



Austro-French Centre for
Rapprochement in Europe

Synthesis of the international conference ¹

“The Western Balkans at the Crossroads: the Challenge of European Integration in Times of Crisis”

organised in Podgorica, on May 13th, 2013

in cooperation with the IDM (Institut für Donauraum), Austrian Embassy in Podgorica, Centre for Civic Education (Centar za gradansko obrazovanje), Ministry of Foreign Affairs of France, Ministry of Foreign Affairs of Montenegro, Ministry of Foreign Affairs of Austria, and the friendly support of Plantaze, Raiffeisen Bank International et UNIQA osiguranje.

Introduction

On May 13th, 2013, representatives and prominent experts from Austria, France, Montenegro, Albania, Macedonia, Croatia and Serbia convened in Podgorica in order to discuss the current situation as well and European perspectives of the Western Balkans.

This conference, organised by the Austro-French Centre, was entitled “the Western Balkans at the Crossroads: the Challenge of European Integration in Times of Crisis”. It mainly aimed at scrutinising some of the key issues the states in the Western Balkans face as they come closer to the European Union (EU) as well as the state of advancement of key reforms in the region.

The Western Balkans and the challenge of European integration

At the occasion of this conference, the main issues faced by the countries of the Western Balkans have been examined in details. This conference took place at a critical moment for the countries of the region, due to their respective relationship to the EU and their general stage of transformation. A

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landmark will be, of course, the forthcoming accession of Croatia to the EU on July 1st, 2013 (P. Jankowitsch) and its regional repercussions. This important step forwards will have important consequences, both at the economic and political level, and for regional cooperation too. Croatia sets an example for all these countries that are willing to join the EU, and it shows that the European perspective is real and accessible, provided the candidates fulfil the necessary preconditions (P. Cochard). The fact that the conference took place in Podgorica is not coincidental. Indeed, Montenegro is the only country in the Western Balkans for which the accession negotiations have started to materialise (J. Kyrle). And as underlined by Peter Jankowitsch, Secretary General of the Austro-French Centre, the Western Balkans just witnessed an important watershed with the recent signature of the agreement on the normalisation of relations between Belgrade and Pristina. It is in this context underpinned by decisive developments that the contributors to the conference took the floor and presented their ideas. These countries need to see their relationship with the EU strengthened and deepened in order to overcome the obstacles that stand on their way.

To sum up, the countries in the Western Balkans do not have the same relationship to the EU. Whereas Croatia is about to join the EU, Montenegro, Serbia, Macedonia, Albania, Bosnia-Herzegovina and Kosovo progress at different paces, and for most of them, much remains to be done, especially regarding the rule of law (J. Andonovski, P. Cochard, J. Kyrle).

The EU has a decisive role in the process of European integration, but the decisions taken by political elites in the Western Balkans should not be underestimated. These decision-makers have to make sure that the conditions for accession are duly respected (P. Cochard). It is indeed up to the countries wishing to join the EU to sustain the efforts necessary to respond to the expectations of the EU, and not the reverse. These expectations shall be met, in order to safeguard the international credibility of the EU and ensure its internal consolidation. As stated by Pierre Cochard, "it is because the EU will be stronger, more effective, more dynamic and more prosperous that it will be able to welcome new members".

The EU now holds out its hand to Montenegro. Montenegro needs to seize this chance and prove itself. New instruments need to be implemented in order to sustain the modernisation and development of the country, for instance by supporting regional economic cooperation (I. Luksic). The EU can contribute to this process. Integration is a priority in economic and political terms, but also for the advancement of democracy (I. Luksic).

The impact of the accession of Croatia to the European Union

THE POINT OF VIEW OF CROATIA

Croatia will join the EU on July 1st, as 28th member state of the European Union. It is, for Croatia, the occasion to develop its cooperation and solidarity with other member states (N. Koharovic, J. Andonovski). The obstacles that Croatia had to overcome throughout its accession process have brought the country closer to its European neighbours. One should not underestimate the efforts accomplished by Croatia to respond positively to the conditions posed by the EU. Conditionality has become the key instrument of development in European integration matters, and the prevalence of the rule of law, fundamental freedoms, fight against corruption have been recognised as one of the most important criteria for EU accession (N. Koharovic).

