EUROPEAN UNION AND SOUTHEASTERN EUROPE - A CLASH OF THE PRINCIPLE OF CONDITIONALITY AND THE REGIONAL APPROACH

ABSTRACT

The European Union in June 2003 has made it very clear that the principle of conditionality and the regional approach will be the prime instruments of the EU in South East Europe. The author in this article investigates if some of the stipulations about these instruments do hold. The central stipulation is that only in tandem would the principles provide for stability. The author contents that it remains doubtful whether the proclaimed compatibility of the two approaches is given. Rather, competition seems to exist between them. However, if this rivalry is really given and yet the combination of the two principles remains to be the flagship policy of the EU, this may be counter-effective for reaching the desired stabilization and democratization of the region.

The European Union (EU) constitutes one of the major external actors in South East Europe, both financially and conceptually. Two instruments have shaped the policy of the European Union in this region for at least five years now and lie at the core of the EU’s policy approach towards the region: the regional approach and the principle of conditionality.

In June 2003 the Thessalonica summit has made it very clear that the principle of conditionality and the regional approach will also be the prime instruments of the EU for the next years to come. This is why it is especially fruitful to re-consider these to principles and to investigate if some of the major stipulations about them really do hold.

The most important of these stipulations are:

1. Only in tandem will the two principles – regional approach and conditionality - provide for the stabilization and sustainable democratization of Serbia, Montenegro and Kosovo, but also Bosnia-Herzegovina and Croatia.

2. Therefore, regional cooperation is a precondition equal to the
Copenhagen Criteria for eventually accessing the European Union.

3. Regional cooperation and the Stabilization and Association Process (SAP) are complementary processes.

4. The Stabilization and Association Process (SAP) will remain to be the framework for EU accession.

These stipulations are already a puzzle in themselves.

Regional cooperation is considered one condition within the conditionality approach, yet it is treated equal to the SAP. However, all things considered, the SAP is supposed to be the definite framework of action. In light of these contradictory statements, a closer look at the mechanisms and policy choices at stake is required to sort out the implications of these directives. Additionally, a closer look at the two principles alone at least prompts some questions about their complementary character.

I content that it remains doubtful whether the proclaimed compatibility of the two approaches is given at all. Rather, a basic competition seems to exist between them. However, if this rivalry is really given and yet the combination of the two principles remains to be the flagship policy of the EU, this might lead to serious consequences - and may be outright counter-effective for reaching the desired stabilization and democratization of the region.

To undertake my explorations, I will proceed as follows.

First, a brief clarification of terminology called for, especially with regards to the terms conditionality, regional approach, Stabilization and Association Process. This will also imply discussing some frequent misunderstandings about the principles and to look at the motivations for their persistence.

Second, I will explore the interplay of conditionality and regional approach in light of the 2003 Thessalonica conclusions. Here, I will suggest that the rhetoric of Thessalonica aggravates the rivalry between the two principles. However, I will also content that a careful reading of the Thessalonica documents suggests a development quite different from this immediate perception. Interpreting Thessalonica alternatively, however, may lead to the relativization of the tension between the two approaches, but points to other problems lingering on the region’s long route to Europe.

**Clarification of Terminology**

The principle of conditionality (also referred to as the conditionality approach, or in short, conditionality) couples the allocation of certain benefits to the fulfilment of specific conditions.

This strategy has characterized the EU policy towards Serbia and the other former Yugoslav states since the early nineties. Positive conditionality since
1999 has replaced the negative conditionality of the war-torn years. Since 1997 this conditionality has been institutionalized within Stabilization and Association Process (SAP).

The SAP is a bilateral mechanism between the EU and the so-called target states. It includes the demand for political reforms as well as a reform of economic policies. “Political conditionality” has become the catch word for these policy choices. This label has a double implication: on the one hand it formulates political requirements. On the other hand it also implies the prospect of political benefits.

