
Europe's Second Chance: European Union Enlargement to Croatia and the Western Balkans

BARTOL LETICA

EUROPE'S SECOND CHANCE

The bloody disintegration of Yugoslavia and the post-Communist wars in the Balkans (Slovenia, Croatia, Bosnia and Herzegovina, and Kosovo) in the early 1990s, complete with its numerous war crimes and ethnic cleansing, represented massive cultural and emotional shocks for European and U.S. political and intellectual elites, as well as for the entire international community. Before these wars, the post-Cold War atmosphere in the United States and Europe was optimistic and hopeful; indeed, almost triumphal. The United States had just won a Cold War that for almost half of the century had divided the world into two security and civilizational blocs. The fall of the Berlin Wall symbolized the emergence of a new wave of Western and European integrationist, developmental, and civilizational optimism. European leaders recognized a historic opportunity to fulfill Jean Monnet's dreams of unifying the continent from the Atlantic to the Urals, and proudly declared that "the hour of Europe has dawned."¹ The issue of European Union (EU) enlargement to Central and Eastern Europe began to make its way up Brussels' political and theoretical agenda. The idea of turning the EU into a home for all Europeans became an important metaphor during the post-Cold War period.

When the European leaders met at the Paris summit in November 1990 to

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mark the end of the Cold War, they expressed pride and confidence in the broad array of institutions and agreements designed to maintain the peace in Europe and to prevent the renewal of conflicts that had shattered the continent through two world wars. However, the broadcast of images from the wars and of the crimes against humanity in the former Yugoslavia soon challenged U.S. and European leaders' hyper-optimistic outlook in the aftermath of the Cold War. Furthermore, these post-Communist Balkan wars also exposed the weaknesses of a number of European and global organizations that were supposed to assist in preventing international crises: the European Community (EC, which became the European Union in 1993), the North Atlantic Treaty Organisation (NATO), the CSCE (that became Organization for Security and Co-operation in Europe in January 1995), the Western European Union (WEU), and the United Nations. Each of these organizations was ill-prepared and ill-equipped to deal with conflicts such as those occurring in the former Yugoslavia.

Until very late in 1994, the United States, the UN, and the EU treated the wars in the former Yugoslavia as internal European problems. EU leaders and diplomats led efforts to stop conflicts in Croatia and Bosnia-Herzegovina, but these diplomatic efforts ended in abominable failure. A blurred definition of the conflicts as civil wars, an unwillingness to act militarily, and European countries' competing interests prevented the EU from being effective and left Croatia and Bosnia-Herzegovina at the mercy of a strong Serbian army and the Balkans' henchman, Slobodan Milosevic.² Without strong U.S. leadership and the use of NATO air strikes, Bosnian Serbs would never have been stopped and the international community would never have prevailed over Milosevic in Kosovo. Even though EU leaders were not responsible for the conflict, their inability to stop a conflict at their doorsteps nonetheless had negative effects on the tide of EU optimism, severely undermined the EU's credibility and international standing, and left a bad taste in their own mouths. When discussing the issue of EU enlargement into Central and Eastern European countries, EU leaders often mentioned historical and moral debts as key reasons for expansion. They appeared uncomfortable with the idea that they had left their neighbors on the other side of the Iron Curtain, impoverished and under Stalin's brutal control. After the wars in the former Yugoslavia, EU leaders felt an additional "moral" debt towards Western Balkan victims.

Even though it might have taken longer than Eastern Europeans had hoped, a part of this moral debt will finally be repaid when Poland, the Czech Republic, Slovakia, Hungary, Slovenia, and three Baltic states join the EU in May of this year. Today, at the beginning of the twenty-first century, the EU has a second chance to help the countries of South Eastern Europe (SEE) and the Western Balkans. Despite a difficult post-war legacy and an unstable peace, the EU has the chance to do something it failed to do at the end of the last century:

achieve stability, peace, and prosperity in the Western Balkans and admit the countries established in war into its European home.

This essay will examine the two frameworks for the South Eastern Europe region created by the EU and the United States: the Stability Pact and the Stabilization and Association Process. The attitudes of the Croatian public and leaders will also be discussed together with the reasons for setting entry into the EU as a key strategic goal. This essay will demonstrate that fast accession of the Republic of Croatia into the EU is in accordance with the proclaimed principle of individual evaluation of each Western Balkan country's achievements, as well as in the interest of Croatia, other countries of the region, and the EU itself. Several obstacles and challenges exist for Croatian entry into the EU, such as the ratification of the Stabilization and Association Agreement by remaining EU members, economic criteria, and potential EU expansion fatigue. Finally, EU enlargement into the region cannot be examined without discussing the role and the interests of the United States.

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THE STABILITY PACT FOR SOUTH EASTERN EUROPE AND STABILIZATION AND ASSOCIATION PROCESS FOR THE WESTERN BALKANS

Potential EU expansion into the Western Balkans (Albania, Bosnia and Herzegovina, Croatia, Serbia and Montenegro, including Kosovo, and Macedonia) represents a new stage in European enlargement theory and practice. EU countries of the West (Ireland, 1973; the United Kingdom, 1973), North (Denmark, 1973; Finland, 1995; and Sweden, 1995), and those that became members when the organization expanded into the European democratic center (Austria, 1995), did not make dramatic economic and political changes. These early phases of EU expansion required only opportunistic adaptation of these countries to the EC or EU demands. By contrast, while EC expansion into the South (Greece, 1981; Portugal, 1986; Spain, 1986) did require some important political, institutional, and cultural changes, it also required significant alterations to the EC itself. EU expansion into the countries of Central and Eastern Europe in May 2004, after a half-century of Communist rule, represents a revolutionary phase in the organization's enlargement strategy, in terms of the political and economic changes that were required.

