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The Politics of Differentiated Integration: the case of the Balkans

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The Politics of Differentiated Integration: the case of the Balkans

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ABSTRACT

Most studies of differentiated integration are confined within the framework of the European Union (EU). The EU-Balkan relationship provides an opportunity to apply differentiated integration to links between the EU and a cluster of external states. Differentiated integration is at play in the relationship between the EU and the Balkans, especially in terms of time and space. Different states, at different times, have entered into binding contractual agreements with the EU, intended to enhance their 'European perspective'. Objectives are seemingly common, there is a sequencing of commitments, and territorially we seek to prepare states so we can redraw our boundaries and include them within. Functionally differentiated integration as a concept faces a greater challenge as the Balkans are not part of the EU. Variable geometry and *à la carte* choices are not readily available to the Balkan states and as such their fate is decided by the existing membership and not by their own choices.

Keywords: European integration; differentiated integration; enlargement; Western Balkans; South Eastern Europe

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The politics of differentiated integration: the case of the Balkans

1. Introduction

Most studies of differentiated integration are confined within the framework of the European Union (EU), the relationships between existing Member-States, and various institutional arrangements. The relationship between the EU and the Balkans provides an opportunity to explore the possibility of applying the concept of differentiated integration to a set of links between the EU and a nominal cluster of external states.

If differentiated integration has any relevance to the EU/Balkan relationship, or in the Balkans itself, three key points need to be made. First, differentiated integration in the Balkans results from the interests and policy preferences of the existing EU members. Balkan states, if given the option, would chose immediate and full membership of the EU, they would not willingly adopt polices of differentiated integration. If part of the accepted definition of differentiated integration is, ‘the process whereby European states ... opt to move at different speeds’, in the case of the Balkans it should be amended to read, ‘the process whereby European states ... opt *for other (non-EU) states* to move at different speeds’ towards European integration. The range and depth of EU involvement in the Balkans has been such since 1991, that it could be said that there has been an *imposition* of differentiated integration on the region

by the EU.

Second, if differentiated integration in the Balkans is to be cast in the context of enlargement, we then have to emphasise the essentially political nature of this process. In other words, there is very little that is technical or functional in the EU's decisions to treat the Balkans through a process of differentiated integration. Differentiated integration is a direct manifestation of political strategies for managing a range of so-called Balkan problems – ethnic rivalries, irredentism, separatism, war, democratisation, institution building. This complex set of problems in the Balkans, in conjunction with the range of interests of EU members and the lack of applicable instruments in the EU, has been the cause of differentiated integration.

Third, is the EU's insistence of treating the Balkans as a region. There are historical and psychological reasons why this is the case: some of them emanating from Yugoslavia's wars of disintegration, others from the more distant past; some real and some perceived. Differentiated integration in this regionalist context has two implications. On the one hand, the Balkans are treated differently from other European regions in the course of European enlargement. On the other hand, even though there is, as we shall see, a great raft of regionalism embedded in the EU's Balkans policies, the EU differentiates between parts of the Balkans in terms of integration. In effect, we have a double differentiation which is a key component to understanding the location of the Balkans in the EU's orbit.

This paper will examine the concept of differentiated integration, in the context of the widening of the EU, through the specific lens of the relationship between the Union and the region commonly referred to as the Balkans. The Balkans have thrown up a series of geo-strategic; politic-economic and socio-cultural challenges to the EU since the early 1990s. As a result, the EU has had to formulate and implement a wide range of policies at different times, aimed at different territories (and types of territories), in attempting to meet those challenges.

The paper initially will look at the context of the EU/Balkan relationship and trace the origins of the need for a policy of differentiated integration. It will be argued that even though there is a public perception and portrayal of the Balkans as one region – the result of historical developments – the EU's regional approach is based on a diversity of Balkans lumped under one heading. Following on from this, the paper will consider the EU/Balkan relationship through the context of widening and examine the actual policies of the EU towards the region focusing on the Stability Pact for South Eastern Europe, the Stabilisation and Association Process and ultimately the enlargement process proper. There seems to be no better evidence of differentiated integration than this mix of policies which draw individual members of the Balkans towards the EU at different speeds. The regionalism element will also be examined to evaluate to what extent a functional form of integration has taken root in the Balkans: is this regional approach realistic and does it serve the interests of the EU rather than those of Balkans states? The

tentative conclusions to be reached are that differentiated integration is at play in the Balkans, especially in temporal and spatial terms, but that the concept of differentiated integration can only be valid in this region if it is accepted that it can take place beyond the borders of the EU.

2. Context

EU policy towards the Balkans is framed by two essential spatial questions. What is the territory we are involved with (what is/are the Balkans)? Where do we want our own (EU) territorial limits to be? These questions are important for two reasons. First, the EU formulates policies which address Balkan states as a territorial cluster and urges these states to adopt and promote regional co-operation as a key step in their 'European perspective', while simultaneously differentiating between states in their approach to candidacy or prospective membership of the EU.

