

➤ Enlargement Fatigue and its Impact on the Enlargement Process in the Western Balkans

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The protracted economic crisis which has enveloped the Eurozone since 2008 has thrown the very survival of the EU into doubt. The EU has begun to cannibalise itself in the exhaustive effort to save the single currency, putting at risk some of the extraordinary gains made by the world's most successful collective governance system. Chief amongst these gains has been the transformation wrought on the continent by the successive enlargements of the EU. Eastern enlargement, through the so-called 'big bang' of 2004 and the later 'coda' accessions of Bulgaria and Romania, brought the number of member states to 27. This increased to 28 when Croatia joined on 1 July 2013.

The EU is now not only a direct neighbour of the Western Balkans, but also the most important economic, political and geopolitical actor in South Eastern Europe. Using the different templates employed in designing the successful eastern enlargement policy, the EU is now engaged in a similar process of negotiations with the Western Balkan states. The EU-Western Balkans Summit meeting at Thessaloniki in June 2003 affirmed that 'the EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union'. This 'European Perspective' is thus meant to lead to membership and full incorporation in the institutional and policy regimes of the EU.¹ Despite its economic woes, the EU still aims to act as a lodestar for the countries of the region as they recover from the conflicts of the 1990s and seek integration. Indeed, just as a 'return to Europe' took place in the countries of Central and Eastern Europe in the 1990s, the EU's gravitational pull has proven key in the reconstitution of the economic, political and civic life of the Western Balkan region over the past decade.

The European Commission manages the EU enlargement process. Within this policy domain (and its 'antechamber' regime, the Stabilisation and Association Process), the EU seeks to promote and police an intense 'Europeanisation' strategy for enlargement candidate states. This strategy aims to 'modernise', 'democratise', 'pluralise' and transform the most fragile part of Europe and progressively connect it to the mainstream landscape of EU politics and the norms of European integration.

However, the EU's deep economic crisis and exhaustive introspection has had a pronouncedly detrimental impact on the progress of enlargement-related reform in the Western Balkans. The crisis has had an impact at both the national level (on the appetite for and capacity to implement EU-related reform measures) and at the EU level (where 'enlargement fatigue' has gone from a mere discursive presence in the policy-making arena to a determinative part of enlargement politics). Indeed, the contagion from the Eurozone has reached so deep that Dimitar Bechev argues that we now have a crisis of the 'periphery of the periphery'. The catastrophic experiences of Greece, Portugal and Spain have relegated

¹ See: European Commission, *Communication from the Commission to the Council and the European Parliament: the Western Balkans and European Integration*, Brussels: 21 May 2003, COM (2003) 285. The Thessaloniki 'promise' was reiterated at the EU-Western Balkans ministerial meeting at Sarajevo on 2 June 2010, where the EU provided 'an unequivocal commitment to the European perspective of the Western Balkans' and re-iterated that 'the future of the Western Balkans lies in the EU'.

those states to the status of the traumatised periphery within the existing EU constellation. The Western Balkans now constitutes an outer ring of that marginalised and discredited zone of governance failure, and is viewed through similar lenses in Brussels and the 'north'.² The enlargement process, viewed as functionally problematic and increasingly difficult for the EU prior to 2008, is now on 'life support' and 'flatlining' along a trajectory of 'frozen negotiating chapters' and (despite the promise made at Thessaloniki a decade ago) mutual mistrust toward an increasingly uncertain destination. 'Progress reports' can be just as easily read as 'stagnation reports'.³ This is the case even after the Croatian accession.