The prospect of EU expansion into the Western Balkans represents another specific political precedent in the enlargement practice because the process of nation-state formation in this region is still unfinished and because the people in this region were very recently participants and victims in a series of bloody conflicts. The terms "Balkanization" and "Balkans," in common usage among many European and Western politicians and intellectuals, represent symbols of many historical and political evils: disintegration of countries and empires, ethnic and religious conflicts, intolerance, war, and crime.

Because of this special geopolitical, economic, and even psychological situation in the Western Balkans, the EU developed a new integration paradigm and approach for the Union's expansion into the Western Balkans in 1999: the Stabilization and Association Process (SAP).

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The Stabilization and Association Agreements (SAA) replace the previous generation of Europe Agreements and represent key legal instruments for this new EU enlargement approach. The SAAs govern the framework for the gradual convergence of Croatia and other Western Balkan countries into the European structures. In addition, they contain provisions on cooperation and mutual obligations in the following areas: political dialogue, regional cooperation, free movement of goods, movement of workers, establishment of businesses, the supply of services, current payments and movements of capital, harmonization and implementation of legislation and the rules of market competition,

cooperation in the area of justice and internal affairs, and financial cooperation.³ Apart from provisions about political dialogue and regional cooperation, the provisions of the SAA closely resemble those of the Europe Agreements signed by the current accession countries. The rationale for the provisions on regional cooperation is to encourage the countries in SEE to behave toward each other and work with each other in a manner comparable to the relationships that now exist between EU members.⁴

Bulgaria and Romania are part of the current phase of EU enlargement. They are involved in accession negotiations for membership in the Union and have a projected date for joining the EU—January 1, 2007. Bulgaria and Romania have signed Accession Partnerships with the EU, which identify con-

crete aims and priorities for the two countries to fulfill and constitute the policy framework of their relations with the Union.

Thus two distinct approaches to EU enlargement exist today—accession to the EU for Bulgaria and Romania, and the SAP for the Western Balkan countries—within a single security framework: the Stability Pact for South Eastern Europe. The EU, the United States, and NATO developed the Stability Pact in 1999, “to foster peace, democracy, respect for human rights and economic prosperity in order to achieve stability in the whole region.”⁵ The pact is based on experiences and lessons from worldwide international crisis management and is the first serious attempt by the international community to replace the previous, reactive crisis intervention policy in Southeastern Europe with a comprehensive, long-term conflict prevention strategy.⁶

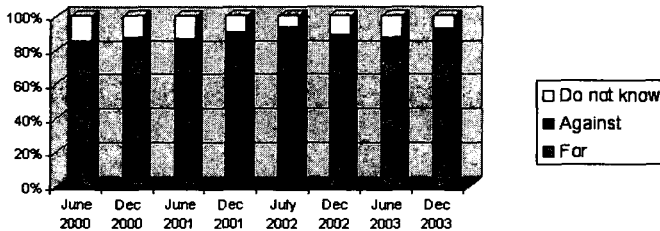
The recognition that the main, and often the only, motivator for reform—including the establishment of a dependable rule of law, democratic and stable institutions, and a free economy—in the newly established countries of the Western Balkans is each country’s prospect for joining the EU was one of the main reasons why the European Commission designed the SAP. In order to strengthen this motivation and encourage processes of economic recovery, democratic development, and regional reconciliation and cooperation, the EU sent a strong message on several occasions to the Western Balkan countries through issuing declarations, decisions, and agendas.⁷ These messages conveyed that the EU considers the Western Balkan countries part of Europe and wants this region to join the EU, but only after these countries fulfill all criteria and requirements—political, economic, and judicial—as all the other member countries had done. Each country’s progress in achieving the SAA objectives will help determine the EU’s assessment of that country’s implementation of the SAA and its readiness to contemplate the greater demands of full integration into the EU. The SAP confirmed the historic Copenhagen promise that “the countries in Central and Eastern Europe that so desire shall become members of the Union, as soon as they are able to assume the obligations of membership by satisfying the economic and political conditions.”⁸

CROATIA AND EU: CROATIAN PUBLIC OPINION AND REASONS FOR EU CANDIDACY

At its November 24, 2000, summit in Zagreb, the EU presented its new approach to enlargement into the Western Balkans. The fact that the EU chose Zagreb for the site of this important gathering was encouraging for the Croatian people and government. Croatians started to believe that the Republic of Croatia could become a full member of the Union based on its individual accomplishments relatively soon, maybe even in 2007, when Bulgaria and Romania were

expected to join, or at least between 2007 and 2009. Joining the EU became the common denominator and strategic goal of both the previous center-left government of Ivica Račan (2000 to 2003) and the new center-right government led by Prime Minister Ivo Sanader (from 2003). This strategic goal represents a logical expression of predominantly positive public opinion about Croatia's entry into the EU as well as about the EU itself. Since 2000, the Croatian Ministry of European Integration has been measuring public opinion of EU issues biannually. In the period from 2000 to 2004, opinion polls showed that more than 75 percent of Croatians maintained a positive opinion of the EU and in December 2003, 72 percent supported the country's entry into the EU, down one percent from December 2002.

FIGURE 1:
THE ATTITUDES OF CROATIAN CITIZENS TOWARD EU ACCESSION



Source: *Survey results, The Ministry of European Integration*
<<http://www.mei.hr/default.asp?ru=136&akcija=>> (accessed February 15, 2004).

