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# **The European Union and the Balkans**

## **From Stabilisation Process to Southeastern Enlargement**

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## **Note on Contributors**

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The arguments and recommendations of the paper represent solely the views of the authors.

## Executive Summary

**THE FUTURE OF THE BALKANS:** Historically, the term “Balkans” is widely associated with fragmentation, violent conflict, backwardness and misery. Only very recently, the region started to generate a common vision: the perspective of future EU membership. The EU perspective is emerging as the *Archimedean point* of the entire process of stabilisation and development for the region, providing both the peoples in the Balkans and the international community with a real prospect for a breakthrough that would lead the region *away* from the divisions and the conflicts of the past and *towards* stability, co-operation and prosperity. The 1999 Helsinki European Council gave the prospect for integration of the Western Balkans in EU structures a new geographic logic and strategic momentum, particularly as the existence of a Balkan enclave would refute the concept of a European territorial *finalité*. Moreover, basic preconditions for eventual EU membership, such as the Helsinki principles, the Copenhagen criteria and the adoption of the *acquis communautaire*, are more and more becoming the guiding principles and the role model for political and economic reform and institution building in the countries of the region. The EU countries have by now accepted that the entire region *is* already part of Europe, that its problems *are* European ones, and that any viable solution *has to be* a European solution.

Today, the European perspective is basically represented institutionally in the region by the Stabilisation and Association Process (SAP) as well as in some respects by the Stability Pact (SP). Although the EU’s bilateral agreements with the Balkan countries were originally modelled along the lines of those for non-accession states, the SP and the European promise triggered a redefinition along the lines of Eastern enlargement, resulting in the Stabilisation and Association Process. Yet, there is heterogeneity within the region defying the pattern of conditionality and regionality as practised in Eastern enlargement. Unlike the case of East Central Europe, considerations of stabilisation and scale require that regional co-operation in South East Europe operates *prior to* and *parallel to* the EU integration process instead of being treated as its natural consequence and a *follow-up* to integration.

SP and SAP are not a perfect match and do not jointly provide a comprehensive framework for the European perspective in the region. Strategically, SP and SAP are based on contrasting contractual principles. The SP prioritises regional co-operation as a stabilising remedy for the structural deficits as well as recent conflicts in the region. The SAP prioritises the power of bilateral conditionality and consequently identifies regional co-operation as only

an auxiliary mechanism. The bilateral conditionality of the SAP or the pre-accession process causes a new fragmentation or divide within the region and competes with the SP's logic by promoting integration via Schengen borders and an internal market. By its very logic, conditionality rewards those countries that have successfully mastered the quantifiable and urgent challenges of political and economic reform rather than the less tangible long-term objectives of regional co-operation. In sum, while the European integration constitutes the Archimedean point for the region, individual weaknesses and fundamental tensions between the two main instruments of the European perspective in the Balkans persist. The complexity and unpredictability of the Balkans' road towards Europe calls for the re-thinking and re-arrangement of some of the available instruments for crisis management, conflict prevention, reform assistance, regional co-operation and European integration in the direction of strengthening the European perspective in the region.

**CHALLENGES AND OPPORTUNITIES AHEAD:** Many factors distinguish the development in the region from other regional transitions to pluralist democracy and market economy. It is even a bold hypothesis that the process of EU integration in the region would qualify automatically as a strategy for development, modernisation and transition, all in one. Unlike in East Central Europe, stabilisation predominated over reform assistance and pre-accession support. In sum, there are three specifics in Southeastern Europe that merit deeper attention in the process of defining objectives and strategies in support of the European perspective.

- 1 Modernisation and Transition: the *weakness of the state*, despite its strong pretences to sovereignty and ethnic statehood; the *weakness of civil society* with the excessive intertwining of economic and political power; and the *deficits of economic modernisation*, as the modernisation process has not yet reached its take-off phase in larger parts of the region.
- 2 Managing Ethnic Conflicts and Security: the *endemic crises* of the weak states in the region; *crisis management* of internal conflicts; and the *legacies* of ten years of inter-ethnic and inter-state conflict. The evident difference between the Balkans and East Central Europe is between ten years of *steady* transition in East Central Europe and ten *volatile* years of ethnic conflicts and instability in the major parts of South East Europe.
- 3 Duration and Heterogeneity: The last two distinctive features of the region as far as strategies of regional co-operation and EU integration are concerned involve the

projected *duration* of the integration process and the structural *heterogeneity* of the region as such.

Even in the best-case scenario, a set of strategies and institutions both qualitatively and quantitatively different from the ones employed in the enlargement process in East Central Europe are needed in the Balkans in order to cope with the specific requirements for stability in the region and in order to successfully complement the Stabilisation and Association Process towards EU integration. Overall, the integration process will be significantly more arduous, heterogeneous and asynchronous. A more realistic scenario for the Southeastern enlargement process after 2004 calls for a consistent and transparent overall strategy with more coherent sets of policies and instruments providing concrete “stepping stones” - distinct incremental incentives linked to tangible interim benefits. The paradigm for Southeastern Europe has irrevocably changed *from stabilisation to enlargement*. Thus, what is necessary today and will become an even more pressing need after Eastern enlargement is a comprehensive re-arrangement of existing institutions and policies in a single strategic framework: Europe and the region need now *an Agenda for Southeastern Enlargement*.

**ENHANCED STRATEGIC COMPLEMENTARITY:** Complementary strategies partly *precede* (in a logical rather than temporal sense) the actual Stabilisation and Association Process (e.g. the start-up assistance), partly *accompany* the SAP in parallel (e.g. regional co-operation) and partly *proactively* block interfering factors to the process (e.g. crisis management). In sum, bilateral conditionality and regional co-operation are separate strategic objectives promoting separate but equally important and complementary reforms and should not be allowed to emerge as competing agendas. The responsibility here lies both with the local political elites in demonstrating forward-looking leadership and with the EU in ensuring that regional co-operation is not construed (and thereby discredited) as a substitute to EU membership. For the issues this involves both a new quality of public policy in the region and a strategic prioritisation of functional forms of co-operation.

**ENHANCED INSTITUTIONAL CONGRUENCE:** The logical next question is about the congruence of the *institutions* to shoulder the tasks for assisting in the development and the implementation of these complementary strategies. In this regard, a major question is whether the current proliferation of international and regional initiatives and, particularly the pluralism that characterises the institutional interface between the EU and the region, is appropriate and helpful. Yet, since the current situation is not the result of a comprehensive international approach to the realities in the Balkans but rather, as usual, the outcome of the

well-known complexity of the international community and the *sui generis* set-up of the EU, the question is rather how to do better out of the available instruments and mechanisms currently employed in the region and not to try to reinvent the wheel. The obvious consequence of the requirement for enhanced institutional congruence under the current circumstances is the need *for a new deal for the current key initiatives in flexible arrangements under an informal common roof*.

