

Notre Europe

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# Forgiveness and a promise

Advocating a more regional approach to the  
Balkans by the EU

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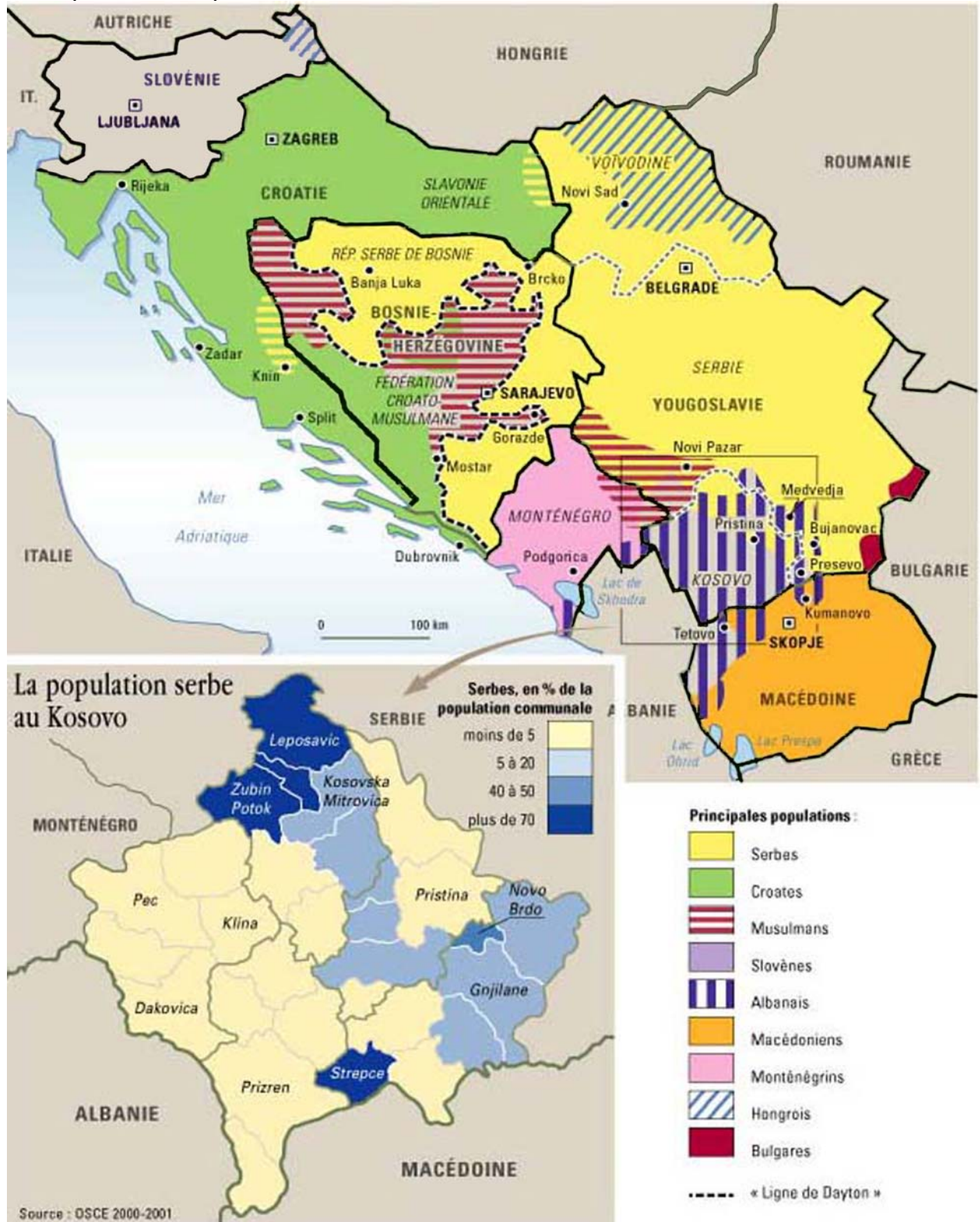
The association also organises meetings, conferences and seminars in association with other institutions or partners. Proceedings are written in order to disseminate the main arguments raised during the event.

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Ethnic Repartition of the Populations in the Balkans



Roberto GIMENO, Patrice MITRANO, mai 2003

# Introduction

Ten years after Dayton, six years after NATO intervened to put an end to the violence in Kosovo, the wars of Yugoslav succession finally seem to be over. But the Yugoslav succession itself is still in a sense open. On 21 May 2006, a referendum is due to be held in Montenegro on whether or not the country maintains its union with Serbia. The final status of Kosovo has not yet been determined, even though it looks highly likely that it will ratify severing its link with Serbia. The people from the three main faiths in Bosnia-Herzegovina are not yet ready to be reconciled. The proceedings instituted at the tribunal in The Hague against alleged war criminals are far from over. The referendum in Montenegro could trigger a new outbreak of a phenomenon that was recognised and identified by a British journalist 15 years ago. Edward Mortimer called this the destructive magnetism of the Community, signalling that the attraction of the European Union for Slovenia and even for Croatia had led these two republics to regard the rest of the federation as a burden and independence as an opportunity to move closer to the European institutions more rapidly. This same argument will be played out on 21 May in favour of Montenegro's full independence, given the state of relations between the Union and Belgrade.

