The Western Balkans in the European Union: Perspectives of a Region in Europe

by Matteo Bonomi

ABSTRACT
The European Union needs clarity regarding the nature of its relationship with the Western Balkans, the goals it wants to achieve in the mid-future and the level of engagement that those goals would require. Under present conditions, the EU agenda for the Balkans seems to be in a conundrum. The countries in the region are diverging from the EU, both on the political and the socio-economic levels, while the EU and the member states are losing ground and leverage. It is then crucial to progress in the socio-economic field, which would require an annual GDP growth rate of approximately 6 percent in order to activate a process of substantial convergence towards EU standards in all fields. The Trieste summit hence happens at a crossroad; an ambiguous outcome would be a signal that the Balkan countries cannot expect a positive turn in European integration in the foreseeable future. This would be a positive development for the EU’s political competitors in the region who are already playing their comparatively weak hands strongly, due to the EU’s hesitant resolve to make the Western Balkans move on.
The Western Balkans in the European Union: Perspectives of a Region in Europe. A Contribution to the Trieste Summit on the Western Balkans

by Matteo Bonomi*

Introduction

In the run-up to the next intergovernmental conference on the Western Balkans framed in the context of the Berlin Process hosted by Italy in July 2017, the Reflection Forum was organized in an innovative manner allowing for an open and direct discussion around three key thematic areas. The Reflection Forum has provided a platform for fostering an exchange of perspectives between experts working in national and European institutions and researchers affiliated to think tanks and universities in the EU and the Western Balkans. In addition, it created new links to the Western Balkans Civil Society Forum initiative, which is part of the Berlin Process.

The central message coming out from the Trieste Reflection Forum is that the EU needs clarity in defining the nature of its current relationship with the Western Balkans, the goals it wants to achieve in the mid-future and the level of engagement that those goals would require. To date, the various multilateral and bilateral frameworks characterizing EU-Balkans relations, which include the accession agenda, the pursuit of EU foreign and security policy, the regional economic integration, investments and the resolution of bilateral disputes, render the whole EU approach towards the Western Balkans prone to misunderstanding, rather than building a synergy towards clearly defined and shared objectives.

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Although it is too early to draw conclusions on the potential success of the Berlin Process one year before its programme ends, preliminary observations are rather positive. Despite the backdrop of Commission President Juncker’s pronouncement that there will be no enlargement during his mandate, of Brexit and other growing geopolitical challenges, the Berlin process signals that the EU remains a strategic player in the region. More substantively, a major achievement of the Berlin process has been its contribution to boost the interest of Western Balkan and EU stakeholders regarding regional cooperation, whether through its contribution to the Connectivity Agenda, Regional Youth Cooperation Office (RYCO), the establishment of the Western Balkan Chambers Investment Forum and its support to the Civil Society Forum, or the pan-European Reflection Forum initiated by the think tanks and research community.

The challenge is now to build on the Berlin Process and contribute to the transformation of the EU enlargement policy in order to increase its credibility and effectiveness. The Trieste Reflection Forum has contributed to broadening the views about regional cooperation, enlargement and the socio-economic development of the Western Balkans among the policy community, the media and the general public.

Three areas of reflection were delineated: (1) the resurgence of bilateral and regional tensions; (2) the gap between hard and human security in the region; (3) the pitfalls of gendered models of the economic development.

Main findings of the Reflection Forum

**Regional tensions and bilateral conflicts in the Western Balkans: How do regional tensions become European problems?**

A central aim of the European integration project was to overcome conflicts among member states. In this vein, one of the purposes of extending the EU enlargement agenda to the Balkans is the need to tackle the deepest reasons behind confrontations and mutual enmities. However, EU actions in the region have been focusing primarily on reaching stability, rather than on enabling the conditions for reconciliation among societies – with the newly established Regional Youth Cooperation Office (RYCO) representing a highly positive step in that direction. Ever since the Franco-German reconciliation, the accession of the Republic of Ireland and United Kingdom to the European Economic Community and other conflict transformation examples, the EU has gained consistent experience in overcoming deep-rooted problems by adopting a broader agenda that allows the use of different instruments, and by focusing on local communities and various socio-economic aspects. However, the strategy followed by the EU in the Balkan region appears today to address the symptoms rather than the causes of regional and bilateral tensions.
An example of the current fragmentation of the EU strategy in the Balkans is the European approach towards bilateral disputes. Brussels has indeed narrowed its sight and efforts on the governments of the six prospective EU members from the Western Balkan countries – which, on their side, have largely highened their expectations with the Vienna Declaration on Bilateral Issues\(^1\) – leaving regional EU member states that border the pre-accession countries outside of the picture. However, regional tensions involving actual or potential candidates and EU member states have proved to be detrimental for regional stability as much as disputes among EU aspirants, as illustrated by the relations between Greece and Macedonia and Croatia and Serbia. The EU’s intense presence in the Balkan region has strengthened the asymmetrical relations among sovereign states, at times adding to pre-existing tensions, and not sufficiently working as a framework for fostering regional stability. Hence, the regatta approach pursued by the EU over the past 20 years has not always promoted constructive competition among the six Balkan countries would-be member states.

