

# Off Track. The EU's Re-engagement with the Western Balkans

by Matteo Bonomi

## ABSTRACT

The 2018 EU enlargement strategy aimed at recreating momentum in EU relations with the Western Balkans and “motivating” both EU aspirants and member states to focus on the work to be done during the next EU institutional cycle. Despite its positive tone, the strategy succeeded only to a limited extent, as its measures are unlikely to reverse the medium- to long-term negative economic and social trends in the Balkans. Meanwhile, general uncertainty and disagreement among EU member states about the future of the European integration project may well undermine the coherence and consistency of EU actions, also in the Balkan region. It is urgent to substantially upgrade the strategy by strengthening its focus on economic development and governance patterns. Despite the difficulties, EU expansion in the Balkans could (and should) find a place in the future agenda of EU consolidation.

*European Union | EU integration | EU enlargement | Western Balkans*

**keywords**

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by Matteo Bonomi\*

## Introduction

After years of sluggish progress, 2018 was supposed to be a turning point for EU relations with the Western Balkans, in light of the European Commission's declared intention to assure the aspiring Western Balkan countries about their "irreversible" track to EU membership.<sup>1</sup> The Commission unveiled a strategy paper for *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans* on 6 February 2018.<sup>2</sup> The document indicated the steps aspirants, as well as EU member states, should take to complete the enlargement process in the forthcoming years – even spelling out milestones and potential dates of various goals.<sup>3</sup> The strategy built upon the pragmatic lines of the Berlin Process, an intergovernmental initiative of engagement with the Western Balkans launched by Germany in 2014 and joined by Austria, France, Italy and the UK. The process promotes regional co-operation, sectoral integration and infrastructural development as a way of facilitating Western Balkan alignment with EU norms and standards.

Overall, the strategy has a positive, "motivating", approach, signalling that the Western Balkans are back on the EU agenda. However, it hardly guarantees automatic advancement in the enlargement process. This is even more evident considering that improvements in the Western Balkans have been, at best,

<sup>1</sup> See European External Action Service, *Speech by High Representative/Vice-President Federica Mogherini at the 2017 Bled Strategic Forum*, Bled, 4 September 2017, <https://europa.eu/!rr34cF>.

<sup>2</sup> European Commission, *A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans* (COM/2018/65), 6 February 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0065>.

<sup>3</sup> Spelling out precise expectations and dates for the resolution of bilateral disputes (starting from a final normalization agreement between Belgrade and Pristina) but also of rewards, pointing for instance at 2025 as a potential date of accession for the frontrunners Montenegro and Serbia.

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faltering in terms of democracy, rule of law, governance, economic development and good-neighbourly relations. Moreover, although the strategy was broadly endorsed by leaders from the EU and the Western Balkans in Sofia in May,<sup>4</sup> the European Council in June, and the Berlin Process Summit in London in July,<sup>5</sup> these intergovernmental gatherings also laid bare old disagreements and divisions within the EU. All this casts doubt on the level of attention, energy and resources that EU member states and institutions are willing to mobilise to enhance positive transformation in the region.

Against this backdrop, it is urgent to start evaluating the results of the EU enlargement process after an intense 2018, in order to prepare for the next EU institutional cycle taking off in May with the European parliamentary elections. In particular, it is necessary to focus on: (i) the results achieved by the Berlin Process after the conclusion of its initially-planned five-year cycle; (ii) the expectations of the Commission's enlargement strategy, whose ambitious goals should be assessed against the backdrop of medium- to long-term social, economic and demographic trends in the Balkans; and (iii) the place of the Western Balkans within the broader debate on the future of Europe. The latter is especially pertinent given that today the quality of EU engagement with the region and EU member states' clarifications of their plans for the future of the EU seem to have become increasingly interlinked.

## 1. Four years of "real additional progress": The contribution of the Berlin Process to EU enlargement

German Chancellor Angela Merkel launched the Berlin Process in 2014 to support the non-EU Western Balkan countries "to make additional real progress in the reform process, [resolve] outstanding bilateral and internal issues, and [achieve] reconciliation within and between the societies in the region".<sup>6</sup> Although it could be still premature to draw a final judgement on its impact, most observers have come to positive preliminary conclusions.<sup>7</sup>

Politically, the Berlin Process facilitated re-engagement between EU and Western Balkan leaders at a time when the EU and its member states were self-absorbed in dealing with internal issues and ongoing international crises, including the low-

<sup>4</sup> On 17 May 2018, EU and Western Balkan leaders met in Sofia at the EU-Western Balkans Summit, fifteen years after their last gathering in Thessaloniki.

