

# **The Challenges and Prospects of South Eastern Europe Towards Regional and European Integration: An Approach for Development, Peace and Security in South Eastern Europe**

**Constantinos Choromides**

## **Abstract**

This paper aims to explore the present situation in South Eastern Europe vis-à-vis the efforts of the regional and international actors to promote stability, security and economic prosperity. The main focus of the paper will be on discussing the impediments as well as the opportunities the SEE states are facing towards regional and European integration.

**Key words: South Eastern Europe, Regional Integration, EU Integration, Stability, Security, Democracy, Development.**

## **1. Introduction**

The challenges that South Eastern Europe (SEE) is confronted with remain at the frontier of interest among policy makers.<sup>1</sup> The present situation in SEE impedes any efforts by regional and international actors to promote and advance the necessary reforms required by the accession process, while at the same time compromising the prospects for security and development within the geographic borders of the European continent.

The reasons for the increasing falling behind of SEE may be grouped into three closely related developmental deficits, which partly reach much further back than the post- communist transformation. First, the ethnic conflicts and the lack of consolidation in the region had a great impact on the regional stability. Second, the weakness and instability of the states and institutions; and last but not least, the mismanagement of the economic transformation, which shows many elements of a developmental rather than a transformation process, heavily burdened by the inefficiencies of the state institutions responsible for the transition to a regulated market economy.

The main objectives of this paper are to discuss: first, the methods of putting an end to regional conflicts and crisis as a prerequisite for sustained political and economic stability; and second, to discuss the conditions for the SEE countries for integration into the EU structures. All these are inter-related and represent important elements in the process of transition to free and democratic societies. The paper is structured as follows. First, the issues of democracy building, ethnic relations and security, which are related to the first objective, will be discussed, followed by the discussion of how to forge regional cooperation in SEE, and of how to integrate the SEE countries in the EU structures, which are related to the second objective of this paper.

From the discussion, I aim to demonstrate that without strong institutions, strong commitment to democratic reforms and strong regulatory structures to implement the rule of law, there is little prospect that states will either provide effective protection for minority rights or develop a stable and transparent business environment, which

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<sup>1</sup> For the purpose of this paper, the SEE region consists of the states of Bulgaria, Romania, Albania, FYROM, Yugoslavia, Croatia, Kosovo and Bosnia- Herzegovina.

are prerequisites for attracting FDI. Without the necessary institutional reforms, SEE will have an even harder path towards integration with the EU.

## **2. Democracy and Institution Building in SEE**

With the termination of authoritarian rule, SEE experienced a counter-phenomenon of institutional incapacity. Reforming institutions was complicated, since the capacity for institution building was restricted due to limits imposed by the tensions of social transition. The old social structures of the command economy have been removed. However, new institutions to guide and support the transition process have not been properly established.<sup>2</sup> Inherited weak state structures proved incapable of carrying out political and economic reforms. The lack of effective state institutions still impedes the process of regional integration and cooperation and the goal of closer integration with the EU. The rule of law in SEE is often not fairly applied and it has been devised to advance the interests of the new elite, which has a stake in the unregulated economic development.

Although transition from authoritarian rule to democracy has been initiated, democratisation is still at an early stage and distant from constitutional liberalism. The early 1990s failed to bring about a significant change in regimes. Multi-party systems and free elections have been established in Croatia and Yugoslavia, but have been often used to fuel nationalism.<sup>3</sup> With the exception of Bulgaria, Croatia and Romania, state architectures remain weak and need to first develop their capacities before they can satisfactorily implement any further reforms, given their current institutional weaknesses. Any efforts to improve the efficiency of the government institutions cannot be accomplished merely by the 'import' of Western institutional mechanisms, without considering the diverse underlying causes of institutional differences in each state. International strategies for strengthening the state institutions in SEE must begin from understanding this diversity, which makes a country-specific approach more appropriate than a standardised regional approach.

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<sup>2</sup> The policy makers in the Balkans failed to set up and maintain a *rational* reform agenda leading to social stabilisation and reform. Even in the case where the *right* policy mix was designed, serious delays were encountered in the implementation of critical elements of the reform agenda. Lack of commitment and coherence were the main characteristics of the policy makers.

<sup>3</sup> Agh, A. (1998) *Emerging Democracies in East Central Europe and the Balkans*, Northampton, MA: Edward Elgar.

