Europe on the Threshold of Southeastern Enlargement

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I. Strategic Dimensions of Southeastern Enlargement

A greater Europe is taking shape. With its enlargement in 2004, the European Union (EU) finally left the division of the continent behind and laid the foundations for the unification of Europe. The next steps of enlargement are mapped out. Bulgaria and Romania have already signed an Accession Treaty with the EU and will become members from 2007 onwards. As early as 1999, the European Council opened the prospect of integration to all states of the Western Balkans, reinforcing it in 2003. Negotiations for Turkey's accession to the EU are to start in October 2005; Croatia has been promised accession negotiations; and the regime change in Ukraine has paved the way for the rise of a new potential candidate country.

This greater Europe is about to enact a constitution that offers a comprehensive framework for future European governance. The draft constitution prepares the Union for the new realities of an enlarged Europe, a Union that has to fulfil its international responsibility, meet its citizens’ approval and develop a future-oriented economic and social model. Following the 2004 enlargement, the EU borders insecure eastern and southern neighbouring regions; forging them into a ring of friends will require the utmost effort.

Europe's power is, firstly, economic. The Union has the largest internal market in the world and, with the euro, a common currency important in global financial markets. The EU's share of worldwide trade and investment, and its share of development aid render the EU a global economic power. Yet Europeans are also increasingly taking on political and military tasks in international crises. In its global strategic partnership with the United States, Europe has a particular responsibility in stabilising the Balkans.

Europe’s current capabilities enable it to solve the historic problems of the Balkans, which have preoccupied European states since the 19th century. The geographically indistinct label “Balkans” stands for an explosive mixture of ethno-national passion, historical grievances, territorial power politics, weak civil societies, and economic backwardness. Rival nation-state projects of local elites have, time and again, clashed with the region’s ethnic heterogeneity. Since the Congress of Berlin in 1878 many ideas of order in the Balkan region have failed because of conflicting interests among the European great powers.

Today, by contrast, the EU offers procedures and instruments to coordinate, formulate and implement a joint Balkan policy of the Union’s member states. The High Representative provides a face and a voice for European foreign and security policy. The bitter experiences with the dynamics of Balkan conflicts and the failures of European crisis management at the beginning of the 1990s taught the big European nation-states joint action and led to a convergence of their substantive interests. Diverging opinions, for example on the opening of accession negotiations, are now less likely to result in unilateral moves by individual member states. The Belgrade, Dayton and Ohrid Agreements, and UN Security Council Resolution No. 1244 created a legal framework for conflict resolution; troops and administrations led by the Europeans in
Bosnia and Herzegovina, as well as in Kosovo can effectively represent overall European interests in the Balkans.

With the prospect of accession, the EU has a well-established and very effective instrument for influencing political and economic developments in Southeast Europe. The incentive of membership contributed strongly to the Central and Eastern European candidate countries’ establishing stable democracies, overcoming bilateral conflicts, and adapting their economic and legal systems to broader European standards. The prospect of EU membership, used strategically, can similarly act as an external anchor for stabilisation and development in the countries of Southeast Europe.

The prospect of accession promotes reforms and liberal political forces in the Balkan countries themselves. However, it is also the EU and its member states that will ultimately benefit from an EU accession by countries of the region. Only fully integrating the Balkan countries into the EU can secure the strategic advantages that co-operation and association yield for the EU today. Access to the internal market and cohesion funding of the EU contributes to reducing the structural roots of poverty and backwardness. Thus this access protects EU member states against negative spillover effects, such as migration and organised crime. Because both the recent wars and decades of neglect during the era of state socialism mean the entire region is in great need of development, longer-term dynamic growth should be expected, from which the current EU member states will profit.

The economic prospects of the region are altogether positive. The EU, the International Monetary Fund, and the European Bank for Reconstruction and Development all consider the conditions for growth and the reform process in Southeast Europe as nearly certain over the long term. Prospects for accession lend additional dynamism to the process of economic transformation. Growing inflows of foreign direct investment to Southeast Europe, and particularly to Bulgaria, Croatia, Romania and Serbia, over the past three years show that the risk assessments of foreign investors have changed in favour of the region.

Participating in the common European space of freedom, security and law guarantees the same standards and reduces mutual distrust in sensitive areas of international co-operation, such as border protection, combating crime, immigration, refugee and asylum policy. Contributing with equal rights to the common foreign and security policy of the EU also develops trust, which is an important basis for strengthening pro-European political views and attitudes. Regular, intensive contact with the EU’s institutions deepens transnational relations. This benefits the EU and its current member states.

