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EUROPEAN INTEGRATION OF THE WESTERN BALKAN COUNTRIES

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# European Integration of the Western Balkan Countries: the Way Behind and Ahead

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Summary for the Conference EU Integration of the Western Balkans and  
the Hungarian EU Presidency, held on 11 November 2010

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*Prepared by Anna Orosz*

CEID-ICDT 2010

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## FOREWORD

Dear Reader,

The Centre for Euro-Atlantic Integration and Democracy and the International Centre for Democratic Transition organized the Conference “EU Integration of the Western Balkans and the Hungarian EU Presidency” on 11 November 2010 in Budapest in order to draw attention to the recent issues and tasks relevant to the countries of the Western Balkans regarding their endeavour to get closer to/accede the EU and the role Hungary can play as the upcoming EU-Presidency during the first half of 2011. The conference was held in just the right time since the European Commission published its new enlargement package just two days before, which served as an excellent input for the event.

Visitors and lecturers of the conference represented very different actors involved in the accession process of the Western Balkans: governmental representatives from the Western Balkan countries (Albania, Croatia, Montenegro, Serbia), of the recent Belgian and the upcoming Hungarian EU-Presidency, the European Commission and civil organizations. Thus the European integration process could be analysed from various points of view which enabled the participants to get a comprehensive overview on this topic.

The conference consisted of three panels along the following matters:

### **Panel I: Strategic Questions in the Integration Process – Country Perspectives**

Moderated by H.E. Mr. József Pandur, Regional Director of South-Eastern Europe, Political Capital

#### **Panellists:**

- ❖ Ms. Milica Delević, Director, EU Integration Office, Serbia
- ❖ H.E. Mr. Nebojša Kaluđerović, Deputy Minister, Head of the Department for Multilateral Relations, Ministry of Foreign Affairs of Montenegro
- ❖ Mr. Andrej Plenković, State Secretary for European Integration, Ministry of Foreign Affairs and European Integration of Croatia

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### **Panel II: Strategic Questions during the Hungarian Presidency**

Moderated by Mr. Jenő Hámory, Deputy Head, Department of Trade Policy and World Economy, Ministry of Foreign Affairs of Hungary

#### **Panellists:**

- ❖ Mr. Csaba Zalai, Envoy Extraordinary and Minister Plenipotentiary, Antici Diplomat, Permanent Representation of Hungary at the European Union
- ❖ Mr. Peter Lescouhier, Belgian Liaison Diplomat for the Trio Presidency, Ministry of Foreign Affairs of Hungary
- ❖ H.E. Mr. Stefano Sannino, Deputy Director General, Directorate General for Enlargement, European Commission

### **Panel III: Role of Civil Society**

Moderated by Mr. Sándor Köles, Senior Vice President of ICDT

#### **Panellists:**

- ❖ Mr. István Hegedűs, Chairman, Hungarian Europe Society, Hungary
- ❖ Mr. Ylli Hoxha, Executive Director, Foreign Policy Club, Kosovo
- ❖ Ms. Elira Hroni, EU Policy Analyst, Center for European and Security Affairs, Institute for Democracy and Mediation, Albania
- ❖ Mr. Jaša Jarec, Expert Advisor, Government Office for Cooperation with NGOs, Croatia
- ❖ Mr. Igor Stajić, Director, Educational Centre Leskovac, Serbia
- ❖ Mr. Zoran Stojkovski, Executive Director, Center for Institutional Development (CIRa), Republic of Macedonia/FYROM

The conference was opened by H.E. Mr. Edmond Haxhinasto, Minister of Foreign Affairs of Albania who emphasized that EU enlargement had to progress and Albania had moved forward on this way by reaching substantive achievements. He also underlined the need for regional cooperation beyond country-achievements. The first panel addressed single country perspectives, mainly of Croatia, Serbia and Montenegro but issues of other countries were also raised during the debate which drew attention to the significance of regional cooperation, as well. In the second panel, representatives of the EU were given the floor; they outlined possible accession scenarios from the EU's point of view and fields in which the Hungarian Presidency



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could contribute to the integration efforts of the Western Balkan countries. Finally, civil society organizations shared their experience regarding the cooperation with governments during the accession process. Among others they reminded that NGOs and the civil society have significant expertise and experience at disposal which could enable them to actively contribute to the integration process by complementing government activities and resources.

The following paper aims at summarizing and complementing the contributions of the conference in a way that the reader can get a picture on the state of the recent EU enlargement process and to conclude on their future perspectives.

Budapest, November 2010

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## European Integration of the Western Balkan Countries: the Way Behind and Ahead

Perhaps it is not an exaggeration to say that one of the EU's greatest missions and challenges concerning external relations is the integration of the Western Balkan countries<sup>1</sup> into the Euro-Atlantic structures. As a consequence of the Yugoslav Wars and the change of regimes, the countries of this region face manifold and serious long-term challenges: 1) building democratic institutions; 2) easing social tensions of ethnic ground; 3) restoration of functioning market economy which can stand competition against developed economies.

These tasks mean an overwhelming burden on the countries which, time to time, are also tested by political conflicts and destabilizing tendencies. Maintenance of peace, security and stability in the region, however, is not the exclusive issue of these countries. There is a mutual interest of EU member states and the Western Balkans to implement reforms and to form a framework for long-term stability which can counteract these negative trends. As an incentive, the EU offered a European perspective for these countries, which proved to be an essential part of the long-term, democratic state-building process.

Up to now, all the Western Balkan countries have become either candidate countries or potential candidate countries but the new round of enlargement is far from being completed. The accession process has never been a one-sided process. Both the efforts of candidate countries and the willingness of EU members and institutions to accept newcomers are necessary preconditions of a successful enlargement process. Thus this paper is going to present first the conditions and atmosphere within the EU to that end to assess its readiness for accepting new members. Concerning the state of the integration process of the Western Balkan countries, the paper will introduce how the integration and accession processes are progressing by referring to the development of regional cooperation and of single countries on the basis of the last enlargement package of the EU published on 9 November 2010. Last but not least, as a conclusion the paper ends up with possible future perspectives for the accession of the countries to the EU and the questions related to the upcoming Hungarian Presidency in the first half of 2011.

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<sup>1</sup> In connection with the enlargement, the term 'Western Balkans' cover the following countries: Albania, Bosnia and Herzegovina, Croatia, Montenegro, Republic of Macedonia/Former Yugoslav Republic of Macedonia, Serbia, Kosovo.

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## 1 *Where does the EU stand in the end of 2010?*

The history of the EU has always been characterised by a sequence of deepening and enlargement processes. After the accession of the 12 Central and Eastern European countries in 2004 and 2007, clear signs of enlargement fatigue could be realized in the EU and this made it questionable when the next candidates would be able to join. The following years brought difficulties in the European integration reform process, as well. As a consequence of the two referenda in France and the Netherlands, the ratification process of the Constitutional Treaty came to a standstill and it was thanks to the renewed negotiations and compromises enforced by the German and Portuguese Presidencies that the new Treaty on the Functioning of the European Union could be signed in December 2007 in Lisbon.