### 3. Understanding the Ethnic Diversity in SEE

SEE states that emerged from communism are mainly defined in terms of ethnic identities. Minorities are still discriminated against and are often excluded from full participation in the state structures. This has a heavy toll on the development of cross-border cooperation because it prevents border regions from cooperating with each other, due to over-centralised or authoritarian state structures. Ethnic nationalism is destabilising because minorities in one country are majorities in a neighbouring state. Discrimination, therefore, perpetuates insecurity and mutual suspicion among neighbouring countries. Moreover, feeling excluded from political processes, minorities often believe armed conflict and secession to be the most effective means of satisfying their political demands.<sup>4</sup> Goals of secession and separatism were primarily expressed in former Yugoslavia through ethno-national mobilisation leading to tragic violence. The examples of the crisis in Kosovo and the civil unrest in FYROM are examples of weak states, unable to offer basic human security, suffering from a lack of legitimacy. Seeing no hope of protection within weak, poorly functioning states, and lacking confidence in the ability of institutions and laws to provide security, many people turned to ethnic parties promising to defend their interests.<sup>5</sup>

The leaders of the two ethnic societies in FYROM - the Slavic and the Albanian - failed to achieve social cohesion, which is needed in order to proceed with institutional reforms.<sup>6</sup> This evidence suggests, that it is in fact the weakness and lack of legitimacy of the state that creates the conditions in which ethnic conflict emerges. Democracy in divided societies can be achieved if, and only if, the states succeed in establishing their legitimacy.<sup>7</sup> A goal that could unite all ethnic communities in SEE is undoubtedly integration into the EU. Full membership of the EU remains the only

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<sup>4</sup> International Crisis Group (2001) *After Milosevic, A Practical Agenda for Lasting Balkan Peace*, Brussels.

<sup>5</sup> World Bank, *The Road to Stability and Prosperity in South Eastern Europe*, March 2000

<sup>6</sup> Social cohesion will be developed through functioning institutions which bring together ethnically, socially and economically diverse groups and provide possibilities for participation, representation and dispute resolution. Local authorities and the international community need to pursue a decisive strategy to support social cohesion and inclusion. The basic principles should and must include respect and support the values of open multi-ethnic societies.

<sup>7</sup> Bose, S, 'State Crises and Nationalities Conflict in Sri Lanka and Yugoslavia' *Comparative Political Studies*, 28, (1), (1995), pp. 87-116.

future, that is a common future for the entire region that could generate joint efforts and convert former and present foes into future partners<sup>8</sup>.

Elaborating on the above argument it becomes clear that the EU should establish as soon as possible a clear statehood for Kosovo and increase its capacity to deliver that level of government determination to resolve ethnic conflicts. The ethnic minorities must feel secure within the political and geographical entities of their own free choice. It is important to improve the institutional background and effective implementation of human rights and opportunities for citizens' equality and integration within a liberal-democratic system. By increasing their degree of autonomy and self-control, ethnic minorities may become more satisfied within the larger state and therefore less motivated to pursue separatist political initiatives.<sup>9</sup> For this proposition to be realised 'cultural pluralism' must be advanced.<sup>10</sup> The tragic examples of the recent history in the region clearly demonstrate that democracy should not be installed as a 'majority rule', which only is feasible in homogeneous societies.<sup>11</sup> Multiethnic societies can be the inescapable future of all the SEE countries. This basic premise has several important consequences.<sup>12</sup>

First, it is useless to involve one nation's resources and the resources of the international community in order to achieve change of borders under the argument of a hypothetical ethnic homogeneity. There is no physical opportunity to achieve an ethnic homogeneous state in the region, avoiding the instruments of ethnic cleansing, or population exchange. Therefore, the arbitrary change of borders remains the most important crisis source in the future.

Second, all SEE nations should make substantive efforts to change their historically burdened concept of nationhood, solely built on ethnic integrity and unity. The SEE have suffered a historical delay in modern nation building, and the shortage of institutional and civil resources to found a new nation upon, has been compensated

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<sup>8</sup> Mintchev, Emil (2001). *South Eastern Europe at the Beginning of the 21<sup>st</sup> Century: New Dangers, New Strategies, New Perspectives*, Center for European Integration Studies, University of Bonn.

<sup>9</sup> Connor, W. (1994). *Ethnonationalism: The Quest for Understanding*. Princeton: Princeton University Press.

<sup>10</sup> Young, C. (1998). *Ethnic Diversity and Public Policy: An Overview*, in Young, C. (Ed.), *Ethnic Diversity and Public Policy: A Comparative Inquiry*, Macmillan Press.

<sup>11</sup> The answer to what kind of democratisation the SEE should follow is very complicated. In a region where multi-national societies have created a strong heritage of conflicts, local societies should refrain from the common model of *Western-style* form of governance; refrain from the idea of the majority rule of a strong government. Instead they should provide all ethnic groups with proportional representation, and a proportional share of power in the government.

<sup>12</sup> Todorova, Maria (1997) *Imagining the Balkans*, Oxford University Press

for by the overrating of ethnicity and in some cases religion, at the expense of civil equality and integrity.

The pathology of societies in most of the SEE states is often connected with the lack of or limited social, human and institutional capital - three important prerequisites for the development of regional cooperation among democratic countries. With the exception of Bulgaria and Romania, the remaining states of SEE lack the institutional capacity to assist democratisation and institution building processes. The value of social capital rests in its ability to establish trust and to foster cooperation among actors, both at the national and cross-national levels. One significant aspect of the social capital in SEE refers to the low level of trust in political parties, an important agent of regional cooperation. The value of human capital rests on the building of human knowledge and capacity, to modernise and bring the countries closer together and integrate them within the EU. Due to consecutive wars and a deteriorating economic situation, human resources have substantially diminished, thus impeding the ability to adopt and implement policies that can build a sustainable regional dynamic. Finally, the value of the institutional capital rests on its ability to create the appropriate framework, which will attract investment and aid from the West, and will allow for deeper bilateral or multilateral relationships among neighbours.