Much speaks in favour of the fact that only full involvement in the process of European integration brings growth in the functional ties, empathy and culture of co-operation that can durably overcome the region’s ethno-political tensions. Membership, in contrast to a third-country status of association or partnership, has symbolic relevance, in terms of a sense of belonging to Europe as a whole, equally and responsibly.
To assess the benefits of southeastern enlargement, the costs of non-enlargement or a long-term delay of enlargement ought to be taken into account. With enlargement vanishing into a distant future, the status quo in the region is likely to become unsustainable. The stability dividend gained from the Stabilisation and Association Process would be put at risk. Even if Europe were able to contain the ensuing security threats, it would perpetuate the marginalisation of the Balkans, incurring all the negative effects of a Central American-style backyard. The resulting integration vacuum would not only hinder the development of Bulgaria and Romania but also harm Greece and Italy. Disappointment and the lack of prospects might vent themselves in new violence against ethnic minorities, the costs of which not only the region but also the EU and its member states would have to carry.

II. Conditions for Accession

EU accession, however, requires the Balkan countries to settle their statehood conflicts and establish stable democracies under the rule of law, guaranteeing the protection of human rights and minorities. A functioning and, in the long term, competitive market economy, adoption of the Union’s *acquis communautaire* and the willingness to co-operate with neighbouring states and international organisations are further conditions.

The EU put the most important preconditions for accession into concrete terms in the Stabilisation and Association Process. To date, only two countries, Croatia and the Former Yugoslav Republic of Macedonia (hereafter: Macedonia), have achieved the objective of this process and concluded a Stabilisation and Association Agreement with the Union and its member states. With the exception of Croatia, the countries of the Western Balkans are still far from fulfilling the accession criteria.

As long as the final status of Kosovo is not settled, EU accession of Serbia and Montenegro seems to be as much an illusion as that of Kosovo. Whereas Kosovo Albanians and their political representatives strive for the independence of their territory, Belgrade wants to keep Kosovo as part of Serbia and the State Union of Serbia and Montenegro. In September 2004, the Balkans Contact Group, consisting of the EU, the big EU member states, Russia and the United States, declared that negotiations over the final status of Kosovo required the compliance with standards of democracy, human rights and the protection of minorities. In mid-2005, the UN Security Council wants to review whether these standards have been attained in Kosovo.

The violent clashes between Kosovo Albanians and Kosovo Serbs in March 2004 highlighted the interethnic differences, and the socially as well as politically motivated dissatisfaction of Kosovo Albanians. There is a great risk that this protest potential will increasingly be directed against the UN administration in Kosovo and the multinational KFOR troops. The unsolved status question hinders economic and political development in Kosovo, as well as in Serbia and Montenegro. Settling the status question is not a necessary precondition for a Stabilisation and Association
Agreement (SAA) with Serbia and Montenegro. An SAA with Kosovo would, however, require a sovereign state.

In Bosnia and Herzegovina (hereafter: Bosnia), progress toward EU accession depends on whether the political representatives of the three constituent peoples are willing and able to accept the current state as their common state and govern in consensus. Even though most Bosniaks, Bosnian Croats and Bosnian Serbs advocate EU membership, relations among the groups are still dominated by distrust and reservations, rooted in the wounds struck by the civil war of 1992 to 1995. Bosnia, therefore, continues to depend on the EU-led EUFOR troops and the High Representative of the international community of states, which have to interfere to ensure peace and overcome political blockages. Many local politicians tend to shirk their own political responsibility, relying on the protector and supervisory institutions of the international community.

In November 2003, the EU Commission presented an overall positive feasibility study for an SAA with Bosnia. Yet the EU wants to negotiate the agreement only if the country fully co-operates with the International Criminal Tribunal for the Former Yugoslavia (ICTY). The main question is the arresting of suspected war criminals who are in the political entity inhabited by Bosnian Serbs, the “Republika Srpska”.

