

A new start in the Balkans?

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»» The EU's policy towards the Balkans has attained some notable achievements in recent months. On July 5, EU accession talks with Croatia were successfully concluded, paving the way for Croatia to join the Union in 2013. In Serbia, fugitive war criminal Ratko Mladic was arrested in May, following a 15-year manhunt. Goran Hadzic, the last prominent Serbian fugitive, was also apprehended shortly after Mladic's arrest. Additional diplomatic progress was made on the Kosovo-Serbia impasse. An initial EU-sponsored agreement between Serbia and Kosovo was reached in early July on civil registries and freedom of movement, following a landmark UN resolution in September 2010 under which the EU expressed a willingness to mediate in resolving technical issues.

While these developments have produced what EU Commissioner Stefan Füle has referred to as an 'enlargement momentum', the situation in Bosnia, Kosovo, Albania and Macedonia remains highly unstable. There are concerns that with EU efforts largely directed towards the Middle East, the Balkans may not receive the requisite attention.

In this context, the EU is set to initiate one of its biggest institutional overhauls in the Balkans since the launch of the Stabilisation and Association Process (SAP) in 2000. This is to bring policy into compliance with the Lisbon Treaty. The changes will significantly impact Bosnia and Kosovo, where two new senior diplomats will be 'double-hatted' as Heads of the new EU Delegation and the EU Special Representative (EUSR). One of the most significant consequences of this institutional overhaul will involve the decoupling of the office of the EUSR and the current international missions (namely the Office of

HIGHLIGHTS

- The EU has initiated a major institutional overhaul in the Balkans, which has been heralded as an important development for a stagnant EU Balkan policy.
- But in order to bring the region closer to the EU and preclude continued instability, the EU will need to strengthen its political engagement beyond a mere institutional restructuring.
- The EU needs to demonstrate that it has the political will and leadership capacity to orchestrate the reform process by disposing of its 'wait and see' policy and adopting a more pro-active and comprehensive approach.

»»»»» the High Representative in Bosnia and the International Civilian Office in Kosovo) which have to date been fully integrated and led by a senior diplomat.

This transition has been heralded as an important development for EU policy. Despite the publicity however, the new institutional framework is unlikely to affect local dynamics in the absence of a revamped political strategy, given the nature of the problems that have plagued the EU's Balkan policy in the past. These include international divisions, policy inconsistencies and local obstructions.

REVAMPED STRATEGY?

The SAP was formally launched in 2000. Determined to address the complex post-conflict and post-authoritarian transitional challenges in the region, the EU employed an approach that combined conditionality and crisis management instruments, in the context of prospective EU integration. In an effort to streamline external efforts (particularly in Kosovo and Bosnia), the EUSRs were 'double-hatted' as international civilian envoys in 2002 and 2008 respectively.

While there was some measure of success under this framework, the strategy did not deliver the expected results. International divisions between the US and the EU (and within the EU itself) undermined the potential for influence and provided local actors with an opportunity to exploit divisions in order to delay painful reforms. The EU's inconsistent 'hands-off' approach, coupled with the lack of a cohesive strategy, yielded reactive, ineffective measures and a loss of credibility on the ground. Local dynamics also served to obstruct policy initiatives, often holding EU reforms hostage to political bickering. The still distant prospect of EU integration did not create the intended sense of urgency and the process stalled – this was so particularly in Bosnia, Macedonia and Albania.

It is in this context that the EU has initiated a significant transformation of its ground-level approach. Beginning this year, all EU delegations in the region will be required to serve under the authority of the High Representative of the Union. Changes in Bosnia and Kosovo (where international civilian missions are still in place) are likely to be more far-reaching. The March 2011 European Council announced its intentions to enhance the EU presence in Bosnia, which will be headed by a senior diplomat who will act both as the head of the EU delegation and the EUSR (distinct from the High Representative, the international envoy charged with implementing the Dayton peace agreement). The transition process will involve the transfer of 29 EU officials currently working in the political, legal and communications departments in the Office of the High Representative (OHR), and is scheduled to be completed by the end of August, when HR Inzko's mandate as EUSR will terminate. In addition to a toolbox of political and economic instruments, the EUSR will be empowered to impose sanctions against persons whose activities undermine Dayton.

The situation in Kosovo is likely to be similar, but specific plans remain ill-defined. Since April 2011, the International Civilian Representative (ICR, the international envoy tasked with assisting the Kosovo government in the implementation of the Ahtisaari plan) has no longer been operating as the EUSR, and a newly appointed EUSR is now preparing to lay the groundwork for a strengthened EU presence. While the future of the International Civilian Office (ICO) is unclear, downsizing is currently in process and all of the ICO's regional offices are scheduled to close by September (except for the Mitrovica Office, where the ICO will continue to assist the Kosovo government in strengthening its presence in the north). Internal EU divisions concerning Kosovo's status coupled with prominent US involvement potentially represent significant hurdles during this transitional phase.