**AN AGENDA FOR SOUTHEASTERN ENLARGEMENT:** Adopting an Agenda for Southeastern enlargement would therefore signify the progressive and balanced shift of the position of the international community and the local leadership: from stabilisation to enlargement; from international micro-management of the region to macro-management with greater local responsibilities; and from an international institutional proliferation to an integral institutional framework. The development of a flexible and informal common roof under which all current strategic objectives, actors and initiatives would be re-arranged to create dynamic synergies would be the acknowledgement of this paradigm shift. The above strategic complementarity and institutional congruence of the Southeastern enlargement process has to be consolidated in the next 2-3 years with the 2004/2005 Eastern enlargement as a deadline.

In conclusion, what may have worked reasonably well in Eastern enlargement process requires additional endeavours in the case of Southeastern enlargement due to the qualitatively and quantitatively different challenges this region poses. A consistent *Agenda for Southeastern Enlargement* after 2004, including the establishment of an *Informal Consultation Council* to provide the much-needed strategic and institutional coherence and orientation under EU leadership as well as an enhanced *Stabilisation and Association Process* will be needed *soon*, in order to secure a credible Balkan trajectory to Europe.



## Policy Recommendations

For strategic complementarity and institutional congruence:

- ✓ Informal Consultation Council: The ICC ought to be enhanced and upgraded to become the common roof for consultation among key strategic actors for the Agenda of Southeastern enlargement: the EU Council Secretariat, the European Commission, the SEECP, the SP and the EU Presidency, the USA, SEECP, SP, SECI, World Bank, NATO as well as (temporarily) the SRSG for Kosovo and the HR for Bosnia-Herzegovina.
- ✓ SEECP: Regionalisation and true regional ownership require a SEECP with stronger capabilities – not necessarily institutionalised – including regular ministerial meetings in key areas of (potential) regional co-operation: security, economics and trade, energy, etc.
- ✓ Stability Pact: The Pact ought to define its own agenda selectively and offensively based on actual and potential added value in complementarity to the SAP. Consequently, its table structure has to be reconsidered and certain other tasks regionalised, transferred to the EU or phased out in the medium term. Thus, the strategic capacity of the Office of the Special Co-ordinator will have to be strengthened.

For Southeastern enlargement:

- ✓ DG Southeastern Enlargement: SAP and EU candidate status should be upheld as separate (albeit sequential) trajectories for EU integration. Yet, the EU perspective for the Balkans, the logic of regionality and the concept of SAP Plus imply that as of 2004 DG Enlargement takes responsibility for both the remaining candidates of Eastern enlargement and for the SAP states of Southeastern enlargement.
- ✓ Functional Co-operation: Without raising the spectre of virtual, partial or second-class membership, the EU might intensify co-operation in some policy areas (e.g. the fight against organised crime; environmental policies; and security issues). Functional co-operation would be beneficial for the entire region and for the EU too.
- ✓ Cross-Conditionality: Coherence of EU strategies for crisis-management, regional co-operation and integration implies that “cross-conditionality” can be applied more vigorously and transparently: Non-compliance with international obligations (ICTY, Res. 1244 or Dayton) could be linked to progress in the SAP.

- ✓ SAA Minus: In order to include all countries and entities of the region in the SAP and the SAA path, a special SAA minus has to be defined for those incapable of fulfilling the SAA admission criteria in the medium term, e.g. due to unresolved status issues. Once the constitutional constellation and the SAA procedure for Serbia and Montenegro has been arranged, Kosovo would be a prime candidate for a SAA minus with reduced conditionality and reduced but effective assistance and benefits.
- ✓ SAA Plus: Conversely, the logic of conditionality requires that each country's "graduation" from SAA to candidate status depends on the reform criteria of the SAA, not on the planned duration of the SAA. The separation and sequencing of SAA and candidate status, however, is not violated by selectively "mirroring" relevant pre-accession instruments and offering them to the more advanced SAA states, e.g. screening for the adoption of the *acquis*, certain economic instruments and assistance for administrative capacity-building. Eventually, this SAA Plus approach might significantly shorten the actual phase of accession negotiations and strengthen the country's "locomotive role" within regional co-operation.
- ✓ European Reconstruction Agency: In line with the paradigm shift from stabilisation and reconstruction to integration, the agency will have to be renamed and take responsibility for CARDS assistance and evaluations either for all or none of the Western Balkan countries and entities.
- ✓ Interim Incentives: The projected duration of the EU integration process for the Western Balkans requires stages within the SAP, marked by distinct reform conditions and interim incentives for individual SAA countries. Interim incentives might involve the lifting of visa regimes or specifics of the free movement of peoples, goods, services and capital.
- ✓ Pan-European Benefits: In view of a projected European *finality* including the Western Balkans, some exclusive EU benefits can be turned into "pan-European" benefits to strengthen regional and European solidarity, without violating SAP conditionality. Citizens from the region could qualify EU educational programs and for staff positions at the EU. Information campaigns on the EU ought to include the region on equal footing and observer status for the states in the European Parliament or the next Inter-Governmental Conference might be worth considering.

## 1 The Future of the Balkans: EU Integration is the Archimedean Point

Historically, the term “Balkans” is widely associated with fragmentation, violent conflict, backwardness and misery. Developments in the 1990s, particularly the violent disintegration of the former Socialist Federal Republic of Yugoslavia, including the subsequent crises in Kosovo and Macedonia, as well as the collapse of the Albanian state in 1997, have only painted in brighter colours the imagery of the Balkans as the land of perpetual instability, ethnic divisions and state fragmentation. Indeed, antagonisms rather than co-operation have generally so far marked the relations among the Balkan peoples (with external Great Powers contributing their share to divisiveness and conflict). They have rarely perceived themselves as a region and they have seldom felt a sense of unity. Even the recent term “Western Balkans” (coined by the 1998 Vienna European Council) and the wider term “South East Europe” (that includes the EU accession states of Romania and Bulgaria) apparently correspond to external perceptions rather than to a local sense of belonging.

Only very recently, the region started to generate a common vision: the perspective of future EU membership. Croatia and Albania, for example, may be miles apart in political and economic development, but both in Zagreb and in Tirana EU membership has become the political talk of the town. Kosovo Albanians and Serbs may disagree on almost every issue of political relevance, but neither of them seriously envisages a future *outside* the framework of EU integration. The EU promise for accelerating the process towards the European Union as a reward for compromise has been the catalyst in brokering the March 2002 Belgrade Agreement regarding the new state of Serbia and Montenegro which, arguably, has for the time being halted further disintegration and, possibly, further instability in the Balkans. Thus, the EU perspective is emerging as the *Archimedean point* of the entire process of stabilisation and development for the region, providing both the peoples in the Balkans and the international community with a real prospect for a breakthrough that would lead the region *away* from the divisions and the conflicts of the past and *towards* stability, co-operation and prosperity.