The State Union of Serbia and Montenegro negotiated by the EU has an uncertain future, as the current Montenegrin government wants to found an independent state and hold referendum on that topic in 2006. Diverging economic and political interests between the two constituent republics of Serbia and Montenegro obstructed the establishment of a common market for the State Union, which is an important prerequisite for an SAA. Since September 2004, EU diplomacy has suggested a “twin-track” approach to overcome this blockade. Under this approach, economic and trade questions, which are powers of the individual republics, are negotiated separately with each. The agreement, however, now as before, is to be concluded with the State Union. As Serbia improved its co-operation with the ICTY and transferred a significant number of indictees to The Hague, in April 2004 the Council decided to open SAA negotiations.

Further progress on the way towards EU accession is, in addition, bound to Serbia’s seizing and extraditing all war criminals accused by the ICTY and living in Serbia. Moreover, the accession prospect is linked to the assumption that Serbia does not obstruct negotiations over a final status of Kosovo.

Both republics could also individually join the EU, and a consensual separation that reflects the will of Montenegrin and Serb citizens could not be countered by reservations under international law. In view of the experiences with the disintegration of Yugoslavia, the EU wants to maintain the state in its present form, as EU diplomats are afraid that yet another disintegration could destabilise neighbouring states.

Macedonia has already concluded an SAA with the EU and its member states, and applied for EU membership in March 2003. With the Ohrid Framework Agreement, the EU was able to end the ethno-political conflict.
of 2001 and establish a new constitutional basis for the coexistence of ethnic Albanians and ethnic Macedonians. Irregularities accompanying the local elections, recurring government crises, the referendum initiated against the territorial-administrative reform as well as violent acts of extremist Albanians are, however, proof of persistent political instability. Important elements of the Ohrid Agreement, such as the decentralisation of public administration, are not yet supported by all political actors. 

Albania has been negotiating an SAA with the EU since 2003. Yet negotiations are stagnating, as the Albanian state is handicapped by criminal elements, great shortcomings in terms of the rule of law, and paralysing political differences. Together with the country’s general economic development deficiencies, these problems represent fundamental obstacles to the integration process.

All countries of the Western Balkans must thus overcome their own specific and, without exception, high hurdles on the way towards EU accession. These efforts demand persistent political will for reform, based on a broad consensus in society and the political system. Liberal, western-oriented political actors in the Balkan countries, however, do not have safe majorities at their disposal. They have to give their electorates hope of increasing prosperity and a European perspective with a clear time horizon in order to legitimise costly and conflict-prone reforms.

The time horizon for fulfilling these promises is limited, as the low electoral turnout and the boost for reform’s opponents in the Serb parliamentary and presidential elections in 2003–04 showed. In addition, the clientelism and the incomplete economic transformation of the war years have created glaring socioeconomic disparities and exhausted the social trust available for further economic reforms. Balkan countries also differ from the new member states in Central and Eastern Europe in that old elites managed to sustain their power in the first democratic elections and were able to use control over the state to their advantage. This has obstructed the establishment of a middle class that could push forward and support economic modernisation as a counterpart to, and partner of, the state administration.

Populist and radical political forces, which do not offer real political alternatives but can destroy a society’s internal processes of development and reconciliation, benefit from a stagnating accession process. In such a scenario, the EU could even be forced to postpone accession prospects into a more distant future, with the corresponding effects on commitment by foreign investors and the readiness of qualified and mobile groups of the population in the Balkan countries to emigrate.
III. The European Union’s Capacity for Enlargement

The greatest obstacle for integrating the states of the Western Balkans into the EU is the consequences of the latest and upcoming enlargement rounds for the EU itself. The messages of leading EU politicians regarding accession, and the use of instruments from the eastern enlargement create the impression that the previous enlargement process could simply be extended to the southeast, or five to eight additional countries. Changed interests and balances of power within the enlarged EU, however, could trigger off political dynamics that may fundamentally transform the entry conditions for the Southeast European states and postpone southeastern enlargement into the distant future.

The enlargement of 2004 has decreased the average per capita income of the Union and doubled the income disparities between the poorest and the richest member states. Correspondingly larger differences in the factor cost relations and, thus, the competitive positions of the national economies restrict the common scope for further steps in integration.

Poorer member states, whose comparative advantages are based on lower labour costs and tax rates, are less interested in social and environmental EU standards that worsen their competitiveness. In the past two years, several countries in Southeast Europe lowered their personal and corporate income tax rates, the latest being Romania in January 2005. Flat taxes, which apply a linear rate equally to all companies and income forms, are considered a decisive comparative advantage to attract foreign investment.