The ratification process of the new Treaty also faced several challenges. Back in June 2008 the majority of Irish people voted against the Treaty and it could only be accepted by the Irish Parliament after the arrangements of sensitive issues related to fields like military neutrality, family policy and tax system in October 2009. Finally, the last obstacle to the Treaty could also be counteracted as the Czech President decided to sign it after the Czech Constitutional Court expressed its opinion about the Treaty's conformity with the Czech Constitution. So the treaty got into force on 1 December 2009 and accordingly, the current Trio Presidency (Spain, Belgium and Hungary) is the first one which pioneers the way for the implementation of the Lisbon Treaty.

However, the biggest challenge of the last two years was not the reform Treaty. At the end of 2008, the economic and financial crisis seriously hit the EU member states which had only entered into the very last phase of the Lisbon Strategy 2000-2010. The crisis diminished most of the positive results of the strategy. GDP fell by 4% in 2009. Unemployment is approaching 10%. Public finances are in tatters, with deficits now reaching 7% of GDP and debt levels having increased by 20 percentage points over two years, thus undoing 20 years of consolidation.<sup>2</sup> The crisis has reached the Euro zone, as well, and Greece went bankrupt which predicted further negative spill-over effects on the other countries. This threat incited the member states to bail

<sup>2</sup> European Commission: *Commission Staff Working Document: Lisbon Strategy Evaluation Document*. Brussels, 02.02.2010, p.2.  
([http://ec.europa.eu/archives/growthandjobs\\_2009/pdf/lisbon\\_strategy\\_evaluation\\_en.pdf](http://ec.europa.eu/archives/growthandjobs_2009/pdf/lisbon_strategy_evaluation_en.pdf), 01.09.2010)

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Greece out but it is to note that the economic situation is still fragile. Ireland – which was previously one of the economically best situated member states – has just announced its demand for financial support of the international community and the EU. All these underline the need for further efforts of the EU and time is necessary to reverse negative tendencies in the economy, the labour market and cushion social impact of the crisis.

Thus the European Commission worked out a plan on a new economic and growth strategy combining short-term crisis management measures and actions with long-term ones. Mr. Barroso, President of the Commission introduced its new Europe 2020 Strategy for sustainable, smart and inclusive growth in March 2010. This served as a basis for the further negotiations among member states on the future EU strategic targets. Currently, governments are working on their National Reform Programmes which contain detailed plans on the implementation of the strategy. The Commission intends to have a much more active part in the control and the follow-up of these programmes, the first part of which will be realized in the first half of the year 2011.

In parallel with the implementation of the new strategy, European decision-makers have also committed themselves to strengthening the role of the EU in macro-economic and financial surveillance in order to avoid similar crises and to facilitate proper early-warning systems and long-term crisis management mechanisms. Implementation of the first European Semester which is a framework for this surveillance and control will be in coincidence with the Hungarian Presidency. Furthermore, it may happen that the changes planned by the Member States and EU institutions will lead to the modification of the Treaty which would change again the circumstances and conditions of enlargement.

All these facts let us conclude that the internal conditions for enlargement are far from being ideal. It is to see that these important issues and necessary steps will mainly determine the agenda of the EU during and after the Hungarian Presidency and will surely influence political will of the EU member states to promote accession countries and make it impossible to project a date for new accessions.

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## 2 *Development of the EU enlargement policy toward the Western Balkans*

EU presence in the Western Balkan region started in a very controversial manner in the 1990s during the Yugoslav Wars. Inability of the EU member states to act in a harmonized and united way within the framework of the then newly created Common Foreign and Security Policy had seriously affected its judgment in the region. Nonetheless, after the end of the wars, it had been accepted that the EU would have to remain an active actor in the region and contribute to stabilization and recovery processes through its integrative power stemming from the EU perspective it could provide.

The EU took the first main steps in 2000 (in Feira and Zagreb) by launching the Stabilization and Association Process (SAP) which became the general framework of EU integration for the Western Balkans and by stating that it considered all the Western Balkan countries participating in SAP as ‘potential candidates’ for the EU. This commitment was also underlined by the decision on providing financial assistance through the CARDS (Community Assistance for Reconstruction, Development and Stabilization). The Thessaloniki Summit gave further momentum to this process in 2003 by reiterating the EU’s unequivocal support to the European perspective of the Western Balkan countries and by stating that they saw the future of the Balkans within the European Union.

Meanwhile, the EU extended its conditionality requirements for accession. In comparison with former enlargement, the Copenhagen criteria – determining political and economic conditions, as well to be fulfilled by the candidate countries – was complemented by further political criteria such as participation in and promotion of regional cooperation; full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY); and good neighbouring relations.

In 2006 the Commission published its new enlargement strategy<sup>3</sup> which established the new financial assistance tool, the Instrument for Pre-accession Assistance (IPA). It foresaw an EU fund volume of 11.5 billion Euros for Turkey and the Western Balkan countries for the period 2007-2013, which would be allocated along priorities laid down in European Partnerships and

<sup>3</sup> European Commission: *Communication from the Commission to the European Parliament and the Council – Enlargement Strategy and Main Challenges 2006-2007*. Brussels, 08.11.2006 ([http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/com\\_649\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/com_649_strategy_paper_en.pdf), 10.11.2010)

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Accession Partnerships. The strategy defined three basic principles: consolidating existing commitments towards countries engaged in the process, applying fair and rigorous conditionality, and intensifying communication with the public on enlargement. As a new tool, the strategy introduced benchmarks aiming to provide measurable basis for (re-)opening and closing negotiation chapters; and it put the possibility of suspending negotiations into prospect in case of serious and persistent breach of the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law. It also referred to, that increased attention to political reforms would improve the quality of the accession negotiations and stimulate the necessary reforms in the candidate countries.

The Commission carefully indicates possible future enlargements. It repeated and strengthened again the view that the EU shall also have the ability and capacity to integrate new members without hindering its own development. Therefore, it envisaged that the Commission would in the future prepare impact assessments at all key stages of the accession process and be cautious in making promises regarding future enlargement. The content of the strategy was also reflected in the renewed consensus on enlargement which was laid down in the conclusions of the European Council held in December 2006.<sup>4</sup>

In the following years former European and Accession Partnerships were revised and brought in line with this new strategy and renewed consensus. Changes had also become necessary after the unilateral declaration of independence by Kosovo. Fortunately, security and stability could be maintained in the region but the political conflict related to the question of recognition of Kosovo's status is likely to have long-term impact on the integration process of Serbia and Kosovo, as well as on regional cooperation.

Taking into account other bilateral disputes (i.e. name dispute between Greece and Macedonia, border dispute of Croatia and Slovenia), it gained much more importance that the Commission expressed its intention to put greater emphasis on political criteria and on the early implementation of European standards related to the field of rule of law and good governance. Experiences of former enlargements and the common history of the EU and the Western Balkans

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<sup>4</sup> Presidency conclusions of the European Council. Brussels, 14/15.12.2006  
([http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/92202.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/92202.pdf), 13.11.2010)

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provided many examples for that when unresolved political disputes played enormous roles in the promotion or delay of the European integration process.