The fact that the countries in the region are going back to old narratives does not necessarily mean that they are going back to the same old actions and tensions that will lead to open, or even armed, conflicts. Conflicts of such nature seem a highly unrealistic scenario for the foreseeable future. To date, the major risk of regional tensions is the consolidation of not fully democratic regimes. Due to often opportunistically shortened and, thus, endless electoral cycles throughout the region and a lack of EU perspective on socio-economic development, going back to a nationalist rhetoric often represents a rational choice for politicians who can use little else to appeal to their voters.

**Internal and regional security: Going beyond the repressive security cooperation?**

Security cooperation is an important element of regional stability where the EU has to clarify how it wants to achieve its objectives in the Western Balkans. Over the last 15 years, the EU has been investing substantially in security in the Balkans, covering aspects such as organized crime, corruption, integrated border management or irregular migration. Significant progress in these areas was registered, following the visa liberalization process and the management of the so-called “Balkan-route” after the migration crisis of 2015-16. Nevertheless, the balance of the EU security agenda in the Balkans seems to depend primarily on the repressive side of security cooperation rather than on measures enabling and promoting the rule of law, human security, environmental protection, democracy and individual and social rights.

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This brings again the focus on what the EU wants to achieve in the Western Balkans. Does the EU aim to prepare future member states for accession or is it trying to externalize the costs and burdens of its own security problems to third countries? To what extent are the relations with the Balkans similar to the ones it has with its Eastern and Southern neighbours? How should the pre-accession countries meet the objectives of Articles 2 and 7 of the TEU, which involve the promotion and the safeguard of the EU’s values of respect for human dignity, freedom, democracy, equality, the rule of law and human rights, including minorities’ rights? What are the costs attached to the current prioritization of stability, democracy and human rights in countries that are geographically surrounded by the EU? While the crises of EU’s institutions and values have not helped to dissipate ambiguities in this field, the renewed momentum within the EU to overcome its current crisis should bring more clear-cut positions and consequent strategies, also for the Balkans.

The need to have the EU working in the Balkans with a notion of security that goes beyond its repressive side is particularly cogent if we consider the mounting interest of other geopolitical actors in the region and the non-liberal options they could offer. Russia has shown a growing engagement in the Balkans as a spoiler, by contesting the credibility of the EU’s transformative power and systematically emphasizing its actual limitations. In this way, Russia undermines the effectiveness of EU’s overall external policy, especially towards the East. Likewise, Turkey has increased its involvement in the Western Balkans – most notably in Kosovo, Macedonia and Bosnia-Herzegovina. Its investments in infrastructures and cultural influence gain ground, while EU-Turkey relations continue to weaken.

Investing in infrastructures and knowledge: Escaping the gendered-economy trap?

A crucial point of the discussion within the Reflection Forum was the nature of the connectivity agenda as a way to improve economic governance, fight against corruption, support small and medium-sized enterprises (SMEs) and, overall, strengthen societal resilience in the region. From an economic perspective, the pre-accession countries in the Balkans appear already to be part of the European Union, sharing 76 percent of their total trade in goods with the EU within a nearly completely liberalized trade regime, and having internationalized 90 percent of their banking systems, mainly with German, Italian and Austrian banks. Nevertheless, such close economic ties with the EU have not yet yielded the necessary economic restructuring and modernization. So far, EU integration seems to have emphasized the Western Balkans countries’ inability to develop, as their competitiveness is mainly based on their ability to provide cheap local labour for international markets. Almost every country in the region has experienced increasing poverty and worsening living conditions in comparison to the pre-1990

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levels, together with profound de-industrialization, high unemployment and low employment rates. Moreover, the EU financial and economic crisis hit the Balkan countries disproportionately due to their already close links and lack of access to plausible remedies. As a result, the growth of the last ten years has been nullified, while, during the same period, the countries accumulated a trade deficit with the EU of 98 billion euros (2005-2016). The rising current account deficits, as well as the worsening of the state budgets, have resulted in an increasing foreign debt that is becoming more difficult to pay back, especially given the continuous exodus from the region and rapidly ageing populations.