This contribution analyses the causes, scale and significance of EU 'enlargement fatigue', and how it has influenced the course of the current accession and SAP negotiations between the EU and the Western Balkan states. In its 2013 'Enlargement Strategy Paper', the European Commission pointed to the successful accession of Croatia, the start of accession negotiations with Montenegro in June and the opening of accession negotiations with Serbia as indicative of how the EU delivers on its commitments once countries meet membership conditions. It equally asserted that these demonstrate 'the transformative power and stabilising effect of the enlargement process and the EU's soft power'.⁴ This positive assessment of developments within enlargement policy sits very uneasily with the significant evidence of enlargement fatigue and a clear lack of momentum in negotiations.⁵

ENLARGEMENT FATIGUE – DEFINING A CONCEPT

Although 'enlargement fatigue' is frequently identified wholly and exclusively with the current accession round, it seems clear that similar patterns and impulses were evident throughout EU enlargement history. From the earliest days of the European Communities, the relationship between potential 'widening' and 'deepening' of the 'club' led to heated debate. France twice rejected the membership bid of the UK in the 1960s. De Gaulle worried not just about the geopolitical re-configuration implied by British accession to the Communities, but also about the *finalité* of the European integration process itself in the wake of an expansion of the original club of six. In 1977, François Mitterrand explicitly expressed his reluctance towards the idea of Greek and Spanish membership just as the EEC consolidated its first enlargement.⁶ Doubts about the desirability of an eastern enlargement and in particular its potentially destabilising impact on existing integration patterns frequently aired in the 1990s and early 2000s.⁷

Enlargement fatigue only properly entered the European political lexicon in the wake of the dramatic failures of the French and Dutch referenda on the Constitutional Treaty in 2005. The shock represented by the rejection of these twin referendums called for scapegoats, and the recently completed 'big bang' enlargement – symbolised by the ubiquitous presence in 'old' member states of the 'Polish Plumber' – seemed like a good place to begin explaining the public rejection of the European project. Similar arguments came up in Ireland after the defeat of the Lisbon Treaty referendum in 2008. In all three cases, post-referendum opinion polling conclusively demonstrated that enlargement hardly featured in the voting calculus of voters.⁸

2 Dimitar Bechev, 'The Periphery of the Periphery: The Western Balkans and the Euro Crisis', *ECFR Policy Brief*, European Council on Foreign Relations, August 2012.

3 Steven Blockmans, 'The Prize is More Peace: The EU Should Consolidate its Enlargement Process', *CEPS Commentary*, Centre for European Policy Studies, 8 November 2012.

4 European Commission, 'Enlargement Strategy and Main Challenges 2013-2014', Communication from the Commission to the European Parliament and the Council, COM (2013) 700 final, Brussels, 16 October 2013.

5 Philip Cunliffe, 'Suffering from the Eurocrisis and Enlargement Fatigue, the EU's Influence on Serbia and Kosovo is on the Wane', *LSE Blogs*, 23 November 2012.

6 Anna Szolucha, 'The EU and Enlargement Fatigue: Why has the European Union not Been Able to Counter Enlargement Fatigue?', *Journal of Contemporary European Research* 6/1 (2010): 6.

7 See: 'Eastern Europe 'Threatens to Destabilise EC'', *Financial Times*, 7 November 1990; 'Brussels Keeps the Gates to the East Shut', *Financial Times*, 16 November 1995; 'EU Braced for Enlargement War', *Financial Times*, 14 July 1997; 'War of Words Erupts over Enlargement', *European Voice*, 23-29 March 2000.

8 A Special Eurobarometer Survey in 2005 found that only 6 percent of Dutch voters and only 3 percent of French voters cited enlargement as a reason to reject the Constitutional Treaty. The Flash Eurobarometer survey of Irish voters in June 2008 similarly ranked enlargement near the bottom of voters' concerns.

Nevertheless, the various issues connected to 'fatigue' gained increasing prominence in media coverage of the EU, and this gradually began to seep into real world political assessments of the merits of further expansion. Anna Szolucha defines the phenomenon as 'hesitance or unwillingness to grant EU membership to new states as expressed in the interplay of 'wideners' and 'deepeners' in the context of an upcoming or just finalised enlargement round'.⁹ Whether invoked within the member states or at the EU level, and pertaining to a desire either to slow down or completely halt EU enlargement, the opinion usually expresses wholly negative views of expansion and alleges a fundamentally negative correlation between the widening and deepening impulses. Scepticism and suspicion confront aspiring member states as they seek to transpose and implement the corpus of EU legislation in advance of membership.