Other public opinion polls also demonstrate that in Croatia, 75 percent are Euro-optimists, 15 percent Euro-skeptics, and 10 percent are neutral.⁹ Despite very different political and historic circumstances, these percentages are strikingly similar to those from polls in the early 1990s that examined the Croatian people's faith in the EU as a potential force to stop conflicts in the former Yugoslavia. Thus, the three stereotypes remained in Croatian attitudes toward Europe: Europe as savior, Europe as enemy, and Europe as passive observer. As in the early 1990s, when 85 percent of Croatians believed naively that the EU could protect and liberate them from war and aggression, today, 75 percent believe that full membership in the EU can save them from traditional Balkan instability and contemporary enemies such as unemployment, poverty, corruption, and organized crime. A marginal group of radical Euro-skeptics that views Europe as an enemy believes that the EU position towards Croatia has not changed. In the early 1990s, Europe did not want an independent Croatian state, and similarly today the EU—with its insistence on federalism, minority rights, and equal blame of all Western Balkan countries for their recent conflicts—is threatening

Croatian statehood, identity and sovereignty. Finally, moderate Euro-skeptics (approximately 10 percent) considered and still view Europe as a symbol of cynical war voyeurism and emotional insensitivity to Croatian suffering and prejudice towards Croatia and other Balkan nations.

However, the experiences of other member countries confirm that with the date of accession approaching, percentages of Euro-optimists are decreasing and those of Euro-skeptics are tending to increase. This anti-European sentiment may intensify when the public encounters the harsh realities of EU accession and membership, and starts feeling the effects of difficult economic reforms.

The Ministry of European Integration also regularly polls Croatian citizens about selected positive and negative consequences of joining the EU they foresee. Of the positive consequences of accession, open borders (85.9 percent), improvements in science and education (83.3 percent), economic growth (73.4 percent), and higher standards of living (66.3 percent) stand out, while economic problems (65.2 percent) and loss of sovereignty (56.9 percent) are perceived as the greatest potential dangers.¹⁰

Some analysts have expressed amazement that Central and Eastern Europeans have become so EU-oriented and willing to surrender sovereignty to the EU so quickly after winning independence.¹¹ Even though the majority of Croatians (56.9 percent) understands that joining the EU means losing a certain level of sovereignty, they are still overwhelmingly supportive of the country joining the EU. The reason why the Croatian people and the government want to join the EU, and what they expect to gain from membership, can be attributed to several important factors.

First, Croatia wants to join the EU because membership brings important economic and geopolitical benefits. As Andrew Moravcsik and Milada Anna Vachudova argue, "applicant states embark on the laborious accession process because EU membership brings tremendous economic and geopolitical benefits, particularly as compared to exclusion as others move forward."¹²

Even though accession to the EU is not cheap, and Croatia will have to make some sacrifices, like other potential members, Zagreb expects to be a net beneficiary from the EU budget as soon as it joins. As John Darnton concludes, "the new members...are apt to be suspicious of distant bureaucracy in Brussels...but [are also] eager to receive [the] European Union's handouts."¹³ Moreover, in terms of security interests, as Graham Avery argues, while for "hard security all the Central Europeans want to join NATO, the EU offers another

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security dimension through economic integration, through the EU institutions in which ministers meet regularly, and through the EU's nascent foreign and security policy."¹⁴

Second, joining the EU will allow Croatian leaders to implement changes for which they would not otherwise be able to garner popular support. EU clout will insulate them from more short-term, bureaucratic and interest group pressures.¹⁵ While the requirements for joining are massive and complex, they have been very effective in creating well-functioning market economies and strong

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democratic states. Moreover, while in the short run implementing the *acquis communautaire* diverts resources from health care and education, in the long run it brings substantial returns to the national budget by limiting corruption, improving administrative capacity, and attracting foreign investment.¹⁶ Measures such as the withdrawal of the state from many areas of the economy, decreasing state subsidies to weak sectors, and exposure of vulnerable industries to Western competition would not be possible without the promise of EU membership.

Third, for Croats, joining the EU has a symbolic value, somehow proving that they belong to Europe. The words of Andrei Plesu, a former Romanian foreign minister, could also be easily attributable to a Croatian official: "When we say Europe in Eastern Europe, we usually think about something in the past, something we lost and have to regain... It's something in an old, faded photograph, the world between the two World Wars, a nostalgia, a longing.

In the West, Europe is a project. In the East, it's a memory."¹⁷ One can easily notice the excitement and hope about Europe felt by the populations of new and potential member states, as well as their Western counterparts.

WHY CROATIA SHOULD BE TREATED AS A SPECIAL CASE

Several important reasons explain why Croatia should be treated as a special case in the SAP, as well as why Croatia's path to joining the EU should not be tied to those of the other potential candidates in the Western Balkans. First,

all key economic indicators demonstrate that Croatia is much more developed than other Southeastern European countries, and even than some of the new members joining the EU in May 2004. GDP, inflation, unemployment, literacy, and life expectancy data all confirm that Croatia is almost twice as developed as the Western Balkan countries.

TABLE 1: BASIC ECONOMIC INDICATORS FOR 2002

	<i>Population Persons mil</i>	<i>GDP EUR mil</i>	<i>GDP pc EUR</i>	<i>GDP pc USD at PPP</i>	<i>Real GDP 1990=100</i>
Albania	3.1	4,908	1,583	4,000	123.3
Bosnia and Herzegovina	2.8	5,574	1,467	6,400	–
Macedonia	2.0	3,916	1,958	6,520	87.3
Serbia and Montenegro	8.3	14,000	1,687	4,500	52.8
Western Balkans without Croatia	17.2	28,398	1,651	5,065	73.9
Croatia	4.4	23,820	5,414	10,030	92.9
Western Balkans (SEE-5)	21.6	52,218	2,418	6,076	83.6
Bulgaria	7.8	16,688	2,136	8,250	87.9
Romania	22.4	48,384	2,160	6,590	92.3
Eastern Balkans	30.2	65,052	2,154	7,019	91.2
SEE-7	51.8	117,270	2,263	6,626	88.0
Czech Republic	10.2	73,855	7,241	15,740	107.2
Hungary	10.2	65,852	6,456	13,550	115.6
Poland	38.6	199,549	5,170	10,510	146.5
Slovakia	5.4	25,144	4,656	12,820	111.6
Slovenia	2.0	22,367	11,184	18,530	127.4
CEE - 5	66.4	386,767	5,825	12,210	130.4

Source: *Vladimir Zakharov and Sinisa Kusic, The Role of FDI in the EU Accession Process: The Case of the Western Balkans, <<http://www.etsg.org/ETSG2003/papers/zacharov.pdf>> (accessed February 15, 2004).*

The EU's CARDS (Community Assistance for Reconstruction, Development and Stabilization) program supports the reform and institution-building necessary to implement the obligations of the SAA. Current and planned amounts of CARDS assistance are also indicative of Croatia's progress: Croatia today is receiving less financial assistance than Serbia and Montenegro, Bosnia and Herzegovina, and Kosovo.