<sup>5</sup> On 10 July 2018, the UK hosted the Western Balkans Summit in London, which marked the end of the first cycle of the so-called Berlin Process with meetings in Berlin (2014), Vienna (2015), Paris (2016) and Trieste (2017).

<sup>6</sup> See Final Declaration by the Chair of the Conference on the Western Balkans, Berlin, 28 August 2014, <https://archiv.bundesregierung.de/archiv-de/meta/startseite/final-declaration-by-the-chair-of-the-conference-on-the-western-balkans-754634>.

<sup>7</sup> See Tobias Flessenkemper, "The Berlin Process: Resilience in the EU Waiting Room", in Sabina Kajnc Lange, Zoran Nechev and Florian Trauner (eds), "Resilience in the Western Balkans", in *ISSUE Reports*, No. 36 (August), p. 23-29, <https://www.iss.europa.eu/node/2161>.

level war in Ukraine and increasingly fraught relations with Russia. There was the perception in some European capitals that, a century after the outbreak of the First World War, triggered by the assassination of the heir to the Habsburg throne by a Serbian nationalist in Sarajevo, and two decades after the end of the war in Bosnia and Herzegovina, tensions were rising in the post-Yugoslav arena. The Berlin Process was meant to provide a platform for EU and Western Balkan leaders to discuss unresolved issues and promote fresh initiatives, particularly in the realm of regional co-operation and infrastructure and connectivity.

The process brought a breath of fresh air into an overly-routinized and slowly-advancing enlargement format, providing face-to-face encounters for Western Balkan leaders and thus creating a positive momentum for regional co-operation. One example of this was the improvement in relations between Serbia and Albania, paving the way for the first visit in 68 years of an Albanian prime minister, Edi Rama, to Belgrade in November 2014.

The Berlin Process has fostered regional co-operation initiatives, including at the level of civil society organisations – such as the Civil Society Forum –, and youth initiatives with the establishment of the Regional Youth Cooperation Office (RYCO) in Tirana, as well as engagement among business communities through the Secretariat of Chambers of Commerce of six Western Balkan economies. It has also promoted dialogue among researchers from academia and think tanks, including in the framework of the Western Balkans Reflection Forum.

In the area of connectivity, the Berlin Process has given renewed attention to investment and infrastructural gaps in the region. It highlighted socio-economic and developmental challenges in the Western Balkans beyond the simple focus on the fulfilment of the Copenhagen economic criteria for EU accession, namely the existence of a functioning market economy and the ability to compete in the EU single market. In particular, through the EU-supported “Connectivity Agenda”, the process succeeded in placing the Western Balkans on Europe’s transport and energy map. The focus on connectivity has translated into making funds from the Instrument of Pre-Accession (IPA II) and International Financial Institutions (IFIs) available to support, along with national budget contributions, the extension of trans-European transport and energy networks in the Balkans.

Overall, the Berlin Process appears to have been a success, as far as it has served as a vehicle for Germany, Austria, France, Italy and the UK to breathe new life into EU relations with the Western Balkans. This was even more crucial at a time when it seemed that the EU’s enlargement policies had been effectively suspended. To an extent, the process could even be read, as it has recently been noted,<sup>8</sup> as another instance of the EU’s “variable geometry”, where a group of “willing” member states form an intergovernmental vanguard that eventually innovates and revives EU

<sup>8</sup> Zoran Nechev et al., “The Credible Enlargement Perspective for the Western Balkans through the Lenses of the Berlin Process”, in *IDSCS Policy Briefs*, July 2018, <https://idscs.org.mk/en/?p=7086>.

mainstream policies.

At the same time, we should be cautious not to view the outcome of the Berlin Process with excessive optimism. It should be ultimately assessed against its own goals.

Rather than being complementary to the EU enlargement policy, the Berlin Process was meant to build on it, "borrowing" its structures and projects, in order to help the EU maximise the impact of its policies. If achieving this should serve as a measure of success for the Berlin Process, the picture is mixed. Suffice to say that, at the beginning of 2018, the total amount of investment grants approved for financing 13 connectivity projects amounted to just 344.9 million euros, and only three of these projects actually started.<sup>9</sup> The difficulties began in the project preparation phase, which proved to be extremely time-consuming with a minimum period of three years (from pre-feasibility studies to organising tenders). Challenges continue in the project implementation, which is often held up at the national level due to the weak administrative capacity of the Western Balkan countries or lack of coordination among them.