Second, this policy of differentiated integration results both from perceived differences between Balkan states and an upsurge in the debate within existing EU members as to the limits of Europe and EU enlargement. If indeed the EU is trying to build states in the Balkans, tie them together regionally, both at the inter-state and transnational levels, and transcend ethnic and national rifts to bring them closer to the European mainstream, these are being undermined by European hostility to further enlargement, especially as it is partly based on issues of identity and religion.

What has to be addressed is how exactly have the Balkans been viewed in terms of identity and territory by Europe and what effect does this have on the further widening and deepening of the European project. This is a crucial issue in establishing how and why differentiated integration is occurring in the Balkans and whether the Balkans, as a whole, are being treated in a radically different way to other aspiring members of the EU.

Ideationally, the Balkans have proved an easy target for western Europe. From the assassination of Archduke Franz Ferdinand to the violent collapse of Yugoslavia, modern Balkan history is easily condemnable. The phrases 'Balkan powder keg' or 'cockpit of Europe's wars' are readily trotted out, almost caricaturing of the region's politics. The long-term western perception of the Balkans is not only of a troubled region but also an alien one in European terms. An imposter in Europe's midst; geographically in Europe but in attitudes and actions not of Europe. Some dispute this strongly, arguing that in fact what has been created in western minds is 'an imagined Balkans'. (Todorova, 1997). What is real is that the Balkans and its inhabitants stir upset, negative reactions in European circles, and the events of the 1990s simply served to reinforce them.

How does this translate into a contemporary understanding and appreciation of what the Balkans are, and more specifically what impact has it had on EU policies towards the region? To put it differently, to what extent have these negative attitudes, built on a series of historical perceptions, influenced how the

EU had involved itself in the Balkans?¹ Clearly, the answer is enormously; especially as a result of the breakdown of Yugoslavia, the most recent 'round' in the development of the Balkans international personality.

As federal Yugoslavia descended into bloody conflict, ethnic cleansing and genocide, Europe was going through a different and equally radical transformation. In the East, the collapse of communism and the path towards democratisation was in the main peacefully conducted (and celebrated as such). Significant change was also occurring in the West: the European project continued apace with the finalisation of the Maastricht Treaty and the creation of the EU. What this indicated in grand terms was the recreation of Europe. This was not only a spatial or territorial recreation, but also cultural and ideological in that 'Europeanness' and its norms and democratic ideals were winning out over alternative models of political-economic organisation. On the surface of it, the nation-state was also being overwhelmed by this tide of change. The European project, in its universalist mode, was rendering the nation-state, and its historical legacies, unimportant if not redundant in some cases. The end of communism in the East did lead to the re-emergence of certain nationalisms and the reassertion of ethnic identity in some states. But this was deemed of secondary importance and certainly bowed to the power of democratic values and systems and the reconstitution of a European space which was seemingly built on these.

¹ This should help us understand the roots of differentiated integration by the EU towards the region as a whole and not necessarily between states in the region.

At the same time, this euphoria – and occasionally self-satisfaction – was being confronted and undermined by a European war being waged in a space bordering both East and West Europe. It was difficult to understand how this could be. The easy retort was to return to the explanation of the ‘imagined Balkans’; a stereotyped response explaining away Yugoslavia’s wars based on old assumptions about a very ‘un-European’ part of the continent (Kaplan, 1993). Consequently, Europe’s attitudes to the Balkans were conditioned by the reactions to Yugoslavia’s wars of dissolution (and these reactions were for the most part not very sophisticated).

‘The Balkans’ became a catch-all and pejorative term for a region whose core was at war. As conflict engulfed Yugoslavia, the rest of the region was perceived to be heading the same way, wrought by the same age-old animosities which were seen as responsible for provoking war in the federation. The war in Yugoslavia was seen as a Balkan War, (Glenny, 1993) the area became a problem area as a whole. Some studies tackling the Balkans as a region, at the time, made a strong argument for regional policies based on the similarity of problems and differences as a binding agent (Economides, 1992).

The main reason for the confusion of attitudes, and the conflation of Yugoslavia and the Balkans, was the lack of a distinction between the geo-strategic threats or consequences of Yugoslavia’s disintegration and the socio-cultural issues underpinning potential regional unrest. The mainstream view had it that Yugoslavia’s wars – and hence the essence of Balkan politics – were

a nationalist struggle, pitting one ethnic group against another (an anachronism in the world of advanced European integration in the West and increasingly so in a democratising East). Two points arise here. First, Yugoslavia's problems at this level were not the problems of the Balkans as a whole. Romania and Bulgaria, for example, were not held captive by ethnic issues in the same way as Yugoslavia's republics, nor were their own potential flashpoints considered as volatile. Second, and equally importantly there is an extremely convincing argument that Yugoslavia's demise was not attributable to a simple formula of nationalism and ethnic rivalries, but a much more subtle and complex interplay of economic, political and constitutional issues which had to be evaluated both in a domestic and international context (Woodward, 1995).