In the SAP, the ultimate political benefit is supposed to be accession to the EU. However, the recent debate about the plans of a “Wider Europe” but also about the strengthening of the regional approach has raised some doubts in regional experts whether the ultimate benefit is really EU accession. In Thessalonica, the EU has therefore tried to make it clear that Accession still is the final vista for the countries.

Nevertheless, this already points to one or two problems of the conditionality approach. Getting something for giving something only works effectively, if the participant of the mechanism a) really wants what is to be gotten and b) believes in the prospect of getting it.

Both of these prerequisites have been rather volatile within the past months. On the one hand, the EU has not successfully managed to get over the verbal assurances of the accession perspective for Serbia and its neighbouring states. On the other hand, the political elite of these countries has at times been rather ambivalent in communicating its strive for EU accession — and its implications for domestic and foreign policy – to its people.

Comments like the one by the Croatian Minister for European Integration, indicating if the Union was getting tired of Enlargement, Croatia would get tired of transition at best point to the centrality of relevant final vistas. At worst, it indicates a decisively alternative comprehension of the conditionality process. Believing in the potential for accession is not only a make-belief task of the EU. It certainly also requires a consensus among a critical mass of people in the country to pro-actively wanting to pursue this vista. And it means getting the people of Europe interested in the assets the countries have to offer and being interested in those of Europe.

The EU now proclaims to overcome these challenges by introducing some new elements into the conditionality and thereby strengthening that mechanism. In the second part of this article, the implications of these new elements for

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conditionality and for regional cooperation will be discussed in further detail. But to be able to do so, I shall first complete the picture and briefly outline the regional cooperation approach.

The regional approach was adopted by the EU in 1996 and represents the idea of stabilizing South East Europe politically and economically by promoting exchange among the countries of the region. In part, this approach also involves facilitation of cooperation between those countries and the EU.

Long-term stimulus for the intended cooperation is, again, supposed to be the political and economic attractiveness of the EU.

In this sense, the regional approach has always been subordinate to the principle of conditionality. Regional cooperation was turned into one condition for approximation to the EU. Other than the bilateral conditionality, this regional approach rests on multilateral cooperation.

The Stability Pact for South East Europe has come to assume the role of the institutional manifestation of this approach. It was reconfirmed as such also by the Thessalonica summit declaration.

The strong emphasis on regional cooperation by the EU has led some observers to the conviction that the regional approach was really meant as a substitute for European integration. This belief rests on the assumption that the Stability Pact was meant as a surrogate for European Integration from the start – a never-ending “waiting-queue” in disguise. I do not think this assumption holds, and shall briefly explain why. Basically, one normative and one rational argument speak against this.

The Stability Pact for South East Europe was meant as an elaborate means of post-war reconstruction and conflict prevention. It was therefore supposed to be one comprehensive instrument for all countries. In line with those aims, it concentrated heavily on physical reconstruction and psycho-social counselling projects in the beginning.

After cross border cooperation in these two areas became mandatory for many projects to reach their objectives, the principle of regional cooperation advanced to become one main feature of the Pact. Thus, the Pact has always been a reconstruction instrument.

The éclatant absence of social and economic cohesion policies highlighted the lack of sustainable development perspectives within the framework of the Pact very early on. This is, quite rationally, why the Pact is not suited, not outlined for substituting European Integration – or even sufficiently preparing for accession.

Normatively, one could argue that the EU countries cooperate heavily among themselves and want to make sure the countries know the ropes before they access. When the Pact was initiated, the EU believed to have reasons to
doubt the existence of the ability to do so in this region – because of the war-
torn legacy of the then very recent past. Since the EU itself is, in a way, a
product of post-war regional cooperation, it is these experiences that linger in
the collective memory of the Union and that caused the stress on regional
cooperation in its reconstruction programme.

However, this well-intended approach harbours problems.

The problematic prioritization of issue areas, which introduced social and
economic cohesion programmes late and rather reluctantly into its structures, is
certainly one.3

But the construction also seems to underestimate the potential for
collision between the regional cooperation approach and the principle of
conditionality.