Despite the importance of flagship initiatives to integrate the Western Balkans into the main European transport and energy corridors, the overall approach pursued by the EU and its member states has lacked two crucial elements. First, it has not secured the critical mass in terms of resources to address the consequences of almost thirty years of underinvestment and disinvestment in the region, which has had a devastating impact on regional connectivity. A recent International Monetary Fund (IMF) report draws a sobering picture.<sup>10</sup> While recognising an increased financial effort by international institutions and especially national budgets to support infrastructural development, the IMF assessment is that, at the current rate of progress, it would take more than thirty years for Western Balkan countries to reach the average level of capital stock per capita of EU countries. Moreover, this takes into account an infrastructural gap estimated by IMF experts in which Western Balkan countries are, on average, at a level of 50 percent the EU average.

The second missing component is a much stronger focus on improving governance patterns in the region. For instance, public investment management is still extremely weak despite the establishment of National Single Project Pipelines to select national investment priorities and coordinate with international support for infrastructure. This has less to do with the availability of resources than with

<sup>9</sup> Ardian Hackaj and Krisela Hackaj, *The Berlin Process 2014-2018*, Tirana, Cooperation and Development Institute, February 2018, <http://cdinstitute.eu/web/wp-content/uploads/2018/03/The-Berlin-Process-2014-2018.pdf>.

<sup>10</sup> Ruben Atoyan et al., *Public Infrastructure in the Western Balkans Opportunities and Challenges*, Washington, International Monetary Fund, 2018, <https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2018/02/07/Public-Infrastructure-in-the-Western-Balkans-Opportunities-and-Challenges-45547>.

governance. National administrations have little capacity for coordination among various public bodies and high budgetary fragmentation. Project selection criteria are not applied systematically, often leading to projects with limited bankability and sustainability. Weak coordination between central and local governments results in little attention being paid to sub-regional connectivity and micro-connectivity projects, while inadequate involvement of local communities and land expropriation challenges have led to further delays and legitimacy issues.

All these difficulties point to regulatory frameworks that have been narrowly affected by the infrastructural projects of the Connectivity Agenda, which remain seriously exposed to political interference and decisions made on the basis of electoral or political expediency. These factors have limited the effects of the Berlin Process, precisely regarding its goal of providing added benefits “on the ground”.

The Berlin Process is an intergovernmental platform with no institutions, policies or budget. The highlighted shortcomings, rather than being a criticism of the process itself, should be attributed to a general weakness in EU action in the region, which the Berlin Process has, to a certain extent, tried to mitigate.

All these issues also pose the difficult question to the Polish presidency – which took over the process in 2019 – of how to move forward, more specifically whether this should now be done within the renewed EU policy framework for the enlargement countries in the Balkans, or if the flexible intergovernmental format of the Berlin Process still holds some comparative advantages.

## 2. Re-thinking European integration beyond the current approach to enlargement

The EU's renewed enlargement strategy for the Western Balkans holds that a “credible accession perspective is the key driver of transformation in the region”.<sup>11</sup> The Union plans to enhance sectoral co-operation with accession countries in the Balkans along the lines drawn by the Berlin Process, namely regional co-operation, investment and infrastructural connectivity. These areas are supplemented by those identified by the European Commission in its six “flagship initiatives”, which target transport and energy connectivity, a digital agenda, socio-economic development, rule of law, security and migration, as well as reconciliation and good neighbourly relations. These priorities were confirmed by the EU member states at the Sofia Summit in May 2018, where additional support was devoted to the Digital Agenda for the Western Balkans.

The backbone of the new enlargement strategy is the call for the Western Balkan countries to make a “generational choice” in their commitment to becoming EU

<sup>11</sup> European Commission, *A Credible Enlargement Perspective*, cit., p. 1.

member states.<sup>12</sup> A clear aim to re-launch EU positive conditionality is at work here: the enhanced credibility of an EU membership perspective should prompt the aspiring Western Balkan countries to mobilise political and societal resources to foster deeper transformation.

However, the problem with this logic is that, due to the poor economic, social and political outlook, many Western Balkan citizens who have already chosen the EU are “voting with their feet” by migrating in large numbers to EU countries. Whereas the increased willingness of the EU, the member states and the aspiring Western Balkan countries to co-operate is certainly positive, material trends in the region point to weakening societal and state resilience, thus raising reasonable doubt as to whether these new steps are adequate.

