

Interns Yearbook 2009

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ANALYTICA'S INTERN YEARBOOK FOR 2009

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Dear friends,

Analytica is happy to publish the fourth edition of the Interns Yearbook for the year 2009. Analytica is one the new generation of think- tanks in Macedonia that actively draws solutions to contemporary problems from the ideas, principles and traditions that make Macedonia such an important historical and geopolitical place. It is dedicated to promoting greater cooperation and understanding among the people in Macedonia and wider in the region of Southeast Europe. Internships are one of the leading qualities of Analytica - they benefit the interns in giving them an opportunity to write research reports and utilize Analytica's experience and knowledge. By this our interns gain an opportunity to improve their research skills in their area of interest. Every year their reports are published in a yearbook, which is a valuable publication opportunity, and a chance for our interns to freely share their knowledge with their peers, and address governments, policy makers, public and other institutions. This yearbook features contributions from interns from all over Europe, USA and Canada. The topics are very diverse as the interns had many original research ideas. They vary from energy security, security sector reform, the challenges of EU integration for the Western Balkans, to the field of environment and issues of regional cooperation.

This year we had nine residential and ten non-residential interns, all of them having contributed to the work of Analytica in a remarkable way. We hope this excellent mutual relationship continues and develops further.

Regards,

Turker Miftar
Executive Director

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ANDREJA BOGDANOVSKI

Macedonia

Winter 2009

South Caucasus: Opportunity for the EU, threat to Russia?

South Caucasus Relations with the EU

INTRODUCTION

The accession of the ten new member states in the European Union in 2004, followed by the accession of Bulgaria and Romania in 2007, created a new setting for the Eastern part of the European continent. Forgotten by the international community during the 1990s the South Caucasus countries: Georgia, Armenia and Azerbaijan, managed to draw back the EU's attention after the growing Russian assertive behavior towards this region¹. The South Caucasus (SC) region is situated at the periphery of the three security areas: European, Asian and Middle East. All three countries once being part of the Soviet Union and having communist pasts declared their independence in the beginning of the 1990s. Sandwiched and shadowed by the important regional powers Russia, Turkey and Iran, the region could not get the attention needed, especially from the European Union. Moreover the lack of attention can be seen as a consequence of its small geographical size and distance from the

EU decision making centers. This resulted in low economic performance, ethnic conflicts, a high level of corruption and the absence of deep democratic transformation.

Evaluated, the SC region and its neighbors will not get a positive mark about their next-door relations, particularly among Azerbaijan and Armenia, regarding the Nagorno – Karabakh conflict. Armenia has no relations with Turkey either and suffers as a result of an economic blockade both from Azerbaijan and Turkey. On the other hand Georgia has damaged relations with Russia over the two Georgian regions: South Ossetia and Abkhazia, which proclaimed independence in the summer 2009, supported by Russia². In economic terms all three countries are slowly implementing the needed reforms for fully functional market economy. The region's unresolved conflicts are great obstacle in their reform paths. All this uncertainty creates a gap of the countries' strong European identity which is

¹ Russia and Georgia Clash Over Separatist Region
<http://www.nytimes.com/2008/08/09/world/europe/09georgia.html>
 (Accessed on 25 February 2009)

² Russia recognizes Georgia's breakaway republics
<http://en.rian.ru/russia/20080826/116291407.html> (Accessed on 15 February 2009)

in the phase of its creation, especially affirmed after the collapse of the Soviet Union.

One would argue that EU's foreign policy discontinuity in the SC region was mainly due to its internal reforms, domestic public opinion and the efforts towards the fifth enlargement. However, the need for a stronger link between the SC countries and the EU is a win - win situation for both sides, having in mind the incredible importance of the region to the EU. This research paper will give an overview of the current EU policies towards the SC region and the security challenges that the South Caucasus countries are facing on their way towards Europeanization.

EUROPEAN NEIGHBORHOOD POLICY

The relations between the EU and the SC were officially established with the signing of the Partnership and Cooperation Agreements (PCAs) with the three countries³. The PCAs were signed in 1996 and entered into force in 1999. These agreements serve as a legal document governing the EU relations with the countries. PCA's main objective was to put the EU - SC relations on a higher level, through a possibility for an extensive economic and political cooperation. However, there is no clear evidence about the impact that the PCA had in transforming countries' societies so far. The EU did not use the term conditionality in the PCAs policy; therefore countries were not in the position to get serious about the fulfillment of the standards and norms. Still, at the end of the day one important goal was achieved and that was

the established links between the Union and the countries of the SC.

The EU's increased awareness about the need for democratization and stability was reflected in 2004, by inviting the countries from the SC to become members of the European Neighborhood Policy (ENP⁴). The ENP was adopted in 2003 and covers all EU neighbors by sea and land.⁵

Before the launch of the ENP the SC region was in a shadow by its two powerful neighbors Russia, which is negotiating a Strategic Partnership Agreement with the EU, and Turkey—which has started the accession negotiations for EU membership. Moreover, the EU seemed to be interested in developing relations with Russia at the same time when the SC countries were making efforts to free themselves from the Russian dominance.

The idea behind the ENP was a Danish-UK proposal for the "New neighbors' initiative" that would deepen the relations between the EU and Ukraine, Belarus and Moldova. As expected, the European Commission was under pressure from the Mediterranean member states Spain and France to include the countries from the Barcelona process, mainly North African countries⁶ in the ENP. At this point, the countries from the SC

3 The EU and the South Caucasus - Perspectives for Partnership <http://www.inwent.org/ef-texte/caucasus/talvitie.htm> (Accessed on 27 February 2009) The Barcelona Process

4 Europe remains ambiguous in its South Caucasus Neighborhood <http://www.cacianalyst.org/?q=node/2267> (Accessed on 23 February 2009)

5 Refers to: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Occupied Palestinian Territory, Syria, Tunisia and Ukraine.

6 http://ec.europa.eu/external_relations/euromed/barcelona_en.htm (Accessed on 27 February 2009)

were left out of the ENP. A year after the adoption of the original proposal the three SC countries managed to draw the EU's attention and got in the ENP framework.

Transforming countries of the EU's neighborhood into a "ring of friends"⁷ is the grand vision of the ENP. The tool to do that is through the Action plans. On the base of a country report prepared by the European Commission the ENP country and the EC develop a 3-5 years Action plan that would enable the country to align smoothly to EU norms and standards in its legal system. This goal has many obstacles, where the EU plays the double standard game. As an example the Georgian⁸ vis-à-vis Moldovan⁹ Action plan has lower incentives for example the question of the visa liberalization. This is one example that sent a wrong signal to the leaders of some SC countries that believe that this strategy labels them as second and third rang countries.

The Action plan sets a concrete plan of actions that the country should implement in order to participate in certain EU policies. It especially encourages the countries from the SC to invest in diversification of energy supplies and development of their own resources, having in mind their dependence on Russian energy resources. Azerbaijan has different energy

priorities in its Action plan as an energy exporter. Apart from the Action plan, Azerbaijan has signed a separate memorandum¹⁰ on EU - Azerbaijan energy cooperation. This step was seen in Georgia and Armenia as an attempt of the Azerbaijani side to show itself as more important to Brussels rather than Georgia and Armenia.

Many would say that the Partnership and Cooperation Agreement did not succeed, because it was lacked imposing conditionality on the countries. The European Neighborhood Policy tries to answer this question by introducing a positive conditionality. This would mean that the countries that perform well will get more carrots (benefits) from the EU.

The financial aspect of the ENP until 2007 worked with the TACIS and MEDA instruments. From 2007 there is a new financial instrument named European Neighborhood and Partnership Instrument (ENPI) that gives less complicated access to the EU funds. One of the key features of this instrument is the cross-border cooperation component, bringing together member states and countries from the ENP. It is still unclear how countries that do not have immediate borders with EU member states such as Armenia and Azerbaijan can participate in this program. Under this instrument for the period of 2007 - 2013

7 Communication from the Commission to the Council and the European Parliament
http://ec.europa.eu/world/enp/pdf/com03_104_en.pdf (Accessed on 15 February 2009) p. 4

8 EU/Georgia Action plan
http://ec.europa.eu/world/enp/pdf/action_plans/georgia_enp_ap_final_en.pdf (Accessed on 23 March 2009) p. 20

9 EU/Moldova Action plan
http://ec.europa.eu/world/enp/pdf/action_plans/moldova_enp_ap_final_en.pdf (Accessed on 23 March 2009) p. 3

10 Memorandum of understanding on a strategic partnership between the European Union and the Republic of Azerbaijan in the field of energy
http://ec.europa.eu/dgs/energy_transport/international/regional/caucasus_central_asia/memorandum/doc/mou_azerbaijan_en.pdf (Accessed on 18 March 2009)

From the Neighborhood Instrument 2004-2006 to IPA-ENPI 2007-2013

the countries are getting access to 310 million Euros¹¹ Additional funds will be available for Georgia having in mind the consequences from the Russian - Georgian war. There are other funds available for the countries such as the Neighborhood Investment Facility and the Cross-Border cooperation scheme.

During the Action plan negotiations there was a clear message to Brussels that the SC wants to see the European Union more actively engaged in the resolution of the frozen conflicts¹². In particular each country was eager to get encouraging statements in their action plan. The case of Azerbaijan and Armenia opened a debate in the EU circles on how to accommodate them both. Azerbaijan headed towards including the territorial integrity position in its action plan. On the other side Armenia was pushing ahead the right of self-determination in its Action plan. The EU decided to use the easiest way, not to get involved. Even though the EU decided to set the case of Armenia and Azerbaijan aside, Georgia's Action plan managed¹³ to put through the territorial integrity sentence, regarding Georgia's two regions of South Ossetia and Abkhazia. The EU once again showed its unpreparedness to address the issues that are of the biggest importance for these countries. Without full engagement of the EU in the resolution of the frozen conflicts

11 http://www.rcci-developcom.gr/cms_files/files/el/introduction.pdf (Accessed on 9 March 2009) p 13

Briefing note on the 'frozen conflicts' in the South Caucasus, the general situation in the region and its EU-relations

12 http://www.europarl.europa.eu/meetdocs/2004_2009/documents/nt/604/604272/604272en.pdf (Accessed on 15 February 2009)

13 EU/Georgia Action plan

http://ec.europa.eu/environment/enlarg/pdf/enp_action_plan_georgia.pdf (Accessed on 14 February 2009) p 10

Radio Free Europe, Radio Liberty - Caucasus Report: January 7, 2005

Europe could not expect the countries to perform well with their reforms. The EU missed the opportunity to use the Action plans as a tool to respond to this question.

From all of the above it is clear that EU did not create a coherent policy with the ENP towards its Eastern neighbors and in particular towards the countries from the SC. Member states were not always willing to take a step forward for the common EU interest. We are in a position to witness a foreign-policy towards the region from the member states on one side and the EU institutions on the other. These habits of delivering democracy and prosperity leave a cloud of uncertainty for the countries' leaders and question how to response and behave towards Brussels or other member state's capital. The geographical approach of the European Neighborhood Policy is also unclear.

Besides the criticism of the European Neighborhood Policy, the EU did manage to increase its influence in the region. Now the EU is seen as an influential partner to the countries. In five years time it managed to put the SC countries in every foreign and security report stating that the countries are of a crucial interest to the EU.

RESURGENT RUSSIA – THREAT FOR SC EUROPEANIZATION

The SC region proved to be a very instable area. At August 7, 2008 Georgia one of the three countries in the region reminded the EU that there is no alternative to its involvement in the region. It showed once more that even in the era of globalization geography matters. It is of mutual benefit for the

EU and the SC region to get into more active interdependence. The SC is a fragile region that bruises easily.

All three countries (Armenia, Azerbaijan and Georgia) border Russia, the country that reshaped its foreign policy in light of the failure to become an alternative option for the SC countries. It seems that Russia's foreign policy in the region is still under the old ideology. Therefore the right of sovereignty and territorial integrity of the SC countries doesn't go along with Russia's foreign-policy objectives. Until a few months ago Russia accepted the more EU and less NATO approach. Surprisingly this is changing recently. Mr. Lavrov (Russia's Foreign Affairs Minister) rhetoric set forth that while there are choices Eastern European countries make, be it NATO or the EU, they are not acceptable to Russia. Moscow continues to see the European aspirations of the countries as an attempt to leave the historical Russian sphere of influence. Only six years ago Russia was close mouthed when the three Baltic countries joined NATO and the EU. What happened in the last six years that shifted Russia's behavior from neutral to resurgent?

The skyrocketing oil and gas prices enabled Russia to gain certain money income. The money was spent on the increased military budget. This gave a certain amount of encouragement to the Russian officials to strengthen their rhetoric. In addition the US ambitions plan for missile defense system in the Czech Republic and Poland was not acceptable either. It was seen as a direct threat to the Russian territorial integrity. After the fifth enlargement of the EU in 2004 and 2007 Russia shares borders with five EU countries: Estonia, Lithuania, Latvia, Poland and Finland, all except for Finland once being part of the Soviet sphere of dominance. It seems that the hot shot

reason why Russia acts aggressively is because of the EU intentions to diversify its energy supplies¹⁴ through the three SC republics. This leaves the impression that in the years to come Russia will do everything that is of its power for the EU not to meet these objectives and will try to impose the strategy: security from Russia and security with Russia.

SC strategic geographical location can be the answer of the Russian gas supply 'headache'. Russia has turned off the taps of its gas towards the EU countries several times, therefore leaving many people freezing. EU's response to this is the need to secure alternative routes for gas and oil supply. Azerbaijan has the resources to diversify Caspian gas and oil through Armenia, Georgia and Turkey therefore bypassing Russia. The last gas crisis¹⁵ gave us a sense of the dependence on Russian gas and the risk that exist if one country has a monopoly of the energy resources. Apart from the threat of using energy resources as a tool for realizing its foreign relations objectives, some EU countries and especially the countries from the SC should be aware of the growing military potential. In Russia's eyes the process of Europeanization means becoming Russia's enemy. We can see the most recent case with Georgia. For the first time after the collapse of the Soviet Union Russia attacked a sovereign country¹⁶. By supporting secession movements in Georgia, in the

14 EU set to diversify supplies over gas conflict-Czech presidency
<http://en.rian.ru/world/20090115/119517047.html> (Accessed on 16 February 2009)

15Bulgaria Gas Crisis to End in 5 Days
<http://www.seeurope.net/?q=node/16745> (Accessed on 16 February 2009)

16 U.S. official: Russia's attack on Georgia is 'disproportionate'

regions of South Ossetia and Abkhazia, Russia hurt and violated the territorial integrity of a sovereign country. Its adventure began by issuing Russian passports¹⁷ to the local inhabitants, afterwards claiming that those are Russian citizens. Russian aircrafts invading¹⁸ Georgian air space created an atmosphere of fear by this superpower neighbor. By supporting the local inhabitants to take steps that violate the territorial integrity of Georgia, Russia provoked the response of the Georgian Prime Minister – Saakashvili. His miscalculated step of sudden operation against the secessionist groups was soon abused by the Russian military. Ground troops occupied South Ossetia and Abkhazia as well as Gori, town in Georgia. Russian “peacekeepers” blocked the vital port of Poti and sank several Georgian vessels. The top of this episode was the formal recognition of South Ossetia and Abkhazia as independent states by the Russian president Medvedev. Thanks to the European Union and the ambitions President of the rotating presidency Mr. Sarkozy, the EU managed to stop the bloodshed¹⁹. The EU responded to Russia by threatening and suspending the talks of the new Strategic Partnership Agreement. It was the first

<http://www.cnn.com/2008/WORLD/europe/08/09/georgia.reax/>
(Accessed on 05 March 2009)

17 South Ossetian police tell Georgians to take a Russian passport, or leave their homes

<http://www.telegraph.co.uk/news/worldnews/europe/georgia/2651836/South-Ossetian-police-tell-Georgians-to-take-a-Russian-passport-or-leave-their-homes.html>> (Accessed on 05 March 2009)

18 Russia 'shot down Georgia drone'

<http://news.bbc.co.uk/2/hi/europe/7358761.stm> (Accessed on 05 March 2009)

19 Georgia and Russia agree on truce

<http://news.bbc.co.uk/2/hi/europe/7557457.stm> (Accessed on 06 March 2009)

reaction of this kind from the EU directed towards Russia. The war created fear in the other two countries in the SC, Azerbaijan and Armenia, having in mind Russia's military presence in these countries as well. Armenia hosts around 2000 Russian soldiers as well as the Russian 102nd military base in Gyumri and a radar, part of the Russian early warning system. In Georgia it has a military presence in the two regions of South Ossetia and Abkhazia. Azerbaijan also hosts a radar system until 2012.

The last crisis has shown that the European Union cannot afford to ignore Russia. Without Russia's involvement the EU could not talk about questions such as Iran and North Korea. Russia did not manage to convince the rest of the world that the actions taken in Georgia were justified. It certainly managed to draw world's attention as a country that does not respect international law. At this moment the Russian reputation is ruined. It has broken ties with Georgia and gained fear from the other SC countries.

On the other hand Russia cannot avoid the EU either. The European Union is Russia's biggest export partner and is going to be dependent on the rich Europeans for some time in the future. Russia's behavior has left Moscow without any real friends. Even Belarus, a close Russian ally did not recognize the independence of the two regions. In a report by the Council of Foreign and Security Policy in Moscow “The world around Russia in 2017”²⁰Kazakhstan is the only reliable partner to Russia.

