In Search of EU Strategic Autonomy: What Role for the Western Balkans?

A Conversation with Odeta Barbullushi, Dejan Jović, Tanja Miščević, Zoran Nechev, Dušan Reljić and Majda Ruge

Edited by Matteo Bonomi
This publication has benefited from the financial support of the Compagnia di San Paolo-International Affairs Programme and the Policy Planning Unit of the Italian Ministry of Foreign Affairs and International Cooperation pursuant to art. 23-bis of Presidential Decree 18/1967. The views expressed in this report are solely those of the authors and do not necessarily reflect the views of the Compagnia di San Paolo or the Italian Ministry of Foreign Affairs and International Cooperation.
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The outbreak of the covid-19 pandemic has put to the test the EU’s cohesion and effectiveness not only with regard to its internal governance, but also in relation to its strategic partnerships with neighbouring countries, starting from the enlargement countries in the Western Balkans. While a series of multiple crises were already contributing to cement resistance towards accession of new members into the EU, the pandemic seems to have exacerbated pre-existing problems in the Western Balkans – notably the enduring socio-economic entropy, unresolved constitutional disputes and backsliding in democratic standards. At the same time, other foreign actors, starting from China, Russia, Turkey and some Gulf states, are also vying for political, economic and cultural influence in this part of Europe, reflecting the current acceleration of broader geopolitical strains and placing the Western Balkans in the quicksands of European and global dynamics. All this reinforces the urgency of searching for ways to upgrade the EU’s stance in the region, and to bring what once was considered the EU’s most successful foreign policy, the enlargement, into a new era of political realism.

To this aim, the ongoing debate on EU strategic autonomy\(^1\) offers an obligatory point of reference to deal with the Balkan conundrum, for two reasons. The new European strategic debate, in fact, gives a fruitful angle to assess both the state of play of current partnerships between the EU and the Western Balkan countries and their limits, as well as to verify the ambitions of the EU to effectively assert itself as a strategically autonomous actor in the years to come.

Indeed, in no other region of its surroundings does the EU still have such a consolidated presence and leverage as in the Western Balkans. At the same time, in no other region is the EU’s influence retreating so rapidly as in the Western Balkans. The prospects of EU membership for the Western Balkan countries are effectively marred by ambiguities, not providing a clear path to follow for the EU and its aspirant members in the region.² As a result, the enlargement policy is today crumbling under the pressure of current emergencies.

Against this backdrop, this report brings together prospects offered by six leading experts on the EU and the Western Balkans, in order to discuss what this region means for EU strategic autonomy and concrete actions for the way forward.

The report clearly makes the case for the EU’s need for new strategic thinking and courageous choices in the Western Balkans. As explained by Dejan Jović, since the inadequate strategic response to the challenges in the former Yugoslavia in the 1990s, the EU has overlooked realities and relied on idealism in the region, while others have taken care of hard security issues. All this is reflected in today’s fragmentation of the region and the strong permeability to external actors of this part of Europe.

That the Western Balkans appear today as a strategic vulnerability of the EU is explained by Odeta Barbullushi. The setbacks in the EU enlargement process have come hand in hand with the domestic stagnation of some important institutional and economic reforms in the Western Balkans. In addition, these tendencies have been further reinforced by the outbreak of the COVID-19 pandemic, where the EU’s hesitations to make the Western Balkans part of the European response to the pandemic have been detrimental for mutual trust.

Still, the strategic importance of the Western Balkans is not confined to the (so far) unfulfilled promises of EU accession. Whether as a more transactional process, as highlighted by Zoran Nechev, or in a more transformational manner, as argued by Tanja Miščević, the EU–Western Balkans partnerships should

increase, to include the latter much more as active subjects that contribute to intensified forms of cooperation.

For instance, the fruitful spirit that is today present in the exceptional integration of the Western Balkans into EU border and police agencies such as Frontex and Europol – argues Nechev – could be matched in other sectors. In dealing with further shared challenges, whether the fight against air pollution, criminal organisations or brain drain, overlapping EU–Western Balkans political, security and economic interests could be incorporated into a wider European agenda.

Among current priorities, a central role is undoubtedly played by the most recent plans for regional economic integration in the Western Balkans (discussed by Barbullushi and Miščević). The languishing of the EU accession process has reinforced the importance of regional cooperation as a fundamental way to foster stability and growth. Even more importantly, these plans give the opportunity to the Western Balkan countries to show that the region is able to shape its own destiny and policies, instead of being increasingly the object of other actors and their ambitions.

In this regard, the Common Regional Market initiative endorsed by all six leaders from the Western Balkans,3 structured along the four freedoms of movement (goods, services, capital and people), certainly shows some potential. The initiative is not only meant to address the immediate needs of boosting post-pandemic economic recovery but also to advance long-term priorities of aligning the region with EU regulatory standards, attracting foreign direct investments and helping with the process of diversification of EU supply chains.

At the same time, we should be extremely sober about expectations on what these renewed regional plans can or cannot achieve. The limits of the halfway commitments that today characterise relations between the EU and the Western Balkans can hardly be compensated or overcome by this kind of coping strategy. Regional economic integration among the Western Balkans,

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which is certainly important, simply does not have the sufficient weight to be a game changer, either for the economic development of the region or for motivating local political leaderships to finally resolve unsettled constitutional disputes.

Even worse, without a clear strategy coming from the EU, instead of spurring positive transformation, such approaches could inadvertently give further impetus to the current negative drift. It would not be a novelty that strengthening market integration among the Western Balkan countries and with the EU goes hand-in-hand with the rise and permanence in power of anti-reformist and illiberal forces. Indeed, governance in the Western Balkans has increasingly drawn from the Chinese and Russian models of authoritarian capitalism based on predatory state behaviour, state capture and corruption, rather than on the EU *acquis*.

Therefore, as stressed by Majda Ruge, a much bolder approach by EU leadership remains indispensable to advance reform agendas and push towards democracy, economic development and security in the region. If the European Council – due to enduring internal divisions – is currently unable to formulate an effective policy in the region for its 27 member states, this role should be performed by a coalition of like-minded countries and a representative of EU institutions. In particular, in relation to EU fundamental values such as the respect of democratic norms and the rule of law – which constitute the backbone of the EU integration project – there should be no hesitation on the part of some European capitals, whether Berlin or Rome, to exert deterrence and even create open frictions, if needed, with local governments, in the name of the entire Union. This is also where the Europeans can find a stronger partnership with the new Biden administration in Washington DC, conditioned on showing the right degree of determination by the Europeans.

Last but not least, any EU strategy towards the region cannot avoid a credible approach towards the socio-economic trends in the Western Balkans, which are unfortunately and inexorably pointing to weakening societal and state resilience. As put by Dušan Reljić, the EU quest for strategic autonomy in the Western Balkans is destined to fail without adequate financial resources. As clearly shown by Reljić, the fact that some countries in south-eastern Europe entered the EU whereas others did not, is creating path dependency toward
further economic divergence among the two groups of states and fostering social entropy in the Western Balkans. In addition, the ongoing pandemic and the negotiations for a new EU Multiannual Financial Framework 2021–2027 and Next Generation EU are only increasing these gaps. The region, in fact, risks being pushed even more to the margins of the EU integration project, becoming increasingly an enclave of economic hardship, social tensions and unsettled conflicts in the midst of Europe.