The time has come for the European Union, the main political, economic and commercial partner of the western Balkan countries, to assess where things stand<sup>1</sup>. Austria, the current holder of the Council presidency, has always shown a strong interest in Balkan relations. In addition, the process of disintegration which has been going on for the last 15 years is coming to an end. It is hard to imagine other secessions after the determination of the future statuses of Montenegro and Kosovo, although the possibility of Bosnia-Herzegovina, or even of the former Yugoslav Republic of Macedonia, being partitioned cannot be completely ruled out. The Balkanisation of the western Balkans lends itself easily to stereotypes but has probably run its course and its return should correspond to the arrival of a phase of enhanced co-operation, going as far as some forms of integration without it being a matter of returning to the structures of the former Yugoslavia. The question is how to give this move the appropriate form. Centrifugal forces have been given free rein and it is now time to reverse this trend with more centralising forces.

Europe has an asset like no other – the prospect of membership, opened up by the European Council of Thessaloniki in 2003. The path ahead is clearly marked out and comprises three stages: stabilisation and association agreements, recognition of the status of being a candidate and finally accession negotiations. This is a unifying prospect that empowers the EU to exert a considerable influence on the major domestic and foreign affairs policy decisions made by its Balkan partners. A look at recent developments suggests that the European Union has not always used this carrot as it could have done and that it has already missed several

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<sup>1</sup> See Annex 1

opportunities to act that may never present themselves again. The Stability Pact for Central and Eastern Europe, signed on 21 March 1995 on the initiative of the French Prime Minister Edouard Balladur to ensure the inviolability of borders and respect for national minorities, must stay on the agenda. Any membership candidate should commit itself to settling its border and national minority issues before being able to join the European Union. In any case, the circumstances in which Cyprus was finally allowed in, without having settled the problem of the division of the island, and without the Greek Cypriot population being in favour of the United Nations reunification plan, must not happen again. These events should not be regarded as precedents.

Enhanced regional co-operation, which this policy brief is arguing for, will be anything but popular locally. It is only envisaged locally in so far as it would take place after accession, or, at best, if it were presented as a process running in parallel with accession. The idea of making it come first, i.e. reversing the normal sequence of events, will go down badly and may even be quite simply rejected. The argument will be that sovereignty that has so recently and sometimes so painfully been gained cannot be compromised in this way. People will also say that the Union is behaving in an arrogant, condescending or paternalist manner, like a colonial power or a protector. These predictable criticisms are understandable given the region's past. They must not, however, prevent people from thinking about preparations for joining the EU. Preparations cannot afford to fall short in terms of fully thinking through sub-regional forms of integration. Both must be done in tandem. Integration is at the heart of the Community dynamic. In the final analysis, it is about knowing if the candidate should dictate the rules of its admission or if it is up to the club that it wants to join. The United Kingdom waited ten years while Spain waited 20, half of which admittedly was to remove a political mortgage. The countries of central and eastern Europe have waited 15 years.

The region that is being looked at is what is generally called the western Balkans. It is a post-intervention area where European approaches and skills in terms of security match local expectations and needs more closely than United States approaches and skills. It includes Albania, Bosnia-Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, as well as Kosovo. Croatia is now in a separate situation given that it is negotiating its accession to the EU. But the country is still undoubtedly part of the region and the development of regional co-operation, which will be advocated here, is of great interest to it despite the fact that some politicians say the opposite. Within the region, the emphasis will be on countries where the majority of the population is made up of Slavs. This is in no way to underestimate the role played by Albanians. They must be full members of all the regional co-operation mechanisms proposed. The point is quite simply and no doubt unfortunately that one needs to be realistic and accept that the split between Serbs and Albanians is deeper than that which divides the Slavs from different faiths, and that outside Kosovo the conflicts that have needed to be dealt with have been conflicts between southern Slavs.



This policy brief has three aims:

- First it seeks to set out how to start a reconstruction process that is not yet really underway ten years after formal hostilities ended.
- It then looks at the means to put an end to the 'disintegration syndrome' that has taken hold in the region, by presenting the stages of a process of convergence that is inextricably linked to a pre-accession policy and by proposing ways of making the best use, through appropriate co-ordination, of the existing bilateral and multilateral instruments to achieve this.
- Finally it will draw conclusions from this analysis by making outline proposals for a rethink of the Union's policy towards the western Balkans.

It should be emphasised that the viewpoint adopted here is chiefly that of the European Union on the Balkans rather than that of the Balkans on the Union. That being said, it would be useful, though in another context, to study the latter viewpoint too, especially now that the relationship with the EU, due to the lack of commitments on dates , has recently created a degree of fatigue among the people of the Balkans.

A review of the current situation will be followed by suggestions for improved co-ordination of bilateral and multilateral aid policies to the western Balkans. The third part of our policy brief will be devoted to a number of practical recommendations.

