

Serbia and the European Union

Prospects viewed from the year 2010

MIHAILO CRNOBRNJA

Summary

Serbia's prospects for membership in the European Union in the near future are not bright. Serbia has lost a lot of time to get to a point where the Stabilization and Association Agreement is signed. Serbia submitted an application for membership. This application has not been approved yet, and it is difficult to forecast when the negotiations will start. There are internal and external factors contributing to the expectation of a rather lengthy way forward. Internal factors are: cooperation with the ICTY, Serbia's identity problem, the question of Kosovo, reforms to be completed and the negative effect of prolonged time of integration. External factors are: the economic and financial crisis in the EU, the "deepening" required after the Lisbon Treaty, and enlargement fatigue felt in a number of the EU countries.

Key words: European integration, stabilization and association agreement, transitional reforms, cooperation with ICTY, issue of Kosovo, economic and financial crisis, enlargement fatigue

There are two significant events that occurred in the year 2010 that indicate movement of Serbia toward the European Union: 1. the abolishment of visas for the Schengen group of countries¹; and 2. the start of the process of ratification of the Stabilization and Association Agreement in member states of the EU. In most of the other areas, so important for a faster integration of Serbia into the European Union, things remained unchanged or, in the best case, there was very little progress.

On the other hand, during the recent years, the European Union itself went through a series of events, transforming itself and providing a different "entity" when viewed as a desired strategic objective for Serbia.

These two simultaneous occurrences provide for a much less optimistic view in the year 2010 regarding the future of Serbia's integration into the EU than was the case until two years ago, when the current Government of Serbia took office.

Serbia belongs to the group of countries in the Western Balkans that have been promised "a European perspective" at the Thessaloniki Summit in 2003. Seven years have passed since the Thessaloniki Summit. That perspective does not seem to be much closer. Not only for Serbia. In other words, the countries of the Western Balkans, with the notable exception of Croatia, have not progressed very fast, or very far.

The recent EU – Western Balkans Summit held on June 2, 2010 in Sarajevo did not break any new grounds, or introduce a mechanism that would quicken the pace of integration of countries of the Western Balkans. The Summit only reaffirmed the same wording of the "European Perspective" already in place. Other than Croatia, which is opening and closing chapters in negotiations on the road to full membership, other countries of the Western Balkans seem to be as distant from the EU as Serbia is at the moment, and not far advanced from the situation that prevailed at the time of the Thessaloniki Summit.

Seven years have passed since the introduction of the "European perspective" for the Western Balkans. For understanding the length of time in this context let it be said that a number of the current members of the EU from Central and Eastern Europe took that long, or a year more, to

¹ This actually occurred in December of 2009 but is implemented since January 1, 2010.

conclude the membership negotiations. The Western Balkan countries, other than Croatia, haven't even started the negotiations.

It seems that the future will bring a "little more of the same", a slow progress toward the ultimate goal – membership in the European Union.

In my view, there are several groups of reasons for the expected slow pace of integration. These are grouped into internal, generated in Serbia, and external, those that originate in the European Union.

Internal reasons

1. *Cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY)*. The biggest obstacle so far was, and still is, the full cooperation with ICTY. Full cooperation with ICTY is mandated if Serbia is to move forward toward the European Union. Serbia has delivered a large number of high officials to the Court, including former presidents. But Holland, and to a lesser extent Belgium, were not willing to interpret "full cooperation" in any other way, expect delivery of General Ratko Mladić to the Court in The Hague. Full cooperation with ICTY remains an important element of further integration of Serbia into the European Union.

It should be noted that delivery of general Mladić to ICTY is not a popular idea in Serbia. Quite the contrary, there are far more citizens of Serbia arguing against delivery than there are in favour of it. Therefore, the attractiveness of the EU in Serbia is reduced by the fact that it insists on something that is rather unpopular in Serbia. In recent years, there has been a slight shift in numbers toward acceptance of delivery of general Mladić but the majority is still against it.