In the richer member states, by contrast, the low-wage and low-tax competition from Eastern Europe is perceived as a threat to their own economic and social order. In this public climate, the Union’s net contributor states refuse to support the numerous new member states at levels previously granted to cohesion countries in the EU-15, referring to their domestic fiscal pressures. The common European identity willingly conjured up in speeches does not seem to be stable enough to overcome these diverging interests and support pan-European solidarity.

With the eastern enlargement, the EU was joined by ten more states whose historic experiences and identity are not congruent with those of the six founding nations. Nevertheless, if the EU wants to remain capable to act, compromises will have to be found that are comprehensible for, and acceptable to, 25 different national publics and policy communities. Compared with the early years of integration, such compromises can be publicly communicated less by referring to a common identity and experience. By contrast, they depend to a greater extent on the weighing and balancing of rational interests.

Moreover, the sheer number of member states makes it more difficult to maintain the previous consensual decision-making culture in the Council of Ministers. The weaker the unquestioned and common understandings, and the more competitive the decision-making practice,
the more susceptible to blocking efforts of individual member states the decision-making process seems to be.

The new member states pursue their own security policy priorities with the effect that interests in an enlarged EU are becoming altogether more heterogeneous.

First, the perceptions of risk and the security policy priorities of the member states in the neighbourhood of Russia differ from those of the states bordering the Balkans or the Mediterranean. Because geographical proximity is an important factor influencing many new security risks, a further regionalisation of EU security policy seems likely. It will tie into initiatives such as the Barcelona process and the Northern Dimension, and will mainly be supported by those states that are particularly interested in, or affected by, the individual regional problems.

Second, the controversies over the war in Iraq have shown the different interests and capacities of the EU member states with regard to their participation in military actions. The controversies reminded everyone that national political elites want to keep full sovereignty in questions of war and peace, and do not wish EU-wide consensus-finding to restrict their freedom of decision-making.

The approaching accession negotiations with Turkey represent a fundamental caesura for the Union, and its consequences will only gradually become visible. By inviting Turkey, the EU not only crosses the geographical borders of Europe. It has also relinquished the option of denying accession to other possible candidates on the grounds of universal, non-discriminatory principles. What reasonable objection could be raised against EU membership of Ukraine, given its centuries of ties with Polish and Austrian history? The same goes for the Maghreb states or a Europe-oriented Russia. For the EU such an enlargement implies that the aim of a political union will be completely subordinated to geo-strategic interests.

In sum, as a result of these new interests and balances of power, the EU might make the states of the Western Balkans associates but postpone membership for a long time. The costs of eastern enlargement and integration of Bulgaria, Croatia and Romania may absorb the capacities of the donor countries in the EU. Many EU citizens are sceptical about new enlargement rounds, inter alia because they are not aware of the strategic importance of southeastern enlargement. The violent conflicts in the Balkans can be considered pacified. From a security-policy perspective, therefore, preparing Turkey’s accession ought to be given priority. Its policy towards Turkey shapes Europe’s relations with the Islamic world and, thus, Europe’s attractiveness as partner, democratic and societal model in this important region.

Experiences with the Balkan states leave doubts of whether the political elites in these countries are ready for integration. EU member states striving for deepened integration would, therefore, most probably prefer co-operation in specific policy fields with like-minded member states
instead of new enlargements. They will advocate association, and so will those member states and economic actors who are primarily interested in trade liberalisation. It remains doubtful whether, under these circumstances, a critical mass of member states ready for southeastern enlargement can be found.

IV. A Plan for Southeastern Enlargement

What happens if a coalition of interests favouring “association instead of membership” forms itself within the EU, while liberal reformers in the Balkan states lose ground to populist and radical forces? This would result in a destructive dynamic of exclusion and disintegration. To prevent such an integration vacuum, EU policy-makers must not leave the Balkan approach to the status quo management of diplomats and bureaucrats, but must actively shape the stabilisation, association and integration process.

Addressing Statehood Conflicts

Actively shaping the process starts with the still unsettled statehood conflicts in the region, which the EU has to solve together with the liberal, Western-oriented local actors. The integration process offers a unique chance to end these conflicts; a permanent settlement would not only have regional resonance but is also the litmus test for the EU’s credible capacity to act in foreign and security policy.