The economic context in Europe and the crisis make the process of enlargement more difficult though. That is why Croatia is willing to engage itself in revitalising the enlargement process for its

neighbouring countries (N. Koharovic). It hails the last series of progress reports of the European Commission as well as the agreement between Serbia and Kosovo, concluded under the aegis of Mrs Ashton, inasmuch as it contributes to the stability of the whole region (M. Katnic). Croatia follows up the reform process in Bosnia-Herzegovina and hopes that the solutions found will enshrine the equality of the citizens before the law and improve the functioning of the State.

In the same vein, Croatia supports the Republic of Macedonia in the opening of its accession negotiations, so as to give a new impetus to the reform process and improve its relations with its neighbours (N. Koharovic). Concerning Albania, Croatia hopes that the political actors in Tirana will unite their will, carry out the necessary reforms and bring their country closer to the EU.

THE SUCCESS OF MONTENEGRO IN ITS FIRST YEAR OF NEGOTIATIONS

Much has been done since the independence of Montenegro in 2006. Last year, the country started its accession negotiations with the EU (A. Pejovic ; T. Gorjanc-Prelevic). What lessons can be drawn? In 2007, an Association and Stabilisation Agreement between Montenegro and the EU was signed in Luxembourg (A. Pejovic). In 2008, Montenegro officially applied for the status of EU candidate. The Commission then gave a positive recommendation for the opening accession negotiations, and the process started in 2012. Some efforts remain to be done, however, before the process ends, especially in the field of fundamental rights, fight against discrimination, freedom of speech and also regarding the situation of the persons coming from Croatia, Bosnia and Kosovo (A. Pejovic).

THE REPUBLIC OF MACEDONIA ON ITS WAY TO THE EU

Ten years ago, a promise has been made to Western Balkan states regarding their European prospects. This promise has paved the way of several transformations in the region and progress on security. But the popular support for further enlargement gradually goes down now (J. Andonovski). Public opinions in the member states of the EU are concerned by the looming economic insecurity and the growing unemployment. The opening of the accession negotiations between Macedonia and the EU would in this context signal an important step forwards for the whole region (J. Andonovski). Macedonia has demonstrated its will to be part of the EU, has started to implement key reforms and has consolidated its internal stability. Its economic development depends on its relations with its neighbours, and that is why Macedonia pays much attention to them. All social and economic issues can be resolved based on human rights and European values (J. Andonovski).

THE IMPACT OF EUROPEAN INTEGRATION ON COMPANY LAW

Albania has been continuously committed to reform its economy by improving the climate of affairs in order to consolidate its economic development and attract foreign investments (B. Kasmi). These reforms started in 2006 through the adoption of a new set of laws, including those on commercial companies, on the national centre for registration and on company licensing. These have provided a legal framework that is clearer and more modern, in accordance with EU standards (B. Kasmi).

The realisation of the objectives of the draft law, but also the constant approximation of Albanian company law with European norms are scrutinised by the Ministry of Economy, Trade and Energy (B. Kasmi).

THE DIMENSIONS OF ENLARGMENT AFTER THE ACCESSION OF CROATIA

What implications, both economic and political, will the accession of Croatia to the EU have for the Western Balkans? One should distinguish between two processes, operating simultaneously: the

process of enlargement and the process of deepening (W. Petritsch). Turkey is the most important country in the region, geo-politically speaking. It is anchored in the West, but it pursues a foreign policy that is more independent from the EU. And it is one of the most dynamic countries of the OECD.

The next enlargement wave will be a watershed for the Western Balkans. The region is linked to the EU, but also to many of its neighbours. Its aim will be to develop as many cooperative relationships as possible in order to attract foreign investments and improve its economic situation (W. Petritsch).

THE PREPARATION OF SERBIA TO EU ACCESSION

The new agreement signed between Serbia and Kosovo is a great step forwards for the two parties, and it demonstrates Serbia's readiness to progress towards the EU (M. Pajevic).

Serbia hopes that it will start its accession negotiations with the EU by the end of June 2013. After receiving a positive report from the European Commission, it prepared an "Action Plan" (M. Pajevic). Every three months, reports are made to evaluate the strengths and weaknesses of Serbia's approximation of law with the EU's acquis. Education and public relations will be given a particular attention. Serbia will continue to follow the example of countries like Croatia and Montenegro (M. Pajevic). It will continue to explain to its citizens why European integration is beneficial to them.