Challenges tend to primarily affect the economy. How can the transformation of the Western Balkans take place in the face of lacklustre economic growth and development? The vast majority of the people in the region seem to be condemned to perpetual socio-economic insecurity. According to recent estimates by the European Bank for Reconstruction and Development, it could take between 60 and 200 years for the region to converge with the EU average of GDP per capita.<sup>13</sup> Since the beginning of the transition from centralised to market economies, the countries in the Balkans achieved remarkable growth rates and gained some significant ground, only during the short period between 2001-2008. Strong growth in the region, on average more than 5 percent, proved to be largely unsustainable, as shown by the tough adjustments required after the outburst of the 2008-2009 Great Recession.<sup>14</sup> The challenge is that the rapid market opening and integration with the EU, which began in the early 2000s and brought some foreign – mainly EU – capital into the region, have primarily fostered domestic consumption while having only a limited impact on the restructuring and modernisation of the real economy. This economic model has led to insufficient job creation, continuous deindustrialisation, the widening of trade deficits, and rising public and private debt.<sup>15</sup>

Secondly, the region has been experiencing a sharp process of environmental deterioration. An unprecedented amount of deforestation has caused massive changes in water supplies, as wood is still utilised by two thirds of households for

<sup>12</sup> Ibid., p. 2.

<sup>13</sup> Peter Sanfey and Jakov Milatović, *The Western Balkans in Transition: Diagnosing the Constraints on the Path to a Sustainable Market Economy*, London, European Bank for Reconstruction and Development, February 2018, p. 5, <https://www.ebrd.com/publications/country-diagnostics/western-balkans>.

<sup>14</sup> Torbjörn Becker et al., “Whither Growth in Central and Eastern Europe?”, in *Bruegel Blueprints*, No. 11 (2010), <http://bruegel.org/?p=6432>.

<sup>15</sup> Matteo Bonomi and Dušan Reljić, “The EU and the Western Balkans: So Near and Yet So Far”, in *SWP Comments*, No. 2017/53 (December 2017), <https://www.swp-berlin.org/en/publication/the-eu-and-the-western-balkans-so-near-and-yet-so-far>.

heating, contributing to air pollution beyond any acceptable standard.<sup>16</sup> In general, climate change represents a major challenge for the Western Balkans and Southeast Europe, a challenge that has been barely addressed. A process of "tropicalisation" is already transforming the Western Balkan ecosystem, which will be 1.2°C warmer by 2035 and will gain another 0.5-1°C by mid-century.<sup>17</sup> These challenges have severe implications for agriculture, food security, health, urban life, infrastructure and energy consumption.

Finally, demographic developments in the Western Balkans are worrisome. The collapse of fertility rates and high outflow migration have intensified depopulation, a process started in the early 1990s. As shown by (moderate) UN projections,<sup>18</sup> the region's resident population will shrink by some two million inhabitants in the next three decades. This has worrying economic implications, depriving the region of its younger and likely most talented human capital, reducing growth potential and leaving rapidly rising public debts to be paid back by shrinking and ageing populations.<sup>19</sup> In addition, there could also be political implications, as these trends deprive the region of those young and well-educated people, the potential middle-class pillars of society, who have traditionally been great supporters of liberal-democratic regimes.

In light of all these challenges, it is clearly not enough for the EU to simply renew its commitment to the Western Balkans. When judging the eventual benefits of EU membership, people in the region are essentially driven by the evaluation of their experiences with EU integration and economic transition so far. With the exception of Kosovo, national attitudes towards EU membership match the levels of post-transition real GDP trends. In countries like Serbia and Bosnia and Herzegovina, which have not yet reached their 1989 level of real GDP (standing respectively at 73 and 90 percent of their pre-transition GDP), populations are the least positive, with only 29 percent and 45 percent of the respective populations seeing EU membership as a good thing for their countries. In Montenegro and North Macedonia (whose economies overcame the 1989 level of real GDP in 2016 and 2008 respectively), 53 and 59 percent of the population, respectively, hold a positive attitude towards the EU. In contrast, in Albania, the only country in the region to have experienced constant improvement in its living standards and to have almost doubled its real GDP, an overwhelming 83 percent of citizens look positively towards EU membership.<sup>20</sup>

<sup>16</sup> Aleksandar Kovačević, "Towards a Balkan Gas Hub: The Interplay between Pipeline Gas, LNG and Renewable Energy in South East Europe", in *OIES Papers*, No. NG 115 (2017), <https://doi.org/10.26889/9781784670757>.

