

POLICY RECOMMENDATIONS

Study Group Regional Stability in South East Europe (SG RSSEE)

“Croatia’s Upcoming EU Presidency – A Catalyst for South East Europe?”

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Executive Summary of Recommendations:

For the Croatian EU Presidency:

- Emphasize and strengthen the EU’s role as a guarantor of individual and civil society rights, in line with Agenda 2030, by proactively engaging with EU politicians.
- Reinvigorate the EU Council’s crucial role as the most proximate SEE influencer, the geopolitical risks of the failure-to-act, and identify unified EU accession policies for the Zagreb 2020 summit.
- Engage EU member states, which show a critical attitude towards enlargement, on regaining a coherent enlargement strategy that will be for the benefit of both the EU and SEE.
- Coach the WB6 leadership on a common request to the EU Council that coincides with a common EU issue, such as sustainable energy independence in order to regain momentum from Brussels toward SEE.
- Reemphasize the EU-political accession criteria of democracy, rule of law, and fair and free elections. Propose monitoring the upcoming elections in Serbia.
- Propose a balanced approach between humanitarian and security aspects of migration. Avoid criminalization of migrants, yet be more deliberate to protect borders, such as improved cooperation at the Croatian-Serbian and Croatian-Bosnian border.
- Use the Croatian Presidency to stimulate regional cooperation in SEE and improve Croatian bilateral relations in SEE, with clear communication to the Croatian public.

For the EU:

- Support the implementation of the Prespa Agreement and reward North Macedonia’s successful solution of the name dispute with Greece, before political backlash in elections.
- Reevaluate the process and procedures of enlargement; calculate the economic advantages of the collective *en bloc* approach to accession negotiations, and engage the WB6.
- All WB6 countries should receive accession candidate status simultaneously in the short-term. An *en bloc* offer of candidacy and open negotiations would create an unrepeatable and ground-breaking common project.
- Offer a ‘membership-lite’ until full membership will be reached.

For SEE Countries:

- Be engaged in Brussels with an *en bloc* negotiation strategy to create a new catalyst for European integration process.

For the United States:

- Re-vitalize ‘the NATO Quint’ and encourage it as a multilateral tool to overcome internal divisions; support Brussels’ EU representatives and the member states to move the WB6 – *en bloc* – toward accession conditions.
- Use U.S. bilateral trust and influence in the region to encourage the WB6 to cooperate.

Situation Analysis

From January to July of 2020, Croatia holds the Presidency of the Council of the European Union (EU), a milestone for the Union’s newest member state. It will not only be an opportunity for Croatia to influence decision-making in the EU, but an important learning experience for the country itself, which chairs the presidency for the first time. This presidency will take place amid a climate of Euroscepticism, enlargement fatigue, Brexit, complicated negotiations for the Multiannual Financial Framework (2021-2027), just to mention a few. The question is: how much impact can a small member state like Croatia have on EU policy

developments and in particular, how can it affect European integration in South East Europe (SEE)?

Currently, EU candidate and potential EU candidate states in the region still face substantial challenges in their post-socialist and post-conflict consolidation process, as well as restrained commitment from the EU itself. For example, Serbia and Montenegro opened their negotiation processes in 2012 (Montenegro) and 2014 (Serbia). Up to now, these two states made limited progress toward EU membership.



While Montenegro still copes with severe democratic deficits that prevent it from entering a mature stage of the accession process, the Serbian path to EU membership is additionally burdened with the unresolved status of Kosovo. Meanwhile, the EU did not open negotiations with North Macedonia and Albania, despite measurable progress in their reform processes. North Macedonia was willing to change its constitutional name and redefine de facto its national identity in order to join the EU, but the lack of negotiations displays the EU's inability to deliver on its own enlargement promises. Furthermore, Bosnia and Herzegovina (BiH) and Kosovo still do not even have candidate status, which reflects the complexity of their transitional problems and low probability of short-term progress.

Croatia's Upcoming Presidency – Priorities and Partnership Experiences

The Croatian Presidency set out four priorities. It aims to promote: (1) a Europe that grows, which includes confronting demographic challenges, advocating a strong single market, a competitive Union and confronting climate change (2) a Europe that connects, which includes transportation and digitalization (3) a Europe that protects its citizens, both internally and externally, and deals with migration, as well as (4) a Europe that is open to its immediate neighborhood and playing a global role.