20 The world around Russia in 2017

http://www.globalaffairs.ru/docs/2017_eng_reader.pdf (Accessed on 19 March 2009) p. 8

Russia should get involved in a deeper cooperation with the European Union. It is understandable to have different points of view, but at least there should be a clear and honest communication and a joint vision of a stable and prosperous region. If the European Union and Russia can get along about the right of the European perspective of the SC countries and positively influence in their reforms, we can imagine the credibility that both Russia and the European Union will have in their fragile not so distant neighborhoods: the Middle East, Afghanistan and Iran.

EASTERN PARTNERSHIP

Next month the Czech presidency of the European Union will launch a new policy towards its Eastern neighbors called Eastern Partnership (EaP).²¹ One would argue that this policy is a response to the Mediterranean Union²² but it certainly gives a new approach to the countries of the East. It makes it clear that the countries from the Eastern neighborhood are different from the countries from North Africa and the Middle East, and that they have greater importance to the EU. Even though the Eastern Partnership does not send a direct enlargement signal towards the participating countries it does not eliminate the prospect of membership. For the first time we might witness a distinct, single and coherent policy towards the Eastern countries.

The Eastern Partnership is a proposal given by Poland and Sweden, presented in Brussels on 26 May 2008.²³ The policy is oriented towards the countries on the EU's Eastern borders: Armenia, Azerbaijan Georgia, Moldova and Ukraine. The level of participation of Belarus will be determined by the willingness of the authorities in Belarus to send a signal of readiness to change. The policy is well thought out in advance, through extensive consultation with several member states. Thorough consultations were made especially about the incentives that the EU will offer to the participating countries. This recent Polish diplomatic activity sends a very good signal for the enlarged EU. It says that the enlargement of 2004 was not a mistake and that the EU can be stronger and even more vibrant player on the world stage. The Polish and Swedish bureaucrats were making ground for this proposal in every member state thus wanting to ensure that the Eastern Partnership will not be seen as Nicolas Sarkozy's baby the Mediterranean Union. According to Brussels' officials²⁴ the Eastern Partnership will not create an additional policy towards the Eastern neighbors and it does not replace the European Neighborhood Policy, moreover it upgrades on its pillars. The Eastern Partnership will not include Russia, Turkey and the Western Balkan countries. All three have a different status within the eyes of the EU.

The development of stronger ties between the EU and the countries participating in this partnership has been seen from

21 European Council, 19 and 20 March 2009 Secretariat of the Council of the EU ~ Factsheet N° 3 ~ Eastern Partnership

22 Mediterranean union is launched
<http://news.bbc.co.uk/2/hi/europe/7504214.stm> (Accessed on 27 January 2009)

23 Polish-Swedish Proposal
<http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html>
(Accessed on 25 March 2009)

24 Eastern Partnership – Questions and Answers
http://ec.europa.eu/external_relations/eastern/docs/faq_en.pdf
(Accessed on 25 March 2009) p. 7

Russia as a step by the EU to increase its influence in the region. At a Brussels based political forum, the Russian Foreign Affairs Minister Sergey Lavrov asked: "We are accused of having spheres of influence but what is the Eastern Partnership if not an attempt to extend the EU's sphere of influence?"²⁵ In a superfast reply by the Swedish Foreign Affairs Minister Karl Bildt, the Russian Foreign Affairs minister got this answer: "...the Eastern Partnership is not about spheres of influence. The difference is that these countries themselves ought to join²⁶". This direct reply may be seen as the European Union's (Sweden is taking the EU presidency from first of July 2009) effort to push serious policy towards the region which was not the case with the European Neighborhood Policy.

Even though the Eastern Partnership does not include the word "membership", there are several other juicy carrots envisaged. It offers the countries opportunity for closer economic relations by introducing Free Trade Agreements (FTA) thus giving a possibility for the countries to boost their exports, develop more market-oriented economy and raise the living standards. The countries will conduct a Free Trade Agreements with the EU once they join the World Trade Organization. The FTA will enable the countries' free movement of goods, capital and services. The EaP also envisages creation of a Neighborhood economic community where the countries of the region, similar to the Central European Free Trade Agreement for the countries from the Western Balkans can do business without heavy

restrictions. This, without any doubts will boost the economic cooperation between the countries which at this moment is not on a satisfactory level. When it comes to the mobility of people the Eastern Partnership also promises visa liberalization agreements with the countries and in a longer-term the perspective of a free visa regime. This offer is named a Mobility and Security Act that also includes better EU member state consular coverage through common visa application centers, which was firstly implemented in Moldova²⁷.

Having in mind the importance of the SC countries regarding the energy supply, the EU puts a special emphasize on the energy security and energy transportation. Under the Eastern Partnership the European Union and the EaP countries will establish energy interdependence agreements. This will allow more secure transport of energy and a possibility for diversification of Caspian resources. In regards to the lack of an administrative capacity in the SC, the EaP puts a Comprehensive institution building program that will be tailor made for every country, in order to accelerate the reforms.

As for the multilateral level of cooperation, the EaP includes several flagship initiatives:

- An integrated border management program
- Small and medium-sized enterprise facilities
- Regional electricity markets and energy efficiency.

25 EU expanding its 'sphere of influence,' Russia says
<http://euobserver.com/24/27827>

26 EU expanding its 'sphere of influence,' Russia says
<http://euobserver.com/24/27827>

27 Opening of a "Common Visa Application Centre" in Moldova
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/153&format=HTML&aged=0&language=EN&guiLanguage=en>
 (Accessed on 14 February 2009)

- Southern energy corridor
- Prevention of, preparedness for, and response to natural and man-made disasters

The implementation of the EaP will differ from the tools that are used for the implementation of the Mediterranean Union. Here the European Commission (EC) will play a major role. The EC will name a special coordinator that will make sure that the countries progress in their reforms. Heads of States of the EaP and EU countries will meet once in two years and spring annual meetings will be held by the Ministers for Foreign Affairs of the EU and EaP countries. The format presented, will allow the countries' leaders to experience the need for enhanced regional cooperation and therefore relax the tensed relations especially between the countries of the SC. For the implementation of this ambitious policy the European Union will use the funds available under the European Neighborhood Partnership Instrument but with increased funding²⁸ from €408 million in 2008 to €785 million in 2013.

For many the EaP sounds very optimistic. One of the loudest criticisms directed towards Brussels was the overlapping and interference of the new Eastern Partnership with the existing European Neighborhood Policy and the Black Sea Synergy group (BSS).²⁹ It may sound too odd but the European

Union launched the Black Sea Synergy group roughly at the same time when the proposal for the EaP was put on the table. Black Sea Synergy (BSS) has roughly the same objectives as the Eastern Partnership with fewer carrots but with more actors involved. The critics are saying that the BSS was the first move towards coherent single policy towards the countries on the EU Eastern border. Brussels tries to answer the question of overlapping by saying that the difference between the Eastern Partnership and the BSS is that the BSS has more regional form of cooperation and has the Black Sea as a center of gravity, while the EaP is a more bilateral initiative where Brussels is the center of gravity. It seems that after this kind of response the countries have different objectives and do not see Brussels as their main strategic objective.³⁰ At the end of the day it is better to have more than less. More policies towards the SC are far better than having none as it was 10 years ago.

CONCLUSION

The South Caucasus is a region that has tremendous importance for the European Union and the wider continent. It is proven to have rich natural gas and oil supplies. It is a hub that connects Europe with Asia and Islam with Christianity and hosts the first Democratic Muslim republic, Azerbaijan.

The war in Georgia proved the vulnerability of the region. EU's involvement stopped massive bloodshed. However, the EU

28 A reinforced partnership with Eastern neighbors countries of the European Union

<http://www.welcomeurope.com/default.asp?id=1300&idnews=5073>
(Accessed on 16 February 2009)

29 Black Sea Synergy

http://ec.europa.eu/external_relations/blacksea/index_en.htm
(Accessed on 16 February 2009)

30 Eastern Partnership – Questions and Answers
http://ec.europa.eu/external_relations/eastern/docs/faq_en.pdf
(Accessed on 25 March 2009)

cannot act only as a mediator. We should not forget that the biggest accomplishment of the European Union is the ability to reform societies and the ability to bring democracy, security, stability and prosperity for the countries it's engaged with. The experience that the European Union had with the countries of Central Europe is worthy of remembering. All the countries (now members of the EU) went through many reforms in order to get into the European family. Unfortunately the European Union is not yet prepared to show the SC countries the membership perspective.

It is important to get a clear picture of the policies towards these countries whether it is the Eastern Partnership or the Black Sea Synergy. The overlapping of the policies can send a confusing signal to the countries' leaders. It should be clearly defined which country gets what, how and from whom. This will create a clearer perspective of the policies.

The EU should continue working with Russia even though it may face growing pressure towards its presence in the neighborhood, because according to Moscow Russia has a

history with the region. The EU should empower Turkey to reemerge as a regional factor for the SC region but in a way of promoter of European values.

The region of the SC can serve as an energy diversification corridor for the EU's energy needs. Its excellent geographical location, connecting two seas, the Caspian and the Black sea provides transit routes for Caspian oil and gas to Europe as well as for military and trade connections. The SC can play an important part for EU's future foreign policies and actions towards the world's hot spots Iran, Russia, Middle East and Afghanistan.

The EU must act proactively in the region using its soft power skills. Creating a ring of friends requires more than declarative speeches and high scale events. It needs courage and a vision to transform these societies as the case in the Central European countries and now in the Western Balkans shows. Without a coherent single focus oriented EU policy towards the region, the EU risks importing these countries' problems to its soil.

ANNA ERIKSSON

Sweden

Winter 2009

Energy politics: South East Europe, Russia

1. Introduction

South East Europe (SEE) – in this paper understood as Bulgaria, Greece, Romania and the countries of former Yugoslavia (apart from Slovenia) – is from an energy policy perspective a region characterized by reforms and reconstruction of its energy networks. What is more, it is also a strategic region for the EU and Russia, located between major energy producing regions in the south and the east and a major energy consuming region to the north and the west, i.e., the EU. SEE is influenced by both the EU and Russia due to its geographic position as an increasingly important transit region for Russian and non-Russian energy supplies to the EU. The question is toward whom SEE is leaning in the energy context, the EU or Russia?

This paper will start with a brief discussion on the general energy situation in SEE and its status as an energy hub, followed by an analysis of the different energy transport projects planned in the region and an assessment of individual SEE countries' energy relations with the EU and Russia. Thereafter, the latest

energy developments will be considered before ending with a discussion on toward who SEE lean in the energy context, the EU or Russia.

2. General Energy Situation in South Eastern Europe

Politically, Bulgaria, Romania and Greece are EU and NATO member states³¹, while the Western Balkans consists of two EU candidate states, Croatia and Macedonia, as well as four potential candidate countries, Albania, Bosnia and Hercegovina, Montenegro and Serbia (the latter could even become an EU candidate country already in 2009), and also a territory, Kosovo, whose status is somewhat complicated (FT 2008/11/05b; IEA 2008: 14).

The SEE countries do not possess any major energy resources, coal is the dominating energy source, followed by oil, natural gas, nuclear and renewables. The countries differ when it comes to

³¹ Croatia and Albania have been welcomed as NATO members, although Macedonia, despite its interest, was vetoed by Greece due to the two countries' issue over the name Macedonia.

energy mixes, domestic energy production and energy import dependence (see Appendix: Graph 1). Natural gas markets in SEE are quite small (yet well developed in Serbia, Bulgaria, Romania and Croatia) but there is potential for considerable growth. As far as electricity generation is concerned, coal accounts for a significant part (for instance, Kosovo holds some of the world's largest lignite resources), while Albania and Montenegro rely on hydropower (CEC 2007b; Grgic 2006; IEA 2008: 16).

The region stands out in comparison to other European countries when it comes to energy intensity, which is mainly due to outdated energy infrastructure, high energy losses along the energy chain and an inefficient end-use sector. For instance, Croatia has lower energy intensity than most other SEE countries, but its savings potential still amounts to 25% of its total primary energy supply. With comparatively high dependence on coal SEE has high carbon intensity, and there is thus great potential for improvement and reform. The countries of SEE have in common that they depend to a great extent on imported energy supplies in the form of oil and gas (and lately electricity import), which are predicted to stay high in the case of oil and to increase in the case of gas (IEA 2008: 15, 22, 23, 25). Russian oil and gas supplies account for the lion's share of energy imports in SEE³² (Smith 2008: 1).

Towards Regional Energy Cooperation in SEE

³² Gazprom's share of gas imports in Bulgaria, Greece and Serbia account for between 80 and 90% of total gas imports, whereas the corresponding figure for Romania is around 30% (Roškanin 2008: 6), and can be estimated to reach the same high figures in Croatia, Macedonia and Bosnia and Herzegovina (see CIA World Fact Book and Gazprom webpage)

As a result of the conflicts in the 1990s, vast parts of the energy systems in the Western Balkans were damaged and disconnected. These countries have thus embarked upon energy reforms later than other European countries. The electricity systems of the region are still quite fragile and energy facilities are rather outdated, thus substantial investments are needed to modernize it (IEA 2008: 13, 14).

After the year 2000, regional energy cooperation accelerated in the Western Balkans, initially on electricity interconnections and later on also concerning common regulatory frameworks and construction of new supply and transmission networks. An integrated regional energy market can improve use of supply and production capacities, diversification possibilities, security of supply and future investment attractiveness as well as facilitate energy transport projects through the region and decrease energy shortages and blackouts (IEA 2008: 28, 30). The Energy Community Treaty's (ECT)³³ rationale is therefore to smooth this progress and to integrate SEE with the EU internal energy market (Energy Community Web page).

The ECT's objectives are to create a stable legal and market framework to attract investments and enhance security of supply through stable and continuous energy supplies, to create a common regulatory area for energy trade and to foment cross-border energy trade and energy market competition, and to improve energy efficiency and development of renewables. The ECT entails the implementation of the parts of the EU legislation

³³ The ECT entered into force in July 2006 and envisages the creation of an integrated electricity and gas market between the EU and Albania, Bosnia and Herzegovina, Croatia, Macedonia, Montenegro and Serbia (and the UN interim administration in Kosovo) (Europa web page).

that relate to energy, environment and competition, and introduces a mutual assistance mechanism in case of supply disruptions (Europa web page). It should be noted that not adhering to regional energy cooperation would harm the whole SEE, since SEE countries are small and less attractive for investors whereas the region in its totality is a commercially interesting area. If energy reforms are not completed, existing weaknesses and monopolistic traits will persist and attracting investments will be hard (IEA 2008: 11, 29).

The recent energy sector reforms in the Western Balkans have included restructure of national energy companies, new regulatory frameworks and energy efficiency improvement, and there is great potential for development of renewable energies in the region (particularly hydropower), which can enhance energy security (IEA 2008: 18, 23). Progress on energy reforms is fairly uneven, with Croatia and Macedonia witnessing the most advanced levels, yet, in all countries it is principally the implementation phase that is lagging behind while progress is apparent particularly in the electricity sector and in relation to interconnection of the region's electricity networks with the UCTE³⁴. Still, market obstacles (large dominant companies, weak market rules etc.) as well as obstacles to regional trade hamper effective competition and access for new market players. Yet, several of these obstacles are managed by the ECT (IEA 2008: 20,

³⁴ The conflicts in ex-Yugoslavia separated the electricity networks into two zones. Reconnection of the two networks and their re-synchronisation with the UCTE has materialized, i.e. with the Western European grid. This has entailed improved security of supply and diversification as well as better export options and growing regional trade (IEA 2008: 18).

29). In all, obstacles and implementation issues remain, yet energy reforms and regional energy cooperation have progressed.

The SEE as a Strategically Important Region

SEE is strategically positioned between major energy producing regions like the Middle East, Russia and the Caspian Sea region, on the one hand, and a major consuming region, the EU, on the other. Relations between the EU and Russia inevitably include SEE, partly because of its geographic position and historic and cultural ties to Moscow but also, and increasingly so, due to SEE's importance as an energy transport hub and area for transit of future energy projects. In connection with future EU and NATO accessions, both SEE countries and the EU accentuate this region for its diversification possibilities (IEA 2008: 14; Michaletos 2007).

For the EU, SEE is of great importance due to its strategic position, and the EU therefore supports economic development and domestic reforms in the region, with the possibility of future full integration with the EU (IEA 2008: 14). The EU's current approach toward SEE is based upon the ECT, i.e. exporting its own market-based energy policy model to its southern neighbours with the aim to create a common energy regulatory area through transposing the corresponding parts of the EU Acquis (ISS 2007). SEE is a key region for improving energy security in Europe through the construction of new pipelines bringing additional (non-Russian) gas, thus contributing to diversification and reduced dependence on Russian gas supplies. SEE could thus become a key transport hub for gas and oil to the EU.

For Russia, SEE is an important strategic area, particularly lately as a consequence not only of the traditionally close Serbian-Russian relations but also due to the growing importance of Russian energy supplies to SEE, and as a transit region for future Russian gas and oil pipelines to the EU (Russia aims to reinforce its position as Europe's main energy supplier). Russia is a powerful player in SEE through its current control of and future construction of pipelines transporting energy from East to West (Michaletos 2007; Smith 2008: 1).

EU Energy Policy and EU-Russia Energy Relations

The common EU energy policy is based on combating climate change, diversifying the EU's energy suppliers, completion of the internal energy market, and speaking with one voice in external energy relations and promoting energy market liberalization (CEC 2007a).

Russia exports the majority of its oil and gas to Europe, and is by far the EU's main energy supplier. Estimates on future energy demand in the EU³⁵ point to a growth in energy imports from Russia. Natural gas trade per se is rather inflexible since the most efficient transport form is through pipelines that usually entail long-term supply contracts and limit the available alternatives of suppliers for importing countries. Yet, LNG (Liquified Natural Gas) technology is under development and has improved flexibility in gas trade, although pipelines are still more

economically sound. Added to that, construction of new pipelines is difficult from the point of view of politics, economics and technology. The high dependence on Russian gas is long-term and will persist until new direct pipeline routes that bypass Russia are built from the Caspian Sea area to Europe (Grigoriadis 2008; Grošelj 2007: 8, 9).