<sup>17</sup> Ana Vuković and Mirjam Vujadinović Mandić, *Study on Climate Change in the Western Balkans Region*, Sarajevo, Regional Cooperation Council, 2018, <https://www.rcc.int/pubs/62>.

<sup>18</sup> Data available in UNDESA website: *2017 Revision of World Population Prospects*, <https://population.un.org/wpp>.

<sup>19</sup> Peter Sanfey, Jakov Milatović and Ana Krešić, "How the Western Balkans Can Catch Up", in *EBRD Working Papers*, No. 186 (2016), <http://po.st/Sr9qoa>.

<sup>20</sup> Matteo Bonomi, "The EU and the Western Balkans: A Region of Opportunities, Not Only of Risks",



It is therefore urgent that the new European Parliament and Commission, together with the member states, start a serious reflection on how to build on the 2018 enlargement strategy. Whereas the sectoral approach to enhance EU-Western Balkan co-operation foreseen by the strategy is positive, it still needs a substantial upgrade along three main lines of action:

(1) *Focus on economic development.* The EU and the member states should consider the use of different tools to support the financial needs and accelerate economic growth. Internal drivers of growth should be strengthened, and infrastructure projects should be supplemented by additional investments in health, social services, education and research and development. This, in turn, could facilitate the development of smarter and more knowledge-based economies, together with better access to resources for small and medium-sized enterprises.

(2) *Insist on good governance.* Better coordination among different EU instruments of support for societal and economic transformations of the Western Balkan states is seriously needed. There are discrepancies between the EU's recent support to improve the governance frameworks in these countries (e.g. the Connectivity Agenda or the extension of the "European Semester formula" for EU member states to the region<sup>21</sup>) and the more traditional tools of EU enlargement policy (e.g. Stabilisation and Association Agreements – SAAs), which seem to have been applied so far in a rather formalistic way. A good example is how the SAA has been implemented in Serbia for state aid control without adopting a system of block exemptions that could have helped promote environmental policy or other strategic sectors.<sup>22</sup> These inconsistencies should be overcome and existing policy tools should be better synchronised in order to align Western Balkan countries with current EU economic policies, including the EU industrial policy. Moreover, in specific sectors of strategic importance (e.g. energy), the EU should take steps to increase European private sector engagement with the region, which could eventually be a game changer. This would strengthen market forces and increase bottom-up pressure for the implementation of regulatory measures linked to the Berlin and EU accession processes.<sup>23</sup>

(3) *Keep the momentum.* The prospect of EU membership for aspiring Balkan countries appears today as having almost entirely exhausted its potential to act as a catalyst for domestic demands for change. Inverting this trend and recreating

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in *DOC Research Institute Expert Comments*, 28 June 2018, <https://doc-research.org/?p=66277>. The article uses data from 2017, in the current paper data on public opinion have been updated to 2018 from: Maja Pinjo Talevska (ed.), *Balkan Barometer 2018: Public Opinion Survey*, Sarajevo, Regional Cooperation Council, 2018, <https://www.rcc.int/pubs/66>.

<sup>21</sup> Matteo Bonomi, "Economic Governance in the Balkans: Towards a More Sustainable Path of Economic Development?", in *EPC Policy Briefs*, November 2016, [http://www.epc.eu/pub\\_details.php?cat\\_id=3&pub\\_id=7130](http://www.epc.eu/pub_details.php?cat_id=3&pub_id=7130).

<sup>22</sup> Vladimir Međak (ed.), *Twelve Proposals for EU Enlargement from the Western Balkans*, Belgrade, European Movement in Serbia, 2018, p. 22, <http://www.emins.org/wp-content/uploads/2018/06/Twelve-Proposals-web.pdf>.

