries is very dynamic. The fact that there should be

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recognition of the specific country based contexts in promoting rule of law and consequently judicial reform is at the same time a contradiction in itself when it comes to EU assistance to the Western Balkan countries. This is so due to the reason that unlike the EU assistance to countries that will never join the EU, in the case of the Western Balkan countries the effort is to establish an EU model of rule of law and judiciary compatible with EU Member States. In the Western Balkans States the goal is to achieve similar or same standards of rule of law for the countries preparing to join the EU and not adjust to their specifics.

As stated above, the evaluation of the performance of the judiciary in the individual WB countries is evaluated under Chapter 23 titled “Judiciary and fundamental rights” of EU Progress Reports. As a result, progress has been made notably in the legal framework.

In the case of Albania, the last Progress Report notes that for the opening of the accession negotiations the country will need to focus on top 5 priorities including the judiciary as the second priority. It states that Albania will need to “take further action to reinforce the independence, efficiency and accountability of judicial institutions.”

Also in the case of Bosnia and Herzegovina judiciary plays an important role in EU accession. Namely, while there is limited progress in the reform of the judiciary, the non-implementation of a judgment by the European Court of Human Rights (in the Sejdić-Finci case) is noted as (one of) the primary reasons why the country is at a standstill with regard to EU accession.

In the case of Kosovo, the last Progress Report notes that it has met the “short term priorities on the rule of law” and that the Commission in its feasibility study has specified rule of law and the judiciary as the first and the second priority of Kosovo with regard to its obligations under the Stabilisation and Association Agreement. According to the Report, the judicial system has undergone through important reforms by introducing a new legal framework that is “expected to contribute to the independence, effectiveness, accountability and impartiality of the judicial system.”

With regard to Macedonia, it is noted that the bulk of the judiciary reform has been completed between 2004-2010 period and further progress has been noted in improving the efficiency of the judiciary. The Progress Report notes that

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27 Each year the EU Commission publishes the so-called “Progress Reports” providing for assessments on each (potential) candidate for EU accession.
29 In fact, without any progress in the country the Commission has decided to postpone discussions on IPA II and the country is facing a real risk to lose significant funds from the EU making its accession process significantly more difficult, see European Commission. 2013b. Bosnia and Herzegovina 2013 Progress Report. Brussels: European Commission, 1-2. (accessed: 14 March 2014).
31 European Commission, Kosovo 2013 Progress Report, 2.
during 2004-2010 period an impressive set of judiciary reforms were introduced including:

“significant changes to the Constitution, the Law on Courts and the Judicial Council, the establishment of the Academy for Judges and Prosecutors, the introduction of stricter professional requirements, the establishment of an Administrative Court and High Administrative Court, the shift towards enforcement of court judgments by professional bailiffs, the elimination of court backlogs, the introduction of legal aid and mediation, the establishment of an automated case management system and e-justice, as well as the complete overhaul of the criminal procedure legislation and reform of the police.”

However, in the case of Macedonia there are still concerns regarding the independence of the judiciary and the general quality of justice.34

With regard to the judiciary in Montenegro35, the latest Progress Report notes the adoption of constitutional amendments to strengthen the independence of the judiciary by reducing political influence in the appointment processes.36 It also notes that Montenegro should focus its reforms in efforts to strengthen the independence of the judiciary as well as accountability and professionalism.37 The reform process in the judiciary is primarily focused on the action plan on the judiciary which is based on the EU accession negotiations under the framework of Chapter 23 on Judiciary and fundamental rights.

Serbia on the other hand will have to sustain the momentum on judicial reform although major legislation improvements were already made.38 The immediate plans on the judiciary are now focused on the recently adopted Strategy on Judicial Reform for the period 2013-2018 based on the requirements on the EU accession process. In general terms, it is considered that the implemented reforms are on the right track and their implementation will prove whether Serbia is prepared and willing to move forward in its EU accession process.39

Much of these reforms in the judiciary in the Western Balkans can be attributed to EU assistance through CARDS and then IPA programs of the European Union. The assistance in these countries among others addressed reforms that introduced the establishment of Judicial and Prosecutorial Councils, Academies for Judges and Prosecutors, vetting processes, infrastructure and equip-
ment modernization, case management systems, establishment of special Administrative Courts.\(^\text{40}\)

**Conclusion**

In the EU accession process of the remaining Western Balkan countries, namely Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia strengthening the rule of law is considered to be of vital importance. Although the concept of the rule of law is much broader, judiciary reform represents the most significant component for reform.

Judiciary reform is so crucial to the rule of law reform that it is at times interchangeably used as having the same meaning. This is not a result of the lack of knowledge and ability to make the distinction between the two, but due to the practical importance that the judiciary plays in the rule of law.

Due to the economic constrains of these countries and on the other hand due to the size of the assistance by the EU, the process of reforming of the judiciary has been very much dependent and driven from the assistance received.

Therefore, it is not only up to the Western Balkan countries to continue in their efforts to strengthen the rule of law through judiciary reforms, but also to the European Union to continue and further strengthen the assistance in this sector as both sides play a vital role in this process.

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\(^{40}\) For an evaluation on the assistance provided by the European Union in the field of rule of law through IPA see, Berenschot and Imagos. (eds.) 2012. *Thematic Evaluation of Rule of Law, Judicial Reform and Fight against Corruption and Organised Crime in the Western Balkans*. The European Union’s IPA Program For Western Balkans. (accessed: 14 March 2014).
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The Politics of EU Enlargement Revisited - What conditions matter in the case of the EU’s South-Eastern enlargement?
Research Article

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The Politics of EU Enlargement Revisited - What conditions matter in the case of the EU’s South-Eastern enlargement?

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There are considerable variations in the pace and speed of EU’s South-Eastern enlargement. Bulgaria and Romania joined European Union (EU) in 2007, Croatia became the 28th member-state only in July 2013 while the rest of the South-East European (SEE) countries are facing uncertainty about the time they will join the Union. The article revisits the previous debate on EU enlargement politics with the aim to uncover necessary and sufficient conditions that matter in the case of EU enlargement in South-East Europe. Our qualitative comparative analysis shows that having a liberal democracy as well as pro-enlargement EU member-states are both necessary conditions, if joined with the applicant’s achievement of the condition of a functional market economy and effective administrative capacities, can sufficiently derive into EU accession.

Keywords: EU Enlargement, Southeastern Europe, QCA

Introduction
The study of EU enlargement gained impetus especially after the end of the Cold War when EU enlargement policy was established as a permanent policy on the EU’s agenda.1 Most of the enlargement literature2 theoretically builds upon and empirically focuses on the applicant states of Central and Eastern Europe (CEE) or the countries of the European Free Trade Agreement (EFTA).3 The few efforts theo-

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2 Note that there are two main stages of research regarding EU integration of the potential candidate countries. The first one regards the politics of EU enlargement, analyzing the process leading to enlargement, while a further aspect regards the impact of enlargement, analyzing the effects/impact the process of enlargement brings about. See Schimmelfennig, Frank and Ulrich Sedelmeier. 2002. Theorizing EU enlargement: Research Focus, Hypotheses, and the State of Research. Journal of European Public Policy 9(4), 504-7. The latter associates with Europeanization literature where there has been an abundant literature focusing on EU conditionality and its impact on the candidate countries (e.g. Schimmelfennig, Frank and Ulrich Sedelmeier. 2005. The politics of EU enlargement: Theoretical and Comparative Perspectives, in The Politics of European Union Enlargement: Theoretical Approaches, edited by Schimmelfennig, Frank and Ulrich Sedelmeier. New York: Routledge, 3-25).
rizing EU enlargement seek to explain why and how EU enlargement takes place. The key theoretical question that these studies address is why and under what conditions the EU decided to enlarge eastward. Yet, more comparison among different waves of EU enlargement rounds is needed. Acknowledging CEE and EFTA’s short time period of accession and speaking only about the reasons and motivations of why EU enlargement happens, is insufficient to make us understand when accession occurs.

Studying EU enlargement process of the new candidate countries from the South-East Europe (SEE) is a good empirical case to answer the latter and focus on the factors influencing the enlargement decision-making process, since the puzzle of enlarging South-East has become a question of when accession will happen rather than if EU will enlarge South-East at all. Unlike the CEEC and EFTA countries, the South-East European countries differ much on the degree and type of contractual relation with EU. They are being considered to progress towards EU integration on an individual level, differently from the CEECs who start association/accession negotiations ‘en block’. Of all South-East European countries, Bulgaria and Romania succeeded in joining the EU in 2007 while Croatia became the 28th EU member-state only in July 2013. The rest of the SEE countries, regardless of their membership prospects, differ much on the stages of EU integration and what is more important they are facing uncertainty about the time they will join the Union. Despite being considered potential member-states, not all of them have yet received the candidate status or opened accession negotiations, e.g. Kosovo, Bosnia and Herzegovina and Albania. Furthermore, even within a modality they still present differences in the speed of enlargement process, e.g. Macedonia a candidate country since 2005 has not yet started accession negotiations.

In this article we try to explain the variation in the speed of EU enlargement and search for conditions that matter in the EU’s enlargement decisions to further progress with accession of the SEE candidate countries. If complying with EU requirements and norms is a necessary condition for accession, is it sufficient enough to lead into EU accession? If not, what additional key EU inner conditions would sufficiently bring about EU enlargement?

In order to address these research questions we use qualitative comparative analysis (QCA). Research on the factors determining enlargement decisions have been predominantly single case studies with a few exceptions of larger statistical analysis. Thus, QCA application and strengths have yet to be appreciated since it is a method that bridges the qualitative-quantitative divide. QCA tries to identify possible lawful

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6 The first CEECs countries (Cyprus also started in the same year) that start accession negotiations in 1998 where Czech Republic, Estonia, Hungary, Poland and Slovenia. The rest of the countries (Bulgaria, Latvia, Lithuania, Romania and Slovakia - Malta was also included) started accession negotiations in 2000.
relationships between variables (as in quantitative research) taking into consideration the specificity of each of the cases (as in qualitative research). The advantages of the method rest on its context-specific assessment, its ability to examine complex causal patterns and produce parsimonious as well as alternative explanations. QCA is most appropriate in studies where causal heterogeneity (the existence of multiple causation) and equifinality (different combinations of causes lead to the same outcome) is expected. QCA is much more compatible with the analysis of causal complexity where a number of variables have shown to be empirically significant. Rather than excluding or making a choice among alternative conditions on EU enlargement, the use of QCA makes possible the examining of complex patterns of interactions between all the hypothesized variables. In addition, QCA is the proper method that does not lose track of the cases concerned (the applicant states from South-East Europe) and at the same time can still produce generalized results.

The study is a cross-country longitudinal analysis and the unit of analysis will be time-and country-specific. The time span includes the years 1992-2012 and the sample consists of five South-East European countries. In order to empirically test the importance of conditions that matter in EU’s enlargement South-East, the research utilizes both qualitative and quantitative data from political science databases such as Polity IV, Economic Freedom Index, World Bank Governance Indicator, Eurobarometers and Chapel Hill’s party preferences. The EU enlargement outcome is operationalized, taking into account the main political enlargement decisions; that is the decision to open association negotiations and the decision to open/close accession negotiations for each of the applicant SEE countries.

1. EU Enlargement process: the major political events

Enlargement, in a very broad usage, refers to the overall process whereby potential member-states start the formal process of moving towards negotiations and membership. Enlargement is a process and not an event of simply adding new states, thus it is more about politics on both sides, the candidate countries seeking membership as well as the EU and member-states. We follow Schimmelfennig and Sedelmeier, conceptualizing EU enlargement "as a process of gradual and formal horizontal institutionalization of organizational
rules and norms.”16 The process of gradual and formal institutionalization implies the establishment of special institutional relations between EU and the applicant country. It acknowledges the different formal stages until the accession of the candidate county. Thus, EU enlargement process is a complex multiple step process, involving many formal sub-stages where at every step accession still can be stopped.17

For coding the formal sub-stage of the enlargement process, we focus on the main political EU enlargement events: that is, the decision to open/close association negotiations (Europe Agreements for CEE and Stabilization and Association Agreements for WB) and the decision to open/close accession negotiations.18 Each of the formal institutionalized stages are characterized by a different probability of membership.19 Thus, the status of EU integration and its respective membership probability are coded according to an ordinal scale ranging from ‘no membership’ to ‘full membership’ prospects, based on the event data of whether a country has open/closed association or accession negotiation. The ‘no membership’ status corresponds to no institutional relations (association negotiations has not been open yet) thus a 0 membership probability is assigned; whereas the ‘full membership’ status corresponds to the signing of the accession treaty, hence membership probability is almost 1. For the intermediary phase we assign the value of 0.17 when a country opens association negotiations; the value of 0.33 when a country closes association negotiations; the value of 0.67 if accession negotiations are open and a value of 0.84 if a country is closing accession negotiation. With regards to the EU integration threshold (0.5), - the undecided membership probability, - the major distinction to be considered is if the aspiring country has received the status of candidate counties or not. The data on membership probability (enlargement index) measures biannually (January-June and July-December) the enlargement status of every country according to their contractual relations with EU achieved at each specific 6-months time-period.