It is difficult to discuss regional strategies for democratisation and security without noting that the unresolved status of Kosovo may be a new source of regional instability in the region. The priority for Kosovo is to achieve a lasting constitutional settlement. The final status of Kosovo is critical for the viability of alternatives to the ethnic nation-state, be it a multiethnic democracy in FYROM or an ethnic federalisation in Bosnia-Herzegovina. Independence for Kosovo appears to be the most imminent solution. But how and when independence occurs is important. Independence before Kosovo has developed functioning democratic institutions could be highly destabilising.<sup>13</sup>

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<sup>13</sup> The Bertelsmann Foundation and the Center of Applied Policy Research with the cooperation of the Policy Planning Staff of the German Ministry of Foreign Affairs. A Regional Approach to a Negotiated Arrangement for the Balkans on the Way to Europe, Report: *Negotiating the Balkans*, Berlin, August 22- 23, 2001, p. 27.

#### 4. Managing Regional Security Crises

Security is a crucial precondition for stabilisation. Regional security is based on confidence and cooperation, the peaceful resolution of disputes and the work of mutually reinforcing multilateral institutions.<sup>14</sup> This calls for efforts to develop regional security institutions, which can play a supportive role in devising joint programmes, in advising government officials and in conducting assessments of critical problem areas.

Authoritarian elites with communist affiliations, extremist politics, ethnic nationalism, insufficient rule of law and lack of trust have been identified as the major obstacles to regional cooperation in SEE by most academic and policy-making analyses. All this is related to delayed state making and nation building in the former Yugoslav space, further complicated by the simultaneous democratisation of the successor states. Slovenia is the only post-Yugoslav successor state where these processes are complete since it does not have a significant ethnic minority in its territory and nation building has been achieved. All other Yugoslav republics are still divided over questions of national identity and the proper borders of their newly founded nation-states. Bosnia-Herzegovina and Kosovo are international protectorates which are confronted with similar institutional problems created by the Dayton and Rambouillet Agreements, namely how to aggregate preferences in order to create viable states. Finally, the unity of FYRİM and Yugoslavia has been challenged, the first by Albanian and the second by Albanian and Montenegrin separatism.<sup>15</sup>

Several crisis points remain in the region, especially in Montenegro, Kosovo and FYROM, which impede democratic reforms and marginalise the domestic ethnic minorities. Unless, these sovereignty issues remain unsettled and the issues of territorial and ethnic crisis points are addressed quickly and decisively, the potential for renewed conflict remains grave. If Kosovo and Montenegro permanently slip out of Serbia's political influence, the EU will need to weigh the regional impact of three new independent states. There are two possible outcomes from such a scenario: the

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<sup>14</sup> Adler Emanuel, and Michael Barnett (eds.), *Security Communities*, Cambridge: Cambridge Studies in International Relations, 1998.

<sup>15</sup> All in all, the region of SEE is diverse and composed of a variety of countries and governmental authorities, i.e. territorially defined states versus undefined national territories; centralised state structures versus weak central authorities; independent countries versus international protectorates. Such a regional context limits the capacity of its actors to define regional objectives and pursue regional cooperation while at the same time leaves ample space for international intervention.

growing destabilisation of SEE through escalating conflicts, territorial demands; or progress toward settling combustible security issues revolving around the Serbian and Albanian nationalist demands. Montenegro's independence could provoke separatist movements by Serbian and Croatian (in Bosnia) and Albanian (in FYROM) ethnic nationalists. In this scenario, Kosovo's independence may further radicalise the Albanian minority in FYROM and lead to the country's disintegration as nationalists battle for unification with Greater Albania.

Without a clear perspective on the statehood status, the influence of the nationalists within the various ethnic minorities community is likely to grow. The longer the international community fails to deal with the issue of the statehood status, the more likely it is that the ethnic minorities will become radicalised and will seek to achieve their goals by military means. Furthermore, the potential unravelling of the above mentioned crisis areas could engage Serbia and Albania in a struggle for authority and predominance. This would impede the entire region's progress and could prove an increasingly costly burden for European security and integration.

In the aftermath of the recent Kosovo crisis the countries from the region will have to conceptualise and implement new strategies for building a new military strategic environment in the region. This requires a relatively new approach for finding an effective security system, the main principles of which should be based on enhancing regional military cooperation by developing bilateral and multilateral relations. Although the recent shift from hard to soft security risks is definitely a positive development in SEE, regional security will remain partially a burden to the EU and NATO forces for monitoring the implementation of regional agreements for the final status of national borders.