If Serbs and Albanians living in Kosovo are not capable of finding a lasting solution for the province’s conflict, the EU could take the initiative to negotiate the final status of Kosovo and establish a semi-sovereign Kosovo under European supervision. A settlement of the Kosovo conflict would permit Serbia as well as Kosovo to fulfil the economic and political conditions for accession. Decades of repression, and the expulsion and murder of Kosovo Albanians in 1999 delegitimise the Serb claim to power over Kosovo. Yet the protection of the Kosovo Serb minority justifies restricting the sovereignty of the institutions of Kosovo, which are de facto controlled by Kosovo Albanians.

The EU should, therefore, take command of the KFOR troops and guarantee military security in the area. This would not only make the EU the most important international actor in Kosovo, but also increase the weight of its foreign and security policy. In addition, the EU should work together with Kosovo’s institutions to fulfil the tasks of the police and judiciary, and the EU should also supervise the local police and judiciary. Such an EU presence would guarantee effective protection of the Serb and other minorities. Rights to territorial self-administration ought to be transferred to the Kosovo Serbs in an international agreement. Military security and renunciation of unification with Albania or other neighbouring territories would reduce the risks of destabilising neighbouring states, such as Bosnia or Macedonia. These risks appear to be controllable; e.g., recent opinion polls show that almost half of the Bosnian Serbs and two-thirds of the Macedonian Albanians support the territorial integrity of the states where they live today.
These restrictions on sovereignty should be set out in an international agreement that constitutes Kosovo as an independent state. The EU should propose this agreement as well as the necessary resolution by the UN Security Council. If members of the Security Council block the proposed resolution, the EU should also be ready to recognise Kosovo unilaterally.

Belgrade should be invited to the negotiation of the agreement. From the Serb perspective, a co-operative attitude would be a natural consequence of the government’s declared profession that joining Europe is a national priority. To date, Serbia’s government has not been clear on this subject. If Serbia co-operates, the EU should grant substantial support and offer a quick roadmap for accession. Such an active EU policy on the status question would, ultimately, strengthen the reform-oriented forces in Belgrade, which would lose an economically weak area, i.e., Kosovo, and, at the same time, hand over responsibility for it to Brussels. In addition, the EU would show its partners in the world that it is able to act in questions affecting its security and to take on international responsibility.

If the representatives of the three peoples in Bosnia are not able to hammer out a revision to the Dayton agreement, the EU should support the High Representative’s policy of strengthening the joint state and begin a constitutional reform. Designed to end a civil war, Bosnia’s constitutional framework today appears no longer viable because it freezes ethnic differences and weakens the state’s capabilities. Functioning state institutions are in the interest of all of the country’s ethnic communities because these institutions are the only ones capable of effectively co-ordinating the preparation for EU accession and fulfilling the administrative demands of membership.

The EU should keep up its military presence and continue to control important fields of state administration such as the police and the judiciary. The High Representative should reduce his interventions into government and increasingly take on the role of a mediator and arbitrator. The High Representative’s directives tend to undermine the democratic accountability of national political leaders. To date, the international community has often relieved the local political elites of controversial and important political decisions and thus, ultimately, promoted manoeuvring, obstruction and rigid opposition. Bosnia can, however, only become ready to join the EU if its political representatives develop a consensus-oriented political culture. Because prospects for accession endow the EU with the strongest available incentive and the only long-term outlook unambiguously shared by all ethnic groups, the EU should guide the necessary negotiations on constitutional reforms.

Vis-à-vis Serbia and Montenegro the EU should continue advocating the preservation of the State Union and conclude an SAA only with both republics together. Financial support should be linked to the preservation of the State Union. The twin-track approach should be restricted to economic and trade questions in order to avoid creating additional incentives to dissolve the State Union or presenting a model for SAA negotiations with Bosnia. In Montenegro the EU should
communicate that it does not accept an obstruction of federal institutions, and that secession will not speed up the integration process. It is up to the citizens of Serbia and Montenegro to decide about the continuation of the State Union. The result of a referendum must be respected by the political elites of both republics.

To achieve sustainable solutions for these statehood conflicts, the EU must accompany its settlement initiatives by promoting the rule of law and economic capabilities, on the one hand, and an accession process with a reasonable time horizon, on the other.

**Promoting the Rule of Law and Economic Capabilities**

To strengthen the rule of law, and to develop both the transnational infrastructure and the local private economic sector, appropriate funds have to be committed in the EU’s financial framework. Functioning states under the rule of law are an important structural safeguard against discrimination and injustice, individual and collective experiences that feed political mobilisation in statehood conflicts. Endogenous economic development strengthens the local middle classes and offers employment opportunities and alternatives to those groups which, due to a lack of alternative prospects, are inclined towards supporting populist forces or may become the driving forces of ethno-political conflicts.