Against this background, the streamlining of the extremely limited resources for infrastructural development prospected by the connectivity agenda does not seem enough to re-launch the competitiveness of the Western Balkans countries. Nonetheless, this would allow them to decrease their trade deficits with the EU. As illustrated by a recent research of the World Bank, the Western Balkans’ economy will need to grow at annual rates of at least 6 percent (almost the double of their current growth rates) if they are to match the EU standards by the end of the 2030s. Without a more tangible perspective for a better life for the citizens, it also becomes extremely difficult to imagine these countries achieving substantial progress in their democratic consolidation. In the meanwhile, the lack of jobs and welfare will result in rising emigration. In this respect, infrastructural plans should be supplemented by additional investments in public services, such as health, welfare, education, research and development, which could facilitate the establishment of smarter and more knowledge-based economies, along with a better access to resources, particularly capital, for SMEs.

At the same time, the EU is not the only actor in the region to promote connectivity and investments in infrastructures. China has been increasingly active in the framework of its “Belt and Road” millennial project through the so-called “16+1 initiative”. It sets up a 10 billion euro investment that could rise up 50 billion euros to finance infrastructure and the production of capacity projects in Central, Eastern and Southern Europe. A series of investment projects, mainly in transport connectivity but also in energy, have already started to be implemented. Such investments, not being premised on political conditionality, are particularly attractive to leaders interested in speeding up the modernization of the infrastructure of their country. This means replicating the growth models from the 1970s, which relied on constructions and mainly employing men as labourers. Their impact, in contrast with the EU-funded projects, is observable in a relatively short

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4 See the European Commission website: Trade: Western Balkans, http://europa.eu/!dW86qY.
time. However, although the European Commission and the Chinese government agreed on enhancing synergies, the two connectivity schemes are not by default mutually reinforcing.

Conclusions: Refitting the European model Western Balkan style

The EU agenda for the Balkans seems to be in a conundrum. On the one hand, there are high expectations of what the EU should do for the Balkans and what EU membership should deliver in terms of democracy, institutions, economy and social rights. On the other, there is a sense of urgency that suggests that the EU should swiftly advance the process if it does not want to lose its influence within the region. Such concepts are arguably pulling in opposite directions, questioning the adequacy of the current EU approach towards the region.

In light of the lessons learned during previous enlargements, the EU has applied an intense conditionality, which has been refined over the years in order to address the specificities of the Balkan region. Nevertheless, the success of the enlargement policy towards the other former socialist countries in Central-Eastern Europe was based on providing a unique model for both economic and political transitions. The EU leverage in those countries was based on the idea of a “return to Europe” as well as on a promise of an effective political and socio-economic convergence. After 20 years of intense Europeanization in the Balkans, however, the countries in the region are diverging from the EU in both respects and their resilience has deteriorated following the EU financial-economic and migration crises. There is a strong state control over society throughout the region and elections do not allow neither for meaningful changes in the leadership, nor different policies. At the same time, the economic perspectives are sobering, with a widespread rise in poverty and inequality, ageing populations, brain drain and increasing foreign debt.

There is an unbreakable nexus between political institutions, democracy, rule of law and socio-economic trends. If the EU cannot accelerate the Western Balkan countries’ path towards membership without diminishing its push for tough reforms on the ground, it becomes pivotal to move things forward in the socio-economic field. This would require an annual GDP growth rate of approximately 6 percent to activate a process of substantial convergence towards EU standards. In this regard, the Trieste summit may be a crossroad. If the outcome of the meeting is vague and ambiguous, it will be a clear signal that there are too few positive developments to be expected in the region in the foreseeable future. The expectations in the Western Balkans regarding a higher level of EU involvement in the region were particularly raised by the announcement of the Berlin Plus plan on 31 May 2017 by the German Foreign Minister,7 which aims to assist the economic

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reconstruction and development of the region.