I believe that NATO is more appropriate at this stage to deal with the pressures that might jeopardise the stability and prosperity in SEE. As long as the ethnic tensions remain and the final status of the borders and ethnic minorities has not permanently resolved, NATO must emphasise its peaceful presence in the region. NATO is more appropriate in dealing with tense negotiations and conflict prevention, partially substituting the EU, which lacks the mandate, and skills for guaranteeing the security of the region. Yet, even if the EU would be able to handle the current military situation in SEE without US participation, an escalation would still be beyond EU capabilities in terms of political decision-making capabilities as well as military manpower and equipment. The logic and regional power of the EU is and remains

primarily soft power based on economic might and an accession perspective as a highly effective strategy to stabilise post-communist Europe.

The new strategic environment in SEE requires a redefinition and specific application of existing security concepts. National security objectives can be directed towards shared goals of maintaining stability and security in the SEE area. The new security system for SEE should be based on developing military and political institutions capable not only of managing regional crises but also preventing them. This strategy of course requires the enhancement of bilateral and multilateral military initiatives. However, false impressions must not be created among some SEE countries that they may use the EU and NATO and their inspirations for the fulfilment of their inclusion and integration prospects against the weaknesses of their institutional bodies and the need to rectify them.

## **5. Forging Regional Cooperation in SEE**

Stabilisation is a challenge which can be described as explosive at best since the SEE region is a typical area at the crossroads of those two conflicting post-cold war tendencies towards regionalism and nationalism, which can both be viewed as a combined response to the ongoing reforms in the EU and the realities of the Yugoslav disintegrations and the resulting nationalistic sentiments.<sup>16</sup>

The lack of political will is identified as the main obstacle to regional cooperation. There is a lack of political vision, which makes the whole issue of regional cooperation and its potential benefits devoid of content. The lack of a functioning state and the poor state of the economy are also seen as major obstacles to greater cooperation. The informal sector, which has flourished in an environment of wars, economic sanctions and faltering development of market economy, has also played an important part in preventing more intense cooperation among the countries in the region. There is a lack of understanding of the local and state institutions, which makes the regional perspective rather difficult. As a result, the countries rely heavily on the international community to reinforce solutions to those problems and give a

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<sup>16</sup> The gap between regionalism and nationalism grew wider with the post-communist fragmentation of former Yugoslavia and the creation of more competitive small states, fighting over borders and national identities. Political characteristics internal to states such as illiberal or inadequate democracies, ethnic nationalism, nation-building in the former Yugoslav space and over-centralised or even weak states have been identified as impediments to the development of cooperation.

push to regional cooperation. The long-term stabilisation of SEE requires both extensive domestic reforms and expensive external inputs. The international institutions seem to understand that any efforts that simply allocate resources into countries without appropriate institutional foundations and a determined political will is doomed to failure. It is therefore valuable to review those areas in which progress needs to be ensured to shore up the foundations of long-term stability and in which foreign assistance is a necessary.

The communist experience had a common impact on the political and economic structures of SEE countries, which today face similar developmental and transition features. The existence of regional issues and shared problems derived from the transition, and the lack of security in the region is recognised as a major factor stimulating cooperation. Regional issues are understood as those which require collective and multilateral action by some or all of the states in the region in order to achieve benefits that cannot be attained by individual states acting in isolation.<sup>17</sup> Following the wars in Croatia, Bosnia, Kosovo and FYROM, post-war reconstruction has added an additional dimension to the shared needs of the region.

Regional cooperation and integration is not only needed to boost intra regional trade and investment. It is also needed because the present intra regional disintegration has produced a low level of policy coordination and the great diversity of policy regimes that can be observed in the region. This lack of policy coordination stands in the way of greater integration and impedes the formulation and implementation of a regional strategy that could pull the region out of its backwardness and isolation.<sup>18</sup> Each SEE country's willingness to build good relationships with its neighbours shall be the key determinant of its readiness to move closer to the goal of EU membership.<sup>19</sup> These regional relations can be defined as a series of policy objectives in (i) infrastructure development<sup>20</sup>, (ii) border controls<sup>21</sup>, and (iii) trade agreements<sup>22</sup>.

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<sup>17</sup> East West Institute (2000), *Task Force on Economic Strategy for South Eastern Europe*, 2000, p. 19.

<sup>18</sup> East West Institute, *Task Force on Economic Strategy for South Eastern Europe*, 2000, p. 12.

<sup>19</sup> East West Institute, *Task Force on Economic Strategy for South Eastern Europe*, 2000, p. 237- 238.

<sup>20</sup> Infrastructure problems are a major cross-border economic issue in SEE. SEE states lack cost-effective strategies for solving their regional cross-border transport and energy problems. Poorly maintained transport infrastructure that is not regionally interconnected constraints the flow of regional and international trade. SEE is located at strategic cross point for energy transportation and distribution from Russia and the Caspian Sea to Central and Western Europe. The promising future of gas, oil, transport and trade focuses major international economic interest in the SEE. The importance of the energy and transport routes implies the necessity for security arrangements in the broader area. As

However, there are few points that must be considered alongside the hypothesised benefits of regional cooperation and integration. The SEE countries are afraid that a prolonged treatment of the region as trading block will drive away the ultimate objective of joining the EU, since any regional cooperation includes countries with different political, economic and social characteristics and progress, i.e. Bulgaria and Romania, the so-called advanced SEE countries with Albania, FYROM, Yugoslavia, Kosovo and Bosnia-Herzegovina on the other extreme, which ultimately delay the integration process. Finally, the risk is that for some countries the prospect of joining the EU would appear to require a time horizon so long that it would not unleash the political and economic dynamics necessary to create the preconditions for stability and economic cooperation among countries in the SEE region.