All in all, if there is one single message coming from the report it is that the most crucial factor working against the EU in the Western Balkans is time. The EU and its member states should exert their full political and economic weight in the region now, while they can, in order to expand their own power and influence, especially since this is not in opposition to the EU’s own ideals and values – as highlighted by Jović. In other terms, today there is the danger that the window of opportunity for proceeding towards the political and territorial unification of Europe, at least as was conceived by European leaders of the first post–Cold War generation, is going to close in the Western Balkans, as new walls are already rising around the region. This is not only to the detriment of Western Balkan citizens, but also puts the entire region at odds with the political finalité of the European integration project – a goal that is finally made explicit and that, to a certain extent, finds concrete parameters in the European strategic autonomy debate. It is now the time for courageous political choices and leadership to substantiate this goal in south-eastern Europe.
The EU is in a need of new strategic thinking. For many years – in the 1990s and in the first half of the 2000s, at the time of liberal optimism – it leaned more towards the normative aspects of its self-identification than on the strategic side. It promoted the idea of liberal peace and embarked on policies of deep transformation of former socialist societies in its eastern neighbourhood. However, the era of normative politics was encountering serious challenges already in 1991, with the war and conflicts in former Yugoslavia and many of its successor states. The EU sadly demonstrated that it was ill-prepared for such a challenge. However, with the return of security issues to the Western agenda in September 2001, and with financial and migration crises in the 2000s and 2010s, as well as new uncertainties in the area of energy security, the EU recognised – or at least, it should have recognised – that strategic thinking, based on political realism, was still needed in order to respond to new challenges. The rise of political influence of competing external actors such as Russia and China in the 2010s, as well as Brexit in the UK and the Trump era in the US, should have only reaffirmed this conclusion. And so should the rise of illiberalism, nationalism and sovereigntism in a number of the EU's member states. Finally, with the new European Commission we received acknowledgment of this new thinking through the phrase a “more geopolitical Commission”.

In no area of Europe is this need for strategic thinking more visible than in the Western Balkans. There are several reasons for this. Firstly, it was due to the inadequate response to security challenges in the Western Balkans in the 1990s that the European project – of creating a single united Europe for all Europeans – failed to materialise quickly, as envisaged by (overoptimistic, not sufficiently realistic) European leaders of the first post–Cold War generation. The end of the Cold War in Europe did not mean the end of security threats, and neither did victory of liberal democracy mean that there will never be an alternative...
to it on European soil. If liberal democracy aims at prevailing, then it should plan its policy of countering and politically defeating alternatives. Preaching about common values will not be enough. And neither is it enough to think that simple transplantation of institutional structures developed in the core countries of the European project onto peripheries (via copy-paste practices) will resolve various local problems in these countries. Principles and policies of self-determination and electoral democracy may well result in eternal peace in one country, but they may also lead to war and conflict in another. Thus, more care is needed in handling supposedly joint European values.

Secondly, it is because of the inadequate strategic response to the former Yugoslavia that the presence of external actors continues in this part of Europe – and is getting stronger, not weaker. The end of the Cold War was a perfect chance for returning Europe to Europeans. The USSR withdrew from Eastern Europe and then collapsed. The Warsaw Pact was quickly dissolved and one state – Eastern Germany – disappeared with a stroke of the pen, enabling the first, and so far the quickest, enlargement of the EU and NATO to the former East. However, those who hoped that this cleared the road for the same or a similar process in the former Yugoslavia have been disappointed. The EU overlooked realities and relied on idealism. It claimed that the war in Yugoslavia was “the Hour of Europe – not the hour of the Americans”. Furthermore, it claimed that “if one problem can be solved by the Europeans, it is the Yugoslav problem”. But this was not to be the case. After four years of war on European soil, the US was the power behind resolution of the problem. It also demonstrated its strategic power in the war over Kosovo in 1999 and in promoting the independence of Kosovo in 2008. The first of these moves resulted in NATO waging a war in Europe, out of its own self-defined area of operations. The second divided the EU into countries that do and those that do not recognise the independence of Kosovo. These were political defeats for the European project, which had been conceived as an anti-war project promising that war would not happen again in Europe. More importantly, the US interventions enabled Americans to stay in Europe and – in the case of recognition of Kosovo – to prevent or at least place

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an obstacle to common foreign policy of the EU. It now seems that this might continue more-or-less indefinitely.

With the rise of Russia and China, as well as with the UK now playing the new role of an external actor not necessarily supportive of the EU, the Western Balkans is becoming an area of multipolar competition between the EU and its challengers. Among these are also Turkey, the United Arab Emirates, Qatar and Israel. These countries are all now increasingly present in the region that is still defined – by the Union – as a waiting room for EU membership. In reality, compared to Russia or China, the EU is still overwhelmingly more present in trade, investment and banking systems, as well as in the political relationship it has developed with these five (or six) countries of the region. However, public opinion in the Western Balkans is divided between those who see the US as the main power and protector and those who look towards Russia and China. The first group includes Albanians in Albania and Kosovo, as well as Bosniaks in Bosnia-Herzegovina. The latter consists of Serbs in Serbia and the Republic of Srpska in Bosnia-Herzegovina. The others are somewhere in between.

Views on the EU in the Western Balkans are mixed. Political elites are still talking a talk of European integration. But they have lost enthusiasm for walking a walk towards Brussels. They feel, just like the general public in their countries, that the EU is more of a Godot who might never come. They are waiting in the waiting room for too long and the train is not coming. On the contrary, it seems that the promises and announcements about the “European perspective for the Western Balkans”, as delivered in the Thessaloniki Summit of 2003, are now no longer so firm, if they are valid at all. Who would have repeated such promises in 2021? The Western Balkans is now turning into just the Balkans, a region that was once called “Turkey in Europe”. And just as it is questionable whether or not Turkey is in Europe, the question remains whether the Western Balkan countries are following the “Turkish scenario” of endless waiting with no result in sight. Is it completely unreasonable for them to try to board some other train, to some other destination? Or just to remain indifferent, as many in the region do.

Where did things go wrong? What should have been done differently? And: how to change things? In my view, the EU should think more strategically and less from an idealistic perspective. Instead of trying to shape states and societies of
the Western Balkans according to its own image so they can become “just like Us”, they should be accepted as they are, even when and if they are different and in many ways imperfect. Instead of repeating the old Orientalist discourses in new forms, the EU should enlarge to all states that show willingness to join the project. It is at the core of strategic – not idealistic – thinking to expand your own power and influence when and where you can and as quickly as you can. If you don’t do it when you can, you might miss an opportunity that will not be there forever. Instead of putting in place more new criteria for accession, the EU should calculate the risks of keeping these countries out of the EU any longer. Many of them have already weakened their democratic credentials and some are thinking of aligning with others. Instead of these trends being used as an excuse for not enlarging the EU, they should be used as an impetus to embrace countries of Western Balkans as quickly as we can. Keeping them waiting has already produced a sense of permanent exclusion, of inequality, unfairness and even humiliation by the EU. And this is then creating a vicious circle. It is true that some trends in the Western Balkans – of illiberalism, returning authoritarianism and poor performance in the sense of rule of law – are worrying. But they are also, at least in part, a consequence of these states’ exclusion and rejection by the EU.