Enlargement reluctance surfaced long before the EU's economic crisis set in. The European Commission's approach to candidate and potential candidate countries became 'short term and managerial' and demonstrated 'neither a vision, nor the motivating force' that had made eastern enlargement possible.¹⁰ Other commentators asserted that, for the sake of its future progress and internal stability, the EU could not afford the accession of any more institutionally weak ex-Communist East European States.¹¹ The 'old' member states made increasing calls to limit further enlargement, at least until the Lisbon Treaty provided the institutional means to cope with additional members. Another manifestation of the phenomenon was evident in the increased moves to 'protect' the national interest by introducing the possibility of future referenda on further accessions to the EU.

'CREEPING NATIONALISATION'

The Western Balkan applicants have also had to contend with a process now managed more intensively on an intergovernmental basis from Brussels than eastern enlargement, and that at times depended on the bilateral demands of incumbent states. The crisis has weakened the European Commission's relative power within the EU institutional system and boosted that of the European Council and the member states. Enlargement politics is characterised by a complex division of labour (internally) between the EU institutions. The Commission plays a central bureaucratic role in the enlargement process, but this is balanced by the (territorial) input of both the Council and the (representative) functions of the European Parliament. Still, the Commission has been the pre-eminent actor within enlargement politics since taking on the responsibility for the newly democratising states from Central and Eastern Europe in the early 1990s.¹² Enlargement was traditionally viewed as a space where national interests would be more readily set aside than in conventional EU settings: the normative dimension of the process laid claim to a more community-oriented approach to decision-making. But now that approach has to contend with a much more muscular intergovernmentalism and the sometimes naked pursuit of national interest by self-regarding national actors within the Council. Enlargement is now more easily politicised in the domestic arena where political parties with a populist, Eurosceptic bent can harness otherwise inchoate discontent to 'strengthen European citizens' uneasiness about the potential consequences of further EU widening'.¹³

9 Anna Szolucha, op. cit., 6.

10 Othon Anastasakis, 'From Fatigue to Insignificance: Eurozone Crisis and Enlargement', Paper presented at ELIAMEP's 9th European Seminar, Poros, 21-4 June 2012

11 See: 'Romania, Bulgaria and the European Union: We're Off on a European Odyssey', *The Economist*, 28 September 2006; 'Post-Enlargement Stress', *The Economist*, 8 November 2007.

12 John O' Brennan, *The Eastern Enlargement of the European Union* (London: Routledge: 2006).

13 Rosa Balfour and Corina Stratulat, 'The Enlargement of the European Union', EPC Discussion Paper, Brussels, 10 December 2012; http://www.epc.eu/documents/uploads/pub_3176_enlargement_of_the_eu.pdf.

The multilateral and more or less pluralist framework of enlargement conditionality championed by the Commission now has to deal with sometimes uncompromising nationalist and particularistic member state demands. The weakened influence of the Commission has carried through from the larger integration process to the enlargement domain, and it has encouraged some member states to insert bilateral conditions that would have previously been deemed inappropriate. The Council, rather than the Commission, is increasingly setting the 'benchmarks' for delineating progress in accession talks, thus largely determining the pace at which negotiations proceed.¹⁴ This more latent intergovernmentalist mode of enlargement decision-making was already evident as Slovenia made maritime territorial demands of Croatia and in the Greek objections to FYROM's name. When Albania submitted its membership application in 2009, Germany indicated that it would wait for the formal approval of the Bundestag before asking the Commission for an opinion on Albania's application. In December 2011, the Council delayed its response to Serbia's membership application until March 2012, requesting Serbia to further substantiate and fulfil its conditions.¹⁵ All these examples indicate the extent to which the enlargement process has been removed from its own internal, rational and normative decision-making space and subjected to overt and dangerous politicisation.