Coherence is important for the EU presidential 'trio', Romania, Finland, and Croatia, which began coordinating their successive EU presidencies in 2018. Nevertheless, priorities still differ in emphasis between EU presidencies. The Finnish presidency placed greater emphasis on common values, rule of law and environmental concerns, and had an overarching theme of sustainability. Migration and enlargement, however, were not top priorities for Finland, which contrasts significantly with Croatia and other countries in the wider region that previously presided over the EU Council (Austria, Romania, Bulgaria). Also, political agendas are often overshadowed by current global events, further affecting cohesion. A lesson to be learned from the Romanian Presidency is that communication with and information of the public is important. Finland learned from previous presidencies that large states are indeed more powerful and influential, although small states can still punch above their weight. Consequently, Croatia can learn from the trio's past experiences, analyze the current environment, and then utilize political momentum where it exists with the expectation of a successful development in those areas.

Priorities and Partnership Experiences

Obstacles to the greater integration of SEE lie on the side of the EU, as well as the countries of the region. After many years of a stalled accession process, the idea of membership for the region has begun to lose its attraction to existing member states. Brussels' approach to SEE has failed to deliver the anticipated benefits, and its promises are causing the EU to lose credibility in the eyes of the prospective member states. From the EU's perspective, SEE states are not ideal. SEE has not converged economically with the EU, and basic political criteria are yet to be met.

Support for enlargement within the EU is fragmented. There is no unity for it in the EU Council, despite ongoing promises and summits that have not amounted to much. A discrepancy also exists between public and government opinion – the EU Commission supports enlargement while most of the European public is against it.

Great power geopolitics has also returned to the region. Countries in the accession process need external help, but are not receiving it from the EU since they are not yet a member state. Serbia, for instance, does not face just brain drain, but a broad workforce exodus. Serbian resources cannot cope with its high poverty rate, yet the Serbian government does not receive the economic benefits of EU membership. Consequently, these conditions give outside powers the opportunity to bilaterally engage with the Serbian government, which creates long-term strategic implications for the region.

EU Enlargement Policies – Chances and Obstacles for Regional Cooperation

The influence of Brussels on SEE has substantially weakened, and its normative power in the region continues to wane. Efforts by the EU to facilitate negotiations on pending issues in the region exhibit limited progress. Due to internal EU politics, some key EU member states drive the enlargement process in a different direction by blocking positive accession developments in the region – even in cases when regional states meet necessary benchmarks. The most recent example is the failure to reach consensus on opening accession talks with Albania and North Macedonia in October 2019. While failure to open negotiations with Albania is unfortunate, a lack of consensus to start the talks with North Macedonia is a strategic mistake without precedent. North Macedonia not only showed willingness to clear political obstacles, but actually exercised constitutional change and adjusted its national identity in favor of joining the EU. If the EU does not align its enlargement effort with the current political climate in SEE, its long-term political and economic relevance will decrease in the region, opening the door to other sources of domestic and external influence.

Chinese leverage steadily grows by means of increased economic activity in SEE. Not only has the Chinese cooperation initiative to promote business and investment relations with 17 CEE countries (17+1) increased its presence in the wider region, but also the nature of its economic presence. Namely, Chinese investments are easier to access in comparison with EU funding and hence more practical to political and business elites. There are sizeable investments in the Serbian metal industry and traffic infrastructure, as well as in Montenegrin highways and BiH's coal industry.

Turkish presence is increasingly evident as well, especially among political entities with predominant Muslim populations, but also in Serbia. In October 2019, the Turkish president paid a visit to Belgrade, signing numerous business contracts and officially opening the construction of the Belgrade-Sarajevo

Highway, thereby putting Turkey on the map of important strategic partners of both states. The implication highlights an interconnection between overtures that initiate through religious and cultural cleavages within the region, which then resonate across political borders vis-à-vis the economic conditions with complex repercussions.