Nonetheless, this careful approach of the EU is balanced by developments related to sectoral initiatives. The recent results of the visa liberalisation process which will have tangible affect on the citizens of the region are good examples to this. The Commission expressed its intention regarding starting visa dialogue in 2007 which was reaffirmed by the Council in the following January. Finally, the dialogue was initiated with Serbia in January and with the Former Yugoslav Republic of Macedonia and Montenegro in February while the other countries with the exception of Kosovo were involved later. The Western Balkans is a priority area of Europol and Eurojust, as well, in particular in the field of fighting organized crime.

This two-sided approach appears clearly also in the new enlargement package<sup>5</sup> of the Commission. Concerning common main challenges, it pointed to the problems of corruption, organized crime, human and drug trafficking, judiciary, police and administration reform as those existing in each country of the region. Furthermore, the Commission called on the respect for independence of the media as it realized that malpractices, political pressure and violent actions against journalists and media were quite widespread in the region.

Another component of the conditionality gaining increasing attention is regional cooperation, which is a speciality of the accession negotiations tailored to the characteristics of the Western Balkans.

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<sup>5</sup> The new enlargement strategy and progress reports are available on the official website of the Commission through the following link: [http://ec.europa.eu/enlargement/press\\_corner/key-documents/reports\\_nov\\_2010\\_en.htm](http://ec.europa.eu/enlargement/press_corner/key-documents/reports_nov_2010_en.htm)

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### 3 *Advancing regional cooperation*

Before addressing questions related to single countries, it is important to deal with the issue of regional cooperation which is among the priorities and key elements of the EU enlargement strategy concerning the Western Balkans. Promotion of regional cooperation is based on the so called regional approach which points to the fact that many problems of the region (like tackling the issues of refugees, fighting organized crime, corruption, trafficking, etc.) cannot be solved by single countries but need cross-border cooperation. In addition, it also underlines the relevance of this approach that strong (social/ethnic, political and economic) inter-linkages among the countries and regional dynamics can easily cause spill-over effects in the region and, as a consequence, may lead to the intensification and exaggeration of the problem. This was recognized by the EU already in the 1990s which resulted in a comprehensive approach toward the region in order to avoid the threat of destabilization of the region.

The approach focusing on regional level got a great momentum in 1999 in Cologne. As a result of an EU initiative, the Stability Pact for South Eastern Europe was adopted which involved more than 40 important actors – countries of the region, the EU/EC, USA, international financial institutions like the International Monetary Fund and the World Bank, international organizations (Council of Europe), etc. – into the reconciliation process in the Balkans. The Pact aimed at not only the facilitation of crisis management but also at a long-term reconciliation and stabilization process which could – through economic reconstruction and building democratic institutions and confidence among conflicting partners – contribute to conflict prevention and sustainable maintenance of peace and stability.

In the beginning, the Pact – despite the fact that it was not an international organization – was successful in bringing together all important actors that participated in the funding, planning and implementation of regional, cross-border projects. However, problems related to low absorption capacity of the Balkan countries, the lack of outstanding results and the decreasing interest of the donor community led to disappointments regarding the efficiency of the Pact. The reform of the Pact was launched finally in 2005 in order to strengthen the ownership of the countries and enhance real cooperation in the Western Balkans.

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As a result of the reform, the Regional Cooperation Council (RCC) was established, which became operational in 2008. RCC intends to facilitate the function of the South-East European Cooperation Process (SEEC) and duly focuses on six priority areas: economic and social development, energy and infrastructure, justice and home affairs, security cooperation, building human capital, and parliamentary cooperation as an overarching theme. Its structural design aims to enhance regional ownership by the Secretariat located in Sarajevo and by the General Secretary who is elected from the region. As the first General Secretary Hido Biscevic, State Secretary for Political Affairs of the Ministry of Foreign Affairs and European Integration of Croatia has been appointed.

Concerning economic development, RCC contributes to developing trade partnerships in the frame of the Central European Free Trade Agreement (CEFTA). After the EU enlargement of 2004 CEFTA has changed significantly, since Central and Eastern European countries joining the EU had to withdraw from it. Croatia was the first (2003) and Macedonia the second (2006) country from the region to join CEFTA in the hope that this way it can get closer to the EU. Nevertheless, regional trade that time was based on a network of bilateral free trade agreements of the countries. This was replaced by the multilateral agreement called CEFTA 2006.

RCC also managed to facilitate other regional agreements related to various sectors in cooperation with the European Commission/EU. Such agreements – like Energy Community Treaty and the Agreement on a European Common Aviation Area which entered into force in 2006 – can not only contribute to closer relations of the EU and the countries of South Eastern Europe but also the preparation of the accession process by accommodating the *acquis*. Similarly, there is an ongoing initiative targeting a Transport Community Treaty between the EU members and Western Balkan countries. Regional cooperation in combating trans-border and organized crime (for example SECI Regional Centre for Combating Trans-border Crime), border security management and reform of public administration are also important and complement those activities accomplished by the EU institutions and agencies.

During the last few years improving bi- and multilateral relationship among the Western Balkan countries led to the intensification of other common actions. Among others the Commission mentions in its new enlargement documents that fresh impetus was given to the Sarajevo declaration process following the Ministerial meeting held in Belgrade in March 2010. The

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Sarajevo Process was launched in 2005 in order to intensify cooperation of Bosnia and Herzegovina, Croatia, Montenegro and Serbia to find solutions for refugees and other people who were displaced as a result of the 1991-1995 armed conflicts in ex-Yugoslavia. The ministerial meeting in March 2010 brought together the countries, all of which agreed to work together in order to clarify refugee statistics. They also committed themselves to work towards solutions to a number of outstanding issues by the end of 2010.<sup>6</sup>

The EU actively assists the region both in technical and financial terms in establishing constructive cooperation. In the frame of the IPA, the Commission has allocated 430 million Euros between 2007 and 2010 to projects supporting regional cooperation or activities addressing regional needs.<sup>7</sup> The Commission has also financed a third of the RCC Secretariat's budget for the period 2008-2010.<sup>8</sup> This commitment of the EU is also essential to sustain the interests and motivation of the countries in regional cooperation which was considered, by the panellists of the conference, to be an essential part of the EU integration process, as well.

These developments let us conclude that regional cooperation is strengthening in the region which is welcomed by the EU. Nonetheless, there is a new challenge for further advancements: Kosovo. There is no doubt that regional cooperation shall be extended to Kosovo, if the parties want to take full advantage of it. Nevertheless, implementation of this will need flexible and creative solutions which can be acceptable for Serbia, as well. Serbia, since the unilateral declaration of Kosovo's independence, has avoided all probable contacts with Kosovo's Albanian leadership and showed strong resistance to actions which may imply to the acceptance of the independent status of Kosovo. At the same time, there are also signs that Serbia may follow a pragmatic foreign policy which may lead to a "practical relationship" with Kosovo.<sup>9</sup>

<sup>6</sup> European Commission: *Bosnia and Herzegovina 2010 Progress Report*. p.22.