The perspective of EU membership for the states in the region was first promised in the founding document of the Stability Pact for Southeastern Europe (SP) in Cologne on 10 June 1999 - probably the most controversial clause in the entire declaration. After the Sarajevo Summit of November 1999, the promise was somehow toned down, but only temporarily. A month later, the Helsinki European Council decided to open accession negotiations with six

more candidates, including Romania and Bulgaria. This decision gave the prospect for integration of the Western Balkans in EU structures a new geographic logic and strategic momentum, particularly as the existence of a Balkan enclave would refute the concept of a European territorial *finalité*. The promise for an eventual European integration, as phrased in the Presidency Conclusions of the Feira European Council in June 2000, provided additional impetus. The EU countries have by now openly accepted that the entire region *is* already part of Europe, that its problems *are* European ones, and that any viable solution *has to be* a European solution.

The credibility of the European perspective has also significantly increased during the past 2-3 years in the Balkans. The EU and its member states, despite much criticism about slow bureaucratic procedures, have demonstrated a considerable readiness to pledge and commit substantial funds for the stabilisation of the Balkans, particularly at the SP funding conferences in Brussels (March 2000) and Bucharest (October 2001). In this respect, no other donor has even come close to the EU and its member states. Moreover, basic preconditions for eventual EU membership, such as the Helsinki principles, the Copenhagen criteria and the adoption of the *acquis communautaire*, are more and more becoming the guiding principles and the role model for political and economic reform and institution building in the countries of the region.

Furthermore, the gradual strengthening of the CFSP and the shifting priorities of the US foreign policy after September 11<sup>th</sup> away from the Balkans have also brought Europe to the forefront of political involvement and crisis management in the region, thereby only further enhancing the European perspective. Europe's continued central role in the peace-keeping forces of KFOR in Kosovo, SFOR in Bosnia-Herzegovina and Operation Fox in Macedonia are prominent examples of the presence and commitment of the EU in the region. The leading role of the EU in brokering the August 2001 Ohrid Agreement and the March 2002 Belgrade Agreement have only further strengthened the central role of the EU in conflict prevention and crisis management in the region. The prominence of the EU perspective in the Balkans over the last few years has been significantly enhanced by the efforts of some political, social and economic forces in the region to "re-dignify" the Balkans as a European region. The same applies to the growing recognition in the region that stability, development and the prospect for European integration rely on the Balkan peoples themselves becoming increasingly less part of the problems in the region and more part of the solutions. While the possibility of the region sliding back into open conflict cannot yet totally be ruled out, there is

a growing conviction both in Europe and in the region that the worst is over: Today the real challenge for the countries in the region is to catch up with the rest of Europe and eventually to become full members of the European Union.

Today, the European perspective is basically represented institutionally in the region by the Stabilisation and Association Process (SAP) as well as in some respects by the Stability Pact (SP). The concept of “association agreements” for the countries of the Western Balkans predated the SP and the more formal promise of a European perspective. Although these bilateral agreements were originally modelled along the lines of those for non-accession states, the SP and the European promise triggered a redefinition resulting in the Stabilisation and Association Agreements (SAA) in May 1999. By the time the first SAA was signed with Macedonia in April 2001, the EU had set up an SAP consisting of individual SAAs, a CARDS assistance program and a program of Autonomous Trade Measures (ATM). The model here clearly was the accession process for Eastern enlargement, with the SAAs resembling the Europe Agreements (EA) and with CARDS being the Southeast European version of PHARE. The main conditionality and reform stimulus in the SAP is located in the phase prior to the signing of the agreement. Typically, the individualised SAA phase would accelerate the subsequent phase of further reforms, acquis adoption and accession negotiations under the candidate status. Recently, the EU revisited its main instruments for the region in order to enhance strategic efficiency in respect to the ongoing process towards signing SAAs with all the countries of the region. First, it established an annual “progress report” for the countries of the Western Balkans along the lines of Eastern enlargement. Second, on the basis of the December 2000 CARD Regulation, five Country Strategy Papers and one Regional Strategy Paper, presented in early 2002, were conceived to provide a more comprehensive framework for EU assistance.

Yet, there is heterogeneity within the region defying the pattern of conditionality and regionality as practised in Eastern enlargement. First, this heterogeneity in the region is already partly institutionalised within the EU structures. Assistance to one half of the region (i.e. Serbia, Kosovo, Montenegro and Macedonia), which is troubled by unresolved status issues and still vulnerable to ethnic problems, is so far largely managed by the European Reconstruction Agency. The other half (i.e. Bosnia-Herzegovina, Albania and Croatia) is handled directly by the Directorate of Western Balkans of the DG External Relations of the European Commission. Second, while all states in the region experience similar structural developmental problems in varying degrees, some areas are still heavily affected by the

legacies of the past ten years of ethnic conflicts and unresolved status questions (Bosnia-Herzegovina, Kosovo, Macedonia, Serbia and Montenegro), and thus pose additional special challenges. Finally, considerations of stabilisation and scale require that regional co-operation in South East Europe - unlike in East Central Europe - operates *prior to* and *parallel to* the EU integration process instead of being treated as its natural consequence and a *follow-up* to integration. In short, the heterogeneity within the region poses special challenges and requires more than what the current EU assistance framework provides for the region.

The SP was established in 1999 primarily to provide to the countries in the region an alternative vision on how to achieve lasting peace and security, stable democratic institutions as well as sustainable economic and social development. It has by now also emerged as an additional key instrument to assist these countries' accession into the European Union. The SP is generally credited with success regarding the initiation of a political process towards regional integration, particularly in trade and security affairs. Conversely, from its very inception it has also suffered from a considerable lack of credibility, both among its local and among its international partners, particularly with respect to its role *vis-à-vis* the integration process of the countries of South Eastern Europe into the EU as well as into the Euro-Atlantic institutions in general. Even worse, often the SP and its regional approach have been perceived as a European delaying strategy or even as a placebo, compensating for perpetual non-integration in European structures.

In addition to these individual weaknesses, in more than one respect, SP and SAP are not a perfect match and do not jointly provide a comprehensive framework for the European perspective in the region. The SAAs were originally conceived as a contract of non-integration and were then remodelled as a long-term process towards integration along the lines of Eastern enlargement. The SP was conceived as a contract for stability and it has only in practice emerged as an instrument supporting the process towards European integration. The coexistence of SP and SAP is thus more or less a coincidence. Even more, until recently, the two strategies existed in parallel rather than in congruence. SP and SAP are also strategically based on contrasting contractual principles. The SP prioritises regional co-operation as a stabilising remedy for the structural deficits as well as recent conflicts in the region. The initial conditions for an SP recipient country are limited to the Helsinki principles, ICTY co-operation and the Dayton Agreement. The SAP prioritises the power of bilateral conditionality and consequently identifies regional co-operation as only an auxiliary mechanism, as indeed readiness to engage in regional co-operation would be quite an

awkward clause in the conditionality of a bilateral agreement. The potential strategic tension between SP and SAP as well as between regionality and conditionality will most likely become more evident soon: The bilateral conditionality of the SAP or the pre-accession process causes a new fragmentation or divide within the region and competes with the SP's logic by promoting integration via Schengen borders and an internal market. By its very logic, conditionality rewards those countries that have successfully mastered the quantifiable and urgent challenges of political and economic reform rather than the less tangible long-term objectives of regional co-operation.