2. *The identity problem*. The second explanation of the slow pace of integration so far is in the fact that Serbia is still trying to define its borders. In 2001 the negotiations were started between the European Union and the Federal Republic of Yugoslavia. They were continued between the European Union and the state union of Serbia and Montenegro, an entity that the EU had a lot to do in creating through the High Representative Xavier Solana. During this process of transformation of the state, the EU halted negotiations insisting that Serbia and Montenegro create a customs union, and some other joint institutions, that did not exist, but were necessary if the Serbia and Montenegro were to enter the EU customs union as a first step. This did not happen and more than a year was lost in attempting to create some solid ground for the state union. The state union dissolved three years after its creation when a referendum on independence in Montenegro gained the necessary 55% of the vote. Now Serbia is negotiating alone with the European Union but the issue of identity is still not closed because of Kosovo. This question currently is so important it will be treated as a separate issue.

While Serbia was loosing time in its process of integration, ten former Communist countries became members of the European Union, including Bulgaria and Romania. The EU credentials of these two neighbouring countries are highly suspect in Serbia, adding to the rather wide-spread belief that membership in the EU has a lot to do with geo strategic and political considerations, rather than the so called "Copenhagen criteria" of accession to the EU.

3. *The question of Kosovo*. This is a continuation of the problem discussed as point 2. It has to do with identity. Is Kosovo, or is it not a part of Serbia? De facto it is not. There isn't a single attribute of Serbian sovereignty to be found on the territory that is under the control of Kosovo Albanians. Kosovo is not integrated into any of the institutional systems that create a state. There is no Serbian court, army, police, customs, or post office, to name but a few of the institutions that define a state. Kosovo has a separate parliament and government.

The international community (UN and EU) are playing an important role in keeping the peace in Kosovo after the bloody confrontation between Serbs and Albanians in 1998-1999 which led to the NATO intervention in March of 1999. But it would be naïve to think, as some in Serbia do, that the role of the international community is to bring the situation to a status quo ante. Particularly now, when the US and a number of the leading countries of the European Union have recognized the self proclaimed independence of the Kosovo Albanians.

Serbia is fighting hard to keep the fig leaf of de jure sovereignty. For a while, the strategy was to move this sensitive issue from the political to the legal arena. So Serbia submitted a question on the self proclaimed independence to the International Court in the Hague, requesting an interpretation whether this act is in accordance with, or contrary to international law. The ruling of the Court was that the declaration is not in violation of international law! So Serbia is back to square one, having to move to the political arena of the United Nations, trying to stop further recognition of Kosovo by UN member states.

This has pointed to the need to lobby the non-aligned countries, by far the largest voting block in the UN. Serbia, albeit as a part of Yugoslavia, was a founding member of the movement in 1961². For a long time after Tito died, the non-aligned movement was not even on the radar screen of the Serbian politicians. Now there is a sudden revival of interest, mostly seeking political support on the issue of Kosovo.

So how will Serbia proceed on its way toward the European Union, with or without Kosovo? So far, the two issues have been kept separate by Serbian politicians, Commission officials and some EU member state countries with the argument that the questions are not related. I find that hard to believe. Even more so after attending a Conference in Germany recently where all the German participants (officials of the Ministry of Foreign Affairs and members of think tanks) made it quite clear that Serbia will have to make a different stand on Kosovo if it is to become a member of the European Union.

In Serbia it is often pointed out that the European Union does not have a common policy on Kosovo, given that five EU member states did not recognize the independence of Kosovo. This is sometimes interpreted locally as Serbia having a “stronger hand” because it has a clear cut policy toward both Kosovo and the European Union. This is a false conclusion. The prospects for Serbia’s integration into the EU depend not on a common policy on Kosovo, but on the view of each and every country of the EU on Serbia’s fulfillment of the criteria of accession. The case of Holland and the cooperation with ICTY is a clear reminder. On Serbia’s road to the EU any of the countries that have recognized Kosovo can raise the issue as a prerequisite for Serbia’s membership. I doubt that any country would suggest that Serbia actually recognizes Kosovo but there are many more subtle ways of flexing the political muscle and suggesting to Serbia a need to cooperate with the authorities in Kosovo. There is an EU common policy toward the entire region of former Yugoslavia, asking for peace, stability, and cooperation as a precondition for prosperity and integration into the European Union.