<sup>7</sup> Regional cooperation. Enlargement. Official website of the Commission  
([http://ec.europa.eu/enlargement/projects-in-focus/regional-cooperation/index\\_en.htm](http://ec.europa.eu/enlargement/projects-in-focus/regional-cooperation/index_en.htm), 10.11.2010)

<sup>8</sup> European Commission: *Communication from the Commission to the European Parliament and the Council – Enlargement Strategy and Main Challenges 2009-2010*. Brussels, 14.10.2009, p.7.  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/strategy\\_paper\\_2009\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/strategy_paper_2009_en.pdf), 10.11.2010)

<sup>9</sup> Szilágyi, Imre: 'Szerbia és az Európai Unió'. (Serbia and the European Union) MKI-Tanulmányok 2010/6.  
(<http://www.kulugyiintezet.hu/index.php?menu=52&keres=Szil%C3%A1gyi%20Imre>, 03.09.2010)

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## 4 *EU-Western Balkans relations: country perspectives*

### 4.1 Croatia

Negotiations with Croatia – as stated in the Commission’s currently published enlargement strategy – have entered their final stage.<sup>10</sup> However, the exact date of accession has not been determined which indicates further challenges and uncertainties before Croatia would join the EU. Although a couple of years ago it was hoped that Croatia would be able to join before 2011, Andrej Plenković, State Secretary of the Ministry of Foreign Affairs of Croatia in his contribution on the conference predicted that Croatia would probably join the EU in 2012 after closing all negotiations chapters. He also drew attention to the fact that obstacles still may occur from future challenges the EU faces now and the ratification process of its accession treaty by the member states.

Croatia’s relation to the EU goes back to 2001 when it signed a Stabilisation and Association Agreement which could only enter into force in February 2005. The ratification process passed slowly as the Netherlands, the United Kingdom and Italy adopted the Agreement only in 2004. In parallel with this, Croatia applied for membership in 2003 and was provided candidate status by the European Council in 2004.

Accession talks however could start only in October 2005 as the ICTY found that the country did not comply with its obligations and did not cooperate with it. Among others the ICTY’s complaint was that Croatia did not surrender General Ante Gotovina, a war criminal responsible for killing ethnic Serbs during the Yugoslav war in Croatia. Nevertheless, confrontation with the ICTY was not the only issue which, independent from the *acquis*, delayed Croatia’s integration process. Slovenia also blocked accession talks because of a border dispute related to the Bay of Piran between December 2008 and November 2009. Finally, the parties managed to reach consensus on an Arbitration Agreement. In compliance with the agreement Slovenia promised not to block the accession process on the basis of similar bilateral disputes. Concerning the dispute on

<sup>10</sup> European Commission: *Communication from the Commission to the European Parliament and the Council – Enlargement Strategy and Main Challenges 2010-2011*. p.2.  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/strategy\\_paper\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/strategy_paper_2010_en.pdf), 09.11.2010)

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Ljubljanska Banka/SFRY Succession Agreement (guarantee of foreign currency deposits), Croatia agreed to continue negotiations on the issue at the Bank of International Settlements in Basel.<sup>11</sup>

The closure of bilateral disputes with its neighbour enabled Croatia to continue negotiations. According to their status of 5 November 2010, 25 out of 35 chapters have been provisionally closed and 33 have been opened. The following chapters could not have been closed until now: competition; agriculture and rural development; fisheries; regional policy and coordination of structural instruments; judiciary and fundamental rights; justice, freedom, security; environment; foreign, security and defence policy; financial and budgetary provisions; and 'other issues'.

In the first panel of the Conference Mr. Plenković outlined future plans of Croatia which aims at finishing the accession process. As he said Croatia intends to close four more chapters on the Inter-Governmental Conference (IGC), which will be held on 22 December: fisheries (a chapter which may cause some disputes with Slovenia); justice, freedom, security; environment; and foreign, security and defence policy. The rest of the opened chapters he divided into two categories: chapters with high budgetary implications (agricultural and regional policy and financial and budgetary provisions) that Croatia hopes to close in the early stage of the Hungarian Presidency.

Concerning the competition chapter, he reminded the audience that Croatia still faces problems stemming from the restructuring and privatization process of shipyards and steel industry that used to enjoy state aid which would be now in non-compliance with competition legislation of the EU. Nonetheless, the Commission points out in its new Progress Report that Croatia has taken an important step by adopting a new Competition Act which entered into force in October 2010 and strengthened enforcement through the Croatian Competition Agency (CCA).<sup>12</sup>

The closing chapter of judiciary and fundamental rights causes many concerns. Judiciary reform still needs complex action in order to fulfil benchmarks that would ensure impartiality, efficiency and proficiency of the Croatian judicial system and would tackle the great number of backlogs. He also referred to the need to develop protection of minority rights and their representation in

<sup>11</sup>European Commission: *Commission Staff Working Document: Croatia 2010 Progress Report*. Brussels, 09.11.2010, p.17.

([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/hr\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/hr_rapport_2010_en.pdf),

09.11.2010)

<sup>12</sup> *Ibid*, p.33.

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the governmental structures and to address the issue of refugee return which necessitates regional cooperation. Last but not least, he emphasized that advancing cooperation with the ICTY is still a prerequisite for accession, so Croatia would have to provide better access to documents required by the Criminal Tribunal.

As Croatia got into the very final phase of the accession process, it shall also pay attention to the formation of public opinion in order to have a successful referendum. Plenković argued that at the moment accession enjoys the support of 62% of the population; he called it a very significant ratio which will ensure adequate support for the accession.

#### 4.2 Republic of Macedonia/Former Yugoslav Republic of Macedonia (FYRoM)

The Republic of Macedonia/Former Yugoslav Republic of Macedonia (hereafter Macedonia) has built cooperation with the EU since the mid-90s. This relationship changed significantly, as the accelerating civil war in 2001 jeopardized the stability and security of the region. The conflict could be tackled by the Ohrid Framework Agreement signed on 13 August 2001 which has formulated basic principles for the multiethnic state. As a consequence of the Ohrid Agreement, representation of Albanian minority has developed in state institutions and principles of fundamental rights and rights of persons belonging to national minorities started to be channelled into different policy fields like education. Meanwhile, the EU further fostered economic cooperation and signed Stabilisation and Association Agreement with Macedonia in April 2001 which entered into force on 1 April 2004. Along these agreements important economic and political reforms and changes were put in place.

Macedonia submitted its application for membership to the EU in March 2004 on which the Commission published a positive opinion. Nonetheless, the announcement of candidate status in December 2005 did not mean the opening of negotiations. The Commission stressed that talks should be started just if Macedonia was able to sufficiently fulfil accession requirements. Among others, the opinion mentioned the need for fostering resolution of the name dispute with Greece.

