

## Six Principles to Guide EU Action in the Western Balkans

by Majda Ruge

Amid uncertainty about future EU enlargement prospects and the US's continued shift towards the Indo-Pacific, one of the few axioms in circulation when it comes to the Western Balkans revolves around the need for an alternative EU agenda for the region.

So far, this agenda has mostly been articulated within the framework of the Berlin Process, as an ambition to integrate the economies in the region and facilitate the unhindered cross-border flow of goods, services, people and capital. The effort is supported by 9 billion euro in grants and 20 billion euro in loans for connectivity projects in the field of transport, energy and digital infrastructure.

The economic integration initiative has been described as a stepping stone in the process of EU integration. However, it is likely to suffer from the same political handicaps which undermine progress on the reforms laid out in the integration agenda. Therefore, for the above-mentioned initiatives to bear fruit, a frank assessment of structural impediments and problems with agency – both locally and within the EU – is required. This is imperative if EU institutions and member states want to see steps forward on regional integration and economic development, but also on democracy and security in the region.

Six simple principles can form a basis for such a reflection, helping to build a realistic agenda for the region:

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Firstly, a healthy mix of realism and idealism is needed. A return to the perfect EU integration moment is not going to happen. Yes, it is important to continue to push for the opening of the Intergovernmental Conference on European integration with North Macedonia and Albania. Keeping the integration process going, despite hiccups, is necessary to inject positive momentum and create windows of opportunity for willing political actors to reform.

Yet, it is naïve to expect that the key structural parameters will change anytime soon, allowing the EU to do things better. Neither will the corrupt and entrenched political elites in several states of the region suddenly become reformers, nor will the EU, as a community of 27 states with divergent interests, suddenly overcome its differences and step forward with a common strategy and unified course of action.

For all the talk about EU strategic autonomy, a diverse bloc of 27 member states with distinct interests remains unable to formulate an effective policy towards the region. Take, for example, the recent “Slovenian non-paper”,<sup>1</sup> Bulgaria’s blocking of North Macedonia’s EU path,<sup>2</sup> or the obstructions posed by Croatia in shaping

EU policy on Bosnia and Herzegovina.<sup>3</sup> For better or worse, the only effective decision-making forum on the Western Balkans is not the European Council, but a coalition of like-minded states such as the Quint, which includes the US, the UK, Germany, France, Italy and EU institutions. The governments of interested EU member states therefore need to think of bilateral policies and act in smaller coalitions, instead of waiting for an elusive EU consensus to emerge.

Moving to the second principle, bold political leadership by EU member states and individuals is crucial. The Quint has played a critical role in giving political impulse to the EU’s agenda in the region over the past two decades. The US has in the past been a necessary driver of European coherence on the Western Balkans. It is unclear whether Washington, with all its other foreign policy priorities, will continue to play this role. Among the Quint, Germany’s leadership will be crucial, given its weight both in the EU and in the region.

Berlin’s interest in Bosnia and Herzegovina, the strategic centre of the region, has indeed grown. This is demonstrated by the recent appointment of Christian Schmidt, Member of Parliament from the Christian Social Union, to be the next head of the Office of the High Representative (OHR). Starting in August 2021, Schmidt – a former junior minister in the Ministry of Defence and former Minister of Agriculture

<sup>1</sup> Aleksandar Ivković “Reactions to the “Non-Paper”: Ideas of Border Change Rejected, But They Will Not Go Away”, in *European Western Balkans*, 20 April 2021, <https://europeanwesternbalkans.com/?p=42293>.

<sup>2</sup> Una Hajdari “Tongue-tied: Bulgaria’s Language Gripe Blocks North Macedonia’s EU Path”, in *Politico*, 8 December 2020, <https://www.politico.eu/?p=1524303>.

<sup>3</sup> Majda Ruge, “Hostage State: How to Free Bosnia from Dayton’s Paralysing Grip”, in *ECFR Policy Briefs*, November 2020, <https://ecfr.eu/?p=62418>.

– will guide the UN-mandated institution, which is responsible for implementation of the Dayton Peace Agreement.

This role carries great potential to stabilise the region politically, as it involves deterring the obstruction of the Dayton Agreement, safeguarding Bosnia and Herzegovina's sovereignty and ensuring that neighbouring states Serbia and Croatia play a constructive, rather than destabilising role. Bosnia is the strategic centre of the region. Whether it will export stability or instability matters for the rest of the Western Balkans.

Berlin's high-level political interest in Bosnia and Herzegovina is a welcome development. However, it will need to extend beyond the nomination of the High Representative. Germany will need to assume a bolder policy to promote the rule of law and deter the obstructionism displayed by entrenched ethno-political elites, in order to stabilise the political situation both in Bosnia and Herzegovina and throughout the region. Germany's Green party is aware of the problem.