UNRESOLVED CHALLENGES

While the institutional overhaul is likely to breathe new life into a stagnant political process, the EU risks falling short in the absence of a revamped political strategy. In this context, the EU will remain ill-equipped to address many of the critical challenges that have historically undermined the EU's policy in the region, and which have served to aggravate the politics of obstructionism.

One of the primary challenges concerns divisions between the US and EU in relation to both the nature and scope of reforms, and the tactical approach to achieve these. Increased political instability has aggravated these differences, with the US favouring a more forceful, aggressive approach, including the use

of international executive powers for as long as is necessary. In the Bosnian context, for example, US Assistant Secretary of State Philip Gordon recently suggested that while the US welcomed the enhanced engagement of the EU in Bosnia, it was fully committed to supporting the presence of the

OHR in light of recent instability and amplified nationalist rhetoric in the country.

In contrast, the EU continues to favour a more subtle diplomatic approach based upon increasing domestic ownership; and has lobbied to accelerate the devolution of political competences to local authorities. The debate over the removal of international envoys has intensified in recent years; but the EU has so far failed to convince the US that it exhibits the requisite leadership and resolve to fend off disintegration and political instability in the region by itself. The EU's record in the

region seems to weigh negatively in US diplomatic calculations.

In this climate, the transformation of the EU presence is likely to continue to coexist awkwardly with a still-prominent US role. The implications for the region are significant and there is a strong likelihood that local leaders will persist in exploiting divisions in order to delay controversial reforms and avoid much-needed compromises.

In the Bosnian context, these divisions have been increasingly visible. While joint international efforts have proliferated in recent years, recent developments indicate the willingness of major actors to engage on an individual ad hoc basis (with limited effectiveness). In early February, for example, German Chancellor and EU representative Lajcak held a round of consultations with party leaders on constitutional issues without directly involving the US. This initiative failed to garner much support and provided local leaders with yet another opportunity to impede the process. More recently, the US engaged in a series of conversations with party leaders intended to facilitate the formation of a new government - it has been more than ten months since the elections - but the process yielded no results. While these developments do not suggest that the EU and the US have abandoned joint efforts, it does reveal a propensity to pursue individual agendas in lieu of a coordinated strategic approach. The new institutional framework could worsen this problem.

Another challenge involves EU policy inconsistencies, particularly in reference to EU efforts to keep Serbia's EU candidacy on track at the expense of other pressing issues in the region. The EU's diplomatic manoeuvrings in the Kosovo-Serbia impasse are illustrative. Partly due to Serbia's new and more moderate stance, but largely owing to intense closed-door negotiations, the EU managed to draft a joint UN resolution with Serbia in September of 2010 calling for an EU-mediated dialogue

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»»»»» between Kosovo and Serbia in order to resolve technical issues. The agreement involved EU HR Catherine Ashton working directly with her Serbian counterpart substantially to revise an earlier draft that questioned Kosovo's independence and called for renewed talks on all open issues. The compromise was viewed as a historic diplomatic victory for the EU, which succeeded in effectively becoming a broker in settling the Kosovo dispute in place of the UN.

Following five rounds of negotiations mediated by the EU, a verbal agreement was achieved on July 2 addressing issues of freedom of movement and birth registries. Subsequent developments however, have suggested the potential for negotiations to unravel. A sixth round of negotiations was postponed until September owing to disagreements over custom stamps (prompting Pristina to block goods with a Serbian stamp). These issues have served further to strain relations between the relevant parties during a critical time. The implementation phase will likely compound these pressures and pose a significant challenge in a region where laws are generally enacted but not fully executed.

While Europe remains resolute in terms of settling the Kosovo dispute, the EU's efforts in other parts of the region have been wanting. In Albania, for example, the EU has failed to facilitate resolution of a political impasse that dates back to June of 2009. Public statements and efforts to cajole the parties into direct negotiations have been more prominent in recent months; but the EU has not taken an active role in mediating the process. Similarly, the 'name dispute' between Macedonia and Greece has plagued Macedonia's EU bid, yet the EU has still to engage directly or devote the necessary resources to find a diplomatic solution. In the interim, ethnic incidents in Macedonia in 2010 and 2011 (including shoot-outs along the border with Kosovo) have continued to spark fears of a resumption of violence.

The pervasive politics of local obstruction and entrenched inter- and intra-communal differen-

ces constitute additional challenges which the EU has struggled to overcome. International divisions and the lack of a consistent strategy are largely at fault. The wavering multi-tiered EU approach has also failed to create a sense of urgency amongst the local leadership in the interest of advancing the EU's reform agenda. Furthermore, the inconsistent application of political and economic conditionality has undermined the EU's credibility in the region. In Bosnia, for example, EU conditions on police and constitutional reform have faltered in the face of local obstruction, contributing to a sense of intransigence, scepticism and disenchantment with the overall process.