The name dispute has caused difficulties to Macedonia since the 1990s. The parties agreed on an interim solution resulted in the current name of 'Former Yugoslav Republic of Macedonia' in order to let it build international relations. Since then no final solution could be arranged. Greece

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complains about that the Hellenic name the Macedonian constitution uses (Republic of Macedonia) may be used as a ground of territorial claim, as Greek Macedonia is a neighbouring region of the country. The name dispute also implies economic and cultural concerns as Greece is afraid of the possibility that Greek World Heritage and trade-marks of Greek Macedonia may be questioned this way. Despite this fact, many members of the international community (including USA, Russia, many EU member states, etc.) has already accepted the constitutional name of Macedonia.<sup>13</sup>

Mediation process was launched both in the frame of the United Nations and the EC/EU. The latter established an Arbitration Commission which in its opinion of 1992 stated that: “the use of the name ‘Macedonia’ cannot [...] imply any territorial claim against another State”.<sup>14</sup> However, the parties still have not managed to reach consensus. This has serious consequence on the integration of Macedonia into the Euro-Atlantic structures. Lately, Greece set a veto on the accession of Macedonia to the NATO on the Bucharest Summit in 2008. Therefore, the EU urges the solution of this dispute since it is a key step regarding further progress of the European integration of Macedonia.

For the meantime, the EU continued pursuing further reforms aiming to enable Macedonia to join the EU in the future. In 2006 the Council adopted the European Partnership with Macedonia which was then revised in the form of the Accession Partnership in 2008. In the same year, the Commission reported as follows: “the Commission's communication of March 2008 highlighted that the Former Yugoslav Republic of Macedonia has made progress in a number of key areas, including judicial and police reform and implementation of requirements under the Stabilisation and Association Agreement. However, violent incidents and serious irregularities marred parliamentary elections. A constructive political dialogue and decisive action are needed to implement reforms in accordance with the Accession Partnership priorities”.<sup>15</sup>

<sup>13</sup> Bideleux, Robert- Jeffries, Ian: *The Balkans. A post-communist history*. New York, 2007, Routledge, p.414.

<sup>14</sup> Opinion No. 6 on the Recognition of the Socialist Republic of Macedonia by the European Community and its Member States. *European Journal of International Law*, Volume 4, Number 1. (<http://web.archive.org/web/20050215223455/http://www.ejil.org/journal/Vol4/No1/art8-02.html>, 09.11.2010)

<sup>15</sup> European Commission: *Communication from the Commission to the European Parliament and the Council – Enlargement Strategy and Main Challenges 2008-2009*. Brussels, 05.11.2008, p.4. ([http://ec.europa.eu/enlargement/pdf/press\\_corner/key\\_documents/reports\\_nov\\_2008/strategy\\_paper\\_incl\\_country\\_conclu\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key_documents/reports_nov_2008/strategy_paper_incl_country_conclu_en.pdf), 10.11.2010)

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One year later, the Commission recommended starting negotiations with Macedonia. This was reaffirmed in the Commission's opinion of 2010, as well. Following the adoption of the Report, Commissioner Füle stated: "This report confirms that the country is ready to start accession negotiations. These negotiations will help to tackle a number of important challenges such as strengthening the rule of law and public administration, as well as increasing competitiveness and reducing unemployment. I hope the name issue can be resolved and that we may start this process which is so crucial for the country's future."<sup>16</sup>

According to this, it seems that Macedonia will hardly be able to move on its way to the EU without finding a solution with Greece. This was underlined by the comments by the representatives of the Western Balkan countries during the conference in Budapest. All speakers of the first panel pointed to the fact on their own experiences that the EU shall be considered as a club which has its own rules and principles and if someone intends to get in, then they need to be constructive and flexibly accommodate to these. This shall be considered by the Macedonian decision-makers as they form their EU-policies.

Despite the name dispute, Macedonia belonged to those countries where visa liberalization entered into force on 19 December 2009. Negotiations and dialogue were initiated on visa liberalization back in 2008.

#### 4.3 Albania

Albania – as it was not part of the former Yugoslavia and did not actively participate in the wars erupting from the beginning of the nineties in the Balkan Peninsula – has a somewhat different situation in comparison with the other countries of the region. But at the same time, it also faces the challenges of transformation of its post-Communist autarchy system into a democracy based on human rights and a functioning market economy. Furthermore, its strong ethnic relations to other countries (Serbia-Kosovo, Macedonia) in the region make its involvement into regional cooperation and confidence-building inevitable. Albania experienced serious social and economic collapse and anarchy as a pyramid scheme collapsed in 1997. After the restoration, lasting

<sup>16</sup> Key findings of the progress reports on the Former Yugoslav Republic of Macedonia. Brussels, 9.11.2010 (MEMO/10/556)  
(<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/556&format=HTML&aged=0&language=EN&guiLanguage=en>, 10.11.2010)

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political stability could be achieved which, however, did not mean that major problems could be solved.

The European Community established relations with the country in June 1991 after the first multi-party elections. Firstly, Albania got involved in trade and economic agreements with the EU in the beginning of the 1990s. In spite of this, economic cooperation was enhanced in 1999, when Albania started to benefit from the Autonomous Trade Preferences from the EU. The country signed a Stabilisation and Association Agreement (SAA) with the EU in June 2006 which entered into force in April 2009.

Albania's integration process proved to be very slow, despite the substantive achievements mentioned by the Albanian Minister of Foreign Affairs. He talked about tangible changes in the field of fighting corruption and establishing functioning taxation system and the increasing level of incomes, but he mentioned the successful NATO accession of 2009, as well. In the same year, Albania presented its application for membership of the European Union. On 16 November 2009, the Council of the European Union requested the Commission to submit its opinion on this application but the result was negative due to the slow progress achieved in the very essential field of the rule of law. Štefan Füle stated that he hoped "Albania will find the political determination necessary to overcome these obstacles and to build a true democratic society, with a strong market economy and a body of legislation fully aligned with that of the EU."<sup>17</sup> Despite the negative opinion, Mr. Haxhinasto expressed Albania's future determination to carry on with reforms and fulfil conditions required to reach accession.

Nonetheless, in the framework of the visa liberalisation dialogue, Albania has managed to reach important progress in the different areas of its roadmap. The Commission therefore presented a proposal on lifting the visa obligation for the citizens of Albania on 27 May 2010, which was subject to the fulfilment of the outstanding criteria. The proposal was adopted by the European Parliament on 7 October and by the Council on 8 November 2010.<sup>18</sup>

<sup>17</sup> Key findings of the Opinion on Albania. Brussels, 09.11.2010 (MEMO/10/553) (<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/553&format=HTML&aged=0&language=EN&guiLanguage=en>, 10.11.2010)

<sup>18</sup> European Commission: *Commission Opinion on Albania's application for membership of the European Union*. Brussels, 09.11.2010

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#### 4.4 Bosnia and Herzegovina

Bosnia and Herzegovina is one of the potential candidates which progresses very slowly partly as a consequence of heritages of the Yugoslav wars' ethnic conflict and economic destruction and partly because of its fragmented and ethnic based state structure established by the Dayton Peace Accords after the Yugoslav war<sup>19</sup>. Only limited powers and policy fields were delegated to the state level (it was originally charged with conducting foreign, diplomatic, and fiscal policy), while major governmental powers were shifted to the entities. Concerning the Federation of Bosnia and Herzegovina, the division of tasks was even more complicated since cantons got an important role in the formulation of various policies.