Germany enjoys enough legitimacy to make this move. Results of a comprehensive opinion poll across the Western Balkans published by the International Republican Institute in 2020 suggest that Germany is by far the most popular country in the region, even when compared with the US.<sup>4</sup> In Bosnia and Herzegovina, 74 per cent of

respondents see Germany in a positive light, compared with 65 per cent who said the same about Turkey, 49 per cent about the US, 52 per cent about China and 48 per cent about Russia. Even in Kosovo and Albania, where the US has traditionally been the most popular, Germany rates on par with the US: 85 per cent of respondents in Kosovo declared highly favourable views about Germany and 88 per cent said the same about the United States.

Thirdly, and beyond Bosnia and Herzegovina, like-minded countries need to identify a small number of priorities and focus on these. Dealing with the kleptocracy and state capture should be among them.

Some EU leaders have a better understanding than others of the fundamental role that state capture, strategic corruption and organised crime play in the region's problems. Sweden has recently appointed an Envoy for Organised Crime. The UK and the Netherlands have adopted a laser-like focus on the rule of law, corruption and organised crime. Italy, as a neighbouring country has a huge interest in fighting organised crime as well as enormous expertise. Leadership by this group of states could lend needed coherence to EU action. It is in this policy realm that willing EU member states will certainly have a transatlantic partner to work with, given the Biden administration's incorporation of the fight against strategic corruption and money laundering into its foreign policy.

Left unaddressed, strategic corruption and state capture will continue to

<sup>4</sup> Center for Insights in Survey Research, *Western Balkans Regional Poll, February 2, 2020–March 6, 2020*, June 2020, p. 49-50, <https://www.iri.org/node/5642>.

undermine every single EU integration objective in the region, whether on rule of law and democracy, economic development or security. Similarly, success of the regional single market will depend on the existence of a predictable regulative framework which is conducive to foreign and domestic investment and improved competitiveness in the private sector. For the region to truly develop, economic integration must be accompanied by reforms with regard to the rule of law. A larger market with corrupt institutions, dominated by criminal racketeering networks will only be slightly more attractive than a smaller market with the same problems.

A fourth principle involves turning the Covid-19 disruption into an opportunity to increase the Western Balkans positioning in EU supply chains for companies. States in the region exporting goods to the EU could seek to increase their share of trade, which could reduce the EU's dependence on suppliers in Asia.

During the pandemic, many enterprises in the region saw a rise in exports due to the new demand from EU-based companies. Bosnia and Herzegovina witnessed a 15 per cent increase in the first quarter of 2021, compared to the same period in 2020 and a 10 per cent increase when compared to the same period in 2018. Located on the doorstep of the EU, the Western Balkans has comparative advantages in proximity, natural resources and skilled labour. The region's labour-intensive industries have been an asset during the pandemic and could continue to be so in its aftermath. The Western

Balkans' underutilised agricultural potential could also attract the interest of EU member states, as they consider challenges regarding global food security.

The economic shock caused by the pandemic cannot be overcome by Western Balkans states alone. A regional approach will be necessary to address this issue. While there is an ongoing regional market initiative that seeks to bring down barriers to the movement of goods and services, this approach has its limits when it comes to economic growth. What is needed is a development strategy that focuses on specific sectors to strengthen national and regional comparative advantages. This is critical for countries such as Bosnia and Herzegovina, Kosovo and Montenegro, which export little and persistently record the highest trade deficits with their neighbours.

A fifth principle involves identifying the correct partners in the region and supporting their positive agenda, whether at the local level of government, in the private sector or civil society. Their commitment to transparency and good governance is critical for progress on all parts of the EU agenda, whether we are talking about the Green Deal, energy, the rule of law or the management of geopolitical challenges coming from China and Russia.

Finally, a sixth principle requires acknowledging and penalising misconduct, rather than glossing over violations of international and European norms and principles. Historical revisionism, genocide denial and defiance of the rulings of



the International Criminal Tribunal for Former Yugoslavia are regularly practiced by government officials and parliamentarians in Serbia, Croatia and certain parts of Bosnia and Herzegovina. This is not just about optics. Addressing this behaviour is critical for the stability and security of the region and the EU.

Decades of EU–US cooperation on the rule of law in the Western Balkans means that, to a large extent, the policy framework is already in place. What is missing is the joint strategy needed to give a political impulse to the multiplicity of financial and policy instruments available.

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The EU should not underestimate how important it is to establish the notion that actions have consequences, and to penalise gross violations of norms. This should apply not only to the glorification of war criminals, but also to violations of democratic norms, corruption, kleptocracy, and the aggressive meddling of kinstates in the internal affairs of others. Here, the EU can find partners in the new administration in Washington DC, if the Union is willing to demonstrate a bolder approach. Until now, the US has done the EU's job of attempting deterrence through sanctions, but in the absence of EU sanctions, US efforts have not been as effective as they could have been.

While this is a long list, achieving these goals should be feasible, given the limited size of the region. The population of the six Western Balkan states which form the "inner courtyard" of the EU is approximately the size of the population of the Netherlands – around 18 million inhabitants. It is a small and well-educated population that would welcome bolder German and European involvement to stop democratic backsliding and strengthen the rule of law.

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