Therefore, from 1991, the causes and consequences of Yugoslavia's breakdown were considered Balkan problems and a de facto, and negative, regionalism was the general perception of the EU towards the Balkans. Unable to reach consensus on what action to take, and lacking strong instruments of persuasion if not coercion, the EU quickly settled for a policy of containment. This was a containment of war, refugees and economic migrants, spanning the whole region. And it was the dominant EU policy towards the Balkans until well into the second half of the decade. It could be argued that this was the beginning of a particular policy of differentiated integration, one of keeping the Balkan states out of the EU (unlike the Central and Eastern European [CEE] states which were being drawn in much more quickly). It was only after the end of the war in Bosnia (December 1995) that some Balkan states – Slovenia,

Romania and Bulgaria – entered into association agreements with the EU, and subsequently began accession negotiations. And what bound the Balkans together was an external perception of what they shared in common, rather than an internally generated belief in common interests and goals based on some kind of geographical and cultural bond.

The second aspect of this regionalism was the realisation in western European circles that indeed the term Balkans had taken on such negative connotations that it had become an unhelpful. As a consequence, the term Southeastern Europe (SEE) supplanted the Balkans in the language of the EU. In this new regional context, the EU found it easier to initiate separate sets of relations with separate states and groups of states in the region. The Eastern Balkans, that is Romania and Bulgaria, were granted their own distinct route to EU membership. Romania and Bulgaria applied for EU membership in December 1995, the Luxembourg European Council of December 1997 issued a favourable *avis* and negotiations for full membership began in early 2000.² Slovenia too had followed a different path following its split from federal Yugoslavia and its approaches to the EU were viewed much more favourably both because of its ability to meet accession criteria and the *acquis* but also because of strong support from within the EU, (despite strong Italian objections), and the general belief that this was a central European state and not a Balkan one (Gow and Carmichael, 2000).

² This is illustrative of the politics of the decision. The lag between the favourable *avis* and the start of negotiations is attributable to the fact that while for political and strategic reasons the EU wished to encourage Romania and Bulgaria, in real terms they could not meet the accession criteria in the short-term.

In fact, what we have progressively throughout the late 1990s and beyond is a shrinking region. The Balkans, which to many is a fictitious region, is being broken down into more basic elements. By the end of the crisis in Kosovo we moved firmly from a general Balkan region, or that of Southeastern Europe, to a very specific *policy relevant* region known as the Western Balkans (WB). The formulaic, ‘the WB is the states of former Yugoslavia minus Slovenia and plus Albania’ became a mantra among EU officials dealing with SEE. In reality, the WB became **the Balkans** in terms of the EU and in terms of our concern with differentiated integration (Delevic, 2007).

Therefore in spatial terms, the ‘region’ we are dealing with is a state cluster currently known as the Western Balkans. It consists mainly of states created from the remnants of federal Yugoslavia, united under the rubric of WB to differentiate then from Romania, Bulgaria and Slovenia which progressed to EU membership much more quickly (if not always smoothly in the case of the first two). The logic of the cluster is that these are ‘problem’ states which have a long way to go before realistically being able to apply for full membership of the EU. As will be shown in the next section, different states in the WB are on different trajectories to EU membership and a variety of initiatives implemented by the EU are at play with respect to the WB. A key initiative is the EU’s Regional Approach which pushes the WB states into forms of regional co-operation which are have to be met if they wish to pursue further, and deeper, contractual relations with the EU. So the WB region is not one which shares natural regional characteristics either in terms of identity, culture

or politico-economic development. Albania is different to Croatia which is different to FYROM under all these categories. What binds these states together in regional terms are geographical proximity, a common and troubled recent history, late post-communist development politically and economically, and most importantly the EU policy of binding them together. Territorially the EU defines the WB partly on the grounds of location and proximity but mainly on a troubled recent past. There may be economies of scope to be gained by regional economic initiatives, even though this is in question (Delevic, 2007, pp. 13-14), but the regionalism promoted by the EU is based primarily on getting 'hostile' states to co-operate while their entry to the EU is held off for a variety of reasons.