The EU will not sink if it takes on five or six new member states, whose total population is less than 20 million. On the contrary, it will strengthen its strategic position towards competitors, including the US, Russia and China. Furthermore, by including them – and all at once, not on a country-by-country basis – it will move closer to the old ideal of European unity. It will finish the job that even 30 years after the start of the Yugoslav war in 1991 remains unfinished. If it wants to strengthen its strategic autonomy and become a global political power, the EU needs to act as one. This involves courageous decisions that are in line with its strategic interests – especially when they are not in opposition to its own ideals and values.
3. The Western Balkans as a strategic vulnerability of the EU

by Odeta Barbullushi

The Western Balkans is a region of critical importance for the “strategic autonomy” of the EU. Here the concept is broadly used to mean the autonomy to live by its laws, rules and norms, as they apply both domestically and externally, and “by partnering multilaterally in an international order based upon the rules it has contributed to shaping”\(^5\) In few other places has the EU’s power to transform political and socio-economic systems, based on the EU laws, rules and norms, been more tested than in the Western Balkans. The enlargement policy, combined with assistance and financial support and a number of regional instruments – most notably the Berlin Process launched in 2014 – has played a crucial role in shaping this power.

However, the process of EU accession for the region has been languishing at least since 2018. The setbacks in the EU enlargement process, and consequently, the weakening of EU leverage that comes with conditionality have led to some extent to the stagnation of implementation of important reforms domestically, and in some cases even to regression of rule of law, as Paul Schmidt and Vedran Dzihic argue in a recent piece.\(^6\) In addition, the initial hesitation of the EU to make the Western Balkans part of the European response to the pandemic at its outbreak in March 2020 – and again during the first months of 2021, in regard to delays in vaccine distribution – have fuelled mistrust of the EU in the region.

With the EU accession perspective largely stagnant, the EU has put greater emphasis on regional economic cooperation in the Western Balkans, as an

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5 Nathalie Tocci, European Strategic Autonomy, cit., p. 3.
instrument of boosting the region’s economies, and bridging the socio-economic gap with the EU. Can regional economic cooperation, and more specifically the Common Regional Market, transform the Western Balkans into an area of peace, democracy and prosperity, and sustain the EU’s credibility and interests in the region, at the same time?

The answer is: It can, only if underpinned by a strong political will from both the region and the EU, and a meaningful political engagement of the EU with the region.

The Leaders’ Declaration for a Common Regional Market and the adjacent Action Plan approved by the leaders of the region in November 2020, aim to make the region more resilient in the pandemic and post-pandemic context, bring the region closer to the EU Single Market and integrate it into European supply chains. The Common Regional Market aims to create a loose regional regulatory framework in a number of policy areas, building broadly on the EU regulatory framework. As such it aims to be an accelerating tool for the Europeanisation of the region.

In fact, the Common Regional Market aims to address the short-term needs of the Western Balkans – facilitation of trade, free flow of services and capital, mobility of people, digitalisation of services and incentivising investment – while bearing in mind long-term priorities of both the EU and the region, such as innovation, research and development, industrial policy and digitalisation.

It is indeed in the latter policy areas that the EU has increasingly invested in boosting its confidence vis-à-vis other actors, including partners such as the US, and rivals such as China and Russia. By making the region part of the joint responses to challenges in these areas and to global competitiveness, the EU can enhance its presence and leverage in the region and beyond.

However, to make the region economically resilient and more convergent with the EU will take more than a Declaration and an Action Plan. It will first and

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7 The Common Regional Market was launched at the Sofia EU–Western Balkans Summit in November 2020. It builds on the Regional Economic Area launched in 2017 at the Trieste Summit of the Berlin Process, but it also expands economic cooperation into new areas. See: WB6, Western Balkans Leaders Declaration on Common Regional Market, cit.
foremost take political will on both sides – the Western Balkans parties and the EU; secondly, it will take greater funding and support; and thirdly, it will require stronger capacities. The following vectors of cooperation need immediate attention by governments in the region, EU institutions and member states.

Firstly, implementation of the Green Lanes between Western Balkan countries and bordering EU member states. Taking some seemingly mundane steps – such as harmonising working hours of the customs administration, or extending non-paper systems at border crossings with the Western Balkan countries – would be a test of credibility for both sides to implement commitments.

Parallel to the trade aspect, mobility-related commitments must be reinforced. Whereas there is recognition of the need to decrease the waiting hours for trucks at border crossings across the region, there is little discussion, and indeed evidence, about how long it takes for professionals and students to have their diplomas and qualifications recognised by administrations in the region.

Secondly, preparing the region to implement measures related to the industrial and innovation clusters of the Common Regional Market. As Mark Leonard and Jeremy Shapiro argue, near-shoring to the immediate neighbourhood, including the Western Balkans, can both secure and diversify European supply chains. In order for this to happen, greater regulatory alignment on the part of the region, and strengthening of industrial capacities and niches in each country, are needed.

The Green Agenda for the Western Balkans, in particular, will require more than a list of commitments on the part of Western Balkans leaders. Furthermore, a new layer of EU conditionality set upon the countries of the region will not succeed in bringing about real change in greening the Western Balkans economies. In addition to real political will, a set of incentives and support mechanisms for the Western Balkan countries to make the transition to cleaner economies is critical.

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Thirdly, keeping connectivity at the heart of the EU–Western Balkans joint recovery efforts, as envisaged by the EU Economic and Investment Plan for the Western Balkans launched in October 2020. Here the EU can leverage its geographical proximity and the well-established financial facilities to gain privileged positioning vis-à-vis other actors in the region. The adage that the Western Balkans are constructing roads connecting them to the EU with Chinese money is no longer attractive in the majority of Western Balkan countries. A renewed focus on connectivity – in transport, railways, energy and digital connectivity – must lead to the frontloading of investment into a number of key infrastructure projects in precisely these areas. These projects must benefit all the countries of the region, and aim to deliver a positive socio-economic impact in the cross-border areas concerned.

Fourthly, greater support and funding invested in human capital and in research and development in the region. Investment in this policy area must go well beyond intra-regional mobility. In fact, mobility of students within the region remains low in comparison with outward mobility towards the EU and European Free Trade Association countries. Therefore, strengthening human capital in the countries of the region, making the entire region fully part of the European Research Area and improving innovation eco-systems at the national and regional level, must be some of the priorities of the policy agenda in this domain.

Finally, as the countries strengthen their regional economic cooperation, it is important not to lose sight of the primary objective, which is to gradually integrate the region into the Single Market. Therefore, this might be the moment to explore possibilities to improve the legal and regulatory framework for trade and customs between the EU and the Western Balkan countries.

But to be sure, there is only so much that economic cooperation can do. The EU’s region-building and economic recovery efforts in the Western Balkans must be coupled with a well-calibrated political approach.

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For the EU, this approach must be based on three courses of action:

1. The accession perspective must be relaunched. Despite all setbacks and weakened credibility of the enlargement policy, ability to deliver on its promises to the Western Balkans – launching the first intergovernmental conferences with Albania and North Macedonia and granting visa liberalisation to Kosovo – remains key to the EU’s overall credibility in the region. EU credibility is a guarantee that the linkage of the Common Regional Market to reform processes in the Western Balkan countries will be sustained.  

2. Communicate clearly with regard to bilateral disputes in the Western Balkan region. Ambiguity exacerbates distrust, which spills over not only to the enlargement process but also to the regional economic agenda.

