

ACTUAL ISSUES OF THE CROATIAN EU–ACCESSION

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According to the actual news one goal of the Hungarian Presidency of the Council of the European Union has realized: the European Commission approved the accession of Croatia and according to the optimistic plans on 1st of July 2013 Croatia can become the European Union's new, 28st member state. According to plans the end of June the negotiations will be finished, the latest four negotiation chapters will be closed (which realized), which is an important next step to the membership, so the Western Balkan country can join to the European Union soon. The Hungarian Presidency helped the negotiations; lots of chapters were closed during the presidency, from the beginning of January to the end of June. Till this approval Croatian economy and policy had to meet lots of requirements and nowadays still have to solve some problems to reach the membership (the European Union has to solve its problems till the accession too).

The aim of this study to present the relationship between Croatia and the European Union from the beginning; and to analyse the former and actual problems of accession.

Key words: Croatia, European Union, accession, problems.

The beginning of the relationship

The relationship between Croatia and the European Union is not old; the effective diplomatic relations began in the beginning of the '90s, relation with the war of the Former Yugoslavia. Croatia claimed its independency on 25st June 1991; and among the first, on 15st January 1992 the European Union admitted it (after Lord Carrington's settlement plan, which would keep Yugoslavia as a confederation and can allow organising autonomies, self-governments. But this plan was failed). Because of the lasted war, the antidemocrat leading in Croatia in the '90s and the war-criminals, the diplomatic relations developed and deepened slowly. However in 1998 the European Integration Office was established and in 1999 the Stabilisation and Association Process (SAP) began, the relationship between the two partners has developed effectively only since the beginning of 2000, when the new party (Social Democrat Party) and the new government aimed the European integration and accession. Since then the events accelerated: on 29st October 2001 Croatia signed the Stabilisation and Association Agreement (SAA), which only entered into force in 2005 after the arrest of Ante Gotovina, and when he was transferred to the International Criminal Tribunal for the former Yugoslavia (ICTY, details see later). In 2003 Croatia gave his plea for the accession, in April 2004 the European Commission had a positive opinion about the accession and since June 2004 Croatia has been an official candidate country. The accession negotiations were opened on 3rd October 2005.

The current standing of accession negotiations

The 'screening stage' of accession negotiations was begun on 20th October 2005 and was finished one year later. In June 2006 the first chapter of accession negotiations – science and research – formally opened and provisionally closed at an Accession Conference. After this for a while, the negotiations have slowly progressed. Meanwhile there were problems, but it gives rise to confidence that recently they have closed two heavy chapters: in December 2010 chapter number 24 (justice, freedom and security) and in June 2011 chapter 13, which deals with fishery.

Only four additional chapters have remained in the time of the writing of this study: chapter 23, which deals with judiciary and fundamental rights, chapter 8 (competition policy), chapter 33 (financial and budgetary provisions) and chapter 35 (other issues) (EurActiv 2011). Among this the most important unclosed chapters are the 23rd and 8th, with which had/have serious problems. The next table shows the negotiation chapters and when they was opened and closed.

Table 1: The negotiation chapters¹

Chapter	Beginning of negotiations	End of negotiations
1 – Free movement of goods	2008.07.25	2010.04.19
2 – Freedom of movement for workers	2008.06.17	2009.10.02
3 – Right of establishment and freedom to provide services	2007.06.26	2009.12.21
4 – Free movement of capital	2009.10.02	2010.11.05
5 – Public procurement	2008.12.19	2010.06.30
6 – Company law	2007.06.26	2009.10.02
7 – Intellectual property law	2007.03.29	2008.12.19
8 – Competition policy	2010.06.30	
9 – Financial services	2007.06.26	2009.11.27
10 – Information society and media	2007.06.26	2008.12.19
11 – Agriculture and rural development	2009.10.02	2011.04.19
12 – Food safety, veterinary and phytosanitary policy	2009.10.02	2010.07.27
13 – Fisheries	2010.02.19	2011.06.06
14 – Transport policy	2008.04.21	2010.11.05
15 – Energy	2008.04.21	2009.11.27
16 – Taxation	2009.10.02	2010.06.30
17 – Economic and monetary policy	2006.12.21	2008.12.19
18 – Statistics	2007.06.26	2009.10.02
19 – Social policy and employment	2008.06.17	2009.12.21
20 – Enterprise and industrial policy	2006.12.21	2008.07.25
21 – Trans-European networks	2007.12.19	2009.10.02
22 – Regional policy and coordination of structural instruments	2009.10.02	2011.04.19
23 – Judiciary and fundamental rights	2010.06.30	
24 – Justice, freedom and security	2009.10.02	2010.12.22
25 – Science and research	2006.06.12	2006.06.12
26 – Education and culture	2006.12.11	2006.12.11
27 – Environment	2010.02.19	2010.12.22
28 – Consumer and health protection	2007.10.12	2009.11.27
29 – Customs union	2006.12.21	2009.10.02
30 – External relations	2007.10.12	2008.10.30
31 – Foreign, security and defence policy	2010.06.30	2010.12.22
32 – Financial control	2007.06.26	2010.07.27
33 – Financial and budgetary provisions	2007.12.19	
34 – Institutions	2010.11.05	2010.11.05
35 – Other issues		

In the next chapters the study examines the former problems association with the accession, and then it presents the current problems. Of course, the former problems wasn't solved totally, they was remained and can find in the current, actual problems, which slow down the accession.