The complex relationship between Russia and Serbia has historical roots. There is still strong Russian influence in both media and politics. This is mirrored by Serbia's refusal to introduce sanctions against the Russian Federation over the unlawful annexation of Crimea. Whereas cultural ties facilitate certain political cooperation, economic pragmatism remains a primary factor. Russian oil companies have a major presence in Serbia, which means that Serbia sanctioning Russian oil companies would cause unaffordable, self-inflicted economic damage to its own national economy. With limited alternatives, Serbia's bilateral policies toward other great power intervention can be logically explained through the confluence of cultural similarities, combined with pragmatic survival.

The political situation in SEE remains fluid. For example, in October 2019, Serbia signed an agreement with the Eurasian Economic Union (EAEU), which means free trade with the five member states Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. However, this agreement is not as significant as Serbia's free trade agreement (FTA) with Russia since 2000. Meanwhile, Russian influence has decreased over the last few years in Montenegro, especially after the failed coup attempt and accession to NATO in 2017, while its footprint in BiH (especially in Republika Srpska) is gaining ground.

Decreasing EU relevance in SEE arguably opens numerous possibilities for other actors to find a position in the region's geostrategic reshuffle, which could generate unanticipated fragmentation and hamper EU enlargement.

Democratization and Reform in SEE

The lack of a unified EU accession policy creates multilayered repercussions in SEE. In the case of Montenegro – regarded as a front runner for EU integration – the country made very limited progress and even backtracked in certain policy fields. E.g., journalists complain about being intimidated by state representatives. The opposition blames the current Montenegrin government and president to cement its position in power and keep the opposition divided and weak. This division includes domestic EU accession policy, eliminating eligibility of EU preaccession funds, which pushes domestic elites to seek alternative funding. Chinese investments and loans significantly increased in the last five to ten years. Furthermore, Chinese contracts involve secrecy, which opens the reality to breaches of regulations and high-level domestic corruption in Montenegro with negative implications toward EU accession and regional stability.

A similar situation occurs in Albania where a stalled integration process opens possibilities for irregular and politically motivated

investments from different sources, dragging the country backwards in public affairs transparency. The government has been under enormous pressure from street protests, and the legitimacy of the political elites in power is at a record low, as is the level of trust in state administration. The rate of organized crime remains very high. The functionality of the parliament is also questionable, given the 6-month-long boycott of the opposition in 2018. Institutional dysfunction in Albania is exacerbated by politically motivated investments in the absence of a unified EU policy towards the country.



The situation in North Macedonia is somewhat more optimistic due to the current political leadership. The government successfully solved the long-lasting name dispute with Greece, albeit with difficulty. In stark contrast, the lack of compromise in Brussels (October 2019) to reward the country with an opening of accession negotiation talks represented a huge discouragement and delegitimation of pro-European forces. The current prime minister, who played an important role in compromise building with Greece, has followed-through on his pro-EU election platform mandate. Uncertainty follows in the mid-term, if and when new elections will be held, which injects the likelihood of slowing of positive reforms. This also complicates intra-state relations between North Macedonia and Albania, making tough compromises necessary for reforms even more difficult to reach. The lack of a unified EU approach toward SEE can anticipate domestic population backlash in future rounds of elections in the short-term, as well as fracturing intra-regional relations, such as between Macedonia and Albania. For Croatia, the EU presidency will therefore be an opportunity to proactively support cooperation and regain legitimacy in SEE.

Policy Recommendations For the Croatian EU Presidency

- Assess which EU Presidency 'trio' cohesive themes are achievable, utilize political momentum, focusing efforts on key areas. Concentrate on 3-4 feasible projects, realizing limited time.
- Emphasize and strengthen the EU's role as a guarantor of individual and civil society rights, in line with Agenda 2030, by proactively engaging with EU politicians on the urgency of this narrative in SEE with examples of policy back-tracking.
- Utilize climate change as a common political agenda of existing EU members, transpose this issue as a unified engagement agenda towards SEE, and consider tailored aid package proposals that are cost effective to the EU given the alternatives, and remain aware of regional economic challenges in SEE.