Which leads to the second spatial issue raised at the beginning of this section, namely that of where do Europeans wish to see Europe's borders; where does enlargement stop? This is crucial for the concept of differentiated integration in its spatial dimension with respect to the Balkans. The WB countries have, for some time, seen both the EU accession of other (non-WB) SEE states, and the EU's insistence on regional co-operation as indications that their prospects of accession are dim. Why haven't they been offered fast-track entry to the EU as a way of speeding up reform and introducing EU membership as conflict-resolution mechanism? Is the insistence of regional co-operation a means by which to speed up the move towards the EU or a vehicle for constructing a form of regional integration which will act as a substitute to EU enlargement (albeit with preferential sectoral agreements with the EU)? Of course, these

fears multiply as the EU proposes a series of new forms of contractual arrangements for the WB, short of accession agreements. And finally, the European future of the WB is entangled in a broader EU debate about the merits of further enlargement. The Balkan caricature of the early 1990s remains firmly embedded in western European perceptions. Serbia's European future has been hampered not by the inability to meet technical aspects of the *acquis*, but because of the normative concern with the unwillingness to co-operate with ICTY on the arrest of indicted war criminals; a throwback to the violence of Yugoslavia's collapse which has come to characterise the Balkans.

Therefore, the spatial dimension of differentiated integration is influenced by these two features: one relating to our understanding of the Balkans and one to our vision of the territorial limits of European integration. In real terms, as mentioned above, what there was of the Balkans has been shrinking. What remains is a rump SEE commonly referred to as the WB which is the locus of the EU's policies of differentiated integration. In the ensuing section, I will highlight how the Balkans have shrunk as a result of EU policies, examine policies developed by the EU for the SEE and WB, and argue that indeed the temporal aspect of differentiated integration is a key feature of EU policy in the region.

3. From Southeastern Europe to the Western Balkans

There is a view suggesting that there have been too many EU policies towards the countries of the Balkans since the mid-1990s, indeed that the region has been suffering from ‘initiative-itis’. Roughly speaking, these initiatives have three objectives for the purposes of this paper: reconstruction, state-and institution-building, and EU membership itself. Ostensibly, the Commission has applied a variety of tools in implementing these initiatives with a view to promoting membership of the EU for all SEE states. In practice, these types of initiatives have been at play simultaneously, and while some states such as Romania, Bulgaria and Slovenia (and potentially Croatia which is a candidate country alongside FYROM) have achieved membership through a traditional route, the remaining Balkans states have been faced with the prospect of a variety of different policies and agreements before they can finally reach the Holy Grail of Europe Agreements and entry negotiations.

For the WB states, for example, European Partnerships and Stabilisation and Association Agreements (SAA) are stepping stones on the path to potential candidacy of the EU. The EU has differentiated between these states and others in SEE and beyond. As mentioned in the previous section this has resulted in a form of spatial differentiation in integration terms, where the WB is lagging behind other parts of SEE in accession terms. A new territorial cluster – a European space – has been created as a result and it is the object of substantial EU policy. In turn this has also created a specific timeline or temporal

differentiation in integration terms, where some states are moving towards potential (and actual) EU accession more rapidly and steadily than others.

On the surface, this agrees with Goetz's observation about temporally differentiated integration which 'differs from "variable geometry" and an *à la carte* approach in that it does not question common objectives', (Goetz, 2009) it allows some to move ahead more quickly than others while goals remain the same. Here, the common goal is EU membership: all SEE states want this; some have and will achieve it earlier than others. This, we are constantly reminded by the Commission, is the stated intention of the EU as confirmed by the Thessaloniki Agenda and the instruments employed to fulfil it (Thessaloniki Agenda, 2003). The most often used analogy to describe the process of enlargement to WB is that of a 'regatta not a convoy': there is a defined finishing line towards which all are striving but some will get there sooner than others. What is not developed in this analogy is the fact that some of the contestants in the regatta may fall foul of the rules or run into inclement weather, or more importantly that the rules of the regatta may be changed and further legs be added to it lengthening the run to the finishing line (*The Economist*, 2006). This is what many see as the evolving EU policy towards WB. While some states have progressed to EU membership through the established route of Europe Agreements, entry negotiations and ultimately accession, the WB are being asked to negotiate and adhere to a series of 'pre-agreements', before they can contemplate applying for full membership. Some see this as obstructionist tactics, others see it a more permanent obstacle to EU

membership. Either way what it does is enhance the notion of spatially differentiated integration and create a parallel process of temporally defined differentiated integration.

4. Objectives, Policies and Instruments

4.1. Objectives

As indicated above, EU policy towards SEE has been defined by three major objectives: reconstruction; state and institution-building; and EU membership. Logically, states would sequentially move through these three phases and become full members of the Union. In SEE, these three processes have been occurring simultaneously since the mid-1990s. Before analysing and illustrating the policies used to achieve these objectives – and the timing – we briefly need to explain these three processes.

Reconstruction in the Balkan context is fundamentally important for two obvious reasons. The first is the common reason shared by all post-communist states in Europe; the consequences of 40+ years of economic stagnation. The reconstruction of devastated economies had every little to do with pre-accession economic assistance. It was an attempt to provide basic economic remedies to long term economic ills and provide some kind of foundation for states to begin a process of transition. That the states of SEE were seen to lag behind the CEE countries in terms of economic development even during the

communist era simply highlights the lower starting threshold they had to deal with in the process of transition. But, SEE also had to contend with the consequences of war in Yugoslavia. In this sense reconstruction was both physical and 'economic'. That is, funds and time were devoted to the physical reconstruction of infrastructure and plant destroyed during Yugoslavia's wars or to which the delay of decay and degradation had proved impossible because of the war. And the physical effects of Yugoslavia's wars were felt regionally as any intra-regional trade ceased; routine maintenance of infrastructure proved difficult and international trade embargoes and sanction affected all states in the region. The most relevant of the EU's initiatives in this field was the Stability Pact for Southeastern Europe launched in 1999.