Public procurement, privatisation, the reform of the judiciary and the struggle against corruption are strategic reform areas within a state that influence the potential for economic development. The EU should, therefore, direct its aid to these areas. The more economic transformation is supported by a stable and transparent banking system and overcomes implementation problems in commercial and insolvency law, the more international recognition countries in the region will receive for their progress.

In the Commission’s proposal for the EU’s financial framework 2007–13, assistance for the Western Balkans is subsumed under neighbourhood policy. To emphasise its seriousness about southeastern enlargement and clearly commit its resources, the EU should make “enlargement” a heading in the financial framework.

In the case of the Western Balkan countries, the logic of reserving extensive financial aid for members only should make way for a development approach. At present, poorer EU member states receive approximately ten times the per-capita amount from cohesion funding that the accession countries obtained from the pre-accession funds. Pre-accession funds again are distinctly higher than the per-capita contributions from the CARDS programme for the Western Balkans. Instead, financial aid should be primarily oriented toward local needs and its leverage for local development.

The European Agency for Reconstruction has improved the absorption of EU assistance through its operational on-site project management. As promoting institutional capacity increases in importance compared with infrastructure investment, local governments and administrations
should bear greater responsibility for project planning and implementation. This will guarantee policy ownership by domestic actors who need to take responsibility and commit themselves to effective projects.

Persistent political instability and growing populist counter-movements in the region bring great risks, which the EU should meet by intensifying its democracy promotion activity. A larger part of the CARDS funds should be spent to support civil-society initiatives and democratic parties. Parties and civil-society groups can only play their role as “schools of democracy” and agents of public deliberation, if they do not constantly have to struggle for funding.

**Shaping the Accession Process**

Organising the accession process in a strategic manner is crucial. It should not only be structured in transparent stages, which need to be defined by clear conditions, but also better aligned with the need for legitimisation and the time horizon of reform-oriented political elites in the Balkan states.

- The EU should envisage EU membership for the year 2014 for Albania, Bosnia, Macedonia, Serbia and Montenegro, as well as Kosovo, as recently suggested by the International Commission on the Balkans. This indicative target date would reinforce the credibility of the accession prospects and provide local political elites and citizens with a clear and transparent time frame for their own reform efforts. Proceeding from this planned accession date, the EU should agree with governments and important societal actors in the Western Balkan countries on short- and medium-term benchmarks that can guide preparations for accession. Considering that the overwhelming majority of citizens in the Western Balkan states (still) remains in favour of EU membership, a goal-oriented strategic dialogue that reaches beyond official representatives should provide stronger support for the internal reforms that accession will require. Such a dialogue would reduce the uncertainty that currently results from the EU's political position, in which vague prospects of accession are loosely coupled to the fulfilment of multitudes of predetermined conditions, which may multiply over time. Such a dialogue would also overcome the rituals of conditionality, compliance and refusal that government-centric negotiation processes tend to produce.

- Croatia will be able to fulfil the conditions for accession sooner than the other states in the Western Balkans, and Macedonia may also be ready for accession before 2014. A state’s individual capabilities should determine the time of accession. Nevertheless, the common, conflict-rich history of these states makes it imperative to consider the regional dimension of each accession. In principle, there are three options for the strategic timing of the accession process:
(1) An inclusive accession for all Western Balkan countries, based on the model of the Baltic states. In 1999 and 2003, the EU decided to negotiate with and admit both Latvia and Lithuania because both countries were catching up with Estonia and the positive regional effects were seen to outweigh the additional costs of admitting all three. Because the significant statehood conflicts and economic gaps between individual Balkan states mean that catching up is unlikely for some of them, this option does not appear to apply.

(2) Decoupled accession, based on the model of Slovenia, which, in contrast to all of the other Yugoslav successor states, was included in the 2004 round of enlargement. Following the accession of Croatia, however, this option would leave behind a queue of problem-plagued, unstable states that would fall into exactly the dilemma described above: while support for local reformers diminishes, actors within the EU that insist on the status quo gain the upper hand.