In light of the last point, if the SEE states are treated as a homogeneous group, progress will move forward at the pace of the slowest country, advancing integration at a much slower pace, while giving international organisations such as the EU a convenient excuse to defer membership.<sup>23</sup> There is a general fear that such a development would create two Europes. Many also fear that major efforts to closely integrate the SEE states with each other will divert and pull resources away from the primary goal of securing some form of association with the EU. The integration perspective of the SEE countries needs to be a real perspective, which is of relevance for today's political leaders and populations. A highly differentiated path to EU accession (supporting the most advanced regional representatives- i.e. Bulgaria and

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such, the development of regional infrastructure related to transportation, energy and communications networks appear as regional incentives to cooperation and convergence.

<sup>21</sup> Joint border control agreements should further prevent illegal arms and drugs trafficking as well as control movements of immigrants, by developing more effective border control, not only for territorial security and stability reasons but also to combat cross-border crime. Given the nature of this challenge, countries cannot focus solely on their national levels, they must cooperate with their neighbours and the EU to ensure that international crime networks are combated effectively.

<sup>22</sup> Joint programmes could be pursued to promote trans-border entrepreneurship and investment and to benefit from resources available through the international institutions and donors. Each of the SEE countries represents too small a market to be able to attract significant FDI. It is important that these markets be as closely integrated as possible in order to allow large multinational corporations to benefit from economies of scale. A small market can hardly justify a major investment of a multinational corporation, unless it can be used as a base for exports to other markets.

<sup>23</sup> There are legitimate concerns that the more advanced countries of the region will be suspicious of this regional co-operation and the justified concern about regional stability, prosperity and growth will decline, since the priority of integration into the EU structures will decline, and the benefits of regional co-operation will most probably disappear. All are eager to increase relations with the EU and fear that co-operating with the neighbours, especially with the less developed ones, might even minimise their chances to approach the European institutions.

Romania) could well fuel nationalistic sentiments and hostilities caused by those countries, which feel left behind.<sup>24</sup>

Given the pressure for regionalisation and the low level of institutional building in SEE, the following question arises. In which particular way, if at all, can the SEE states be integrated into the multi-level fabric of decision-making without causing joint decision traps, or institutional deadlock in general, in complex structures and processes? The result could be described as a loosely integrated multilevel system of regional governance characterised by fragmentation and complexity.<sup>25</sup> Therefore, the long-term stabilisation of SEE requires extensive domestic reforms. Simply providing resources to countries without appropriate institutional foundations will not solve the institutional incapacity. It is therefore valuable to review those areas in which progress needs to be ensured to establish the foundations of long-term stability.

Integration with EU is a powerful motive for economic and political reforms. However, precisely because the EU is their main focus, most of the SEE countries hope to be able to pursue their developmental potential in a bilateral framework vis-à-vis the EU, and are generally reluctant to consider alternative multilateral approaches, which presently seem to be favoured by the EU. Yet, regional cooperation or even integration should be considered as a stepping-stone towards deeper integration and competitiveness. Countries should, first of all, learn the rules of the game in the regional framework before moving to the European level of cooperation and integration.

However, one thing must be clearly understood. Regional cooperation must by no means be conceptualised as a substitute for EU integration! The SEE region is economically small and it lacks the political depth that it will enable the region to stand on its own against the EU family.

Greece, Turkey, and the two most advanced countries of the SEE region, namely Bulgaria and Romania have and should take a more active role in promoting regional stability and assisting their neighbours in furthering the security agenda. Such a force

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<sup>24</sup> International Crisis Group (2001) *After Milosevic, A Practical Agenda for Lasting Balkan Peace*, Brussels. Benz, A. 'Regionen als Machtfaktor in Europa?' *Verwaltungsarchiv*, 84 (3), (1993), p. 328-48. Hooghe, L. 'Subnational Mobilisation in the European Union', *West European Politics*, 18 (3), (1995), p. 175- 98.

<sup>25</sup> Arthur Benz and Burkard Eberlein (1998) European University Institute, *Regions in European Governance: The Logic of Multi- Level Interaction*, Working Paper RSC no. 98/ 3. Scharpf, F. W. 'The Joint Decision Trap: Lessons from German Federalism and European Integration', *Public Administration*, 66, (1988), p. 239- 78.

could be steadily developed and assist NATO in a range of alliance missions in a regional content. This would both relieve pressure from other international institutions and foster cooperation between the SEE countries. Greece and Turkey could play an important role in this process by advising, sharing their expertise and monitoring SEE countries, ensuring that their concerns remain high on the NATO agenda, just as Germany did for the countries of CEE in the first round of NATO enlargement. Increased bilateral military cooperation with these countries could also help tie them more closely to the West and provide an impetus for reform of their military establishments.