In some areas regional cooperation is almost imperative for political
success. One prime example is certainly the field of criminal prosecution,
especially in the areas of trafficking and illicit trade. In other issue areas, regional
cooperation makes sense, although the subject might lack the imperative, as, for
example, the establishment of regional markets for electricity and gas. Other
issue areas, also envisioned for regional cooperation by the EU, seem to be less
conducive. Especially since economic performance is one criterion for EU
accession, regional cooperation in economic terms is often times less rewarding
for the national economies than cooperation with third countries featuring more
consolidated levels of GDP.

Similarities in the categories of commodity production in South East
Europe are additionally contributing to the search for different markets. Existing
exclusive trade relations with the EU also offer little incentive to promote
increased trading among each other.

It is interesting, that the case of the countries, which belong to the latest
round of enlargement in May 2004 and which have not been confronted with
regional cooperation as one condition equal to the Copenhagen Criteria, shows
that they have not very much cooperated among each other until the very end of
their route to accession.4

Economically, cross regional cooperation would make more sense, and
support by the European Union for these undertakings would be beneficial for

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3 For a more detailed discussion of the prioritization of issue areas within the Stability Pact,
please refer to my article: The Year After: Assessing the Social Achievements of the Stability
Pact, in: South East European Review for Labour and Social Affairs, vol.3, no. 4, Baden-Baden,
2000.

4 For more information on this fact see: “Thessaloniki and After”, Balkans Briefing by The
International Crisis Group, Brussels, 20 June, 2003. Available at:
http://www.crisisweb.org/home/index. [8 December 2003]
several reasons, which I shall address in due time.

But regional cooperation – and already successful initiatives proof this point – needs to involve more states than the so called Zagreb-5 to achieve effective progress.5

Especially with Bulgaria and Romania probably accessing the Union in the foreseeable future, the objectives of the approach will need to be enriched by the aim of bridging the foreseeable socio-economic divide between the Zagreb-5 and their soon-to-be EU neighbours.

The principle of conditionality otherwise will counter-act intensive regional cooperation, in that it perpetuates competition for EU-subsidies among the single states.

While the regional approach was thus insisting on the credo of “multilateralism first”, the principle of conditionality at large insisted on a bilateral “each by its own merits” approach. The most effective way of acquiring these merits, however, did not always seem to be geographically proximate collaboration. The Thessalonica Summit has altered the relationship of the two approaches. At first sight, it seems to have strengthened the regional approach by explicitly making it complementary to the SAP. Further, it also seems to have strengthened the SAP by introducing three new elements to it, but also – and most importantly – by explicitly stating that from now on, each country will be assessed by its own merits within the SAP for evaluation concerning EU accession. The EU has made this unusually clear and this certainly raises the competitive character of the reform processes.

The progress the individual countries make regarding accession will be dependent on their respective progress within the SAP. The Stabilization and Association Process was reconfirmed to be the framework for this accession.

It is obvious that these two proclamations about the role of the regional approach and the tightening of the bilateral conditionality do not really go together.

Paragraph 2 of the Thessalonica Summary explicitly mentions the Copenhagen Criteria and the SAP conditions to be the exclusive indexes by which the countries will be judged and did not single out regional cooperation in this indicative statement.

At the end of the day, regional cooperation will be a necessary, but not sufficient condition for assessment within the SAP.

5 The Zagreb-5 consist of Serbia and Montenegro, Croatia, Bosnia-Herzegovina, Macedonia (FYROM) and Albania. For more information on this fact see: “Thessaloniki and After”, Balkans Briefing by The International Crisis Group, Brussels, 20 June, 2003. Available at: http://www.crisisweb.org/home/index. [8 December 2003]
This might seem good news to some, because it seems to dissolve the clash between the principle of regional cooperation and the principle of conditionality. However, this focus on bilateral conditionality has implications not only for the development of the single countries, but also for the region. Here, the following points need to be considered.

**The Principle of conditionality within the SAP**

Three elements strengthen the principle of conditionality of the EU within the SAP, of which two are especially interesting.