2. Theoretical framework and systemic factors related to EU enlargement
Theoretical explanations of EU enlargement decisions and politics come in roughly two major varieties. The liberal inter-governmentalist approach accounting for the EU decision to enlarge in terms of state preferences20 and the constructivist approach focusing on the constructions of EU identity and

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16 Schimmelfennig and Sedelmeier, Theorizing EU Enlargement, 601; Schimmelfennig and Sedelmeier, The politics of EU enlargement, 5.
norms.\textsuperscript{21} So far, EU enlargement policy has been widely explained in terms of constructivist institutionalism, unlike most other areas of European integration currently dominated by liberal inter-governmentalism.\textsuperscript{22} From a constructivist perspective, the ‘liberal-democratic political values and norms’\textsuperscript{23} or the ‘common identity’\textsuperscript{24} shared by both the applicant and the union are the major conditions to account for decisions on enlargement.

2.1. The liberal-democratic community hypothesis

“In the constructivist perspective, sharing a community of values and norms with outside states is both necessary and sufficient for their admission to the organization.”\textsuperscript{25} Given the liberal-democratic political value foundations of the EU, it implies that for any potential country to join EU it is obligatory that the applicant countries first reach EU liberal values and norms before joining the Union. Empirical studies show that EU restricts enlargement to liberal democracies. Schimmelfennig finds that democracy and reference to liberal norms are not merely symbolic but they really and systematically matter for the entire process of enlargement in all its major political events.\textsuperscript{26} Further studies show that EU, as in the case of CEEC countries, still links the progress toward accession consistently with the progress toward political conditionality.\textsuperscript{27} A further enlargement to a group of ‘fragile democracies’ is seen by some member-state countries as undesirable, if not destabilizing.\textsuperscript{28} The more democratic a non member-state, the higher its likelihood of establishing institutionalized relations and being admitted to the EU; whereas the less democratic an applicant state is the higher the risk of being excluded from membership.\textsuperscript{29} Thus, the more a South-East European state complied with EU liberal norms, the more likely it is to establish institutionalized relations with EU and to become an EU member-state country.

To operationalize the variable of liberal-democratic community, we use the Polity IV dataset (version 2012) as the most prominent source for measuring democracy.\textsuperscript{30} The polity variable ranges from -10 (strong autocracy) to +10 (strong democracy) and it is computed by subtracting a state’s autocracy score from its democracy score, measuring the competitiveness and openness of exec-


\textsuperscript{23} Schimmelfennig, Frank. 2005a, The Community Trap, 61.

\textsuperscript{24} Schimmelfennig 2001, The Community Trap, 61.

\textsuperscript{25} Schimmelfennig, Liberal Community.

\textsuperscript{26} See Schimmelfennig, EU Political Accession Conditionality.


\textsuperscript{28} Schimmelfennig 2005a, The Community Trap.147.

\textsuperscript{29} The Polity IV dataset is widely used indicators of the level and quality of democracy, providing a comprehensive and differentiated methodology.
utive recruitment, constraints on the chief executive, and competitiveness and regulation of political participation. To calibrate the data we use the value 0 as a cross-over point and the data maximum and minimum (10 and -10).

2.2. Economic interests or/and bureaucratic effectiveness hypothesis
In addition to the liberal community hypothesis there is the material cost-benefits calculations of enlargement and the administrative effectiveness of the applicants to cope with EU acquis. Once accession negotiations are open, it is all the more important to bear in mind that the applicant countries need to comply with all EU acquis. The EU membership criteria outlined at the Copenhagen European Council conclusions\(^{31}\), although progressively elaborated, they have served as guiding principles in determining which countries are ready to be invited for membership.\(^{32}\) Thus, EU membership is conditional not only on fulfilling the political criteria of a liberal democracy, but also on the economic criteria of a functioning market economy and on the administrative capacity to implement the EU acquis.

To operationalize the market economy variable we rely on the Economic Freedom index compiled by the Heritage Foundation. The index takes into account a broad range of economic indicators, institutional and policy arrangements related to economic freedom (business and trade freedom, the fiscal freedom factor and the freedom from government, monetary, investment and financial freedom, property rights, freedom from corruption and labour freedom). The index is comprehensive and combines a number of economic freedoms factors and is comprehensive in indicating ‘the existence of a functioning market economy’. It ranges from 0 to 100, where 0 corresponds to no economic freedom at all, while 100 the maximum economic freedom. To calibrate the data we use the data anchors 100 and 0 (max and min) and 50 as the cross-over point.

The administrative effectiveness is compiled using the updated data from the World Bank Governance indicators.\(^{33}\) The government effectiveness indicator reflects analysts’ ratings on the quality and independence from political pressure of the bureaucracy, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies combined into a single grouping. The main focus of this index is on “inputs” required for the government to be able to produce and implement good policies and deliver public goods. The government effectiveness scores, although based on subjective evaluation of experts, come conceptually close to the EU administrative requirements. The data are standardized values following a normal distribu-

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\(^{31}\) According to the Presidency’s conclusions of the Copenhagen European Council (21-22 June 1993) the candidate countries have to achieve: 1) stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; 2) the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union; 3) and demonstrated its ability to take on the obligations of membership including adherence to the aims of political, economic, and monetary union.


tion. All scores lie between -2.5 and 2.5 with a mean of 0; values used for calibration.

2.3. The member-state preferences hypothesis

According to the liberal inter-governmentalist approach, in order to explain EU enlargement decisions it is plausible to consider the member-state enlargement preferences. The inter-governmentalist model is best suited to explain EU enlargement given the central role played by member-states through the European Council in the enlargement process and inter-governmental bargaining. Especially, after CEE joined the Union, the member-states have 'nationalized' EU enlargement reaffirming their influence not only on the conduct but also on the procedural aspects of the EU enlargement policy. Empirical studies find support on the member-states’ interests as an important factor in defining EU decision outcomes. The importance of member-state preference is more pronounced in EU enlargement policy because it is particularly a delicate issue area where the EU member-states would like to have the final word. The importance of the member-states in the EU enlargement process becomes even more obvious and influential once the member-state has the EU presidency. The turning point for the integration of the countries of the Western Balkans was in 1999 under the German EU presidency, were for the first time Western Balkans started to be perceived as part of Europe. This is not meaningless, knowing that Germany was the promoter of the idea of Eastward enlargement. The next important achievement for the Western Balkans was under the Greek presidency in 2003 making the Western Balkans also a ‘key priority’ and the Balkan Summit paves the way for deeper integration of the WB countries into EU.

For operationalizing member-state enlargement preferences we rely on Chapel Hill’s expert survey of party preferences. Data on party preferences are extracted from question on parties’ stance on EU enlargement (the general question on party positioning towards EU enlargement, and the specific question in

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34 “[...] Article 49 TEU foresees that the candidate’s application is to be sent to the Council, which decides by unanimity after the Commission has provided its Opinion and the EP its consent. While the procedure gives the impression that it only takes its decision once the other institutions have been consulted, in practice however, the Council decides at an early stage, and such decision(s) determines the fate of an application. A custom has thus developed according to which the Commission only prepares and gives its ‘Opinion’ on the application, once it has actually been requested to do so by the Council.” See Hillion, *EU Enlargement*, 205-6.


Although the survey was conducted in specific years (2002, 2006) we assume estimates to hold true for the years before and after the measurement. For each semester of the year (1992-2012) we calculate the score of the major government party that holds the EU presidency. Calibration uses the survey scale; the value of 4 (neutral) as the cross-over point while the extreme anchors are the minimum value of 1 (strongly opposes) and the maximum value of 7 (strongly favours).

In addition to government party preferences, public opinion matters. Traditionally public opinions either have not been articulated or have been ignored, thus generally playing only a marginal role in EU decisions to enlarge, yet after the latest enlargement, the popular concern about the process is being heard and member-state governments are responding accordingly. Thus the perceptions of the EU citizens from now on had to be taken into close consideration. On this background the interplay between attitudes of political elites and public opinion remains important. Moreover, an empirical study, finds support on the hypothesis that the public opinion on EU related issues influence the EU policy decisions.

The data on the public support for EU enlargement are taken from a Eurobarometer survey. To measure EU public support for each of the applicant countries we consider the percentage of all EU citizens responding on the following question: 'for each of the following countries, are you in favour or not of it becoming part of the European Union in the future?' We consider the percentage of citizens' score multiplied by the corresponding identification scale (1 = ‘in favour’, 0.5 = ‘DK - Don’t know’, 0 = ‘Not in favour’) and then sum-up to form an index of EU public support for EU enlargement. The missing data for certain time periods are a serious concern, yet we retain the variable to get an indication of the significance or not of the public opinion for the given data. See table 2 in the appendix.

40 For 2002, Enlargw = position of the party leadership in 2002 on enlargement. The question Q11: “Finally, consider EU enlargement to the candidate countries of post-communist Europe. Some parties strongly support admitting a large wave of new members (six to eight) by 2005; others are opposed or show great reluctance. Where does the party leadership of the following parties stand?”

41 Such a negative/opposing trend by the citizens on EU enlargement puts EU officials on a strong and growing anti-enlargement feeling which may result in “weakening the political imperative to enlarge, allowing member states to become more critical of enlargement and question the speed and indeed the desirability of the process.” See Phinnemore, David. 2006. Beyond 25 - the Changing Face of EU Enlargement: Commitment, Conditionality and the Constitutional Treaty. Journal of Southern Europe and the Balkans 8(1), 20.


3. **Analysis and results: necessary and sufficient conditions for enlargement**

I use the software package, fsQCA 2.0 (version date January 2009) as a data processing tool for ‘fuzzy set’ QCA analysis. The analysis uses Boolean algebra to determine the necessary and/or sufficient conditions for the outcome Enlargement. In Qualitative Comparative Analysis conditions shared by cases with the same outcome are identified as necessary conditions while conditions are sufficient if cases with the same (combinations of) conditions display the same outcome. In the case of fsQCA, a cause is necessary when its score is consistently higher than or equal to the score of the outcome that is the outcome is a subset of the cause. A cause is sufficient when its score is consistently lower than or equal to the score of the outcome, that is, the cause is now a subset of the outcome. Given that strictly necessary and sufficient conditions are exceptional, it is better to interpret the results as possible rather than certain, relying on the ‘quasi-necessary’ and ‘quasi-sufficient’ conditions, the situation where causal conditions might be necessary/sufficient in most of the cases but not in all of them.

Consistency and coverage are the two measures of reliability or of fit of the model, the same way that significance and strength are important in statistical analysis. Consistency gauges theoretical importance while coverage gauges only empirical importance, so it is reasonable to calculate and establish first consistency and then calculate its coverage because a relation may be empirically ‘rare’ (low coverage) but still centrally relevant to theory (consistency high). In general, values of consistency considered as ‘good’ or ‘acceptable’ on 30-60 cases is 0.75 or higher but in any case a value of consistency below 0.75 is considered substantially inconsistent. As suggested, necessary and sufficient conditions should be analyzed in separate analytical steps, starting first with the analysis of necessary conditions before examining sufficiency so if there are any necessary conditions they will be kept in sufficiency test through the intermediate solution.

3.1. **Test of necessity**

Testing for the necessity of enlargement outcome, the condition of liberal democracy (polity), and EU presidency council preferences (eucouncpref) show good consistency values (above 93%). They are to be considered as almost-

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47 Consistency is a measure of the degree to which the cases sharing a given combination of conditions agree in displaying the outcome in question; it responds to how often the solution terms and the solution as a whole are subsets of the outcome; See: Ragin, Charles. 2006. *Set Relations in Social Research: Evaluating Their Consistency and Coverage*. *Political Analysis* 14(3), 297; Ragin, *Redesigning Social Inquiry*, 45-46. Coverage gauges empirical relevance or importance; it responds to how much of the outcome is explained by each solution term and the solution as a whole (Ragin, *Set Relations in Social Research*, 301; Ragin, *Redesigning Social Inquiry*, 44-45).
The Politics of EU Enlargement Revisited

always necessary causes for EU enlargement decisions. The condition of liberal
democracy is fully consistent (98%) and the EU presidency council preferences
are consistent in 94% of the cases. Both conditions explain most of the EU en-
largement decisions (about 66%) in the South-East European countries.\textsuperscript{51} The
market economy (econfree) condition is often a necessary condition, yet it needs
to be taken with very caution. The rest of the conditions, the administrative
criteria (goveffe) and EU public support for enlargement (eupublicsup) are not
to be considered as necessary conditions.