CHALLENGES FOR BOSNIA-HERZEGOVINA

Bosnia-Herzegovina is committed to join the EU and follows the example of its neighbours. Many actions are carried out at the European level, but the fundamental questions have not been addressed. Bosnia cannot behave like any other state, because of its constitutional problems, which slow down or even jeopardise reforms (D. Ramljak). Now, the main question concerns the division of competences between the central State on the one hand and the entities and cantons on the other hand.

Croatia supports Bosnia-Herzegovina on its way towards the EU and it accompanies the country in its projects of reforms. But much remains to be done to ascertain the institutional functioning of the State, and to realise key advances in matters of employment policy, and social and individual protection.

The exports of Bosnia consist mainly of leather and honey. In the future, Bosnia hopes it will be able to export meat, milk and eggs. It now tries to set up a protocol to facilitate trade with the EU – a difficult task though (D. Ramljak).

The impact of the economic and financial crisis on enlargement prospects

Despite the recent developments in the Western Balkans, the EU system gives sign of growing shortcomings. It will be necessary to establish a new institutional structure in order to make the EU more stable and thereby stronger (M. Katnic). These developments in the Western Balkans take place despite the economic crisis. They show that the enlargement policy remains an important element of the EU's foreign policy. Democracy, economic growth and stability in the member states are on the EU's agenda.

Some surveys shows, however, that the number of European citizens willing to pursue the enlargement policy is getting lower, especially in Germany (73% of the Germans say that they oppose it), in Austria (72%) and in France (68%) (M. Katnic). Many Europeans are already concerned by the rising unemployment in their country. Their opposition to further enlargement then is rooted in their fear to witness the further degradation of their economic and financial situation (M. Katnic).

SERBIA: EXPERIENCE OF RAIFFEISEN AND PERSPECTIVES

Raiffeisen is an international bank active in 17 different countries with more than 14 million clients and 60.000 employees. In 2001, Raiffeisen settled in Belgrade as the first bank 100% owned by foreign capital (R. Wass). Today, Raiffeisen is one of the biggest banks in Serbia. Banks in Serbia are well capitalised. This has proved useful to resist the crisis, but it may have negative implications on the economy too. (R. Wass).

With the economic crisis, Serbia has been confronted to growing banking risks, pressuring down the attractiveness of its banking market. How to respond to this issue? European integration could have positive repercussions on Serbia and help it overcoming the crisis. The country needs new investors. So, it is also urgent to go on fighting against corruption (R. Wass). Serbia also needs Europe because it is tightly linked to Europe's economic fate.

WHAT MEASURES, WHAT IMPLICATIONS ?

The Euro currency doubtlessly protects Western Balkan countries from monetary fluctuations. But it does not protect their banking operations, and it is not a safeguard against the economic crisis. There is, as a matter of fact, a growing disequilibrium between a strong currency on the one hand and a weaker, less stable union on the other hand (N. Nauschnigg). The European crisis started with a growth of public debt. Then came the crisis in the banking sector, in countries like Spain, Ireland and Portugal. The Euro currency is very important for Western Balkan countries. It is commonly use, not only in Kosovo or Montenegro, but also in Bosnia-Herzegovina (up to 60%), Greece and Serbia. Its use slightly declined with the economic crisis, but it remains central for trade, not least because of its stability and its resilience to inflation (N. Nauschnigg).

The Austrian National Bank plays an important role in those countries by supporting European integration and financing the mechanisms that will help them getting out of the crisis. It supports the countries outside the Eurozone, by proposing a financial assistance, case by case, in ways that complement the IMF, with which it cooperates (N. Nauschnigg).

IMPACT OF THE CRISIS UPON TRADE

When the trade started to go down in the beginning of the crisis in several countries, the decrease affected first and foremost the imports, because of the withering of domestic consumption. In Kosovo and in Albania, the GDP was low before the crisis. But in those two countries, it did not further decrease in 2009, as opposed to the other countries of the region, which are more open internationally, and were consequently more affected by the general slowdown (M. Bukovsak).

The exports only resumed after a period of recession, and most of the countries have now caught up with their pre-crisis level of development. This has been possible, because these countries have re-oriented their exports towards non-EU countries (M. Bukovsak). Croatia had a market that stagnated in Europe. It concentrated its exports on food products and agricultural goods. The introduction of the Central European Free Trade Agreement now enables it to export its products in neighbouring countries at better prices. Its regional exports will have to adopt EU standards, by respecting, for instance, the norms regulating food security (M. Bukovsak).