1. The Twinning Programmes. The first of the three is the announcement to upgrade the Twinning Programmes.

   These Programmes provide the local administration with matching partners from EU membership countries. In light of the recent problems of the twinning approach, however, one will have to see how relevant this tool will actually turn out to be.\(^6\)

   Two other elements must be considered more important: the first of these is the introduction of European Partnerships between the single countries of the region and the EU.

2. The European Partnerships. These Partnerships are supposed to allocate funding and support for priority issue areas, which shall be identified by the respective target-country. Thus, regional ownership, a term that has been constantly stressed and often times stretched in the Stability Pact, again gets a rhetoric lead with regard to these new forums.

   However, this time, the countries of the region will have to take up the Union on its pledge to prioritize policy areas in consultation with the target countries. Why is that so? The countries will have to use these forums to make up for the lack of a roadmap to accession that was not identified by the Thessalonica summit. Also, the Thessalonica summit failed to take up the proposal by regional leaders to provide for additional funding for social and economic cohesion. This is what now needs to be prioritized within the Partnerships.

   The Stability Pact has, as mentioned, failed from the start in including these issue areas prominently into its reconstruction plan. Thus, the grand plan for accession still lacks one decisive element that makes fulfilling the conditions set possible in the first place.

   At the same time, the European Partnerships will only be of value if the

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\(^6\) For further details on the problems of twinning see: “Thessaloniki and After”, op cit., footnote 3.
countries of the region succeed in making the Union identify intermediary stepping-stones, which will grant “bit-by-bit” political and economic benefits to the respective country. This was something that, in my understanding, the political leaders of the region already expected from the Union in Thessalonica.

Contrary to some expectations of regional and foreign observers, the EU did not issue concrete commitments for the lifting of visa regimes for West Balkan citizens or facilitated access to EU Funds. One might suspect that the Union holds back on these issues because it wants to introduce these features as gradual stepping-stones or benefits within the SAP.

This move features one theoretical advantage and one practical drawback. The theoretical advantage consists of the inherent potential of alleviating the regional governments’ tasks of communicating accession as a long term political goal to its people. Introducing intermediary stimuli might make it easier for the governments of the region to explain their political decisions to the people but might also enable them to receive some merits from the people, before accession will be completed. This draws back to the basic logic of conditionality. The ultimate benefit is only as good as its acceptance within the public. Intermediary benchmarks might raise just that and thus provide for a precondition for efficiency of conditionality.

The practical drawback lies in the choice of the elements held back. Especially the reservations about adjusting the visa regimes might be counter-effective considering the bigger picture of drawing the region closer to the EU.

The mere stipulation of EU accession will not suffice to convince the larger parts of the people of the merits of accession. Furthermore, despite the understanding that EU accession might mean economic improvement, a more comprehensive understanding of the working of the European Union and also of the characteristics of its member states yet needs to be provided for. Lifting the visa regime might facilitate this understanding. It might also facilitate additional forms of regional cooperation.

Since intra-regional cooperation within the Zagreb-5 will remain rather limited due to the economic structures of the region, inter-regional cooperation will be needed to facilitate economic and political stabilization.

The exchange of goods and commodities, which is already in place, will not suffice to reach this aim. It will take the exchange of ideas and people to achieve it and it will also need the movement of people to stimulate the movement of goods.

In the process of drawing the region closer to the European Union, the lack of comprehensive benchmarks in the schemes of the EU has not been the only problem.

Moreover, concerns have been ventilated, the introduction of benchmarks
could mean – similar to the interpretations of the Stability Pact – postponing accession indefinitely. Also, observers are afraid the Union might just not want to soon execute another round of enlargement. As the Minister for EU Integration in Croatia put it “The worst possible scenario is for the Western Balkans to be perceived as some kind of good neighbourhood in the long run.” Indeed the EU is working on the institutionalization of such good neighbourhood relations with the countries that will soon border the Union.