THE SHADOW OF ACCESSIONS PAST AND THE EROSION OF THE 'CONVERGENCE NARRATIVE'

Enlargement fatigue moved from the shadows to the mainstream of enlargement debates after the 2007 accessions of Bulgaria and Romania. The most common charge presented thereafter was that neither country had adequately prepared for membership on accession and that membership has done little to change the fundamental problems of governance and state capacity. The leverage of the EU has produced significantly less reform than in other jurisdictions, and the impulse toward reform has actually gone into reverse in some spheres.¹⁶ One shocking dataset reveals that the minimum wage in Bulgaria in 2013 was about 30 percent less than in China and below the rate in Indonesia, Malaysia, the Philippines and Thailand.¹⁷ Despite six years of post-accession 'supervision' via the so-called 'Cooperation and Verification Mechanism' (CVM), both countries seem to grapple just as much with issues of corruption and state capture as they did on accession in 2007. The CVM represents a novel instrument in enlargement governance, and it has extended EU oversight of reform measures well beyond the accession date.¹⁸

The Western Balkan states suffer from their geographical proximity to Bulgaria and Romania and from an intellectual understanding of the Balkans as a unified region thought to have a distinct 'cultural mentality', one that demonstrates an uncommon attachment to corruption and rent-seeking behaviour amongst highly clientelistic networks of local power.¹⁹ This variant of the enlargement fatigue argument poses the question: how can we expect the EU engagement with the Western Balkans to produce better outcomes if Bulgaria and Romania, considered the most advanced countries in the region, have so demonstrably failed to honour their EU commitments?

14 Ibid.

15 Ibid. In June 2013, at Germany's insistence, the European Council's offer to open membership talks with Serbia was made conditional on the progress made on improving relations with Kosovo further.

16 The mass protests that took place in Bulgaria in early 2013 and led to the resignation of the Boiko Borisov-led administration were in large part a reflection of frustration at the failure to improve Bulgaria's governance and regulatory capacity (although also about the persistence of chronic poverty and rising prices). Romania's troublesome record on accommodating democratic pluralism also indicates a failure to internalise EU norms. See: John O' Brennan, 'Bulgarians Confront the Oligarchs', *Open Democracy*, 25 June 2013.

17 See: 'Salaries in Bulgaria Lower than China – Study', *Novinite.com*, 16 July 2013, http://www.novinite.com/view_news.php?id=152058

18 See: Aneta B. Spendzharova and Milada Ana Vachudova, 'Catching up? Consolidating Liberal Democracy in Bulgaria and Romania after Accession', *West European Politics* 35/1 (2012): 39-58.

19 See Tanja. A. Börzel, 'When Europeanisation Hits Limited Statehood: the Western Balkans as a Testcase for The Transformative Power of Europe', KFG Working Paper, September 2011, http://userpage.fu-berlin.de/kfgeu/kfgwp/wpseries/WorkingPaperKFG_30.pdf; John O'Brennan, 'The Spirit of Protest in Brazil and Turkey has Now Swept into Bulgaria', *The Guardian*, 30 June 2013.

The Greek imbroglia has further reinforced the image of the Balkans as the 'soft underbelly of Europe', a region where multiple and varied 'local difficulties' have a habit of mutating into trans-European problems. The bursting of the Greek EU bubble dealt a serious blow to the enlargement narrative as one of sustained convergence, EU-driven modernisation and increasing prosperity. As Dimitar Bechev puts it:

Greece was one of the region's models; a quintessentially Balkan country that had made the grade from rags to riches, from underdevelopment and marginality to prosperity under the star-studded EU flag... Now, however, Greece is a warning about the perils of Europeanisation without deeper transformation'.²⁰

In the popular European consciousness, the Balkans remains a region of great fragility, defined by inter-ethnic contestation for territory and power, mutually antagonistic nationalisms, incomplete state formation, deep and pervasive patterns of corruption and endemic economic mismanagement. EU officials still speak of 'Europe' as the wonder drug that will cure any and all Balkan pathologies. But the financial and economic crisis has considerably altered this 'logic'. Rather than acting as an agent of stability and practical reform, the EU now represents an arc of instability – and the Western Balkan states, like others on the periphery of Europe, have got caught in the crossfire.²¹

