

The Balkans in the Era of Never-Ending Enlargement

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On Sunday, 23 June 2013, Albanian voters went to the polls in parliamentary elections. The inhabitants of this small Balkan nation had to choose between dozens of parties organised in two main coalitions. What was striking, however, was that both of these leading coalitions presented a very similar vision of Albania's long-term future as a member of the European Union (EU). The Alliance for Employment, Prosperity and Integration, led by Sali Berisha, Albanian Prime Minister from 2005 to 2013, used EU flags throughout its election campaign. Its main competitor, the Alliance for a European Albania, led by former Tirana mayor Edi Rama's Socialist Party, announced its programme in its very name. "European Albania" and "integration" were buzzwords throughout the campaign, suggesting that, as seen from Albania, the EU's attraction and soft power remain undiminished.

On 19 April 2013, the Serbian and Albanian Prime Ministers came together in Brussels and signed a historic agreement to normalise relations. This came fourteen years after the end of the war that had resulted in Kosovo breaking away from Serbia. Observers noted that this historic agreement was negotiated and signed by Serbian Prime Minister Ivica Dacic, who, in an earlier political life, had been the spokesman for the former Serb President Slobodan Milosevic. The Deputy Prime Minister and strongman of the Serbian coalition government Aleksandar Vucic was another interesting party to this diplomatic breakthrough. Vucic had long been a popular figure in the Serbian Radical Party, in the past the most nationalist movement in Serbian politics. He then left the Radical Party with others in 2008. The reason for the split,

which had profound consequences for Serbian politics and brought Vucic to power, was the new policy of Vucic and others to embrace, rather than reject, EU integration as a strategic goal for Serbia.

Remarkable Attraction

Throughout the Western Balkans, in 2013, issues of EU integration remain at the centre of national politics. Across the region, the European issue has confounded nationalists, created a rare point of consensus for political opponents and constituted an easy answer to an obvious question voters put to leaders: how to overcome the historic backwardness of one of Europe's poorest regions. The fact that economic and political crises elsewhere on the continent – from Portugal to Greece, from Ireland to Cyprus – have not diminished the attractiveness of the European idea is remarkable.

Croatia became the 28th Member State of the EU in July 2013. Montenegro is deeply engaged in its accession negotiations. There is no debate over the use of the euro as the national currency in either Montenegro or Kosovo today. The very fact that the new European External Action Service is achieving its hitherto biggest diplomatic success anywhere in the Balkans is also an indication of the continuing potency of the promise of enlargement. And yet, a closer look at the reality of the state of EU integration of the Balkans today suggests a more complex, and less reassuring, picture of European influence. The year 2013 has also seen the emergence of a new gap, as the Balkans divide into two groups. On the one hand, we find countries for which the EU does in fact constitute a credible medium-term prospect; on the other hand are countries excluded de facto from this project for the medium and long term. What makes both the

summer 2013 Albanian elections and the Serbia-Kosovo deal significant is the question of whether either Albania or Serbia (or both) can still manage to join the group of credible EU aspirants before that train leaves the station. For now, Bosnia and Herzegovina, Kosovo and Macedonia have settled into a political limbo, from which it is becoming increasingly hard to imagine how they will ever break out.

The Social Costs of Non-Europe

There is also a strong economic and social dimension to this debate. An analysis of economic trends in the past decade suggests that voters and leaders in the Balkans act rationally when they embrace a European vision. Today, the countries of south-eastern Europe constitute one of the poorest regions on the continent. And yet, within the region there has long been a prosperity gap between those countries that managed to join the EU earlier and those left on the outside (see Table 4). The Balkan states with the least developed relations with the EU are also the poorest: Kosovo, Albania, Bosnia and Herzegovina, and Serbia (all of which were not yet candidates for EU accession in 2011).

TABLE 4 Comparison of GDP per Capita in 2011

	EU-27 average is 100
Kosovo	18
Albania	30
Bosnia and Herzegovina	30
Serbia	35
Macedonia (candidate)	35
Montenegro (candidate)	42
Bulgaria (EU)	46
Romania (EU)	49
Croatia (negotiating)	61
Greece (EU)	79

Source: EUROSTAT. "Substantial cross-European differences in GDP per capita." *Statistics in Focus*, No. 47/2012, 13 December 2012.

Just as remarkable, and even more significant for the future, however, is the *trend* in the region's economic development. Two things are interesting about the growth performance of Balkan countries in recent years. First, there was economic growth in all countries; that is, all countries in the region were richer in 2011 than in 2003. One simple explanation for this is peace: the past decade did not see any major armed conflict in the region, whereas the previous

decade had seen wars in 1991 (Croatia), 1992-1995 (Bosnia) and 1999 (Kosovo), as well as the collapse of the State in Albania in 1996 and an ethnic uprising in Macedonia in 2001.

Second, in the years since 2003 – when the EU clearly promised a European future to all of the Balkans at the Thessaloniki summit – the economic gap between the region's wealthiest countries and its poorest ones has grown in absolute terms. The result is an ever greater divergence between two groups of countries. The countries that negotiated accession to the EU (Croatia and Montenegro) or joined it (Bulgaria and Romania) in the last decade were already richer in 2003 than the remaining "Balkan five" – Albania, Bosnia, Macedonia, Serbia and Kosovo; however, they have become even more developed since. Rather than catching up, the laggards are falling further behind (see Table 5).

