“**Further EU Enlargement in South Eastern Europe – the Road Ahead**”

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The Institute for Development and the International Relations (IRMO) from Zagreb and the Swedish Institute of International Affairs (UI) from Stockholm organized international conference “Further EU Enlargement in South Eastern Europe – the Road Ahead” in Zagreb on 17th of April in the Westin Hotel. The conference was held on the occasion of the visit of the Royal Swedish couple to Croatia and it was supported by the Swedish Embassy in Croatia. Main purpose of the event was to assess implications of the upcoming Croatian EU accession on the 1st of July 2013 for continuation of the EU enlargement process in the region of South-Eastern Europe (SEE), having in mind the internal political and economic developments in the EU on the one side and the challenges faced by the regional countries in their reform paths. Consequently, the conference aimed to reflect new Croatian position in the region and desired reinvigoration of the EU accession process in this new context.

Introductory speeches were submitted by **Mrs. Sanja Tišma,** Director of the IRMO and **Mrs. Anna Jardfelt,** Director of the UI. Mrs. Tišma stressed that conference represents one of the first events with which IRMO celebrates 50th anniversary of its work that will continue throughout the entire year. Mrs. Jardfelt indicated that the UI gladly participated in co-organization of this conference due to the upcoming Croatian EU membership and the fact that Sweden has always been firm proponent of EU enlargement.

**The first panel**

The first panel was chaired by the **Mrs. Višnja Samardžija,** Head of the European Integration Department at IRMO, under the title “EU enlargement after the Croatian accession” was convened by the distinguished panelists, Mr. Neven Mimica, Croatian Deputy Prime Minister for Home, Foreign and European Affairs and Mr. Carl Bildt, Swedish Minister for Foreign Affairs. The panel touched upon Croatian achievements during its EU integration path, challenges of the future EU membership and implications of Croatian membership for the EU and for the SEE.

**Mr. Neven Mimica** stressed that the Croatian EU accession is recognition for the tough domestic reforms undertaken during the enlargement process that have completely transformed Croatian politics, economy and society for the better. At the same time, Croatian example represents good news for the EU itself by proving that the Stabilization and Association Process is well-designed and working. Croatian EU accession is also represents a good news for other countries in the region by offering concrete and tangible proof that reforming according to the EU standards and values is a rewarding process. Mr. Mimica emphasized that Croatia has, during more than the 10-years long process of the EU integration, learned the important lesson that accession process is more important than the accession itself since the EU accession process is actually the process of reforms.

Mr. Mimica more comprehensively reflected upon the importance of the Croatian EU accession for the SEE region by stating that regional cooperation remains important part of the overall EU accession process, where Croatia is being fully aware that by coming close to the EU, it comes close to the region at the same time. In this regard, Croatian EU membership enshrines three-facet significance for the SEE region. Firstly, it sends clear and encouraging message to the SEE that though reforms could be undertaken and sustained, driven by the rewarding process of the EU negotiations and ultimately being paid off through the EU membership status. Secondly, Croatia shall be very vocal in further continuation of the enlargement process in the region, although fully aware of the complexity of the enlargement policy within the EU itself and the scope of transformation it seeks from the candidate countries. However, Croatian firm stand will be that the enlargement needs to continue complemented with the new innovative tools. Thirdly, Croatia must not allow fading out of its reform efforts once becoming the EU member both for domestic and external reasons. Namely, apart from fully utilizing benefits of the EU accession for its own citizens' prosperity, it is of utmost importance for continuation of the EU enlargement process in the region that Croatia functions as the normal EU member state, being responsible and reliable member able to contribute to the EU project, clearly turning its model into encouraging example for other regional countries.