THE SHADOW OF THE PRESENT – THE EU ECONOMIC CRISIS

The Western Balkan region is already highly integrated into the EU economy. Indeed, in the decade prior to 2009, it experienced a considerable rise in living standards as it recovered from war and rode the broader European economic boom. However, much of this advance was consumption-based as credit expanded annually by as much as 25 percent, making the region susceptible to exogenous economic shocks.²²

The region demonstrates a particularly strong interdependence with Greece and, as Ritsa Panagiotou demonstrates in a recent article, the Greek crisis has had a visible impact in multiple dimensions – whether in reduced or negative Western Balkan growth rates, in the regression in the appetite and capacity for implementing EU-related reform measures or in vital social dimensions of life.²³ The Western Balkan countries 'have been sucked into the vortex of Greece's unravelling economy' with 'far-reaching social and geopolitical implications' that impact the entire region. After five consecutive years of recession, Greek GDP collapsed by more than 20 percent and official unemployment reached 27.4 percent in 2013, with youth unemployment running at almost twice that figure.²⁴ Contagion from the global economic crisis had weakened the Western Balkans even before the 2011 Greek crisis. Between 2008 and 2011, all countries in the region experienced a contracting GDP, falling industrial output, rising unemployment, declining (but volatile) rates of Foreign Direct Investment (FDI), growing current account and trade deficits and a significant decline in diaspora remittances.²⁵ Albania, Montenegro and Serbia face high levels of public debt, sizeable budget deficits and large current account deficits.²⁶ The number of IMF programmes in the region declined from 12 between 1994 and 1997 to three in 2007. By 2008, only Albania still depended on IMF aid, and that programme finished

20 Dimitar Bechev, op. cit.

21 Ibid.

22 Ibid.

23 Ritsa Panagiotou, 'The Greek Crisis as a Crisis of EU Enlargement: How Will the Western Balkans be Affected?' *Journal of Southeast European and Blacksea Studies* 13/1(2013): 89.

24 'Greek Q1 Unemployment jumps to 27.4%', *Reuters*, 15 June 2013.

25 Ritsa Panagiotou, op. cit., 91.

26 Dimitar Bechev, op. cit.

at the end of that year.²⁷ The crisis, however, has brought the IMF back to the region in no uncertain style. Serbia, FYROM and BiH all had to ask for assistance.²⁸ Unemployment has continued to rise, averaging 21 percent across the Western Balkans, but much higher in BiH, Serbia, FYROM and Kosovo.²⁹

The contagion from the Greek imbroglia has impacted three particular areas: trade, banking and remittances. Trade relations with Greece are especially important for Albania, FYROM and Montenegro, whose exports to Greece account for between 12 and 16 percent of the total. Almost 4,000 Greek companies have invested in the region, helping create about 200,000 jobs. Greek FDI has been particularly important for Albania, Serbia and FYROM. In 2008, Greek FDI accounted for 34 percent of total investments in Albania, about 17 percent in FYROM and 15 percent in Serbia.³⁰ Greek investments took place in a wide variety of areas including banking and financial services, telecommunications, food and beverage, banking, and pharmaceuticals. Greek FDI began to decline before 2011: Greek investment in Serbia for 2008 and 2009 amounted to €46 million, well below the total of €336 million for 2007 alone. Overall, even by 2010, Greek dis-investment had cost the region around €1.6 billion³¹