# I – State of play

What is the current situation in the western Balkans? What are the interests and values of the foreign partners of the western Balkans in their policies towards the region? How are the different and existing co-operation instruments, both bilateral and multilateral ones, working? These are just some of the questions that we need to ask in order to obtain as accurate a picture as possible of the lay of the land, in an area where the European Union has been trying for 15 years to develop a significantly different approach to political relations from that which has tended to hold sway here.

Features of the **political and legal reality** include insufficiently well-established institutions, instability, some reluctance to face reality and a growth in crime. The reason for the institutional instability has been highlighted by an International Commission on the Balkans report (the Amato report), which we will return to later. According to the report, there is a gap, if not a contradiction, between the rhetoric of civil society as the bedrock of efforts made to spread democracy in the region and the struggle to anchor the rights of different ethnic groups. The result is that these rights have ended up being put at the heart of constitutional arrangements. The alleged war criminals Karadzic and Mladic are still at large and continue to enjoy some goodwill, even complicity, in a number of Serb circles – even if denial, in the case of Srebrenica, is very much on the decline. The late Serbian Prime Minister Zoran Djindjic probably paid for the handover of Milosevic to the Hague tribunal with his life. No one can really believe in the lasting nature of the current division of Bosnia, in spite of the rather impressive legacy left by Paddy Ashdown, and of the fact that the majority of Serbs from Serbia and a virtual majority of Bosnian Serbs believe that separating the Serb Republic from Bosnia is neither probable nor desirable. He succeeded in setting up a nation-wide VAT, a ministry of defence, an FBI-style police force, a border police and a joint information service for both entities. But trust and the will to live together are still lacking. The return of refugees and displaced people<sup>2</sup>, driven out by ethnic cleansing, remains, for the most part, no more than a philosophical concept.

**Paddy Ashdown:** Born in 1941 in New Delhi. Close to Tony Blair, he was the UN's High Representative to Bosnia-Herzegovina from 27 May 2002 to 31 January 2006. During the war, he had always been in favour of military intervention in Bosnia-Herzegovina.

The years of self-management, characterised by a rather unclear definition of property rights and by investments that did not always make economic sense, either in location or quantity, have left their mark on today's **economic and social reality**. Disputes over property rights

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<sup>2</sup> See Annex 2

are no doubt the biggest obstacle to regional economic development. Measures taken in recent years have allowed some macro-economic stabilisation and certainly an economic recovery, even if this is still insufficient to absorb existing unemployment. A number of white elephants left behind by the former regime will no doubt never be turned into something useful. The market economy was a reality except for the factors of production. Professor Aleksandar Bajt, who taught economics in Ljubljana, had made a fairly accurate measurement of the cost of self-management in terms of productivity. The segmentation of markets caused by the break-up of Yugoslavia has not helped either. Since the wars of Yugoslav succession, levels of corruption<sup>3</sup> and crime<sup>4</sup> have gone up. Foreign aid, partially diverted from its intended use, has fed a dependency culture. In addition, even before the wars that began in 1991, former Yugoslavia had experienced ten years of economic stagnation, due to a considerable extent to the restrictive measures associated with programmes put in place by the International Monetary Fund to deal with a foreign debt crisis. So it is no exaggeration to talk of a lost generation. In fact, the most brilliant and most highly qualified members of this generation, often fluent English-speakers, left the country before hostilities broke out. This trend has only gained in momentum since. The natural and comparative advantages that the former Yugoslavia has – the Adriatic coast (in Croatia, for the most part); wood, a rare commodity in the Mediterranean region, in Bosnia-Herzegovina; copper in Serbia – are not enough to haul the economy out of its rut.

The western Balkan countries, including Croatia, are still a long way from meeting the Copenhagen criteria, which all membership candidates must fulfil in order to be allowed into the Union.

**Copenhagen Criteria** The European Council in Copenhagen, in June 1993, recognised the rights of central and eastern European countries to join the Union provided that they met certain criteria. There are three of these. Above all there are the political criteria, which aim to set up "stable institutions safeguarding democracy", "the primacy of the law", "human rights", "respect for minorities" and "the state based on the rule of law". The aim of the second criteria is to ensure that candidate countries have put in place a viable market economy. Finally, candidate countries are obliged to take on the *acquis communautaire*, which corresponds to the shared base of rights and obligations that bind EU member states. However, meeting these criteria is not enough to become a member state, since the Union decides when it is ready to accept new member states ("absorption capacity").

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<sup>3</sup> See Annex 3

<sup>4</sup> See Annex 4

When we look at **the interests and values** of the main European partners of the western Balkans – beyond the joint and platitudinous aspiration for stability – a wide range of views, mainly based on history, emerges. The Berlin Congress, Bosnia-Herzegovina was made an Austrian protectorate in 1878, the annexation of the territory by Austria-Hungary in 1908 and the Sarajevo assassination on 28 June 1914 are events which have left deep imprints on the way people think. The western part of the former Yugoslavia has for a long time been open to Austrian, Hungarian and Germanic influences whilst the eastern part has felt closer to Russia and its western allies, beginning with the United Kingdom and France. There are similarities here with the dividing line of the Great Schism of 1054. During the First World War, future Yugoslavs could be found on both sides of the divide, depending on whether they came from the east or west of the territory. During the Second World War, where people came from largely determined their sympathies for one or the other side, except in the ranks of the communist partisans.