Mr. Mimica concluded his address by mentioning the need to adjust the EU enlargement policy in general because the current framework has not provoked desired impacts, especially when seen in the light of the Thessaloniki Agenda from 2003. For some countries the benefits of integration were not fully acknowledged and costs of not integration were not fully comprehended, resulting in the prolonged regional EU accession as seen 10 years after the Thessaloniki summit. Additionally, the newest enlargement methodology aimed at lifting countries to the candidate status only when they are ready to open negotiations might have contributed to the current EU accession blockade. Therefore, Mr. Mimica pledged moving away from this kind of policy towards concept similar to the current Eastern Partnership model that operates on the “more for more” principle, meaning the more reforms country undertakes, the more EU assistance it gets. In this way, the conditionality would be spread across the entire EU accession process instead of being frontloaded at the beginning. As the EU member state Croatia will strongly support such approach through political backing, economic cooperation and technical and administrative assistance.

**Mr. Carl Bildt** has reiterated importance of the EU enlargement as the fundamental framework for regional peace, stability and prosperity in the SEE. He stated that the EU accession process in the SEE has wider significance for the EU's regional and global posture, having in mind the EU-Turkey relations and the development within the Eastern Partnership countries. Namely, Mr. Bildt offered more nuanced analysis of the EU enlargement policy importance both for the EU integration project and the EU's position in world affairs. According to his words, the EU enlargement essentially exports part of the EU *acquis communitaire* and the Single Market towards the non-EU member states, enshrining deepening and broadening dynamics of the EU integration project and raising socio-economic development of these countries. At the same time, this deeper intra-European integration has important consequence for the EU's posture *vis-à-vis* other global powers where the enhanced EU integration is important EU's strategic answer to facing the challenges of global affairs transformation and rise of the emerging economies. SEE in that regard has particular importance to the EU due to its strategic importance, being the gateway to the rest of the world and representing the source of richness for the EU through its mosaic of cultures and traditions, whose full integration into the EU framework could enhance the EU's capacity to communicate with other regions and cultures.

When speaking about importance of the Croatian EU membership for the region, Mr. Bildt stressed that Croatia will remain deeply involved in the SEE region due to its geographical position and historical legacy and now as the EU member state it will be able to integrate even more into the region, yet from the completely new platform of self-confidence and security. In this capacity, Croatia will represent Swedish partner on the variety of the EU issues, particularly including the EU enlargement. When reflecting upon the entire course of the EU accession process Swedish Minister for Foreign Affairs said that EU negotiations represent hard demanding process and that their conclusion is not the end but only the beginning of the new phase that gives country much better possibilities, a platform for continuation of reforms. Therefore, by accepting this primary lesson of the EU accession, Croatia must continue to reform itself and not backslide in reform endeavors following the EU entry as some previous countries did.

Mr. Bildt's analysis of the future regional EU perspective indicated the bleak scenario of “transition fatigue”, with the SEE countries entering the period of economic stagnation, social tensions and subsequent political instability, largely being provoked by the vague EU accession perspective and the more optimistic scenario with the clearer and feasible EU perspective. In this latter case, the EU should counter-fierce this potential negative socio-economic dynamics by devising clear and feasible EU accession perspective for the SEE countries, through giving them the new enlargement impetus. He optimistically proposed the year 2014 to be taken as a milestone until when the EU should open accession negotiations with all regional countries. This, in his view, would result in all countries competing among themselves in implementation of the accession related reforms or entering the chapter by chapter competition race, stimulating positive peer-pressure and mutual learning process. In this way, Mr. Bildt indicated that Croatian EU accession could be used as an important stimulus for reinvigorating the entire EU accession process in the region, having important symbolic meaning for the region a decade after the EU's Thessaloniki commitment. This is especially the case if coupled with the possible Serbia-Kosovo brokered deal that could accelerate EU accession process for both countries. In this way, Croatian and potentially Serbian moving ahead on the EU integration path has profound impact on the entire region and could give, among the others, new impetus towards political elites in Bosnia and Herzegovina too that would otherwise found itself in an unfavorable position encircled by the EU member states and candidate countries.

**The second panel**

The second panel was chaired by **Mrs. Anna Jardfelt,** Director of the UI, being held under the title “EU and the SEE - from association to membership.” The panelists were H.E. Paul Vandoren, Head of the EU Delegation to the Republic of Croatia, Mrs. Jelica Minić, Deputy Secretary General and Head of Expert Pool of the Regional Cooperation Council (RCC) and Mr. Kristof Bender, Deputy Chairman of the European Stability Initiative (ESI), Berlin.