A diffused sense that the EU prospects have been effectively suspended in the Balkans calls for urgent measures of intervention. The risk that the EU will lose influence in the region is lingering, as implicitly recognized by the EU High Representative for Foreign Affairs and Security Policy Federica Mogherini, who has also recently indicated the Balkans as her second top priority. The current state of affairs can be epitomized by the failures of EU officials to facilitate a way out of the recent political crisis in Macedonia, which required the intervention of US Under-Secretary of State, Hoyt Brian Yee, to move things forward. While US’ presence in the region has often been an important factor for stability, US activism can no longer be taken for granted. Moreover, the vacuum left by the diminished credibility of the European perspective triggers mounting internal tensions, allowing other actors, such as Russia, China, Turkey and some Islamic states to have an easier access to the region while not playing the same constructive role as the European Union.

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Programme
Trieste, 26-27 June 2017

26 June

Academic roundtable
Welcoming address

Vladimir Nanut, MIB Trieste School of Management, Trieste

Roundtable
Chair Tobias Flessenkemper, Centre international de formation européenne (CIFE), Nice/Berlin
Panelists Eleonora Poli, Istituto Affari Internazionali (IAI), Rome
Florent Marciaq, Austro-French Centre for Rapprochement in Europe (ÖFZ/CFA), Vienna
Luisa Chiodi, Osservatorio Balcani e Caucaso, Rovereto
Vedran Dzihic, Austrian Institute for International Politics (AIIA), Vienna
Dušan Reljić, Stiftung Wissenschaft und Politik (SWP), Brussels

Closing remarks

Stefano Pilotto, MIB Trieste School of Management, Trieste

Official opening
Debora Serracchiani, President of Friuli Venezia Giulia Autonomous Region
Giovanni Caracciolo di Vietri, Secretary General of the Central European Initiative (CEI), Trieste
Tanja Fajon, Member of the European Parliament, Ljubljana
Ferdinando Nelli Feroci, President of the Istituto Affari Internazionali (IAI), Rome
Michele Giacomelli, Special Envoy of the Italian Ministry of Foreign Affairs, Rome

Official reception given by the Central European Initiative

Night-owl thematic presentations on Western Balkans projects

Freedom of the press in the Western Balkans

Marzia Bona, Editor and Researcher, Osservatorio Balcani e Caucaso, Rovereto
Dejan Anastasijević, investigative journalist, Belgrade

Activist Fora
Vedran Dzihic, Austrian Institute for International Affairs (AIIA), Vienna
Felix Henkel, Friedrich-Ebert-Stiftung (FES), Sarajevo
27 June
**Reflection Forum**

*Welcoming speech*

**Margot Klestil-Löffler**, Alternate Secretary General of the Central European Initiative (CEI), Trieste

*Opening addresses*

**Florent Marciacq**, Austro-French Centre for Rapprochement in Europe (ÖFZ/CFA), Vienna

**Ugo Poli**, Executive Secretariat of the Central European Initiative (CEI), Trieste

**Tobias Flessenkemper**, Centre international de formation européenne (CIFE), Nice/Berlin

### Session I

**Regional tensions and bilateral conflicts in the Western Balkans: How regional tensions become European problems?**

It is well known that European integration was in the first place launched as a peace project. Its most central purpose was — and to a great extent, still is — to enable sovereign states to overcome mutual enmities they may have inherited from the past and thereby improve collective and regional security on the continent. This purpose, today, is nowhere as relevant as in the Western Balkans. However, in the past few years, the region has witnessed a resurgence of tensions, regardless of actual progress towards EU accession or despite symbolic gestures encouraged by the EU. Interestingly, those tensions affect all Western Balkan states. They are exacerbated, inter alia, by the political rehabilitation of wartime personalities, the prosecution of political figures in politicized jurisdictions, the involvement of international actors pursuing geopolitical motives, the asymmetrical power at the disposal of EU member states in relation to their bilateral disputes with Western Balkan neighbours, the overall rise of nationalism and identity rhetorics and the return of border politics throughout the region. Regional tensions, against this backdrop, make the maintaining of good neighbourly relations an increasingly difficult task, while considerably undermining prospects of reconciliation. They also pose a fundamental challenge to the credibility of the positive peace project promoted by European integration. When did the EU start losing ground in that area? How can it regain its enabling and inspiring power in securing good neighbourly relations in the Western Balkans? How can it overcome the perceived stalemate its involvement seems to have reached in the past few years?