In sum, while the European integration constitutes the Archimedean point for the region, individual weaknesses and fundamental tensions between the two main instruments of the European perspective in the Balkans persist. It is likely that the tensions will come to a head soon with the forthcoming decision on the 2004 round of Eastern enlargement. Moreover, "exogenous" factors, like the US (exit) strategies in the Balkans with possible consequences for the EU's policing and peace-keeping role in the region, the ongoing process of EU internal reforms and re-structuring with the possible outcome of the fusion of CFSP and External Relations as well as the yet unknown impact of Eastern enlargement on the Balkans and the general geopolitical malaise further add to the complexity and unpredictability of the Balkans' road towards Europe. The only certainty is the need for the re-thinking and re-arrangement of some of the available instruments for crisis management, conflict prevention, reform assistance, regional co-operation and European integration in the direction of strengthening the European perspective in the region is becoming ever stronger.

## 2 Challenges and Opportunities Ahead: The Road towards Europe

There are a number of challenges and opportunities regarding the process of integration of the Balkans in the EU. Indeed many factors distinguish the development in the region from other regional transitions to pluralist democracy and market economy. Some of them are structural and some of them are apparently more circumstantial. In fact, it is even a bold hypothesis that the process of EU integration in the region would qualify automatically as a strategy for development, modernisation and transition, all in one. Yet, the optimism of transitology still permeates EU thinking, even though the process of enlargement has turned out to be a much longer undertaking than expected in East Central Europe, and though further East in the Commonwealth of Independent States the results of transition have been ambiguous at best. Optimistic scenarios in the definition of their objectives and strategies tend to focus on the recent past rather than on the long-term structural deficits. These scenarios are typified by the frequent use of the terms “reconstruction” and “reconciliation”. Evidently, the current situation is the outcome of centuries of complex interaction between regional developments, external power-projection and, more recently, assistance strategies. In these strategies, unlike in East Central Europe, stabilisation predominated over reform assistance and pre-accession support. In sum, there are three specifics in Southeastern Europe that merit deeper attention in the process of defining objectives and strategies in support of the European perspective.

1. Modernisation and Transition: Some of the structural deficits in the region are not linked mainly to the communist past. In that sense, they distinguish larger parts of Southeastern Europe from East Central Europe, while in some respects they present similarities with the CIS region. Yugoslavia’s unique position in the Cold War has contributed to a process of economic modernisation and institution building that – despite a decade of disintegration and warfare – has some relevance for current reform potentials, albeit to widely varying degrees for the different successor states and entities.
  - a. The first structural-historical deficit is the *weakness of the state*, despite its strong pretences to sovereignty and ethnic statehood. The lack of an efficient civil service, independent judiciary, accountable security and police forces and other modern state institutions predates the communist period. The process of modernisation of the state structures in Southeastern Europe is for the EU a considerably more demanding endeavour than the transition process in East Central Europe.



- b. A related structural deficit concerns the *weakness of civil society* that also predates the communist period and is related to the consolidation of a nation state without a corresponding economic middle class and the excessive intertwining of economic and political power. Yet, neither the Europe Agreements in East Central Europe nor the SAAs for Southeastern Europe focus adequately on the development of civil society – NGOs, education, media, etc. Norm setting and guarantees for non-intervention by the state are currently major preoccupations of the EU’s involvement in this area.
  - c. Finally, the *deficits of economic modernisation* that occurred prior to communism and that even the communist ideology of forced, accelerated industrialisation and urbanisation largely failed to overcome is another distinct structural deficit in the region. In many respects, “economic reconstruction” is a typical misnomer for large parts of the region, as the modernisation process has not yet reached its take-off phase.
2. Managing Ethnic Conflicts and Security: In addition to these structural deficits, the evident difference between the Balkans and East Central Europe is between ten years of *steady* transition in East Central Europe and ten *volatile* years of ethnic conflicts and instability in the major parts of South East Europe: conflict-prevention and post-conflict reconstruction versus transition policies and European integration. Still today the legacy of conflicts and the risks for renewed violence preoccupies considerably the political discourses in the region, albeit rather *within* and no longer *between* the states of the region. Hence, the distinctly complementary tasks of conflict prevention, crisis management and post-conflict reconstruction still remain high in the agenda of the relations between the EU and the countries in the region:
- a. There is a major auxiliary role for the EU in dealing with the *endemic crises* of the weak states in the region, as protracted crises typically encourage derailed or simulated reform and all forms of state capture.
  - b. The EU and its High Representative for CFSP have come a long way to assume the leading role in *crisis management* of internal conflicts (e.g. Macedonia or Bosnia) and with regard to unresolved status questions (e.g. Montenegro or Kosovo). Yet, a more direct additional international presence and involvement continues to be

necessary as illustrated, for example, by the key political role of the High Representative in Bosnia and the UN Special Representative in Kosovo.

- c. Some of the *legacies* of ten years of inter-ethnic and inter-state conflict are not addressed adequately by the SAP in terms of comprehensive strategies and instruments. A key issue here is the return of refugees, which is currently a major obstacle for local and regional reconciliation and friendly relations between neighbouring states as well as for economic and social development.
  - d. Last, but not least, the region, unlike East Central Europe, continues to require the presence of substantial numbers of international (and increasingly European) military and police forces to guarantee stability. While this aspect of the EU's *conflict-management* involvement remains a basic precondition for stability in the region, inevitably it is also in some respects incompatible with an ongoing process towards regional ownership and the normalisation of the overall situation in the region.
3. Duration and Heterogeneity: The last two distinctive features of the region as far as strategies of regional co-operation and EU integration are concerned involve the projected *duration* of the integration process and the structural *heterogeneity* of the region as such.
- a. Duration: Compared to the transition and accession process in East Central Europe, the integration process of the Southeastern Europe into the EU will in all likelihood be of a much longer duration, at least for some countries in the region. In that sense, the mere *duration of the integration process* increases the risks for societal and political fatigue and frustration and thus, the possibilities for setbacks, reversals and other destabilising effects.
  - b. Heterogeneity: Some countries in the region have better potentials for political, administrative and economic reform than others. Some have a relatively straightforward and shorter road towards EU membership; some a correspondingly limited inclination towards regional co-operation and minor legacies of the recent past in terms of ethnic conflicts. Other countries and state-like entities have to cope with major modernisation deficits and weak state institutions; face a long and arduous road towards EU membership; need to depend more on regional co-operation and face major burdens in terms of sovereignty status, inter-ethnic relations and state consolidation.