The President of Serbia and the Minister of Foreign Affairs say publicly that if Serbia has to choose between the European Union and Kosovo, it will choose Kosovo. In polls, a large segment of the population (though declining somewhat recently) indicates that they would make the same choice. I doubt if that choice, if and when it happens, will make Kosovo more Serbian. But it is a strong indication of the relatively low attractiveness of the European Union in the vision of politicians and the population of Serbia if the notion of a nominal “hold” on Kosovo is more attractive. What is rather surprising is that these two high officials answer the rhetorical question without anyone actually asking it.

4. *Necessary reforms.* Reforms, or transition, in Serbia started off rather well under the first government after the fall of Slobodan Milosević. Serbia was getting good grades for most of the changes from designated monitors of transition (European Bank for Reconstruction and Development, the International Monetary Fund, the World Bank). The pace of reforms slowed down during the second half of the past decade. Serbia still needs to reform a number of sectors and deal with some outstanding problems before it can expect entry into the European Union. In the economic sphere at the top of the list are restructuring and sale of some remaining state-owned enterprises and the issue of fiscal stability. Furthermore, Serbia needs to improve its standing on the competitiveness list of the World Economic Forum where, at the moment, it occupies position number 93 among 134 countries. To make matters worse, Serbia actually declined from position number 86 in the previous year. Legal reform is under way but it is controversial. Critics point out

² The First Conference of the Non-Aligned Movement was held in Belgrade in September 1961

that the reform is actually moving Serbia away from the European Union, rather than toward it. Endemic corruption is a big problem that will require a lot of concerted effort to eradicate before entering the European Union as a member.

5. *The time factor.* A lot of time that has elapsed so far with little progress achieved. The time factor has to do with the (ab)use of expectations of the Serbian population. It has been 10 years now since the beginning of preparatory talks with the European Union. In that period of time Serbia has only made a modest first step, which is getting the Stabilization and Association Agreement operational, but not ratified, and the abolition of visas to the Schengen area.

At the same time, Serbian pro-EU politicians have made numerous optimistic promises that this or the other will happen by such a date. A Serbian Prime Minister in 2003 was confident that Serbia would become a member by 2007! Later, high officials predicted that the Stabilization and Association Agreement would be in force shortly, always with a date attached. In fact, it took several years to be signed by the Council of Ministers and to launch the ratification process. Currently, the promises are centered on the acceptance of the membership application. At the end of 2009, the promise was that the application would be accepted by the summer of 2010. At the time of this writing³ the target date offered by the relevant Serbian politicians is “the second half of 2010, during the Belgian presidency”. The somewhat more cautious are suggesting the beginning of 2011, and so on.

Instead of boosting the morale of the population and mobilizing the administration for more energetic action such unwarranted predictions, when proven wrong, as they often are, add to the unattractiveness of the European Union and implicitly slow the process of integration. Since the explanation/excuse of those who made the predictions is always based on the (in)activity of the European Union, people feel that the EU is “letting us down”. The more sinister among the analysts even suggest an anti-Serbian plot, etc. What is usually forgotten in these cases is the fact that the predictions are not made by EU and/or member state officials, but our own politicians⁴.

External factors

1. *The economic and financial crisis.* It is not over yet. Greece, of course, is a known fact, but are there others in the background with possible bankruptcy scenarios? There are warnings that if, for example, the Greek type of crisis hit Spain, the euro zone would most probably disintegrate. And Spain is not the only country on the brink of financial and economic crisis. Generally, it is believed that the risk of collapse is the greatest in Portugal, Italy, Ireland, Greece and Spain⁵.

And the euro took a heavy loss against the dollar during the last several months. The main question here is not about will such a thing happen again or not, but is there a long term future for euro without much closer fiscal coordination, even cooperation. It is now clear that the fiscal irresponsibility of some countries have endangered the whole group. Therefore, fiscal responsibility will be a must if similar occurrences are to be avoided in the future. But some key countries of the EU appear to be reluctant to yield sovereignty, or a part of it, in fiscal matters, the way they did in monetary policy in the process of creating the euro.