3. Work in tandem with the United States in the region. As far as the Western Balkans is concerned, complementarity between the two is crucial not only for peace and security, but also for good governance and economic prosperity in the region. The interventionist years of the mid-1990s, when the US and the Europeans worked hand-in-hand to end wars in the Balkans, might be long over, but there are a plethora of issues related to security – both conventional and non-conventional, including technological and artificial intelligence – and state-building, where both parties can engage actively with the Western Balkans. The fact that the new US administration is set to pay greater attention to the triad of environment, social issues and good governance, makes the EU a more valuable partner for the US in reinforcing the rule-of-law reforms in the Western Balkan region.

In addition, greater and meaningful political engagement with the Western Balkans goes a long way. By excluding the region from the Future of Europe Conference, if only symbolically, the EU denied these countries the sense of agency and ownership on joint responses to common challenges, from immigration to cyber security and to third-country interference. Instead of viewing the Western Balkans as a source of vulnerability, the EU must see the region’s political and socio-economic transformation as an opportunity to boost its own confidence and reshape its soft power.

4. Same goal, different roles: Sketching the joint effort of the Western Balkans and the EU towards a resilient European future

by Zoran Nechev

The current pandemic has taught European decision-makers that “strategic autonomy” links to much more than one-dimensional security concerns. Instead, the geopolitical challenges the EU faces nowadays are ambivalent and manifold and thus require a long-term political strategy which dares to think foreign policy and international cooperation beyond traditional strategies. In an ever-changing and unpredictable global environment the EU’s approach to global politics should rely on the capacity to act quickly. This capacity needs to be built upon a variety of competences and political as well as economic instruments, and should align with the foundational values of the EU, including strong commitment to democracy, rule of law and equality. Most importantly though, for the EU to become a strong and meaningful global actor, unity should be of core interest and must be understood as a geostrategic investment well worth the effort. This relates to internal unity – both between member states and among EU institutions – but also equally links to the element of enlargement, as a means to guarantee the unification of Europe in a territorial sense.11

As of recently, the European Commission has come to understand the strategic importance of the Western Balkans for the wider European “political, security and economic interest[s]”, coming particularly from concerns about European stability – “especially at times of heightened geopolitical competition”.12 This competition with rival systems – as evident for example in infrastructure investments or COVID-19 vaccine programmes – has alarmed Europeans. Under

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president Ursula von der Leyen, the European Commission has expressed the intention to adopt a more outlooking approach, prioritising the foreign dimension of EU policy. Not long ago, von der Leyen pointed to the importance of the EU’s “strong partnerships with our closest neighbours” which “starts with the Western Balkans. […] The Western Balkans are part of Europe – and not just a stopover on the Silk Road”.

Enlargement promises from the side of the European Commission, however, hardly substantiate in practice. Besides an increased level of institutionalised and economic cooperation (with varying success for candidate states’ systemic transformation), enlargement policy has not substantially effectuated since the accession of Croatia in 2013. The covid-19 pandemic has further deteriorated the crisis of credibility and the sense of European division, as has the charade of unresolved back-and-forth in the case of (not) opening accession negotiations with North Macedonia and Albania. If the EU so obviously struggles to achieve a common position on a strategic outlook for the Western Balkan region, how is it supposed to take a stance on more serious issues on the world stage? Under such highly unfavourable conditions one might hope for a magic formula to reach the ambitious goal of strategic autonomy.

While witchcraft is not needed, everyone would benefit from a fresh new start towards the Western Balkans, that would look into the causes of the current situation more than the symptoms. This requires an understanding of the EU accession negotiations as an increasingly transactional process, in which both the EU and the Western Balkans contribute their own part.

Looking at enlargement through a strategic lens makes it obvious that the EU and the region share common challenges that go beyond the EU’s interests, also heavily impacting the everyday lives of citizens in the Western Balkans – including pollution, low level of economic development, and dynamics of brain drain and migration, or the diffused practice of informality, corruption and organised crime. This makes the Western Balkan states more than just objects, or lifeless figures on a global chess board. Rather, equal to the EU and its member states, they are also actors in the geopolitical game and should

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play accordingly and proactively.

If the EU cares about being a global power, it would be naïve to believe in a nature-given path-dependency of democratisation and Europeanisation in the Western Balkans. Instead, the EU’s capacity to act will be assessed also by its performance in this region.

At the same time, this two-fold situation offers Western Balkan countries the opportunity to establish themselves as active subjects and contribute to the European geopolitical agenda. For the time being, the securitised approach of the EU towards the Western Balkans prioritises Justice and Home Affairs as a “shared challenge”. This is expressed in the ambitious (and unique) commitment towards integrating the Western Balkans into EU border and police agencies such as Frontex\textsuperscript{14} and Europol.\textsuperscript{15} However, the Western Balkans should be much more than a security concern to the EU; the cooperation in Justice and Home Affairs is a good illustration that if there is political will, there is also a way to deepen integration. The same spirit that is prevalent here would need to be applied to other policy fields which frame the perception of the Western Balkans less as a threat and more as partners that can contribute to common goals. In this way, cooperation can truly benefit Europeans on an individual and societal level and contribute to a greater, greener and more egalitarian European future.

Western Balkan countries need to seize their active role within efforts of Europeanisation, for example by committing to a Green Agenda supported by the EU within the EU Green Deal.\textsuperscript{16} Equally, economic and social convergence marks a crucial starting point for real and sustainable change. The pandemic leaves economies (and people) suffering, but within the challenge lies a real

\textsuperscript{15} For information and analysis of Europol cooperation with the Western Balkans see Camino Mortera-Martínez, Zoran Nechev and Ivan Damjanovski, “Europol and Differentiated Integration”, in \textit{EU IDEA Policy Papers}, No. 13 (January 2021), https://euidea.eu/?p=1705.
potential for EU resilience and strategic autonomy, not least because the consequences of the health crisis and global lockdowns have sharpened the EU's awareness about the vulnerabilities deriving from globalised economic interdependence.

As stressed above, substantial change in the EU–Western Balkans relations does not need to rely on magic. Instead, the EU would be well advised to use the tools at hand: namely, to rely much more on economic instruments for change.

More specifically, political leaders and thinkers alike have recently turned their attention to global supply chains, many of which lead to production sites in China or the global South, where labour conditions are hard to monitor, environmental impacts are unclear, and smooth product deliveries are vulnerable to disruptions in global traffic.

The EU’s global power builds itself to a large extent on its economic strength. The increasing economic dependence on its competitors such as China threatens to undermine that perception and role. It is therefore worth investigating the opportunities for nearshoring of – at least in part – supply chains in the Western Balkans. The advantages of production in close proximity greatly mirror the ambitious EU foreign policy agenda, as presented by the “geopolitical Commission”: a just transition towards a climate-neutral continent Europe, an economy that works for people (in the EU and the Western Balkans), protection of the “European way of life” and, most importantly, a stronger Europe in the world.

In a world of restructured supply chains, the Western Balkans could become an indispensable part of the EU economy – that same green, digital and social economy on which the EU would build its capacity to act as a strategically autonomous actor in a globalised world.

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17 For an elaborate argument on this policy field see Marta Szpala, “Social and Economic Convergence in the Western Balkans in Times of Crisis” in the collection referenced above.