Table 3: Analysis of Necessary Conditions

<table>
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<tr>
<th>Conditions tested</th>
<th>Consistency</th>
<th>Coverage</th>
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<td>0.981793</td>
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<td>econfree</td>
<td>0.813355</td>
<td>0.873676</td>
</tr>
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<td>goveffe</td>
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<td>0.924257</td>
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<td>eucouncilpref</td>
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<td>0.671739</td>
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<tr>
<td>eupublicsup</td>
<td>0.729516</td>
<td>0.913973</td>
</tr>
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</table>

3.2. Test of sufficiency
It is very important to examine first the distribution of cases across conditions
(QCA Manual). With 5 causal conditions, there are 32 (2\textsuperscript{5}) logically possible
arguments (causal combinations), graphically 32 rows in the truth table. The
166 empirical cases are unevenly distributed. Our data gives 7 empirical cases
with 25 combinations failing to show empirical evidence (limited diversity).
Thus, the test of sufficiency risks the danger of limited diversity as we have too
many conditions and not enough cases. The procedure to handle this limitation
regards the treatment of empirically absent configurations, the so called ‘re-
mainders’, in different ways.\textsuperscript{52} The most conservative strategy is to treat logical
reminders as instances of the absence of the outcome producing the most com-
plex solution, no logical remainders are used assuming that they would not
produce the outcome; or secondly, set logical remainders as simplifying ‘don’t
care’ assumptions without evaluating their plausibility in order to produce the
most parsimonious solution; a third intermediate solution permits only ‘easy
counterfactual’ for which we have existing knowledge, lowering the risk of
drawing wrong inference about counterfactuals in data of limited diversity.\textsuperscript{53}
To learn more about the robustness of the solution models, we run the standard
analysis and report the complex, the parsimonious and the intermediate solu-

\textsuperscript{51} A condition may be fully consistent but its low coverage implies less empirical importance in a
specific outcome.
\textsuperscript{52} The remaining 25 logical remainders are thus available as potential counterfactual cases for
further logical simplification.
\textsuperscript{53} Ragin, Charles and John Sonnett. 2004. \textit{Between Complexity and Parsimony: Limited Diversity,
Counterfactual Cases and Comparative Analysis}, in Vergleichen in der Politikwissenschaft, edited
tions in Table IV. For the intermediate solution, following the results of the necessary test, we made the assumptions that EU council presidency preferences and liberal democracy should be present in EU enlargement decisions, since both of them were almost always necessary for EU enlargement.

Table 4: Baseline Models, Consistency and Coverage Solution for Enlargement Outcome

<table>
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<tr>
<th>Model: enlarge = f(polity, econfree, goveffe, eucouncpref, eupublicsup)</th>
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<tr>
<td><strong>Rows:</strong> 7</td>
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<tr>
<td><strong>Frequency cut-off:</strong> 1.000000</td>
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<tr>
<td><strong>Unique coverage:</strong> 0.709410</td>
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<tr>
<td><strong>Consistency:</strong> 0.954082</td>
</tr>
<tr>
<td><strong>Complex and Intermediate solution</strong></td>
</tr>
<tr>
<td>polity<em>econfree</em>goveffe*eucouncpref</td>
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<tr>
<td>Solution coverage: 0.709410</td>
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<tr>
<td>Solution consistency: 0.954082</td>
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<td><strong>Parsimonious solution</strong></td>
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<td>polity<em>goveffe + econfree</em>goveffe</td>
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<tr>
<td>Solution coverage: 0.731413</td>
</tr>
<tr>
<td>Solution consistency: 0.928709</td>
</tr>
</tbody>
</table>

Note: We choose a frequency threshold of 1 and a demanding consistency threshold of (approximately) 0.95. In the fsQCA program although the 0.95 value is put as consistency cut-off value, in the results the lowest actual value above this cut-off value is shown; the value is reported in the table. The Intermediate solution with the assumption eucouncpref (present) and polity (present) gave the same results as the complex solution.

Model of EU Enlargement

Thus, EU enlargement is sufficiently explained if applicant states have a liberal democracy, a market economy and administrative capacities and the EU council presidency preferences are in favour of EU enlargement. The model is almost always consistent (95%) and explains more than 70% of the EU major political enlargement events in the South-East European countries.

54 Given the limited diversity of our data, we prefer for interpretation the intermediate solution to lower the risk of drawing wrong inference about the mechanical counterfactuals used in the parsimonious and complex solution.

55 Cases with greater than 0.5 membership in term polity*econfree*goveffe*eucouncpref: tr08-I (0.58,0.67), bl05-II (0.56,1), hr06-II (0.55,0.67), tr06-II (0.55,0.67), hr05-II (0.53,0.67), tr05-II (0.51,0.67).

56 Cases with greater than 0.5 membership in term polity*goveffe: hr06-II (0.66,0.67), hr05-II (0.64,0.67), tr08-I (0.58,0.67), bl05-II (0.56,1), tr05-II (0.55,0.67), tr06-II (0.55,0.67).

Cases with greater than 0.5 membership in term econfree*goveffe: tr08-I (0.58,0.67), bl05-II (0.56,1), hr06-II (0.55,0.67), tr06-II (0.55,0.67), hr05-II (0.53,0.67), tr05-II (0.51,0.67).

57 Supplementary Check Analysis: Given the missing data, we drop the EU public opinion variable (eupublicsup) from the model. Yet, the solution’s formula still holds with very minor changes. When we set a frequency cutoff value greater than 4 and a 0.9 consistency cutoff, the baseline model (polity*econfree*goveffe*eucouncpref) is kept while an alternative path is added (eucouncpref*–goveffe*–econfree*–polity, cases refer to Bulgaria and Romania). This new model is 90% consistent and explains 78% of the cases. If we refer to the empirical measure of (unique and/or raw) coverage to argue on the solution path that is more important (Wagemann and Schneider, Standards of good practice, 27), we find that our baseline model (polity*econfree*goveffe*eucouncpref) has a raw coverage of 0.75 and a unique coverage of 0.16 (greater than the alternative solution), thus indicating that the share of the outcome is exclusively explained by our baseline model.
In sum, the fsQCA analysis finds that the liberal democracy hypothesis and the member-state enlargement preferences are systematically important, necessary and in some cases also sufficient conditions that determine the speed of the entire enlargement process. The empirical significance of the liberal community hypothesis met the theoretical expectations and shows consistency on the application of EU political accession conditionality. Yet, it is not sufficient. Member-states preferences prove to be a substantive explanatory variable, equally important with liberal community hypothesis in explaining EU enlargement decisions. The condition of having a functional market economy and effective administrative capacity proved to be not systematically related to the major political events of EU enlargement process. Yet, they are part of the sufficient model of EU enlargement. The EU public opinion, proved to be not (at least directly) relevant in understanding and explaining decision making on EU enlargement into South-East European countries. Yet, EU public support may influence the process indirectly, being reflected into the member-state party preferences. This however is to be considered with great caution since we lack time-series data for many years.

Conclusions
The article examines the main theoretically plausible and empirically important propositions in EU Enlargement literature and search for necessity and sufficiency in the explanation of EU Enlargement major events (1992-2012) in five countries of South-East Europe. The findings of the comparative analysis have considerable theoretical relevance and policy importance.

With regards to the theoretical contribution, the study finds the liberal community and the inter-governmentalist approaches to correctly highlight the importance of the liberal community and member-state enlargement preferences. The analysis suggests that democratic consolidation of the applicant states and the preferences of EU member-states are likely to be important for the entire enlargement politics. The defining characteristics of a liberal state and the pro-enlargement preferences of the EU member-states are the determinant factors of the general pace and speed of EU enlargement. Whereas, the condition of having a functional market economy and effective administrative capacity, although part of the sufficiency model, as well as the EU public opinion do not relate systematically to the enlargement decision-making process.

With regards to policy implications, the study provides insights on the future membership perspective for the rest of the South-East European countries waiting to join the EU. First of all, the relevance of the liberal community hypothesis in EU enlargement decisions shows that the EU has been consistent in linking accession with the applicant’s compliance with democratic norms and values. If EU enlargement decisions are consistent with EU political conditionality, compliance with EU economic and administrative conditions is more flexible and do not always relate to the upgrading of institutionalized relation with the applicant countries.\footnote{See footnote 17, the alternative path to enlargement model, where the functional market economy and effective bureaucracy is lacking, e.g. the case of Romania and Bulgaria.} Secondly, the dependency of enlargement decision-making on the member-state preferences risk to decrease the effectiveness of EU accession conditionality if a group of member-states prefers either uncondi-
tional exclusion (as in the case of Turkey) or unconditional fast track acceptance (evident in the case of Serbia).\textsuperscript{59} The decrease of EU accession conditionality as result of potential unfair treatment would halt democratic reforms in the applicant states. On the other hand, given that accession is linked to the democratic and compliance progress in the applicant states, it may give arguments to some member-states to freeze or introduce alternative forms of membership.

Thus, EU enlargement is a two-fold process where both the EU/member-states politics and the applicant states politics need to be considered. It is not only the candidate which needs to comply with EU norms and values but EU and member-states should be willing of accepting new countries. The timing of accession depends not just on the preparations of applicant countries but it depends also greatly on how the EU member-states and EU integration will develop. On the demand side, the politicians of the applicant countries need to construct a liberal democracy, a market economy and effective administration to take the EU acquis, thus complying with EU requirements. While on the supply side there is a need for member-states and EU decision-making institutions to strongly support admitting new member-state countries.

To conclude, EU enlargement is a ‘tango dance by two’. The applicant countries must satisfy the EU requirements of liberal democracy, market economy and administrative requirements, yet they are not sufficient enough to guarantee EU membership. In addition to the necessary domestic transformations of the applicant countries, the member-state willingness to admit other countries is the other necessary condition which makes it sufficient for EU accession to happen.

Yet, Enlargement is still an ongoing process and further studies will have to assess how Enlargement politics will evolve. The remaining countries of the South-East Europe lagged behind the recent admitted countries of Bulgaria, Romania and Croatia in democratic consolidation, economic reforms and compliance with EU rules. It is an interesting question to see whether EU and member-states would be willing to lower ‘accession’ standards or would they create even stronger conditions in the light of an increase of anti-enlargement preferences. It makes particularly important to see the stance that the forthcoming EU presidencies will take, given that EU integration is facing hard time.

\textbf{Acknowledgement}

An earlier draft of this article was presented at the International Conference “Leaving Europe’s Waiting Room. Overcoming the Crisis of EU Enlargement in the Western Balkans”, held at the Centre for Southeast European Studies, University of Graz, on 9-11 November 2012. I owe thanks to Milada A. Vachudova and the reviewer for the comments and feedback.

Bibliography


search Symposium: Central & Eastern Europe in the EU - Silent Partners?, University of Glasgow, 6-7 June 2008.


## Appendix

Table 1: Data on the EU Enlargement major events and membership probability

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<tr>
<th>Year</th>
<th>Semester</th>
<th>Bulgaria</th>
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<th>Enlarg. Index</th>
<th>Turkey</th>
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<th>Croatia</th>
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<td>May 1992, started negotiations for Europe Agreements</td>
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The Politics of EU Enlargement Revisited

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Although, in 14 October 2009 EC recommended opening of Accession Negotiations, they haven’t started yet.
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Note here that we miss data for some years, thus we leave bank in the dataset. For data that are given on a yearly base we gave the same value for both the semesters.
The Good Neighbourliness Condition in EU Enlargement

Research Article

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Good neighbourliness is one of the most important principles relating to harmonious interstate relations. It primarily developed in international law around the idea of territorial sovereignty of states. The principle was further translated into an important accession condition in EU enlargement policy. A violation of the good neighbourliness principle can lead to serious confrontations or military conflicts between states. Yet, the respect of the principle requires precise definition of its legal substance. As a paradox, the good neighbourliness principle has not been codified in international law. The lack of sufficient clarification of the essence of the principle potentially undermines the success of the Union’s engagement with it, threatening to lead to inconsistent interpretation and even to wrongful implementation of the good neighbourliness principle. The paper clarifies the legal basis of the principle in international law and traces the application of the corollary condition in EU enlargement policy where conditionality is deployed. It focuses on the application of the condition to settlements of bilateral disputes in the enlargement process. The paper concludes that the EU’s efforts to implement the good neighbourliness condition in accordance with international law have failed so far.

Keywords: good neighbourliness, sovereign equality, enlargement, conditionality, bilateral disputes.

Introduction
The principle of good neighbourliness in international law designates a model of interstate relations or certain type of ties among neighbouring states, providing for peaceful coexistence, dialogue and cooperation. As key actors in the...
international community, states necessarily interact with each other. Traditionally and in its strict sense neighbourliness refers to the external ties of each state with its bordering countries, e.g. states sharing common frontiers or being separated by seas. The broader understanding of neighbourliness, however, is not confined to bordering states only, but extends to the interstate relations of countries from the same geographical region and even the relations of all states of the world.

Notwithstanding the differences between the two approaches regarding the number of states to which neighbourliness applies, both understandings have a view to interstate relations governed by international law. The attribute “good” attached to the term “neighbourliness” describes a positive relationship among neighbouring states reflecting a respectful mode of intercommunication as opposed to what by analogy may be entitled “bad neighbourliness”. Accordingly, good neighbourliness emerges primarily from positive interactions among states governed by international law. As such it is regulated and may only be sustainable by strict observance of international law in general and of the UN principles in particular. The central part in this respect occupies the principle and is therefore an important characteristic of good neighbourly relations between states. As put by Andrew Hurrell “the dialogue is especially important because international law seeks both to identify, promote, and institutionalize universal values and also to mediate amongst different and often conflicting ethical traditions.” See Hurrell, Andrew. 2003. *International Law and the Making and Unmaking of Boundaries*, in *States, Ethics and Nations: The Ethics of Making Boundaries*, edited by Buchanan, Allen E. and Margaret Moore. Cambridge: Cambridge University Press, 277.

