The relations between EU and the Western Balkan countries: state of play

Jürgen Jerger

Osteuropa-Institut at WiOS Regensburg
and University of Regensburg

Brussels, 18. May 2010
The role of civil society

- CS overs the area between market coordination and government decision making
- Enforceability of government decisions (rule of law) is a precondition for a well-functioning society
- CS is instrumental in ensuring acceptance and therefore enforceability
- ⇒ A mature CS is a necessary condition for successful statehood
- Case in point: Problems in Greece
The seven Western Balkan countries I

Candidate countries

1. Croatia
   SAA in force since 2/2005; accession negotiations since 10/2005; currently 18 chapters provisionally closed, 30 chapters open; no visa required

2. FYR Macedonia
   SAA in force since 4/2004; candidate status since 12/2005; no visa for holders of biometric passport

Potential candidate countries

1. Albania
   SAA in force since 4/2009; application for EU membership submitted in 4/2009; visa required

2. Bosnia and Herzegovina
   SAA signed in 6/2008, not yet in force; EUFOR/Althea mission still active; government functions partly still exercised by High Representative; visa required
Kosovo
EULEX, KFOR plus financial assistance, mainly under IPA (instrument for pre-accession assistance); visa required

Montenegro
SAA in force since 5/2010; application for EU membership submitted in 12/2008; no visa for holders of biometric passport

Serbia
SAA signed in 4/2008, not yet in force; no visa for holders of biometric passport

More detailed information on a country-by-country basis in: Democracy and Market Economy, special issue of Südosteuropa, Vol. 57, 2009
Governance Indicators for the Western Balkan countries

Figure: Governance Indicators for 2008 (World Bank)
<table>
<thead>
<tr>
<th>Country</th>
<th>Political Rights</th>
<th>Civil Liberties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Croatia</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>FYR Macedonia</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Serbia</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Germany</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

**Table:** Freedom House Indices for 2007

Indices run from 1 (best) to 7 (worst)
Main channels with different degrees of importance for any single country:

1. Slump of demand for exports
2. Country risk (or the perception thereof) and its costs
3. (Danger of) devaluation
4. Burden of debt denominated in foreign currency
5. Decreasing flows of remittances

(More details in: Jerger/Knogler 2009: The Economic and Financial Crisis in South-Eastern Europe)
Some discussion about the two patterns: RI ⇒ EU-I versus EU-I ⇒ RI

Only sensible solution: RI ⇔ EU-I

Most important point: Political will to integrate at both levels

This has to be made the problem of each country by sensible and credible incentive mechanisms

It might be that not everyone can be forced to do what’s good for her/him. In this case the EU should stick to its principles – also in the long-term interest of the country.

Why is integration so desirable?

- All countries theoretically can and empirically do benefit from open borders (not only) for trade, especially small ones – and all countries in the region are relatively small.
- Diversity is economically beneficial – if open conflicts can be avoided.
- Integration may be the only way out of (the violence of) ethnic and other disputes.
Widening vs. deepening of the European Union

- Trade-off between widening (= enlargement) and deepening?
- A 1: Countries are heterogeneous with respect to their (perception of) net value of membership
- A 2: Countries choose their level of support of the union
- Implications:
  - Unanimity gives huge power to the weakest (lowest level of net benefit) member; this is not solved by the Lisbon treaty concerning membership decisions; case in point: Slovenia/Croatia
  - If strong countries can form an „inner“ union, weak countries have an incentive for a higher level of contribution (in order to avoid the formation or participate in the inner union) ⇒ this rationalizes the notion of a multi-speed Europe
  - The entrance of relatively strong new members opens the possibility that widening and deepening are complements ⇒ this explains the demanding accession procedure and the reluctance of admitting „weak“ countries

(more in: Berglof et al. 2008, AER)
The impact of the crisis on the willingness to integrate

- Seemingly sensible instinct: Don’t introduce (additional) changes in uncertain environments
- ⇒ Some commentators argue that further integration steps might be postponed
- But: Current crisis ...
  - ... is a chance to show and benefit from solidarity;
  - ... is in many ways due to a lack of trust;
  - ... requires international action, e.g. in regulatory issues;
  - ... entails the danger of protectionism;
  - ...

and thus necessitates international coordination/integration.

- ⇒ Crisis is a reason for more rather than less integration.

- However, EU possibly changed quite dramatically during the rescue of Greece; integration may not stand in the way of a more comprehensive, credible institutional framework of the (monetary) union

Jürgen Jerger 3rd Western Balkans Civil Society Forum, Brussels
Thank you!