**Chairs**

**Ivana Radić Milosavljević**, University of Belgrade, Belgrade

**André de Munter**, European Parliament, Brussels

### Session II

**Internal and regional security: Going beyond the repressive security cooperation?**

Regional cooperation in the Western Balkans is often praised by the European Commission and EU member states as a crucial ingredient of stability. It is in-
Instrumental in addressing security challenges in the region, since many urgent issues, such as organized crime, corruption, integrated border management or illegal migration, can only be effectively addressed through a trans-border approach. Significant progress in those areas has been registered in the past few years, including more recently against the backdrop of the migration crisis that led to the closing of the so-called “Balkan-route”. Regional cooperation in police affairs is another example. Despite noteworthy impediments, it seems that Western Balkan states are more than willing to join energies when their stability is at stake. But this readiness to cooperate tends to focus more on the repressive side of security than on developing enabling measures strengthening cooperation among transnational actors, regional non-governmental organizations or through regional institutions. And yet, these are instrumental in building up state and societal resilience through the promotion of rule of law, environmental protection, democracy and social rights. Why, in their pursuit of stability, do Western Balkan states welcome cooperation in hard, repressive security more than they invest energy in enabling measures? How deep is their reluctance to encourage transnational cooperation in soft security matters, e.g. environmental protection or social rights? How can the EU compensate for the lack of support they demonstrate towards cooperation among non-governmental organizations working on enhancing the rule of law and democratic practices at the regional level? Should regional institutions be more empowered in those issue-areas?

Chairs

Ruth Ferrero Turrión, Universidad Complutense, Madrid
Erwan Fouéré, Centre for European Policy Studies (CEPS), Brussels

Session III

Investing in infrastructures and knowledge: Escaping the gendered-economy trap?

The EU emphasizes the need to enhance connectivity throughout the Western Balkans. In a region marked by enduring post-conflict fragmentation, this connectivity agenda is more than welcome. Western Balkan states, after all, are more integrated with the EU than among themselves. But connectivity is not only promoted as vector of regionalism. It is also strongly linked to economic governance and as such, can contribute to make the Western Balkans more prosperous. At the core of the EU’s connectivity agenda for the Western Balkans lies the development of infrastructures in transport and energy. Notwithstanding the unclarity surrounding the modalities of current connectivity projects, the very nature of the approach and its possible limitations should be further discussed. The emphasis on infrastructure projects certainly fail to limit the already widening gender inequality gap in the Western Balkans, since they typically benefit male labour force in the first place and foreign investors more largely. Their eventual impact in the countries, moreover, is only perceivable in the midterm, whereas vulnerable citizen groups suffer hardship now. Additional investments in health, universities and social services, by contrast, would provide more perceivable benefits to all citizens in the short term. Although RYCO is a step towards a more inclusive type of people-to-people connectivity, its possible success will not compensate for the lack of capacities needed to build a smart regional economy in the Western Balkans offering job opportunities and containing the brain drain. How can the connectivity agenda integrate more the EU’s call
for developing a knowledge-based economy on the continent? How can the EU help providing better opportunities for women and young people? What progress can be made in the regional promotion of university and vocational education?

Chairs  
Eleonora Poli, Istituto Affari Internazionali (IAI), Rome  
Vedran Dzihic, Austrian Institute for International Affairs (AIIA), Vienna

Concluding discussion

Refitting the European model Western Balkan style

The EU’s “one size fit them all” model for enlargement has been increasingly contested. The recipe the EU pursued in the 90s has not proved as effective in the Western Balkans as it used to in CEE. What are the missing ingredients? How can the EU further adapt its enlargement policy to regional contexts? Can the EU be brought to question the political and economic model it relies on and promotes? How can the Western Balkans contribute to the EU’s self-re-assessment?

Chairs  
Simonida Kacarska, European Policy Institute (EPI), Skopje  
Adam Fagan, Queen Mary University of London, London

Concluding Remarks

Dušan Reljić, Stiftung Wissenschaft und Politik (SWP), Brussels
Istituto Affari Internazionali (IAI)

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