Even in the most optimistic scenario, both Europe *and* the region will have to prepare themselves for a linear but much longer process towards EU membership than the one experienced by the states in East Central Europe. The expected duration of this “association phase” poses new challenges to Europe and the region alike. The historical-structural deficits and the specifics of the first ten years of post-communist transition in the region will likely further complicate this process, obstructing it by “state capture” through corruption and organised crime; the re-emergence of nationalist and populist movements, inter-ethnic conflicts or predatory elites; as well as processes of “simulated change” by local elites subverting the actual process of EU stabilisation, association and integration. Last, but not least, the very combination of massive international support (in terms of financial and human resources) and weak states causes a whole array of specific unintended consequences, ranging from aid-addiction and a lack of regional ownership to democratic de-legitimisation. Even in the best-case scenario, a set of strategies and institutions both qualitatively and quantitatively different from the ones employed in the enlargement process in East Central Europe are needed in the Balkans in order to cope with the specific requirements for stability in the region and in order to successfully complement the Stabilisation and Association Process towards EU integration. Overall, the integration process will be significantly more arduous, heterogeneous and asynchronous.

A more realistic scenario for the Southeastern enlargement process after 2004 includes enhanced tensions between European strategic instruments due to the divides within the region. In this case, both the process of managing ethnic conflicts and unresolved status issues and the challenge of modernisation and transition would solidify the dividing lines across the region, putting the inherently conflicting European approaches of regionality and conditionality under considerable additional strain in the medium term. A trajectory towards membership, that may be too slow for some, may be too ambitious for others. Thus, in order to avoid paralysis and destabilising setbacks, a more realistic approach would necessitate the adoption of a consistent and transparent overall strategy with more coherent sets of policies and instruments providing concrete “stepping stones” - distinct incremental incentives linked to tangible interim benefits in order to sustain the EU momentum.

In conclusion, the paradigm for Southeastern Europe has irrevocably changed *from stabilisation to enlargement*. While resisting the temptation to treat the Southeastern European enlargement as a historical inevitability for all the states in the region, today without doubt the European perspective *is* the Archimedean point of reference for all

strategies and policies in the region. Thus, what is necessary today and will become an even more pressing need after Eastern enlargement is a comprehensive re-arrangement of existing institutions and policies in a single strategic framework. Only such a consistent framework would be capable of managing the long road of the region towards European integration while safeguarding peace and stability, and ensuring smooth and sustainable transitions. In short, Europe and the region need now *an Agenda for Southeastern Enlargement*.

### **3 An Agenda for Southeastern Enlargement: Enhanced Strategic Complementarity and Institutional Congruence**

A more coherent trajectory for the accession of the Balkans to the EU should have as its core strategy the SAP, since the SAP is today the most comprehensive partnership between the EU and the countries in the region in the process towards EU membership. In view of the SAP's genesis since 1999 and the shifting paradigms, such as the perspective for the Balkans, reform policies and regime changes in the region as well as the upcoming Eastern enlargement 2004, the SAP will have to evolve accordingly. Not unlike the case of the Eastern enlargement process, EU instruments will have to be adapted and modified during the process without forfeiting credibility and reliability.

Other instruments and institutions may have to review their roles seeking complementarity to the SAP. Complementary tasks involving conflict-prevention and crisis-management should remain the primary responsibility of NATO and EU's CFSP/ESDP diplomatic and military capabilities. Complementary tasks involving mainly, but not exclusively, regional co-operation should remain a key role of the Stability Pact. The key objective should be the effort to articulate their respective roles in a more complementary manner in order to generate a truly comprehensive integration process. Thus, an Agenda for Southeastern Enlargement would require above all enhanced strategic *complementarity* and institutional *congruence*.

Complementarity should mainly be understood to refer to the need to avoid duplications and overlapping among the multiple strategic objectives and initiatives in and for the region and, thus, to help creating a coherent working space of international and local synergies. Complementarity implies that none of the individual strategic objectives and actors or initiatives can achieve alone what is needed, given the enormity of the task of European integration for the South East. Thus, while enhanced *strategic* complementarity points to the *need* for a skilful balancing of the various strategic objectives that promote the European perspective in the Balkans, enhanced *institutional* congruence points to the necessity for a more rational division of labour among the relevant actors and existing initiatives. In other words, some considerable pulling and pushing - involving both strategies and institutions - is needed to strengthen the European perspective in the region, while avoiding counterproductive duplications, multiple interfaces and, above all, time-consuming and resource-wasting conflicting policies and objectives.

### 3.1 Enhanced Strategic Complementarity

Complementary strategies partly *precede* (in a logical rather than temporal sense) the actual Stabilisation and Association Process (e.g. the start-up assistance), partly *accompany* the SAP in parallel (e.g. regional co-operation) and partly *proactively* block interfering factors to the process (e.g. crisis management). In sum, bilateral conditionality and regional co-operation are separate strategic objectives promoting separate but equally important and complementary reforms and should not be allowed to emerge as competing agendas. The responsibility here lies both with the local political elites in demonstrating forward-looking leadership and with the EU in ensuring that regional co-operation is not construed (and thereby discredited) as a substitute to EU membership. For the issues this involves both a new quality of public policy in the region and a strategic prioritisation of functional forms of co-operation.

**Regionality and Conditionality:** Strategic coherence today in the Balkans, first, requires squaring the need for a transparent differentiated process for each individual candidate towards EU membership (bilateral conditionality) with the prerequisite for enhanced regional co-operation among the various states and entities in the region (regional approach). Bilateral conditionality is necessary both as a stick and as a carrot. It is important, on the one hand, because it sets out clearly the benchmarks that the different local actors have to meet in order to fulfil the EU criteria for accession, thereby laying out the rules for the trajectory towards Europe. The strict but fair application and rigorous review of the various bilateral conditions can also ensure the credibility of the European model, for example, by discouraging simulated reforms and cheating. Moreover, a differentiated approach reflects the political, social and economic heterogeneity of the region and the necessity for tailor-made solutions to specific individual problems and challenges. Finally, it ensures that the region can move faster than the lowest common denominator.

Regional co-operation is not merely a precondition for EU membership. It is above all a prerequisite for peace, stability and prosperity and, thereby, a strategic objective on its own merit. Functional forms of co-operation make sense from a purely regional perspective, regardless the process towards EU integration. For example, regional co-operation in enhancing free movement of peoples, goods, services and capital is a must for economic and social development, while regional political co-operation in addressing international organised crime, corruption as well as problems related to refugees and internally displaced persons are necessary for stabilisation, normalisation and reconciliation. Yet, pragmatic and

local-driven regional co-operation could only complement efforts towards EU integration. Eventually, within an EU-32 the only significant voice the Balkan states will have, will be a regional voice. In this respect, one might distinguish three levels of regional co-operation:

1. *basic* forms of regional co-operation and co-existence as preconditions for normalisation and reform throughout the region, e.g. a regional political dialogue and confidence-building measures;
2. *functional* forms of co-operation building up on these preconditions are advantageous for all the regional partners, e.g. regional standardisation (visa regimes and free trade agreements) as well as improvement of regional transport and energy infrastructure; and
3. *instrumental* forms of regional co-operation, directly linked to the objective of EU integration, e.g. idem – standardisation and infrastructure.