IMPACT OF THE ECONOMIC CRISIS ON SERBIA AND OTHER WESTERN BALKAN STATES

Between 2003 and 2007, the GDP of Western Balkan states has risen by approximately 6%. This economic development has attracted numerous investors in the region, and paved the way of several reforms in the field of international trade. Still, the economic crisis hit Europe in 2009 and has affected the Western Balkans in the midst of their transition. The economic slowdown in the EU has had, in particular, severe repercussions for Serbia's trade and employment (P. Simic).

An important factor reinforcing the crisis in the region is the great number of workers residing in Europe, e.g. in Austria, Germany, Switzerland, France and Sweden. Their unemployment has caused a diminution of the remittances from the Diaspora (P. Simic). Moreover, many Serbs, today, have become euro-sceptical. The image of Greece, as diffused in European media and the lack of EU solidarity for Greece are perceived in Serbia as contradictory to the values the EU allegedly stands for (P. Simic).

Governance and the rule of law

The consolidation of the rule of law is a challenge for most of Western Balkan states in light of their European integration. It is a question that is high on the EU's agenda in the region (D. Markovic). It implies reforms in several sectors, e.g. justice, policing and fundamental freedoms (D. Markovic, D. Uljarevic).

THE INTERNATIONAL COMMUNITY IN BOSNIA-HERZEGOVINA 18 YEARS AFTER THE WAR

The EU has identified two key issues in Bosnia's transition. First, the country needs to improve its constitution by taking into account the fundamental rights and the obligations necessary to consolidate democracy. It is not only a demand of the EU; it is an international requirement (U. Hartmann). Second, Bosnia needs to find a way to establish a better cooperation between the entities and the central State.

Unlike Serbia and Kosovo, Bosnia has not demonstrated its genuine will to pursue European integration as a strategic priority. The political elites in Bosnia see no urgency in this process, and this is a problem (U. Hartmann). Questions of community and partisan interests still prevail over strategic interests of Bosnia. The attempts to reform the Dayton-Paris agreement have failed so far. The citizens in Bosnia-Herzegovina have expectation towards the international community that exceed those they address to their own politicians. The credibility of the EU in responding to these expectations is at play in this process of transition (U. Hartmann).

JUDICIAL REFORMS IN ALBANIA

One of the major concerns of Albania over the past few years has been the consolidation of justice. The changes introduced in the Civil Code include the revision of the legal framework for the delivery of succession certificates, and the acknowledgement of human rights and fundamental freedoms as well as the improvement of the link between the bureaucracies and the citizens (B. Kasmi). Recently, new judges have been appointed at the administrative Court of Appeal after a transparent process of selection. Efforts have been consented to improve and speed up the judicial process, while respecting the principle of separation of power and giving the guarantees of fair, quick and transparent trial (B. Kasmi).

A memorandum of understanding has been agreed upon by the High Council of Justice and the Ministry of Justice in order to avoid conflicts of competences concerning the inspection of judges (B. Kasmi). The Ministry of Justice currently considers the possibility of modifying the law on judicial assistance.

JUSTICE AND HUMAN RIGHTS IN MONTENEGRO

The fight against corruption has been limited in Montenegro since its independence, especially because of the existence of constitutional constraints and the endemic weakness of the rule of law. These issues have been highlighted by the European Commission. The country has not responded yet to the challenges it has been facing for already twenty years, but it is trying to improve the situation, and it hopes that the reforms it recently launched will be implemented soon (T. Gorjanc-Prelevic). Montenegro needs to progress on human rights, the fight against corruption and organised crime. To do so, it tries to look at how the neighbouring countries cope with these issues. The economic crisis is not the cause of all these issues. And Montenegro, then, cannot use it as an excuse before joining the EU (T. Gorjanc-Prelevic).