TABLE 5 Gross National Income (GNI) per Capita 2003-2011 (PPP-adjusted, in international USD)

	2003	2011	Change
Romania	7,600	15,800	+8,200
Montenegro	7,500	13,700	+6,200
Bulgaria	8,400	14,400	+6,000
Croatia	13,000	18,800	+5,800
Macedonia	6,400	11,400	+5,000
Serbia	6,900	11,600	+4,700
Bosnia	5,700	9,200	+3,500
Albania	5,400	8,800	+3,400
Kosovo	(5,800)*	7,500	+1,700
EU-27	24,400	32,600	+8,200

Source: World Bank at <http://databank.worldbank.org/data/views/reports/tableview.aspx>.

* See: www.econstats.com/weo/CUVK.htm.

A New Partition of the Western Balkans?

If current trends continue, and other economic indicators suggest that they will, this development gap will grow ever wider. Here it is instructive to look at export and employment trends. An analysis of the different Balkan economies' records of producing internationally competitive goods yields a ranking that once again positions the Balkan countries at the end of the queue towards full European integration. The best export performers are Bulgaria, Croatia and Romania. The worst performers, exporting very little indeed, are Kosovo and Albania (see Table 6).

This has profound social consequences. If one examines how many people of working age (15 to 64

	2003	2011	Increase
Slovenia	7,858	17,447	9,589
Hungary	5,064	12,957	7,893
Bulgaria	1,282	4,844	3,562
Croatia	3,273	5,930	2,657
Romania	950	3,403	2,453
Montenegro	833	2,857	2,024
FYROM	893	2,759	1,866
Serbia	583	2,277	1,694
Bosnia and Herzegovina	670	2,038	1,368
Albania	375	1,362	987
Kosovo	-	718	-

Source: <http://databank.worldbank.org/>

years old) are actually working, an alarming picture emerges. While all countries in the region are below the EU average, it is again those outside the EU integration process in which the lowest share of the adult population is employed (see Table 7).

	Employment Rate (people aged 15-64 working) (%)
Kosovo*	37
Bosnia and Herzegovina	39
Albania*	42
Macedonia	44
Montenegro	46
Serbia	47
Croatia	52
Greece (EU)	56
Bulgaria (EU)	58
Romania (EU)	59
EU-27	64

*The figure for Kosovo is for 2012; the figure for Albania is for 2010.

These economic and social facts have all the makings of a vicious circle: isolation translates to a lack of confidence on the part of potential investors, which, in turn, deepens the social and employment crisis. This makes countries both less competitive and less attractive as future EU members. Kosovo, Albania, Macedonia and others need credible EU prospects to break out of this vicious circle, but without closing the gap, the prospects of EU membership, as seen from Brussels, Berlin, Paris and other European capitals, become increasingly less credible.

The Case for Europe in the Balkans

The arguments for the EU (and the US) to become, and remain, involved in the Balkans over the last two decades have often been negative: images of atrocities and anarchy, fears of further chaos, talk about failed states. Today, however, the success in stabilisation has changed the debate in EU capitals as well. Serbia will not resort to violent means in its struggle over Kosovo. Macedonia is not going to implode in civil war if it does not start accession talks in 2013. Kosovo will not expel its Serb citizens if it does not get visa liberalisation to the EU. Even in Bosnia, nobody expects a return to armed conflict, as most foreign troops have left. And yet it would be foolish to become complacent. The outburst of popular protests in Bulgaria, Turkey and Brazil has shown how quickly frustrations can spill over into the street.

The year 2013 has shown that it is (still) in the Balkans that the EU can best prove the usefulness of the creation of its new foreign-policy machine in leading to a more effective foreign policy. In the 1990s, the Balkans became a laboratory for other interventions elsewhere. Since 2003, EU initiatives here have continued to serve as incubators for policies. EU visa roadmaps for the Balkans, after producing real results and reforms, have been adapted to the conditions of the Eastern Partnership region. The prospect of post-conflict multi-ethnic democracies forging a lasting democratic peace remains a bold vision. So does the vision of European integration helping impoverished societies break out of vicious circles of under-development. This is why the consequences of the April 2013 Serbia-Kosovo deal matter so much: will a European breakthrough for Serbia create a similarly irreversible dynamic there in 2013 to the one that EU integration created for Croatia in 2003? This is also why Albania and the conduct of the 2013 elections mattered so much. Can this NATO member, which has no disputes with its regional neighbours, catch up to Montenegro and Serbia and open EU accession talks soon? Progress made by Serbia (as an inspiration to Bosnia) and Albania (as an inspiration to its neighbours Kosovo and Macedonia) may yet help to prevent the scenario of a new partition of the Balkans. The biggest challenge to the Balkans in 2013 is to avoid a new trap in which low confidence and expectations translate into hopelessness. As of now, it remains unclear whether this challenge will be met.