But European integration and the commitment by European Union member states to a post-modern idea of relations between states has changed all that. We could say that although the European Union did not succeed in preventing the Yugoslav wars of succession, it has at least succeeded in preventing such wars spreading within the Union. The game of alliances between nation states and the spread of hostilities automatically triggered by them have not prevailed on this occasion. The Copenhagen Criteria have given member states of the Union a yardstick by which to measure progress in the western Balkans. And putting inter-state relations to one side, non-governmental organisations, of which there are plenty on the ground, have allowed young and committed people from far and wide in the EU to get a clear idea of the implications of nationalism, which European integration has always aimed to supersede. The Yugoslav wars, by an effect of repulsion, have encouraged the emergence of a common European identity among many young people who visited the former Yugoslavia both out of solidarity and out of the simple wish to understand why the wars happened. Other lessons – some of which have been painful – have been learnt, such as those concerning the limits of humanitarian intervention. At one time the EU believed that it could put an end to the conflicts through its humanitarian interventions. This was not the case at all and some analysts have even taken the view that in the end those interventions only resulted in prolonging hostilities. A lack of preventative diplomacy has been evident in Bosnia and Kosovo, and Europe has shown that it understood this by taking the initiative and by sponsoring the Ohrid Accords to put an end to a dangerous turn of events in the former Yugoslav republic of Macedonia.

How are the different current **co-operation instruments**, both bilateral and multilateral, working? The western Balkan countries have benefited from European Community multilateral aid via the CARDS, SAPARD and IPSA<sup>5</sup> programmes which were put in place under the stabilisation and association agreements. Bilateral aid from some member states has come on top of this multilateral aid. Account must also be taken of the expenditure arising from the

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<sup>5</sup> See Annex 5

deployment of military forces – equivalent to half the total amount of personnel that Europe can mobilise abroad. Adding up the amounts spent under these three categories of aid, we come to a total of at least 15 billion euros since 1991. This amount is worth measuring with greater precision through an appropriate audit. It is a huge sum when compared with that spent in much more testing territories, such as the Democratic Republic of Congo or Darfur. The differences can no doubt be put down to, although certainly not justified by, the fact that the western Balkans are in Europe. Using economic and social indicators<sup>6</sup> selected to measure the effects of this aid, the expenditure can be said to have had a very limited impact on the lives of the populations concerned, quite apart from the duplication, leakage of money and waste caused by a lack of co-ordination. So it is advisable to consider completely overhauling co-operation policy for this region.

**EU civil expenditure:**

<b>COUNTRY</b>	<b>YEARS</b>	<b>PROGRAMMES</b>	<b>AMOUNT (billions of euros)</b>
<b>Albania</b>	1991-2004	PHARE-CARDS	1.273
<b>Bosnia</b>	1991-2005	EU	2.5
<b>Croatia</b>	2001-2006	CARDS, PHARE, pre-accession finance	0.629
<b>Macedonia</b>	2001-2005	CARDS	0.207
<b>Kosovo</b>	1999-2001	Commission	0.846
<b>Serbia-Montenegro</b>	1991-2005	CARDS, OBNOVA, ECHO	2.9
<b>Total</b>			8.355

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<sup>6</sup> See Annex 6

## II – The building blocks of regional policy for the western Balkans

There have been many attempts at co-ordinating the actions of foreign partners of the western Balkan countries and, more particularly, their aid programmes. Examples are the South East Europe Co-operative Initiative (SECI), the Royaumont process, the European Stability Initiative (ESI), the Stability Pact for South Eastern Europe<sup>7</sup> (established in June 1999), the International Commission on Kosovo and the International Commission on the Balkans. The specific missions assigned to the various countries were not of course identical. The aforementioned Amato report proposes a three-phase plan to stabilise the western Balkans and ease their transition towards European political and economic models. It is presented as a forceful argument for the enlargement of the EU to include the western Balkans in the next decade, with European integration being the key to regional stabilisation. The results of these different attempts have not really been conclusive, perhaps due to the fact that there have been so many of them.

**Royaumont Process:** Inspired by the Stability Pact signed in 1993 and adopted after the Dayton Accords, the Stability and Good Neighbourhood Process for South East Europe, or Royaumont Process, was launched in December 1995. As its name entails, the aim is to stabilise the region and improve relations between Balkan countries. Projects resulting from civil society initiatives have been put in place to achieve these aims. The process has today been integrated into the Stability Pact for South Eastern Europe.

**The G-24:** set up in 1989 to co-ordinate Western aid, first to Poland and Hungary and then to other countries of central and eastern Europe, is perhaps the most interesting and most relevant precedent for those who are looking to visualise more effective co-ordination of foreign aid to the western Balkans.

**The Contact Group:** set up when the wars were going on, has above all dealt with co-ordinating the political positions of the main foreign partners. It forms a sort of board and includes not just EU member states but also the United States and Russia. The PIC, or Peace Implementation Council, which operates in Bosnia, is in some ways an extension of it.