A second effect of the Greek crisis is the drastic reduction in the amount of remittances flowing back to the countries of the Western Balkans from their diaspora communities. The Greek unemployment catastrophe has placed migrant workers in great jeopardy and Albanian, Bulgarian and other Balkan workers have fallen victim to the economic collapse. A large number of migrant workers have returned to their home countries causing further increases in unemployment and have placed unwelcome pressure on fragile social systems already struggling to cope with the fall in domestic demand. A decline in remittances also has a 'negative effect on the countries' foreign currency holdings, medium-term budgetary planning and the financing of their current account deficit'.³² For most of its post-Communist history, the Albanian economy has been the most dependent on remittances in the region. Approximately 600,000 Albanians lived and worked in Greece before the crisis, and remittances of about €650 million (or about eight percent of GDP) came from Greece in 2009.³³ The collapse of the Greek construction sector, which employed large number of Albanians, had a particularly striking impact at the micro level (i.e., on family budgets) and the macro level (i.e., on Albanian government revenues).

Lastly, the Greek crisis has produced negative effects on the Western Balkans in the area of banking and financial services. The Greek banking sector is the leading EU player in the Western Balkans with a market share of around 30 percent in Bulgaria and FYROM, 25 percent in Albania and 15 percent in Serbia. Together with Italian banks they control a little under half of the sector in the Western Balkans.³⁴ The seven major Greek banks including National Bank of Greece, EFG Eurobank, Pireaus and Alpha Bank have established a network of around 20 subsidiaries in the region and employ approximately 23,500 people. Greek banks that benefitted from a €28 million bailout in 2009 were instructed to use the money to exclusively support domestic lending, which left the subsidiary branches without a vital lifeline as credit dried up.³⁵

One should also point out that the weakening of Greece within the EU has led to the loss of the most effective advocate on behalf of Western Balkan accessions. The Thessaloniki promise in 2003 demonstrated the extent to which Greece had become the 'ambassador for the Western Balkans within the EU'. Indeed, Pangiantou suggests that Greece made Western Balkan accession to the EU the 'cornerstone of its foreign policy' around this time. Its 'Agenda 2014' aimed to achieve accession for all the Western Balkan states by

27 Ritsa Panagiotou, *op. cit.*, 91.

28 *Ibid.*

29 European Commission, 2012, 9.

30 *Ibid.*, 93.

31 *Ibid.*

32 *Ibid.*

33 *Ibid.*

34 Dimitar Bechev, *op. cit.*, 5; Ritsa Panagiotou, *op. cit.*, 94.

35 *Ibid.*

2014 (the anniversary as it happens of the outbreak of the First World War in Sarajevo) as part of a plan to promote peace, prosperity, security and democratic consolidation in the region. Now, hugely indebted and traumatised by the turmoil created by austerity, 'Greece's days as a regional champion are well and truly over'.³⁶ Greece 'no longer has the clout, the prestige or the capacity to play the role of the champion of Balkan enlargement, or to act as a bridge between Brussels and the Balkans'.³⁷

'ACCESSION-FATIGUE' AND THE EU'S TRANSFORMATIONAL POWER

If 'enlargement fatigue' constitutes the most significant challenge to the EU, 'accession fatigue' (or what others refer to as 'adjustment fatigue' or 'evaluation fatigue') constitutes its concomitant malady in the Western Balkans. In reality the two phenomena have a symbiotic relationship.

Ample evidence from earlier enlargement rounds demonstrates that the transformative power of the EU lies in the credible commitments made to candidate states accompanied by a muscular conditionality designed to 'democratise', 'Europeanise' and 'modernise' external states in advance of their accessions. Applicants may undertake a painful and costly adaptation, but they pursue reform because of an implicit understanding that the accession process leads to membership. The 'external incentives' model argues that the EU will succeed in transposing its laws, values and principles into substantive and embedded norms in accession candidates if its promises are taken seriously by reformers willing to bear the short- to medium-term costs of implementation because of the long-term benefits they assume will accrue to their countries (or to themselves as political actors). Reformers will adopt the EU's transposition and implementation programme only if the rewards are 'big enough and tangible enough to compensate political incumbents for perceived losses of power or popularity'.³⁸ But an absent substantive belief in long-term benefits on behalf of domestic policy-makers and interest groups could significantly reduce the EU's capacity to influence change. Accession-driven reforms can succeed and EU norms can be substantively internalised only if the EU can provide a credible promise of membership. The EU's real problem in the Western Balkans is that the Thessaloniki promise of membership can no longer counter the currents of enlargement fatigue that pervade the process on the EU side. An excess of enlargement fatigue has led to an excess of 'accession fatigue': transposition and implementation of EU laws in the Western Balkans has slowed to a standstill.