**H.E. Paul Vandoren** reflected upon the Croatian EU accession process since the 2nd half of the 2009, period colliding with the Swedish EU Presidency. He stressed that the fundamental reason underpinning successful conclusion of the Croatian EU negotiations is the existence of political consensus among all parties to finish them as soon as possible, representing the key element that earned trust of both the EU institutions, primarily European Commission, and the EU member states. One of the most demanding chapters was the chapter 23: Judiciary and Fundamental Rights dealing with the reform of the judiciary and fight against corruption. During the process, Croatia was able to prove track record in the number of related areas and its willingness and capacity to continue reforms thus avoiding the post-accession monitoring. However, Croatian public authorities could have done more in raising awareness and providing information from the early stage towards public at large about the real meaning of the EU negotiations process and about the EU policies, especially through stimulating activities of the civil society organizations (CSOs).

H. E. Vandoren touched upon the economic challenges and opportunities for Croatia following the EU accession by stressing the benefits of the full integration into the Single Market, utilization of the EU funds and envisaged investments inflow and touching upon the impacts of Croatia stepping out of the CEFTA. In his words, Croatian entrepreneurs should fully embrace untapped potential of the Single Market through preparing themselves for tougher competition, being able to sell services and goods with greater quality at the lower price. Additionally, the EU funds provide great opportunity for modernization of the Croatian infrastructure and leverage for economic growth, however their successful utilization primarily depends on the sufficient administrative capacities because. H. E. Vandoren emphasized importance of the experts for the EU funds but also necessity to devise proper strategies for utilization of the EU funds at the central, regional and local levels through involving all relevant stakeholders. Finally, he noted the expectation of increased trade volume between Croatia and the current EU-27 Member States after accessopm which should intensify the volume of foreign direct investments (FDIs) in Croatia. Namely, the current investment climate in Croatia is still not good and the FDIs together with the domestic public investments are fundamental for the economic growth to pick up and for reducing the unemployment. Head of the EU Delegation also assessed impacts of Croatia leaving the CEFTA on July 1, by stating that it shouldn’t fundamentally divert trade and economic flows between the Croatia and the rest of the SEE. European Commission is currently negotiating adjustments of the signed Stabilization and Associational Agreements (SAAs) with the SEE countries, having objective to maintain trade flows that has normally taken place between Croatia and other regional countries. In his conclusion, H.E. Vandoren stated that it is of utmost importance to keep Croatia motivated to continue the reform process once being the EU member state these reforms and general EU-driven regulatory convergence are pivotal for socio-economic development.

**Mrs. Jelica Minić** as the Deputy Secretary General of the RCC emphasized importance of Croatian EU accession from the regional prism. She expects that Croatia will remain firmly involved in the regional cooperation setting following the 1st of July as it has been one of the most active subjects in the SEE regional cooperation scheme so far. Namely, Croatia hosts number of regional initiatives headquarters such as the South East European Centre for Entrepreneurial Learning (SEECEL) and the International Sava River Basin Commission (Sava Commission) and with the new role being able to share knowledge about the EU accession process towards other SEE countries, its position and importance in the region will increase, This particularly relates to the regional economic market that remains very significant for the Croatian economy and where Croatia can play important role in spurring investment flows to the SEE and forging value-chain and intra-industrial cooperation through the Diagonal Accumulation of Rules of Origin. This clearly shows that Croatian-SEE economic ties are much more than just a trade regime due to the deeply embedded Croatian economic interests that should not be harmed with the new EU border. Mrs. Minić also provided short analysis about the emerging regional cooperation scheme in the SEE, nowadays being primarily driven by the socio-economic concerns, contrary to the previously dominating security-related issues. At the same time, regional cooperation is currently largely endogenously motivated, opposite to the previously prevailing external push, now involving different locally and regionally-grown interests groups being able to articulate and exercise their interests at the regional scale through networking and institutional (re)configuration. RCC in that regard plays facilitating and streamlining role, building the new and augmenting potential of the existing SEE-embedded networks through strengthening and coordinating their work and aligning them with the EU policies. RCC has for example forged a regional developmental framework SEE 2020, aiming to emulate Europe 2020 strategy and adopt it to the particular SEE regional needs by stimulating structural reforms and enhancing smart, sustainable and inclusive growth. RCC has also been deeply engaged in fostering regional trade, investment and transport integration, improving good governance, developing regional cooperation in the areas of justice and home affairs, intelligence sharing, civil security, public health, rural development, etc.