Russia sees the EU as a possible rival in regions considered essential to Russia, such as the Caucasus/Caspian Sea region, Central Asia and SEE. Moreover, Moscow is bothered by Europe's accusations of Russia not being a reliable energy supplier and its needs to diversify its energy imports away from Russia. The Russian energy policy can be described as, first, a perception of the Russian energy sector as essential for the development of the Russian economy, and second, the importance of state control in the energy sector, which contributes to make Russia a great power with significant interests abroad (Grošelj 2007: 7, 12).

Russia's energy relations with the EU are based on a preference for bilateral relations with individual EU member states. Energy transport projects like Nord Stream and South Stream are symptomatic of this approach and both have been agreed on a bilateral level, with Germany and Italy, respectively. These bilateral deals are concluded by national champions focusing on long-term energy supplies for its own country's benefit, yet it impairs the choices of other member states, ignores common European energy security interests and creates a semi-monopolistic energy market (Grošelj 2007: 6, 14-15).

Moreover, the EU together with Russia, the US and China, are involved in a race for access to energy resources in the Caspian Sea area/Central Asia. Particularly Russia considers this region

³⁵ Today little over half of the EU energy needs are covered by imports and by the year 2030 imports are estimated to increase to 65-70 % (importing 93 % of the oil and 84 % of the natural gas it needs - compared to today's 82 % and 57 %, respectively) (Bahgat 2006: 964; Larsson 2007: 18).

crucial for its strategic interests and Moscow therefore attempts to prevent Western influence here at the same time as it reinforces its own control over the region's energy exports (Grošelj 2007: 15). It has been argued that the international energy game is influenced by geopolitical considerations and bilateral relations rather than market mechanisms. The EU's approach to energy politics is based on the latter, and therefore lacks the key ingredients that improve one's power in international energy politics, which countries like Russia and China adhere to, thus risking to render the EU approach somewhat ineffective (ISS 2007).

As a conclusion, SEE is an increasingly important region for the EU and Russia, and for distinct reasons both want to increase their influence in the area. It is now time to discuss the different energy transport projects in SEE.

3. Energy Transport Projects in SEE

The several oil and gas pipeline projects discussed and/or planned to be built in SEE highlight the region's great strategic importance for EU energy security and for Russia (Grigoriadis 2008). The energy projects under consideration lately, would, if constructed, be enough to more than double the current transit capacity of the region over the next ten years. However, since several of these projects are competing not only for the same markets but also the same oil and gas sources, it is unlikely that all projects will materialize (IEA 2008: 30, 31).

Various oil pipeline projects (with different routes and different supporters) are envisaged to pass through SEE, transporting oil from Russia and/or the Caspian Sea region with the rationale to

bypass the overcrowded Bosphorus. The gas projects do not have the SEE as its end points, given that gas markets in SEE are still quite small, instead they are to transit SEE with destination Western and Central Europe. This entails the benefits the status as a transit country bring and the possibility of constructing sub-branches to future gas markets in SEE.

Burgas-Alexandropolis Pipeline

It was agreed upon in 2007 to construct a 280 kilometre oil pipeline from Bulgarian Burgas on the Black Sea to Greek Alexandropolis on the Aegean Sea (to be finished by 2012) (Smith 2008: 5). Oil will be transported with oil tankers from the Russian port of Novorosiisk to Burgas and then loaded on tankers again in Alexandropolis, thus bypassing the Bosphorus and facilitating Russian and Kazakh oil transport to Western markets (Klimov 2003: 65).

Bulgaria and Greece will benefit from it as transit countries, however, Russia (through companies Transneft, Rosneft and Gazpromneft) possesses a 51% stake while Bulgaria and Greece have 24,5% each, and with Transneft as the sole operator (Smith 2008: 5). This oil pipeline is in fact the first Russian-controlled pipeline on EU territory and thus provides Russian-controlled pipelines in the Caspian Sea region (from Kazakhstan to Russian ports on the Black Sea) with increased capacity and expansion into SEE. The aim is to boost Russian control over Kazakh oil exports, foment Russian influence in SEE and reinforce the Russian transport monopoly from Central Asia to the Mediterranean (EDM 2007/09/13).

AMBO Pipeline

The AMBO oil pipeline project is envisaged to connect Burgas in Bulgaria with Vlore on the Albanian Adriatic coast, passing through Macedonia, transporting Caspian oil a total of 850 kilometres. In 2007 an accord was signed by the involved states, and the project is backed by the US, however, as of today construction has not started (Smith 2008: 5). AMBO has its opposition in Romania and Greece that wish to promote their own alternatives (Burgas-Alexandropolis and PEO), while Bulgaria has been changing its support between AMBO and Burgas-Alexandropolis (Klimov 2003: 67-68).

PEOP (Pan-European Oil Pipeline)

PEOP is to link Constanta on the Romanian Black Sea coast with Italian Trieste on the Adriatic, transporting Kazakh oil by pipeline through Serbia, Croatia and Slovenia (Smith 2008: 5) – bypassing Russian-controlled transport routes. In 2007, the five countries involved in PEO signed an agreement to start construction, and the EU underlined its support for the project (Environment News Service 2007/04/03). Still, no agreement on the management team of the project has been reached (Balkans.com 2008/12/12) and the route is long and difficult (1300 kilometres), which makes this project less economically viable. At the same time though, close to two thirds of the pipeline already exists (i.e. reversing the flow of the existing Adria pipeline), and Romanian strategic interests are strong (Klimov 2003: 68-69).

TGI Pipeline

The TGI (Turkey-Greece-Italy) interconnector pipeline was the first gas pipeline that came into consideration and initiated the path toward making SEE a transport hub for non-Russian gas. The first stage implicates a 285 kilometre pipeline between Turkey and Greece which links the gas networks of the two countries. The second stage involves a 212 kilometre undersea pipeline connecting the Greek and Italian gas networks. The capacity will reach 12 bcm in 2012 (with 3 bcm reserved for Greece and the rest going to Italy). An extension pipeline from Greece to the Western Balkans is officially supported by the countries of the Western Balkans (Grigoriadis 2008). In November 2007, the first stage was inaugurated and made operational, supplying Greece with gas from the Caspian Sea region. In June 2008 a joint company was set up by Italian Edison and Greek DEPA to construct the second stage with completion estimated in 2012, thus bringing Caspian gas also to Italy (Grigoriadis 2008).

TAP Pipeline

The TAP (Trans Adriatic Pipeline) pipeline is a joint venture by Norwegian StatoilHydro and Swiss EGL Group to construct a gas pipeline for shipment of Caspian gas from Greece via Albania and underneath the Adriatic to southern Italy, and from thereon to Western Europe. In Greece it will connect with existing pipeline systems linked to Turkey, thus providing access to the Caspian Sea region (and the Middle East) where StatoilHydro has a 25% stake in the Azerbaijani Shah Deniz gas field. The TAP pipeline is supported by the EU, it will have an annual capacity of 10 Billion cubic meters (with possible increases) and is planned to be

operational by 2011-12 (TAP Pipeline web page; Upstream Online, 2008/02/12).

Nabucco

The 3300 kilometre Nabucco³⁶ pipeline is planned to be operational by 2013 and bring non-Russian gas from the Caspian Sea region to Europe, with a projected 30 bcm annually. Nabucco is to run from eastern Turkey (connecting with pipelines that supply Turkey with Azerbaijani and Iranian gas) via Bulgaria, Romania and Hungary to its end point in Austria. Half of the gas will supply the countries along the route while the other half is destined for gas markets in the EU via Austria. Gas supplies are to come from Azerbaijan, in a first instance, with possible future suppliers involving Turkmenistan, Kazakhstan and the Middle East. To date, construction has not started, yet if Nabucco comes about it will bring non-Russian gas directly to Europe, bypassing Russia, and then reduce European dependence on Russian gas and enhance diversification (Grigoriadis 2008; RFE 2009/01/27b).

However, several complications have generated slow progress and doubts on feasibility. First, sufficient gas supplies for the

project needs to be guaranteed, as Azerbaijan on its own cannot fill the pipes with enough gas to render Nabucco feasible. Iran's problematic relations with the West have made Iranian gas supplies unlikely for now. Gas supplies from Turkmenistan and Kazakhstan imply technical, political and legal issues as there is no direct pipeline from the Eastern shore of the Caspian Sea to the Western shore (Russia and Iran have opposed such construction). Turkmenistan issued a declaration in early 2008 committing to 10 bcm for the European market and Azerbaijan reached a deal to supply Bulgaria with 1 bcm gas annually, thus constituting Nabucco's first supply order. Still, Russia has made moves to acquire great quantities of Turkmen gas in an effort to thwart Nabucco (Grigoriadis 2008; IHT 2008/06/11). Hence, Azerbaijan has demonstrated a growing interest in Nabucco, although Turkmenistan and Kazakhstan seem more hesitant. Since these potential suppliers' only current gas export alternative to Europe is via Russia, they will not commit to Nabucco as long as funding and construction is uncertain as this could jeopardize their relations with Russia (RFE 2009/01/27b). Second, other obstacles include uncertainty on the part of private sector financing as well as the recent Russian-Georgian conflict (Euractiv 2009/01/27). Also, several Nabucco countries have signed up to the Russian South Stream project (see below) thus generating questions on possible interest conflicts and on commitment. Moreover, EU governments that have close ties with Moscow and long-term contracts with Gazprom, such as Germany, France and Italy, have shown little interest in Nabucco (Euractiv 2009/01/28).

³⁶ The Nabucco Consortium consists of Austrian OMV, Hungarian MOL, Romanian Transgaz, Bulgarian Bulgargaz, Turkish Botas and German RWE (that joined in early 2008). In 2006, the energy ministers of the five states and the EU Energy Commissioner signed a joint declaration to speed up construction of Nabucco (Grigoriadis 2008). Although Nabucco is estimated to supply around 10% of the EU's gas needs, it is of high symbolic value in the sense of bypassing Russia (RFE 2009/01/27b).

South Stream

South Stream is seen as a strategic Russian move to uphold Europe's dependence on Russian gas and to strengthen Russia's dominant position in the energy markets in SEE. South Stream will go from Russia underneath the Black Sea to the Bulgarian Coast (with a total length of 3200 kilometres, transporting 30 Billion cubic metres of Russian gas annually – to come on stream in 2013) and from thereon it will probably split up into two branches – one toward the Southwest (Greece and Italy) and the other toward the Northwest (Serbia, Hungary, Austria). A Memorandum of Understanding has been signed between Gazprom and Italian ENI to develop the project and to carry out a feasibility study. It should be taken into consideration that Turkey will be negatively affected by South Stream, since it will bypass Turkish territory³⁷ (Grigoriadis 2008; Michaletos 2007; Smith 2008: 2).

Both Greece and Bulgaria have signed up to South Stream and so has the Hungarian government. Serbia, as part of an energy deal with Gazprom, will join it too. Austrian OMV has agreed to join South Stream and to make Baumgarten (originally planned to be Nabucco's terminus and storage center) into a joint OMV-Gazprom venture (EDM 2008/02/28; Smith 2008). Only Romania has not signed up to South Stream of the Nabucco countries.

Yet South Stream implies technical difficulties (a long undersea pipeline) and the project is economically implausible. South

³⁷ Russia initially contemplated an extension of the existing Blue Stream pipeline to Turkey further on to SEE (turning Turkey into a Russian gas hub for further transport to Europe) (Grigoriadis 2008).

Stream is an attempt to prevent the construction of Nabucco³⁸, or at least to set up a serious competitor to Nabucco since they will follow the same route (Grigoriadis 2008). At the same time, it is questionable whether Gazprom has the resources available for the realization of different pipeline projects, rather, it attempts to play out importing countries in Europe against each other (EDM 2007/11/19). Through South Stream Russia would increase its already near-monopoly pipeline control from Central Asia to Central and Southern Europe, improve leverage in SEE and increase Europe's dependence on Russian gas. Also, it would render Nabucco less feasible, hamper European diversification intents and translate into less energy security for SEE and the EU.

The diverging interests on oil and gas pipelines in SEE are influenced both by the SEE countries as well as Russia and the EU – each of them supporting their respective projects. The strategic and economic benefits make SEE countries eager to engage in energy transport projects, however, this hampers energy cooperation in the region to some extent. In all, the amount of oil and gas pipeline projects involving SEE underscores its importance as a strategic region. The rivalry and influences of the different interests behind these projects emphasize the strong EU and Russian interests in the area. Now,

³⁸ All Nabucco countries are keen on and need Nabucco (the South Stream countries in SEE have an average 85% dependence on Russian gas and transporting gas via Nabucco would be 30-40% cheaper than South Stream), yet they have signed up to South Stream as a second option. After all, they all want security of supply and are attracted by transit country privileges, and depend to some extent on good relations with Moscow, however, these manoeuvres undermine Nabucco (Baran 2008: 16-17, 19-20).

it is time to assess Russian and European influences in relation to individual SEE countries.

4. EU and Russian Energy Inroads in SEE Countries

Russian energy companies (such as Gazprom, Lukoil, Inter RAO and Transneft) have made significant incursions on energy markets in SEE lately. In 2007 Russia reached agreements with various ex-Yugoslavian countries that entailed writing off Russian debts to these countries in return for Russian investments in their energy sectors. The growing significance of SEE as a hub for Russian energy supplies implies that Russia aims to increase its influence in SEE and thereby also to compete with the EU in the region. At the same time, this is counterbalanced by SEE countries developing closer relations with the EU and European energy companies are involved in various energy ventures in SEE.

Gazprom has acquired 51% of NIS (National Serbian Oil Company), a deal that also involved underground gas storage, promises to invest substantial amounts for the modernization of the Serbian energy sector and a 400-kilometer pipeline as part of South Stream on Serbian territory. The deal was realized without an international tender and has been controversial since Gazprom's offer is estimated way below market prices. Serbia's economic and political ties with Russia will not disappear, regardless of future Serbian governments' orientation, and as Serbia and the West disagree on Kosovo, Russian influence in SEE and Russian support to Serbia will continue (Balkans.com 2008/12/24; EDM 2008/01/09; Smith 2008: 3).

The Croatian energy sector is rather EU-oriented, still, energy security depends on Russian energy supplies too. The Croatian government is considering a gas pipeline under the Adriatic Sea, and another venture involves SEE energy companies together with EU-based enterprises with plans to construct a LNG terminal on the Croatian island of Krk (FT 2008/11/05a).

Several SEE countries display a mix of Russian and EU influences in their energy sectors. For instance, Montenegro has EU accession aspirations and also significant Russian investments in its energy sector (Smith 2008: 6). Macedonia and Russia have agreed for the latter to construct various gas pipelines to develop the domestic Macedonian gas network (Smith 2008: 1), at the same time, Macedonia participates in several interconnection projects in SEE (Energy News: 40). In Romania, Russian oil company Lukoil has major assets and Romania is planning to negotiate new gas supply contracts with Gazprom (Energy News: 37-38). Still, Romania is a supporter of Nabucco and is involved in the PEOP project. Greece forms part of South Stream and the Burgas-Alexandropolis pipeline and has engaged in negotiations on new long-term contracts for Russian gas supplies (Smith 2008: 4). Yet, Greece forms part of the TGI and TAP pipelines too and is a long time member of the EU and NATO. Bulgaria is characterized by a mix of Russian and European influences, and strives to become a regional energy hub connecting the EU with the Black Sea (through Nabucco, Burgas-Alexandropolis, South Stream and AMBO), and to recover its role as a regional

electricity producer with the construction of a new nuclear power plant (NPP)³⁹ (FT 2008/09/10).

In all, there is a mix of EU and Russian influences in individual SEE states, with a stronger tendency to lean toward one in some, for instance Croatia and Serbia. Despite the latter becoming a Russian energy hub, it is committed to the ECT and on its way to become an EU candidate country. Bulgaria is involved in both EU-backed and Russian-sponsored energy projects, thus incarnating the mix of Russian and EU influences that is symptomatic of SEE. The next section will consider the latest developments in relation to energy politics in SEE.

5. The Russian-Ukrainian Gas Dispute and the Latest Developments

As a result of the Russian-Ukrainian gas dispute in early 2009 gas supplies to SEE were cut – in the middle of a cold winter. A couple of private enterprises had to shut down production or even lay off employees as a consequence, and in some states gas supplies were rationed (Balkans.com 2009/01/21; The Economist 2009/01/15). The economic losses were estimated to

³⁹ Bulgaria relied on nuclear energy for decades, yet closure of Soviet-style Kozloduy NPP was a prerequisite for EU accession. Before closure it produced close to half of Bulgaria's electricity (of which 20% was exported). With the new Belene NPP (to be operational by 2013-14) Bulgaria could recuperate its strategic position as an electricity exporter, enhance energy production in SEE and thus contribute to reduce SEE import dependence (Euractiv 2008/09/03; Klimov 2003: 59-61). The EU supports the project, still the main contractor is Russian Atomstroyexport, while Bulgarian and German companies have the remaining 49% (Balkans.com 2008/12/22).

reach 7,1 million € daily for Bulgaria's industry and in Serbia 16,2 million € during the first week of gas shortages (Balkans.com 2009/01/13a; Balkans.com 2009/01/13b).