The EU perspective in Southeastern Europe will remain a chimera if it is not backed up by sufficient basic regional co-operation as a precondition for reform and stability and by sufficient functional co-operation as a stimulus for state consolidation and economic development.

**The Stability Pact** should be refocused strategically to become an auxiliary instrument to the SAP. This new paradigm for the SP implies prioritisation instead of comprehensiveness and offensive rather than defensive programming. The different complementary tasks should follow different timeframes and set-ups. Regional political co-operation and dialogue should gradually be transferred to regional ownership under the South East European Co-operation Process (SEECP) in the medium term, which would have to develop appropriate mechanisms and procedures. With the conclusion of major infrastructure projects and initiatives like the free trade agreements, the SP's investment advisory should also be regionalised. The role of the SP in economic matters would be phased out. Justice and Home Affairs could be left to the relevant EU structures in the medium term, whereas security matters might have to be taken over by the regional dialogue under the SEECP. One long-term role of the SP would be to become the clearinghouse for civil-society initiatives and donors. Another important long-term role with a critical regional dimension also could be the active involvement of the SP in the thorny issues of reconciliation and refugee return. Other SP initiatives would stand on their own feet as regional centres for specific tasks. This refocusing of the SP implies that the structure of working tables, task forces and sub-stables becomes a liability and requires change: Many of the core regional tasks are by definition cross-cutting issues, particularly in

economic-reform matters. Comprehensiveness could remain a major SP asset only in the area of the First Working Table's civil-society initiatives. Here, the SP might increasingly become a valuable interface between the EU and bilateral donors and NGOs. As the very nature of donors, civil society and NGOs defies co-ordination, the SP would have to guide and prioritise by presenting consistent and convincing strategic visions. Thus, the strategic capacity of the Office of the Special Co-ordinator will have to be strengthened. The business advisory council, the specialised regional centres, regional dialogue, the co-ordination of regional initiatives and the free-trade agreements constitute inherent added values of the SP. In sum, the SP should partly be regionalised, partly be absorbed by the EU integration process, partly (in the medium term) phased-out, and partly continue as a long-term framework.

**Functioning States and Status Issues:** Enhanced strategic complementarity simultaneously addresses capacity-building for functional states and political entities at all levels to strengthen the effectiveness and legitimacy of state institutions and develops creative approaches to the unresolved status issues without sliding back to zero-sum conflicts and destabilising unilateral demands for territorial revisionism. Building functioning states is a *conditio sine qua non* both for stability and for the prospect of EU integration. Regardless of final status arrangements, the progress of states and political entities and their chances to advance towards EU membership will be conditional to their performance in capacity-building and reforms of state institutions such as the public administration, the financial regulatory framework, the judiciary and the police. The establishment of functioning state institutions is, perhaps, the single most important strategic objective for all actors in the region and must not be allowed to be taken hostage by unresolved status issues risking to delay reforms and betray expectations. Thus, the functionality of states and entities has to take precedence over questions of sovereignty. Even more, questions of unresolved status, such the question of Kosovo, will have a greater chance to be negotiated and resolved in a self-sustaining and constructive manner, if the actors concerned manage to build effective state structures and legitimate institutions capable to negotiate solutions. Conversely, a step-by-step peaceful and democratic process of negotiating political status issues can only strengthen the legitimacy and thereby the effectiveness of state institutions.

Sustaining this balancing act between building functional states and preparing final political arrangements is perhaps the most demanding challenge of our times in the Balkans. The two strategies are separate but mutually complementary and reinforcing. The starting point for creative politics in the region regarding unresolved status problems, particularly regarding the



local leadership, is the need to respect international obligations (e.g. Dayton Accords, UNSC 1244, Ohrid Agreement, Belgrade Agreement). The burden, however, for showing creativity in addressing complex questions such as, for example, how to fully engage Kosovo in the Stabilisation and Association Process without compromising the fragile equilibrium of Resolution 1244 lies mainly with the EU and the international administration in Kosovo (UNMIK). Whatever the exact mechanics for a solution to such a problem, pending final-status issues must not be allowed to delay the process of building functioning states in the region. Due to the conditionality principle, the EU cannot afford to accept the potential for (regional) destabilisation as an “asset” or a bargaining chip. Due to the regionality principle, the EU cannot afford to accept unresolved status issues as a reason for excluding the entity from the SAP. In sum, including all states and entities of the region in the SAP requires political will on the part of the national authorities to engage in political dialogue and to guarantee common markets within all states of the region. On the part of the EU, it requires a creative adaptation of the SAP to the deficits and capabilities of the laggards without forfeiting conditionality.

Enhanced strategic complementarity also requires balancing creatively the demands for greater regional/local ownership in the process towards EU integration with the inevitable EU intrusiveness, comprehensive norm-setting and the Brussels-imposed conditionality for EU membership. Local interest-driven initiatives carry greater chances to respond to real and immediate needs in the region. In the end, they will also carry greater weight in sustaining local support. Yet, EU intrusiveness and conditionality is also indispensable both because the attraction of the EU membership carries a great leverage for generating necessary support for unpopular reforms and other initiatives and, because a strict EU review process of bilateral conditionality will be necessary to ensure that reforms towards EU integration are genuine and self-sustaining. Similarly, enhanced strategic complementarity has to square an open process without fixed timetables with a concrete approach with verifiable benchmarks to ensure the credibility of the process and sustain popular support for the rather protracted trajectory to Europe. To that end, the benchmarks have to be linked to well-defined stages in the SAP involving tangible interim benefits on the basis of bilateral conditionality.

In conclusion, enhanced strategic complementarity recognises that addressing the complex and special challenges of the Balkans’ path towards the EU integration requires a process-oriented approach. Seemingly incompatible strategies (bilateral conditionality versus regional co-operation; capacity-building of functional states versus unresolved status issues; regional

ownership versus international intrusiveness) have to be tackled as mutually complementary processes that support rather than obstruct the road towards EU accession.

### 3.2 Enhanced Institutional Congruence

The logical next question is about the congruence of the *institutions* to shoulder the tasks for assisting in the development and the implementation of these complementary strategies. In this regard, a major question is whether the current proliferation of international and regional initiatives and, particularly the pluralism that characterises the institutional interface between the EU and the region, is appropriate and helpful. Yet, since the current situation is not the result of a comprehensive international approach to the realities in the Balkans but rather, as usual, the outcome of the well-known complexity of the international community and the *sui generis* set-up of the EU, the question is rather how to do better out of the available instruments and mechanisms currently employed in the region and not to try to reinvent the wheel. The obvious consequence of the requirement for enhanced institutional congruence under the current circumstances is the need *for a new deal for the current key initiatives in flexible arrangements under an informal common roof*.