2 According to Article 6(1) *1958 Convention on the Continental Shelf* (adopted 29 April 1958, in force 10 June 1964). 1958. 499 UNTS 311. (accessed: 19 March 2014), “[w]here the same continental shelf is adjacent to the territories of two or more states whose coasts are opposite each other, the boundary of the continental shelf appertaining to such States shall be determined by agreement between them. In the absence of agreement, and unless another boundary line is justified by special circumstances, the boundary line is the median line, every point of which is equidistant from the nearest points of the baselines from which the breadth of the territorial sea of each State is measured.” Some authors, argue that the good neighbourliness principle is “important for the States with opposite or adjacent coasts pending final delimitation […] because there is a high possibility of a coastal State exercising its rights or carrying out activities in the disputed areas in such a way as to impair the rights of the other coastal States.” See Kim, Sun Pyo. 2004. *Maritime Delimitation and Interim Arrangements in North East Asia*, Leiden: Martinus Nijhoff, 31.

3 The Preamble of the Charter of the United Nations (adopted 26 June 1945, in force 24 October 1945) 59 Stat. 1031 UN Charter, (accessed: 19 March 2014) for instance, reflects the determination of all peoples of the UN, rather than merely peoples from immediately neighbouring states, “to practice tolerance and live together in peace with one another as good neighbours.” Moreover, Article 74 UN Charter, (accessed: 19 March 2014) refers to the “general principle of good neighbourliness’ implying that the principle is of general application and not only to the relations of immediate neighbours.”

4 In spite of its overwhelming importance to peaceful coexistence of states, the principle of good neighbourliness has not been codified in international law. Yet, the UN attempts and concrete steps in that direction have contributed significantly to clarifying the legal basis of the principle and relevant rights and obligations of states in international law. As clarified by the UN General Assembly (UNGA) in the Resolution on the Development and strengthening of good neighbourliness between states in UNGA Res 34/99 (14 December 1979), UN Doc/A/Res/34/99, (accessed: 19 March 2014), “good neighbourliness conforms with the purposes of the United Nations and is founded upon the strict observance of the principles of the Charter of the United Nations and of the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, as well as the rejection of any acts seeking to establish zones of influence and domination.” See also the resolutions on good neighbourliness of the General Assembly adopted in the following years: UNGA Res 36/101 (9 December 1981) UN Doc/A/Res/36/101, (accessed: 19 March 2014); UNGA Res 37/117 (16 December 1982) UN Doc/A/Res/37/117, (accessed: 19 March 2014); UNGA Res 38/126 (19 December 1983) UN
of the sovereign equality of states, and more importantly the legal rights and obligations of states resulting from this principle, and being well integrated within the good neighbourliness framework. Therefore, this paper discusses initially the principle of the sovereign equality of states as a precondition to good neighbourly relations. It then proceeds to analyse the application of the good neighbourliness principle in EU enlargement policy.

The principle of good neighbourliness has become an accession condition of overwhelming importance in EU enlargement policy applying (inter alia) to settlement of bilateral disputes between states. As such, the good neighbourliness condition formalised the possibility of the EU and its Member States to require from candidate countries to settle their bilateral disputes at a multilateral (EU) level. The progress of candidate countries in the enlargement process has been linked to the results of the settlements in such disputes. Such application of strict conditionality strengthens the position of the Union and its Member States vis-à-vis candidate countries. This can have further negative consequences on the application of the good neighbourliness requirement to the bilateral disputes between candidate countries and Member States in the enlargement process. Rodin uses asymmetric relations between states to differentiate between two general groups of bilateral disputes involving states with different status. According to his classification, vertical disputes involve a Member State and a candidate country, while horizontal issues involve only candidate countries. In the case of vertical disputes, Member States may either act on their own behalf in respect to their bilateral disputes with candidate countries or on the behalf of the Union regarding “EU-wide issues.” Horizontal issues may be decided outside or within the framework, depending on their nature, but can also be reflected on EU level if concerning an EU interest.

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6 Rodin, The European Union and the Western Balkans, 156. Where the good neighbourliness condition is applied in the enlargement process however, a more appropriate classification seems to be that between Member States and non-member countries, since the requirement can also affect states which do not have a candidate status.
7 Rodin, The European Union and the Western Balkans, 156.
8 Rodin, The European Union and the Western Balkans, 156.
Rodin's classification is extremely useful for distinguishing between the ongoing enlargement of the Union with the Western Balkan countries and pre-Balkan enlargements. Whereas certain countries that joined the EU in the fifth and sixth enlargement rounds\(^9\) were involved mostly in disputes with each other or with third countries, bilateral disputes of Western Balkan countries, but also of Turkey, often involve Member States or have a potential for their future involvement. In other words, while in the case of the earlier two enlargement rounds the good neighbourliness condition was somewhat tested on horizontal disputes, in the case of Western Balkan countries and Turkey, it is effectively applied to vertical disputes between states. These two are essentially different situations given the important role of the Member States in the enlargement process.

Vertical bilateral disputes can be more problematic than horizontal ones in terms of causing delays or even deadlock situations at different stages of the enlargement process. So can be the invocation of good neighbourliness through the principle of conditionality. The enlargement practice has shown that good neighbourliness conditionality is more strictly applied to vertical bilateral disputes. The problem that appears from such application of the principle of conditionality is not only that of inconsistent application of the good neighbourliness condition. What is far more problematic is the application of the condition to settlement of vertical bilateral disputes which involve states that are not equal before the law. In such circumstances conditionality is not used to ensure the compliance of Member States with international law in general and with the good neighbourliness principle in particular. Quite to the contrary, instead of being used as an instrument contributing to the settlement of international disputes “in a spirit of good neighbourliness and bearing in mind the overall EU interests”\(^10\) the principle of conditionality in such cases serves to national

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\(^9\) The enlargement numbering as used in this paper draws inspiration from Kochenov who distinguishes between the ten countries that joined the Union on 1 May 2004, i.e. in the fifth enlargement round: Cyprus; Czech Republic; Estonia; Hungary; Latvia; Lithuania; Malta; Poland; Slovakia; Slovenia; and the two countries that joined the Union on 1 January 2007, i.e. in the sixth enlargement round: Bulgaria and Romania. See Kochenov, Dimitry. 2008. *EU Enlargement and the Failure of Conditionality: Pre-Accession Conditionality in the Fields of Democracy and the Rule of Law*. Alphen aan den Rijn: Kluwer Law International, 8. Such enlargement numbering, as opposed to the numbering of the European Commission, which considers that the fifth enlargement round includes the accession of all new Member States from 2004 and 2007 (see European Commission, 2006. *Monitoring report on the state of preparedness for EU membership of Bulgaria and Romania* (accessed: 19 March 2014)) follows according to Kochenov, from the fact that the enlargements of the Union in 2004 and 2007 were governed by different Treaties of Accession, occurred at different dates and involved different transitional measures. In addition, the Treaty of Accession of the Republic of Bulgaria and Romania, Protocol concerning the conditions and arrangements for accession of the Republic of Bulgaria and Romania to the European Union, Articles 36-39, [2005] OJEU L157/29. (accessed: 19 March 2014), envisaged post-accession measures for these two countries – in particular, monitoring their compliance in the fields of justice and home affairs, internal market and economic policy by the European Commission and sanctions for non-compliance here with for a period of three years after the accession.

interests and political considerations of individual Member States. The cases of Croatia and Macedonia are most evident examples for the politicization of the good neighbourliness principle in the enlargement process. Having discussed the application of the good neighbourliness condition in the enlargement process, the paper suggests that in circumstances of unbalanced powers of the involved parties the use of conditionality may not be the most appropriate tool for settlement of bilateral issues.

1. The sovereign equality of states as a legal basis for the principle of good neighbourliness

All states are sovereign and free to deal independently with their internal and external affairs. In circumstances where sovereignty is attributed to all states individually, equality is the only answer for regulating interstate relations. Neighbours have equal rights to exercise their rights and an equal duty to consider the rights of the others. As noted by Henrikson:

"[n]eighbours are to be accepted as being equal and thus as deserving of considerate regard when an action that might adversely affect them is being contemplated, just as the shoe were on the other foot. 'Do unto others as you would have them unto you' - the Golden Rule-obtains."

Therefore, "mutuality or reciprocity - that is, equivalency of station and interchange" is necessary for good neighbourly relations between states. Sovereignty is exercised within borders and entails (inter alia) non-interference by neighbouring states. The power of states to exclude the actions of any other state or entity in exercising their state functions creates a duty for states to abstain from exercising their powers in the territory of other states unless

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11 Article 2(1) UN Charter. (accessed: 20 March 2014) stipulates that the "Organisation is based on the principle of the sovereign equality of its Members." The Declaration on Principles of International Law Concerning Friendly Relations and Cooperation Among States in Accordance with the UN Charter, UNGA Res 2625. (accessed: 20 March 2014) clarifies that the sovereign equality of states presupposes states' judicial equality, rights inherent in full sovereignty, duty to respect the personality of other states, inviolability of territorial integrity and political independence of the state, right to freely choose and develop their political, social, economic and cultural systems, and duty to comply fully and in good faith with their international obligations and to leave in peace with other states. For the early ideas on sovereign equality of states, see in particular Grotius, Hugo. (1625) 2001. On the Law of War and Peace. Kitchener: Batoche Books.; de Vattel, Emer. (1758) 1983. Le droit des gens, ou, principes de la loinaturelle: appliqués à la conduite et aux affaires des nations souveraines. Geneva: reprinted by the Slatkine · Henry Dunant Institute.


14 Henrikson, Facing across Borders, 124.

15 Henrikson, Facing across Borders, 124.
there is a permissive rule to the contrary deriving from international law.\textsuperscript{16} Sovereignty is directly connected with the principle of the equality of states, which is a corollary of the coexistence of sovereign states.

Equality emanates from state sovereignty and “by virtue of the later it is impossible to place States in a kind of hierarchy vis-à-vis each other.”\textsuperscript{17} Obviously, the principle of equality does not refer to the unequal position of states in terms of their economic, political or military power. Similarly, equality is not affected by the differentiation among states in terms of the selective conferral of certain rights, such as the permanent membership in the UN Security Council.\textsuperscript{18} Instead, the principle refers to the equal application of the law “in conformity with the law.”\textsuperscript{19} Thus it implies equal treatment of states before the law, rather than in the law addressing judicial bodies and not the rights of states.\textsuperscript{20} As such, the principle of legal equality is preserved primarily by equal observance of rights and obligations of all sovereign states as provided by international law. Accordingly, the greater factual powers of certain states or their legal privileges within the UN should by no means serve the purposes of avoiding duties that equally oblige all sovereign states, and any attempt to abuse these powers should be in breach of the principle of the legal equality of states.

The importance of equality of states in the light of the good neighbourliness principle results not only from the rules of international law but also from the nature of interstate relations. The establishment of good neighbourly relations implies friendship between states rather than enmity. As Maunier puts it,

\begin{quote}
"[equality in friendship means] community of interests and feelings, social ties both material and spiritual, solidarity, co-operation and if possible unanimity [...]. Solidarity and reciprocity are needed. For what creates partnership and equality is the position by both parties of bilateral rights and duties: not rights existing on one side only, not rights of a superior over an inferior, as in the case of domination of master over subject, or even of a
\end{quote}

\textsuperscript{16} The obligation of states in international law to refrain from exercising their powers in the territories of other states in absence of a permissive rule to the contrary was expressed by the PCIJ in Case of the S.S. Lotus, France v. Turkey, Rep Series A, No 10 (Paragraph 45) - see United Nations. \textit{Case of the S.S. Lotus, France vs. Turkey 1927.} (accessed: 20 March 2014). It was reaffirmed by the Arbitrator Judge Max Huber one year later in Island of Palmas Case, see United Nations. 2006. \textit{Island of Palmas Case 1928.} (accessed: 20 March 2014), 839. This stance was reaffirmed by the Arbitrator Judge Max Huber. The obligation is also expressly provided for in Article 2(4) UN Charter. (accessed: 20 March 2014), stipulating that “[a]ll Members shall refrain in their international relations from the threat or use of force against the territorial or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.”


father over his children, but bilateral powers, bilateral rights on both sides, exercised reciprocally in both directions.”

The existence of good neighbourly relations thus requires symmetric relations between states. Unlike enmity, which “implies the negation of Other [good neighbourliness] implies mutual and shared responsibility for Self and Other.”

The inequality of states before the law, if not in the law, hinders good neighbourly relations or even makes them impossible where conflicts of interests arise.

2. Good Neighbourliness as an EU Accession Condition

All international organizations set membership conditions to which states willing to join have to comply. Such conditions usually reflect and intend to safeguard the values and the achievements of the organization. Thus, Article 49(1) of the Maastricht Treaty (European Union Treaty - TEU), which is the main Treaty provision regulating EU enlargement, stipulates that “[a]ny European State which respects the values referred to in Article 2 [TEU] and is committed to promoting them may apply to become a member of the Union.” Yet, it is important to note that the main enlargement provision does not promise any membership to applicant countries but provides merely a possibility to states that satisfy the above conditions to apply to become a member of the Union. In other words, states enjoy only a right to apply for membership rather than a right to join the Union. The question of whether an applicant state will be admitted to the Union “lies within the discretion of the Union and its Member States [and is] thus somewhat removed from the legal sphere.”

This speaks of ‘the predominantly political nature of enlargement regulation’ which as such cannot be challenged by applicant countries in front of the ECJ.