An important point in this context is that the Russian energy sector is characterized by a resistance to foreign investment and participation, and an increasing degree of nationalization of the Russian energy sector has taken place. This has led to a limited amount of foreign investments, new knowledge and technology (Grošelj 2007: 13). Depleting fields, insufficient investments and Gazprom's monopolistic dominance, are factors likely to translate into limited capacity to develop new fields, and thus difficulties to increase gas production. In all, this means that supplying the growing domestic Russian market, developing new gas pipelines and fulfilling its contract commitments with Europe could turn increasingly difficult (Gelb 2006: 3; Grigoriadis 2008). Thus, it is uncertain whether there is gas available for South Stream or if Russia can fulfil and expand its gas exports to Europe.

Also, Russia currently produces around 12 % of global oil, with only 6 % of known world oil reserves, indicating that Russia's oil reserves are depleting faster than elsewhere and that current production levels are unsustainable (Bahgat 2006: 970). The shortfall in Russian gas production has been estimated to take place by 2010-2011, however, forecasts from Russia have suggested that it may take place already in 2009⁴⁰. The constant underinvestment in Russian gas fields has now been exacerbated by the financial crisis and decreasing energy prices which further

⁴⁰ Even the Russian government's estimates point to a decline in Gazprom's production, hence Russia greatly needs for Caspian gas to be re-exported to Europe indirectly by Russia (Baran 2008: 21-22).

hamper Gazprom's investment plans in new fields (EDM 2009/01/13).

As a consequence of the recent gas crisis and taking into account Russian gas production issues, several projects with impact on energy cooperation in SEE have gained momentum lately. These include NETS (New European Transmission Systems), interconnections among SEE countries, LNG and gas storage development, and Nabucco.

Hungarian MOL has launched NETS, which aims to interconnect the national gas transmission networks in Central and South East Europe. This would make possible for Central and South Eastern European countries to modernize systems at lower costs, to attract investments and to integrate their systems into a regional gas market. NETS would also connect to and be an asset for Nabucco in the sense of attracting investments. The countries involved in NETS (so far 10 countries have realized consultations with MOL) would also be able to trade gas and assist each other in case of disruptions (EDM 2009/01/22b).

In early 2009 the EU decided to use unspent EU money as part of its recovery plan to alleviate the consequences of the financial crisis. Part of this money will be spent on gas interconnectors in SEE and between SEE and the EU (Euractiv 2009/03/20).

As a means to protect the country from future gas disruptions, Croatian authorities have stated they are keen to launch the construction of a LNG terminal at Krk on the Adriatic. Croatian Prime Minister Sanader declared that it would be essential for diversification, and has also stated that Croatia needs to build more gas storage facilities. This would improve security of

supply for the entire region (Balkans.com 2009/01/21; Balkans.com 2009/01/16).

The Russian-Ukrainian gas dispute and the Russian gas production uncertainties have brought about a renewed impetus for Nabucco. Then Czech Prime Minister and EU President Topolánek is a major defender of Nabucco and declared after the recent gas crisis that Nabucco is an important project for the freedom of Europe (RFE 2009/01/27a) and has called South Stream a direct threat to Nabucco (until now Commission representatives have denied such a rivalry) (Euractiv 2009/01/27). Several Central and Eastern European EU member states with many years of experience with dependence on Russian energy supplies underlined that the recent gas crisis made it clear that revitalization of Nabucco is urgent (IHT 2009/01/27).

MOL and the Hungarian government have taken on leadership on achieving progress on Nabucco and organized a Nabucco meeting in Budapest⁴¹ in early 2009 (Reuters 2009/01/25). The two main issues on the meeting agenda were funding and gas

⁴¹ The meeting involved representatives from EU member states (Hungary, Austria, Germany, Bulgaria, Romania), transit countries (Georgia, Turkey) and potential suppliers (Azerbaijan, Turkmenistan, Kazakhstan, Iraq and Egypt). Also present were high profile representatives of the EU, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) (RFE 2009/01/27a). The aim of the meeting was to reach some progress, have the construction phase start as soon as possible (RFE 2009/01/27b) and to demonstrate support for Nabucco in the sense of political and economic commitment as well as gas supply guarantees (EDM 2009/01/22a).

supplies. The participation of major European financial institutions as well as major supplier countries was seen as positive (RFE 2009/01/27a). Although both EIB and EBRD made positive statements in this context, no concrete commitments were made (Budapest Business Journal, 2009/01/28; IHT 2009/01/27). The EU has underlined that it will not finance Nabucco, although it will help out through the EIB for a risk-sharing facility, as a way to facilitate bank loans with better conditions than ordinary market bank loans⁴² (Euractiv 2009/03/20).

Both Turkmenistan and Azerbaijan underlined their support to go ahead with Nabucco (Azerbaijan confirmed that it has started negotiations with Bulgaria to supply it with gas, gas that Bulgaria could later pump into Nabucco) (IHT 2009/01/27; RFE 2009/01/27a). Also, OMV and RWE have set up a joint company (Caspian Energy Company) to construct and operate an undersea trans-Caspian gas pipeline (from Turkmenistan to Azerbaijan) planned to connect with Nabucco (EDM 2009/01/22b).

Both consuming states and supplier countries had some of their hopes confirmed in relation to funding and gas supplies although concrete commitments are still pending⁴³. The Nabucco

⁴² Despite of initial German opposition (arguing that Nabucco should not be financed by public funding) Nabucco was finally agreed upon to be included in the EU Stimulus Plan. Nabucco's inclusion was supported by several Central and South European states, yet, it has now been awarded 200 million € (instead of the earlier 250) and goes by the name the Southern Gas Corridor (together with TGI) (Euractiv 2009/03/17; Euractiv 2009/03/18; Euractiv 2009/03/20).

⁴³ Leading energy experts have raised their doubts on the feasibility of Nabucco, underlining uncertainty on funding and on gas volumes

Consortium director stated that the first phase is projected to start this year (RFE 2009/01/27a) and it is expected that more concrete deals will be agreed this spring (Euractiv 2009/01/28). The outcome of the Budapest meeting was the approval of a declaration by the participating parties that they are to make every effort to create a transparent and economically sound delivery system along the entire pipeline, to encourage foreign investments in transit and supply states and also compel the involved parties to establish an efficient energy cooperation (Budapest Business Journal, 2009/01/28).

6. By Way of Conclusion

SEE has been characterized by energy sector reforms the last couple of years and by a mix of Russian and EU influences. The region is of strategic importance to the EU and Russia, and the two have strong and diverging energy interests and compete for influence in SEE.

SEE countries have agreed to work toward integration of their energy sectors with the EU. This entails creation of a regional energy market along the lines of EU energy market regulations thus forging stronger energy and economic ties with the EU. As a unified regional market SEE is more likely to attract investments,

available for export to Europe, that the EU is not familiar with the situation in the Caspian Sea region, and that Russia could block pipeline construction beneath the Caspian Sea due to the water's legal controversy (Euractiv 2009/01/20). Other critics argue that the energy game in the Caspian Sea region requires of the EU to be more determined and to take a more active political stance and not focus on market mechanisms and appear internally divided (Grgic 2008)

continue interconnection of electricity and gas networks, and encourage energy efficiency and development of renewables. Given that SEE economies are quite small, both the creation of a regional energy system as well as energy trade and integration with the EU is beneficial for the entire region and for individual SEE countries. With liberalized energy markets in SEE, decisions on supply contracts and energy transport projects can be taken on an economic rather than political basis, thus diminishing monopolistic elements and risks of foreign monopolies taking over energy networks in SEE. In all, this will bring enhanced energy security and diversification for SEE and there are thus various incentives for regional energy cooperation in SEE.

For the EU, development of a regional energy market with EU traits in its southern vicinity enhances EU influence in SEE, improves energy security through interconnected networks and increased diversification, and the EU can engage SEE in major energy transport projects destined to improve diversification and energy security both in SEE and in the EU – at the same time as this development is to some extent at expense of SEE leaning towards Russia. In sum, incentives in the form of diversification, interconnections and investments all lead to enhanced energy security and thus increase the probability of SEE leaning towards the EU.

With Russia as the major energy supplier in SEE, and with its strong interests in relation to energy transport projects and its wish to maintain Europe hooked on Russian energy supplies, Russian influences in SEE are strong. Russia's status as the major supplier in SEE and its inroads in individual SEE countries' energy markets limit SEE countries' freedom of action to some degree given that Russian energy interests cannot be ignored.

Russia has the advantage of being able to offer individual SEE states, on a bilateral basis, lucrative long-term supply contracts and investments, often in exchange for Russian access to their domestic energy markets. Several SEE countries have concluded bilateral deals with Russia lately thus providing access for Russia in SEE and increasing the dependence on Russian energy supplies. This boosts Russian leverage in SEE, impairs EU and SEE diversification opportunities and ignores their common energy security interests.

As the major supplier, Russia also has strong economic interests in maintaining its market shares in SEE, and is interested in preventing alternative suppliers' access. With SEE natural gas markets predicted to grow, Russia aims to increase its market shares and future revenues in the region. In relation to future gas projects, Russia claims it has the gas to fill South Stream, something that Nabucco still cannot guarantee, and has also intended to impede European attempts to bring Caspian gas directly to Europe through its influence in the Caspian Sea region. In fact, various SEE countries have signed up to South Stream.

The various energy transport projects being planned to transit SEE are another characteristic of the mix of Russian and European influences in the SEE. Individual SEE countries have promoted their own projects, often to the detriment of neighbour SEE countries, since the individual strategic and economic benefits that the status as a transit country entail are appealing. At the same time, this hampers regional energy cooperation but is also a result of the competing interests of the EU and Russia that support different energy transport projects in the region. If Russian-backed energy projects like South Stream come about,

dependence on Russia and further Russian leverage in SEE will be the result, and Nabucco will become less feasible and common European energy interests harmed.

Russia now has a stronger position in SEE and its interests are long-term. There are thus also several incentives for SEE to turn toward Russia rather than toward the EU, in other words, lucrative long-term supply contracts, investments, Russia's status as the major energy supplier (and the back-up this brings in the form of energy reserves), Russia's control of existing pipelines and its involvement in future energy transport projects.

In this context it should be considered whether, as the argument goes, the ECT and energy integration with the EU only brings potential benefits for SEE. The ECT is a way for the EU to extend its own energy market model, however, is this beneficial for both parties, for SEE or only for the EU? Taking into account that it is often argued that in today's international energy politics applying geopolitical considerations is the most effective strategy rather than market-based governance, then would the best option for SEE energy security be committing to energy integration with the EU or agreeing with Russia on lucrative supply contracts and energy transport projects (bearing in mind that Russia currently seems more devoted to supplying gas to SEE than the countries in the Caspian Sea region and Central Asia)?

It should be kept in mind that Nabucco bypasses the countries of ex-Yugoslavia, thus meaning fewer incentives for them in relation to EU-sponsored energy projects. This is in part explained by natural gas markets in ex-Yugoslavia being quite small and that Nabucco is designed to meet EU diversification

needs rather than SEE ones. However, all SEE countries are in need of diversifying their gas supplies too. With gas demand on the rise in SEE, the construction of future sub-branches from Nabucco, TGI or TAP should be considered, or these future gas needs could be covered by other suppliers, most likely Russia.

At the same time, the EU has been somewhat unclear in its support for Nabucco, in the sense of not recognizing what everybody knows, that Nabucco and South Stream are rival projects. Also, with a couple of big member states not being very interested in Nabucco and with the EU appearing somewhat anxious not to upset Russia, the EU has not recognized this rivalry and thus not given Nabucco its full support. However, in order to find common solutions and convergence points with SEE, the EU needs to put in stronger support for Nabucco (and include more SEE countries in projects planned to bring non-Russian gas to Europe), show that energy integration with the EU brings benefits for SEE, that energy security matters are of common interest and work for real diversification of energy supplies.

Another important point in relation to Nabucco and energy politics in general is that Turkey could act as a strategic point improving European access to non-Russian energy supplies. Turkey is no longer part of Russian plans for gas transport projects destined for Europe. This advantage should be made the most of since Turkey's only alternative at the moment to gain status as a transit country is in relation to EU-sponsored gas projects.

Both regional energy cooperation and strategic thinking are present among SEE countries' energy considerations. In general,

SEE displays a mix of European and Russian influences (EU and Russian energy companies' involvement in SEE, different energy transport projects, the ECT and integration with the EU as well as dependence on and new supply contracts with Russia). For SEE there is thus a difficult balance between diversification (for instance in connection with Nabucco and improved interconnections) on the one hand, and transit country status in Russian projects and beneficial long-term supply contracts, on the other.

Then again, fears on future Russian gas (and oil) production shortfalls imply that signing up to long-term deals with Russia as well as relying on future gas supplies through South Stream could become less appealing. With an array of future energy transport projects, along with likely production shortfalls, Gazprom (and other Russian energy companies) could run into problems regarding meeting all its future export commitments. This would diminish Russian credibility and leverage in SEE and in the EU. Along with these uncertainties, the recent Russian-Ukrainian gas dispute have generated further incentives for EU and SEE countries to find alternative gas suppliers and to develop common solutions and enhance energy cooperation. The latest developments have included some progress in this context, such as NETS, the Trans-Caspian pipeline, interconnections in SEE and on the Nabucco project.

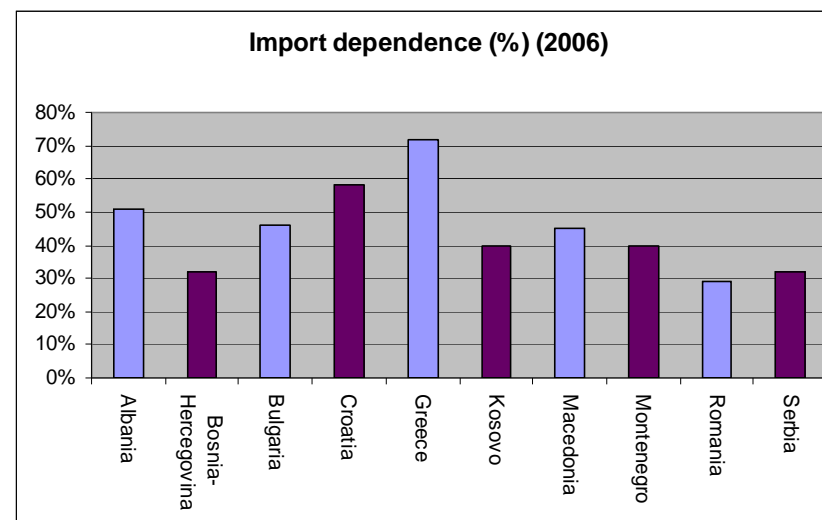
It is certain that Nabucco, if constructed, will provide the EU with around 10% of its annual gas needs, however, it is often forgotten that Nabucco supplies would constitute a greater share than that of the EU's annual gas imports and an even greater share of the annual imports in the countries involved in the project. While there are still uncertainties on funding and gas

supplies for Nabucco, it has gained significant momentum as a result of the energy-related developments the last months. Direct links to non-Russian gas supplies are crucial for energy security in the EU and in SEE, which would decrease dependence on Russia and contribute considerably to diversification and security of supply. Also with the development of NETS, not only EU member states, but most SEE countries could get access to non-Russian gas supplies through interconnection of gas transmission networks.

With the recent gas dispute and the Russian energy production uncertainties, the underlying considerations for relations and future deals with Russian energy companies have now changed somewhat to Russia's disadvantage. SEE and the EU will now have to seriously consider their dependence on Russian energy supplies in a situation where gas consumption is on the rise. This includes how to deal with a long-term dependence on Russian gas that will take years if not decades to change, how to develop diversification alternatives as well as alternative energy sources and improved emergency measures. This also implies that the EU and SEE have common interests in the form of decreasing their dependence on Russia, improving security of supply, enhancing diversification, developing regional energy cooperation and fomenting domestic energy production and energy efficiency, development of LNG terminals and gas storage centres, and cooperation on enhanced interconnections between SEE countries and between SEE and the EU. In all, this would bring about diversification of suppliers and fuels and improved interconnections, and thus improved energy security and more reliable energy systems in general, for both SEE and the EU.

The latest developments have thus been beneficial for EU-SEE integration and their common interests, however, this does not mean that Russia will lose its clout in SEE (and issues remain, for instance in relation to Nabucco), but for the moment the incentives for SEE are greater in relation to integration toward the EU, than toward Russia. The incentives in the form of diversification, security of supply, regional energy cooperation, LNG and gas storage development, interconnections in SEE and with the EU, and development of domestic energy production, all together translate into improved energy security. These are the factors that are crucial as a consequence of the gas crisis and Russian gas production uncertainties, and that the EU can offer, but that Russia, in spite of its strong influence in SEE, cannot.

APPENDIX



Graph 1: Import dependence SEE countries 2006 (all fuels) (CEC 2007b; IEA 2008: 16)

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Macedonia towards NATO: A Difficult Path

Introduction

Since its independence in 1991, Macedonia⁴⁴ has come along various difficulties before being able to realistically dream of a full membership in Europe's main security architecture, the North Atlantic Treaty Organisation (NATO). After the first steps of Macedonia's integration in Europe, the transatlantic military alliance and the European Union (EU) have made important efforts in helping the country toward stabilisation and in direction of difficult social, political and military reforms to achieve institutional requirements and standards of membership. But the complex path toward membership to NATO has been complicated the day Macedonia was supposed to be admitted to NATO. Then, a lasting historic dispute between Greece and Macedonia on the constitutional name of the latter terminated in a refusal to Macedonia's entry to the military

alliance. Greece putted in practice its threats, and imposed a veto over Macedonia's bid to NATO. Since the very structure of NATO blocked Macedonia to bypass Greek's opposition, commentators now agree on the fact that without resolution of the name issue, the Macedonian state would not be able to enjoy full membership in a near future. In order to understand every possibility of Macedonia's present and future relations to NATO, this report will briefly present the years of crisis that Macedonia went through after its independence to have a better idea of the importance of NATO as tool for internal stability and international recognition for the country. After discussing the benefits (and the costs) of an eventual membership of Macedonia to NATO, the report will present the country's success in term of military technical and political reforms required for an invitation to the Atlantic Alliance. Then, since the veto issue at the NATO's Bucharest Summit of April 2008, we will report the state of relations between Macedonia and NATO, and what should be done to insure a membership in the medium to long term. The report will finally conclude that the path toward NATO for Macedonia is still to be full of obstacles.