The Western Balkans is a region that fully belongs to Europe as a continent but is still not part of the EU institutional structure. During the 1990s, while Central East European countries prepared themselves for EU membership, this region was undergoing very difficult times of dissolution, atrocities, economic problems and bilateral issues. Only with beginning of this century did each of the Western Balkan countries experience a full swing into the European integration process. The recent difficult past is the reason why, for the Western Balkans, regional cooperation is proclaimed as a condition for their European integration path. The Stability Pact, the Regional Cooperation Council, CEFTA, RYCO, the Energy Community and the Transport Community, as well as the Berlin Process of 2014 are among the initiatives and organisations created for operationalising this goal. But obviously, if regional cooperation is taken merely as a condition, it will not serve the purpose. Regional cooperation in the Western Balkans should be both considered and implemented as a necessity for all.

That is why at the Sofia Summit of the Berlin Process, in November 2020, the leaders of the Western Balkans recognised the need to start integrating better economically – amongst themselves and with the EU. They launched the Common Regional Market initiative, which is structured around the four freedoms (free movement of goods, services, capital and people) while also covering aspects of digital, investment, innovation and industrial policy. This makes it the most ambitious regional integration effort to date in the Western

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21 WB6, Western Balkans Leaders Declaration on Common Regional Market, cit. See also the Regional Cooperation Council (RCC) website: Common Regional Market, https://www.rcc.int/pages/143.
Balkans. The idea of deeper regional integration is building on achievements of the Regional Economic Area (REA) plan, endorsed at the Trieste Summit of the Berlin Process in 2017. The achievements of regional cooperation based on the REA are many: trade in industrial and agricultural products has been liberalised and advances were made in trade facilitation and trade in services; obstacles for mobility of highly skilled labour are being addressed; transport and energy systems are integrating both within the region and with the EU; and the costs of communications have been substantially reduced through ongoing efforts to implement a Roaming Agreement between Western Balkans six (starting July 2021). However, the goal is not only to preserve achievements of the cooperation process, but also to deepen further economic cooperation within the region, as well as with the EU.

To that end, regional economic integration in the Western Balkans is based on EU rules and closer association with the EU Single Market in order to help the candidates and potential candidates in their accession process. Furthermore, as a virtuous circle, the accession process and the gradual compliance with the EU acquis will help strengthen intra-regional integration.

The region is currently characterised by economic fragmentation. As an example, trucks spend 28 million hours waiting at borders every year – a burden that costs 1 per cent of the region’s GDP. The Common Regional Market Action Plan aims to secure mutual recognition arrangements, remove obstacles, and cut costs and time needed for goods, services, capital and people to move freely across the region. Growth and employment opportunities will be improved, as trade liberalisation, capital flows and labour mobility lead to market expansion, technology sharing and more investments among the Western Balkans Six. Great potential for economies of scale will remain untapped, however, unless transfer of goods, services, capital and people becomes unhindered throughout the region.

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The overall main objectives of these initiatives are to closely align rules and regulations with the core principles governing the EU Internal Market based on the four freedoms approach and to increase the attractiveness of the region for foreign investors. Also, integrating the Western Balkans into the pan-European digital area and upgrading the industrial base and innovation infrastructures are agreed as further key objectives to be pursued. In order to pursue these objectives, other types of obstacles ought to be removed. Ability for Western Balkans citizens to travel across the region with only identity cards, harmonised procedures for travel of third-party citizens, and the mutual recognition of diplomas, professional qualifications and certificates, constitute an intrinsic part of the “free movement of people” philosophy for the Western Balkans.

If we add the Green Agenda, aimed at reaching the goal of “carbon free” Western Balkans by 2050,\textsuperscript{24} we can see the full picture of the region’s goal to not only pursue EU membership, but also to connect each and every one of its economies with the EU. There are five sectors recognised by the Green Agenda for the Western Balkans that will drive the environmental transformation of the region towards climate neutrality. Decarbonisation comes first, and includes climate, energy and mobility policies and measures in the area of Circular Economy, where the Western Balkans have to shift from a linear to a circular economy and decouple economic growth from resource use. Next, the Declaration on Green Agenda lists measures to ensure sustainable supply of raw materials, extend the duration of products, minimise waste generation and explore opportunities for recycling. Third, the depollution of air, water and soil is another important pillar for protecting the health of our citizens and ensuring the survival of humankind. Fourth, protecting agriculture and food production is also a sector to which significant attention has been dedicated. Finally, the Green Agenda recognises that the region represents a European hotspot in terms of biodiversity.

Why are all these initiatives necessary? The most obvious and logical answer is because of the economic development of all people living in the region.

The disruptive effects of the COVID-19 crisis on the Western Balkan economies subsided somewhat in the third quarter of 2020, when the region’s GDP fell by 4.5 per cent y-o-y, after a slump of 9.3 per cent in the preceding quarter. The region’s [average] current account deficit further increased to 7.2 per cent of the Western Balkans GDP in the four quarters to September 2020, the highest level since the second quarter of 2013, as a result of continued strong losses in services exports such as tourism, as well as, in some cases, decreasing inflows of remittances.\textsuperscript{25}

Nevertheless, the Western Balkans are able to cooperate and produce results. In the immediate aftermath of the covid-19 pandemic, the region mobilised promptly in establishing Green Lanes to enable the free flow of medical supplies and essential goods. As a result, 80 per cent of all trucks have used those corridors and 600,292 trucks took advantage of the priority transit and simplified procedures in 2020, which led to decreased trade costs. The waiting time at Western Balkans borders (average 75 minutes) was half of that at the border crossings with the EU member states. It has been calculated that by having all joint border crossings within the Western Balkans Six operating 24 hours daily, seven days a week, the region would save 800 million euro per year (in fact 2 euro are lost for every minute a truck driver is late due to queuing at a border crossing).\textsuperscript{26}

Important to remember is that when there is a clear interest and need, the region is more than able to cooperate successfully. However, Western Balkas Six cooperation should not stop here, as there are many other potential possibilities for development and cooperation with the EU. One of the most notable is for the Western Balkans to be included in supply chains. The covid-19 pandemic showed that the benefits of diversifying the supply base and shortening supply chains are considerable, especially in the long run, as they not only promote


greater security and increase resilience, but can also help companies cope better with the ongoing trade wars, political instabilities and pressures for improved sustainability performance. That is why localisation of supply chains, reorienting supply chains towards suppliers in specific countries and regions in close proximity to the final customer, is so important for both the EU and for the Western Balkans. It is not only a question of proximity, as there are many other arguments why a reorientation of suppliers to the Western Balkans is both important and necessary.

The Western Balkans is offering something that no other region can offer to European companies: it consists of economies that are increasingly integrating among themselves using EU standards for goods and services. This is what is envisaged by the Common Regional Market Action Plan, endorsed by all six leaders of the Western Balkans. In addition, the ever stronger regional economic integration process, as defined within the Common Regional Market, contributes to increasingly harmonised investment, trade and other policies, towards a unique investment space.