**Mr. Kristof Bender** from the European Stability Initiative (ESI) pointed out that Croatian EU accession entails an important lesson both for the SEE region and for the EU by showing that it is possible for the post-conflict and post-Yugoslav country to successfully accede the EU, despite the current economic crisis and the negative political environment for the EU enlargement in general. Croatia is now tremendously transformed country 18 years after the Dayton Peace Accords and 13 years after the start of its EU integration path. This transformation and success of the EU-driven modernization is also to a large extent consequence of the Croatian political leadership during the 2000s that had political courage, vision and capability to take crucial political decisions in decisive moments and implement them despite opposition, starting from the retirement of the Croatian military generals and continuing later with the full cooperation with the ICTY, normalization of relations with the Serbian minority, fight against the corruption and forging a deal with Slovenia on border issues.

According to Mr. Bender's opinion, Croatian EU accession can represent a role model for the rest of the SEE region. However, some elements of the EU enlargement process in the region remain problematic, such is the name dispute between Skopje and Athens, high political tension in Albania, unresolved status of Kosovo and the problematic transition of Bosnia and Herzegovina. The speed of the EU enlargement process in the region is overall not satisfactory, being burdened with the previously mentioned trajectories, which is clearly discernible from the fact that “too few countries are negotiating”. Therefore, it would be of fundamental importance to start the EU accession negotiations with one or two more countries in the upcoming period as this would raise regional confidence into the EU. That particularly refers to the potentially successful resolution of the Belgrade-Pristina talks, whose positive outcome would pave the way for the Serbian start of the EU accession negotiations. Of essential importance is to boost the EU negotiations dynamics and to fine-tune the EU enlargement process towards those countries that will not start their EU negotiations soon.

When reflecting upon the Croatian readiness to accede the EU, the ESI's Deputy Chairman stated that Croatia is well prepared to join the EU as a consequence of its demanding EU accession process being the hardest accession process anyone went through. Namely, EU enlargement framework was in the Croatian case focused on implementation of the laws and reforms and not only their adoption, resulting in the Croatian readiness to assume responsibilities of the EU membership. Finally, Mr. Bender emphasized that the most important challenges are actually ahead of Croatia because conclusion of the negotiations is just an introduction into the membership phase and predicting the real performance of the country as a member state is a very difficult task.

**The third panel**

The final panel focused on the enlargement challenges from the perspectives of the SEE countries. It was chaired by **Mrs. Senada Šelo Šabić,** Research Associate from the Institute for Development and International Relations (IRMO) and it had participants from all the SEE countries which are candidates or potential candidates for the EU membership. Participants were mostly representatives from the various think tanks with years of experience regarding EU relations with the SEE countries.

**Mrs. Daliborka Uljarević,** Executive Director of the Center for Civic Education in Podgorica, Montenegro addressed the audience by giving insights into the current EU-Montenegro relations. Montenegro was granted the EU candidate status in December 2010 and opened its EU accession negotiations in June 2012 upon the fulfillment of the necessary criteria in the key selected areas as previously identified by the Commission in December 2010. Montenegro has until now temporary closed 2 chapters and it should hopefully open the chapters 23: Judiciary and the Fundamental Right and 24: Justice, Freedom and Security by the end of the year as these chapters hold keys for improving democratic standards and enhancing further democratization and Europeanization of the country. It is important to mention that Montenegro has used experience of the Croatian EU accession process as the model to set-up its own EU negotiations structure, replacing the previous Slovenian EU negotiations model and it looks forward to further benefits from the Croatian EU experiences and lessons-learned based on the Croatian recent institutional setting and adoption of the *acquis,* representing the most applicable EU accession experience for Montenegro. Mrs. Uljarević pointed out that the biggest challenges Montenegro faces nowadays are corruption, organized crime, politicized administration, the lack of political will and incapacity to tackle most fundamental governance reforms. This is largely consequence of the fact that Montenegro has essentially not changed Government in more than two decades, causing difficulties when it comes to the track record of some fundamental reforms such is the independence of the judiciary. Mrs. Uljarević concluded her observation by stating that aside of the EU enlargement fatigue, the real problem the region faces is actually the so-called EU reforms fatigue due to the lack of commitment and unpreparedness of the domestic authorities to embark and implement the most fundamental governance reforms, which might endanger the whole EU enlargement process.