Institutional complementarity here implies that the various actors should try to determine their priorities and set their policies by measuring the comparative advantages and added value of their institutional capacity and instruments in relation to those of the other actors, committing themselves to a more regular and systematic *consultation* and some degree of joint policy planning. In the same direction, it is also very important that each initiative and institution develops policies and sets priorities with clearer focus. Flexibility implies that *no question* of single leadership is raised and *no formal* institutional re-arrangements are sought but rather more systematic consultation as well as informal agreements for a more rational division of labour. Thus, a common roof does not refer to the creation of any new institution either, but rather to the need to pull all main current initiatives into a more integrated strategic framework, that promotes the common goal of Southeastern enlargement. A number of issues concerning institutional congruence have not been adequately addressed so far, despite some initial efforts in the right direction, such as the establishment of the Informal Consultative Committee involving the EU Council Secretariat, the European Commission, the SEECP, the SP and the EU Presidency (November 2001). Three specific issues have to be resolved:

1. **SP and SAP:** The complementary tasks of the SP listed above (regional dialogue, regional co-operation, clearing house for civil-society initiatives and donors) require a more integrated co-ordination with the responsible offices in the European Commission.
2. **SAP and CFSP:** Similarly, the short-term crisis management of CFSP ought to tally in a more systematic manner with the medium-term requirements of workable arrangements for the SAP.
3. **SEECF and SAP/CFSP/SP:** The SEECF should progressively become the voice of the region and an equal partner in decision-making regarding the affairs of the region, in the context of CFSP as well as in SP and SAP. Given the necessary capabilities and political will, in a number of issues the lead role might even be transferred to the SEECF.

**Stability Pact and SAP:** The future role of the SP and the prospect for an enhanced complementarity between SAP and SP are central issues here. A pivotal assumption behind the need for moving from stabilisation to integration and adjusting the EU involvement in the region to the new realities is that the SP should become institutionally, strategically and operationally synchronised with the overall EU framework for the region. As a new paradigm, such a tighter and clearer SP-EU nexus and enhanced complementarity between SP and SAP carry the potential to alleviate some of the Pact's original problems, improve its effectiveness and help to cope with the new challenges in the region. This change of orientation also implies the need for the consolidation of the SP's objectives, institutions, strategies and timeframes. The reorganisation of the SP aims to turn an initiative created primarily for regional stabilisation into a full-fledged instrument for European integration. Complementarity here should *not* be defined as the full set of existing institutional structures and possible policy areas minus those covered by the SAP. Other policy areas and institutional ties may also have to be identified.

**Crisis-Management and EU-Integration:** Another issue here is the need for enhanced complementarity within the EU structures, for example, between the initiatives and the role of the EU High Representative for CFSP (EUHR) in the region and the role of the European Commission-led SAP process. The paramount consideration here is the need to ensure consistency of the EU involvement in the region. One major issue here is that the EU should ensure that it speaks with one voice and that it becomes fairly clear to local actors about who does what and who is responsible for what in the EU. For example, while the conflict prevention and management crisis role of the EUHR should be clearly distinguished by the

long-term enlargement role of the European Commission, the two should not be perceived as parallel (and thereby often competing) roles but rather as complementary ones. A recent illustration of the risks of undermining the credibility of the EU here is the turbulence, yet admittedly not a big one, caused in Montenegro in the summer of 2002 over the question of the status of the new constitutional set-up of Serbia-Montenegro. The European Commission presented a modified position that seemingly contradicted the initial position of the EUHR when he brokered the Belgrade Agreement in March 2002. The security role of the EU in the region, particularly as it is preparing itself to take over full responsibility for the international police presence in Bosnia-Herzegovina, is another important issue necessitating greater co-ordination within the EU.

**SEECP and Regional Ownership:** SEECP might become the voice of the region and an equal partner in decision-making regarding the affairs of the region, including true “regionalisation” in a number of issues. The capabilities to take on a lead role require not so much an institutionalisation of the SEECP, but rather a fair amount of political will and regular ministerial meetings in key areas of (potential) regional co-operation: security, economics and trade, energy, etc. SEECP should be credited with the potential to become the voice of the region, but not be elevated to that position “by default”.

### **3.3 An Agenda for Southeastern Enlargement after 2004**

Adopting an Agenda for Southeastern enlargement would therefore signify the progressive and balanced shift of the position of the international community and the local leadership: from stabilisation to enlargement; from international micro-management of the region to macro-management with greater local responsibilities; and from an international institutional proliferation to an integral institutional framework. The development of a flexible and informal common roof under which all current strategic objectives, actors and initiatives would be re-arranged to create dynamic synergies would be the acknowledgement of this paradigm shift. More specifically, sooner than later, and certainly soon after the finalisation of the Eastern enlargement process, assigning the leading role for the Southeastern enlargement process to the European Commission would most likely be a formality. DG Enlargement would combine experience from ten years of Eastern enlargement with responsibility both for the accession negotiations with Romanian and Bulgaria *and* for the Stabilisation and Association Process of the Western Balkans. The question then would be how to better redefine responsibilities within the various EU instruments as well as with other actors that operate outside the EU framework such the SP and the SEECP.

**DG Southeastern Enlargement:** A schematic re-arrangement of roles promoting enhanced strategic and institutional complementarity would be based on two rules. Each actor and initiative develops a clearer focus of action taking into account the need for enhanced *strategic* complementarity. And all actors and initiatives commit themselves to enhanced consultation and co-operation, taking into account the need for enhanced *institutional* congruence. As of the day of the actual Central East European accession, the European Commissioner for Enlargement should become the Commissioner for South East European Enlargement. Thus, the region – i.e. the Western Balkans and, likely Romania and Bulgaria, should no longer be in the responsibility of the Commissioner of External Relations. The remaining funds previously earmarked for Central East European enlargement should be made available for the candidates of South East European enlargement. Accordingly, the promotion of some of the “associated states” to the status of “candidate states” should increase CARDS resources for the remaining countries in the SAP. Moreover, with SAP and pre-accession in one DG, the mismatch between Phare, Interreg and Tacis (especially in their cross-border dimensions) during Eastern enlargement can be avoided. The SAP (the name itself might fade out under a DG Southeastern Enlargement) should increasingly resemble Eastern enlargement with annual Progress Reports for each country (both candidates and associated states) plus a regional report for all of them. Accordingly, the European Reconstruction Agency would either be responsible for all or none of the CARDS countries rather than half of them. A renaming of the agency would also be appropriate. Nevertheless, SAP and EU candidate status should be upheld as separate (albeit sequential) trajectories for EU integration.