44 The United Nations, the European Union and NATO are using the name Former Yugoslav Republic of Macedonia (FYROM). To date, 120 countries recognize the constitutional name of Macedonia under The Republic of Macedonia (RoM). This report will only use the generic term Macedonia.

Ten years of crisis

The first decade of life of the small Western Balkans country was internally very tumultuous. The main reason for this instability was the political rights claims coming from the Albanian minority living in Macedonia. After many years of political claims and tensions, random groups of Albanian rebels coming from the 20% minority of the country revolted in the so called year 2001 crisis. These limited violent acts (condemned at the beginning by the Albanian political party then in the governing coalition) were seen by the hardliners from the Macedonian government such as Prime Minister Georgievski and Interior Minister Boskovski as a great opportunity to crush the minorities claim once and for all. The government strongly responded, sometimes without concerns about civilian casualties, leading to intensifying the revolt by the rebels. Tension was peaking, and the conflict nearly escalated in a full blown civil war during the months after.

The early diplomatic intervention by the US, EU and NATO led to a ceasefire and an agreement between all the parties. NATO was then deployed with a contingent of 4500 troops in order to collect weapons of the National Liberation Army (NLA) rebels. This operation, called *Essential Harvest*, last only 30 days. As Christopher Chivvis explains:

The Macedonian crisis came on the heels of ten years of war in the Balkans, which both intensified international attention and historical regional violence deterred the ethnic Macedonian

population from succumbing to a virulent nationalism that could have led to escalation⁴⁵

Having almost fallen into civil war, the government felt that it should grant political rights to the Albanian minority in order to guarantee stability to the country. The so called *Orchid Agreement*, institutionalizing the needed constitutional changes and political reforms, permitted better equitability between the ethnic Macedonians and the Albanians of the country. It has introduced the double majority⁴⁶, Albanian is now an official language in some occasion, reforms toward equitability in minority representation in the state bureaucracy have been equally introduced, and decentralisation toward Albanian self-governance began.

International support was then essential to maintain the reform process and the stability of the state. A supervising mission was taken by 1000 NATO troops in 2001 with the support of the UN Security Council in order to do that. Then, the EU replaced NATO troops in 2003 in what was called *Operation Concordia*, "limited to monitoring and providing emergency protection for non military international actors (OCSE and EU), and was thus also primarily a confidence-building and liaison mission"⁴⁷. Under Berlin Plus arrangements⁴⁸, EU members used NATO planning

45. CHIVVIS, Christopher S., «The Making of Macedonia», *Survival*, Vol.50(2), April 2008, p148

46. Since Orchid, some laws should have the support of the majority of the Parliament and majority inside ethnic-minority caucuses

47. CHIVVIS, op cit, p.149

48. *Berlin Plus Arrangement* is a innovation developed while the EU was pushing forward the European Defense Initiative (EDI). It was

and operational capabilities present in neighbouring Kosovo to make its mission a success in undermining the resurgence of violence between both communities even if ethnic tension could not be erased.

Enlargement as a tool for stabilisation

Understanding that regional unstable background, NATO oriented its strategy toward Macedonia and its neighbours within the enlargement process⁴⁹. As it was for Central and Eastern Europe, it was mainly by a sustained enlargement process that NATO could carve stability within Western Balkans, by promoting and monitoring, within its Membership Action Plan (MAP, established in 1999 as a framework of supported reforms and backed timetables between NATO officials and applicant country), internal reforms towards democratization, such as civilian control over the military, stability of the political sphere, respect for minorities and good relations with neighboring countries.

If enlargement in the Western Balkans was a great opportunity for NATO to enhance regional stability, it was viewed by Macedonia as great occasion to improve its connected political and economic situation. The entry in such a elite forum of developed European countries could guarantee a flux of

deeply needed foreign direct investments (FDI) in this post-communist economy where unemployment and under financing is important. Indeed, Macedonia, compared to its neighbouring countries, have a very low level of FDI related to its gross domestic product (GDP). If, in 2005, Bulgaria could attract 9.8% of its GDP in FDI, and Serbia 5.7%, Macedonia received only 1.7%⁵⁰. The instability of the previous years might be the reason of this low amount of FDI, since investor are normally not willing to bring money in a country where internal difficulties can lead to losses. As for the problematic situation of FDI, Chivvis estimate that one third of the country's workforce is without a permanent job, and this problem seems especially important among ethnic Albanians: "in 2007, over half those surveyed considered unemployment Macedonia's biggest problem, well above poverty and crime"⁵¹. This is to be very difficult for ethnic relations among Macedonians and Albanians, and therefore the instability of the country is still at stake. Going further than Chivvis in its evaluation of the situation, Joseph explains that NATO (and EU) accession could help relieving unemployment among youth that is becoming problematic. Young Macedonians tend to quit the country in their look for job, and those who stay begin to reintroduce nationalist rhetoric, dangerous for internal stability of Macedonia⁵². This situation highlight the need for Macedonia to be part of a multilateral security organisation that could, with

established to link the EU's own initiative in foreign policy within the Common Foreign Security Policy (CFSP) with already developed and structured capabilities and assets of NATO.

49. In fact, NATO invited Macedonia into the Partnership for Peace agreement in 1995 as a way to enhance cooperation between the two, and thus to act as a stabilizer. It is only with the Membership Action Plan that we can really state that NATO had enlargement expectations for Macedonia.

50. CHIVVIS, op cit, p.15

51. CHIVVIS, op cit, p.152

52. JOSEPH, Edward P., «Back to the Balkans», *Foreign Affairs*, Vol.84(1), Jan Feb 2005, pp.111-122

its support, cohesion, economic linkages and political legitimacy, undermine the internal forces of disintegration⁵³.

Thus, if internal forces are strong, external forces are equally endangering Macedonia's stable future. Within the Western Balkans, Macedonia is only beginning to legitimize its statehood. As the only country of the region that never had an independant state prior to 1991, and considering the history of conflicts in the region, a strong sentiment of insecurity is felt by Macedonians:

Serbian Orthodox Church, for example, refuses to recognise the legitimacy of its Macedonian 'sister'. Bulgaria claims that Macedonian is not a distinct language from its own, and has refused to recognise the ethnic-Macedonian party in its parliament. Meanwhile, Greece continues to fight international recognition of the country's constitutional name, opening the door to attacks on the legitimacy of the Macedonian state from others⁵⁴.

Talbott explains well this sentiment linked to a will of membership to NATO. As a matter of fact, the membership to European international framework, he states, and notably the membership to the security community of NATO, can enhance the "closing" of distance between Macedonia and the rest of Europe, lift away this exclusion from European decision making and management of European security⁵⁵. To legitimize the

presence of the country on the international scene would be like recognizing its efforts to transit from the communist Yugoslavian past toward post-communist era, the one of democracy. For Helen Sjursen, even if the emphasis on democracy doesn't give NATO a real democratic identity, enlargement is considered by applicants as a signal that sufficient democratic control (notably over its military) has been attained in order to be part of the institutional framework of the alliance⁵⁶. Finally, the need for Macedonia to act abroad for protecting its interests can be legitimized by NATO's membership. Matlary states the burden-sharing role of NATO can act as a multilateral cover for sensitive political action such as the use of forces. Therefore, it is a real advantage, for the Macedonian government, to be part of this post-national security scheme where war fighting and conflict intervention is done multilaterally, and where mistakes and causalities' can be responded at the NATO level, and not by the Macedonian government⁵⁷.

Costs and benefits for NATO of Macedonia's accession

If Macedonia can get obvious advantages to participate in this international framework of security, Macedonian candidature could had benefits and costs for NATO. Macedonia, for Chivvis, offers great benefits to the Alliance at low costs : Contrary to Baltic states in 2004, "Macedonia is not interested in

53. CHIVVIS, op cit.

54. CHIVVIS, op cit.

55. TALBOTT, Strobe, « From Prague to Baghdad : NATO at risk », *Foreign Affairs*, Vol 81(6), 2002, pp.46-57

56. SJURSEN, Helen, « On the identity of NATO », *International Affairs*, Vol. 80(4), 2004, pp.687-703

57. MATLARY, Janne Haaland, « When soft power turns hard : Is an EU strategic culture possible », *Security Dialogue*, Vol. 37(1), March 2006, pp.105-121

Article V protection⁵⁸. Moreover, unlike previous waves of NATO expansion, the inclusion of the 'Adriatic Three' as a unit had little potential to create geopolitical friction⁵⁹. It will need few resources to provide security to this small country, and, in the view of its strong participation to NATO's missions so far (to be discussed later), Macedonia seems a motivated candidate. Thus, the US State Department was stating on May 7th 2008 that Macedonia, as a prosperous, secure and democratic country, having friendly and constructive relations with its neighbours, and participating in regional and international fora is vital to the peace and stability of South-eastern Europe. Secretary of State Rice, on the same date, stated that Macedonia deserves membership to NATO to "enhance NATO's strength, prosperity and democracy"⁶⁰.

But, even if there are benefits to the accession of Macedonia to NATO, it comes with costs. For Sandler and Hartley, Macedonia's bid is costly for NATO, because of the extended borders to the Alliance that joint an unstable region (Kosovo) into the Alliance sphere of protection. The Alliance will therefore need to enhance protection of its common borders if Macedonia was in, hence rising the cost of Macedonia's membership for the Alliance⁶¹. This cost of expansion might not be only arising from Macedonia's membership. Andrew Kydd

58. Article V of the North Atlantic Treaty states that every member states, when requiring assistance from its allies, get automatic military and political support from members.

59. CHIVVIS, op cit.: Russia was, for Chivvis, not feeling unsecure about NATO's enlargement to Western Balkans.

60. *Foreign Policy Bulletin*, Summer 2008

61. SANDLER, Todd, HARLLEY, Keith, « NATO Burden-sharing : Past and Future », Vol. 36(6)

argues that all the new allies do not contribute to common defence and deterrence of NATO. Their military forces are (far) below NATO standards and any contribution to the Alliance's mission will be more symbolic than effective⁶². This view about the structural and institutional cost of enlarging NATO to post-communist countries led many authors to believe that NATO wont be able to accept Macedonia within its ranks. Croft was stating in 2002, citing a study of the RAND corporation on declared NATO criteria's (the extend of strategic exposure, the severity of military problems and the ability to address them, and the quality of the contribution to NATO's operation) that Macedonia was doing worst than any applicant but Albania⁶³. Anthony Forster, analysing Macedonian civil-military reforms, was stating in 2006 that if Macedonia was not planning to phase out its conscription model of military structure, it would then cause problems for interoperability in a post-modern warfare model like the one of NATO⁶⁴. For Art, then, Macedonia did not have God's right to NATO membership⁶⁵.

62. KYDD, Andrew, « Trust building, trust breaking : The dilemma of NATO enlargement », *International Organizations*, Vol. 55(4), Autumn 2001, pp.801-828

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A deserved invitation

In such a pessimistic context, why then Macedonia was planned to be invited to join the Alliance at the Bucharest Summit of April 2008? For many, Macedonia deserved to receive the support of NATO. In an article published by the Foreign Policy Association, the president of the United Macedonian Diaspora (UMD) was stating on March 12th 2009:

The Republic of Macedonia deserves the support of the United States, NATO, the EU and the international community. With a population of 2.2 million people and a gross domestic product estimated at \$7.497 billion, the country has, since its independence from Yugoslavia in 1991, consistently championed democracy, the rule of law, open economic systems and free trade. Macedonia is convinced that NATO and Macedonia are destined to be partners in a mutually beneficial security relationship. By any objective standard, Macedonia has met the criteria for NATO membership, and, with the help of other NATO members, will become a geostrategic touchstone for stability and peace in Southeast Europe.⁶⁶

The US State Department went in the same direction prior to the Bucharest Summit. Macedonia, for Condoleezza Rice, deserved a membership since it had reached all NATO requirements⁶⁷. For Chivvis, it is clear that Macedonia fulfill all those standards imposed by the MAP in reforming its military: « It has ended

conscription, reduced the size of its army and transformed its security strategy from a focus on territorial defense to focus on expeditionary warfare and interoperability with NATO forces », hence, « Skopje has worked to develop niche capabilities that will increase (the armed forces) value. Moreover, the army is one of the few branch of the state where substantial progress have been made on the equitable representation of minorities »⁶⁸. Moreover, the country as maintained constant military expenditures between 1.8 and 3% of its GDP in the last decade (1996-2006), which is within NATO standards of 2% of the GDP annually⁶⁹.

Sign of its willingness to be part of an interoperable military alliance, Macedonian troops were the only one from the Western Balkans into the *coalition of the willing*, aside with British and American troops, in the Iraqi invasion in 2003⁷⁰. Adding to its record in contribution to international missions, Macedonia has been a tremendous support for NATO during the work of KFOR in Kosovo, by offering territorial capabilities to the Alliance in their intervention in its neighbor province, and offering (not without distaste) to receive the flux of displaced Albanians during the conflict. The same willingness was there in support of the ISAF work in Afghanistan, where Macedonia, in partnership with the Adriatic Charter members (Croatia and Albania), sent a combined medical team⁷¹. All those efforts made

68. CHIVVIS, op cit.

69. SIPRI, *Military Expenditures Database*, Former Yugoslav Republic of Macedonia, 1996-2006

70. JOSEPH, op cit.

71. To date, the Army of the Republic of Macedonia (ARM) now have the charge of securing ISAF HQ in Kabul.

66. KOLOSKI, Metodija, Foreign Policy Association, *View Points : NATO ; The Case for Macedonia*, March 12th 2009, on line http://www.fpa.org/topics_info2414/topics_info_show.htm?doc_id=853200 (consulted on March 23th 2009)

67. *Foreign Policy Bulletin*, Summer 2008

have been recognized and praised by NATO. The outgoing NATO HQ Skopje Commander, on November 27th 2007, stated that the Strategic Defense Review of Macedonia⁷² was « well carried out and a successful process »⁷³ Even at the « frustrating » Bucharest Summit, the outcoming Declaration stated, at point 20:

We recognize the hard work and the commitment demonstrated by the former Yugoslav Republic of Macedonia to NATO values and Alliance operations. We commend them for their efforts to build a multi-ethnic society.⁷⁴

As such, for Stephanie Hofmann, the enlargement to the Western Balkans was, within existing members of NATO, not a real controversial issue. Macedonia worked during many years to fulfill NATO requirements, even if some necessitate hard reforms. It is the sign, for Koremenos, Lipson and Snidal, of a real commitment from the government of Macedonia to be an active part of NATO, and not only a benign member. From the rationalist institutionalism theory of International Relations,

72. The *Strategic Defense Review* was the roadmap toward reforms of the military presented to NATO officials from the Macedonian government

73. BG DURANCE, John, NATO, NATO HQ Skopje, *Speech of the outgoing commander of NATO HQ Skopje at the commander NATO HQSK change of command ceremony*, November 17th 2007, on line <http://www.nhqs.nato.int/speeches/2007/coc/bgDurance.htm> (consulted on Mar 10th 2009)

74. NATO, North Atlantic Council, *Bucharest Summit Declaration*, Bucharest, 3 April 2008, point 20, online http://www.nato.int/cps/en/SID-110F656C-9F2B7FD8/natolive/official_texts_8443.htm?selectedLocale=en (consulted on Mar 10th 2009)

International Organizations create hard standards to be sure that applicants, devoting tremendous amount of resources to reach them, are really willing to be committed to the Organization's framework, values and habits⁷⁵. Those hard criteria can be reassuring to potential adversaries of NATO enlargement⁷⁶. As we will see later, this reassuring effect did not happen in favor of Macedonia.

Along with its neighbors (Croatia and Albania), Macedonia promoted a pre-NATO institutional framework of cooperation called the Adriatic Charter (founded in 1998) again to show its willingness toward regional stability and institutionalization. The Adriatic Three worked in common, with the United States as a signatory, toward implementing the necessary reforms of the MAP and build a regional partnership on security. For Joseph, this framework was seen as a symbolic waiting room for NATO⁷⁷, leading to «some (to) feel it is unacceptable to allow two of them into the Alliance, while postponing membership for the third »⁷⁸.

Willingness in continuation

Then, in at the beginning of April 2008 at the NATO Bucharest Summit, it is exactly what happened. Macedonia's bid was putted aside while Croatia and Albania were invited to join

75. KOREMENOS, Barbara, LIPSON, Charles, SNIDAL, Duncan, « The rational design of International Institutions », *International Organization*, Vol. 55(4), Autumn 2001, pp.761-799 ; KYDD, op cit.

76. KYDD, op cit.

77. JOSEPH, op cit.

78. CHIVVIS, op cit.

NATO. The reason of this refusal was well known, even prior to the summit : Greece imposed its veto over Macedonia's accession because of an historic dispute over Macedonia's constitutional name (to be discussed later in the prospect for membership). But even if it was a frustrating event, since the Greek veto, Macedonia still continue to believe in the importance of the membership for the previously explained reasons. The goal stayed the same, but the means have quite changed. Macedonia is now using every avenues possible to improve its cooperative relationship with the Alliance, even if the country is still considered *member without article V protection*⁷⁹.