TABLE 2: EU ASSISTANCE TO THE WESTERN BALKANS, 2002-4, IN EUR MILLIONS

	2002	2003	2004	Total
Albania	44.9	46.5	52.5	143.9
Bosnia and Herzegovina	71.9	63	58	192.9
Croatia	59	62	68	189
Serbia and Montenegro	195	255	210	660
Kosovo	154.9	50	40	244.9
Macedonia	41.5	43.5	43.5	128.5
Regional Western Balkans	45	35	0	80
Total Western Balkans	612.2	555	272	1639.2

Source: *CARDS Assistance Programme to the Western Balkans, Regional Strategy Paper, 2002-2006*, <http://europa.eu.int/comm/external_relations/seel/actions/sap.htm>, (accessed February 15, 2004). Figures for 2002-2004 include allocations from the Integrated Border Management regional envelope, but exclude any allocations for budgetary support.

Second, with its geographic, cultural, and historic position, and with its citizens' sense of identity, Croatia is more of a Western and Central European country than a Western Balkan country.¹⁸ The Balkan element in the identity of the Croatian people has been—to a large extent—marginal throughout its history. The Croatian cultural and national identity is polycentric and multidimensional because it belongs to various European traditions: Byzantine, Balkan, Western European, Central and Eastern European, Mediterranean, and Adriatic. This inherent multicultural tradition in Croatia and Bosnia-Herzegovina is one of the reasons why some authors have defined these countries as belonging to different civilizations and cultures. Samuel Huntington, for example, categorizes Croatia as a member of the “Western Civilization,” while he places Bosnia in the “Eastern Civilization.”¹⁹

Third, treating Croatia as a special case and allowing it to join the EU after fulfilling all necessary requirements would represent an important motivator for other countries in the region. Post-World War II experience suggests that the best way to project stability and democracy is through European integration.²⁰ The examples of Spain, Greece, and Portugal have encouraged the current generation of EU leaders to believe that membership can cement the transition from autocracy to democracy. As EU External Relations Commissioner Chris Patton argued, “European integration shows that compromise and reconciliation is possible after generations of prejudice, war, and suffering.”²¹ Accepting the Balkan countries into the EU might be the best way to stop potential new crises that could again

expose the limits of common EU foreign and security policy as it did in the early 1990s. This is especially true for the Balkans, where any "grand design" is far from complete.²²

The EU's key interest in the Western Balkans is stability, and Croatia remains the only reliable partner in the region. In Serbia and Montenegro, after the assassination of former Prime-Minister Zoran Djindjic, elections were held in December 2003, in which the right-wing Serbian Radical Party—with annexation pretensions on the territories of Croatia and Bosnia-Herzegovina in its political program—became the single strongest party in the parliament, with almost 30 percent of the votes.²³ The new Prime Minister, Vojislav Kostunica, led a government with the Socialists, a party still nominally led by Slobodan Milosevic, who is being prosecuted in The Hague. The future status of Kosovo and Montenegro, a republic becoming increasingly economically and politically independent from Serbia, remains unclear. Bosnia and Herzegovina, despite some recent improvements, still does not function as one unified country. In these problematic countries the distant prospect of EU membership is one of the only forces encouraging democratization, economic and political reforms, and protection of minority rights.²⁴ Moreover, it is probably the only force that could help the EU to combat transnational problems of crime, drugs, and illegal immigration in the Western Balkans through gradual adoption of the EU's policies on internal security.²⁵

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Croatia's successful accession would provide a paradigm for other countries in the region to press on with their reforms. Croatia could serve as a real and metaphorical engine for EU accession of other Western Balkan countries.

Finally, in economic and political terms, Croatia is a small European country whose accession would have only a small impact on the EU and would not require any major reforms. Croatia would represent only 1.7 percent of the EU territory, 1.3 percent of the population, and only 0.3 percent of the GDP.²⁶ Any objective cost-benefit or feasibility analysis would probably demonstrate that potential security and economic benefits outweigh the modest costs of enlargement for the EU. This argument could even be applied to the whole region of the Western Balkans, where expansion would not significantly change EU power balances. As "they are absorbed into the EU's decision-making, new members are likely to do little more than reinforce existing trends in EU politics."²⁷

When these arguments other Western Balkan countries' subsequent accession are strengthened with "bicycle theory" claims of EU enlargement, it will be hard for Brussels to deny Croatia membership. Convinced federalists and propo-

nents of the bicycle theory believe that "if the integration process ceases to move forward, it is likely to collapse."²⁸ Thus, some EU officials are afraid that the bicycle could get trapped down in the Western Balkans and threaten prospects for unifying the continent. Moreover, as Swedish Prime Minister Goran Persson argues, any country that would try to block enlargement "would bear a heavy and historic responsibility" for stopping the dream of unifying the European continent.²⁹ On the one hand, premature membership for countries whose systems cannot cope with the policies and rules of the EU could have difficult consequences for themselves and for other members. On the other hand, if the entry of a country into the EU is prolonged despite fulfillment of the criteria, after long and hard preparations, and when no concrete deadlines are given, more intense anti-European sentiment might result.