This negative symbiosis has produced an ugly child dubbed 'potemkin implementation': local elites engage in 'smoke and mirrors' policy-making that gives the appearance of EU-trajectory reform, yet falls short on implementation.³⁹ Rhetorical statements of intent are not followed through in any substantive way and the gap between transposition and implementation of EU laws is substantial. Political elites in candidate states 'pay lip service' to EU membership, conditionality and reforms, but in reality they only protect their own political interests. Thus, the dominant impulses within the Western Balkans remain clientelism and rent-seeking rather than the transposition and implementation of EU-motivated reforms.⁴⁰ The failure to improve rule-of-law performance has emerged as the single most important deficiency identified by the European Commission in its annual progress reports.

36 Ibid, 100

37 Ibid.

38 Gergana Noutcheva and Senem Aydin-Duzgit, 'Lost in Europeanization: the Western Balkans and Turkey', *West European Politics*, 35/1, 59-78.

39 Steven Blockmans, op. cit.

40 Dimitar Bechev, op. cit.

The economic crisis has also fundamentally challenged some of the key assumptions about 'EU normative power', and this in turn has changed the dynamics of the previously successful 'external incentives' model. The Mediterranean and eastern enlargements provided the templates for this EU 'success' as a modern form of inside/outside soft power. Now, the economic crisis has thrown that model into severe doubt as Greece, Portugal and Spain have moved onto the 'EU's life support' system. Even Ireland, for long the star pupil of the EU's so-called 'cohesion' countries, needed a dramatic rescue by a troika consisting of the IMF, the ECB and European Commission as its economy collapsed in 2009-2010.

Greece's journey within the EU has challenged some strongly held assumptions about the transformative and disciplining impulses wrought by European integration and the irreversibility of accession-induced reforms.⁴¹ If the 'system' did not take root in Greece, Spain or Portugal – and even seemed to come unstuck in Ireland (notwithstanding the so-called and plainly wrong 'Celtic Comeback') – how can the EU expect to achieve any transformative effect in the Western Balkans, which has more fragile political institutions and social fabric? Furthermore, how can the EU continue to act as a lodestar for asymmetric convergence between inside and outside states in its current condition? If the European integration process itself is so beset by problems in its core, then how can it continue to exert any transformative influence (practical or normative) on the Western Balkans or other exogenous regions? As Panagiotou asserts, 'for the Western Balkans the experience of Greece resonates deeply. The country's experience no longer symbolises the promise of modernisation and convergence with the rich and well-governed 'old' Europe, but the prospect of success and prosperity gone sour'.⁴² If Greece has not managed to tackle problems like rent-seeking, clientelism and tax avoidance in a three-decade period of membership, then how can the countries of the Western Balkans expect to overcome similar structural problems in a much more challenging EU environment, one with much less budgetary largesse to cushion against unpopular public policy measures?

SERBIA-KOSOVO DIALOGUE – A NEW SPIRIT OF OPTIMISM IN THE WESTERN BALKANS?