Former problems

Cases with International Criminal Tribunal for the Former Yugoslavia, Ante Gotovina

¹ This table shows the standing of negotiations on 26st June 2011. On 30st June 2011, the accession negotiations are closed.

After the war the ICTY was established to investigate in cases of war criminals (including Croatian war criminals), and now it works in Hague. In connection with the Croatian accession we mostly heard about the case of Ante Gotovina. He was born in 1955 in Croatia, went abroad and just came home in 1991 (after he served in the French legion and lived and worked in South America). Ante Gotovina was the commander of the Split Military District of the Croatian Army from 1992 to 1996; overall operational commander of the southern portion of the Krajina region during the military offensive „Operation Storm”. He was indicted in 2001, but he escaped and was hiding till 2005, when he was arrested in Spain (ICTY 2011). In the years of hiding the accession negotiations made hardly any progress, but after he was arrested, the SAA entered into force, and the process of negotiations was accelerated. In April 2011 Ante Gotovina was sentenced to 24 years’ imprisonment. In the same time, the ICTY gave judgement in two other cases: Ivan Čermak – the Assistant Minister of Defence in the Croatian Government between 1991 and 1993 was acquitted and Mladen Markač was sentenced to 18 years’ imprisonment. Mladen Markač was the commander of the Special Police of the Ministry of the Interior of the Republic of Croatia from 1994 with overall authority and responsibility for the operation and functioning of the Special Police. Both Gotovina and Markač was convicted of persecutions, deportation, plunder of public or private property, wanton destruction of cities, towns or villages, murder, inhumane acts and cruel treatment. They participated in a joint criminal enterprise; the common purpose was the permanent removal of Serb population from the Croatian Krajina region by force, fear or threat of force, persecution, deportation, destruction of property, or by other means (ICTY 2011).

After this verdict the problem with war criminals seems to be solved, but it wasn’t. Before the delivery of judgement Croatia awaited verdict with great nervousness. The influential Roman Catholic church in Croatia called for prayers and fasted in the hope of acquittal; marches and ‘pilgrimages’ were organised; in the centre of Zagreb the people could see the verdict on huge screens and on the day of verdict the parliament finished its work earlier. For many citizens, including some politicians, Gotovina is a national hero and they didn’t wait such a serious judgement. After the verdict, the Croatian prime minister said that the 24 years’ imprisonment is ‘unacceptable’ (HVG, 2011a).

For this reason many Croats don’t support the accession, because one important requirement that Croatia has to fully cooperate with the ICTY. Moreover, they don’t understand why their national heroes are war criminals in the eye of the (Western) world because they fought for the independence of the country, and only battled with the aggressors. They argue that there is no such example in the history, and after the Second World War lots of winner leaders and politicians weren’t judged in spite of they removed million people from Central Europe. The very delicate situation was recognized by abroad, because lots of people says that Croatia should care its national heroes in spite of the accession. To counterbalance these voices, Angela Merkel German chancellor confirmed that Croatia should join to the European Union as soon as it possible; Hillary Clinton assured Ivo Josipović (who visited her in the United States) of the assistance of the United States and emphasized the importance of accession from the point of view of the stabilisation of the region. Moreover, the public prosecutor of ICTY travelled to Zagreb to make sure of the further cooperation.

It is sure that the end of the criminal case – similarly the arrest of 2005 – accelerated the process of accession negotiations. A few days after the verdict, two more chapters were closed (chapter 11 and 22), which dealt with the agriculture and rural development and the regional policy and coordination of structural instruments. In spite of this, it is uncertain that this development will be enough to change the Croats’ opinion about the accession. According to surveys of Eurobarometer the support of the accession has decreased for years. If this situation doesn’t change, before the accession the referendum will prevent the accession. This is more probable, if the European Union postpone again the date of the accession.

Reform of public administration

In several years the lack of public administration hindered the process of accession. The reform was necessary because the ownerships were unsettled; the cases of land registers were disordered. They solved this problem, the Commission approved the reform, but in the background there is another problem which is very actual: the problem of corruption (details see later).