State and institution-building, in this context, refers to something different than simply preparation for entry negotiations. Perhaps one could term it democratisation, in which a majority of SEE states took a longer time to commence a process of political transition. The state had to be readied politically and institutionally before the process of candidacy – let alone accession – could begin. Whether it be reform of the judicial system in Croatia, the handing over of indicted war criminals to ICTY in Serbia (and other SEE states), or the reduction of corruption and criminality (an ongoing issue in Romania and Bulgaria despite their accession), these are all normative and well as functional issues which have to be dealt with before EU membership can be considered. This is not 'a new form of polity-building' through European integration, (Keating, 2009) but the establishment – and acceptance – of certain

ground rules and institutions before integration can take place. So in a sense this is democratisation for the sake of democratisation as an ideal, rather than strictly speaking democratisation for the purposes of immediate accession to the EU. Here, the best example of the tool used to promote this policy is that of the SAA, which does hold out, as an incentive for reform, the possibility of candidacy for membership, as well as significant economic assistance, but no guarantees and much conditionality.

Lastly, we have the actual accession or EU membership, from which Slovenia, Romania and Bulgaria have benefited. This is the easiest to define, and illustrate. Certain states were deemed ready for accession negotiations and ultimately membership by the EU. Having fulfilled the required criteria and adopted the *acquis* they were inducted into the club. For Slovenia, as will be shown later this was a relatively swift process, for Romania and Bulgaria, rather more drawn out. What is more relevant for us in this context is why these states were propelled down a different path from others in SEE and what does this tell us about differentiated integration?

4.2. Policies and Instruments

The Stability Pact for South Eastern Europe (SP) was agreed at the Cologne European Council in June 1999 and launched, symbolically, in Sarajevo at the end of July. It was an EU initiative drawing together 28 states and 17 International Financial Institutions and other international organisations,

intending to ‘develop a shared strategy for stability and growth of the region ... and to accelerate democratic and economic development in the region’ (SCSP Constituent Document, 1999).³ It was the first time in a decade that the EU launched a proactive policy towards the Balkans and it was meant to provide a focal point to its strategy towards the region. The regional approach was a key element, and the SP focused on the SEE as a whole, including Romania and Bulgaria who were about to begin their accession negotiations with the EU. The regional emphasis is made more acute by the fact that the Pact was succeeded in February 2008, by the Regional Co-operation Council (RCC). While the initial objectives of the pact were laudably high, including democratisation, human rights and security issues, as well as providing the region with an interim stepping stone on the path towards ‘Euro-Atlantic integration’, most of its activities were centred on reconstruction and the jump-starting of economic development. The first donor conference held by the SP, in March 2000, saw the launch of the ‘Quick Start’ programme which invited donors to concentrate their funding on 35 schemes, the vast majority of which were infrastructure projects. And it was in this policy area that the SP would concentrate most of its activities. In essence, the SP was proceeding along the path of economic reconstruction as the foundation for economic growth and development which was the hallmark of all development efforts in Europe post-1945. It was based on the classic model of the Marshall Plan. External donors

³ As an EU initiative, the SP Special Co-ordinator was appointed by the EU, and the Commission played the leading role in developing strategy and co-ordinating fundraising.

would provide the funding to reconstruct devastated economies and prime economic growth which would become the bedrock of regional stability.

The other activities of the SP, convened by the Working Tables on Democratisation and Human Rights, and Security Issues, took a back seat to the priority of fulfilling the needs of economic reconstruction. The other key policy of the Pact relevant to this paper is that by joining the SP countries ‘commit[ed] themselves (among other things) to bilateral and regional cooperation among themselves to advance their integration, on an individual basis, into Euro-Atlantic structures’ (SCSP Constituent Document, 1999). This was a clear indication that participation in this EU regional initiative was considered an important step towards EU integration for all SEE states (each at their own speed). So while the Quick Start, and later the Near Start, packages concentrated the work of the SP on economic reconstruction and development, the more political elements of the Pact were pursued under different Working Tables, all under the auspices of promoting the European potential of the region.