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24 Similar wording can be found in the enlargement articles of all three Communities. While Article 98 of the Treaty of the European Coal and Steel Community, (accessed: 23 March 2014) provided that “[a]ny European state may apply to accede [the] Treaty”; Article 237 of the Treaty of Rome, (accessed: 23 March 2014) and Article 265 Euratom Treaty, (accessed: 23 March 2014) stipulated in identical way that: “[a]ny European State may apply to become a member of the [respective] Community.” The three provisions were later on replaced by a single Article ‘O’ introduced with the Maastricht Treaty, (accessed: 23 March 2014), adapted to the new situation of the emergence of the Union, but restating once again that “[a]ny European State may apply to become a Member of the Union.”
25 Kochenov, EU Enlargement and the Failure of Conditionality, 15.
26 Kochenov, EU Enlargement and the Failure of Conditionality, 15.
As many other important elements of the EU enlargement law,\textsuperscript{29} the good neighbourliness condition is still excluded from the Treaties. It has neither been explicitly mentioned nor referred to by Article 49(1) TEU.\textsuperscript{30} Instead, it has developed in the enlargement practice of the Union and is applied through the principle of conditionality.\textsuperscript{31}

In particular, the good neighbourliness condition started to crystalise in EU enlargement after the establishment of the Copenhagen criteria.\textsuperscript{32} It was introduced in response to EU security considerations in respect to the unresolved issues of the applicant countries, which included border disputes and questions related to protection of minorities.\textsuperscript{33} In its Agenda 2000, the European Commission stressed, that “before accession, applicants should make every effort to

\textsuperscript{29}See also Hillion.


\textsuperscript{31}The Copenhagen European Council (21, 22 June 1993) Presidency Conclusions, formulated three groups of criteria: political criteria - requiring that the candidate country has achieved stability of its institutions guaranteeing democracy, the rule of law, and respect for and protection of the minorities; economic criteria - requiring that the candidate country has a functioning market economy and capacity to cope with the competitive pressure and market forces within the Union; and implementation of the \textit{acquis communautaire} - meaning that candidate countries shall be able to take on the obligations of the membership. The Copenhagen criteria set up conditionality as a new approach to assessing the progress of candidate countries. Unlike in the previous period when candidate countries were trusted to fulfil the membership conditions, the successfullness of new applicants in implementing the necessary reforms was to be checked. The benefits that applicant countries could receive from the EU, including financial and other assistance and eventually EU membership, was strictly dependent on their reforms and compliance with the Copenhagen criteria - see Article 4 in European Commission. 1998. \textit{Council Regulation No 622/98 of 16 March 1998 on assistance to the applicant states in the framework of the pre-accession strategy, and in particular on the establishment of Accession Partnerships. Official Journal of the European Communities (OJEU) L 85/1. (accessed: 25 March 2014). With regard to the enforceability of the Copenhagen criteria and use of conditionality see in more detail Kochenov, \textit{EU Enlargement and the Failure of Conditionality}. See also Maresceau, \textit{Pre-accession}, 9-42; Hillion, \textit{The Copenhagen Criteria}.

\textsuperscript{32}The Essen European Council (9, 10 December 1994) Presidency Conclusions emphasised the need for enhancing intra-regional cooperation between associated states and their immediate neighbours for the purpose of good neighbourly relations. The formal establishment of the good neighbourliness condition has been therefore often associated with the Essen Summit. See e.g. O’Brien, John. 2006. \textit{The Eastern Enlargement of the European Union}. New York/London: Routledge, 27. See also Van Elsuwege, Peter. 2008. \textit{From Soviet Republics to EU Member States: A Legal and Political Assessment of the Baltic States’ Accession to the EU}. Leiden/Boston: Martinus Nijhoff, 227-28.

resolve any outstanding border dispute among themselves or involving third 
countries [and] [failing this, they should agree that the dispute be referred to 
the International Court of Justice.]"34 It further clarified its stance stipulating 
that, before accession negotiations are completed, candidate countries should 
“commit themselves to submit unconditionally to compulsory jurisdiction, 
including advance ruling of the International Court of Justice in any present or 
future disputes of this nature.”35 In respect to the minority issues, the Europe-
an Commission emphasised that,

“[m]inority problems if unresolved could affect democratic stability or lead 
to disputes with neighbouring countries. It is therefore in the interest of the 
Union and of the applicant countries that satisfactory progress in integrat-
ing minority populations be achieved before the accession process is com-
pleted, using all opportunities offered in this context.”36

The importance of peaceful settlement of disputes in the light of the condition 
was further highlighted in the Presidency Conclusions of the European Coun-
cil.37 The intention of the EU to effectuate good neighbourliness between states 
in its enlargement policy through settlement of bilateral disputes is not inco-
sistent with the same principle as established in international law. Indeed, 
aimed at preventing internalisation of external conflicts,38 good neighbourli-
ness makes a legitimate condition in the enlargement policy of the Union. After 
all, the principle of good neighbourliness is founded upon the requirement for 
peaceful settlement of international disputes in accordance with the UN Char-
ter and with the Declaration on Friendly Relations. Taking the argument fur-
ther, the EU is even obliged to promote the principle of good neighbourliness in 
its enlargement policy and hence to make the membership of applicant coun-
tries conditional upon a peaceful settlement of disputes by virtue of Article 3(5) 
TEU and Article 21(1) TEU.39 Nevertheless, the implementation of the good 
neighbourliness condition may not be flexible and arbitrary but should be con-
sistent and in accordance with the rules of international law. Besides equal 
application to all candidate countries, this inevitably implies parallel advance-

34 The examples of Hungary and Slovakia on one side and of Lithuania and Latvia on the other side 
were enumerated as positive practices for peaceful settlement of disputes. At the time the dispute 
between Hungary and Slovakia over the Gabčíkovo Dam has been referred to the ICJ while the 
maritime frontier between Lithuania and Latvia has been in a “process of being settled.” Agenda 
2000, 51.
35 Agenda 2000, 51.
36 Agenda 2000, 41.
March 2014).
38 Agenda 2000, 51.
39 Article 3(5) TEU stipulates that “[i]n its relations with the wider world, the Union shall […] 
contribute […] to the strict observance and the development of international law, including respect 
for the principles of the United Nations Charter”. Article 21 TEU refers in the general provisions on 
the Union’s External Action to the commitment of the EU to respect principles of the UN Charter 
and of international law as guiding principles ‘which have inspired its own creation, development 
and enlargement and which it seeks to advance in the wider world’. The EU shall further ‘define 
and pursue common policies and actions, and shall work for a high degree of cooperation in all 
fields of international relations, in order to […] preserve peace, prevent conflicts and strengthen 
international security, in accordance with the purposes and principles of the United Nations Cha-
ter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, includ-
ing those relating to external borders.”

100
tion of equality of all states involved in bilateral disputes in the light of the condition. Yet, the position of Member States and candidate countries in the enlargement process is far from equal.

Given the unanimity requirement in the Council, Member States could employ their powers to hold up the enlargement process ever since the first enlargement round. Such state-centrism entailed a possibility for Member States to insert their “crude domestic interests” in EU enlargement policy. Unlike in the past, when Member States employed their membership powers to block the accession of candidate countries on rather exceptional basis, this became a regular practice at the current stage of integration. The process has been described by Hillion as a “creeping nationalisation” of the EU enlargement policy. In the view of the good neighbourliness condition, Member States may employ their membership powers to reach favourable solutions in their bilateral disputes with candidate countries contrary to the principle of equality of states. The possibilities for pressure inserted by the Member States are increased in the enlargement process and can vary “from withholding consent to the opening of negotiating chapters, to objecting to the graduation of a country to a new phase (candidate membership, opening of negotiations, membership).” This can certainly lead to politicization of the good neighbourliness condition contrary to its legal basis. Although recently introduced in the EU enlargement policy, the condition has been already used for gaining political (rather than legally significant) aims.

2.1. Application of Good Neighbourliness Condition to Croatia

Croatia and Slovenia were involved in a bilateral dispute which concerned mainly a boundary demarcation of a small gulf located at the northern-east corner of the Adriatic Sea. The bilateral dispute between the two countries which caused a delay in the accession negotiations for Croatia was not problematised at the time of Slovenian accession. In fact, EU did not implement strictly the condition of good neighbourliness as applied to settlement of bilateral disputes during the fifth and sixth enlargement rounds. The dispute became an important issue for Slovenia however, once that country joined the Union and left Croatia behind.

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40 Article 98 ECSC Treaty left all stages to be controlled by the Council, although not clarifying the voting procedure. Article 237 Treaty of Rome and 205 Euratom Treaty made the accession of new Member States conditional upon ‘agreement between the Member States and the Applicant State’.

41 Hillion, EU Enlargement, 191.


43 Hillion, EU Enlargement, 210.

44 Hillion, EU Enlargement, 187-216.


46 Uilenreef, Bilateral Barriers or Good Neighbourliness, 22.
The Negotiating Framework for Croatia provided explicitly that the advancement of the negotiations with that country will be guided by its progress in preparing for accession, measured in particular against “Croatia’s commitment to good neighbourly relations” and its “undertaking to resolve any border disputes in conformity with the principle of peaceful settlement of disputes in accordance with the United Nations Charter, including if necessary compulsory jurisdiction of the International Court of Justice.” This legal framework for settlement of bilateral disputes among states in the light of the good neighbourliness condition has been promoted ever since the establishment of the requirement in the enlargement policy of the Union notwithstanding the lack of its practical application.

Although both Slovenia and Croatia wanted to see a settlement of the bilateral dispute, the two countries disagreed on the method which was to be used for reaching a solution. Assuming to have the law on its side, Croatia was in favour of using international arbitration such as the International Court of Justice (ICJ) for the settlement of the dispute, while Slovenia preferred a “[political] mediation instead of judicial arbitration.” Deviating from the legal framework of the good neighbourliness condition, Slovenia employed its membership powers to achieve political gains by securing non-juridical arbitration which promised the country a more favourable solution in the bilateral dispute. To secure its position, Slovenia blocked effectively the opening or closing of fourteen negotiation chapters with Croatia, not all of them being connected to the compliance with the accession criteria. It had more explicit reservations, however, with reference to the good neighbourliness requirement in relation to chapter 31 on Foreign, Security and Defence Policy.

After many discussions and failed initiatives, the two parties have ended their disagreement by signing an arbitration agreement and on 1 July 2013, Croatia became the 28th Member State of the EU. The award of the Arbitral Tribunal shall be binding on the two parties and shall constitute a definitive settlement of the dispute. The European Commission applauded the launch of the arbitration process between Slovenia and Croatia. In the words of the European Commissioner for Enlargement, Štefan Füle,

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49 Uilenreef, Bilateral Barriers or Good Neighbourliness, 17.
50 Hillion, EU Enlargement, 201.
53 Article 7(2) Arbitration Agreement.
“[the] common agreement [was] a very welcome signal for the positive development of the good neighbourly relations between the two countries as well as for the Western Balkans regions showing that even difficult issues can be best solved by means of dialogue and cooperation.”

The Agreement itself also refers to the principle of good neighbourliness as applicable law to the settlement of the issue between the two parties. Uilenreef sees the inclusion of the principle of good neighbourliness as a kind of escape clause to the application of international law, noting that the Arbitration Tribunal “would not exclusively apply international law […] but also the principles of equity and good neighbourly relations in order to achieve a fair and just outcome.” Yet, the principle of good neighbourliness has its legal basis in international law and therefore, its inclusion in the Arbitration Agreement cannot serve legitimately to the political considerations of states contrary to international law. Agreeing with Avbelj and Černič, “political questions cannot be solved within a vacuum allowing arbitrary and one-sided measures based on the maxim of the rule of the most powerful,” but “have to be resolved within the realm of law,” notwithstanding their political sensitivity. It remains to be seen whether the Arbitral Tribunal will apply the principle of good neighbourliness in the realm of law, i.e. in accordance with its legal framework as established in international law, or as a tool serving to political considerations of state(s).

2.2. Application of Good Neighbourliness Condition to Macedonia
The second example in EU enlargement where the good neighbourliness condition has been highly politicized is the case of Macedonia. The major problem standing in the way of that candidate country is known to be the “name dispute” which has involved Macedonia and Greece in long lasting negotiations.

The dispute over the name took place at a variety of levels and in a variety of contexts. Following the admission of Macedonia to the UN, that organization took the burden of bringing the two parties to an agreement through special mediators. On 13 September 1995, Greece and Macedonia signed an Interim Accord under the UN auspices.