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Recently, by reforming its delegation for Southeastern Europe, the European Parliament took a symbolic and practical step in supporting the process of individual evaluation of Western Balkans countries. As part of this reform, Brussels will establish separate departments for relations with Croatia and Macedonia by June 2004.³⁰ Janez Potocnik, assistant commissioner for EU enlargement, when analyzing the atmosphere in Brussels, also stressed that Croatia will be considered according to its

individual accomplishments and can hope to join the EU soon.³¹ Despite these optimistic measures and statements, one has to keep in mind that despite "solemn declarations and the rapid and positive changes taking place in applicant countries, enlargement in any specific case is not a certainty."³²

CROATIA'S CURRENT STATUS IN EU ACCESSION

Croatia has moved its process of EU accession forward significantly. The SAA between Croatia and the EU was signed in October 2001, and in March 2003, the country submitted its application for EU membership. In the November parliamentary elections, the Croatian Democratic Union (HDZ), the party of the late President Franjo Tudjman, reclaimed power formerly lost to the center-left coalition led by the Social Democrats (SDP) in 2000. Prime Minister Sanader distanced the HDZ from its origins and described his party as moderate and conservative European. The HDZ formed the government together with some smaller coalition partners; this center-right coalition holds a slender one-

seat majority in the parliament. Sanader and the HDZ emphasized securing European Union membership as the most important goal of the government.

Croatia is currently waiting to receive the European Commission's opinion (*avis*) to become a formal candidate for EU membership. This document will examine the possibility of opening such membership negotiations with Croatia. Croatia is hoping to receive a positive opinion in the spring of 2004, and to get official status as an EU candidate country at the EU summit in June. This would probably allow Croatia to begin accession negotiations early next year. If Croatia receives only a conditional positive *avis*, tied to the case of General Gotovina, and without a definite date for the start of accession negotiations, this could significantly slow down Croatia's candidacy process.³³ A negative *avis* would postpone indefinitely and compromise Croatia's candidacy bid.³⁴

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CHALLENGES AND OBSTACLES TO CROATIA'S FAST TRACK TO THE EU

Some important obstacles remain on Croatia's path to joining the EU. Three countries—Italy, the United Kingdom, and the Netherlands—still have to ratify the SAA as a step toward membership. While Italian Prime Minister Berlusconi said that Italy would ratify the agreement soon and that he expected the other two countries to follow suit, British and Dutch leaders stressed that Croatia's inadequate cooperation with The Hague Tribunal could lead to indefinite postponement of ratification.³⁵ The case of General Ante Gotovina became the ultimate measure of Croatia's cooperation with the Tribunal.³⁶ While The Hague Tribunal prosecutor Carla del Ponte has no official status within the European Union, these EU members have linked Croatia's membership bid with the general's capture. On February 3, 2004, the Vice Prime Minister publicly called for Gotovina to turn himself in, and on March 9, 2004, two recently indicted Croatian generals, Ivan Cermak and Mladen Markac, voluntarily turned themselves in to The Hague Tribunal.³⁷ Despite the Croatians' relative lack of trust in The Hague Tribunal, today the majority of the Croatian people support cooperation with it as a necessary EU requirement.³⁸ The new government also promised to speed up the return of Serbian refugees—who left the country in 1995, after Croatia regained the territory it had lost in the war in 1991—and to

assist with the reconstruction of their homes. This issue was also mentioned as important for Croatia's EU membership bid.

Even though EU experts claim that ratification of the SAA is not a requirement for receiving a positive *avis* from the Commission, it is clear that the UK and the Netherlands' refusal to do so will slow or postpone the process. Jacques Wunenburger, head of the European Commission office in Croatia, proclaimed that "while the *avis* and the SAA ratification are not connected legally, they are still tied politically."³⁹ However, Croatia enjoys strong support from German and Austrian officials, who argue that the latest measures of Croatian officials show their full cooperation with The Hague Tribunal and, thus, that this issue should not stand in the way of Croatia's candidacy.⁴⁰ Zagreb and Berlin enjoy very cordial relations. Germany is Croatia's most important economic partner and was one of the first countries to recognize its independence in 1991. Many analysts predict that German support could be very important for a successful Croatian EU bid.⁴¹

TABLES 3 AND 4: COUNTRY SUMMARY – MACROECONOMIC INDICATORS, 2002 - 2003°

	<i>Real GDP Growth (%)</i>		<i>Inflation (end period) %</i>		<i>Govt. Balance (% of GDP)</i>	
	2002	2003°	2002	2003°	2002	2003°
Albania	4.7	6.0	1.7	2.8	-6.9	-5.6
Bosnia and Herzegovina	5.5	3.5	0.3	0.4	-7.1	-3.4
Croatia	5.2	5.0	2.3	1.5	-4.8	-4.5
Macedonia	0.9	3.0	1.0	2.4	-5.7	-1.5
Serbia and Montenegro	4.0	4.0	14.2	8.0	-4.5	-4.5
Kosovo	3.9	4.7	3.6	0.0	7.5	4.1
Western Balkans	4.5	4.2	5.4	3.4	-4.9	-4.1