First of all, Macedonia is looking to show NATO their common interests and continued willingness to take part in missions. Thus, the upcoming months, before the other enlargement round, is the perfect time to show the Alliance its willingness to deploy forces to the profit of all members. Indeed, Minister of Defense Konjanovski already stated its intention to increase the number of Macedonian troops to ISAF mission. The rhetoric of the government shows the readiness of the country : « The Republic of Macedonia knows its obligations and we are ready to continue participating in the missions with the purpose of contributing to building the security picture »⁸⁰. It is equally

expressed by the statement of the Minister with its intentions of increasing the international presence of Macedonian troops from 4% of the total of the ARM to 8% in 2013⁸¹. This strategy seems directly related to NATO's 1999 Madrid Summit, one of the most important NATO declaration on the criteria to membership and stating that candidate country should show its ability and willingness to contribute to NATO⁸².

The second aspect is the continuation of defense reforms in the frame of MAP. Macedonia do not wish to feel excluded of constant rising of standards of NATO allies. Therefore, for the Minister, it is important for Macedonia to be kept in touch of what are the main defense sector developments within the Alliance:

We have to watch the development of the other NATO members, we have to watch and see what is more effective in the future of all other armies and apply it in our country, out of a simple reason that first we need to be a strong, prepared army which will protect the sovereignty and territorial integrity of the Republic of Macedonia, and on the other side be a strong and prepared army which together with the other armies will

http://www.morm.gov.mk:8080/morm/en/pr/news/poseta_baza_but_mir.html (consulted on March 16th 2009)

81. Minister KONJANOVSKI in a interview to Army Word after Bucharest Summit, Ministry of Defense of Macedonia, online, <http://www.morm.gov.mk:8080/morm/en/pr/interviews.html> (consulted on March 16th 2009)

82. See CROFT, op cit ; WALLACE, William, « From the Atlantic to the Bug, from the Arctic to the Tigris ? Transformation of the EU and NATO », International Affairs, Vol. 76(3), 2000, pp.475-493

79. For many authors, the level of integration offered by the Membership Action Plan can be considered as a membership without decision making and without official protection of NATO allies. See WALLANDER, Celeste, « Institutional Assets and Adaptability : NATO after the Cold War », *International Organization*, Vol. 54(4), 2000, pp.705-735

80. Minister KONJANOVSKI in a speech, visiting NATO HQ Commander in Bosnia-Herzegovina. Ministry of Defense of Macedonia, online,

participate everywhere around the world where the peace processes have been disturbed.⁸³

Thus, the Minister of Defense is working on the Development Strategy of the ARM for the next 10 years that will be compatible and interoperable with NATO standards and peace mission objectives. It seems quite logical when this strategy was developed in partnership with NATO representatives.

The third, related and most important aspect is on military to military and diplomatic links. As a mean of following the increase of standards within NATO and ensuring interoperability, Macedonia will then continue sending officers and soldiers for training in friendly countries such as Turkey, Hungary and the Netherlands. Again, joint participation in peace missions with Czech Republic and the Netherlands is expected.

The improvement of the Adriatic Charter as a multilateral security and stability forum is an other objective of the Macedonian government. On this issue, Skopje will work at gathering more countries in the Charter, to give this regional body more strength in the Western Balkan region, and certainly more credibility within NATO. Indeed, since Bucharest and Strasbourg Summits, Macedonia would have been alone as a MAP country in the Charter, and its officious status of antechamber for NATO membership would have lost its identity. Thus, in partnership with Croatia and Albania, Macedonia managed to include Montenegro and Bosnia-Herzegovina as members of the Charter. This will help implementing NATO's conditional reforms into the two new members of the Charter, therefore making

83. Ibid.

Macedonia as a stabilizer and trustful partner in the region. Moreover, enhanced Adriatic Charter is actually working at increasing the military relationship between neighbors, such as between Macedonia and Bosnia-Herzegovina.

The diplomatic dialogue is surely continued with the United States, considered the most important NATO partner Macedonia has within the Alliance. Not only the United States were the main initiator of NATO enlargement to the Western Balkans, they were their strongest advocacy. Secretary of State Collin Powell, in a speech at NATO in 2004 : « We recognize your countries commitment to achieve NATO membership and I can assure you that we support your aspirations and we will make everything possible that we can make possible for you one day to be participating in a ceremony such as this »⁸⁴. It is then important for Macedonia to keep this strong partnership alive for ensuring a diplomatic backing of the United States in the name conflict with Greece. In order to do so, the best mean is to expend and deepen their strategic relationship « trough intensified consultation and cooperation on security, people to people and commerce ». It will be done again by increasing their joint trainings and exercises opportunities to enhance interoperability between the two partners (and thus, interoperability between Macedonia and the main contributor of NATO)⁸⁵.

If Macedonia had the support of all (but one) members of NATO prior to the invitations of Bucharest, the government expressed

84. POWELL, Collin, at the NATO accession lunch in Washington DC, March 2004, *Foreign Policy Bulletin*, Spring 2005

85. USA, State Department declaration on May 7th 2008, *Foreign Policy Bulletin*, Summer 2008

its intentions of increasing the bilateral links with all NATO member states in order to maintain their support alive. Only in the first trimester of 2009, Macedonian military officials (Ministers and chief of staff) met on different occasions an average of 10 members of NATO every month. For example, on February 11th 2009, Minister Konjanovski met representatives from Romania, Sweden, Norway, Canada, Italy and France. On the 12th, he met representatives from Denmark, United Kingdom, United States and Spain. This diplomatic ballet can maintain the favor of Macedonia for next enlargement round, to be sure it will not be bypassed by another country or to ensure its position in relation to the dispute with the Hellenic Republic.

Prospects for NATO's accession

After seeing the actual relations that Macedonia entertain with different aspects of the Atlantic Alliance, in order to evaluate the possibilities of a concrete full membership to NATO, an analysis of the decision of Greece to block accession in relation with the domestic and structural aspects of both NATO and Macedonia is necessary.

First, the roots of the dispute that led to the Greek veto are profound. At the fall of the Ottoman empire, Greece annexed in 1912-1913 the northern part of the country that was originally known as Macedonia. At the independence in 1991 of the *Republic of Macedonia* which territory, situated in Yugoslavia, was neighboring Greek Macedonian province, Athens viewed the choice of the constitutional name of Macedonia as a proof of irredentism (or historical resentment). Thus Greece unilaterally refused to recognize the newly created country (a selfish act, considered by many, as an obstacle to European Foreign

Policy⁸⁶) and moved, despite the European Union's reserves, on imposing on Macedonia a difficult trade blockade from 1993 to 1995⁸⁷. The UN brokered an *Interim Agreement* in 1995 to end the conflict, where Macedonia agreed to be recognized as *Former Yugoslav Republic of Macedonia* in international organizations, and Greece agreed to not veto over Macedonia's accession in the EU and NATO. In order to prove its willingness for pacifying the relationship between the two, Macedonia changed its flag (which was using the emblems of Philip II, father of Alexander of Macedon) and rewrote some parts of its constitution that stated originally a total solidarity with Macedonians outside its borders. Even after the Interim Agreement, the name conflict was not resolved totally. For former US undersecretary of State and UN representative sent to mediate between the two since 14 years, Matthew Nimetz, the resolution of the dispute is still "critical for the long term stability of the region"⁸⁸.

In fact, UN representative Matthew Nimetz proposed five names to both parties in the diplomatic run before the conclusions of Bucharest Summit : Independent Republic of Macedonia ; New Republic of Macedonia ; Democratic Republic of Macedonia ;

86. WALLACE, William, "Europe, a necessary partner", Foreign Affairs, Vol. 80(3), 2001, pp.16-34

87. Spiegel Online, *Which Macedonia Alexander the Great From ?*, March 29th 2008, online

<http://www.spiegel.de/international/world/0,1518,544167,00.html> (consulted on Mar 18th 2009)

88. Washington Post, *For Macedonia, NATO Summit a Dissapointment*, April 4th 2008, online <http://www.washingtonpost.com/wp-dyn/content/article/2008/04/04/AR2008040401662.html> (consulted on Mar 18th 2009)

Constitutional Republic of Macedonia and Republic of Upper Macedonia. For the Greek delegation, the latter was the one to be chosen. But Macedonia refused. Later came the proposal Republic of Macedonia (Skopje), but Macedonia decline the offer, stating that it should be their right to be called by their constitutional name recognized by 120 countries. Then, the dialogue is blocked, and rises passions on both sides of the border.

Recognizing Macedonia is a difficult issue for Greece, since its ethnic Macedonian minority of the northern region (which capital is Thessaloniki), is constantly looking for decentralization and political rights. But Athens keeps a strong voice against it, in fact, the ethnic Macedonian political party at Greek parliament (called the Rainbow Alliance) “was banned from registering as being a party of the Macedonian minority”⁸⁹. For many commentators, this as many cases could be signs of political repression from Greece toward ethnic Macedonians⁹⁰. Recognizing Macedonia as *The Republic of Macedonia* therefore, will act as recognizing the internal minority. An other internal factor is guiding the non-recognition of the Macedonian state, what we can call the national historic pride : Who are the right descendant of Alexander the Great ?⁹¹. Macedonia, in December 2006, named the capital city’s airport Alexander the Great Airport, betraying, for the Greeks, their national heritage⁹². Such

89. Balkan Insight, *Greece Sentences Macedonia Activist*, March 19th 2009, online <http://balkaninsight.com/en/main/news/17497/> (consulted on March 20th 2009)

90. Balkan Insight, *op cit*

91. Spiegel Online, *op cit*.

92. Ibid.

provocations led the then conservative Greek government of Mr. Karamanlis (having a strong nationalist electorate) to be forced to hold its position on the name issue. If the veto was not held at the Bucharest Summit, the upcoming election would have sent the ruling party away⁹³.

If nationalism in Greece is part of the problem, nationalism in Macedonia is also at the origin of this name dispute. The original constitution of the latter, as we have seen, could not be acceptable for Greece. Even if the constitution was changed in 1995, Athens is still to date preoccupied by the actions of the Macedonian nationalists. Prior to the Bucharest Summit, nationalist activists showed with pride in a gathering a map of Greater Macedonia, without respect of the borders between Macedonian province of Greece and Macedonia. Moreover, the Internal Macedonian Revolutionary Organization (IMRO) continues in calling Thessaloniki “Solun” (its Macedonian name), and consider the city as the future capital of an enlarged Macedonia. For the Greek government then, Macedonia is still looking at the its northern province as an occupied territory. The relationship is thus continually under tensions, and both are sticking to their positions. For Macedonia, the Greek veto over the entry of the former in international organization violates the UN brokered agreement. For Greece, Macedonia violated the same agreement in opting for *Republic of Macedonia* instead of FYROM as their name of entry. The two countries cannot even come to an accord on how the outsiders should refer to the nationality and the national language of people living in Macedonia.

93. Washington Post, *op cit*.

This unresolved dispute can block Macedonia from acceding over the long term to NATO because of the internal decision making structure and the enlargement criteria of the Atlantic Alliance. Indeed, informally (because no official documents of the Alliance refer to it⁹⁴), every decision of NATO should be held in a consensus of all the member state. This consensus law, or non opposition (veto) from any of the members, is at the origin of the coherence and “democracy” of the institution, a norm within the Alliance. Derogating to it would importantly diminish the sense of community within the membership⁹⁵. If the normal decision making process is informally forced to be done in consensus, the enlargement formally make the case of it. Then, since Greece cannot agree on the terms of entry of Macedonia, it can block the country to accede as long as they want. The Article 10 of NATO’s Open Door Policy refers to this situation : if one state disagree on the enlargement of the Alliance to another state, the enlargement cannot be done.

There is, notwithstanding with the clear problem of reaching unanimity within an enlarged alliance of 26 members, a division among scholars about the necessity to change the decision-making process of NATO. For Hallams, NATO is victim of its internal decision making, since blocking and stretching in time is

94. In fact, NATO’s official documentation refer to the obligation of consultation of members all the members, without referring to the obligation of consensus. The consensus is to be considered as a daily practice. For more details, consult VINCENT, Jack E., « Capability Theory and the future of NATO’s decision-making rules », *Journal of Peace Research*, Vol. 38(1), 2001, pp.67-86

95. GAZZINI, Tarcisio, « NATO’s role in collective security system », *Journal of Conflict & Security Law*, Vol 8(2), 2003, pp.231-263

more present than rapid and efficient action taking (necessary for a military alliance)⁹⁶. For Vincent then, a reformed decision making process, where no states can block action of the Alliance, would give stronger states within NATO more flexibility in their acts⁹⁷. This way, the United States could have used the framework of NATO in Iraq if the structure permitted more flexibility, instead of a multinational coalition of the willings. Where simple majority is not considered as a quality solution for a military alliance, consensus minus could be the compromise (permitting, for example, Macedonia’s accession). But for others, such as Celeste Wallander, consensus in NATO is at the origin of its uniqueness with traditional military alliances. It is then to be considered essential to NATO’s effectiveness and political coherence⁹⁸. Eventually, if a move toward changing the decision-making process appears within the Alliance, a reform would need to be taken, again, by consensus. In that context, Macedonia needs to be patient before having a right to membership. Adding to the decision-making structure, the internal lack of mechanism for enforcing compliance of a sovereign member makes the idea of bypassing Greece even more improbable⁹⁹.

The enlargement official documentation of NATO complicates even more Macedonia’s accession to the Alliance. Every NATO’s

96. HALLAMS, Ellen, « The Transatlantic alliance renewed : the United States and NATO since 9/11 », *Journal of Transatlantic Studies*, Vol 7(1), 2009, pp.38-60

97. VINCENT, op cit.

98. WALLANDER, op cit.

99. WALLANDER, op cit ; SJURSEN, op cit. ; KAY, Sean, « What went wrong with NATO ? », *Cambridge Review of International Affairs*, Vol 18(1), 2005, pp.69-83

documents referring to enlargement states that candidate country should resolve ethnic disputes with its bordering neighbors and be committed to peaceful resolution of territorial dispute. Macedonia is not, in that case, totally irredentism-proof over those criteria. For Wallander then, the idea of including within the military alliance possible irredentist officers can endanger the entire political coherence of NATO¹⁰⁰.

The second aspect of the enlargement documentation that can have a negative impact on the accession process is the 1995 NATO's *Study on Enlargement*, stating that candidate country should be committed to political stability and functionality, and fair treatment of minority populations according to OSCE standards. Therefore, Macedonia's government's difficult political relations with its important Albanian minority can be an eventual source of problems after the veto. If the continual commitment of the Macedonian government to reach NATO standards in term of political rights of its minorities has been recognized before Bucharest Summit, the recent veto and the political frustration afterward can draw back Macedonia into an internal minority recognition crisis. Indeed, for Joseph, the nationalist logic that led to the crisis of 2001 has still its roots in the country, especially within the youth unemployed population¹⁰¹. Goldgeir adds, for instance, that Macedonia is still considered as a traditional nationalist state, blocked by strong minorities constituting a majority in neighboring country. Therefore, he considers Macedonia as an alliance of governments

of states instead of a truly integrated culture¹⁰². Chivvis argues in his text that the multiethnic status of Macedonian political system since Orchid Agreements can raise question about its durability. Whether the complex system of double majority complicated the implementation of reforms needed for achieving membership criteria of NATO is a clear fact, the main question is to what extent the decentralization process, demanded by Europe and NATO, can be sustainable in Macedonian society where ethnic forces are still strong¹⁰³. The denial of membership to NATO can, then in the short to medium term, create an internal "growing discomfort" about international community's imposition of the hard political reforms, since they are not totally assimilated by ethnic Macedonian and where Albanians continue to demand more rights¹⁰⁴. Non-membership to NATO could eventually lead to a sense of vulnerability¹⁰⁵, or exclusion¹⁰⁶ of

102. GOLDGEIR, James, CSERGO, Zsuzsa, « Nationalist Strategies and European Integration », *Perspectives on Politics*, Vol 2 (1), 2004, pp.21-37

103. CHIVVIS, op cit.

104. CHIVVIS, op cit.

105. Frank Schimmelpfennig is stating that a lack of credible membership opportunity creates, among candidates countries to NATO, an sense of vulnerability that the international community could not be enough supportive (SCHIMMELPFENNING, Frank « Strategic calculation and international socialization: Membership incentives, party constellations and sustained compliance in Central and Eastern Europe », *International Organization*, 59, 2005, pp.827-860)

106. WEBBER, Mark, CROFT, Stuart, HOWORTH, Jolyon, TERRIFF, Terry, KRAHMANN, Elke, « Governance of European Security », *Review of International Studies*, 30, 2004, pp.3-26 ; WEBBER, Mark, *Inclusion, Exclusion and the Governance of European Security*, Manchester, Manchester University Press, 2007

100. WALLANDER, op cit.

101. JOSEPH, op cit.

the Western community of security: An impression of lack of the so needed constructive international support to Macedonia's stability.¹⁰⁷.

In line with this problem of internal stability, Macedonia needs to deal with fighting more rigorously unemployment, organized crime, and most importantly corruption to ensure an eventual membership to NATO and the EU. In fact, for Celeste Wallander, NATO's own efficiency can be at stake if anti-corruption efforts are not done in a proper way. As she states, how to trust a member (and share with it important strategic, intelligence or sensitive information) if problems of corruption are plaguing its high bureaucracy, military and foreign affairs structures¹⁰⁸.