<sup>23</sup> Aleksandar Kovačević, "Towards a Balkan Gas Hub", cit.

momentum was one of the main aims of the EU Commission's renewed strategy for the Balkans. It tried to uphold a positive agenda for the region, even presenting a potential accession date (2025) for frontrunners Montenegro and Serbia<sup>24</sup> and recommending immediate accession negotiations with Albania and North Macedonia.<sup>25</sup> Nevertheless, both goals have proved to be politically unsustainable for EU member states, which have undermined the entire Commission's timeframe.<sup>26</sup> Against this background, it is urgent that intra-EU differences are ironed out in order to achieve a higher level of coherence in EU external action in the region. Failing to do so would have bitter consequences for the Balkans and would seriously downgrade the credibility of the EU as an international actor, considering the amount of political and economic capital it has spent already in the region. The most critical problem, as explored in the next section, is that today's divisions on EU enlargement have roots in even greater disagreements about the nature and scope of the entire European integration project.

### 3. The Western Balkans and the European integration agenda

The debate on enlargement today is qualitatively different than in the past, and not only due to the specificities of the countries in the Balkans. What is new is that the EU is experiencing a period of introspection that makes it far from clear in which kind of EU the Western Balkans are supposed to be included in the future. This exacerbates frictions and old disagreements within the EU.

The EU is, in fact, faced with significant challenges in two basic dimensions. The first is fragmentation. The EU risks fragmenting due to the Eurozone crisis, renewed geopolitical tensions, transatlantic challenges and the migration question. These issues divide Europeans, making the prospect of enlargement more difficult. The other dimension is disintegration. While the UK's referendum has not triggered emulations, the EU is still experiencing an unprecedented membership decrease due to Brexit. This has broken the fundamental assumption that the EU integration process is irreversible. Therefore, for the first time in its history, the Union is negotiating accession with some candidate countries while, at the same time, working out an exit deal with one of its current members.

The path that the European integration project will take in the next few years will be the crucial factor determining the future of the Western Balkans, despite all efforts

<sup>24</sup> European Commission, *A Credible Enlargement Perspective*, cit.

<sup>25</sup> European Commission, *2018 Communication on EU Enlargement Policy* (COM/2018/450), 17 April 2018, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0450>.

<sup>26</sup> Regardless of the Commission's strategy pointing to 2025 as the best-case scenario for frontrunners' accession to the EU (if they prove ready), at the Western Balkans Summit in Sofia, EU member state leaders preferred to refer to a generic "European perspective" for the Western Balkans. Moreover, at the EU Summit of June 2018, the EU member states decided to not follow the European Commission's recommendations to open accession negotiations with North Macedonia and Albania, opting for additional conditions to be verified in June 2019.

by the outgoing European Commission to renew EU commitments. The end of the Brexit talks, the results of the Sibiu European Council in the spring of 2019 on EU reform and the new multiannual budget, the European Parliament elections and the appointment of a new Commission will determine the type of policies the EU will put in place to face its multiple challenges. This will also determine the level of ambition of the European integration project towards the Western Balkans.

Regarding Brexit, whereas its direct effects on enlargement are limited, its major impact on the Western Balkans is an amplifying effect on on-going difficulties within the EU. Despite hosting the Western Balkans Summit in London within the Berlin Process, the UK ceased to be a champion of EU enlargement years ago, leaving the leadership of this process to other countries, notably Germany. The economic implications of Brexit for the Western Balkans are also modest, given that trade relations between the UK and the Western Balkans have already been in decline for some time. However, through the loss of a net contributor to the general budget of the Union, the UK's absence in the EU will also be felt in the Western Balkans.

The major impact of Brexit is coming in an indirect way, affecting the dynamics of internal and external differentiation of the EU. Brexit has sparked reform drives within the EU, questioning to what extent a third country may participate in European integration, and to what extent member states can opt out of specific EU policies. This has given the impression that the EU could energetically point towards more differentiated integration in its external domain. It could inject new life-blood into the enlargement policy as well, helping to define some priority areas for mutually beneficial co-operation. Especially in the case in which talks with the UK were to advance towards the creation of a "membership light" model, possibilities could open up for advancing strengthened sectoral integration between the EU and the Balkan aspirants. Eventually, it could even offer an alternative model to full membership for those enlargement countries that are not interested in joining or are unable to join.<sup>27</sup>

However, things seem to be moving in the opposite direction. Whereas differentiation is and will remain a fundamental characteristic of European integration, as it represents at times a necessary instrument to overcome deadlock in decision-making, EU member states and institutions have shown no willingness to compromise on the principles underpinning the Union. These include, most notably, the integrity of the single market and its four freedoms of movement (goods, services, capital and people). This has affected the EU's position in the Brexit negotiations. The EU has drawn red lines to avoid a devaluation of the status of EU membership and rejected any formula that could amount to a cherry-picking

