

**Turkey and the European Union**  
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**Stability in the Balkans**

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Since the end of the cruel wars of succession in the former Yugoslavia, all countries of the Balkans have come a long way. The region is in better shape today than it has been for a decade: For the first time, all governments in south-eastern Europe are firmly committed to Euro-Atlantic integration, market economy and regional co-operation, as well as to peaceful settlement of disputes. However, peace is not yet irreversible and self-sustaining. Certain risks caused by political and economic instability, ethnic intolerance, or trans-border crime, still prevail.

**I. Main challenges in the region**

- A first set of unresolved issues centers around the question of how the political landscape in the region will look like in the future: Kosovo's status is still open, the difficult relationship between Serbia and Montenegro may lead to the break-up of the state union, there is a "cold peace" between ethnic Albanians and Macedonians, and a lack of consolidated state structures in Bosnia and Herzegovina. As long as fundamental state-building processes are still ongoing, there is no quick fix to achieve stability in the region.
- All states in the region can be described as "weak states", suffering from constitutional confusion and institutional weaknesses. A striking example is, for instance, the third failed attempt (due to low turnout) to elect a President of Serbia last week. Altogether, there is improvement in the areas of media freedom, election law and minority rights, the process of democratic stabilisation is far from complete. In some countries, serious human rights violations are being reported on a constant basis, e.g. in Kosovo.

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- From the “weak state syndrome” a number of security challenges derive, such as lack of capability to effectively fight organised crime, the proliferation of small arms and terrorist activities. For instance, there has been a harsh revival of inter-ethnic violence and terrorist attacks in the southern Balkans (Kosovo, Southern Serbia and Macedonia) during last summer.
- The Western Balkans have not yet succeeded in achieving sustainable growth, macroeconomic stability and competitiveness. Although, since 2000, there are signs of recovery, a functioning market economy compatible with EU has not yet been established. Countries in the region are still characterised by a low level of GDP per capita, delayed recovery from the recession caused by transformation (economic growth started as late as in 2000 and is consumption-driven instead of being generated by investment and exports), deep declines in employment levels, absolute stagnation in aggregate exporting activity, de-industrialisation, macroeconomic instability due to unfavourable external and fiscal balances; bad export performance (relying on unskilled labour and low-technology input); and a large share of the informal sector.

In summary, although there is no imminent war danger in the Balkans anymore, a number of root causes of conflict have not yet been cured. Therefore, the region will deserve the attention of the international community for many years to come.

## **II. The policy response**

From the early 1990s onwards, international actors, including the European Union and Turkey, have assumed ever greater responsibility in conflict prevention, crisis management and post-conflict rehabilitation in Southeast Europe. As regards the EU, this engagement has had a catalysing effect on the formation of its common foreign and security policy. On the other hand, international peace missions in Bosnia and Kosovo have been viewed as new models for international cooperation and burden sharing (e.g., between NATO and non-NATO states, and between various international organisations). In a nutshell, the region serves not only as a prominent testing ground for new instruments in the field of crisis management, but also for international cooperation arrangements. Against this

background, a failure in the Balkans would have serious repercussions on international relations in general.

Today, and contrary to the early years of the conflict, the European Union is considered as the most important actor by countries in the region, since, in mid-1999, they were offered the European perspective. The prospect of EU approximation represents the most powerful incentive for internal reforms and good neighbourliness in the region. The Feira European Council in 2000 recognised the Western Balkan countries as potential candidates for EU membership, and the Zagreb Summit of November 2000 established the Stabilisation and Association Process (SAP) as “the heart of the Union’s policy towards the five countries concerned.” The core of the SAP is the conclusion of a Stabilisation and Association Agreement (SAA) which commits the SEE countries to a formal association with the EU, over a transition period. Lately, the EU-Western Balkans Summit in Thessaloniki (21 June 2003) confirmed that “the Balkans will be an integral part of a unified Europe”. It needs to be stressed that further movement towards the Union will depend on each country’s performance with regard to the Copenhagen criteria and other political conditionality, including “a genuine commitment of the governments of the Western Balkans and concrete steps to make the necessary reforms, establish adequate administrative capacity and to co-operate amongst themselves”. With regard to the speed of EU approximation, there is deep divergence within the region. The EU signed the first SAA with Macedonia in April 2001 and a further with Croatia in October 2001. However, both agreements have not been ratified by all EU member states. Croatia has, in February 2003, officially applied for EU membership. The application is now under examination by the Commission. Albania has started negotiations early this year on a SAA, while Bosnia and Herzegovina and Serbia and Montenegro are still lagging behind.

Secondly, the EU has assumed a very active role in the mediation of conflicts and crises response, as well as in peace implementation. The SG/HR Javier Solana has, at various instances, intervened in evolving crises, such as in Southern Serbia’s Preshevo valley, in Macedonia, and the FRY. All cases have proven that the European perspective constituted an important element of leverage that prepared the ground for a peaceful settlement. For instance, in Macedonia, the EU played a leading role in mediating the Ohrid agreement of 13 August 2001,

which brought the violent dispute between insurgent Albanians and the Macedonian government to an end. The agreement gives the EU a leading role in overseeing its implementation and thus a major responsibility for its success. Like in Macedonia, the HR facilitated a negotiated settlement between the main adversaries in Serbia and Montenegro. On 14 March 2002, the Proceeding Points between Belgrade and Podgorica were signed, which led to the adoption of the Constitutional Charter and the creation of a loose union of Serbia and Montenegro.