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<sup>7</sup> See Annex 7

**Peace Implementation Council (PIC):** Following the Dayton Accords signed in November 1995, a conference (Peace Implementation Conference) was held in London on 8 and 9 December to strengthen the consolidation of peace by mobilising international aid. Fifty five countries and international agencies created a structure to raise funds, make people available to SFOR and to bring together observers. The PIC is led by a board whose mission is to help the High Representative.

**Initiative for Stability in Europe (ESI):** This non-profit making organisation was set up in 1999 and is financed by various organisations such as the Open Society Institute, the Rockefeller Foundation, the US Peace Institute, the governments of Germany and Canada and a number of foreign affairs ministries. ESI is “a research and policy institution set up to meet the need for independent and in-depth analysis of complex issues that crop up as stability and prosperity spread throughout Europe.”

**South East Europe Co-operative Initiative (SECI):** Adopted on 6 December 1996 in Geneva, SECI expresses a wish by both the National Security Council and Europe to encourage co-operation between participating states and to facilitate integration into the European Union over time. SECI co-ordinates regional plans, identifies needs, promotes private-sector initiatives and creates a regional climate favourable to investment and co-operation. There is also a desire to promote the initiatives of participating states (Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Hungary, Moldova, Romania, Slovenia, Serbia-Montenegro, the former Yugoslav Republic of Macedonia and Turkey). SECI co-operates closely with the Organisation on Security and Cooperation in Europe (OSCE) and the United Nations Economic Commission for Europe (UNECE), which allows it to obtain the help of experts. The Co-ordinator looks after the preparation and presentation of projects. Doctor Erhard Busek was the first person responsible for SECI.

It is advisable to put in place a **multi-annual regional action plan**. Joining the EU presupposes adopting the latter's values and methods. In many ways the Yugoslav wars of succession can be interpreted first of all as a complete rejection of these values and methods, thus pushing the region further away from joining the EU. The end of communism in Yugoslavia coincided with a rise in nationalist fever like nowhere else in Europe. What might a multi-annual regional action plan associating western Balkan countries with their EU partners look like? We might ask firstly what could be the end-goals of such a plan and then look into what would be the medium-term goals corresponding to these end-goals. Some are already clearly identified and the corresponding means to achieving them have been put in place (political agreement, known as the 'Dayton triangle', between Bosnia-Herzegovina, Serbia-Montenegro and Croatia); creation of euro-regions such as Nis-Sofia-Skopje or Osijek-Novi Sad-Bihac). Others have been put forward. The creation of a regional market was the second main proposal of the International Commission on the Balkans report of April 2005. The

association and stabilisation process, for its part, puts the emphasis on regional co-operation as an essential component of the contract made by the EU with each of the western Balkans countries. The proposals presented here do not therefore lay claim to be original in any way. We are not starting from scratch. But it is now worth building on what has already been done and in particular to structure it better in the regional frameworks.

The **end goals** concern both individuals and states. For individuals there is a need to seek 'empowerment', i.e. training citizens to be active, informed and responsible in an area where currently an individual's place in society depends firstly on his/her belonging to a community. Ironically, when the ways to achieve this are being considered, it will be acceptable to resort temporarily to affirmative action policies in favour of some minorities (Kosovo Serbs, etc.) or individuals with parents of different nationalities. The empowerment should go hand in hand with a strengthening of social capital, ie with the development of mutual trust and the ability to work together to achieve a common goal, two qualities which local history has not managed to bring out in the people. Social capital has been defined as all networks, formal and informal, bringing people together into relationships of co-operation based on mutual trust. As for the state, the end-goals should be to move from the excessive cultural and political nationalism that has been a feature of much of the last 15 years to the idea of shared sovereignty. The deaths to date of Tudjman, Milosevic and, to a lesser extent, Izetbegovic, will make the necessary changes easier just as the fact that Mladic and Karadzic remain at large could stand in their way.

**Medium-term goals** could be linked to these end goals. In a nutshell, there is a need to encourage a regional integration movement - in the sense of the creation of a community and not of a Yugoslav reunification - which would reverse the political disintegration that we have seen over the last 15 years. The different political entities that have come into being in the last 15 years need not lose their comparative advantages and the benefits of territorial specialisation and the international division of labour because an economic separation has taken place alongside the political separation. Apart from purely economic goals (such as a single market based on a customs union with the EU, a payments union, a single currency, or free movement of people, goods, services and capital, a regional chamber of commerce), it will be necessary to put a premium on the security of goods and people. That means pooling resources to enable close co-ordination between law enforcement authorities and no doubt also to set up a regional judicial police along the lines of what has been done in Bosnia-Herzegovina by Lord Ashdown. Among other things, this judicial police would have the task of conducting investigations to clean up a number of shadowy areas that continue to exist following the wars of succession. Co-operation with the tribunal in The Hague must be across the board and the same must go for recognition of the right of return. The European Union will be all the more vigilant in this respect given that the success of the International Criminal Tribunal for the former Yugoslavia, established by Security Council Resolution 827 of 25 May 1993, is an essential step in its struggle to confer legitimacy on the International Criminal Court. Training of law enforcement officials and magistrates could also be done at regional level, as is envisaged for public sector administrators. Important initiatives have already been taken along these lines by the OSCE and as part of the CARDS programme and twinning programmes. A