Complexity of the EU-Turkey relations was briefly elaborated by the **Mr. Alper Ibrahim Arisoy,** professor at the Dokuz Eylul University from Izmir. He reminded that the EU and Turkey started developing ties already since the late 1950s and despite sometimes tough nature of that relation, Turkey and the EU have been able to significantly intensify their political, economic, social and cultural ties since that period. Additionally, Turkish foreign policy enshrined in the logic “peace at home, peace in the world” is fully in line with the EU integration principles of the peace and stability, standing firmly in the EU project tenets. Despite the current stalemate of the Turkish EU negotiations, Mr. Arisoy is convinced that the most important thing is to keep the process going and intensify channels of communication and interactions between the EU and Turkey by including various stakeholders such as CSOs and business communities. He is aware of the fact that the EU-Turkey relations are to a great extent influenced by the ongoing finalité debate, representing discussions about final point of the EU integration and its enlargement, but these issues should not harm the joint cooperation possibilities and opportunities of the EU-Turkish ties.

**Mrs. Malinka Ristevska Jordanova,** Director of the European Policy Institute (EPI) in Skopje, FYR Macedonia has assessed current situation in her country by unfolding negative implications the name dispute has had on its EU integration path. She claimed that name dispute became main obstacle towards the EU-driven modernization, fully blocking the possibilities of the EU accession becoming catalysts for reforms and instead provoking nationalistic revival. In this regard, the EU's incapacity to solve Skopje-Athens has compromised implementation of the Copenhagen criteria on the grounds and consequently provoked Government's pragmatic and rationalistic political approach being primarily focused on the following elections and fueling it with the populist agenda. Country's EU perspective remains bleak in the absence of the name dispute resolution and in these circumstances even the focus on the rule of law and political criteria is being turned into “continuously recycling” technical exercise, not focusing on the essence and actually cementing the current status quo or non-progress stage.

Current dynamics of the EU-Albania relations was unveiled by **Mr. Gledis Gjipali,** Executive Director of the European Movement in Albania. Mr. Gjipali stressed that the Albania has since 2009 been struggling in its EU integration process due to its internal political tensions. The country currently faces main challenges in the domains of rule of law, functional democracy and building independent institutions. In that regard, the following general elections in June 2013 will be an important test for the Albanian political elite's maturity and its ability to deliver significant progress and reforms. Mr. Gjipali selected threefold elements how Albania and the EU could jointly overcome current challenges on the Albanian EU integration path and democratic development. Firstly, Albania needs more direct and single-voiced EU engagement regarding the most severe issues versus pure diplomatic statements that are often conflicting and incoherent, offering the Albanian politicians opportunity to exploit this EU's inconsistency. Secondly, sometimes the EU-driven compromise doesn’t result in the good political solutions such was the case with the 2008 implemented reform of the Constitutional Electoral Law that despite being endorsed by the EU is to a large extent source of the current political crisis. In this sense, consensus building is not always beneficial for the EU integration and democratic development path. Thirdly, there is a need to strengthen domestic institutions and democracy as very often democratic backsliding in some other SEE country provokes negative fallout in Albania.