ZERP: standing of protected fishery zone

In 2003, Zagreb established a protected fishery zone to protect the stock of fishes and to restrict the pollution of sea. The area was 23870 square kilometres and in some places it extended the Croatian authority till the middle of the Adrian Sea. Until January 2008 the prohibition of passing across wasn’t extended the member states of the European Union. When Croatia introduced this measure, there were huge disputes and resistance, mainly in the neighbouring member states. Slovenia was against the zone because of the border

dispute, Italy would like to freely fish on the sea, where the country has stronger fleet than Croatia has. On 15th March 2008 Croatia lifted the control against the ships of the European Union.

Croatian – Slovenian border dispute

The border issue between the two countries held back the accession negotiations from December 2000 to October 2009; a substantial number of chapters could not be opened or closed although technically finished earlier. The two countries had lasted this dispute for almost two decade, when it was solved. Croatia wanted to solve this problem before an international court of arbitration, but Slovenia thought that with blocking they could reach their goals easier. The European Commission has provided its facilitation services to settle this dispute and finally after intensive efforts reached a political agreement between the two parties in September 2009. But this case shows that if Croatia has any problem with any member state; the other state can delay the accession (any country of the 27 member states can veto the accession).

Further actual problems

Among the four unclosed negotiation chapter the biggest challenge is the Chapter 23 which is on reforms in the field of judiciary and fundamental rights. In March 2011 the European Commission (2011) published an interim report on Croatia's progress in the field of judiciary and fundamental rights and stated what problems remained and the country should solve to close this chapter. Chapter 23 was opened in June of 2010, from the opening Croatia has made a considerable progress in the field of judiciary and fundamental rights, but some further efforts needed/needs to close this chapter (or if they close because of political reasons as they did, till the real performance the country has some challenge). This chapter covers the following four areas: 1) judiciary, 2) fight against corruption and organised crime, 3) fundamental rights and 4) ICTY co-operation.

In the field of *judiciary* Croatia introduced reforms, a number of measures have been taken to strengthen the independence of the judiciary, including through constitutional changes; ensure professionalism and impartiality from political or other interference. However, Croatia has not yet established a convincing track record of recruiting and appointing judges and state prosecutors based on the application of uniform, transparent, objective and nationally applicable criteria. Further problem that in spite of the overall efficiency of the judiciary improved, which can measure with the backlog of cases before courts (From December 2009 to December 2010, Croatia has slightly reduced the overall case backlog before the courts from 795,722 to 785,561 cases (- 1.3%). The backlog of old criminal cases has been reduced by 10.6%), but the backlog of old civil cases pending for 3 years or more has increased by 3.8%. A convincing track record of implementing the civil procedure code has not yet been established. The backlog of old enforcement decisions has also increased. A number of important courts, including Zagreb and Split, continue to suffer from high case backlogs. Furthermore, in spite of Croatia has made progress towards establishing a track record of impartial handling of war crimes cases by the courts, by concluding a number of cases against accused persons of different ethnic background, the country will need to proceed with the domestic war crime cases which have not yet been addressed, in particular through implementation of its new strategy and systematic use of specialised chambers so as to present a convincing track record (European Commission 2011).

Corruption is a serious problem according with the accession; corruption cases exist at all levels including high level, and in vulnerable sectors such as public procurement. The country reached progress because the operational capacity of the Office for the Suppression of Corruption and Organised Crime, the specialised prosecution service for corruption and organised crime, has been reinforced, and the police have become more effective. Moreover, in a number of high-level corruption cases investigations are underway or indictments have been issued; and lots of organised crime cases have been through each stage of the judicial procedure. In spite of this progress, most high level corruption and public procurement cases have not yet reached the stage of court rulings and Croatia will need to demonstrate effective handling of a sufficient number of cases through the relevant stages of the procedure (European Commission 2011). One example of corruption cases is the case of Podravka, which is the biggest company of food industry and in which the biggest owner is the Croatian state. Four leader of the company was arrested, because they caused loss about 250 million Kuna (about 35 million euro). They abused their power and tried to buy up the shares of company for private purpose with using the money of the company. Recently, Ivo Sanader has a serious

corruption case, which has a Hungarian connection: according to one Croatian newspaper Zsolt Hernádi, the leader of MOL, had bribed the former Croatian prime minister and with this reached the control of the INA (Croatian Oil Company) two years ago. In spite of this charge has not been confirmed by the Croatian public prosecutor, the case has not been finished yet (HVG 2011b). These corruption scandals are average in the country, day by day we can hear new scandals and charges. The Transparency International measures corruption with the Corruption Perceptions Index and in the rank Croatia stands in the 62nd place (we can compare with Hungary, the country has the 50th place), but the country made progress, because one year before Croatia stood in the 66th place (but got the same score: 4,1 in the point system, where 1 means a very corrupt country and 10 means a not corrupt country) (Transparency 2011).