<sup>27</sup> See Milena Lazarević, "Away with the Enlargement Bogeyman. Reforming the EU Enlargement Policy for a Prompter Acceptance of the Western Balkans", in *CEP Discussion Papers*, July 2018, <https://cep.org.rs/?p=10801>; and Florent Marciacq, *The EU and the Western Balkans after the Berlin Process – Reflecting on the EU Enlargement in Times of Uncertainty*, Sarajevo, Friedrich-Ebert-Stiftung Dialogue Southeast Europe, 2017, <https://library.fes.de/pdf-files/bueros/sarajevo/13948.pdf>.

exercise whereby the UK would enjoy single market status while still being able to control intra-EU migration and enacting regulations in autonomy. All these issues could cut short the debate on any kind of membership-minus perspective for the UK and, thus, arguably, for the Western Balkans as well.

In other terms, the problem of moving towards a fuzzier division between the EU's internal and external domains is that the key question in Europe today does not appear to be the one of flexibility, which has always been widely utilised by the EU.<sup>28</sup> It is, rather, one of homogeneity and, possibly, solidarity. The greatest challenge the EU faces is how to tackle and possibly mend its internal normative, political and economic divisions.

Against this backdrop, it is uncertain to what extent it will be possible to re-energise the European integration project and which tendency will prevail during the next institutional cycle (2019-2024). As an imaginative effort, I suggest four "visions" for the future of Europe<sup>29</sup> that give different answers to the question of homogeneity, the use of differentiation within the European integration project and, consequently, the place that the Balkan countries would eventually have in Europe:

(1) *The end of the EU*, never a realistic prospect, is no longer a purely academic hypothesis. It could happen not necessarily as the outcome of a deliberate design, but rather as an unintended consequence of the intensification of ongoing internal divisions, especially if new crises emerge that would lead to the breaking down of the Eurozone or the Schengen agreement on passport-free movement. Fragmenting and disintegrating tendencies could overlap and intensify, progressively eroding any substantial sense of the European integration project. European institutions would not necessarily cease to exist, but would regress to irrelevance, as would the question of acquiring new members.

(2) *Smaller, more integrated EU core*. This option can be identified with the agenda launched by French President Emmanuel Macron in his speech at Sorbonne University in Paris in 2017. A smaller group of member states that share a renewed sense of uniformity would advance towards a highly cohesive Union, with a common Eurozone budget, greater fiscal integration and a common army. This smaller, more cohesive Europe would, to a certain extent, unravel the results obtained by the EU Eastern enlargement (as made clear by President Macron at the Sofia Western Balkans Summit<sup>30</sup>) and use differentiated integration to keep the

<sup>28</sup> See Steven Blockmans (ed.), *Differentiated Integration in the EU. From the Inside Looking Out*, Brussels, Centre for European Policy Studies, 2014, <https://www.ceps.eu/node/8851>; and Janis A. Emmanouilidis, *The Future of a More Differentiated E(M)U – Necessities, Options, Choices*, Rome, IAI, February 2017, <https://www.iai.it/en/node/7294>.

<sup>29</sup> See Spyros Economides, "Balkan Europe", in Kenneth Dyson and Angelos Sepos (eds), *Which Europe? The Politics of Differentiated Integration*, Basingstoke, Palgrave Macmillan, 2010, p. 112-125.

<sup>30</sup> See Andrew Gray, "Macron Pours Cold Water on Balkan EU Membership Hopes", in *Politico*, 5 July 2018, <https://www.politico.eu/article/emmanuel-macron-pours-cold-water-balkans-eu>

core and wider circle within the same institutional framework. This would come at the cost of accommodating peripheral EU states within an outer loosely-defined circle, which could more easily exclude but also acquire new members, such as the Balkan states.

(3) *Illiberal EU*. Despite the somewhat pretentious name, this scenario would be less alarming than it seems at first sight. Partly through the upcoming European parliamentary elections, in which the so-called anti-establishment or populist political forces could experience resounding success, and partly through the rightward move of some traditional political parties, maybe to face internal competitors at home, illiberalism could become the new mainstream of European politics. This would project the EU towards being a Europe of nation states, where a common understanding – a new sense of uniformity – could be given by a strong emphasis on security. At the same time, interferences from the European institutions in national affairs would be tamed by member states' claims of defending and preserving different national cultures and values. This lowering of the common standards deemed necessary to be part of the EU could eventually, though not necessarily, even help the fragile democracies in the Western Balkans join the Union.