Recent developments in Bosnia have also suggested an EU that is unprepared (or unwilling) to address major issues of instability, as evidenced by the recent confrontation between the Serb-dominated entity Republika Srpska (RS) and the OHR in April 2011. Following a resolution by the RS parliament calling for a referendum on the validity of the powers of the HR (and the state-level judicial institutions enacted by him), the OHR publicly expressed a willingness to utilise the Bonn powers. This potential crisis was averted after HR Catherine Ashton (in a surprise visit to Banja Luka) provided assurances that she would initiate a 'structured dialogue' on judicial reform in order to address Serb concerns over the functioning of the judicial system.

While the resolution was portrayed as a diplomatic success for the EU, it indicated a lack of understanding of local dynamics. By directly engaging RS president Milorad Dodik in what many considered one of the most serious violations of Dayton since the end of the war, the EU sent the wrong message to local authorities – namely that political obstruction and nationalist rhetoric might be rewarded. This episode has also undermined an already moribund HR, and thrown into question the credibility of the EU's new sanctioning powers. A critical challenge for the EU will be to find an appropriate balance between the promotion of

domestic ownership and the need to respond to violations of Dayton with suitable measures.

A WAY FORWARD

With the notable exceptions of Croatia, Serbia and Montenegro, which are all on track for EU membership, the Balkan region remains caught in the process of post-conflict stabilisation and transitional development. This is particularly true of Bosnia and Kosovo. In order to bring the region closer to the EU and preclude continued instability, European policy makers will need to strengthen their political engagement in the region beyond a mere institutional restructuring.

The role of the international community in both Bosnia and Kosovo must be reconsidered, given that the status quo is not sustainable. The EU needs to demonstrate that it has the political will and leadership capacity to orchestrate the reform process by disposing of its 'wait and see' policy and adopting a more pro-active and comprehensive approach. Progress in technical negotiations concerning Kosovo has earned the EU a measure of credibility. However, policy consistency throughout the region will be essential in promoting the EU accession process and in repairing the EU's image. Engagement in Bosnia, for example, continues to falter in the face of local obstructionism. The stalemate between the international community and RS reinforced the sense among some local stakeholders that the US remained the only actor capable of effectively promoting their interests. The EU will therefore need to adopt a stronger stance, especially in the use of its newly minted sanctioning powers.

The EU and the US will also need to work in greater harmony in order to avoid political confusion. A uniform, coordinated strategy will not only serve to avoid further instability but will also provide the foundation for a more secure path towards EU membership. Failure to bring

EU and US agendas together is likely to delay the necessary reforms which are critical to moving beyond the post-conflict development phase.

Addressing local obstructionism and inter-ethnic divisions represent additional challenges for the EU. The application of a purely technical approach attached to the EU accession framework will likely fail. More effective and assertive diplomacy will be required to tackle unstable inter-ethnic relations and political stalemates, particularly in Bosnia, Northern Kosovo, Albania and Macedonia.

Bosnia represents significant challenges in this context. The country is still fraught with deep-seated ethnic divisions, which often manifest themselves in relation to the scope of the EU reform agenda. The post-election period has been particularly disruptive, including prolific nationalist rhetoric and talks of secession emanating from the RS. Constitutional reform remains a prerequisite for application for EU membership, but parties have been unable to reach a compromise in almost five years and their respective positions have become increasingly polarised. The EU needs to work closely with the US and other international actors to create a sense of urgency and maintain consistency in the use of sanctioning and executive powers when the situation arises.

The situation in Kosovo remains fragile. While some progress was achieved through the EU-sponsored technical negotiations, the situation in the North (which is largely under Serbian control and subject to sporadic incidents of inter-ethnic violence) continues to pose critical challenges for EU efforts. Furthermore, EU divisions concerning Kosovo's status have served to undermine the design of a comprehensive policy. In this environment, the EU will need to engage in a delicate political mediation process in Northern Kosovo. While Serbia is unlikely to officially recognise Kosovo, the government has recently indicated a willingness to engage in such discussions. Talks concerning the partition of Kosovo have



»»»»» angered the US and Pristina, and it is imperative that the EU provide a mutually acceptable framework for negotiations, with a focus on reinforced autonomy in the North.

The final component of the EU strategy in the region should incorporate a revamped EU accession process. The application of strict conditionality has worked most effectively in Serbia, particularly in reference to the arrest of war crimes fugitives Mladic and Hadzic, removing the final condition for Serbia to gain candidate status by the end of the year. The case of Serbia is somewhat unique however, in that strict conditionality (including an unwavering Dutch veto) was reinforced by the prospect of fast track EU accession and intense political manoeuvring.

The EU needs to refocus diplomatic and political resources on one of the most fragile regions in Europe as developments in the Arab world continue to unfold. In particular, the EU needs to ensure that Bosnia, Albania and Macedonia receive adequate resources and political support, especially in reference to the resolution of their respective political crises. The EU must understand that a mere institutional restructuring will not be sufficient and that failure to ensure fuller political engagement with both local and international stakeholders will destabilise the region's EU accession process. The alternative is a 'wait and see' strategy that will allow political tensions to fester and potentially lay the groundwork for a political and economic backwater in the region.

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