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54 European Commission, Launch of the arbitration process between Slovenia and Croatia, IP/12/25, Press Release, 17 January 2012.
55 Article 4 Arbitration Agreement stipulates that the Arbitral Tribunal shall apply: (a) the rules and principles of international law for the determinations (of the course of the maritime and land boundary between the Republic of Slovenia and the Republic of Croatia); (b) international law, equity and the principle of good neighbourly relations in order to achieve a fair and just result by taking into account all relevant circumstances for the determinations (of Slovenia’s junction to the High Sea and the regime for the use of the relevant maritime areas).
56 Uilenreef, Bilateral Barriers or Good Neighbourliness, 19.
58 Avbelj and Černič. The Conundrum of the Piran Bay, 2.
60 See United Nations. 1993a. United Nations Security Council (UNSC) Res 817. UN Doc S/RES/817, (accessed: 25 March 2014) on the admission of Macedonia to the UN, which inter alia welcomed “the readiness of the Co-Chairmen of the Steering Committee of the International Conference on the Former Yugoslavia, at the request of the Secretary-General, to use their good offices
The Interim Accord, which is a legally binding document, regulated the conduct of the two neighbouring countries and became the main framework for the future development of their relations. The contracting parties “agree[d] to continue negotiations under the auspices of the Secretary-General of the United Nations pursuant to Security Council resolution 845 (1993) with a view to reaching agreement on the difference described in that resolution and in Security Council resolution 817 (1993).” The legal framework for the settlement of the issue was thus set up with the related UN Resolutions and agreed upon between the involved countries with the Interim Accord. The Interim Accord secured further the future Euro-Atlantic integration of the newly independent state. Greece committed not to block the accession of Macedonia under the provisional name (Former Yugoslav Republic of Macedonia) in any regional or international organisation. Article 11(2) of the Interim Accord went even further to stipulate an obligation for Greece to actively support the on-going economic development of Macedonia “through international cooperation, as far as possible by a close relationship of [that country] with the European Economic Area and the European Union.”

Clearly, the Interim Accord provided an opportunity for re-establishment and deepening of the cooperation between the neighbouring countries. It further reaffirmed the willingness of the parties to respect the principle of good neighbourliness as being

“[g]uided by the spirit and principles of democracy and fundamental freedoms and respect for human rights and dignity, in accordance with the Charter of the United Nations, as well as the Helsinki Final Act, the Charter of Paris for a new Europe and pertinent acts of the Organization for Security and Cooperation in Europe.”

The agreed framework for the settlement of the bilateral dispute between the two neighbouring countries promised a successful EU integration of Macedonia. The guarantees for an unblocked progress toward EU and the expected further support on that path by Greece formed essential conditions for successful negotiations between the two countries leading eventually to a settlement of the issue. Therefore, it should be not surprising that EU stayed aside from the problem as much as possible. Any pressure by the EU would have been unnecessary and even contrary to the agreed terms for the settlement of the issue under the rules of international law. This situation has changed with the aggravation of the relations between the two neighbouring countries which culminated with a Greek veto of Macedonia’s accession to NATO in 2008.

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62 Article 5(1) Interim Accord.
63 Article 11(1) Interim Accord.
64 Article 11(2) Interim Accord.
65 Preamble to the Interim Accord.
66 The NATO Summit which announced membership invitations for three Western Balkan countries (Albania, Croatia and Macedonia) was held on 2-4 April 2008 in Bucharest. For the conclu-
3. Implications of the Veto in the Context of EU Enlargement

Although the Greek veto on the accession of Macedonia to NATO is not on itself connected to the prospective EU membership of the country, its negative impact should not be underestimated. That act constituted a direct breach of Article 11(1) of the Interim Accord which prohibited Greece from vetoing the accession of Macedonia to international organisations or to institutions of which it is a member itself.\(^{67}\) The membership of Macedonia to NATO was made explicitly conditional upon a settlement over the issue contrary to the earlier binding agreement between the two neighbouring states.\(^{68}\)

The NATO blockade had almost immediate impact in the EU enlargement context. In fact, the Accession Partnership with Macedonia which preceded the Bucharest Summit already listed the solution over the name issue in the short term priorities for the country with a view of ensuring good neighbourly relations.\(^{69}\) The Council explicitly stated that Macedonia should “[e]nsure good neighbourly relations, in particular by intensifying efforts with a constructive approach to find a negotiated and mutually acceptable solution to the name issue with Greece, in the framework […] and avoid actions which could negatively affect them.”\(^{70}\) Only two months after the NATO Summit, the Brussels European Council underlined that the “maintaining good neighbourly relations, including a negotiated and mutually acceptable solution on the name issue remains essential”\(^{71}\) for the further progress of Macedonia towards the EU, ignoring the legal significance of the Interim Accord if not stimulating further violations.

Namely, the breach of the Interim Accord jeopardised evidently the legal framework of good neighbourly relations between the two countries by shifting the conditions under which the dispute was to be resolved. The abstention of Greece from objections to the prospective EU membership of Macedonia, as envisaged in the Interim Accord, was the only guarantee for preserving the equality of the two countries in the process of settling the dispute. The ICJ judgement which confirmed the violation of the Interim Accord by Greece did not change the situation on the ground. Moreover, that Court rejected to order the infringing party to comply with its international obligations, although concluding that its judgement “would affect existing rights and obligations of the Parties under the Interim Accord and would be capable of being applied effectively by them.”\(^{72}\) Referring to its previous case law,\(^{73}\) the ICJ considered that


\(^{71}\) European Council, Council Decision.


\(^{73}\) International Court of Justice, Application of the Interim Accord, Paragraph 53.
“[a]s a general rule, there is no reason to suppose that a State whose act or conduct has been declared wrongful by the Court will repeat that act or conduct in the future, since its good faith must be presumed.”\textsuperscript{74} Yet, the condemnation of Greece has proved insufficient to achieve compliance of that state with the rules of international law.\textsuperscript{75} Contrary to the presumptions of the ICJ, Greece did not comply with its obligations under the Interim Accord. Any notable influence of the judgment is also missing at the EU level. In spite of five recommendations of the European Commission for the opening of the accession negotiations with Macedonia, the approval of the Council has been continuously postponed.\textsuperscript{76}

The current deadlock situation does not contribute to maintaining good neighbourly relations, but certainly sparks nationalism in the fragile multi-ethnic society, having also a potential of endangering peace and stability in the region.\textsuperscript{77} In the most recent 2013-2014 Enlargement Strategy, the European Commission highlighted “that a decision to open accession negotiations would contribute to creating the conditions conducive to improving good neighbourly relations in general and, in particular, to finding a mutually acceptable solution to the name issue, which [it] considers essential.”\textsuperscript{78} It further reminded that

\begin{quote}
“[f]ailure to act on [its] recommendation poses potentially serious challeng- es to the former Yugoslav Republic of Macedonia and to the EU. This calls into question the credibility of the enlargement process, which is based on clear conditionality and the principle of own merits. The lack of a credible EU perspective puts at risk the sustainability of the country’s reform ef-forts.”\textsuperscript{79}
\end{quote}

The recommendations of the European Commission have been clearly overshadowed by the non-compliance of the affected Member State with its international obligations contrary to the good neighbourliness principle. Floundering with states that flout its rules, the EU fails to implement the good neighbourliness condition in accordance with international law.

**Conclusion**

Good neighbourliness is a principle with a clear legal value. The principle goes back to the traditional concept of the sovereign equality of states in international law which enables states to enjoy their sovereign rights freely and imposes a duty on them to take into consideration the sovereign rights of other


\textsuperscript{74} International Court of Justice, \textit{Application of the Interim Accord}. Paragraph 168.

\textsuperscript{75} See in this respect the Declaration of Judge Ad Hoc Badislas Vukas to the judgment, warning about the possible consequences of the decision of the ICJ not to order the infringing party to comply with the judgement.

\textsuperscript{76} The European Commission has been recommending the opening of the negotiations five times in row, i.e. since 2009. See in particular the Commissions \textit{Enlargement Strategy 2013}. 18.


\textsuperscript{78} European Commission, \textit{Enlargement Strategy 2013}.

\textsuperscript{79} European Commission, \textit{Enlargement Strategy 2013}. 

106
states. It is founded upon the strict observance of the principles of the UN Charter and of the Declaration on Friendly Relations. These principles form the main legal basis of the good neighbourliness principle.

In addition, the good neighbourliness principle has been translated into an important accession condition in the enlargement policy of the Union. It is applied primarily to settlement of bilateral disputes of candidate countries. Such condition is in accordance with the principle of good neighbourliness presuming peaceful settlement of disputes and with the obligation of the Union to promote international law in its "action on the international scene."80 The application of the good neighbourliness condition however, requires parallel advancement of equality between states which is hardly sustainable in circumstances of asymmetric powers between Member States and candidate countries. This complicates the application of the condition to vertical bilateral disputes in the enlargement process.

In circumstances of asymmetric powers, the good neighbourliness condition has been evidently applied outside its legal framework, serving not to justice but to political considerations of Member States. The cases of Croatia and Macedonia are most evident examples for such practices of Member States. Thus, while “[t]he idea of conditionality [is indeed] beautiful in theory,”81 it cannot be always the most appropriate tool in the enlargement process. Agreeing with Kochenov, “law and politics follow different rationales and are most likely to come into conflict when simultaneously regulating the same issue. One naturally tends to undermine the achievements of the other.”82 The condition of good neighbourliness can be successfully applied in the enlargement policy of the Union only if applied in the realm of law.

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80 Article 21(1) of TEU.


82 Kochenov. *EU Enlargement and the Failure of Conditionality*. 324.


The Good Neighbourliness Condition in EU Enlargement


The 2013 Parliamentary Elections in Albania: Lights and Shadows

Election Analysis

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The 2013 Parliamentary Elections in Albania: Lights and Shadows

Blendi Kajsiu

Keywords: Albania, Elections, Electoral campaign

The Context: The Odd, the strange, and the unbelievable
The parliamentary elections in Albania took place on 23 June 2013. They marked the end of a turbulent mandate, 2009-2013, by an odd ruling coalition between the biggest right wing political force, the Democratic Party (DP) led by Sali Berisha, and the second largest left wing party the Socialist Movement for Integration (SMI) led by Ilir Meta. The coalition was odd because the two leaders before 2009 had been bitter political enemies who for years had accused each-other of corruption, authoritarianism, and connections with organized crime. In fact the Socialist Movement for Integration (SMI), a 2003 splinter group from the Socialist, had run on an anti-Berisha campaign during the 2009 elections. Therefore, when the SMI and its leader Meta formed a coalition with the Democratic Party after the 2009 elections, that enabled Berisha to stay in power as Prime Minister, many who had voted for Meta and SMI as the true left-wing opposition were surprised and disappointed.

This odd ruling coalition gave rise to strange and chaotic political developments. The two former political enemies Berisha and Meta displayed exemplary political loyalty towards each-other sustaining a very stable and united ruling coalition throughout the period 2009-2013. The ruling coalition withstood many bitter political confrontations with the main opposition Socialist Party. The latter, while recognizing that the ruling coalition had received the majority of votes, boycotted the parliament and organized massive protests following the refusal of the Central Elections Commission in 2009 to recount votes in some contested election centres, which did not affect the overall results anyway. The tensions between the ruling DP-SMI coalition and the opposition Socialist Party peaked in January 2011 when a video was transmitted in the media showing Ilir Meta participating in a corruptive affair with the Minister of the Economy. Following the scandal the opposition Socialist Party organised on 21 January 2011, a major protest in front of the prime minister’s office, which escalated into violent confrontations between the demonstrators and the police. Eventually four protesters were shot dead by the Republican Guard in front of the Prime Minister’s office. This event polarized the Albanian political scene to

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the extreme as the opposition accused the ruling coalition and its two leaders Berisha and Meta of murder and corruption. The leader of the Socialist Party Edi Rama was particularly harsh on Ilir Meta and the Socialist Movement for Integration (SMI) calling them representatives of everything that was rotten in Albanian politics.²

However, two years later, in March 2013 the unbelievable happened. The Socialist Movement for Integration (SMI) left the ruling coalition and on 1 April 2013, joined the Socialist Party in a coalition called the Alliance for European Albania. The two leaders, Edi Rama and Ilir Meta, who just a few months ago had been accusing each other of corruption and murder decided to run together against the ruling Democratic Party and its leader Sali Berisha. This political move sent shock waves throughout the Albanian electorate and public scene. The Socialist Party that had promised a renaissance of Albanian values was now in bed with the person that it had identified as the symbol of government corruption, Ilir Meta. The SMI and Meta on the other hand, after being in power for four years were now part of the opposition’s electoral campaign. Many political analysts interpreted this coalition as a purely pragmatic move to come to power, as the two parties together already had the majority of votes.³ The SMI was the kingmaker that tipped the balance between the two main parties, the Democratic Party on the right and the Socialist Party on the left.

### The 2013 Electoral Campaign

Two main coalitions were competing in the 2013 parliamentary election; the Alliance for Employment Welfare and Integration led by the ruling Democratic Party (DP) and prime minister Sali Berisha, and the Alliance for a European Albania headed by the Socialist Party (SP) and the Socialist Movement for Integration (SMI). In addition to the two main coalitions there were two new independent parties that promised to change the Albanian political scene; the New Democratic Spirit a splinter groups from the ruling Democratic Party led by the former president Bamir Topi and the Red and Black Alliance a nationalist party that seemed to attract important following during the electoral campaign through a heated nationalist rhetoric.

There was deep disagreement between the two main camps over electoral institutions. Once the Parliament dismissed a representative of the Socialist Movement for Integration (SMI) from the Central Elections Commission (CEC) in March 2013, on highly questionable legal grounds, the opposition Socialist Party withdrew its three representatives.⁴ This in turn undermined the legal functioning of the Central Elections Commission (CEC) as it was operating only with the representatives of the ruling party. The incident was a reflection of the high level of mistrust and tension between the two camps. It did not bode well for the electoral process as a CEC dominated by the ruling party lacked the credibility to certify election results or to resolve electoral disputes between nationalities.