According to the estimates of the Regional Cooperation Council, increased market integration of the Western Balkans could bring an additional 6.7 per cent GDP growth to the region. But more than this, it is important what people from the Western Balkans themselves think about developing closer integration. For instance, it is illustrative that 18 per cent of citizens would travel more often with just an ID card, while for 61 per cent of business people, travelling with an ID card would have a positive impact on their business. It should be also noted that there had been almost 5,000 requests for intra-regional recognition of academic qualifications as of October 2020. And most importantly, 77 per cent of citizens in the region agree that relations within the Western Balkans are better than a year ago, which is a big jump from 46 per cent in previous year (2020).²⁷

It is clear that an integrated market of 18 million people is more competitive on the EU and global scene than six smaller markets. There is a very strong reason and commitment for achieving the Common Regional Market, but

²⁷ For more data see Regional Cooperation Council (RCC) website: Balkan Barometer, https://www.rcc.int/balkanbarometer.
also challenges ahead. It is important to have continuous EU support for both national and regional activities in reaching planned objectives, and to continue with the EU path for each of the six economies. Insisting on developing stable democratic institutions, the rule of law, implementing European standards, together with solving bilateral and regional issues, will involve very challenging tasks for each of the Western Balkans. But there is no other way. We strongly believe that the Western Balkans are the missing piece of the puzzle, an element that will also help develop resilient strategic autonomy for the EU.
Amid the uncertainty about the future of EU enlargement and the continued shift of US attention to the Indo-Pacific, one of the few axioms in the Western Balkans seems to be that the EU needs an alternative agenda for the region. A number of ideas on regional market integration are on the table alongside billions of euro in Pre-accession Assistance (IPA) connectivity projects. For these initiatives to bear fruit, a frank assessment of structural impediments and problems with agency – both locally and within the EU – is required. This is imperative if the EU institutions and member states want to see steps forward on democracy, economy and security in the region.

What does this mean in practice? Several principles can form a basis for such a reflection to help build a realistic agenda for the region:

1) A healthy mix of realism and idealism is needed. A return to the perfect EU integration moment for the region is not going to happen. Yes, it is important to continue to push for the opening of the Intergovernmental Conference on the European integration with North Macedonia and Albania. Keeping the EU integration going, despite all of its hiccups, is necessary to inject a positive momentum and create windows of opportunity to be seized by good-willed political actors. But it is naïve to expect that the key structural parameters will change from one day to the next, allowing the EU to do things better. Neither will the corrupt and entrenched political elites in several states in the region suddenly become reformers, nor will the EU, as a community of 27 states with divergent interests, suddenly overcome its differences and step forward with a common strategy and a unified course of action. For all the talk about EU strategic autonomy, a diverse bloc of 27 member states with distinct interests remains unable to formulate an effective policy in the region. Take,
for example, the recent “Slovenian non-paper”, 28 Bulgaria’s blockage of North Macedonia’s EU path, 29 or the obstructive role Croatia plays in shaping the EU policy on Bosnia and Herzegovina. 30 For better or worse, the only effective decision-making forum on the Western Balkans is not the European Council, but a coalition of like-minded states such as the Quint, which includes the US, the UK, Germany, France, Italy and a representative of EU institutions. The governments of interested EU member states therefore need to think of bilateral policies and act in smaller coalitions, instead of waiting for an elusive EU consensus to emerge.

2) Bold political leadership is crucial, on the part of EU member states and individuals. The Quint group has played a critical role in giving a political impulse to EU’s agenda in the region during the past two decades. The US has in the past been a necessary driver of European coherence on Western Balkans policy. It is unclear whether Washington, with all its other foreign policy priorities, will continue to play this role. Germany’s leadership will therefore be crucial. Berlin’s interest in Bosnia and Herzegovina, the strategic centre of the region, has grown, as demonstrated by the recent appointment of Christian Schmidt, Member of Parliament from the Christian Social Union, to be the next head of the Office of the High Representative (OHR). Starting in August 2021, Mr Schmidt – a former junior minister in the Ministry of Defence and former minister of agriculture – will guide the UN-mandated institution, which is responsible for implementation of the Dayton Peace Agreement. This role carries great potential to stabilise the region politically, as it involves deterring the obstruction of the Dayton Peace Agreement, safeguarding Bosnia and Herzegovina’s sovereignty and ensuring that the neighbouring states Serbia and Croatia play a constructive, rather than destabilising role.

Berlin’s high-level political interest in Bosnia and Herzegovina is a welcome development, however it will need to extend beyond the nomination of the

High Representative. The government in Berlin will need to assume a bolder policy to promote the rule of law and deter the obstruction by entrenched ethno-political elites, in order to stabilise the political situation both in Bosnia and Herzegovina and in the region.

Germany has enough legitimacy in the region to make this move. Results of a comprehensive opinion poll across the Western Balkans published by the International Republican Institute in 2020 suggest that Germany is by far the most popular country in the region, even when compared with the US.\textsuperscript{31} In Bosnia and Herzegovina, 74 per cent of respondents see Germany in a positive light, compared with 65 per cent who said the same about Turkey, 49 per cent about the US, 52 per cent about China and 48 per cent about Russia. Even in Kosovo and Albania, where the US has traditionally been the most popular foreign policy actor, Germany rates on par with the US: 85 per cent of respondents in Kosovo declared highly favourable views about Germany and 88 per cent said the same about the United States.

3) Beyond Bosnia and Herzegovina, the Quint needs to identify a small number of priorities and focus on these. Dealing with the kleptocracy and state capture should be among them. Some EU leaders have a better understanding than others of the fundamental role that state capture and organised crime play in the region’s problems. President Macron has wrongly called Bosnia and Herzegovina a jihadist ticking bomb,\textsuperscript{32} not realising that the threat lies not in Bosnia’s Muslim population, but in the smuggling routes kept alive by the captured system and used to traffic high duty goods, as well as weapons, radicalised individuals and returning foreign fighters trying to reach the EU. Dismantling smuggling routes which stretch through the region requires a different governing \textit{modus operandi}, based on greater accountability and strengthened rule of law. Other EU member states are also aware of the problem. Sweden has recently appointed an Envoy for Organised Crime. UK and Netherlands have put a laser-like focus on rule of law, corruption and organised crime. Leadership by this group of states could lend a needed coherence to the


confused EU efforts in the Western Balkans.

4) Covid-19 disruption should be used as an opportunity to increase Western Balkan countries’ role in the supply chains of EU companies. States in the region exporting goods to the EU could seek to increase their share of trade even further, which could reduce the EU’s dependence on suppliers in Asia. During the pandemic, many enterprises in the region saw a rise in exports due to the new demand from EU-based companies. Bosnia and Herzegovina has seen a 15 per cent rise in exports to the EU in the first quarter of 2021, as compared to the same period in 2020, and a 10 per cent increase when compared to the same period in 2018. On the doorstep of the EU, the Western Balkans has comparative advantages in proximity, natural resources and skilled labour. The region’s labour-intensive industries have been an asset during the pandemic and could continue to be so in its aftermath. The Western Balkans’ underutilised agricultural potential could also draw the interest of EU member states, as they consider challenges regarding global food security.

The economic shock of covid-19 will not be overcome by individual Western Balkans states alone, given that some of them have small markets of under two million consumers. A regional approach to economic recovery can help address this issue. While there is an ongoing regional market initiative that seeks to bring down barriers to the movement of goods and services, this approach has its limits when it comes to economic growth. What is needed for the region to grow is a development strategy that focuses on specific sectors according to national and regional comparative advantages. This is critical for countries such as Bosnia and Herzegovina, Kosovo and Montenegro, which export little and persistently record the highest trade deficits with their neighbours.

5) Identify partners and allies in the region and support their positive agenda, whether at the local level of government, in the private sector or civil society. Their commitment to transparency and good governance is critical for progress on any part of the EU agenda, whether we are talking about the Green Deal, energy, rule of law or the management of geopolitical challenges coming from China and Russia.