The end of the Kosovo intervention in June 1999 made it clear that the EU could now launch a proactive, civilian, policy towards SEE (Friis and Murphy, 2000). This brought into sharp relief the fact that progress towards EU membership from countries in the region could only be achieved if staggered and that it would be a lengthy – and costly – process. Romania and Bulgaria, even though members of the Pact, were pursuing their own path to membership

and were participating to enhance their own chances of securing early accession. The SP thus became the initial forum for the EU's attempts to deal with the economic and political reconstruction and development of what became known as the WB. While the situation in Kosovo was still tense and Milosevic remained in power in Serbia, little could be done to put the EU-Balkan relationship on a sounder footing. Serbia would have to be part of any regional arrangement for it to be viable, incentives would have to be offered to the Serbian people to encourage them in their reforms, but this was impossible with Milosevic still in power. Similarly other WB states would either refuse to participate while Milosevic was still in power or, as with Croatia, believed they were being held back under the SP which simply did not offer them enough in their transition process. In short, the policy of reconstructing and sparking the economic recovery and development of SEE on a regional basis, and thus promoting its European perspective was weakened by Balkan politics, and by the built-in proviso that each state should and could pursue its European future at its own pace. By the time Milosevic fell from power in October 2000, the SP was displaced, not replaced, by a new programme, the Stabilisation and Association Process (SAP) which was more binding and dealt with issues far beyond those tackled in the SP. While it had a significant regional dimension to it, its essence was a prospective contractual relationship between the EU and individual WB states. The Balkans would now shrink from SEE to WB.

The SAP was instituted during a summit held in Zagreb in November 2000. Present were the heads of state/government of the EU and the states of the WB

(plus Slovenia and various High Representatives of the EU). On one level it built on the Regional Approach, announced by the EU in 1997, which was mainly a declaratory policy in the aftermath of Yugoslavia's wars laying the groundwork for further initiatives such as the SP. Apart from regional co-operation the other two stated aims of the SAP are 'stabilisation and a swift transition to a market economy' and 'the promotion... of the prospect of EU accession'. The aim of the SAP was to move beyond reconstruction and target the WB states for a specific kind of *partnership* with the EU where there would be reciprocal responsibilities. The EU would offer increasingly closer ties backed up by substantial financial and technical support, and preferential agreements, with the 'prospect of EU accession' as a non-binding possibility. In return, the WB states would have to carry out extensive reforms, fulfil conditionalities, participate in regional co-operation and conform to European and international standards of behaviour. The contractual agreement at the heart of the arrangement was the Stabilisation and Association Agreement (SAA). To help achieve an SAA, the EU was committed to financial assistance to the WB through the CARDS programme,⁴ while preferential trade agreements would flow from the signing of an SAA.

The first two signatories of SAA's were FYROM in April 2001 and Croatia in October of the same year.⁵ While the WB appreciated the novelty of the EU's policy, the SAP was seen mainly as a source of financial assistance and

⁴ Community Assistance for Reconstruction, Development and Stabilisation. CARDS pledged €4.6 Billion between 2000-2006 to achieve its objectives.

⁵ In both cases they took a long time to come into force, FYROM in 2004 and Croatia in 2005.

predominantly as a substitute to the 'Europe Agreements' reached by previous prospective EU members (Phinnemore, 2003). In short, the SAP was seen as a way of short-circuiting the accession process, but this is not what the EU had in mind. It became clear that expectations were not being met as states like Bosnia, Serbia and Albania were nowhere near signing SAA's, and indeed that the SAP was designed as precursor to the accession process rather than as a substitute process.

The EU, spurred on by the Greek presidency in the first semester of 2003 and 'Big Bang' enlargement, moved to add definition to the SAP, 'enrich' it in the language of the Commission, and introduce new instruments. This could be taken as an example of the 'initiative-itis' referred to earlier, or an indication that the EU was increasingly concerned with inability of certain WB states to progress along the SAP. The reform process was not seen to be working in the WB and the WB states were unhappy with their status. But while the Thessaloniki Agenda did add depth and new tools to the SAP, primarily by reinforcing the region's 'European perspective' and prospects for membership, but also by adding an EU-WB consultative forum and beefing up financial assistance commitments through a new Instrument for Pre-Accession Assistance (IPA) it did nothing to prevent the reality (and perception) of a process of differentiated integration. In one sense differentiated integration was taking place as FYROM and Croatia moved ahead of the rest of the WB pack by becoming candidate countries. And in another sense the remaining WB countries perceived that the new 'Europe Partnerships', a new step in the SAP

created by Thessaloniki, were a further obstacle rather than boost to their European prospects: they were being pushed further away from the EU rather than entering into a closer embrace. This was differentiated integration of a different sort, not only were some WB countries moving ahead, others were seemingly being obstructed from the EU.

More recently, Albania, Bosnia and Herzegovina, Montenegro and Serbia have all signed SAA's and even Kosovo has a Europe Partnership and has established an 'SAP-Tracking mechanism'. Differentiated integration is an obvious phenomenon in this process. Either it occurs by design, where countries such as Croatia move ahead with their reform processes and fulfil the conditions set out by the EU through the SAP – with the backing of existing members of the EU. Or it does not occur at all, either by design or by default. In the first case, Serbia was prevented from signing an SAA primarily because of its unwillingness to meet basic conditions set by the EU, in this instance the arrest and extradition of Radovan Karadzic and Ratko Mladic to the ICTY in the Hague. Or, in the second case where Albania, for a number of years simply could not meet the criteria set out by the EU because of institutional and other weaknesses.