regional arrest warrant would complete this series of measures. This is the only way to counter cross-border corruption effectively. Security of property rights and contractual rights - an essential condition for the development of economic activity - must be based on a complete overhaul of the public registry, which has already been set in motion. This would in particular help the development of mortgage credit and breathe new life into farming activity which has remained lethargic even on lands that are among the most fertile in Europe (in Vojvodina, Montenegro and the former Yugoslav Republic of Macedonia). The freedom of movement of people must not only be safeguarded, it must also be actively encouraged, even in sectors such as tourism (there were many Serbs who had second homes on the Dalmatian coast – perhaps it is not too late to encourage them to return).

The measures taken to achieve these goals of economic integration and close co-ordination of other aspects of political and social life would also serve as means of learning about shared sovereignty. Over time and with the active support of the EU, we would witness the pooling among western Balkan countries of a number of government functions but not of others, such as traditional diplomacy, which are matters of national sensitivity. National defence would retain some autonomy, but would be subject to the provisions of a regional agreement on arms limitation.

As part of a plan for administrative simplification, including the elimination of intermediate levels of governance, which had grown in number under the former regime and as a result of the break-up of the Yugoslav Federation, there are good reasons to set up **regional institutions**. As has already been said, these institutions would take on a role in training, justice and police systems as well as economic regulation systems directly derived from the *acquis communautaire*, and concerning, inter alia, competition and the regional market as well as the environment - the regulatory systems must be made compatible and then unified. The specific culture of the Balkans, so well encapsulated by Ivo Andric, has led to a considerable lack of trust in institutions. So it will be no easy task. But we can already point to an interesting precedent, the creation of an Energy Community of South East Europe in November 2005, pending accession to the European Energy Charter. The European transport policy would also gain from being regionalised by giving priority to the completion of transeuropean networks (corridors numbers 7, 8 and 10) and land planning. The Sava valley is a natural axis connecting the capitals of three of the former Yugoslav republics; preservation of the coast is not solely of interest to Croatia. Economic integration must be backed up by monetary and financial integration. To put an end to uncertainties linked to currency fluctuations, there would only be advantages in equipping western Balkan countries with a single currency, whether the euro or a new currency created for this purpose, on condition it were managed with the necessary caution but without excessive deflationary zeal. Greater transparency in the accounts of financial institutions is essential to make transactions easier, beginning with expatriate workers' remittances and the payment of pensions. The idea of a genuine economic and monetary union, which would be both economic and monetary, contrary to the current situation in the EU, would be worth adopting, with the co-ordination of budgetary policies that that would entail. For their part, financial institutions would be encouraged to develop their

activities throughout the region, through mergers and acquisitions if necessary, within the constraints associated with maintaining genuine competition.

The EU must strive to put in place co-operation programmes that are more tailored to needs. The reform programme designed to promote regional co-operation would gain by being more demand-driven, as has been noted for some time in connection with the World Bank. The Bank noted that its programmes, centred on developing supply, and, since 1986, on recovering costs ('user fees') had not insignificantly contributed to a growth in poverty. The Bank changed tack and now works directly on demand by subsidising it. By doing so, it has put an end to the waste associated with putting in place supply for which there was no effective demand, and, by allowing potential users to become real or effective users, it promotes this 'empowerment' – which is none other than the realisation that there really is the wherewithal to act, that individuals are not alone, impoverished and powerless in the face of institutions and policies. It would be worth adapting reform programmes in another sense, a sense which is also inspired by the World Bank. The reference here is to so-called 'outreach' programmes. These are programmes which build in a research and mobilisation component for the potential user. The programme in some ways goes further than the need it is meant to satisfy, by helping the users make themselves known and to find the most appropriate responses.

The EU must support the completion of the transition towards a social market economy. Social protection measures guaranteed by the company in the self-management system must end up by being externalised to be managed at regional level. This is particularly true for the pensions system, the running of which suffered a lot from the break-up of the territory of the former Yugoslavia. Norway's intervention to prop up the pensions system saved Serbia from a major political crisis. Audits should be carried out of some of the big companies inherited from the former regime, before recapitalising or liquidating them and then nationalising or privatising them. To put an end to the spread of nationalist ideas and prejudices of all kinds, school curricula would be subject to checks or, in any case, to prior authorisation by a regional authority where EU representatives would have a seat. The experiment could draw inspiration from what has already been done between Germany and Poland on the one hand and between Japan and South Korea on the other. The OSCE, as well as other non-governmental organisations such as [Minorityrights.org](http://Minorityrights.org), are active in this area and have already obtained some interesting results. Student exchanges, within the region and with the EU, would be actively encouraged. This would entail a certain level of compatibility between teaching and research programmes and creating a network of corresponding establishments. The regional authority would supervise this. It would also encourage the widespread dissemination of information technologies along the lines of action undertaken by the EU as part of its Northern Dimension (an e-Balkans plan, perhaps).