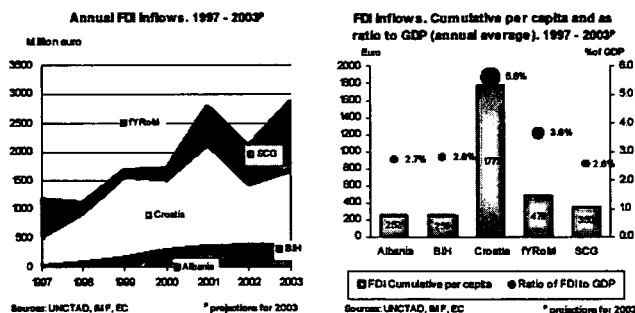
	Trade Balance (% of GDP)		Current Account (% of GDP)		FDI (% of GDP)	
	2002	2003 ^o	2002	2003 ^o	2002	2002 ^o
Albania	-23.9	-22.8	-6.6	-6.3	2.8	2.7
Bosnia and Herzegovina	-36.8	-36.6	-18.5	-17.5	4.4	4.9
Croatia	-23.5	-27.2	-7.2	-5.4	4.6	6.2
Macedonia	-20.7	-17.2	-8.6	-6.2	2.1	1.1
Serbia and Montenegro	-25.0	-25.1	-8.8	-8.1	3.6	6.3
Kosovo	-89.2	-95.4	-33.5	-32.9	0.0	0.0
Western Balkans	-27.2	-28.1	-9.7	-8.4	3.9	5.4

^o Projections. Before grants. Foreign Direct Investment (inward flows). Data for Kosovo are preliminary estimates, which may be subject to significant corrections.

Source: *The Directorate-General for Economic and Financial Affairs, The Western Balkans in Transition*, <http://europa.eu.int/comm/economy_finance/publications/occasional_papers/2004/ocp5en.pdf> (accessed February 15, 2004).

The set of economic requirements for EU accession represent another challenge for Croatia's entry into the EU. These economically relevant criteria for accession can be divided into two groups: conditions that derive from the SAA and are devised specifically for the countries of South Eastern Europe; and the Copenhagen criteria, which apply to all applicants from Central and Eastern Europe and are also included in the SAA. In spite of frequent interpretations, most of these conditions have not been phrased extremely rigidly, but they leave Croatia and other applicant countries a certain flexibility to adapt, in agreement with the European Commission.

FIGURE 2: FOREIGN DIRECT INVESTMENT IN THE WESTERN BALKANS



Source: *The Directorate-General for Economic and Financial Affairs, The Western Balkans in Transition*, <http://europa.eu.int/comm/economy_finance/publications/occasional_papers/2004/ocp5en.pdf>, (accessed February 15, 2004).

The above tables and graphs show that even today the Republic of Croatia satisfies some of the key Copenhagen criteria, such as the inflation requirement, and that Zagreb is also in a good position to satisfy other criteria in next several years.⁴² Croatia's current general government budget deficit is 4.5 percent of GDP, somewhat higher than the EU requirement. The GDP per capita of \$6,635 is only slightly lower than the average GDP per capita of the countries joining the EU in May 2004. Growth remains strong and purchasing power is similar to that of other applicant states. However, Croatia faces two important economic challenges: its foreign debt was more than \$24 billion in February 2004 (\$5,400 per capita, and approximately 65 percent of GDP) and unemployment stands at 16 percent (330,000 people). These economic problems are very serious, but the European Commission's positive *avis* would certainly increase the interest of foreign investors and further increase today's respectable foreign direct investment (FDI) levels.⁴³

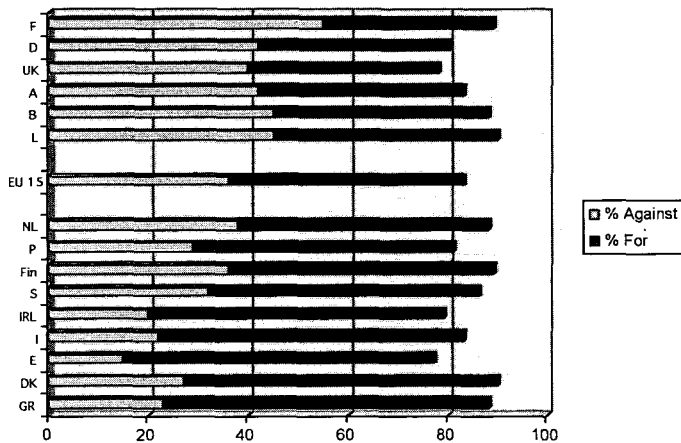
At the end of the day, ratification of SAA will probably remain only a procedural and bargaining problem. If EU interests require it, Great Britain and the Netherlands will ratify the agreement, especially in light of recent moves by the Croatian government to demonstrate better cooperation with The Hague Tribunal. Similarly, Croatia's high level of flexibility in economic accession criteria and its solid economic indicators serve as optimistic indicators that Croatia will be able to fulfill these requirements. However, the EU response to the entry of new members in May will represent a much more important signal for Croatia's bid. The success of the new, enlarged union and the level of member states' expansion fatigue will be decisive factors for determining the speed of Croatia's accession.

Even these days, concerns can be heard in EU countries that new entrants could create numerous new problems, including a drain of wealth and jobs, decreased economic growth, and problems arising from immigration. As Darton states, "now West[ern] Europeans worry that too many Easterners may sink the boat. They envision poor immigrants coming the other way, flooding their cities and burdening their bountiful welfare systems."⁴⁴ This will probably prove to be an unfounded fear, as similar arguments were made against Spain and Greece. However, it is clear that the EU will need some time to adapt to its transformation into a new entity with 25 states and 455 million people. This new EU will certainly experience some problems and have to implement some changes in its decision-making system, institutions, and policies to remain effective. As Verheugen admits, "the change in the Commission's composition and the entry of 10 new members will undoubtedly slow down the work of EU institutions which can have an effect on Croatia."⁴⁵ Moreover, membership will become an element in the domestic political arenas of the new entrants and could be used as a scapegoat for economic or political problems. All these elements together will

determine the level of the EU's expansion fatigue and have an important effect on Croatia's bid.

As the below Eurobarometer data from November 2003 illustrates, current EU members still have a relatively positive attitude toward enlargement (47 percent for and 36 percent against). In some countries, however, like France, even today the majority of citizens oppose new EU enlargement. One can suppose that with the entry of new members in May 2004, and subsequent problems and reforms, public opinion will be less favorable to a new wave of enlargement into the Western Balkans.