THE “NEW APPROACH” IN ENLARGEMENT POLICY: THE RULE OF LAW AT THE FRONTSEAT

The European perspective offered by the EU in 2000 under the Council’s Presidency of France has been reiterated at several occasions. And the EU, today, still believes that this perspective will be beneficial to the region (P. Vergne). So far, most of the negotiations are political and the EU pays much attention to the quality of the process –much less to the fulfilment of a pre-established agenda. There are three principles in this process: each country is evaluated individually on the basis of its own merits; the evaluation pertains to the effective capacity of the countries to fulfil pre-established criteria; and the evaluation takes into account the absorption capacity of the EU (P. Vergne). The political criterion needs to be respected, because it deals with issues (rule of law, democratisation) to which Western Balkan states, given their past, need to be confronted, better sooner than later. They are now in a phase of economic, political and security transition. The EU assists this process through its financial help, political advice and its human assistance in order to sustain momentum of reforms. Now, the EU insists on the need to consolidate the rule of law (P. Vergne). If the reforms in this field are unsuccessful, it is doubtful that they will be effective in other policy field.

The European Union and the promotion of regional cooperation

THE ACHIEVEMENTS OF REGIONAL COOPERATION AND THE STABILISATION OF THE WESTERN BALKANS

The economic and financial crisis in Europe has pinpointed the fragility of democracies, especially in transition countries. Corruption and unemployment generate social unrest, and an increasing number of people demonstrate with one demand: the establishment of a new social order (D. Zivalj). Croatia, here, sets an example for the region. It shows that a country can effectively fight corruption and overthrow nepotism.

Two decades after the end of the war, most of the citizens, especially in the middle class, remain mostly concerned by their daily life. They want to see their daily needs fulfilled. With the economic crisis, these unfulfilled needs have surged (D. Zivalj). The Regional Cooperation Council therefore tries to develop programmes in order to support Western Balkan states’ efforts in the area, e.g. in security, education and employment. Its aim is to demonstrate that the region is capable of assuming

the responsibility of its own future and creating the conditions necessary to progress in a spirit of tolerance and cooperation (D. Zivalj).

THE ROLE OF THE EU IN THE CONSTRUCTION OF NATION-STATES

The European perspective, in Western Balkan candidate and actual member states, are increasingly subject to uncertainty. In Serbia, the elite take important steps towards the EU, but the public opinion meanwhile is increasingly sceptical. There is thus a growing mismatch between the actual progress made and the perception by the citizens of the EU and the region (J. Rupnik).

The role of the EU is to question the importance of nation-states in Europe, but in the case of the Western Balkans, paradoxically, it had to assist their formation (J. Rupnik). It is clear, in this respect, that the member states of the EU largely contribute to Western Balkan states' integration. Before joining the EU, Western Balkan states need to resolve their issues. The case of Greece and now Cyprus shows that it is problematic to have dysfunctional member states in the EU.

EUROPEAN INTEGRATION AS DRIVING FORCE FOR POLITICAL AND ECONOMIC DEVELOPMENT

Western Balkan states are now in the midst of their transition. The political reforms they undergo (i.e. democratisation and privatisation) need to be completed before their accession (M. Drobic). That is why the EU considers these reforms as key priorities. Montenegro currently focuses on reforming the functioning and stability of the legislative system. This process has given birth to a new political and economic elite, which will be beneficial to the future of the country (M. Drobic).

As for economic reforms, the use of the Euro currency makes the country particularly stable. Although Montenegro will not be able to join the Eurozone after its accession to the EU, it expects a decision allowing the system to go on (M. Drobic). The aid of the state is important in public sectors, in transportation, for the environment and in tourism. The energy sector in Montenegro needs to be reformed and developed.

THE MEDIA IN EUROPE : PART OF THE PROBLEM OR PART OF THE SOLUTION ?

The crisis that hits Europe today is economic and financial, but it is also a crisis of values. Globalisation and the uniformisation of the media have given birth to new ways of informing the citizens. Unfortunately, getting a large audience to maximise profits has become a priority in the media sector (B. Margueritte). To make the matter worse, the audience has shifted its interest away from information and public debates towards entertainment and sensationalism. Citizens are increasingly deprived from the possibility to gain knowledge from honest media (B. Margueritte).

Technological progress has pros and cons, just as the Internet. What is decisive is the quality of the work behind the provision of information. Journalists have less and less time to prepare their topics and to present them adequately (B. Margueritte). The audience is now overwhelmed by a flow of information coming from a variety of sources –television, Internet, mobile phones, etc... This quantity of signals is a challenge to the quality of information. But it also makes even more relevant the need to have genuine journalists treating these sources in a professional way. In fact, it is the conception of journalism that has changed today.