6) Acknowledge misconduct and penalise it, rather than glossing over violation of international and European norms and principles. Historical
revisionism, genocide denial and defiance of the rulings of the International Criminal Tribunal for Former Yugoslavia are regularly practiced by government officials and parliamentarians in Serbia, Croatia and certain parts of Bosnia and Herzegovina. This is not just about optics; it is critical for the stability and security of the region and the EU. The EU should not underestimate how important it is to establish the notion that actions have consequences, and to implement penalties for gross violations of norms. This should apply not only to glorification of war criminals, but also to violation of democratic norms and rule by kleptocratic governments, and aggressive meddling of kinstates in internal affairs of others. This is where the EU can find partners in the new administration in Washington DC, if the Union is willing to demonstrate a bolder approach. Until now, the US has done the EU’s job of attempting deterrence through sanctions, but in the absence of EU sanctions, these have not been as effective as they could have been.

While this is a long list, achieving these goals should be feasible, given the size of the region and its educated workforce. The population of the six Western Balkan states which form the inner courtyard of the EU is approximately the size of the population of the Netherlands – around 18 million inhabitants. It is a small and well-educated population that would welcome a bolder German and European approach to stop the democratic backsliding and abuse of the system by local kleptocrats and to strengthen the rule of law.

Decades of EU–US cooperation on the rule of law in the Western Balkans means that the policy framework is already in place. What is missing is the joint strategy needed to give a political impulse to the multiplicity of financial and policy instruments available.
7. The EU’s quest for strategic autonomy in the Western Balkans: Why it flopped

by Dušan Reljić

One could cut a long story short and simply note that the EU failed in its dealings with the Western Balkans because it did not put its money where its mouth is. However, this assertion contradicts the accepted narrative in Brussels and most EU capitals and requires proof.

The quest for EU strategic autonomy apparently started in June 1991, when Luxembourg’s Foreign Minister Jacques Poos, heading a European Community mission to meditate in the Yugoslav crises, declared: “This is the hour of Europe. It is not the hour of the Americans”. Three decades later, the EU is still struggling to provide evidence in the post-Yugoslav area that it has acquired strategic autonomy, which essentially means that it can “set, modify and enforce international rules as opposed to […] obeying rules set by others”.

Already the EU’s first Security Strategy in 2003 was a response to the EU’s difficulties to enact its self-definition as the driving force for ending war and transforming conflict in Yugoslavia. Since then, the Union leaders keep reiterating that “full EU membership for the Western Balkans” is “a geostrategic investment in a stable, strong and united Europe”. Presently, the Union still sees a “key role” for the countries of the region to play in the global value chains that supply the EU: “In the long term, this will also contribute to the

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33 Alan Riding, “Conflict in Yugoslavia; Europeans Send High--Level Team”, cit.
36 European Commission, Enhancing the Accession Process – A Credible EU Perspective for the Western Balkans, cit., p. 1.
EU’s strategic autonomy”. Nevertheless, more than a few EU member states concede their fear that “other actors are ready to step in the regional affairs, often at our expense”. Moreover, some pundits worry that prospects for the EU’s strategic autonomy are not going to improve after the UK’s departure and considering “the conceivable future accession of small Balkan states with little potential but full voting rights”.

This change of heart is not a revelation; the loss of the EU’s credibility regarding its vows to enlarge in the Western Balkans and the exploration of some actors in the region for additional if not alternative international partners, has been habitually debated for many years now. Yet, Brussels institutions continue to churn out wildly optimistic policy documents about “a credible EU membership perspective” for the Western Balkans. Similarly, EU member state leaders routinely praise the future of the region as part of the Union. This proliferation of words misleads the public to assume that there is progress in the EU accession process, and more importantly, in the socio-economic convergence of this politically exasperating part of the continent. In truth, as the rest of this essay will show, the EU did not support its quest for strategic autonomy in the Western Balkans with adequate financial resources, essentially manifested through a finalisation of its enlargement policy, so it was doomed to flop.

7.1 Strongest trump cards

The material, institutional and political “wherewithal” is essential for the EU’s ability to make its own strategic decisions in matters of foreign policy and security and to set and enforce international rules autonomously. Consequently, the negotiations on the Multiannual Financial Framework (the EU’s budget) offer a possibility to match spending priorities and funding criteria to the requirements of strategic autonomy. In the case of its primary

38 Foreign Ministers of Austria, Croatia, Czechia, Germany, Greece, Ireland, Romania, Slovakia and Slovenia, Joint Letter to HRVP Borrell on the Western Balkans, 5 March 2021, https://www.euractiv.com/?p=1578926.
39 Barbara Lippert, Nicolai von Ondarza and Volker Perthes (eds), European Strategic Autonomy, cit., p. 10.
40 Ibid., p. 37 f.
tool of enlargement policy in the Western Balkans and Turkey, the Instrument for Pre-Accession Assistance (IPA), the EU chose to decrease its funding from one seven-year budget cycle to the next. The 2021–2027 financial envelope for the IPA III is set at 12.6 billion euro (in 2018 prices), which in purchasing power is one per cent less than the IPA II volume.\textsuperscript{41} For the 2007–2013 period, IPA I had a budget of some 11.5 billion euro; its successor, IPA II, for the 2014–2020 period, amounted to 11.7 billion euro – which in purchasing power, however, meant a decrease. About half of IPA I and IPA II monies went to Turkey, while the rest was spread among the Western Balkan states, which also included Croatia until 2013 (when the country entered the EU).\textsuperscript{42}

EU officials tout that the Western Balkan countries will receive from IPA III up to 9 billion euro in EU grants through the Economic and Investment Plan.\textsuperscript{43} The generosity of this support and its possible effect as an instrument for achieving the EU’s strategic goals in the region can be gauged by taking into account that in the past decade and longer, the \textit{annual} trade deficit of the Western Balkans with the EU was between 7.5 and 9.7 billion euro.\textsuperscript{44} About three quarters of the region’s trade is with the EU, mostly with Germany and Italy. Most foreign direct investments come from the Union and the greater part of the banking capital belongs to banks from the EU.\textsuperscript{45} However, additional financial outlays must also


\textsuperscript{42} Bosnia and Herzegovina, Montenegro, Albania, Northern Macedonia, Serbia and Kosovo. This group has access to some additional handouts through the Western Balkans Investment Framework (WBIF) which describes itself (https://wbif.eu/about/about-wbif) as “a coordinated blending platform financing the preparation and implementation of priority infrastructure projects through: grants from the European Commission’s Instrument for Pre-Accession Assistance (IPA) and 20 Bilateral Donors; with loans from the participating financial institutions; and national finance”. The European commission plant to deliver the IPA III grants largely through WBIF.


\textsuperscript{45} Furthermore, according to an analysis by UniCredit Research, the EU provides some 60 per cent of the funding granted to the Western Balkans to fight the pandemic through a mix of loans, grant, guarantees and other financial instruments. However, another finding in this paper is that the Western
be considered, such as the repayment of loans from banks and governments in the EU, the repatriation of profits derived from foreign direct investments of EU companies, the immense cost of government subsidies to attract foreign investors, and – particularly important – the massive loss of human capital through migration from the region to the Union. In truth, each year the Western Balkans transfer much more resources to the EU than they receive from the Union. This relentless depletion, combined with poor governance, corruption and reckless authoritarian rule at home, is one of the most relevant causes preventing the income convergence of the Western Balkans with the EU average.