Politicians in SEE tend to underestimate the complexity of EU accession and the value of EU enlargement for the stabilisation of the region, pushing for speed rather than quality for geopolitical and domestic reasons. Politicians in the EU, conversely, tend to focus on the normative, *acquis*-driven character of enlargement. SEE politicians should become more European here and acknowledge that only a well-managed, sustainable enlargement is an asset. I firmly believe that understanding the local approach to the process of EU-SEE integration and cooperation is very important for two reasons. First, the process of regional and EU cooperation in SEE has been almost exclusively driven and imposed from Brussels with insufficient or insignificant contribution from the local actors who are the key players if this process is to succeed. Second, the local actors must cooperate in defining, adopting and implementing regional projects that will promote integration with the EU, and the need for regional schemes and initiatives that originate from within the region, as a necessary precondition for an effective foundation of the EU's southern enlargements.

## **6. Approaching SEE: An EU Perspective**

The previous policy of the EU vis-à-vis former Yugoslavia had two severe deficits: it concentrated on the consequences instead of on the sources of conflict, and it tackled the problems of the region individually and separately from the ones in other parts of Europe. The predominantly reactive *-ad hoc-* policy of recent years in SEE concentrated on managing crisis after crisis, in Slovenia, Croatia, then Bosnia and Herzegovina, Kosovo and in FYROM. A coherent, long-term policy of conflict prevention that addresses the looming problems well before they erupt was never

designed.<sup>26</sup> All regional approaches and initiatives have been post-conflict reactions, conceived as remedies to serious crises and wars.<sup>27</sup>

The key to the stabilisation and democratisation of SEE is the enlargement of the EU. The prospect of membership for all countries from SEE in the EU, made explicit at the Feira European Council, is to be the corner stone of such a mechanism.<sup>28</sup> In the case of a SEE enlargement, the EU will have to cope with two problems which cause essential differences in the member states' attitudes towards enlargement: the first is the financial dimension; the second is the question of how far the EU will and can extend its security guarantee, which is part of the package when EU membership is granted.

A form of destabilisation emanates from national isolationism, whether self-imposed or generated from the outside, or a combination of the two. The long-term exclusion from the EU of aspiring candidates can be viewed as a regressive strategy because it directly contradicts the concept of an integrated Europe with a common security policy. It could lead to the long-term isolation and marginalisation of excluded SEE countries. The absence of security guarantees and receding hopes of EU or NATO membership could have negative domestic impact in terms of political stabilisation, economic reform and international relations.<sup>29</sup>

The focus on regional integration by European leaders has raised suspicions in various SEE capitals that the regional integration is intended to be an alternative to EU integration rather than a fast track toward Europe. Regional cooperation is primarily approached in the context of European integration rather than having a value of its own. Subsequently, the ability of most SEE regional initiatives to reflect the local specificities and needs and not the priorities of the external actors has also been doubted. Regional integration is seen by some as a cumbersome bureaucratic organisation, lacking clarity of purpose, or that it has neglected the needs of the region

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<sup>26</sup> Caplan, Richard, 'International Diplomacy and the Crisis in Kosovo', *International Affairs*, vol. 74, no. 4, (1998) pp. 745- 761.

<sup>27</sup> Centre for European Policy Studies (1999) *A System for Post- War South East Europe: Plan for Reconstruction, Openness, Development and Integration*, Brussels, 3<sup>rd</sup> May 1999, working document no. 131.

<sup>28</sup> Warwick, Johanes (2001) *The Kosovo Crisis and the EU: The Stability Pact and its Consequences for EU Enlargement*, Deutsche Gesellschaft fur Auswartige Politik, 2<sup>nd</sup> June, site accessed on 1<sup>st</sup> June 2001, <http://www.dgap.org/texte/kosovo.htm>

<sup>29</sup> Berglof, Erik (1997) *The EU as an Outside Anchor for Transition Reforms*, Stockholm School of Economics, Working Paper no. 132.

to which it is being addressed. To counter such suppositions, the EU must ensure that the SEE states have access to EU markets while rebuilding their infrastructure, receiving significant development aid, building new industries, and generating new investments. There is only limited potential that regional integration can produce sustained and extensive economic growth.<sup>30</sup> At best, the two processes, regional integration and European integration, must be conducted in a parallel manner. A united SEE region will be much closer then to the spirit of a united Europe. Regional integration and regional ownership of the process can only be realistic options if the political will and the corresponding strategies are available at both the European level and at the level of the states and state-like entities in the region. For the region this implies that the consolidation of functioning, democratic entities has the highest priority, for Europe it implies a focusing of strategic involvement.