FIGURE 3: ATTITUDES OF THE EUROPEAN COUNTRIES' CITIZENS TOWARDS EU ENLARGEMENT (PERCENTAGE "DON'T KNOW" NOT SHOWN)



Source: <http://europa.eu.int/comm/public_opinion/archives/eb/eb60/eb60_rapport_standard_en.pdf> (accessed February 15, 2004).

BALANCING ACT BETWEEN NEW AND OLD EUROPE

EU expansion into the Western Balkans cannot be understood completely without analyzing U.S. interests. Through its efforts and commitment to stopping the Balkan wars of the 1990s, and through its position as the only global superpower, the United States became a key player in the region. The United States continues to maintain forces in peacekeeping missions in Bosnia-Herzegovina and Kosovo. Moreover, the U.S. played an important role in the processes of European enlargement after World War II and strongly advocated the expansion of the EU into the former Communist countries of Central and Eastern Europe. The war against terrorism and operations in Iraq created some disagreements and divisions between current and future EU members.

The new Croatian government under Sanader, much like its predecessor, is attempting a balancing act by trying to please the United States without jeopardizing its arguably greater interests in joining Europe. The previous center-left government withstood pressures to sign an agreement not to extradite U.S. soldiers to the International Criminal Court. It also did not send Croatian troops to join the coalition forces in Iraq. The previous government also tried to show commitment to what U.S. Defense Secretary Donald Rumsfeld defined as “old Europe” while not excluding itself from a “new Europe,” one more sympathetic to U.S. interests.⁴⁶

[I]f the EU starts prolonging Croatian application, the new government will be motivated to rely increasingly on the United States and pursue NATO accession more aggressively.

Anthony Galabov, from the Institute for Sociology of the Bulgarian Academy of Sciences, expressed a similar dilemma—for Bulgaria—created by the situation in Iraq: “On one hand, Bulgaria explicitly has to continue to support the necessity of united action sanctioned by the UN against Iraq. At the same time, Bulgaria should demonstrate firmly that it is a part of Europe called the ‘old’ one. Anything else would put in doubt whether Bulgaria can sustain its efforts at European integration.”⁴⁷ Croatia is trying to do the same, balancing between what one Czech analyst called “a rock and a hard place.”⁴⁸ The new government, and especially the new Minister of Foreign Affairs, Miomir Zuzul, the former Ambassador in Washington, have very strong ties with U.S. officials. The government also needs U.S. support for Croatia’s bid to join NATO, which is another important strategic goal of the country. Thus, if the EU starts prolonging Croatian application, the new government will be motivated to rely increasingly on the United States and pursue NATO accession more aggressively.

Nonetheless, the expansion of the EU to the Western Balkans will also represent the realization of the old American vision for Europe, for which it fought during the Cold War. Moreover, the main U.S. interest in the Western Balkans is increasing stability in the region, and for this Croatia is its key partner. Therefore, the United States supports the SAP and the individual approaches of each Western Balkan country to the EU. With the region closer to EU membership, U.S. leaders can, with greater confidence, pull their soldiers out of Bosnia and Kosovo who are not actively involved in the war against terrorism. The Pentagon would like to transfer some of its responsibilities to the EU, and later this year the forces under the Union’s command could take over peacekeeping duties from NATO in Bosnia. Ironically, even though U.S. leaders would prefer it were not so, the region’s EU accession might decrease U.S. influence in Europe. As Europe specialist Tony Judt proclaims, “Geography will triumph over history...It will

eventually matter more to the Eastern Europeans to be in the favor of Brussels, because day to day they will need Brussels."⁴⁹

CONCLUSION

The countries of the Western Balkans represent a difficult challenge for the European Union and its enlargement process. Through its two key frameworks, the Stability Pact and the SAP, Brussels is trying to bring stability, peace, and prosperity to the Western Balkans and eventually bring the region into the European Union. The success of the EU's new approach to the countries of the Western Balkans depends on the simultaneous application of two principles: the regional approach, stressing the importance of regional cooperation (the Stability Pact and the SAP), and the individual approach, or evaluation of the accomplishments of each potential EU candidate. There is overwhelming support among Croatian citizens for EU membership, and this has become the key strategic goal of the previous and current governments. There are several important reasons for Croatia's accession desires: economic and geopolitical benefits, ability to implement reforms, and the symbolic value of joining the EU. A fast accession of the Republic of Croatia into the EU is in the interest of Croatia, other countries in the region, and the EU itself. However, several obstacles and challenges exist for Croatian entry into the EU, such as the ratification of the SAA by remaining EU members, economic criteria, and the EU's potential expansion fatigue. EU and U.S. interests in achieving stability in the region, in addition to strong support from Germany and Austria, will allow Croatia to join the EU when Zagreb fulfills all the necessary requirements. However, the level of expansion fatigue after new members join in May will be an important element in determining the speed of Croatia's accession. Croatia could then serve as a motivator for reform and EU accession in the whole region of the Western Balkans, all of which could bring us closer to Valéry Giscard d'Estaing's dream about "a continent at peace, freed of its barriers and obstacles, where history and geography are finally reconciled."⁵⁰

Considering the countries of the Western Balkans individually for EU accession, together with the Stability Pact and the SAP regional approach, could

Without the active security, economic and political role of the EU and without U.S. support, the fragile economies and political systems of Albania, Bosnia-Herzegovina, Serbia and Montenegro (especially Kosovo), and Macedonia, the Western Balkans could once again become the site of crisis.