7.2 The Wall is rising again

Things would be different if the EU would treat the Western Balkans with the same solidarity as the economic laggards among the EU members, most of them at the south-eastern edge of the Union. Their convergence has decisively accelerated through zero-priced capital which they continue receiving from the Union. Just like these countries, the Western Balkans have opened their markets to the EU. Their national economies are deeply integrated into the EU superstructure on the continent, more so than in the case of several EU members. Despite the mantra-like corroborated “EU perspective” and their candidate status (with the exception of Bosnia and Herzegovina and Kosovo which are “potential candidates”), they do not qualify for access to EU structural funds that serve development. However, substantially increased investments in the Western Balkan region to improve transport and other infrastructure, or to benefit the environment and other sectors, would immediately benefit the

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46 In 2019 over 253,000 Western Balkan citizens received their first residence permit of longer than three months in the EU, in 2018, the figure was 231,000. The pandemic most probably decreased outward migration in the Western Balkans in 2020 and 2021, but there is no reason not to expect another surge in the future. There are estimates that about a quarter of the Western Balkan population has migrated to the EU in the last twenty years or so. See Eurostat, Residence Permits - Statistics on First Permits Issued During the Year, Data extracted in November 2020, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Residence_permits_-_statistics_on_first_permits_issued_during_the_year.

Balkans will have less funding available for the medium-term recovery compared with most EU members from Central and Eastern Europe. The Figure in this text explains why this is certain. See UniCredit Research, “Not Alone: Financial Support of the Western Balkans”, in EEMEA Country Notes, 20 January 2021, p. 3-4, https://www.research.unicredit.eu/DocsKey/emergingmarkets_docs_2021_178994.ashx?M=D&R=85877731.
surrounding EU members.\textsuperscript{47}

The “density” of EU allocations of grants to member states in south-east Europe (Bulgaria, Croatia, Greece, Hungary, Romania and Slovenia) in comparison with the Western Balkans, will be up to 11 times higher in the next seven years (see Figure 1). In addition to the disbursement of capital from structural and other EU funds, the Union members will receive substantial allotments from the post-pandemic recovery fund. In per capita terms, the Western Balkans will be given just 500 euro over 2021–2027. During the same period, Greece will receive 5,700 euro and Croatia almost 5,200 euro per capita. As a result, the socio-economic wall between the EU territories around the Western Balkans will rise even higher and will remain insurmountable in the foreseeable future.

\textbf{Figure 1} | EU allocations to south-east European countries, 2021–2027

Source: Elaborated by Matteo Bonomi on the basis of EU MFF 2021–2027 and Next Generation EU allocations by country (current prices): https://ec.europa.eu/info/strategy/recovery-plan-europe_en#figures; and Eurostat: DEMO_PJAN.

\textsuperscript{47} This example is telling: the contamination stemming from the Western Balkans affects the whole continent. According to a report by the Europe Beyond Coal campaign, in 2016, the region’s 16 coal plants emitted more sulphur dioxide pollution than the entire 250 coal plants in the EU, combined with equally worrying levels of particulate matter and nitrogen oxides. There has been little improvement since the report was prepared. See Vlatka Matkovic Puljic et al., \textit{Chronic Coal Pollution. EU Action on the Western Balkans Will Improve Health and Economies across Europe}, Brussels, HEAL, CAN Europe, Sandbag, CEE Bankwatch Network and Europe Beyond Coal, February 2019, https://www.env-health.org/wp-content/uploads/2019/02/Chronic-Coal-Pollution-report.pdf.
People across Europe’s post-socialist provinces expected economic convergence with the rest of the continent, accepted a moderate rise in inequality and hoped for consolidated democracies at home.\textsuperscript{48} Support for democracy in societies undergoing “transition” is tied to economic success and the individual’s income.\textsuperscript{49} The faith that democratic regimes will deliver such transformation has plummeted. This is one of the most relevant explanations for democratic backsliding and the rise of populism. The dip is much stronger in the Western Balkans where the consequences of the post-Yugoslav wars still persist, and where the overall progress has been limited. People have less and less faith that the EU will deliver to the region what it has been preaching for decades.\textsuperscript{50}

Reversing the political tide is most probably feasible, as there is still a majority support for EU membership among the Western Balkan population. Through human interaction, the Western Balkans are firmly interwoven with societies of EU members. Economic integration with the EU is profound and cannot be easily replaced by China and other economic partners. That being so, to put its strategic autonomy on track in the Western Balkans, the Union would have to launch an adequately funded programme of socio-economic and environmental convergence of the region with the EU. If the Union were to choose to treat the Western Balkans as if they were already onside, the estimated financial burden (without tapping recovery funds) for EU members could reach between 0.014 per cent and 0.026 per cent of their respective gross national income, which would amount annually to a sum between 1.6 and 10.8 euro per capita.\textsuperscript{51} This would be an insignificant onus for the Union, but a game-


changing geostrategic investment. Its dividend would be the realistic prospect to finally expand the EU’s sovereignty over the whole of south-eastern Europe.
**Authors**

**Odeta Barbullushi** is Advisor to the Albanian Prime Minister and National Coordinator for Regional Cooperation.

**Matteo Bonomi** is Research Fellow at the Istituto Affari Internazionali (IAI) and member of the Balkans in Europe Policy Advisory Group (BiEPAG).

**Dejan Jović** is Professor of International Relations at the Faculty of Political Science, University of Zagreb. He is co-founder and President of the Managing Board of the Foreign Policy Forum, and Guest Professor at University of Belgrade.

**Tanja Miščević** is Deputy Secretary General of the Regional Cooperation Council (RCC).

**Zoran Nechev** is Head of the Center for EU Integration at the Institute for Democracy “Societas Civilis” Skopje (IDSCS), Associate Fellow at the German Council on Foreign Relations (DGAP) and member of the Balkans in Europe Policy Advisory Group (BiEPAG).

**Dušan Reljić** is Head of the Brussels Office of the German Institute for International and Security Affairs (SWP).

**Majda Ruge** is Senior Policy Fellow with the Wider Europe Programme at the European Council on Foreign Relations (ECFR).
In Search of EU Strategic Autonomy: What Role for the Western Balkans?

There is a danger today that the window of opportunity for proceeding towards the political and territorial unification of Europe, at least as was conceived by European leaders of the first post-Cold War generation, is going to close in the Western Balkans. The region, indeed, risks being pushed even more to the margins of the EU integration project by covid-19 pandemic, becoming increasingly an enclave of economic hardships, social tensions and unsettled conflicts in the midst of Europe. Against this backdrop, the ongoing debate on EU strategic autonomy offers an obligatory point of reference to deal with the Balkan conundrum. It gives a fruitful angle to assess both the state of play and the limits of current partnerships between the EU and the Western Balkan countries, and to verify the ambitions of the EU to effectively assert itself as a strategically autonomous actor in the years to come.

The Istituto Affari Internazionali (IAI) is a private, independent non-profit think tank, founded in 1965 on the initiative of Altiero Spinelli. IAI seeks to promote awareness of international politics and to contribute to the advancement of European integration and multilateral cooperation. Its focus embraces topics of strategic relevance such as European integration, security and defence, international economics and global governance, energy, climate and Italian foreign policy; as well as the dynamics of cooperation and conflict in key geographical regions such as the Mediterranean and Middle East, Asia, Eurasia, Africa and the Americas.