At the same time, the EU has been very eager to emphasize that the West Balkan countries are not being considered as belonging to this new so called ring of friends – since the EU wants to stand by its integration perspective for this region.

Intended as a relief to the West Balkan countries and sceptically received as one, I contend that rejecting a closer look at the instruments involved in building a ring of friends may be counter-productive to better preparing this region for accession.

The “Wider Europe” approach foresees to first offer to the new neighbours of the EU preferential trade agreements and privileges in the economic sphere, before moving on to granting the states the four freedoms of the Union.\(^8\)

These are basically schemes, which the West Balkan States also will need to acquire, before joining the European Union. This is especially interesting with the planned EU programmes to prevent or contain social exclusion within the framework of the Wider Union scheme.

Programmes to foster employment - and thus to prevent the marginalization or exclusion of certain groups of the population - have so far been both underdeveloped and underfunded in the EU’s programmes for the Balkans. The Charta for Small Enterprises will not suffice to tackle the up to 40 percent unemployment rates of the region. Access to alternative programmes existing outside of the SAP can therefore be helpful to support the economic development of the region.

But looking into participation of the Wider Europe programmes is also interesting with regard to the benchmarks the EU announced to introduce within this process.

At least with regard to these two issues the Wider Europe approach seems to be better equipped than the Thessalonica summit declaration.

If the WB states can succeed in negotiating a partial participation in those

\(^7\) “Croatia and the EU – Steps Ahead?”, op. cit., footnote 1, p.4.

\(^8\) The freedom of movement, of services, of goods, of people and of capital.
programmes, this could mean the chance to profit from development programmes that also the countries of this region need. At the same time, these programmes can then be followed and implemented outside the pressure of EU accession and its implications. In the long run, participating in the programmes for a Wider Europe may, paradoxically, facilitate the European Accession Process.

A third element, which is supposed to strengthen the SAP - besides the Twinning Programme and the European Partnerships -, is the invitation by the EU to join decisions of the Joint Foreign and Security Policy of the Union.

3. The invitation to join decisions of the JFSP. This point deserves attention both in terms of the regional approach and the principle of conditionality. In terms of conditionality, this provision does put the countries on the spot in deciding on their foreign policy orientation. So far, supporting the JFSP has been phrased as an invitation and not as a requirement of the SAP.

However, this invitation constitutes a viable instrument for observing the general direction the foreign policy agendas of the Zagreb 5 are taking and will surely be taken into account for an overall assessment of the countries performance within the SAP.

Concerning the regional cooperation, the influence of this invitation is especially interesting. On the one hand, it could serve as a means to differentiate between the countries even more so, if the countries use their foreign policy agenda to set themselves apart from the neighbouring states. On the other hand, it might serve to stimulate deliberations on joint foreign policy interests of the region and thus subtlety foster regional cooperation in a wider sense of the term.

Conclusion

All things considered, what do the stipulations articulated in Thessalonica then really mean – and what do they mean for Serbia and Montenegro?

Let's revisit. Stipulation one claimed that only in tandem would the two principles provide for the stabilization and sustainable democratization of Serbia, Montenegro and Kosovo, but also Bosnia-Herzegovina and Croatia. We have seen that the two principles – one based on bilateralism, one based on multilateralism – one being cooperative in character, one competitive, do not ideally work in tandem. If taken at face, they rather work against each other. Only if the regional approach is modified in issue areas and participants will it be able to assume a truly supportive role within the SAP.

Stipulation two and three asserted that the regional cooperation was a criterion equal to the other criteria defined in Copenhagen. We have seen regional cooperation may in relative terms be one necessary, but in absolute terms not a requisite qualification or indicator – the case of Croatia, for example,
proves this case in point. Thus, “supportive” will at best describe the relationship between regional approach and conditionality – “complementary” it is neither in conception nor application.

Stipulation four read, the Stabilization and Association Process (SAP) would remain to be the framework for EU accession. Indeed it will - one way or the other. The European Partnerships will be key in making it live up to the upgrades it received in Thessalonica.