This kind of power and competence sharing accompanied by political division on the ground of ethnic origin means an enormous challenge for reforming the country's unsustainable and inefficient structure. The Dayton Accords established the Office of the High Representative (OHR) to oversee the implementation of the civilian aspects of the agreement. The High Representative was given the so called "Bonn Powers" in 1997 in order to counteract non-democratic actions and decisions of local actors by being authorized to impose legislation and remove officials. This, however, had a negative consequence on developing ownership of local stakeholders for reforms. At the same time, local politicians got also the opportunity to avoid decisions which would undermine their ethnic rhetoric and would be refused by the wider public.

Later, the role of High Representative has been forwarded to the EU Special Representative. Miroslav Lajčák, a Slovak diplomat with broad experience in the Western Balkans held this position from 2007 and was replaced by Valentin Inzko in 2009, an Austrian diplomat of Slovene origin. Being aware of the fact that the necessity of the presence of the OHR/EUSR refers to the need of the international community to have a guarantee for democratic order, the EU considers the closure of the OHR as a key and essential step for becoming eligible for membership

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([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/al\\_opinion\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/al_opinion_2010_en.pdf), 10.11.2010)

<sup>19</sup> After the end of the war the following state-structure was established. Bosnia and Herzegovina consists of two entities: the Federation of Bosnia and Herzegovina including 10 cantons and the centralized Republika Srpska. The Federation of Bosnia and Herzegovina covers 51% of the country's total area, while Republika Srpska covers 49%. There is furthermore an autonomous territory called Brčko District.

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application. The Commission reported a lack of progress in this direction. The mandate of the EUSR has been extended until August 2011.<sup>20</sup>

The EU has developed its presence in the country in alignment with its strengthening engagement in the region. It has started to take over tasks of other international missions like SFOR by deploying its EUFOR mission in the end of the year 2004. Since then – though with decreasing number of members – the mandate of the Althea operation has been extended various times. The EU also initiated a police mission called EUPM in 2003 whose aim was to foster police reform in the country. This effort was later confirmed by the political leaders in 2007 in the frame of the Mostar Declaration. The law on police reform was adopted in 2008 and further steps were taken towards forming framework. Unfortunately, the implementation is still lagging behind. EUPM continued to monitor and assess the implementation of police reform and provide training. Its mandate was extended until 31 December 2011.

Official negotiations aiming at a Stabilization and Association Agreement for Bosnia and Herzegovina started in 2005 which, together with the Interim Agreement on trade issues, was signed in June 2008. The latter could also enter into force one month later while the ratification process of the SAA is under way since France and Luxembourg have not confirmed it yet.<sup>21</sup> Concerning the implementation of the Interim Agreement, the Commission reported several problems (i.e. non-compliance with the European Convention on Human Rights).

In order to enhance the integration process, it would be essential to accomplish a successful constitutional reform in BiH. As mentioned above, the state administration structure of BiH established by the Dayton Accords proved to be inefficient and misused by political actors. There were attempts (like the one initiated by the EU and the US) to foster constitutional reforms but the parties could not agree on this issue. The European Court of Human Rights also urged for constitutional reforms since it prevents citizens, who do not identify themselves as belonging to one of the three constituent peoples (Bosniak, Croat or Serb), from standing as candidates for the

<sup>20</sup> European Commission: *Commission Staff Working Document – Bosnia and Herzegovina 2010 Progress Report*. Brussels, 09.11.2010, p.6.

([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/ba\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/ba_rapport_2010_en.pdf), 09.11.2010)

<sup>21</sup> Stabilization and Association Agreement with Bosnia and Herzegovina. State of ratification:

<http://www.consilium.europa.eu/App/accords/Default.aspx?command=details&id=297&lang=EN&aid=2008023&doclang=EN>

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Presidency and the House of Peoples of the Parliamentary Assembly, which is not compatible with the general principles of the ECHR (*Sejdić-Finci vs. Bosnia and Herzegovina* case).<sup>22</sup>

But the problem is that there are still politicians, especially among the Serbs who put the existence of the state in question which underlines the lack of willingness to facilitate change. In addition, as a consequence of the elections in October 2010, a nationalistic rhetoric has become stronger. During the pre-election period, politicians from Republika Srpska frequently challenged the territorial integrity of the country. Meanwhile, all sides frequently criticised and opposed the efforts strengthening state-level competences.<sup>23</sup>

Cooperation with the ICTY is also essential in the integration process which is good but as the capacities of forces dealing with war crime cases are weak, there is a need for further development. The Commission's report refers on good achievements like the extension of the interim measures for freezing funds and economic means of people indicted by the ICTY until October 2011 and the increasing number of cases transferred from the ICTY to local prosecution. At the same time, it reminded that efforts are needed to find the remaining fugitives (i.e. Ratko Mladić, Goran Hadžić and Radovan Stanković) and to increase capacity in order to properly deal with war crime cases.<sup>24</sup>

Despite the fact that progress is very limited in BiH, some achievements in the field of regional cooperation and visa liberalization are to be mentioned. Relations with Serbia, Croatia and Turkey have improved during the last years. Both bi- and trilateral meetings with Turkey, Serbia and Croatia took place which also provided an opportunity to confirm territorial integrity of the country. Related to visa liberalization, the European Commission adopted a proposal which got into force in November, and enables citizens of Albania and Bosnia and Herzegovina to travel to Schengen countries without needing a short term visa. Nonetheless, if BiH wishes to join the EU, its politicians should take the message of Commissioner Füle seriously: "We are very concerned about the little progress made in the country's European integration agenda. I call on all political leaders in Bosnia and Herzegovina to leave past divisions where they belong, in the past and to

<sup>22</sup> European Commission: *Commission Staff Working Document – Bosnia and Herzegovina 2010 Progress Report*. p.8.

<sup>23</sup> *Ibid.* p.8.

<sup>24</sup> *Ibid.* p.21.

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invest their energies and their resources for a shared vision of a European future for the country".<sup>25</sup>

#### 4.5 Montenegro

Montenegro started to build relationships with the EU as a member of the Federal Republic of Yugoslavia but soon the common federal state with Serbia became burdensome for the country. Serbia's continuous dispute with the West and the ICTY set back Montenegro's efforts to facilitate European integration. Therefore, Montenegro step by step stood away from Serbia and developed parallel relations with the EU.