Finally, after investing so much energy and resources at the technical modernization of its armed forces, in order to complete interoperability of its defense structure with NATO, Macedonia will need now to invest resources on quality reforms of the Army. The last decade within the MAP framework has led to a considerable downsized and transformed all volunteer force. But since it is now relying only on volunteers, the Army needs long term government commitment to improve living standards and career prospects for troops and their family to enhance recruitment capabilities. If nothing is done on quality reforms, the ARM will find difficult to sustain the recruitment of its forces

107. CHIVVIS, op cit. ; KIRCHNER, Emil, « The Challenge of European Union Security Governance », *JCMS*, Vol. 44(5), 2006, pp.947-968 ; KOSTADINOVA, Tatiana, « East European Public Support for NATO Membership : Fears and Aspirations », *Journal of Peace Research*, Vol. 37(2), 2000, pp.235-249

108. WALLANDER, op cit.

and therefore will not be able to accomplish deployability in NATO missions. The political and strategic goals, in that case, could eventually not be dealt with the necessary resources and capacities. The outgoing NATO HQSK Commander actually stated in November 2007 that the ARM needed such quality reforms : Army got to be sustainable and properly supported during training and operational deployments, that include quality pay, good working and living conditions, proper personnel systems and quality logistics and acquisition systems¹⁰⁹. The Minister of Defense understood such needs in order to be an effective and participating new member of the Alliance. In the previously cited interview, he expressed his will of increasing living standards of ARM such as other increase of 10% of salaries in the year to come. Minister Konjanovski was equally proud to present a program called LEPEZA, created to include in a proper manner downsized troops into civilian world¹¹⁰. But, as Bernard Boene states, government often underestimate the cost of the necessary transformation toward professionalization of forces and post-modern strategies. It is clear that Macedonia will need to make continuous efforts to completely transform its forces and to continue to be understood as a useful asset for the Alliance¹¹¹.

Conclusion

To conclude, the internal crisis that Macedonia faced in the 90s and at the beginning of the 21st century are important signs of

109. BG DURANCE, op cit.

110. Minister KONJANOVSKI, op cit.

111. BOENE, Bernard « La professionalization des armées : Contextes et raisons, impacts fonctionnels et sociopolitiques », *Revue française de sociologie*, Vol 44(4), 2003, pp.647-693

the risk of instabilities. If NATO estimated that the best way of dealing with the chronic instability of the Western Balkans is to be done by the enlargement process, Macedonia equally understood the benefits of a membership to NATO's framework to deal with its internal problems. The inclusion of Macedonia to NATO can bring, adding to the stability provision, some benefits to the Alliance, but it is not without important costs. Why then Macedonia was near to be invited to join the Alliance in 2008? It is mainly because it is a non-controversial issue : Macedonia managed to get through important reforms and has proved its willingness to be part of the military scheme. Even if Greece blocked its accession, Macedonia continues to push forward the idea of a mutually beneficial security relation between NATO and

Macedonia. How can we then evaluate the prospects for membership in that context ? By understanding the roots of the Greek veto, mainly because of both country's nationalism, and the importance of the veto rule in the context of structural dysfunction, Macedonia will need, once and for all, to resolve the name issue. For doing so, it needs to deal with its internal problematics, and wishes that Greece will do the same. While waiting, Macedonia got to continue its military reforms and look forward to keep the country as a reliable partner to every members of the Alliance it wished to join officially since 1999. Macedonia's membership path is surely not over. But, as before, it will continue to be a difficult one.

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USA

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Macedonian Water Quality: Impacts of Mining and Agriculture

Introduction

Macedonia is an emerging economy that relies upon agriculture, mining and other industrial processes for economic growth. Major rivers as well as reservoirs are main sources of water for consumption and agricultural irrigation. Agricultural and mining operations waste discharges negatively impact the soil and water that are used to sustain agricultural output.

This article reviews two of the main sources of water pollution in Macedonia and how they adversely impact national agriculture and provides some methods for monitoring and remediating pollution. Based upon legislation private mines are taking steps to reduce their environmental impact, but agricultural based pollution and other polluters still need initiative to mitigate their polluting habits. Agricultural lands receive a large amount of pollution from mining effluents and Nitrogen and Phosphorous rich agricultural run-off. Poor water quality in farming regions directly impacts the health of people, animals and the environment.

Monitoring of waterway pollution can lead to environmental improvement in agricultural areas. Monitoring plans can only be

implemented after detailed analysis of what, where and types of monitoring should be undertaken. Software modeling as outlined in this article details some examples of how private organizations and government agencies can go about setting up modeling scenarios. Software modeling and analysis with weighted comparisons show that Macedonia has more value associated with economic progress than ecological preservation demonstrating current policies do not encourage pollution abatement (Golusin and Ivanovic 2009).

Modeling can inform policy makers where to focus their environmental protection efforts for greatest efficacy. As an example of using modeling results to inform policy the Lake Ohrid Management Board works to improve a large body of water's environmental status. Based upon the success of the Lake Ohrid Management Board initiatives it can serve as a working example for other organizations to mimic and build upon to involve diverse stakeholders in remediation attempts. Diverse stakeholder involvement in environmental monitoring and remediation will foster a drive to obtain knowledge and change damaging practices among individual farmers, large mines and other polluting industries.

Many themes are presented in this short article to demonstrate the formidable task pollution abatement and remediation will be in areas of Macedonia. Research from peer-reviewed publications, government monitoring data and regulatory publications support the claims and information presented within this article.

Why Macedonian Water Quality is an Issue?

Macedonia's water quality and wastewater environmental regulations are lacking, as demonstrated by poor water quality. In 2010, Macedonia will amend its current regulations to adhere to the European Union (EU) Water Framework Directive that guides EU member states to integrate environmental policies and enhance environmental protection. Specific Water Framework Directive objectives are to ensure water bodies quality is good or excellent by 2015 or that their status will not deteriorate below current conditions. The Water Framework Directive will determine if objectives are met from water management reports from each nation submitted every six years and compliance to regulations. The EU Directive does not outline technical specifications or monitoring schemes to ensure water quality; each nation has the autonomy to choose water quality standards and monitoring indicators as special circumstances dictate. But, the EU Directive mandates waterways be classified to a particular water quality status, water quality be monitored to prevent further ecological deterioration and a water-management framework to outline how mitigation and remediation will be carried out. Therefore, Macedonian industries will need to alter their environmental polluting habits to adhere to EU Directive guidelines (Gronlund and Maatta, 2008).

EU Directive guidelines can be avoided under a Framework Directive clause that allows waterways that are artificial or heavily modified not to meet good or excellent water quality status, if they promote significant human purposes or ecological remediation would be contrary to acceptable economic possibilities (Gronlund and Maatta, 2008). Though most Macedonian waterways fit this vague description, Macedonia's government is committed to sustaining economic growth with a focus on water management and environmental protection (Ministry of Environment and Physical Planning MSZV, 2008).

Macedonia, in collaboration with the EU, has organized the "Environmental Data Strategy" and "Strengthening the Capacity of the Ministry of Environment and Physical Planning" projects in response to the upcoming implementation of EU Directive mandates. The "Environmental Data Strategy" is a step-by-step plan to standardize the numerous existing Macedonian environmental data collection and stakeholder involvement procedures that support policy making. While the "Strengthening the Capacity of the Ministry of Environment and Physical Planning" project builds upon standardization efforts to identify and close gaps between Macedonian legislation and reporting on environmental standards to those of the EU (Ministry of Environment and Physical Planning. "Annex 5 – Vision 2008. The Roadmap of the Ministry of Environment and Physical Planning", 2008).

Mining Pollution

Metal mining is central to the Macedonian economy, the government sells state mining assets, provides subsidies for exploration and development stimulating its growth. Mine

tailings to major water sources from mining operations does not receive any treatment (Alderton, Fariall and K.). Within Macedonia minimal amounts of wastewater are treated. Surface and groundwater pollution is high, with a majority flowing through the Vardar basin (Bosevski, et al. 2003).¹¹² Metallurgical, chemical and mining waste are among the largest water polluters (Karageorgisa, et al. 2003). Within Macedonia, as of 2003, no mining waste storage, collection, treatment or disposal methods or coordinating legislation existed (Bosevski, et al. 2003). As of 2008, the Ministry of Environment and Physical Planning reports 16 “hot spots” that pose severe environmental problems from mining waste, with no clear legal liability, data on environmental contamination or specific waste management legislation (Ministry of Environment and Physical Planning, Waste Management Strategy of The Republic of Macedonia (2008 - 2020), 2008).

A study performed of several metal mining operations with waste discharge to main rivers shows that formerly active and active Lead (Pb), Zinc (Zn) and Copper (Cu) mines contain high concentrations of dissolved Calcium (Ca) and Aluminum (Al). Metal concentrations contribute to lowering water pH, and waters closest to the mines show the most metal contamination. Waters 5-25 km from the mines show lower metal concentrations, dilution occurs reducing the metal concentrations. Metallic sulphides in mine tailing dams are the main points of contamination. Alderton et al (2005) found that mines that have been shut for considerable amounts of time discharge less minerals/pollutants. For example, Arsenic (As)-

¹¹² 80% of the national water flows through the Vardar basin (Ministry of Environment and Physical Planning 2008).

Antimony (Sb) mines, the Alshar and Krstov Dol mines closed in the 1980s and 1913, respectively, do not show comparable elevated discharge concentrations in comparison to currently active mines, except in the local vicinity (Alderton, et al. 2005).

The Sasa and Toranica Pb-Zn mines are actively mined with drainage dams and adits¹¹³ to hold waste discharge before it reaches the rivers. These two mines have low pH discharge and mobilize elevated mineral concentrations of ore-related materials to their respective rivers. Sasa mine discharge values (along Kamenica River) and Toranica (along Toranica River) can be seen in Table 1:

Table 1

Mine	pH	Mineral Discharge Levels
Sasa	5.0 at adit and 6.5 at tailings dam	As 127 mg/kg Cadmium (Cd) 73 mg/kg Cu 650 mg/kg Pb 4600 mg/kg Zn 8500 mg/kg
Toranica	N/A	Pb, Zn and Sulfur (S) greater than 1000 mg/kg

(Alderton, et al. 2005).

¹¹³ A mostly level, horizontal entrance to a mine where mined materials are removed and people enter the mine.

Mineral discharge levels from these mines are considerable, but corresponding to less pollution further from the mine both the Kamenica and Toranica drain to Lake Kalimansko. This lake has more diluted mineral levels.

Mining Pollution Reduction

Active mines show increased dissolved mineral levels over in active mines from anthropogenic factors, but also from local geological and soil chemistry. Local sediments have high limestone concentrations to assist in buffering the acidic drainage water where other mines with similar ores with higher discharge readings have silicate minerals that do not buffer to the same degree. Mines can be located in limestone rich regions to reduce the impact mining pollution has upon environmental conditions. At the Zletovo mine (a Pb-Zn mine) the discharge path matches that of the Sasa mine. The Zletovo mine has higher mg/kg Zn readings and a more acidic pH, 3.5, after the mine and second audit than the Sasa mine (Alderton, et al., 2005).

Some Greek mines are attempting to locate mines in areas with favorable sediment chemistry. These mines are taking additional steps to reduce their pollutant amounts, treating their wastewater before it can harm local waterways. Lignite mining - coal for energy production - has environmental impacts upon water quality in that when open-mines are utilized, the water table must be lowered to allow safe operating conditions. Open mines temporarily use mine surrounding lands where farmlands and towns are located for production purposes. Additional water is pumped back to freshwater waterways to prevent related environmental damage. Kavouridis (2008) claims these practices reduce environmental impacts to a small radius within the mine,

less than previous mining practices. Mining ponds are flooded to re-balance water levels that were cleared and lands vegetated to assist in further land rehabilitation. The practice of pumping water prior to undergoing mining procedures ensures more clear water for area irrigation and consumption (Kavouridis 2008).

Greek mines have mitigated some of their polluting habits to comply with local water-quality regulations. When Greece became part of the European Union their environmental regulations were updated to adhere to the standards of Western European Union nations (Kavouridis 2008). Macedonian mines can adapt their mining habits to be in line with Greek mining habits to assist in their own environmental compliance under new regulations.

Pollution and Agriculture

The quality of food produced in Macedonia is directly correlated to the land and water quality and its amount of pollution. Current farming practices in Macedonia have lead to large amounts of soil erosion. The soil is transferred to water areas, which leads to silting. Additionally, eroded areas require more artificial inputs to maintain soil productivity. Annually, 18.5% of arable land is lost, and 38% of land area is intensively eroded. Agriculture, forestry, and fishing account for 11.3% of Macedonia's economy. Field crops account for 74% of Macedonian Gross Domestic Product (GDP) in agriculture, and employs 20% of the nation's population (Ministry of Environment and Physical Planning MSZV, 2008). To maintain agricultural outputs on eroded land, artificial inputs of fertilizer and chemical growth agents are added. These artificial inputs pollute local water through leaching and irrigation runoff.

Nitrogen (N) and Phosphorous (P) are common substances in agricultural wastes that are drained to waterbodies. These substances reduce dissolved oxygen concentrations that can lead to algal blooms, fish loss, eutrophication and eventually loss of biodiversity (E. MANOLI 2001). Phosphorous exists in river water in particulate and dissolved states; P in any form with levels of 0.3 mg L^{-1} and higher indicates Phosphorous pollution. The Vardar River has P levels of .9 mg per liter (E. MANOLI 2001). During times of the year that agricultural activities are at their highest, the water nutrient, Nitrogen and Phosphorous, levels similarly rise. The nutrient levels correspond to water pollution because agricultural lands are flushed during these times; during droughts/dry seasons irrigation practices and floods in the fall-winter (Karageorgisa, et al. 2003). According to Karageorgisa et al (2003), 35.2 kilo tons per year nitrogen discharge from all polluting sources contributes to unsafe drinking water standards. In addition to farming practices, levels can increase in fresh water environments from untreated manure and sewage.

Pollution within Macedonian rivers flows to other countries and water bodies. The Vardar River from Greece connects to Vardar River in Macedonia, and catchments and major tributaries from other areas impact corresponding water-bodies. Upstream levels of pollution in the Vardar River indicate amounts of Macedonian pollution that flow downstream. A study of the Vardar River shows the area is heavily polluted primarily with waste from agriculture and domestic waste, but includes some other industrial effluents. This catchment supports large amounts of agriculture where N manure leaches untreated. The values for unpolluted waterways are measurements of typical Southern European rivers that serve as a source of comparison

to comparable economies and ecosystems (E. MANOLI 2001). Average upstream samples of the Vardar River can be seen in Table 2.

Table 2

Dissolved Nitrogen in Nitrogen Compound	Levels in Polluted Waterways	Levels in Unpolluted Waterways
NO ₃	1.66 mg L ⁻¹	100 µg L ⁻¹
NO ₂	0.1 mg L ⁻¹	1.5 µg L ⁻¹
NH ₄	1.6 mg L ⁻¹	0.015 mg L ⁻¹

(E. MANOLI 2001)

In addition to agriculturally based pollution water-based mining discharge adversely impacts agriculture. Paddy soil of the Kocani fields near the Zletovska and Bregalnica Rivers that run to the Vardar River receive heavy metal contamination from Zletovo and Sasa mines. Pb, Zn, As and Cd most severely contaminate the paddy soil. Contamination is attributed to irrigation with acidic river water and tailing effluents from lead and zinc mines. Other materials are reported with elevated levels¹¹⁴, up to ten times normal soil measurements of comparable geography and composition. Soils of the Vardar Basin are naturally inclined to retain heavy metals. Manganese (Mn) and Iron (Fe) oxide/hydroxide rich soils bind to and serve as carrier phase materials for the heavy metal elements creating a sink for the area. Heavy metals and Mn/Fe compounds are transferred to

¹¹⁴ (Ba, Th, U, V, W, Mo, Cu, Sb, Bi, Ag, Au, Hg, and Tl)

plants as determined through grain coating and clay mineral analysis (Dobnikar, et al. 2007).

A study of the heavily polluted Bregalnica and Sletovska Rivers rice paddy fields show Fe and MN oxides/hydroxide traces in soil, crop sediments and rice hulls (Dobnikar, et al. 2007, Dolenec, et al. 2007). The heavy metals are mobilized to plants when diluted with irrigation water and redistributed to new soils. Local Pb-Zn ore deposits and associated mining contribute to elevated riverine soil measurements of Pb, Zn, Gold (Ag), Cd and Cu. These materials bind to Mn/Fe hydroxides in the water as in the soil providing a chain from the mines to the river to the paddy field (Dobnikar, et al. 2007). Chemical fertilizers and soil additives degrade top-soil to reveal heavy metals in irrigated areas, increasing the amount of uptake by crops. Measured elements are in excess of threshold readings according to the Natural Environmental Protection Agency of Slovenia; which may negatively impact local rice and other edible crop growth (Dobnikar, et al. 2007).

Dobnikar et al (2007) determined that elevated As, Zn and Cd readings in rice limit the safe amount of rice consumption per week per person to 2.0 kg (Dolenec, et al. 2007). The elements of Barium (Ba), Rubidium (Rb), Selenium (Se) and Strontium (Sr) were in excess amounts for cereal grain normal amounts. Cd and As levels were also found in excess to normal cereal grain amounts, attributed to water/soil of increased Cd and As levels (Dobnikar, et al. 2007). The water quality of Macedonia directly impacts farmers who draw water from polluted waterways to irrigate their farms and livestock; the contaminants are ingested by them and their consumers. It is in the interest of citizens and businesses to improve their water quality as it will attract a

business base that supports environmentally friendly practices and the citizens in turn will improve their health and environment.