Revisiting the assumptions about the relationship of SAP and conditionality approach and measuring them against the political reality post-Thessalonica shows that both approaches do not really go together as equal partners. As long as the EU holds on to its rhetoric of complementarity regarding these two policies, the clash of the desired and the achieved will be unavoidable. However, maybe it is not even necessary to hold on to that rhetoric after all. The political facts created at Thessalonica suggest the conditionality approach overhauled the regional approach as the primary mean of preparing the countries for accession. If this is so, a transparent portrayal of this new approach might facilitate the communication over perspective accession and help to avoid time-consuming clashes of the regional approach and the principle of conditionality in the future.

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EVROPSKA UNIJA I JUGOISTOČNA EVROPA - SUKOB PRINCIPA USLOVLJAVanja I REGIONALNOG PRISTUPA

REZIME

Evropska unija (EU) je jedan od glavnih spoljnih aktera u Jugoistočnoj Evropi, kako finansijski tako i koncepcijski. Dva mehanizma su uobičila politiku Evropske unije u regionu u toku poslednjih najmanje pet godina i nalaze se u središtu politike pristupa Evropske unije regionu, a to su princip uslovljavanja i regionalni pristup.


Princip uslovljavanja (koji se još pominje i kao pristup uslovljavanja, ili kratko, uslovljavanje) povezuje dodelu određene pomoći sa ispunjavanjem posebnih uslova. Evropska unija je usvojila regionalni pristup 1996. godine i on predstavlja ideju o stabilizovanju Jugoistočnoj Evropi u političkom i ekonomskom smislu poboljšanjem razmene između zemalja u regionu. Delimično, ovaj pristup takođe obuhvata i olakšavanje saradnje između ovih zemalja i EU, i uopšteno unapređuje saradnju. Međutim, ovi dobronamerni pristupi kriju i probleme. Jedan od njih je problematično utvrđivanje prioriteta spornih oblasti, koje su kasno i nerado uvele socijalne i ekonomske
organizacione programe u svoje strukture. Drugi problem je umanjenje mogućnosti sukoba između pristupa regionalne saradnje i principa uslovljavanja.

Autorka smatra da je i dalje nejasno da li uopšte postoji, kako se tvrdi, kompatibilnost ova dva pristupa. Čini joj se da pre postoji konkurencija među njima. Međutim, ako ovo rivalstvo zaista postoji, a kombinacija ova dva principa, i pored toga, nastavlja da bude glavna politika Evropske unije, ono može da dovede do ozbiljnih posledica i tako postane apsolutno kontraproduktivno za postizanje željene stabilizacije i demokratizacije u regionu.

Na početku svog istraživanja autorka daje sažeto objašnjenje pojmova, a zatim ispituje interakciju između uslovljavanja i regionalnog pristupa, i smatra da je retorika iz Soluna samo povećala rivalstvo između ova dva principa, njihovo praktično ostvarivanje, i da će samo učvrstiti princip uslovljavanja koji primenjuje Evropska unija unutar Procesa stabilizacije i pridruživanja. To su programi saradnje, evropsko Partnerstvo i poziv da se pristupi odlukama zajedničke spoljne i bezbednosne politike Evropske unije. Ovi elementi će imati značaj samo ukoliko zemlje regiona uspeju da utiču na Uniju da utvrdi posredničko sredstvo koje će postepeno omogućiti političku i ekonomsku korist svakoj od ovih zemalja.

Ova dva principa se po svojoj prirodi ne dopunjuju onoliko koliko su suparnički i samim tim ne mogu funkcionisati kao tandem. Međutim, regionalni pristup se može tumačiti kao podrška principu uslovljavanja i kao takvo sredstvo pruža dodatnu vrednost. Proces stabilizacije i pridruživanja će i dalje biti okvir za ulazak u Evropsku uniju. Evropsko partnerstvo će biti ključno za ostvarivanje dodatnog značaja koji mu je dat u Solunu, zaključuje autorka.