The bleak landscape that confronts the EU and aspirant member states in the Western Balkans reveals the extent to which 'enlargement fatigue' and the Eurozone crisis have permeated both individual mind-sets and the institutional negotiating space. Still, there are grounds for cautious optimism in some respects. The enlargement process has not come to a complete halt. In particular, the potentially landmark deal signed by Kosovo and Serbia on 19 April 2013 provides a template for neutralising the worst elements of inter-ethnic and inter-state conflict in the Western Balkans. The decisive break with more than a decade of tension and periodic confrontation came in December 2012 when Kosovo and Serbia began to implement a key agreement on border control, opening joint posts at crossings 'that had been variously barricaded, circumvented or burned to the ground for much of the past two years'.⁴³ The April agreement goes further by establishing a power-sharing arrangement in northern Kosovo with authorities acceptable to both sides. The agreement aims to bolster local self-government through an association of Serb-majority municipalities whilst providing new arrangements for the police and the judiciary.⁴⁴ In mid-January 2013, the Serbian government adopted and the parliament endorsed a platform for talks with Pristina. It departed radically from past thinking, accepting Kosovo's territorial integrity and thus the de facto jurisdiction over the north (but not its independence claim). Ivica Dačić, the Serbian Prime Minister, concluded that Serbia's Kosovo policy was 'sterile and ineffective and does not lead to a solution'; instead of fighting 'battles that we will lose' over status, Serbia 'should

41 Othon Anastasakis, *op. cit.*

42 Ritsa Pangiatou, *op. cit.*, 97.

43 International Crisis Group, 'Serbia and Kosovo: the path to Normalization', Europe Report 223, Brussels, 19 February 2013.

44 Stefan Lehne, 'Serbia-Kosovo Deal Should Boost the EU's Western Balkans Policy', *Carnegie Europe*, 23 April 2013.

wage battles we will win' over the rights of Serbs in Kosovo. This about-turn, scrapping 'status' for a model of 'autonomous community', constituted a full circle manoeuvre by Serb negotiators and paved the way for the more substantive agreement in April.⁴⁵ The June 2013 European Council summit went on to declare that membership talks with Serbia would begin in January 2014, subject to progress in implementing the April Agreement. Ministers also agreed to open negotiations on a SAA with Kosovo. The EU 'bet' is that the enlargement jam in the Western Balkans will finally break after Croatia's accession to the EU on 1 July 2013.

CONCLUSION

Despite the fact that more than three quarters of the EU member states are former 'enlargement' countries, enlargement is no longer narrated as a EU success story. It is instead more often presented as a bridge too far for a European project beset by crisis and incapable of repeating previous geopolitical triumphs. 'Enlargement fatigue' has dominated EU relations with the Western Balkan states in the decade since the Thessaloniki summit and explains why the accession process has been 'running on empty' in recent years. 'Enlargement fatigue' provides both a reflex response to a rather inchoate set of EU problems and simultaneously helps to structure a culture of partial or non-compliance with EU laws on the part of Western Balkan aspirant states. The extended economic crisis that has so damaged EU solidarity has had a knock-on impact on enlargement: the previously successful 'external incentives model' has run aground on the rocks of growing mistrust and pervasive uncertainty about the endpoint of the process. Although Croatian accession provides all actors within the region with grounds for optimism, the negotiating climate remains extremely difficult. Unlike previous accession rounds, the EU has provided no concrete timetable for achieving the Thessaloniki promise of membership. Rather, the process remains open and indeterminate. The European Commission remains the 'best friend' of the candidate and potential candidate states in Brussels, but it has been decisively weakened within the institutional architecture by the economic crisis and increasingly acts as the mere 'agent' of the Council, where 'creeping nationalisation' has resulted in an unprecedented politicisation of the enlargement process. The Commission continues to insist that a rational, technocratic and ultimately fair rewards-based process continues to deliver results (if indeed somewhat 'under-the-radar'). The Western Balkans will continue to gravitate toward the *sui generis* EU model. The current EU Commissioner for Enlargement and Neighbourhood Policy, Stefan Füle, insists that enlargement is progressing through the four 'C-words' – credibility, consistency, commitment and courage. Yet, the evidence suggests that the EU is failing miserably on all four counts. As the EU celebrates the accession of Croatia – which will undoubtedly provide a short-term boost to the reform process throughout the Western Balkans – it faces a profound choice in its engagement with the region. It can reinvigorate the spirit of earlier enlargement rounds, or it can succumb to enlargement fatigue. Either way, the region's future hangs in the balance. ■

⁴⁵ International Crisis Group, *op. cit.*