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³ Baze, Mero. 2013. Një rotacion që vjen nga dështimi i parimeve. Tema, 1 April, 1.
the parties.

Nevertheless, the tension and mistrust between the two main political camps regarding electoral institutions did not spill over into the electoral campaign. By Albanian standards the electoral campaign was quite silent and the politicians were less confrontational compared to previous electoral campaigns. It seemed that Albania had achieved what EU had always demanded; less conflict, less political polarization, and more consensus. Yet, more than a sign of the emancipation of Albanian politics, this was a reflection of bizarre electoral alliances. The opposition Socialist Party could hardly intensify its anti-corruption campaign against the Socialist Movement for Integration (it’s now major ally) whom it had formerly characterised as the government’s ‘most corrupt expression’. In fact some of the most problematic areas of governance that had been criticised by the opposition Socialist Party, such as the health sector, were controlled by SMI. For the same reason the ruling Democratic Party (DP) could not be harsh on an opposition coalition that included an important part of its governance. Finally, the Socialist Movement for Integration (SMI) could hardly condemn a government to which it had belonged for almost four years. Therefore, the campaign was quite dull as all the major parties seemed to hold merely electoral monologues and no debate took place between the leader of the opposition and the Prime Minister.

One beneficial outcome of the above paradoxical situation was a positive electoral campaign where the parties focused more on proposals rather than on mutual accusations. The ruling Democratic Party (DP) promised positive change and progress under its electoral motto “We are the change, Forward!” Its campaign was headed by Prime Minister Sali Berisha who focused on the achievements of the Government, especially on infrastructure, while promising more development for the future. The opposition Socialist Party and its leader Edi Rama focused on the need for change while promising an Albanian renaissance that would revitalize democracy and economy, under the slogan “Renaissance: 2013 the year of change.” The Socialist Movement for Integration (SMI), on the other hand, ran under the neutral slogan ‘Let’s walk faster’, promising faster development and quicker integration into EU. The positive electoral campaign enhanced the ideological distinctions between the two camps. Thus, the Socialist Party promised universal free health care and progressive taxation instead of the flat rate tax that was defended by the ruling right wing Democratic Party. In this respect, at least, the electoral process “offered voters a genuine choice.”

Election Results: The Predictable and the Unexpected

The Alliance for the European Albania led by the Socialist Party (SP) and the Socialist Movement for Integration (SMI) won a landslide victory in the Parliamentary Elections on 23 June 2013. It received 16% more votes (57.63%) than its rival coalition, the Alliance for Employment Welfare and Integration.

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7 Partia Socialiste e Shqipërisë, Programi, 16.
8 OSCE/ODHIR, Republic of Albania, 1.
led by the Democratic Party (DP). It received 83 out of 140 seats, securing thus a sound majority in Parliament. See Table 1 below.

<table>
<thead>
<tr>
<th>Name of Party/Coalition</th>
<th>Number of Votes</th>
<th>Percentage</th>
<th>Seats in Parliament</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Alliance for the European Albania</td>
<td>993,904</td>
<td>57.63</td>
<td>83</td>
</tr>
<tr>
<td>The Socialist Party of Albania</td>
<td>713,407</td>
<td>41.36</td>
<td>65</td>
</tr>
<tr>
<td>The Socialist Movement for Integration</td>
<td>180,470</td>
<td>10.46</td>
<td>16</td>
</tr>
<tr>
<td>The Party Union for Human Rights</td>
<td>14,722</td>
<td>0.85</td>
<td>1</td>
</tr>
<tr>
<td>The Social Democracy Party</td>
<td>11,891</td>
<td>0.69</td>
<td>0</td>
</tr>
<tr>
<td>The Social-democratic Party of Albania</td>
<td>10,220</td>
<td>0.59</td>
<td>0</td>
</tr>
<tr>
<td>The Popular Alliance</td>
<td>8,927</td>
<td>0.52</td>
<td>0</td>
</tr>
<tr>
<td>The Christian Democratic Party of Albania</td>
<td>7,993</td>
<td>0.46</td>
<td>1</td>
</tr>
<tr>
<td>Other Parties</td>
<td>46,274</td>
<td>2.7</td>
<td>0</td>
</tr>
<tr>
<td>The Alliance for Employment Welfare and Integration</td>
<td>680,677</td>
<td>39.46</td>
<td>57</td>
</tr>
<tr>
<td>The Democratic Party</td>
<td>528,373</td>
<td>30.63</td>
<td>50</td>
</tr>
<tr>
<td>The Republican Party</td>
<td>52,168</td>
<td>3.02</td>
<td>3</td>
</tr>
<tr>
<td>The Party of Justice, Integration and Unity</td>
<td>44,957</td>
<td>2.61</td>
<td>4</td>
</tr>
<tr>
<td>The Demo-Christian Party of Albania</td>
<td>13,288</td>
<td>0.77</td>
<td>0</td>
</tr>
<tr>
<td>The Movement for Legality (Monarchy) Party</td>
<td>6,089</td>
<td>0.35</td>
<td>0</td>
</tr>
<tr>
<td>The Movement for National Development</td>
<td>5,429</td>
<td>0.31</td>
<td>0</td>
</tr>
<tr>
<td>Other Parties</td>
<td>30,373</td>
<td>1.76</td>
<td>0</td>
</tr>
<tr>
<td>The New Democratic Spirit</td>
<td>29,310</td>
<td>1.7</td>
<td>0</td>
</tr>
<tr>
<td>The Red and Black Alliance</td>
<td>10,196</td>
<td>0.59</td>
<td>0</td>
</tr>
<tr>
<td>Other Parties and Individuals</td>
<td>10,692</td>
<td>0.62</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,724,779</strong></td>
<td><strong>100</strong></td>
<td><strong>140</strong></td>
</tr>
</tbody>
</table>

Source: The Central Elections Commission. 2013a. 1

While most electoral polls had predicted the victory of the SP-SMI coalition, its extent took by surprise even the winners themselves. In a joint press conference before the elections on 21 June 2013, the leaders of SP and SMI, Edi
Rama and Ilir Meta declared that according to their calculations the SP-SMI coalition would win somewhere between 77 and 80 seats in the Albanian Parliament. This figure was well below the 83 seats that their coalition actually won.

Besides the significant victory of the Alliance for a European Albania three other elements stood out in the 2013 election results. First, the low results of the two ‘alternative parties’, the New Democratic Spirit and the Red and Black Alliance, none which managed to win even a single seat in the Parliament. Second, the high score of the Socialist Movement for Integration (SMI), which increased its vote and number of seats in Parliament from 4 in 2009 to 16 in 2013. Third, the low score of the ruling Democratic Party, which received eighty thousand votes less than in 2009, and lost 18 seats in Parliament. See Table 2 below for a summary of the electoral change between 2009 and 2013 elections.

Table 2: A Comparison of 2009 and 2013 Parliamentary Election Results

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>The Socialist Party</td>
<td>620,586</td>
<td>40.85</td>
<td>41.36</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>The Democratic Party</td>
<td>610,463</td>
<td>40.18</td>
<td>30.63</td>
<td>68</td>
<td>50</td>
</tr>
<tr>
<td>The Socialist Movement for Integration</td>
<td>73,678</td>
<td>4.85</td>
<td>10.46</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>The Socialist Party Coalition</td>
<td>688,748</td>
<td>45.34</td>
<td>57.63</td>
<td>66</td>
<td>83</td>
</tr>
<tr>
<td>The Democratic Party Coalition</td>
<td>712,745</td>
<td>46.92</td>
<td>39.46</td>
<td>70</td>
<td>57</td>
</tr>
<tr>
<td>Voter Turnout</td>
<td>1,519 176</td>
<td>50.77</td>
<td>53.31</td>
<td>140</td>
<td>140</td>
</tr>
</tbody>
</table>

Source: Central Elections Commission. 2013a and 2013b; IDEA. 2013.

As the above table shows the 2013 elections had a clear winner and a clear loser. The true winner of these elections was the Socialist Movement for Integration (SMI) that almost tripled its amount of votes from around seventy thousand in 2009 to hundred and eighty thousand in 2013, while also quadrupling its seats from four to sixteen. While it remains the third party, SMI consolidated its position as the kingmaker in Albanian politics. The Democratic Party (DP), on the other hand, was the clear looser as it lost eighty thousand votes and eighteen seats in Parliament. Furthermore, the Democratic Party (DP) lost in some of the northern districts that in the last 20 years had been its political strongholds. See Figure 1 below.

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Figure 1: Electoral map of Albania according to districts, 2009 and 2013.

The 2013 electoral map focuses on the three main parties individually rather than on the two competing coalitions. A focus on coalitions would show that the left wing coalition Alliance for European Albania led by the Socialist Party won the majority of votes (52.69%) in the biggest northern district of Shkoder, historically considered a stronghold of the right wing Democratic Party.\textsuperscript{10}

The poor results of the ruling Democratic Party and the astounding electoral success of the Socialist Movement for Integration (SMI) provide the keys to understanding the 2013 election results. On the one hand the electoral result can be read as a strong vote of protest against the incumbent Prime Minister Berisha and the ruling Democratic Party. Berisha had not only become synonymous with the ruling Democratic Party as its indisputable and historical leader, he was also the sole protagonist of the Democratic Party campaign. Therefore, the poor electoral results of this party can be easily read as vote against Berisha, the government that he led and his authoritarian tendencies as he brought under control all major state institutions. In this respect the 2013 elections were a great democratic exercise. This would be the bright side of the 2013 election results. The electoral success of the Socialist Movement for Integration (SMI) however, which had been at the centre of some of the most serious corruption scandals of Berisha Government, casts a dark shadow on the 2013 election results. The electoral success of the Socialist Movement for Integration (SMI) could not be due to its performance in a Government that was penalized by the voters. It was most probably a consequence of its extensive politics of patronage through which SMI offered jobs in the public administration in exchange for votes.

Consequences of 2013 Elections: Lights and shadows.
The 2013 Parliamentary elections produced two contradictory consequences with regard to democratic consolidation in Albania. On the one hand, they can be seen as a sign of successful democratization. They marked the third peaceful transfer of power as well as the end of some regional political strongholds in Albania. In this respect, the 2013 electoral process and its results could produce more electoral and substantive democracy in the future. On the other hand, the 2013 elections did not fully test the capacity of Albanian electoral institutions to handle electoral disputes. Furthermore, given the success of the Socialist Movement for Integration (SMI) the 2013 election results brought to light the increasing importance of clientilistic politics in Albania. This in turn, does not bode well for the future of anti-corruption policies in the country. In short, there was a bright side and a dark side to the 2013 elections.

On the bright side, the 2013 elections were a sign of consolidation of democracy in Albania insofar as they marked the third peaceful and uncontested transfer of power, albeit not consecutive, after the 1992, and 2005 elections. Despite the tense political climate and the conflict regarding the composition of the Central Elections Commission (CEC), the OSCE/ODHIR Election Observation Mission concluded that “the 23 June elections were competitive with active citizen participation throughout the campaign and genuine respect for fundamental freedoms.”\(^{11}\) Besides one incident that resulted in the death of a party activist, the voting process was quite peaceful on orderly. Unlike most previous elections the counting process was also quite smooth and without incidents. Finally, the elections produced a peaceful transfer of power. In an unprecedented political gesture Sali Berisha, the historical and uncontested leader of the Democratic Party, congratulated his political opponent Edi Rama, head of the Socialist Party, for the victory and resigned from the leadership of the Democratic Party personally assuming responsibility for the loss.\(^{12}\) Once elections ended during the period July - September 2013 there was a smooth transfer of power from the old government to the new one headed by Prime Minister Edi Rama.

Second, the 2013 elections redrew the electoral map of Albania undermining regional divisions and existing political stronghold. As Figure 1 above shows the Socialist Party won in some northern strongholds of the Democratic Party, undermining the north-south division of Albanian politics, north being the stronghold of the right and south of the left. In this respect the 2013 elections marked an emancipatory event in Albanian politics. They showed that the Albanian electorate did not necessarily vote along regional lines, which have been quite present in Albanian politics. The end of political strongholds promises to increase levels of political accountability since no party can rest assured that it would win a given electoral district no matter how it governed. In other words, the 2013 election results produced an electoral shake up that could make political parties more responsive to the electorate.

On the dark side, although the 2013 elections were much smoother than

\(^{11}\) OSCE/ODHIR, Republic of Albania, 1.
expected they did not fully test the Albanian electoral institutions. The smooth
development of elections was primarily due to the electoral results. The loss of
the ruling Democratic Party (DP) and the victory of the opposing coalition led
by the Socialist Party (SP) and the Socialist Movement for Integration (SMI)
were of such magnitude that it made futile any attempts at manipulation,
while removing potential electoral disagreements between the two competing
camps. One could speculate that a closer result, such as that of 2009, could
have produced much more tension and a protracted counting process given the
political imbalance of the Central Elections Commission (CEC) and its contesta-
tion as an illegal institution by the two main opposition parties. As the Coal-
ition of Local Monitors concluded: “The electoral process of June 23 in its entire-
ly was characterized by a lack of legality, while enjoying a legitimacy accepted
by all contending parties, which is an unusual and unpromising situation for a
country like Albania.”