Other regional institutions could be put in place to rebuild, restore and ensure the protection of places of worship and historical monuments, destroyed or violated during the wars, and to safeguard the defence of the rights of the Roma population.

Drawing on a considerable amount of EU support, these regional institutions could only be temporary in nature, lasting as long as candidate countries take to prove themselves and

become EU members. They could therefore be dissolved once the countries join the EU. But there is nothing to indicate that this probationary period will be short.

That said, it is worth not systematically putting regionalisation and the development of national administrative capacities up against each other. It is clear that there are situations where the two can, and must, go hand in hand. An example of this is co-operation between Serbia, Bulgaria and the former Yugoslav Republic of Macedonia, where border security has suffered from the lack of reform within the home office ministries of the three countries.

The big question facing this regionalisation plan is how to finance it. Given the plan's scale and ambitions, it should ideally be financed from its own resources – for example, regionally harmonised VAT receipts could be partially devoted to it (clearly an ambitious proposal given the importance of VAT for the region's authorities) or that customs duties corresponding to a common external tariff be assigned to it or that regulation agencies exercising their power on the territory of several states be authorised to levy fees. It would be quite logical to make a tax levied on economic activity serve as the main resource of the regional bloc. But collective action does not just happen by itself, it does not come about naturally. It may require some coercion, even when it can be shown that it will be advantageous to all the members of a given group. The temptation of taking a free ride may be too great. Mancur Olson explained this brilliantly in his *The Logic of Collective Action*.

The EU should also bring all its weight to bear in inculcating a taste for and sense of collective action in the Balkan countries and in ensuring that it will be financed. The Union should make this a condition of future EU membership for candidate countries. That said, these local resources should be complemented by foreign funds, whether from the EU, third countries such as Switzerland, Norway or Japan, or even private sources (philanthropists such as Bill Gates and George Soros have in the past been interested in Balkan issues). Special funds would be put in place, adding regional money to EU funds to make sure that the selected programmes were financed.

Foreign financiers would naturally be invited to take seats on the boards of institutions tasked with implementing regional policies by using resources from what would be a regional action fund. This fund would serve to finance the different activities outlined above, as well as a policy of encouraging the return of emigrants and displaced people with a view to their complete reintegration. In Serbia alone there are estimated to be over 400,000 young educated people who have left the country in search of a better future elsewhere. The regional action fund would also feed structural funds, including a cohesion fund, and a compensation fund designed to facilitate the retraining of those losing out from the policy of integration.

### III – Practical recommendations

What practical recommendations can be drawn from this overview of the situation in the western Balkans? First of all, regionalisation, the regional approach to co-operation, must be the cornerstone of the western Balkan countries' relations with their EU partners; secondly, a system capable of making the actions of these partners more effective needs to be developed. It is through regional co-operation that the western Balkan states will learn those European rules that will make it possible for them, in due course, to join the EU. For their part, the EU member states must be satisfied that regional policies in the western Balkan countries are working well before taking a decision on whether these countries can join the EU.

How do you organise the foreign partners in such a way as to ensure the success of this approach? One way would be to establish a **new group of friends of the western Balkans** which would be jointly chaired and guided by Austria and France, two EU members whose views on the Balkans have rarely been at one in the past and who, for this very reason, would be particularly well placed to convince the different local players to abandon their traditional positions, steeped in reluctance to change and suspicion, and to take the path of co-operation. The group's first task would be to make sure that the action plan discussed above, which could take the form of a convergence programme setting out the stages of a gradual harmonisation of the rules of the Balkan economic area and those of the Single Market, was carried out properly. The group would regularly bring together the foreign affairs ministers of the member countries, among whom we would like to see included all the neighbouring countries, as well as the UK, Italy and Russia. There could then be a distribution of roles whereby, for example, one member of the group would agree to sponsor a particular western Balkan country. The current (Greece) or future (Romania, Bulgaria, and Croatia) Balkan countries of the EU could be invited to act as mediators. As an aside, we note that, according to as yet unconfirmed information, we are seeing the beginning of a migration from the former Yugoslav Republic of Macedonia to Bulgaria. The migration appears to have less to do with the current situation – the standard of living in the Former Yugoslav Republic of Macedonia has traditionally been considerably higher than in Bulgaria – than with an anticipation of the future situation with Bulgaria, a country with a similar language, joining the EU.

The effectiveness of the activities of the group of friends of the western Balkans would depend on identifying in advance reliable interlocutors and local correspondents, people of integrity, committed to reform and free of nationalist reflexes. We are thinking of personalities such as the mayor of Tuzla during the war in Bosnia or Kiro Gligorov, Macedonia's first president. Reforms designed to improve governance, essential in the Balkans, have tended too much to

neglect this factor in the past. The group of friends could provide measured but open support to such individuals, who could come from different political backgrounds.