(4) *Consolidated EU-27*. The EU has shown exceptional resilience in the face of many crises, but it has barely found structural solutions to its challenges. The path towards consolidating the EU-27 could be conceived along pragmatic lines of finding ways to provide more effective EU actions in specific, yet fundamental policy domains. Common policies should show added value in core European areas such as economic, social, migration, and security policy.<sup>31</sup> It is not essential that all member states participate in this process – differentiation would be an important tool to overcome the lack of consensus among the EU-27. In this sense, differentiation should be used to create a new sense of uniformity as something that can be achieved as a result of common European policies. Furthermore, it would show that it is still possible to defend the European “way of life” – a mix of the liberal and socialist traditions – despite an increasingly challenging global environment. This scenario would be compatible with enhancing the ambition of EU co-operation with the Western Balkans in several policy fields, including justice and home affairs, border control and movement of people, and further economic functional integration.

membership-enlargement.

<sup>31</sup> See Janis A. Emmanouilidis (ed.), *Re-energising Europe: A Package Deal for the EU27*, Brussels, European Policy Centre, November 2017, [https://www.newpactforeurope.eu/news/2017/npe\\_3rd\\_report.php](https://www.newpactforeurope.eu/news/2017/npe_3rd_report.php).

## Conclusions

It is fair to say that all four described visions of the future of Europe hold a certain degree of implausibility. Confronted with “the end of the EU”, it should be recalled that the European integration project has proven to be exceptionally resilient. Referring to the current debate about creating a core Europe, it not only appears to be a potentially disruptive hypothesis for the cohesion of the EU-27, but it is also politically unrealistic, since even a smaller group of core states seems neither to share a common vision nor to be ready to give up substantial parts of their sovereignty. Looking at the spreading of illiberal values across Europe, it is reasonable to ask how far European states could move rightward to build a European fortress without undermining the very framework of their co-operation. Finally, if it were easy to convince European citizens of the added value that could be achieved through common European policies, even if along the lines of variable geometries, it would be difficult to understand why some member states have not already resolutely moved in that direction.

The actual path that European integration is going to take will depend on many factors, starting from the outcome of complex bargaining among EU member states, where there could be an overlap of different tendencies and where the most unexpected combinations could materialise. Whatever outcomes emerge in the forthcoming years, however, what really seems to be crucial in facing the threat of fragmentation and even disintegration is for Europeans to decide on the strategic lines to shore up the EU front in order to consolidate the Union not only in its functional dimensions but also in the symbolic ones. Confronted with a form of globalisation often perceived as unfettered, the EU urgently needs to consolidate as a concrete political space<sup>32</sup> in which EU citizens have the perception that national sovereignty is not dissolved within a wider global environment, but is pooled at an intermediary level. It needs to be a space where Europeans retain the capacity to distinguish, along clearly defined borders, a territory where values coming from European traditions, despite their universalistic claims, can be embedded and realised on a smaller scale through common European policies.

From such a perspective, it would be wrong to conceptualise EU enlargement towards the Balkans within the old debate of “deepening versus widening”, as some leaders advocating smaller circles of European integration seem to be doing (such as Macron); that debate took place twenty years ago. What is at stake today is, rather, the consolidation of what the Union has accomplished so far. In this regard, the successful integration of the Western Balkans would represent an important step forward in the process of the territorialisation of the EU – namely of consolidating the Union as a political space in both its functional and symbolic dimensions – thus ratifying an aspect that was largely overlooked during the early

<sup>32</sup> See Étienne Balibar, *We, the People of Europe? Reflections on Transnational Citizenship*, Princeton, Princeton University Press, 2004; and Carlo Galli, *Spazi politici. L'età moderna e l'età globale*, Bologna, Il Mulino, 2001.

days of enlargement enthusiasm.

In fact, a simple glance at the map of Europe shows that the Western Balkan region is not the EU's south-eastern courtyard, rather its overlooked "soft belly". Located between the most politically, economically, and – in security terms<sup>33</sup> – fragile EU member states, the Western Balkans are already formally and informally connected with the entire Union – and therefore cannot be realistically excluded from the broader process of consolidation.

*Updated 28 March 2019*

<sup>33</sup> Western Balkans' EU neighbours Romania, Bulgaria and Croatia still today do not qualify for the Schengen Area within the European Area of Freedom, Security and Justice.

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