EU cannot but loose attractiveness, both to insiders and outsiders: a. if fiscal irresponsibility is allowed to go unpunished; b. if others are expected to jump in with their resources to bail out the fiscally irresponsible; and c. if there is little agreement on how to prevent such a thing from happening in the future.

These issues will remain very high on the agenda of the European Union in the foreseeable future, making other issues, such as the integration of the Balkan countries relatively less important.

³ Summer of 2010

⁴ Currently, there are “promises” that the European Union will accept the Balkan countries as members in the year 2014. thus commemorating the 100th anniversary of the start of the First World War which was triggered by the assassination of Duke Ferdinand of Austria in the Balkans.

⁵ Thus the acronym “PIIGS”.

The Balkan countries, including Serbia, do not have the privilege of being a top priority on the political agenda of the European Union, as was the case with the 10 Central and Eastern European countries that constituted the last wave of enlargement of the EU.

2. *The “deepening” after the Lisbon Treaty.* To be sure, the main purpose of the Lisbon treaty is to make the EU more attractive. After all, this Treaty is the second best (and compromise) solution for a desired design of the European Union that failed with the referenda in France and Holland which knocked down the EU Constitution. The main purpose of the Treaty is to make the EU stronger and more functional, thus more credible and attractive. The unattractiveness, primarily for the countries of the Western Balkans, will appear in the shift of political emphasis from “broadening” of the EU to “deepening” of the EU. The design set by the Lisbon Treaty needs to be implemented and that will require resources (primarily political time), thus either reducing or slowing down the engagement of these resources in the process of enlargement.

3. *Enlargement fatigue.* There is a lot of talk, and a lot of denial, that enlargement fatigue has set in. The fact is that the EU almost doubled in size in 2004 (with 2007) and that this last enlargement of the European Union by twelve countries needs to be properly “digested”. Most polls suggest that in many important countries there is not much sympathy for a new wave of enlargement. This does not mean that there will be no new enlargement. But it is clear that sailing the enlargement ship against the wind is more difficult than if the wind was more favourable. Particularly if the new candidate countries, or potential candidate countries, come from a troubled region like the Balkans. In the past, most countries of the Balkans have made all the headlines in the newspapers for all the wrong reasons.

Under this same heading, enlargement fatigue, I would also add the “enlargement disappointment” in the recent past, most notably the entry of Romania and Bulgaria. The sloppy behaviour in meeting the criteria of membership in these two countries has had effects in the rest of the European Union. For the insiders, there is a sense of disappointment about the criteria and procedure of accepting members. This, of course, leads to tightening of the procedure for future candidates. Already, Croatia is under closer scrutiny by the Commission in its final stage of negotiations. This will inevitably translate into an even more rigorous monitoring of progress for the rest of the countries awaiting their turn.

In Serbia, for example, both of these aspects of integration, the fatigue and the “disappointment”, are used by the anti - EU political forces to make their claim that aspiration toward the EU is futile, since “nobody in the EU wants us (Serbia)” and that the leadership would be well advised to look for strategic partnership elsewhere, primarily Russia. There is a strong popular belief in Serbia that Russia is a “true” friend and that benefits of such a friendship are just around the corner. All of this in spite of the recent privatization of the Serbian national oil company by the Russian Gasprom which was carried out in a manner that could hardly be qualified as “friendly”.

In summary, the external conditions or, to use an economic term, the “supply of membership” are less favourable in the next decade than they have been in the last two decades. On the other hand, the “demand” for membership is also less pronounced as is the attractiveness of the European Union in Serbia at this time. The magnet is not as strong as it used to be, but the European Union still remains the dominant and reasonable option for Serbia’s future.

*

* Prof. Mihailo Crnobrnja, PhD
Faculty for Economics, Finance and Administration
Singidunum University
Belgrade

*

see@southeast-europe.org
www.southeast-europe.org