One of the main dilemmas facing the EU's policy in the region is linked with the need to coordinate the multilateral with the bilateral, the national and the regional.<sup>31</sup> The diversity in the EU's bilateral relations with the individual countries and the region's heterogeneity present serious obstacles in the adoption of a common strategy. In its bilateral framework the EU has been working with governments and states with differing degrees of capacity and internal legitimacy. In the eastern Balkans, the EU has been facing more reliable and consolidated democratic regimes within clear and undisputed territorial boundaries. In the western Balkans, it has been dealing with weak central authorities (BiH), stronger and more legitimate democratic authorities amid unresolved constitutional and territorial issues (Serbia, Montenegro), authorities with secessionist desires (Republika Srpska, Kosovo) and authorities where the role of the international community is predominant in pursuing tasks of domestic governance (BiH, Kosovo).

Partial membership would introduce a model of enlargement *light* for the SEE- where the EU would accept compromises in the adoption of the *acquis*, and the countries of the region would give up some of the principle economic and political rights of full membership. An accelerated partial integration of the region within the

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<sup>30</sup> Dobrinsky, R. (2000), *Economic Growth, Reconstruction and Development in SEE: What Prospects after a decade of decline?* In Gligorov, V. (2000) (ed.), *Balkan Reconstruction: Economic Aspects*, The Vienna Institute of International Economic Studies, Vienna.

<sup>31</sup> The Stabilisation and Association Process, as a bilateral instrument of integration that covers the countries in the Western Balkan region, and the SP, as a regional multilateral tool for SEE, are directed towards two sets of countries that belong to the same region.

EU would have a number of obvious advantages, one of which would be avoiding an explicit modification of the Copenhagen Criteria since that could emasculate and erode the transition process. Partial integration, installing market mechanisms and the legal and institutional framework necessary for private sector development would prevent the economy from depending on state subsidies or international grants, while preventing weak governments from backing out of their reform programmes. This strategy would not affect the EU reform process, decision-making in general or the working relations of the member states.

However, conditionality entails one fundamental dilemma: preconditions for reform assistance and enhanced relations favour countries that have already managed to fulfil minimum conditions of stability and reform on their own, while the countries with the largest stabilisation deficits would fail to qualify for the conditional EU offers. The pre-accession process creates new frontiers of poor and rich, secure and insecure countries. Enlargement needs to deal with this dilemma and offer appropriate alternative forms of relations with the EU, as the subsequent increase of asymmetries within the region should not be underestimated as a key factor in regional destabilisation.<sup>32</sup>

In the past, it has been up to acceding states to adapt to the EU, rather than vice versa. Indeed, the whole history of enlargement negotiations has been one of the EU imposing the *acquis communautaire* on new members. While the conditions of entry for new members in the current accession negotiations are stringent, this time round the EU also has to shoulder some of the burden of adaptation, in view of the unusually large group of applicants and the fact that, in most cases, their political and economic systems are still in the process of transition, following the collapse of the most vital social, political governance structures of these countries.<sup>33</sup>

The integration of the SEE countries into the norms and structure of the EU will equally benefit both the current EU members as well as SEE countries. It will minimise and hopefully eliminate causes of conflict and it will provide the necessary shield for delicate issues such as minority issues and challenge of the existing borders.

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<sup>32</sup> The Bertelsmann Foundation (2000), *The Balkans and New European Responsibilities*, Strategy paper presented to the special meeting of 'The Club of Three and the Balkans', Brussels, June 29- 20.

<sup>33</sup> By no means do we suggest that the EU should be more tolerant and flexible than is necessary, but at the same time we must take into consideration the obvious fact, that these countries were never part of the Western World, as opposed to the enlargement case of Greece, but rather they were part of a

However, the latter issue of the borders is much more delicate than we can possibly imagine. The change of borders in SEE seems inevitable or at least very imminent since many different ethnic minorities and national majorities do not want to live in the same country. This is strongly opposing the values and political direction of the EU, however we must find a peaceful way to accommodate the peculiarities of the SEE region.

Helping to create the conditions for security, democracy and economic prosperity in SEE should be a high priority for the EU. Reconstruction should also be intimately linked with the progressive integration of all the countries in the region into the European system, leading to full membership of the EU. This will be a lengthy process during which the EU will require political will, financial resources and innovative ideas.<sup>34</sup> The EU has a clear stake in achieving peace, stability and prosperity in SEE.<sup>35</sup> A more prosperous, stable SEE region would also benefit the EU economically, by opening up new markets for investments, sources of skilled, low wage labour and trade opportunities. Creating the conditions for peace therefore should be seen not only as an objective for the SEE countries themselves, but also for the EU.<sup>36</sup>

## 7. Concluding Remarks

There is a common perception among Western academics, analysts, journalists and policy-makers that SEE constitutes a region with its own historical, cultural, political and socio-economic regional identity; yet it is a regional identity which is mostly defined in negative terms based on economic backwardness, political incompetence and lack of security, to the point that the notion of 'Balkanisation' entered the

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totalitarian system which had no resemblance to the modern, democratic values of the West. What is really needed is an enlargement process to ease the *conflict* between flexibility and cohesion.

<sup>34</sup> Gligorov, V., Kaldor, M., and L. Tsoukalis (1999), *Balkan Reconstruction and European Integration*, LSE.