**Mrs. Venera Hajrullahu,** Executive Director of the Kosovar Civil Society Foundation touched upon the Kosovo EU integration path, stating that the lack of formal contractual relations between the EU and Kosovo has hampered its EU integration reforms that essentially represent the state-building process according to the EU model. Kosovo has since 1999 and its independency in February 2008 been engaged in the EU integration's “exercising room”, later equipped with “alternative solutions” for Kosovo's EU path due to the fact that five EU member states have not recognized its independence. This EU's incapacity to engage with Kosovo in the full capacity seen through the Kosovo's alternative participation in the Stabilization and Association Process (SAP), subsequently missing the SAP-related instruments being Stabilization and Association Agreement (SAA), Community Programme or Visa Liberalization Roadmap, have negatively influenced domestic reforms because Kosovo due to its special status didn’t acquire the envisaged reform template as the other SEE countries did. Additionally, Mr. Hajrullahu stated that normal accession process, the Kosovo has largely been missing so far, is essential for the EU reforms really to take root and result in the substantial changes. Possible solution of this situation lies in the successful resolution of the Belgrade-Pristina talks that could potentially lead to opening of the SAA negotiations with Kosovo, although this decision also depends on the political readiness and unanimity at the Council level. When speaking about the desired goal of the 2014 as the year when all SEE countries will start their accession negotiations, Mrs. Hajrullahu stated that it sounds too ambitious given the current regional realities. She noted that it would be better to propose a more realistic plan with practical steps necessary to be undertaken in order to have regional countries engaged into the EU negotiations. However, she firmly confirmed widely spread opinion at the conference that the EU enlargement policy really needs a new momentum, a reinvigoration of the regional EU perspective that would now be more inclusive towards civil society, by strongly including citizens into the process and departing from the predominant inter-governmental paradigm.

**Mr. Jovan Teokarević** from the Faculty of Political Science of the University of Belgrade, offered an interesting analysis of the Croatian EU accession implications for Serbia and the rest of the SEE region by stating positive and negative consequences. Regarding the positive consequences, Croatian EU accession should be foremost understood as a sign of encouragement to others in the region instead of being proclaimed as the end of enlargement. Second good thing is that through Croatian accession the EU moves closer to the Serbian border that will now be encircled with the four EU member states, offering good possibilities for forging joint projects with them. Thirdly, the EU's coming closer to the Serbian border will have a stabilizing effects for Serbia because it will be in the Croatian core interests to promote policies and actions leading to regional stability due to its firm regional socio-economic embedding. Fourthly, Croatian stepping out of CEFTA might result in the economic benefits for other regional trade countries and Serbia is certainly among the potential beneficiaries of this situation given its agriculture products whose exports should rise at the expense of the Croatian ones. On the negative side, the region is losing a natural ally in the struggle for further EU enlargement from the side of the regional countries themselves. Secondly, with each new EU accession future negotiations are becoming more and more complicated because Serbia has one more county to take into account which is not always easy. Thirdly, Croatian negotiating power is going up and there is still a potential of Serbian negotiations being influenced by unresolved bilateral issues with Croatia, despite the fact that Croatian incumbent Government has promised it will not do this. Although, in general nobody will actually notice that Croatia has left the region on the 1st of July due to visa liberalization and strong economic ties and, Croatia enters the phase of oscillating between two metaphors; negative one representing the wall and the positive one being the gate of region into the EU.

Finally, **Mr. Vedran Džihić** from the University of Vienna ended the panel by analyzing the current state of play regarding Bosnia and Herzegovina. He has argued that the ethno-national politics setting enshrined within the Dayton Peace Accords has structurally disabled any significant perspective for the country's EU accession. Bosnia and Herzegovina (B&H) has not marked any significant progress on its EU integration path, being victim of the Dayton's institutional framework but also due to the incapacity of the EU and the international community to deliver their promises given in the 1990s. In short, the EU's enlargement model of stick and carrots is not well designed and it doesn’t work in this context because it collides with the ethnic concept, turning the EU's enlargement policy in the B&H case into the technocratic process without true impact. Additionally, what is even more dangerous is the fact that the EU doesn’t have any serious plan for the B&H. Possible solution from this deadlock would be: (i) EU's reengagement with B&H, (ii) creation of the common stands and firmly sticking to the EU's conditionality rules and (iii) stronger involvement of the civil society and citizens at large, underpinning the Europeanization process from the bottom-up perspective.

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