The Accession process is the most obvious of the policies which the EU has employed in the region. But in fact it is not a regional policy. While the EU held out the prospect of candidate status to all SEE countries, encouraging regional co-operation as a pre-condition, enlargement has taken place on a

piecemeal basis (and it has worn away the Balkans and hence regionalism with it). Slovenia's accession as part of the 10, in 2003, is a well documented process, facilitated by the fact that its own regional aspirations lay in Central rather than Southeastern Europe. As a result it was not moved, or forced to participate in regional initiatives to the extent that others have been (even though it was part of the Stability Pact). Slovenia applied for membership and according to a well worn formula was granted candidate status 1997 and began entry negotiations in 1998. Romania and Bulgaria, though never required to participate in the SAP, were full members of the SP and play a full role in the regional initiatives of the EU and other organisations (outlined in the next section). Their path to accession has been slightly more erratic, as negotiations stuck over the inability of the two states to carry out necessary reforms on time, and they joined the EU in January 2007, after over 6 years of tough negotiations. There are still outstanding issues and the Commission has had to take punitive action against both states in the recent past.

Croatia has been a candidate country since June 2004 and began its accession negotiations in October 2005.⁶ Similarly, FYROM was granted candidate status in December 2005 but the EU has been unwilling to begin accession negotiations as it views the lack of progress in meeting accession criteria as a serious obstacle. Therefore, we have various tiers of countries which all enjoy different levels of contractual relationships with the EU which have occurred in different timeframes. Both in terms of space and time it is clearly evident that

⁶ The cause of the delay in Croatia's accession negotiations was due to the condition laid down by the EU that the talks would not commence until General Ante Gotovina, indicted by ICTY, was in custody.

differentiated integration is taking place in the Balkan context. Different parts of the region are moving closer to EU membership (or have achieved membership) at different times. The region is being redefined by the policies of the EU and the 'regatta' towards accession. SEE has become the WB, and that could be eroded in the near future. Yet, as is examined in the final section, the EU insists on treating 'the Balkans' as a region by promoting regional co-operation as a key facet of the Balkan country's 'European perspective'. It seems from the above that the Balkans are no longer a region in spatial or temporal terms – at least not in its relations with the EU which seem to be all defining. What remains to be seen is whether through regional co-operation as demanded by the EU there is any form of functional integration which gives the region meaning.

5. Regionalism

SEE has been the object of a bewildering variety of regional initiatives since the mid-1990s. The Royaumont Process, the Southeast Europe Cooperation Initiative (SECI) and the South East European Cooperation Process (SEECF) are three examples of such initiatives. In addition to these various SEE states participate in the Central European Free Trade Area (CEFTA), the Central European Initiative (CEI), Black Sea Economic Cooperation (BSEC) and the rather more obscure Adriatic-Ionian Initiative, which extend beyond the region.

Of relevance to us, we also have the EU sponsored or inspired regional initiatives.

These have been outlined in previous sections and stem from the Regional Approach declared by the EU in 1997 and stating the EU's view that peace and stability in the Balkans could only be achieved with extensive regional co-operation. It was a political scheme which was subsequently developed in the SP and became a cornerstone of the SAP. In the latter, regional co-operation became a necessity for SEE and particularly the WB. It was no longer a practice encouraged by the EU, in the spirit of good-neighbourliness that had been developed in the Copenhagen criteria, but a must, a contractual condition upon which closer relations and ultimately EU membership would hinge. This was reemphasised by the Thessaloniki Agenda and the ensuing enrichment of the SAP with the Europe partnerships and the IPA, and features highly in all the progress reports issued by the Commission on each WB country's European perspective.

The underlying rationale of promoting regional cooperation, and laying it down as a principle of relations with the EU, is to engender better relations between the states and peoples of the region: 'to encourage the countries of the region to behave towards each other and work with each other in a manner comparable to the relationships that now exist between EU Member States' (Regional Approach, 1997). In practical terms, the EU has encouraged regional co-operation in a series of sectors and spheres of activity. The most publicised and

well funded of these areas is that of trade where the EU has encouraged free trade agreements between countries in the region, and through the Autonomous Trade Measures which allow freer access to the EU market for regional goods (thus promoting greater EU-Balkan trade in regional terms). There has been an increase in regional co-operation in other sectors as well. Industrial co-operation has been one of the few success stories in this regional effort, while in the domain of infrastructure provision and development the areas of transport and energy have been highlighted by the EU as important zones of activity. While there have been advances in co-operation over road and rail links, and the prospect of trans-border electricity grid-sharing and planned oil/gas pipelines is rich with promise, the record is rather thin. Where there has been greater success has been in areas where third (regional) parties have taken a greater stake and invested heavily in the market. For instance, Greece both an EU member and SEE, and a strong supporter in SEE integration into the EU, has been successfully active in the telecoms and banking sectors throughout SEE. Similarly, Turkey, an important regional actor and aspiring EU member is a key player in the energy sector as well as in many aspects of the retail sector. These actors, through acquisitions and investment and expansion throughout the region are a main driving force in the real embedding of regional co-operation as a motor both for regional interdependence and stability as well as enhancing the prospect of future EU membership.