provide a second chance to the EU and the region after the missed opportunities of the early 1990s. Without the active security, economic, and political role of the EU and without U.S. support, the fragile economies and political systems of Albania, Bosnia-Herzegovina, Serbia and Montenegro (especially Kosovo), and Macedonia, the Western Balkans could once again become the site of crisis. There is a threat that the region could be redirected towards a negative Balkanization scenario: a series of economic and political crises accompanied by ethnic hatreds and conflicts. If this negative scenario unfolds, the EU and the U.S. could still develop a containment policy to control and stop the conflicts. However, it is much more reasonable to emphasize and support this new approach to the Western Balkans and work toward Southeastern Europe's accession into the EU and NATO as a solution for the region. ■

NOTES

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- 3 Sto Hrvatskoj donosi Sporazum o stabilizaciji i pridruživanju (Zagreb: The Ministry of European Integrations, 2001).
- 4 For the analysis of the logic and effects of the SAP see: Ljubomir Cucic, Ed. *South Eastern Europe: A Challenge in the Process of EU Enlargement* (Zagreb: European Movement Croatia, 2002).
- 5 "About the Stability Pact," online at <<http://www.stabilitypact.org/about/default.asp>> (accessed Feb 15, 2004).
- 6 For a detailed discussion of the Stability Pact's goals and achievements, see: Erhard Busek, "Five Years of Stability Pact for South Eastern Europe: Achievements and Challenges Ahead," online at <<http://www.stabilitypact.org/pages/speeches/detail.asp?y=2004&p=4>> (accessed February 15, 2004).
- 7 See, for instance, European Union, *The Final Declaration, Zagreb Summit, November 2000 and European Union, Thessaloniki Agenda for the Western Balkans: Moving Towards European integration*; June 2003.
- 8 Graham Avery, "Special Report: Endgame for EU Enlargement," *Prospect*, June 27, 2002, 5.
- 9 See regular public opinion polls in Croatian dailies *Jutarnji list* and *Vecernji list*.
- 10 Survey results, The Ministry of European Integration, online at <<http://www.mei.hr/default.asp?ru=136&akcija=>> (accessed February 15, 2004).
- 11 Avery, 6.
- 12 Andrew Moravcsik and Milada Anna Vachudova, "National Interests, State Power and EU Enlargement," *Center for European Studies Working Paper No. 97*, 2003, online at <http://www.ces.fas.harvard.edu/working_papers/Moravcsik_Vachudova.pdf> (accessed February 15, 2004).
- 13 John Darnton, "Union but Not Unanimity, as Europe's East Joins West," *The New York Times*, March 11, 2004, A1.
- 14 Avery, 5.
- 15 For a detailed analysis of needed reforms see: Ljubomir Cucic, Ed. "A New Croatia Fast-Forward into Europe," (EGIDA: 2003).
- 16 Moravcsik and Vachudova, 8.
- 17 As quoted in Darnton, A1
- 18 For a detailed discussion of a Croatian national identity see: Dusko Sekulic, "Civic and Ethnic Identity: The Case of Croatia," unpublished paper, 2002, Online at <http://www.europanet.org/conference2002/papers/c3_Sekulic.doc> (accessed February 15, 2004).

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- 19 Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order*, (New York: Simon and Schuster, 1996): 138, 156-163.
- 20 As Gunther Verheugen, the commissioner in charge of EU enlargement, notices about the prospect of the Eastward expansion, "the real point is the strategic. Our experience is that the best way to project stability and democracy is through European integration." As quoted in "Reasons of State," *The Economist*, May 17, 2001.
- 21 As quoted in "Europe's Magnetic Attraction," *The Economist*, May 17, 2001.
- 22 Ivo Daalder, *Getting to Dayton: The Making of America's Bosnia Policy* (Washington, DC: Brookings Institution Press, 2000).
- 23 "Something Nasty in the Balkans," *The Economist*, January 3, 2004.
- 24 "More European Union Encouragement is Needed," *Civilitas Research*, Feb 14, 2003, Online at <http://www.civilitasresearch.com/resources/view_article.cfm?article_id=30> (accessed February 15, 2004).
- 25 As Moravcsik and Vachudova argue, "the geopolitical stabilization and economic revitalization of the European borderlands is likely to dampen nationalist conflict and make illegal immigration more manageable." Moravcsik and Vachudova, 12.
- 26 The percentages are calculated in relation to the 15 members of the EU. Thus, Croatia's percentages would be even more symbolic compared to the expanded Europe after May 2004.
- 27 Moravcsik and Vachudova, 3.
- 28 Andrew Moravcsik, Ed., "Centralization or Fragmentation: Europe Facing the Challenges of Deepening, *Diversity and Democracy* (New York: Council on Foreign Relations, 1998), 20.
- 29 As quoted in "Europe's Magnetic Attraction," *The Economist*, May 17, 2001.
- 30 "Od lipnja nema Zapadnog Balkana," *Dnevnik*, March 12, 2004, 9.
- 31 See Interview with Janez Potocnik, *Glas Slavonije*, March 2, 2004, 3.
- 32 John Eatwell et al., *Not Just Another Accession: The Political Economy of EU enlargement to the East*, (London: IPPR, 1997), 2.
- 33 Nino Dula, "Conditional Avis Undermines the Negotiations," *Jutarnji list*, March 6, 2004, 5.
- 34 The European Council that reviews the Commission's *avis* and decides on opening the official negotiations with a candidate country has the power to accept or reject *avis*.
- 35 "Croatia's Membership Bid to Fuel EU Divisions?," *Stratfor*, February 2, 2004; "Italija ce ratificirati SSP najkasnije za dva tjedna," *Jutarnji list*, March 6, 2004, 3.
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- 43 For a detailed account of current economic situation in Croatia, and accession challenges that lay ahead, see: "Croatia Country Economic Memorandum: A Strategy for Growth through European Integration" BOOK TITLE? (Zagreb: World Bank, 2003) and Katarina Ott, Ed., *Pridruzivanje Hrvatske Europskoj Uniji: Izazovi institucionalnih prilagodbi*, (Zagreb: Institut za javne financije, 2004).
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