(3) Phased accession, based on the model of Bulgaria and Romania, which were part of the accession negotiations with the other Central and Eastern European states, but which will join later as a result of their economic and administrative shortcomings. In concrete terms, this would mean that at the time Croatia joins the EU, accession negotiations with Macedonia would be advancing and those with other states would have begun. A phased accession process takes the regional effects of each accession into account and respects the principle of individual capability. This type of process promises to maximise the positive regional effects of enlargement, because the candidates that are lagging behind could, with sufficient effort, latch on to the success of Croatia.

- How much the Western Balkan states will have to achieve before accession and what could, in the interest of a more realistic and more effective accession perspective, possibly be postponed until after accession, has to be weighed up. As with the eastern enlargement, accession negotiations should be started even though the Balkan countries will only be able to fulfil the economic and administrative accession criteria over the medium term. Negotiations could be linked more closely to the accession preparations by making the opening and closure of acquis chapters contingent upon compliance with chapter-specific benchmarks.

- The EU member states should also, as soon as possible, lift visa restrictions for the countries of the Western Balkans. The many Southeast European migrants already legally residing in Western Europe open various support networks to citizens from these countries who are willing to emigrate. In consequence, the obligation to obtain a visa is unlikely to provide any protective effect. By contrast, the signal that lifting visa restrictions could have in terms of an individual gain in freedom is much more
relevant. Organised crime from the region can be fought in a more effective and targeted manner if the region’s police and security agencies co-operate more closely with the authorities of the member states. In exchange for increased freedom of movement, the Western Balkan states should demonstrate a corresponding commitment. Such a concrete manifestation of EU prospects would provide the pro-European forces in the Balkans with a tangible benefit of their policy.

Reformers in the Balkan states should pay attention to the fact that, ultimately, all EU member states must vote for a southeastern enlargement. The project of southeastern enlargement is now competing with other enlargement projects—not only Turkey, but also a democratic Ukraine—which, for good reasons, could be given strategic priority by the member states. No longer can a Balkan state, therefore, hope for the favour of a Union preparing for a final accession round. The more unfavourable overall constellation has to be taken into consideration in the upcoming association and accession negotiations with the EU as well as in formulating a national accession strategy.

**Enlargement as Differentiation**

Both the Balkan and the EU member states should view the accession process as part of a controlled differentiation of the Union, as only differentiated integration will render the Union capable of enlargement and overcome a standstill at association. Further differentiated integration need not necessarily be the decline of the well-established community method. Numerous examples of differentiated integration exist already, the most visible being Economic and Monetary Union. Only 12 of 25 member states have hitherto introduced the euro as their official currency.

Differentiation does not mean de-coupling other member or third states, but advancing in a group that is open for states willing and able to participate. This method can also avoid both blockades under the unanimity rule of Council decision-making and outvoting under the qualified majority rule. Diverging security interests can more easily be reconciled in formats of differentiated co-operation. Differentiation is the key to democratic and effective governance in the greater Europe.

For relations between the EU and third states on its periphery, differentiated integration carries particular potential. Differentiation allows for a flexible integration of the Western Balkan and other potential candidate countries by making the boundaries between members, non-members and not-yet-members more permeable.

Justice and home affairs are a policy area most suited for such an accommodating strategy of differentiation, since intra-EU co-operation on many of these questions still follows an intergovernmental pattern. Furthermore, intensive, trust-based relations in this area constitute an indispensable precondition of further steps of integration, such as the removal of visa restrictions. In the framework of closer co-operation the Balkan states should not simply be informed about decisions already...
taken. Rather, the EU should consult them during the preparation of decisions and involve them in decision making. Such a far-reaching involvement poses high demands on EU member states as well as potential participant states from the Western Balkans. The member states would have to abandon the exclusivity claim on deciding certain policy issues that they derive from their member status. Western Balkan states interested in participating would have to demonstrate that they can decide responsibly and meet the corresponding obligations.

Differentiated integration does not mean, as frequently assumed, devaluing membership for future applicants. It means, first and foremost, transforming the nature of the EU itself. An accompanying “deconstruction” of the member status could improve the EU’s capacities for governance as a regime of economic development and democratic stabilisation for the entire European continent.

Diversity is a defining feature of both the Balkans and Europe as a whole. A European strategy for the region must take this into account by linking an outward and inward differentiation. The accession prospect is at the centre of this strategy: it constitutes the anchor for Europeanizing the region and the most effective instrument of a common European policy. Europe’s greatness depends on whether its decision makers can use this perspective strategically.