In the field of *fundamental rights*, including the protection of minorities Croatia made a progress: the country has strengthened the protection of fundamental rights and the protection of minorities (especially the Serb minority) and measures has taken aimed at reconciliation and increased tolerance among citizens, including training of police and media. However, there has been no tangible improvement in the level of employment of national minorities as required and there has been no review of the role of schooling in reconciliation efforts. According to the Commission to solve these problems Croatia will need to set out long term plans, backed by statistics, and should make studies to identify the shortcomings why minorities in the wider public sector are under-represented. In the case of refugees there are shortcomings also: in spite of Croatia has partially implemented the action plan on the housing care programme for returning refugees and has improved the handling of appeals for rejected housing reconstruction applications, the target for 2009 has not been met and there is a backlog of existing reconstruction appeals (European Commission 2011). (Moreover, lots of Croatian people wait that the Croats who live in Bosnia-Herzegovina will belong to Croatia and will live there.) The general legal framework for the protection of human rights has been improved, but the implementation of the strategy and action plan for protection and integration of Roma is just on-going, has not realized yet. Furthermore, the freedom of expression should continue to be respected and more anti-discrimination measures need to be implemented.

Further problem is that the cooperation with the International Criminal Tribunal for the former Yugoslavia is not a full *cooperation* as it requested, Croatia has not given the missing artillery documents to the ICTY yet. The reason of this that the majority of Croats (and the political elite also) look at war criminals as national heroes. Nowadays it is a delicate matter because of the former reasons, and in spite of the closing of this chapter, it is a further problem, which has not been solved.

The competition policy is an actual problem and challenge for the country. After the accession Croatia need to keep the step in the field of competition, and for keeping its competition it is necessary to continue administration reforms, to make the labour market more flexible and further judiciary reforms are necessary. According to the World Bank's Doing Business rank the country is in the 84th place (among 183 countries), which means that the business environment has not been sufficient for companies. However, the country made a progress in the years past: e.g. from 2010 to 2011 Croatia made easier the establishment of new companies (in 2010 the country was in the 133rd place but for 2011 Croatia has improved 44 places, standing in the 89th place in the rank). The most problematic factors for doing business are the gathering of construction permissions and the protection of investor's rights (World Bank 2011). In the field of infrastructural investments there are shortcomings also: in most of the strategically important company the biggest owner is the state and these companies get lots of subsidies (e.g. the national railway company, the Hrvatske Željeznice – HŽ). These national companies have made big losses and need to improve their effectiveness. The biggest difficulties to make the country more competitive are: inefficient government bureaucracy, tax rates, tax regulations, corruption and access to financing (World Economic Forum 2010). With the big privatisation there are also problems: in the years past only the privatisation of INA made progress, but this result can be uncertain because of the actual plan of government (foreign investor should not be the biggest owner, they should only have the 49% of shares). If Croatia privatises the industry of ship, this will strengthen its commitment to the privatisation.

The end of accession process?

We can see that Croatia is very close to the accession, which was helped by the Hungarian Presidency, because Hungary made lots of efforts to close the accession negotiations. Now the European Union supports

the Croatian accession. The procedure of accession has not been finished yet, but it almost finished. On June 30th, the negotiation chapters were closed, which was largely helped by the sentence for Ante Gotovina and Mladen Markač. But as we can see in this study, in spite of this, there are problems, challenges, which need to be solved before the country join to the European Union (in the field of judiciary and competition policy serious problems remained).

The corruption is an everyday phenomenon, the protection of minorities and the full cooperation with ICTY is not fulfilled. The latter is a delicate matter because most of the Croatians look at war criminals as national heroes. Because of this, euroscepticism is increasing among the citizens, which can bring the final accession to nought. In the years past, the euroscepticism was increasing also, because the European Union always postponed the date of accession, a few years ago they said that the country could join in 2009, and since then they have delayed the date, nowadays they speak about 1st July 2013.

Conclusions

My opinion is that in spite of shortcomings Croatia is ready to join to the European Union, compare with Romania and/or Bulgaria, Croatia is more developed and meets the requirements. In the years past the country has made a serious progress to cease shortcomings and committed to the accession. However, it is necessary to fulfil all requirements and the judiciary work in the practise also (not just on papers), and it is hard to verify. In these questions the European Union will be strict because they don't want to make the same mistakes as they made in connection with Romania and Bulgaria, because the two countries joined with serious difficulties in the fields of judiciary and corruption. This can postpone the date. Further problem that the European Union also has problems: the global crisis causes serious problems (e.g. high unemployment), and the current 'euro zone crisis' has delaying effects also. Hopefully, the European Union will soon solve its serious internal problems, which have priorities against the enlargement. We can just hope that the European Union won't postpone again the accession date of Croatia and neither the European Union (and its 27 member states) nor the Croatian referendum won't bring the accession to nought. The Croatian accession absolutely will be advantageous and profitable for the two partners.

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