<sup>35</sup> Helping SEE becoming more prosperous is in the self-interest of the EU. Assistance aimed at this goal needs to be regarded as an investment in the future economic and political security of the whole continent. The economic reasoning of this argument becomes very simple if the cost of providing such assistance is counted against the opportunity cost of not providing it: maintaining an impoverished, potentially explosive region at the outskirts of the continent will not only be a source of political instability but will also continue to inflict huge direct and indirect costs on the rest of Europe, in particular, the EU. Probably this is a message that the Balkan politicians could convincingly convey to their EU counterparts, while the latter would manage to sell it to their constituencies.

<sup>36</sup> East West Institute (2000), *Task Force on Economic Strategy for South Eastern Europe*.

political parlance to denote conflict-prone and uncivilised way of conducting any kind of affairs.

Security is a crucial precondition for stabilisation. Peace and prosperity are possible as long as the states in question do not feel threatened. Regional security is based on confidence and cooperation, the peaceful resolution of disputes and the work of mutually reinforcing multilateral institutions.<sup>37</sup> This calls for a gradual effort to develop regional security institutions. These institutions can play a major supportive role in devising joint programmes, in advising government officials and in conducting assessments of critical problem areas.

Regional cooperation and integration is an important aspect of the European process of the SEE countries, not only from the economic perspective, i.e. regional trade facilitation, but also because it will set the foundations for the political-national identity for the countries involved, particularly the republics of the former Yugoslavia, i.e. FYROM, Kosovo, Bosnia and Herzegovina.<sup>38</sup> The EU must encourage this interaction and mutually reinforce it.

Intensified regional cooperation can help to overcome political problems and tensions between states when common economic interests will have achieved such an advanced level that they predominate quarrels. Advancement in regional cooperation will certainly be an important criterion for the countries' maturity in terms of integration, but this should not be the main argument. Regional cooperation should be a target in its own right because it will undoubtedly improve overall competitiveness and thus also the readiness of the applying countries for deeper integration, not only at a regional level, but also for the integration of the SEE countries to the family of free and democratic European countries.

My analysis shows that the notion of regional cooperation in SEE is equally problematic as the notion of the region itself. Although, from a regionalist theory

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<sup>37</sup> Adler Emanuel, and Michael Barnett (eds.), *Security Communities*, Cambridge: Cambridge Studies in International Relations, 1998.

<sup>38</sup> The importance of such a regional approach is the de facto recognition of existing borders, but not at the expense of ethnic minorities. Also it will enable the countries in the region to promote cooperation, focus on issues of growth and prosperity and work uninterrupted towards the European integration. This regional approach will also benefit the EU since the countries under consideration will not bring the national conflicts into the core of the EU, thus providing more funds and resources available for growth rather than reconstruction and crisis resolution. The approach also must be governed by the EU but not as a distant region- periphery but rather as a part of the EU. Mintchev, Emil (2001), *South Eastern Europe at the Beginning of the 21<sup>st</sup> Century: New Dangers, New Strategies, New Perspectives*, Center for European Integration Studies, University of Bonn.

perspective, there seem to be many elements in favour of a policy of regional cooperation, regional cooperation in SEE is mostly defined by the obstacles to the process rather than its actual potential and benefits. More than elsewhere in Europe, the factors conducive to cooperation tend to become obstacles; when compared with the other sub-regional groupings in Central Europe and the Baltic area, SEE clearly lacks in both regional focus and cooperation results.

But why hasn't cooperation in SEE succeeded in the new regionalist environment of Europe? This is due to the lack of an appropriate extra-regional and intra-regional environment conducive to cooperation. The first, guided by the EU, has only recently managed to come up with a more consistent regional policy, based on the Stabilisation and Association process, financial assistance and a reassured political presence in the region; yet, as regards the Stability Pact as the most prominent regional initiative involving SEE, there is still much to be desired. Moreover, internal features such as major flaws at both the macro- as well as the micro- economic levels, an extensive informal sector, lack of reliable legal systems or weak civil societies have been identified as the main shortcomings at a regional level. Such structural defects, similar to all the countries in the region, have an immediate toll on the quality and intensity of cooperation.

But even more problematic has been a lack of intra-regional consensus on the importance of regional cooperation for the prospects of individual countries as well as the region as a whole. Our analysis suggest that local elites do not regard regional cooperation as an important policy tool in its own right, and that support for regional initiatives is often just a token gesture without clear understanding of their purpose.

Having said that, the current context – extra-regional and internal- seems more conducive to regional cooperation, than previously, in that it has diminished the degree of negative predisposition against regional interaction. The key issue in policy terms is how to strengthen the emerging positive change in the local perceptions towards cooperation and how to build on it. It is clearly acknowledged by all the actors involved that building networks of interdependence in that part of Europe will take time and that it is a step-by-step approach. This approach has to include clear goals, road maps and benefits that will generate a genuine interest in local players to pursue regional schemes with neighbouring countries. Most important, it has to be linked constructively to the process of European integration in order to create a more

positive perception of the SEE region and, effectively, of South East European regional cooperation.

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