The reality is that the EU's insistence on regional co-operation is undermined by a number of factors. First is that the key to understanding the EU promotion

of regional co-operation is to underpin regional stability. By paying lip service to this aspect of EU conditionality and participating in as wide range of regional initiatives as possible, regional states are claiming compliance with the EU's expectations. Second, in real terms, it is difficult to see where the economics of regional co-operation are going to be successful. If there wasn't a real regional market before the 1990s it is difficult to see what economic fundamentals have changed to think that a regional market can be created now. Third, while trade creation is a basic feature of regional co-operation and integration policies, the idea that individual WB states will join the EU when and if they can –and ahead of others – is a great incentive for trade diversion. Where better terms of trade can be achieved elsewhere to the detriment of regional co-operation and to the benefit of its European future, a country will follow that path. Fourth, some countries, for example Croatia, believe that regional co-operation is both a drag on their European prospects and are better off without it. There is also the widespread belief that the EU is fostering regional co-operation as a precursor to a formalised regional integration organisation which would substitute EU. Lastly, the evidence suggests that regional co-operation has only been successful when an economy outside the WB, and perhaps an EU member like Greece, has a deep interest and involvement in a particular sector within the region.

For all these reasons, it is difficult to envisage the long-term success of the EU's approach on regional co-operation. While attempting to create a spirit of unity, and in more practical terms a regional market and trade interdependence,

the overriding idea that EU accession can be achieved (and probably will be achieved) on a solitary basis is detrimental to regional co-operation.

In terms of functional differentiation of integration this means a variety of different things. Using the typology developed by Kölliker (Kölliker, 2009), it could be argued that regional co-operation in SEE/WB conforms in at least two ways. First, there is a direct element of ‘conditional differentiation’. Second, there is also an element of ‘Directoire differentiation’. In both cases this is a result of the fact that the WB countries are not EU members and that EU membership will only be achievable when they have fulfilled the conditions laid in the contractual agreements signed with the EU, and/or when the existing members deem it appropriate for them to accede. In effect their European future will be decided by the ‘ins’ based on their policy preferences and to a lesser extent on whether conditions have been fulfilled.

6. Conclusion

As we have seen, there is much evidence of differentiated integration at work in the Balkans, especially in the spatial and temporal dimensions. But it is equally clear that there are at least two major problems in applying the concept of differentiated integration to this region. First, is the problem of whether differentiated integration can be applied to a group of states or a territorial cluster beyond the borders of the EU. Second, is identifying exactly what this territorial cluster commonly referred to as the Balkans actually is.

In the first instance, there is strong case, with convincing evidence, that differentiated integration is at play in the relationship between the EU and the Balkans. This is especially true in terms of time and space. Different states, at different times, have entered into binding and deep-rooted contractual agreements with the EU which are all intended to enhance the 'European perspective' of these states and ultimately lead to membership of the Union. Objectives are seemingly common, there is a sequencing of commitments, and territorially we seek to prepare states so we can redraw our boundaries and include them within. Functionally differentiated integration as a concept faces a greater challenge by the fact that the Balkans are not part of the EU. Variable geometry and *à la carte* choices are not readily available to the Balkan states and as such their fate is decided by the existing membership and not by their own choices (apart from the fact that they have the choice to opt out of membership as a whole). They have a set menu with no choice.

While it may be plausible to argue for the applicability of differentiated integration for the above reasons, the case is confused by the vagueness of the geographical region known as the Balkans. What I have argued is that the Balkans have in fact shrunk, as countries join the EU, and what is left, apart from the grander descriptive term of SEE, is a highly *policy relevant* region known as the WB. It is this cluster of states that is now the Balkans, it is partly the creation of the EU and it is what provokes attempts at regional co-operation both internally and externally. Whether it is a region, or can sustain meaningful regional co-operation in real terms is doubtful. Ultimately, it is the politics that

matter. In regional terms, WB governments and peoples make decisions about how they wish to relate to the EU, and whether they want to and can meet the conditions that will lead to EU accession. The biggest political decisions, nevertheless, are made by the existing EU members, according to their interests. It is their decisions about enlarging the Union which ultimately make differentiated integration a useful tool in examining the EU/Balkan relationship.

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