**Informal Consultation Council:** An Agenda for Southeastern Enlargement should not be seen as a new institution, but a forum of dynamic consultation and pragmatic co-operation for the relevant EU and non-EU institutions, an enhanced and enlarged Informal Consultation Council. The consultation ought to include CFSP, DG External Relations (Southeastern Enlargement as of 2004), SEECF, the USA, the SP, SECI, World Bank, NATO as well as (temporarily) the SRSG for Kosovo and the HR for Bosnia-Herzegovina. An Agenda for South East European enlargement as a flexible co-ordination mechanism would respond to two institutional problems: Firstly, the multiple interfaces and/or competing responsibilities of the Stability Pact with the SAP, SECI and even CFSP could be clarified and improved without major new institutional arrangements. Secondly, institutions that are non-EU or only partly EU could be integrated without excluding key partners like the US, SECI, NATO or the SP. This forum for consultation might also gradually replace the High Level Steering

Group/Task Force of EU and World Bank in strategic economic decisions. In sum, whereas representativeness is a key element in the SP's Regional Table, the ICC banks on strategic synergies of key the actors. The EU could chair the Pact's co-ordination sessions. Depending on the issues at hand, the HR for CFSP or the Commissioner for Enlargement, External Relations or Trade would represent the EU as chair, although decisions on these issues in any case will ultimately depend on the outcome of the internal restructuring of the EU in the years to come. Consequently, divergent messages to the region and strategic confusion or contradictions could be avoided to a much larger degree. Moreover, "cross-conditionality" could be applied more vigorously and transparently: Non-compliance with international obligations (ICTY, Res. 1244 or Dayton) could be linked to progress in the SAP.

**Timeframes and Stages:** The above strategic complementarity and institutional congruence of the Southeastern enlargement process has to be consolidated in the next 2-3 years. The 2004/2005 Eastern enlargement should be the deadline. The Agenda for Southeastern enlargement also implies the phasing out of certain tasks and corresponding institutions as well as the transfer of other tasks to institutions in regional ownership and/or to the "normal" process of EU integration which is currently represented by the SAP. Schematically, the completion of stabilisation and reconstruction process should be achieved first. Eventually, crisis management and conflict prevention should be to be phased-out or regionalised, while the SP's role in regional infrastructure and co-operation should follow suit later.

**Regionality and Conditionality:** Due to the internal divides and heterogeneity of the region, the Agenda for Southeastern enlargement will have to accept and cope with a region in which different states will be in different phases and contractual relations to the EU for a long period to come. The core challenge will be to uphold and implement regionality without sacrificing the conditionality drive of the regatta model. A major challenge here, particularly because of the heterogeneity of the region, is the need to clarify as soon as possible after the decision regarding Eastern enlargement the procedures and phases of the Southeastern enlargement process: flexible but consistent entry procedures and exit procedures for the SAP.

Five suggestions for creative policies between regionality and conditionality - with respect to individual countries on both ends of the scale and to the heterogeneous region as a whole:

1. SAA Minus: As only functioning sovereign states can become members of the EU, the trajectory of Southeastern enlargement also implies long-term exit strategies for

KFOR/UNMIK in Kosovo and OHR/SFOR in Bosnia. At a given point in time, the status issues will have to be resolved in a way that can ensure that all peoples in the region would be capable to join the EU. Yet, in the short and medium-run the participation of all peoples in the region in the SAP process should be ensured by creative solutions. Unresolved status issues must not be construed as obstacles to the participation of *certain* parts of the region in the SAP process, as it could undermine peace, stability and the very process towards European integration for the *entire* region. In order to include all countries and entities of the region in the SAP and the SAA path, a special SAA minus has to be defined for those incapable of fulfilling the SAA admission criteria in the medium term, e.g. due to unresolved status issues. Once the constitutional constellation and the SAA procedure for Serbia and Montenegro has been arranged, Kosovo would be a prime candidate for a SAA minus with reduced conditionality and reduced but effective assistance and benefits.

2. SAA Plus: It would be unrealistic and contrary to the principle of bilateral conditionality to expect the more advanced “association states” to remain in their SAA until *all* states of the region have completed the SAP. Therefore, a mode for the “promotion” from SAA to the status of “negotiating candidate” should be defined, based on fulfilment of all SAA criteria rather than pre-set timetables. A system of “sluices” with increasing levels of conditionality and assistance does not invalidate the logic of a single regatta. Assuming a time gap of at least ten years between the accession of the first and the last South East European state as well as that the EU will heed its preference for grouped accessions, for procedural and pragmatic rather than principled reasons, Southeastern enlargement will in all likelihood be completed in two rounds. The separation and sequencing of SAA and candidate status, however, is not violated by selectively “mirroring” relevant pre-accession instruments and offering them to the more advanced SAA states, e.g. screening for the adoption of the *acquis*, certain economic instruments and assistance for administrative capacity-building. Eventually, this SAA Plus approach might significantly shorten the actual phase of accession negotiations and strengthen the country’s “locomotive role” within regional co-operation.
3. Interim Incentives: The projected duration of the EU integration process for the Western Balkans requires stages within the SAP, marked by distinct reform conditions and interim incentives for individual SAA countries. Such tangible stepping stones might be found in Justice and Home Affairs and Schengen policies (visa and border regimes), internal and

external security or economic and trade integration. The incentives might stimulate reforms beyond the criteria and benchmarks of the respective phase of the integration process.

4. Functional Co-operation: Regional co-operation should be made obligatory and instigated with vigour *only* in forms that are beneficial for both advanced countries and laggards – via SP and SEECP: regional infrastructure, energy networks, free movement of goods, capital and persons within the region, etc. In many issues of civil-society development, regional co-operation can be of added value, but it should not be directly implicated in the European conditionality. Accordingly, functional regional co-operation should be constrained less by the EU-made borders between members, candidates, SAP countries and non-members. Without raising the spectre of virtual, partial or second-class membership, the EU might intensify co-operation in some policy areas (e.g. the fight against organised crime; environmental policies; and security issues). *Functional* co-operation would be beneficial for the entire region and for the EU too.
5. Pan-European Benefits: In view of a projected European *finality* including the Western Balkans, some exclusive EU benefits can be turned into “pan-European” benefits to strengthen regional and European solidarity, without violating SAP conditionality. EU member states and the European public opinion may be already familiar and used to the complexity of the EU architecture and working methods. Generally, this does not apply to the Balkan states and their populations and, certainly, it does not mean that sending multiple and often diverse EU messages to the Balkans and the lack of clarity about EU priorities in the region is a minor issue which merits only minor attention. Moreover, familiarisation with the EU work methods and internal politics would also enhance the capability of the countries of Southeastern Europe to improve their co-operation with the EU institutions. Citizens from the region could qualify EU educational programs and for staff positions at the EU. Information campaigns on the EU ought to include the region on equal footing and observer status for the states in the European Parliament or the next Inter-Governmental Conference might be worth considering.

In conclusion, what may have worked reasonably well in Eastern enlargement process requires additional endeavours in the case of Southeastern enlargement due to the qualitatively and quantitatively different challenges this region poses. A consistent *Agenda for Southeastern Enlargement* after 2004, including the establishment of an *Informal Consultation Council* to provide the much-needed strategic and institutional coherence and



orientation under EU leadership as well as an enhanced *Stabilisation and Association Process* will be needed *soon*, in order to secure a credible Balkan trajectory to Europe.