Thirdly, the EU is also strengthening its commitment in SEE in the security sector. Not only are EU member states supplying the bulk of the peace keeping troops in the Balkans. For instance, some 30,000 soldiers serve as members of KFOR and SFOR, that is 80% of its total strength. In addition, the EU has engaged in conducting its own security operations: In January 2003, the EU Police Mission in Bosnia and Herzegovina was launched, after the UN's IPTF mission had expired. The launching of Operation Concordia in Macedonia in April 2003 – the first ever EU military mission - , as well as the EU's envisaged lead role in a military operation following SFOR points to the ever growing role in conducting peace keeping missions.

Forthly, the EU – both its member states and the European Commission - is the single largest donor in Southeast Europe, providing humanitarian aid and assistance for economic reconstruction. Since 1991, the Union has provided more than € 6 billion in assistance to the Western Balkans through its various programmes. Further, the EU has substantially contributed to international reconstruction efforts in Bosnia and Herzegovina, Macedonia, and Kosovo. With CARDS, the EU has allocated € 4.65 billion up to 2006 in order to help creating the necessary conditions for a privileged relationship with the Union. In the run up to the Thessaloniki summit in June 2003, this programme was bolstered with additional € 200 million.

Last but not least, fostering regional co-operation forms part of the EU's policies towards the region. Regional co-operation is being viewed as an indispensable component of the European integration process, not the least because such co-operation is one of the founding principles of the European Union itself. Therefore, proven readiness to promote good-neighbourly relations is now a precondition for

membership of the EU. The main instrument to promote regional solutions is the Stability Pact for Southeast Europe, created in the aftermaths of the Kosovo war in June 1999. The Pact is a EU initiative, but not a direct instrument of the EU. It provides a framework for co-operation of the EU, its member states, SEE countries, the G 8 and other countries, including Turkey, international organisations and IFIs. The Pact cooperates closely with other regional initiatives, in particular the South East European Cooperation Process (SEECP).

### **III. Challenges Ahead**

While the Balkans still figure prominently on the international foreign policy agenda, the changing political environment and financial constraints require a reassessment of the approaches to the region. The following factors need to be taken into consideration:

- *Conflict resolution and peace implementation*: considerable efforts are still necessary to tackle unresolved questions, for instance by enhancing the direct dialogue between Belgrade and Prishtina that started recently; by mediating between Serbia and Montenegro in case that the Union will not hold together after the originally envisaged test period of three years, and by implementing the peace accords in the multi-ethnic states of Macedonia and Bosnia and Herzegovina. It also includes taking decisions with regard to follow-on military missions in the region (e.g., on post-SFOR).
- *Balkan fatigue*: In light of new foreign political priorities, the international involvement in the Balkans will likely shrink: NATO will further reduce its peacekeeping presence, foreign assistance will decline, and political attention will focus on newly emerging hot spots elsewhere in the world. The International Community, with the EU as the single largest donor, has supplied considerable financial and technical assistance to the region. But donors call for a more targeted and efficient use of resources and a clearer commitment by countries of the region to assume responsibility for problem solving. One of the core question therefore is how to encourage regional ownership with regard to conducting necessary reforms and regional co-operation.
- *EU enlargement* in 2004 will have significant political, economic, and psychological implications for the Balkans. It risks drawing new dividing lines between new members and applicants and deepening divergence between the

accession countries and the “left outs“ in Southeast Europe. For instance, EU enlargement will further widen the gaps in economic performance between the “ins“ and the “outs“ of the Union. Experience shows that the prospects for EU membership increase foreign investment, because risks and transaction costs are reduced. While the new members can expect higher financial appropriations if pre-accession funds are redistributed, the Balkans will receive comparatively less aid, unless current aid policy is changed. Moreover, there may be negative repercussions on free movement of people and consequently cross-border cooperation. It goes without saying that the EU’s future approach towards the Balkans will certainly depend on its own ability to digest the integration of ten new members from central and eastern Europe next year.

- *Absorptive capacity and aid dependency.* Some Western analysts, in line with aspirant countries of the region, have called for increased financial assistance and new pre-accession allocations in addition to CARDS. However, pouring new money into the region is not necessarily helpful. Because the institutional and absorptive capacity of the recipients are limited a large part of available European funding cannot be disbursed. For the 1998-2002 period, for the Western Balkans region as a whole, 77% of all funds have been contracted, but only 58% disbursed. In addition, there is a clear danger that external assistance is aggravating aid-dependency. For instance, in Bosnia and Herzegovina, the official development assistance/GNP ration is as high as 23%. But also the other Western Balkan countries are highly dependent on foreign financing. Evidence therefore does not suggest more assistance, but far more support for institution and capacity building as well as a more efficient and targeted use of resources.

## **Conclusion**

To conclude, the Balkans still represent an area, in which both the EU and Turkey can and should cooperate in order to promote their common agenda with regard to peace implementation and democratic transition. The prospect of EU approximation deals as a powerful incentive in this regards, however, urgent problems, such as ethnic conflicts or security threats, do require immediate and targeted action beyond the aims and means of accession oriented instruments. In

short, the accession process is no panacea ensuring state-building, conflict resolution, and economic growth – problems that will determine the Balkans agenda for the next years to come. Therefore, Southeast European countries themselves need to become driving forces of transition, reform, development, and stabilisation.