- Coordinate EU support for SEE regional economic developments together with SEE countries, taking into account ecological and social impacts, such as sustainable tourism.
 - Reinstantiate the EU Council's crucial role as the most proximate SEE influencer, the geopolitical risks of the failure-to-act, and identify unified EU accession policies for the Zagreb 2020 summit.
 - Convince EU member states, in particular France, which show a critical attitude towards enlargement to regain a coherent enlargement strategy that will be for the benefit of both the EU and SEE.
 - Coach the WB6 leadership on a common request to the EU Council that coincides with a common EU issue, such as sustainable energy independence and reduction of carbon emissions, in order to regain momentum from Brussels toward SEE.
 - As a successful (ex-)WB country, address EU-skeptics within WB6 and show the benefits of enlargement; explain to EU-skeptics in Brussels the limitations on the window of action, and the EU economic cost risks of failure-to-act.
 - Focus on strengthening rule of law throughout the EU, including Croatia itself, and countering double standards.
 - Confront semi-authoritarian "stabilocracy" that claims to provide stability through illiberal means in the EU and candidate countries. Reemphasize the EU-political accession criteria of democracy, rule of law, and fair and free elections. Propose monitoring the upcoming elections in Serbia.
 - Use the Croatian Presidency to stimulate regional cooperation in SEE and improve Croatian bilateral relations in SEE together with clear communication to the Croatian public.
 - Propose a balanced approach between humanitarian and security aspects of migration. Avoid criminalization of migrants, yet be more deliberate to protect borders, such as improved cooperation at the Croatian-Serbian and Croatian-Bosnian border.
 - Promote reform of the Common European Asylum System, based on human rights, re-examining the Dublin System, and strengthening the European Border and Coast Guard Agency (Frontex).
- Support the implementation of the Prespa Agreement and reward North Macedonia's successful solution of the name dispute with Greece before political backlash in elections.
 - Reevaluate the process and procedures of enlargement; calculate the economic advantages of the collective 'en bloc' approach to accession negotiations, and engage the WB6.
 - All WB6 countries should receive accession candidate status simultaneously in the short-term. An *en bloc* offer of candidacy and open negotiations would create an unrepeatable and ground-breaking common project.
 - Offer a 'membership-lite' until full membership will be reached, something more than now but less than full membership.
 - Coach the WB6 vis-à-vis key parliaments and governments of the EU member states. Special envoys and teams of experts should assist aspirant countries concerned with resolving political 'mega problem' (Serbia – Kosovo; BiH etc.).
 - Open negotiations with North Macedonia and Albania, and on Montenegro's and Serbia's remaining chapters. This would generate momentum that could have a positive impact on reforms and cooperation in the region.
 - Support democratization actors. Civil society and media need something concrete to build momentum. This includes the entire WB, as well as Turkey.
 - Use existing mechanisms toward the WB to help those back-sliding in democratic rule-of-law. Vet politicians before providing public support that would delegitimize parallel EU accession efforts.
 - Assessments of the WB should be frank, not sugarcoated.
 - The implementation of agreements – in particular regarding the Belgrade-Prishtina/Priština dialogue – needs assistance. Employ EU experts to develop realistic time tables on implementation.

For SEE Countries

- Overcome antagonism and cooperate as close as possible in the enlargement process. Consider a "buddy system" where countries work together to help with administrative issues.
- Be engaged in Brussels with an *en bloc* negotiation strategy to create a new catalyst for European integration process.
- Lobby EU27 parliaments as they will have the final say, not only EU representatives in Brussels.

For the EU

- Return to stricter observation/monitoring of fulfilling political principles of the 'Copenhagen Criteria'.

For the United States

- Revitalize and encourage 'the NATO Quint' (U.S., Germany, Great Britain, France and Italy) as a multilateral tool to overcome internal divisions; support Brussels' EU representatives and the member states to move the WB6 – as a group – toward accession conditions.
- Use U.S. bilateral trust and influence in the region to encourage the WB6 to cooperate, overcome their divisions, and reform deficiencies.

These policy recommendations reflect the findings of the 39th RSSEE workshop on "Croatia's Upcoming EU Presidency – A Catalyst for South East Europe?", convened by the PfP Consortium Study Group "Regional Stability in South East Europe" in Split, Croatia, 26 – 29 September 2019. They were prepared by Sandro Knezović and Todd Martin (IRMO, Zagreb) on the basis of proposals submitted by the workshop participants. Valuable support came from Benedikt Hensellek, Predrag Jureković and Klara Krgović (National Defence Academy, Vienna) as well as Olaf Garlich and Zoltan Homonnay (PfP Consortium Operations Staff).