**Russia and Kosovo:** The Russian position on Kosovo is said to be changing. Up until now, just mentioning the Balkan province used to be met with a knee jerk reaction from Russians, safeguarding their own national unity: Kosovo was Chechenia. Russia acted in solidarity with traditional Serb policy – Kosovo is a Serbian province in the same way as Chechenia is a full part of the Russian Federation. But we are said to be watching a shift in this position. Russia is apparently now ready to support a status of conditional independence for Kosovo in the end, but would do so in return for a change in the West's attitude, and Europe's in particular, to territories such as Abkhazia, South Ossetia and Transnistria, who aspire to strengthen their ties with Russia.

The first aim of the group of friends would be to ensure co-ordination between western Balkan countries, especially in setting up the regional institutions that have already been referred to. These institutions are essential. The current weakness of institutions in the Balkans has a knock-on effect on the state based on the rule of law, which also leaves a lot to be desired. It is an issue about which it is not possible for the candidate countries not to do anything. The question immediately arises as to whether this co-ordination between western Balkan countries should be centralised or decentralised. The advantage of decentralisation is that of subsidiarity. By situating co-ordination at the local or company level, power is brought closer to the citizen and the 'empowerment' that should be one of the end-goals of the EU's action in the western Balkans is enhanced. Relations between individuals of different national origins are almost always better at municipal level than at state level. By increasing the number of responsibilities exercised at local level, decentralisation allows minorities to govern themselves more, which should increase their loyalty to the state. But the reality is more complex. Local communities are not always the most fervent defenders of human rights, whether they concern the conditions of the return of refugees and displaced people or the fate reserved for the Roma people. Local authorities are less sensitive to pressure exerted by the international community and their initiatives could cause tension or even result in destabilisation of some kind. By contrast, centralisation would involve co-ordination at the level of states. In theory, this would guarantee improved supervision of the use of public money and thereby a more effective way of fighting corruption. It would be worth heading in the direction of regional autonomous agencies that deal with economic and environmental regulations, following the example of large United States federal agencies (Federal Communications Commission, Food and Drug Administration, Securities and Exchange Commission, Federal Aviation Administration, Environmental Protection Agency, etc.) or agencies set up following Swedish administrative decentralisation. The EU would ensure that these regional institutions ran smoothly by contributing conditional aid and by carrying out an audit role.

The activities of the group should be based on conditional aid, even if it is accepted that it is sometimes difficult to make conditionality compatible with the regional approach. Conditionality may lead to the good pupils benefiting more than the less good ones and may end up increasing the divide between them, thereby undermining the regional approach. But there is no reason for this traditional criticism to be valid, as long as conditionality applies to regional co-operation itself. EU funds would only be released provided that this co-operation became a reality and, in a second phase, real co-operation would be a condition of membership of the EU.

This conditionality could be applied by being based on criteria of coherence – reform should have the effect of making the unit comprising the states concerned more coherent and the criteria would be used to assess how far this greater coherence was being achieved in reality.

## Conclusion

The EU is taking stock less than a year after the failure of the two referendums on the draft Constitutional Treaty. The latest round of enlargement, bringing in ten new member states from central and eastern Europe and from the Mediterranean, will soon celebrate its second anniversary without its corollary, the deepening of the EU contained in the draft Constitutional Treaty, having taken place. Decision-making mechanisms run the risk of becoming increasingly fragile if the move from the unanimity rule to the qualified majority rule is not applied in a sufficient number of areas of EU competence. **The question facing Europe is whether it can envisage a new round of enlargement without carrying out two rounds of deepening, one for the ten new member states and another for the future members in the western Balkans.**

So it is not just in the light of the current situation in the western Balkan countries but also bearing in mind that the EU is facing a partial paralysis of its decision-making mechanisms that we are proposing to organise a sort of waiting room that would leave both parties time to prepare themselves. For the western Balkans the question is about how to inculcate a post-national, post-modern culture in a Westphalian world. For Europe the question is how to organise a quicker transition to a post-modern age in which the EU has been a pioneer for decades. The 'Leviathan' by Hobbes (1651), around the time of the Treaty of Westphalia (1648), describes man moving from a state of nature to a part of society while accepting, to increase his freedom to act, to confer part of his/her freedom to a sovereign. By moving to a post-modern culture, European states are undertaking a similar exercise, agreeing to pool some of their sovereignty in order to have greater sovereignty together.

The western Balkans are currently suffering from a very inadequate supply of public goods and must agree on ways to share sovereignty in order to improve this state of affairs.

Fifty years after the end of the Second World War, in July 1995, in Srebrenica, Europe came face to face with barbarity – between 7,000 and 8,000 defenceless Bosnians were massacred in cold blood on the orders of General Mladic. Europe had striven to prevent, or at least to contain war but it failed in its mission. A monument to atone for what happened should be constructed where it happened by the EU and the Serbs, who have finally stopped denying the evidence. Europe must honour the memory of people that it had committed itself to protect, with all the more conviction given that its very creation bore the mark of a common will to oppose a return to rampaging nationalism. Srebrenica showed up a Europe unable to face up to its old demons.

Hannah Arendt pointed to the need for forgiveness, which is not forgetting, and the promise that new generations would not be held responsible for the past.





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