In the beginning, Javier Solana, High Representative of the EU Common Foreign and Security Policy undertook efforts in order to keep together the two states within the State Union of Serbia and Montenegro. This enabled harmonization of external trade policies and regulations with both entities. But after September 2004, Montenegro got the opportunity to carry on with negotiations separately from Serbia. Montenegro also expressed its complaint against Serbia because of its resistance to cooperate fully with the ICTY and announced the resignation of Montenegrin members of the council for cooperation with the Criminal Tribunal.<sup>26</sup> The negotiations on the SAA could start finally in November 2005 which was interrupted in May 2006 temporarily as the Serbian government failed again to comply with its obligations toward the ICTY.

In May 2006 people of Montenegro voted for independence (55.5%) on a referendum which meant the last phase of the secession from the State Union and opened the way for independent foreign relations, as well. As a result, Montenegro managed to speed up the integration process. The EU renewed the legal base for the SAA negotiations so that a new wave of talks was launched in September 2006. The Council adopted a European Partnership for the country in January 2007 which was followed by the signature of the SAA in October. The first steps toward visa facilitation and readmission were also undertaken this year. Agreements on these issues accompanied by the Interim Agreement on Trade and Trade-related issues entered into force in 2008. Visa dialogue was initiated in February 2008 which led to visa liberalisation in December

<sup>25</sup> Key findings of the 2010 progress report on Bosnia and Herzegovina. Brussels, 9.11.2010. (MEMO/10/557) (<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/557&format=HTML&aged=0&language=EN&guiLanguage=en>, 10.11.2010)

<sup>26</sup> Bideleux 2007, p.505.

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2009. Montenegro has already applied for EU membership in December 2008 after which the Council proposed the Commission to prepare its opinion on the membership application of Montenegro. The Stabilisation and Association Agreement entered into force in May 2010.

The Commission published a positive opinion<sup>27</sup> on Montenegro's application this November and announced the candidate status of the country without any exact date for starting accession talks. Mr. Kaluđerović, Deputy Minister and Head of the Department for Multilateral Relations of the Ministry of Foreign Affairs of Montenegro welcomed the recognition of the country's progress at the conference and emphasized the need for maintaining macro-economic stability and regional cooperation.

#### 4.6 Serbia

Serbia could become a real partner of the EU as its former political leadership, especially ex-president Slobodan Milošević, engaged in the Yugoslav wars, got out of power in 2000. However, the shift of powers to the new democratic leadership did not mean the resolution of all problems and tensions existing between Serbia and the West. The lack of consensus on the highest level within the leadership on the relations with the Western partners and the ICTY and the problem of nationalist views remained tangible in Serbia's foreign policy which time to time blocked the country's progress toward Euro-Atlantic and regional integration structures during the first period. Despite this fact, it was clear that economic urgencies and the need for external aid would make constructive approach necessary toward these partners.

At the same time, the international donor community, including the EU, as well, took the determined position that they would provide financial assistance if Serbia fully cooperates with the ICTY. This criterion has become an essential priority of the agreements with the EU, as well. The Council agreed in the frame its conclusion in October 2004 to start negotiations in order to prepare a Stabilization and Association Agreement with Serbia. However, the fluctuating relationship with its Western partners delayed the launch of this process, so it only happened in October 2005. In May 2006 the negotiations were again suspended because Serbia did not

<sup>27</sup> European Commission: *Communication from the Commission to the European Parliament and the Council – Commission Opinion on Montenegro's application for membership of the European Union*. Brussels, 09.11.2010  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/mn\\_opinion\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/mn_opinion_2010_en.pdf), 10.11.2010)

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manage to solve the Mladić-case in time, which the Commission assessed as a failure of Serbia to fulfil this obligation.<sup>28</sup> At the same time, Montenegro also declared its independence from the State Union. The atmosphere improved only several months later, as a result of better cooperation between Serbia and the ICTY; the negotiations could be resumed in June 2007.

The year 2008 was crucial concerning both domestic dynamics in Serbia and the European integration. Kosovo declared its independence unilaterally on 17 February and it could be expected that nationalist forces would gain increasing support in the parliamentary elections. It is to be noted that no intention to military intervention appeared after the declaration of independence which showed that Serbia is careful with the use of force. Just right after the declaration, parliamentary elections took place in Serbia and it was feared that nationalists may become too strong; but finally, moderate politician Boris Tadić could form a government. The aftermath of the EU integration has set to be the priority of Serbian foreign policy.

This year (2008) brought a number of tangible achievements with the EU: the Visa Facilitation and Readmission Agreement entered into force in January. The European Partnership was adopted in February; the SAA and the Interim Agreement on Trade and Trade-related issues was signed in April; the Road map on Visa liberalization was agreed upon in May. These achievements were further improved in 2009. Probably, one of the greatest steps was the visa liberalization with Serbia in December, after which the country submitted its application for EU membership. In June 2010, member states of the EU started the ratification process of the SAA.<sup>29</sup>

In line with the Council Conclusions of 25 October 2010, the Commission has launched the preparatory work for the publication in 2011 of an opinion on Serbia's membership. This gesture will be, however, attached to a very strict assessment process which will, at each stage of the accession process, control full cooperation with the ICTY – as also Mr. Lescouhier, representative of the Belgian EU Presidency claimed.

Furthermore, there will be an urgent need to address the question of Kosovo's status. Kosovo's involvement into regional and EU integration processes is essential in reaching the goals of the

<sup>28</sup> Bideleux 2007, pp.318-319.

<sup>29</sup> European Commission: *Commission Staff Working Document: Serbia 2010 Progress Report*. Brussels, 09.11.2010  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/sr\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/sr_rapport_2010_en.pdf), 10.11.2010)

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EU and these countries. Nonetheless, it is unlikely that Serbia will recognize Kosovo's independence in the future, in particular because the EU member states stand on various positions. In this context, the EU will play an important role in facilitating dialogue between Belgrade and Pristina.

#### 4.7 Kosovo

Probably, the state of Kosovo is the most complex issue since, as mentioned above, it is only recognized by 22 member states of the EU. This undermines already the efforts that would need unambiguous decision of the EU. Despite the fact that in July the International Court of Justice (ICJ) issued an advisory opinion, which concluded that Kosovo's declaration of independence did not violate general international law or the UN Security Council resolution 1244 (1999), resisting countries are still careful.

As a consequence of the insufficient support for Kosovo in political terms will make another approach necessary by the EU, if it wishes to bring Kosovo closer to its own and Southeast European regional cooperation structures. The EU has always had a strong presence in the country as a main contributor to the economic reconstruction. This was complemented by other actions after the introduction of the Athisaari Plan in 2005. The EU has taken a leading role in the country since 2007 after EULEX partly took the role of UNMIK over, whose functions now cover monitoring and reporting, facilitating Kosovo's external representation and the Pristina-Belgrade dialogue, and activities related to practical issues concerning Serb-majority areas in Kosovo.<sup>30</sup> The EU cooperates actively with the Kosovar Albanian leadership in order to find viable solutions for the country. Accordingly, reforms have started in the country in order to build proper democratic institutions and market economy.