Another even more disturbing phenomenon exposed by the 2013 parliamentary
elections was the increasing importance of clientelism in Albanian politics. This
ranged from specific acts of buying the vote in exchange for money, to more
general phenomena of political patronage, such as the promise for employment
in the public administration in exchange for the one’s personal and family vote.
Both international and local observers noted serious allegations of vote-buying
that involved all the major political parties, especially with regard to vulnera-
ble groups such as poor rural communities and the Roma and Egyptian popula-
tions. The spectacular success of the Socialist Movement for Integration (SMI)
marked the consolidation of political patronage. SMI enjoyed two advantages
that would attract the rational voter trying to maximise immediate material
benefits in exchange for the vote. First, SMI enjoyed a significant gap between
electoral size and government power. In 2009 even though SMI received 5% of
the vote it controlled 20% of the power. This meant that SMI controlled 20% of
state institutions where it employed its political supporters. In other words it
had more to give to its supporters in exchange for the vote compared to other
parties. Second, as a kingmaker SMI created a public perception that “it was
going to be in power no matter which coalition won the elections.” Put in
business terms, SMI was a safe and high yield investment. As a consequence it
was in the best position to develop a system of political patronage. This was an
efficient mechanism in a country where politicians appeared equally corrupt,
where programmatic and emotional mobilization was weak, while poverty and
unemployment were high.

Therefore, as a staunch critic of the Government put it, the victory of the left-
wing coalition *Alliance for a European Albania* produced a “rotation that came
from the failure of [democratic] principles.” In order to come to power the
opposition Socialist Party (SP) created a coalition with what it had itself

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17 Baze, *Një rotacion*.
labelled the most rotten part of Government, the Socialist Movement for Integration (SMI). This in turn fed a politics of patronage in which many voters who were no longer able to penalize corruption or reward honesty in governance chose to maximise immediate benefits in exchange for their vote, which could explain the spectacular success of SMI.\textsuperscript{18} This does not bode well for the future of Albanian politics. As the politics of clientelism and patronage expand, elections will serve less to penalize bad governance and to clean up government and more to replace one political clientele with another.

In short the 2013 parliamentary elections in Albania were an interplay of lights and shadows. On the bright side they could be read as a strong message against the arrogance and corruption of the ruling Democratic Party and its leader Sali Berisha. They showed that in the final analysis it is the electorate that has the last word, even if a ruling party manages to bring under control all key state institutions. On the darker side these elections strengthened the politics of patronage, recycling into power the Socialist Movement for Integration (SMI) that not long ago was labelled by the current Prime Minister Edi Rama as the most rotten part of the previous government. It is still too early to tell which will eventually carry the day in Albanian politics, the light or the dark. Most probably neither; it is most likely that we shall continue to see various shades of grey.

\textbf{Bibliography}


\textsuperscript{18} Nazarko, Pikëpyetje.

The April Agreement - A Step towards Normalization between Belgrade and Pristina?
Event Analyses

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The April Agreement - A Step towards Normalization between Belgrade and Pristina

Andreas Ernst

Keywords: Kosovo, Serbia, April Agreement, Normalization

Introduction
What does it take to win the Nobel Prize for Peace? Alfred Nobel was quite precise: You have to be “the person who shall have done the most or the best work for fraternity between nations.” To the surprise of many it was not only the representatives of the Albanian and Serbian lobbying groups in the US, but also the European Social Democrats which came to the conclusion that EU diplomacy chief Catherine Ashton, Serbian Prime Minister Ivica Dačić and his Kosovo counterpart Hashim Thaçi had met Alfred Nobel’s description. Their achievement: The Agreement they signed on April 19th in Brussels. The American lobbyists call it a “key and historic watershed”, the Social democrats were more cautious, calling it “a window of opportunity” to substantially advance peace.

I think the latter is closer to reality. There is an obvious tendency to overestimate the achievements and the potential of the Agreement, not only by those who laud themselves for having concluded it, but also by professional observers. A long time Balkan correspondent of a major German newspaper told me recently that it is over now and that we will not talk about the Kosovo question in two to three years anymore. Now with the April Agreement the topic will “simply fade away”. The following text argues that my colleague is probably too optimistic. I will try to show that dealing with North-Kosovo is indeed the key to a solution. But at the same time the ambiguities of the agreement and the lack of popular support, both in the Albanian and Serbian territories of Kosovo represent serious risks.

A process of Normalization?
The process of normalization through negotiations has been going on for many years, and started - unsuccessfully - with an EU-sponsored dialogue on so called “technical questions”. These negotiations could not be successful because barely hidden behind the “technicalities” stood the big question of the disputed status of Kosovo. The moment this “dialogue de sourds” was finally put on a
higher, explicitly political level, including the Prime Ministers, and dealing primarily with North-Kosovo, things started to move.

Why is North-Kosovo essential? Since the end of the war in June 1999 it has been an actively disputed territory and became the symbol of a frozen conflict. Throughout the years this territory developed its own type of sovereignty and self-control which could not be influenced by Pristina - and less and less by Belgrade. Because the Kosovo conflict is essentially an ethnic-territorial dispute it became clear that the de facto undefined status of North-Kosovo was not only a risk to stability, but also a chance for compromise. How did the main actors deal with this chance?

Let's first have a look at the product of the negotiation process on North Kosovo. The April Agreement (AA) concluded on the 19th of April in Brussels is a two page paper with fifteen vaguely defined points. Its goal is, first, the inclusion of the four northernmost Serb-majority municipalities into Kosovo's legal system. Second, it foresees the establishment of a community of Serbian-majority municipalities (Zajednica srpskih opština, ZSO) with a significant degree of self-governance. Putting it briefly: formal integration of the Serbian municipalities is combined with their factual autonomy. In order to create this community of municipalities, local elections had to be held.

To reach an agreement between Belgrade and Pristina in a relatively short time a lot of “constructive ambiguity” had to be put in its language. The two parties have very different perceptions on what they have agreed upon. And in the public the narratives of Belgrade and Pristina are obviously contradictory: For Pristina the Agreement means that the territorial integrity of Kosovo has been secured. So called “parallel structures” are abolished and North Kosovo and its Serbian population will be fully integrated according to the Kosovar constitution. Belgrade reads the Agreement differently: In its view a new ethnic-Serbia institution will be created, which for the first time is recognized by Pristina and the EU. This institution, the community of municipalities or ZSO, allows Belgrade to protect and influence the Serbian population in Kosovo. In the words of a Belgrade official, the Agreement brings “more Serbia into Kosovo.” In Belgrade they call the community “a kind of entity” - in Pristina, Hashim Thaçi spoke of an “NGO”. It is not without irony that Lady Ashton who brokered the deal applauded the two sides for having found “a common language.”

What has been the motivation to agree on such a vaguely defined agreement? All three parties (Brussels, Pristina, and Belgrade) have been under tremendous pressure to present a success. For Belgrade and Pristina the deal was a pre-condition for their next step in EU-integration. And in Serbia, Kosovo and the EU 2014 is a year of general elections. Also the new commission in Brussels will be voted in. So far Lady Ashton’s endeavours as a “Foreign minister” of the EU have not been rewarded with a lot of success. A Kosovo Agreement considered historic would clearly improve the rather meagre achievements elsewhere. In Serbia the government has to deal with a very bad economic situation and should implement a harsh and unpopular austerity programme. The announced “fight against corruption” has given only limited results. The start of the EU-negotiation process in January 2014 (mainly thanks to the April-
Andreas Ernst

Agreement) is a rare sign of hope and success of the government. The same goes for Kosovo. The legitimacy of its government is probably even less than in Serbia (as the results of the local election suggest) and in September there will be general elections. The start of negotiations on a Stabilization and Association Agreement (SAA) in October is therefore important. It shows that Pristina has contractual relations with Brussels although not all EU member states do recognize Kosovo as an independent state. The speed and the urge for an agreement probably explains most of the flaws the process has had so far, and the speed of the first step of implementation - the local elections - made them very problematic as well.

At this point preliminary two conclusions:
1. The Agreement has to be carried out as a radical top-down process, without including the population at all. For 14 years Serbs in the North have been supported by Belgrade in resisting by all means to the Kosovar state. They had been praised as patriots and lauded as the “piece de resistance” of a “Serbian Kosovo”. Then in less than seven months everything changed. They were told by Belgrade to take part in elections organised by Pristina and ordered to abandon some of the Serbian institutions. People had no idea about the consequences of the Agreement on their life, their jobs, their income (85 percent of the income in the North is paid by Serbia’s state sector). It was Petar Miletić, the ethnic-Serbian Vice-President of Kosovo's assembly, who commented in December: “It is our fate (as Kosovo-Serbs) not to decide on our fate.”

2. The legitimacy of the new arrangement is not provided by a transparent let alone democratic process, but by ethnic loyalty and inter-ethnic fear. As in other cases (in Bosnia’s Dayton agreement or in Kosovo’s Ahtisaari plan) the accent is put on top down state-building. State structures are built along the conflict lines, hoping that after time that their institutions would absorb the conflict. But the case of Bosnia (and Macedonia) shows that these structures reproduce rather than solve a conflict.

It is no surprise that under these circumstances the election process was very problematic. But it is surprising that the OSCE, which organized and oversaw the elections, described them as “generally satisfactory”. Marko Prelec who was for years with International Crisis Group came to a different conclusion arguing that the electoral process, from registration of parties and voters, to public outreach, civic education and finally the campaign, was so deeply flawed as to produce a fundamentally unfree and unfair result. Besides the inaccurate registers, the polling stations opened late, security was poor and there was widespread intimidation and group voting.

This was not only the case in the first round, but also in its repetition and in the second round. A good Western source assumes that the violence in the first round which led to the cancelling of the voting process was not perpetrated by local supporters of a boycott, but by people with instructions from Belgrade who were actually afraid that the boycott would succeed. With the repetition of the first round, Belgrade gained two more weeks to put pressure, especially on people on its payroll, to vote. Led by their directors, the workers of whole state companies then went all together to put their ballots. In North-Mitrovica the election process took no less than four rounds. After the retreat of the elected
mayor, the murder of one candidate and the arrest of a second one, elections succeeded finally on 23rd of February. With a turn-out of 20 percent Belgrade’s candidate was chosen. In 9 of 10 municipalities with Serbian majority the Serbian state sponsored, Serbian Civic Initiative (Gradjanska inicijativa Srpska, GIS), clearly won. Only in Štrpce/Shtërpecë in the very South of Kosovo it was the Serbian Liberal Party (Srpska Liberalna Stranka, SLS) which kept the position.

What are the foreseeable consequences of the elections? How might the new community of Serbian municipalities influence relations between the Serbian minority and the Albanian majority in Kosovo? How will the relationship between Pristina and Belgrade be influenced?

1. With its single list, Belgrade retains a lot of influence in the North and gained new influence in Serbian municipalities in the South. On the municipal level Belgrade is now the third strongest player, controlling 9 municipalities. To compare: Democratic Party of Kosovo (Partia Demokratike e Kosovës, PDK) Thaçi’s party controls 10 municipalities, Democratic League of Kosovo (Lidhja Demokratike e Kosovës, LDK), the main opposition, also reigns in 9 municipalities.

2. Pristina’s investment into the SLS did not pay off. “Thaçi’s Serbs” as the party is called, is marginalized. Against Belgrade’s offer of strengthened links with the motherland, the SLS had little chance. This indicates that also in the South the integration of the Serbian population into Kosovo’s state structures did not really succeed in 14 years.

3. The establishment of the ZSO is now imminent. There are a lot of open questions how it will happen. Pristina and Belgrade have different opinions on what competencies this new body should have. Leon Malazogu, a leading analyst from Pristina, predicts that ZSO will allocate new powers from the state level and from the municipal level. It could become then a kind of ethnic entity inside Kosovo. Comparisons with the Republika Srpska in Bosnia are exaggerated. ZSO will not have veto powers to block decisions on the central level. It will rather live its own separate life from Pristina and the majority population. But the factual segregation and ethnic distance between Albanians and Serbs could rather grow than diminish.

4. This might endanger the functionality of the state as a whole. Ethnic distance can easily be turned into a perception of threat. Pristina has “used” the topic of North Kosovo for years to keep up some ethnic mobilization and to legitimize a government which otherwise did not offer much to its citizens.

Having reached the main goal to start negotiations with the EU and having agreed only on very vague terms, it is likely that the negotiation process between Pristina and Belgrade will slow down now. A first indicator of this came in the last rounds, where Thaçi and Dačić were not able to agree on the integration of Serbian judiciary into the Kosovo’s system.
Conclusions
And finally let me finish with two more general remarks. Western conflict management in the case of North Kosovo is part of a long tradition. When dealing with the Balkans the local adversaries are usually not taken very seriously. Nor are their narratives of the conflict or their proposals for solutions considered as very important. That's why the Kosovo conflict even today is mostly considered as a human rights problem and a question of minority protection. And not, as most Albanians and Serbs see it: as a territorial conflict.

Another consequence of this approach: political engineering, mostly as some kind of state-building, prevails over a real negotiation and peace process. In the case of Kosovo the EU accession process is directly linked to the solution of the territorial conflict. Of course it makes sense to relate the peace process and the EU-integration process. But they have different dynamics. It is an illusion to think, that the EU-integration process leads automatically to a lasting reconciliation and peace between Albanians and Serbs. But only this is the real normalization we are looking for.