In February 2008 the National Assembly of Kosovo declared the country's independence. The Council underlined its conviction that Kosovo constitutes a *sui generis* case which is not to be considered as a precedent. As the EU member states represented controversial opinions, the recognition process happens state by state. There was a fear that the declaration will destabilize the region but this did not happen. Since then the Northern part of Kosovo has made serious

<sup>30</sup> European Commission: *Communication from the Commission to the European Parliament and the Council - Kosovo \*- Fulfilling its European Perspective*. Brussels, 14.10.2009, p.2.  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2009/kosovo\\_study\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2009/kosovo_study_en.pdf), 01.11.2010)

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concern. Nevertheless, in its current report the Commission described the situation there to be tense but stable.<sup>31</sup> Not surprisingly, the Commission emphasizes the need to involve civil society into the decentralization process, though progress has been achieved during the last year in this field.<sup>32</sup>

Despite difficulties regarding the recognition of its status, the EU developed the institutional framework for dialogue with Kosovo. It appointed an EU Special Representative for Kosovo (Peter Fieth) in 2008 in order to ensure consistency of EU actions and to provide civilian support to political development in Kosovo.<sup>33</sup> The European Commission adopted in October 2009 a communication on Kosovo's European Perspective, proposing initiatives on visa liberalisation, trade agreement, stabilisation and association process dialogue and Kosovo's participation in EU programmes. Soon afterwards, it also launched the stabilisation and association process dialogue (SAPD) in the beginning of 2010; it covers the following sectors: "justice, freedom, security"; "innovation, information society, social policy"; "the internal market, competition, consumer/health protection"; "economic and fiscal matters"; "transport, energy, environment, regional development"; and "agriculture, fisheries, forestry, food safety".<sup>34</sup>

The Commission expressed also its commitment to launch a visa liberalisation dialogue shortly, in order to assist Kosovo in putting into place the conditions needed for a possible trade agreement with the EU, and in proposing the opening to Kosovo's participation in relevant Union programmes.<sup>35</sup>

Concerning recent changes encouraged by the reforms accomplished in cooperation with the EU, it is worth looking at the developments of political criteria. As the Progress Report states, the

<sup>31</sup> European Commission: *Commission Staff Working Document: Kosovo 2010 Progress Report*. Brussels, 09.11.2010, p.5.  
([http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/ks\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/ks_rapport_2010_en.pdf), 10.11.2010.)

<sup>32</sup> Key findings of the 2010 progress report on Kosovo. Brussels, 09.11.2010 (MEMO/10/554)  
(<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/554&format=HTML&aged=0&language=EN&guiLanguage=en>, 10.11.2010)

<sup>33</sup> Council Decision 2010/446/CFSP of 11 August 2010 extending the mandate of the European Union Special Representative in Kosovo. (<http://www.eusrinkosovo.eu/d/LexUriServ11082010.pdf>, 10.11.2010)

<sup>34</sup> European Commission: *Kosovo 2010 Progress Report*. p.5.

<sup>35</sup> Key findings of the 2010 progress report on Kosovo. Brussels, 09.11.2010 (MEMO/10/554)  
(<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/10/554&format=HTML&aged=0&language=EN&guiLanguage=en>, 10.11.2010)



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Constitutional Court ruled that it was unconstitutional to hold, at the same time, the office of the President of Kosovo and of the Chairman/President of a political party. This led to the resignation of the President of Kosovo. Following the non-confidence vote on the government in November, the LDK withdrew from the governing coalition. Elections have been called for 12 December.<sup>36</sup> After the elections the EU will have to take steps in order to facilitate dialogue between Belgrade and the new government of Kosovo.

<sup>36</sup> European Commission: *Kosovo 2010 Progress Report*. pp.5-7.

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## 5 *Future perspectives and the Hungarian EU-Presidency*

Hungary will hold – for the first time in its history – the position of the Council Presidency in the first half of 2011, which will be a great challenge for the country. Hungary has always been one of the main supporters of the Western Balkan countries in their integration efforts, and therefore, it intends to use this unique opportunity to provide even more assistance to this process. Nevertheless, it is to note that Hungary is not in a position to determine the agenda to its own taste. The introductory description of the current situation in the EU also underlines the fact that manifold challenges will mainly define the priorities and themes of the EU for the coming half year.

Furthermore, new institutional arrangements, introduced by the new Treaty on the Functioning of the EU, entered into force in December 2009, have additional repercussions on the Presidency to direct actions in the field of the EU's external relations. The Treaty established two new important positions at EU level: first, the permanent President of the European Council (elected every two years) who chairs the meetings of the heads of states and governments, which are responsible for providing the impetus and general political guidelines for the Union's development. Accordingly, leaders of countries bearing the position of the Presidency of the Council have lost from their importance on the highest political and strategic level. Second, the High Representative of the Union for Foreign Affairs and Security Policy will chair and conduct in the future the Foreign Affairs Council.

Nonetheless, Hungary as EU-President will be given the opportunity to support the Western Balkan countries through its activities in which these states can be involved. There are priorities of the Hungarian Presidency – as Csaba Zalai, Envoy Extraordinary and Minister Plenipotentiary at the Permanent Representation of Hungary at the EU also noted – which can be attached to the promotion of the Western Balkan countries by enhancing cooperation in specific fields between the EU/Central Europe and the countries of the region: the European Danube Strategy and the EU Framework Strategy on Roma Inclusion. Concerning contribution to the EU integration process of the single countries, the Hungarian Presidency will need to consider the recommendations of the new enlargement package of the Commission published this November.

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A few years ago, Hungary hoped to hold the Presidency during which Croatia would sign its accession treaty with the EU; but the recent economic crisis and the institutional reforms taking place in the EU deranged its plans. In this situation, what the Hungarian Presidency can do is to provide assistance to Croatia in order to close the remaining chapters, in particular the one related to judiciary reform and fundamental rights. Regarding the other countries, Peter Lescouhier, Liaison Diplomat for the Trio Presidency from Belgium, pointed to the following tasks through which the Hungarian Presidency can enhance the acceding process: 1) motivating Serbia to cooperate with the ICTY and to constructively participate in the dialogue with Kosovo and to control these processes; 2) monitoring development of regional cooperation, including the RCC; 3) assisting the follow-up of the reform related to the visa liberalization. He warned that the EU should avoid a rushing enlargement process and making inconsiderate statements on accession dates. It has to take carefully into account how the accession affects its ability and capacity to maintain its position on global forums and to develop its own structures.

This careful approach will not stop the enlargement process. As Stefano Sannino, Deputy Director General of the Commission's DG for Enlargement stated at the conference, the integration and stability of the region were/are mutual interests of the parties, thus accession of these countries would definitely happen. Nevertheless, he also claimed that accession dates were currently impossible to predict due to the complex nature of the enlargement process.

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The project was supported by the National Civil Fund

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