Improving Water Quality – Software Modeling to Target Areas for Impact

Citizens' need for improved health and environmental quality aligns with governmental commitments for water management and EU Water Framework Directive requirements. Similarities between government and citizens will encourage environmental sustainability and remediation. But, farming, mining and other sources of pollution will need to be encouraged to change with regulations through monitoring, technological inputs and well defined, transparent stakeholder cooperatives. Before any steps to regulate polluting industries are taken by the Macedonian government, research must be conducted to determine the current and future status of waterways and their impacts. Studies such as those cited within this article represent accurate research to provide a baseline for determining current water quality. Future pollution levels and environmental impacts can be determined via modeling software.

Data inputs for modeling programs can come from independent research, GIS readings and former private or public monitoring reports. Many modeling systems exist that may be affordable or specifically applicable to desired project objectives (emission based, physically based or distributive models) which can be used to form policies and assess impact of current environmental habits. AXCAT is modeling simulation software that determines the flow patterns of N and P from farms and other terrestrial

non-point sources of pollution to water catchments (Behrendtc, et al. 2009).

A scenario from AXCAT found that total Nitrogen flows in Macedonia are 10,637 tons per annum, with 37.6% from groundwater, 34.9% from urban systems and 14.1% from point sources. Total Phosphorous is 5,714 tons per annum with 65.2% from point sources and 20.2% from urban systems. According to this model four different pollution management plans predicted reductions in N and P by 15, 35, 61 and 88%, according to the individual management plan, by 2025. The four scenarios are based upon models for/on political stability, political instability, pollution controls at major fertilizer plants and an environmentally friendly, pollution reducing scheme. In the business as usual political stability model and political instability scenario effluents are forecasted to double or not decrease from increased agricultural activity and no fertilizer plant pollution control. Nitrogen and Phosphorous reductions are forecasted within other scenarios if agricultural waste and fertilizer amounts are controlled and urban areas treat their sewage. The modeling showed significant decreases of total amounts of P and N in water systems that can lead to eutrophication, from 2-30%, demonstrating how policies and actions can make considerable changes (Behrendtc, et al. 2009). Political stability and instability models do not offer considerable pollution abatement as they indicate political climates that may or may not support policy changes and that do not specifically dictate frameworks or measures to alter polluting practices.

EUROCATs, Driver-Pressure-State-Impact-Response (DPSIR), modeling software is another option to determine seasonal trends in water and nutrient discharges. The Vardar River in

Macedonia and the AVardar River in Greece were analyzed using this modeling software that incorporates cost-benefit analysis. Modeling results of various regulations standards were compared with available water and sediment quality data to better understand where water-way monitoring would be most effective (Karageorgisa, et al. 2003). Software such as DPSIR represents how using data in a modeling application can provide information to impact policy and economic considerations. Anthropogenic water and soil contamination remediation requires multidisciplinary environmental impact assessments and modes of mitigation that represent complex socio-economic, managerial issues and decisions that are prohibitively complex and expensive without computer simulation.

Modeling to Inform Policy

Modeling can inform policy makers' decisions when setting environmental regulations, but some of the largest problems to creating sustainability in environmental policy are overcoming the differences between micro and macro level agencies that monitor and enforce environmental standards, overcoming biases of environmentalism and economic factors and the inability to interpret model scenarios for a broad policy and decision making scope (Golusin and Ivanovic). Within a model scenario indicators can be set according to represent diverse political viewpoints and government goals/objectives. Indicators are useful to measure success of projects against clearly marked benchmarks and where continuous feedback from stakeholders can improve policy decisions.

Indicators must be understandable to the general public and private organizations, accurate and reliable and data from

monitoring available to interested parties. According to Golusin and Ivanovic (2009), Macedonian policy aims and objectives are economic viability, cohesion to society values and the protection of natural resources. Some economic indicators in Macedonia are GDP, debt, infrastructure, poverty levels, GDP growth, export amounts and industrial growth, while environmental indicators are amount of arable land mass, land mass that is ploughed, amount of fertilizer consumed, area of irrigation, amount of water used for irrigation, soil under organic conditions, pesticide use, methane and CO₂ emissions. Each economic indicator can be tangibly measured using currency amounts per capita and rates of increase or decrease. Environmental indicators are made tangible using units of hectares and kilograms to represent product output and inputs per unit of land per annum (Golusin and Ivanovic 2009). Golusin and Ivanovic (2009) created an equation to determine the influence environmental tangible indicators have in creating policies in comparison to economic indicators; the result is that economics influence policy more heavily than environmental well-being. Based upon Golusin and Ivanovic (2009) for policies to support environmental sustainability they must be cost-effective and efficient to ensure economic benefits for miners, land-owners and the society as a whole.

Changing Current Situation

According to Golusin and Ivanovic (2009) governmental policies are greatly influenced by economic factors, but also make attempts to incorporate society values such as poverty alleviation and general wellbeing. To increase the influence environmental sustainability has on Macedonian policies environmental health must be equated to economic vitality and

human health. Some mining abatement has come from legislative regulation, but agricultural pollution is has made minimal reductions. Agricultural pollution abatement initiatives must target farmers and the general public of Macedonia to equate environmental protection as a social value that will influence policy decisions.

Farmers can be targeted through informational campaigns supported by the government or interested non-governmental organizations because better quality crops and water will increase sales of crops and improve their health. In addition, environmentally degrading agricultural practices, such as single cropping, can be targeted for replacement for alternative models. Good Agricultural Practices are a set of references with environmental sustainability incorporated that are raising public awareness about ecological preservation within the farming industry (Ministry of Environment and Physical Planning MSZV, 2008).

Beyond informational campaigns, the Macedonian government can use its majority ownership of pasture land titles to dictate agricultural practices of large commercial enterprises under government contract and deals with individual households that acquire arable land through privatization schemes (Ministry of Environment and Physical Planning MSZV, 2008). Contracts with the government can include clauses to support the use of technology or alleviate harmful practices, i.e. limiting the production and use of traditional fertilizers to support innovation for environmentally friendly market products.

An example of governmental policy incorporating stakeholders and technology to frame environmental sustainability policy is

the Lake Ohrid Management Board. Lake Ohrid is a large fresh water lake on the border of Macedonia and Albania; it sustains commercial and private industries. The lake currently receives 150 tons of Phosphorous per annum, 100 tons a year over its natural load limit. In conjunction with both governments and the Global Environmental Facility a board, Lake Ohrid Management Board was formed to oversee the environmental health of the lake through environmental regulation, monitoring, cooperation with stakeholders to mitigate polluting practices and work to increase public awareness to promote a clean, healthy lake (Zoran Spirkovski 2001).

The Lake Ohrid Management Board worked for three years to institute harmonized policies between each government, conduct training seminars for local specialized regulators and support pilot studies to guide future work. Pilot studies were designed to be based upon stakeholder commitments to improve polluting habits, and to ascertain the economic and efficiency feasibility of their efforts. These pilot projects, input from the Board and local academics/professionals guided policy recommendations and actions. Policy and action recommendations from the Lake Ohrid project included infrastructure improvements, secure funding for treatment plants, monitor farmer run-off to lake and returning various cultivated plots in the area to fallow. As growth occurs in the lake area regulations controlling lake pollution is necessary to ensure future economic and environmental vitality (Zoran Spirkovski 2001).

Conclusion

As growth occurs in many industries throughout Macedonia, it is inevitable that pollution to national waterways will increase as

well. According to the Ministry of Environment and Physical Planning mining and agricultural waste are predicted to increase 1.7% per annum over the next decade (Waste Management Strategy of The Republic of Macedonia (2008 - 2020), 2008). Mining practices within Macedonia are contributing to heavy metal pollution in water, soil and associated crops. Nitrogen and Phosphorous sewage and agricultural run-off are exasperating pollution in the same waterways, soil and crops. Conducting scientifically sound research will ascertain current waterway conditions and provide data inputs for models that will predict future pollution levels and impacts upon their environment. EU Directives and Macedonian commitments to abate water pollution to the advantage of people's health and the environment must be supported by effective, transparent and stakeholder inclusive policies and cooperatives. Macedonia is currently working with private organizations, non-profit organizations and other EU nations to remediate its pollution and monitor its practices. Continuing the current trend will enable national and EU objectives to reduce pollution and maintain economic viability to be met and encourage citizens and industries to adopt ecologically friendly practices.

In 2008, the Ministry of Environment and Physical Planning outlined a national plan to dedicate funds to environmental high-risk "hot-spots" environmental monitoring and remediation and establish control systems/legal liability frameworks for mines (Waste Management Strategy of The Republic of Macedonia (2008 - 2020), 2008). This governmental framework demonstrates efforts to monitor water-way environmental conditions and use data and various stakeholder feedback on processes to inform future policy and regulatory efforts.

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Organized Crime in the Western Balkans: Influence on Terrorism, European Security and EU Accession

Introduction

Following the attacks of September 11, 2001, the world's leading nations and international institutions have focused their security concerns upon combating the threat of terrorism¹¹⁵, with attention increasingly diverted from tackling the potent issue of organized crime.¹¹⁶ However, it is important to acknowledge the

¹¹⁵ Terrorism is here defined as "an act of violence perpetrated by clandestine groups against civilian targets to induce fear to highlight a political message." State terrorism is not included in this definition as the essay focuses on organised criminal groups.

¹¹⁶ This essay adopts the Council of Europe's (2002: 6) definition of organised crime as "the illegal activities carried out by structured groups of three or more persons existing for a prolonged period of time and having the aim of committing serious crimes through concerted action by using intimidation, violence, corruption or other means in order to obtain, directly or indirectly, a financial or other material benefit,"

see:

http://www.coe.int/t/dg1/legalcooperation/economiccrime/organisedcrime/BestPractice4E.pdf#xml=http://www.search.coe.int/texis/search/pdfhi.txt?query=the+illegal+activities+carried+out+by+structured+groups+of+three+or+more+persons+existing+for+a+prolonged+period+of+time+and+having+the+aim+of+committing+serious+crimes+through+concerted+action+by+using+intimidation%2C+violence%2C+corruption+or+other+means+in+order+to+obtain%2C+directly+or+indirectly%2C+a+financial+or+other+material+benefit&pr=Internet_D&prox=p

inherent links between organized crime and terrorism, with the activities normally associated with organized crime, such as drug and human trafficking increasingly employed by terrorist organs as a source of financing. For example, the Madrid bombing in March 2004 was heavily financed by drug trafficking, while FARC, Al Qaeda, and the LTTE maintain an appreciable level of financial gain from people smuggling, drug trafficking, and various other forms of illegal activity (Missiroli, 2005). This trend is noticeable in the Western Balkans¹¹⁷ through the activities of groups such as the National Liberation Army (NLA) who operate out of Macedonia. However, much like the shift in attention away from organized crime toward terrorism, the Balkans has been relegated in its importance, with the Middle

[age&rorder=500&rprox=750&rdfreq=500&rwfreq=500&rlead=500&rdepth=250&sufs=1&order=r&mode=&opts=&cq=&sr=&id=495f1be21d](http://www.coe.int/t/dg1/legalcooperation/economiccrime/organisedcrime/BestPractice4E.pdf#xml=http://www.search.coe.int/texis/search/pdfhi.txt?query=the+illegal+activities+carried+out+by+structured+groups+of+three+or+more+persons+existing+for+a+prolonged+period+of+time+and+having+the+aim+of+committing+serious+crimes+through+concerted+action+by+using+intimidation%2C+violence%2C+corruption+or+other+means+in+order+to+obtain%2C+directly+or+indirectly%2C+a+financial+or+other+material+benefit&pr=Internet_D&prox=p)

¹¹⁷ According to the EU, the Western Balkans is comprised of Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia, as well as Kosovo under UNSC Resolution 1244/99, see: http://ec.europa.eu/enlargement/pdf/balkans_communication/western_balkans_communication_050308_en.pdf

East highlighted as the domineering arena for security concern in the 21st century.

Despite the shift in attention away from the Western Balkans the threat from organized crime (which developed following the end of the Cold War and flourished following the 1992 UN embargo on the former Yugoslavia) remains as grave as ever, with much of the region beset by corruption, violence, trafficking in arms, humans, and drugs, and the smuggling of goods. The notion of security has altered dramatically post-Cold War, with the biggest threat emerging from weak states, penetrated by organized crime, acting as fertile breathing grounds for terrorist activity. The Balkans, in particular, is susceptible to becoming a haven for terrorist activity due to its close geopolitical proximity to the Middle East. The organized crime endemic in the Western Balkans has been detrimental to the healthy development of the region since the early 1990s, and more recently has curtailed the possibility of EU accession for the Balkans states, Croatia and Macedonia in particular.

The situation, however, is also damaging for Western Europe, with organized criminal organizations from the Western Balkans spreading their operations to EU member states, with Albanian organized criminal groups operating in Belgium, France, and the Netherlands, among others (Arsovska, 2007 (a)). The European Security Strategy (ESS) of 2003 acknowledges five main threats to the security of the EU, terrorism, WMD proliferation, regional conflict, state failure and organized crime, all of which have, or could possibly, emerge from the Western Balkans (Council of Europe, 2003). Thus, it is important for the security of the EU and not only the Balkans that organized crime is eradicated from the region, and for this reason, the EU is taking steps to

compliment the Balkan states' efforts to root out the issues which remain embedded at the core of society, infecting all aspects of life in the region.

Unfortunately, several problems are thwarting the progress of the Balkan region, not least the difficulty in uprooting an issue that has remained a fabric of Balkan's society since the region's re-birth, and the EU's failure to understand this complexity, instead attempting to externalize internal security conceptions beyond EU borders.

These issues will be discussed later; however, the essay will first briefly examine the criminal-terrorism nexus, and if indeed, such an innate relationship exists. Secondly, organized crime in the Western Balkans region will be discussed, and the spillover effect on the EU, with focus placed predominately on Albanian organized crime due to its reach into EU states. This essay will then discuss the above-mentioned attempt to quell the issue, and the successes and difficulties encountered in doing so, followed by a conclusion as to the future prospects for security and stability in the Balkans.

Terrorism and Organised Crime: A Symbiotic or Casual Relationship?

Links between organized crime and terrorism are existent, with FARC, for example, heavily involved in drug trafficking and kidnapping to finance their violent activities. The relationship has become more important following the global crackdown on terrorist financing since September 11, 2001. Thousands of charities have been banned and bank accounts linked to groups such as Al Qaeda and the LTTE have been closed, leading

terrorist organs to rely more heavily on criminal activity to finance themselves, either directly undertaking criminal activity themselves, or by developing association with organized criminal organizations. Al Qaeda has had over \$110 million in funds frozen since September 11, 2001, however, Wannenburg (2003:7) finds that “criminal activities allow Al-Qaeda to establish and maintain self-sufficient and sustainable operational cells without the need to use international banking systems,” thus avoiding the issue of having future funds frozen. Terrorist organs are expanding future into criminal activity as a consistent form of income in the post-September 11, 2001 environment, with the PKK reportedly earning 450 million Swiss Francs a year from drug trafficking, while the LTTE and Al Qaeda engage in manufacturing fake credit cards (Hutchinson and O’Malley, 2007; Roth and Sever, 2007).

Hutchinson and O’Malley (2007) argue that the convergence of organized crime and terrorism is influenced by the effects of globalization, economic hardship, widespread availability of small arms, porous borders, and a lack of political incentive to combat organized crime, all symptoms of the Western Balkans. This essay, however, does not propose that a symbiotic relationship exists between terrorism and organized crime, but that in regions such as the Western Balkans, where conditions outlined by Hutchinson and O’Malley (2007) exist, the possibility of close connection between the two exists. For example, drug trafficking is considered to be the largest source of income for both organized crime and terrorist groups alike, with 14 of the 36 groups designated as foreign terrorist organizations by the US government heavily involved in drug trafficking (Dandurand and Chin, 2004). The pertinent issue exposed in the ‘relationship’ is the fact that terrorist organs utilized activities associated with

organized crime to fund their activities, while also relying on the help of organized criminal groups to carry out these activities. For example, the Taliban are profiting from the opium trade to Western Europe, however, they rely heavily on Western Balkans organized crime for the transit of the drugs to Western Europe.

This highlights the other vital component in the relationship, the use of criminal networks by terrorist organs for smuggling terrorists, or gaining important materials, such as buying weaponry. This aspect is often overlooked, with Shelley et al (2005: 54) finding that “the fight against terrorism is being undermined by a critical lack of awareness about terrorists’ links with organized crime,” with many experts and agencies overlooking the role organized criminal groups play in supplying terrorist organs with weaponry, communications equipment, transportation, and falsified travel documentation. One clear example of this activity is the movement of Al Qaeda operatives, with fake documentation obtained from criminal groups, under cover of the movement of peoples from Afghanistan and Pakistan to Europe (ibid).

In 2004, only 14 of the 193 national reports to the UN CTC referenced a direct link between organized crime and international terrorism (Dandurand and Chin, 2004). However, despite a lack of concrete direct links, it is clear that some form of co-operation is possible, similar to that witnessed between the KLA and the Albanian criminal network during the Kosovo war of 1998-1999, although such co-operation would be expected to be episodic and short-lived. (Dandurand and Chin, 2004) It is important to remember that terrorism and organized crime share similar characteristics, as mentioned above, and when the state is politically weak, as is the case in the Western Balkans,

there is the danger of exploitation of this vacuum by criminal and politically violent groups.

The next section will examine the situation in the Western Balkans, with particular focus placed on Albanian organized crime, to examine the extent to which organized criminal activity exists in the region and the effect it has on not just the region, but the wider European area in general.

Balkans Organised Crime

Organized crime in the Balkans was born from the ashes of the Cold War into a politically and economically weak environment, with the violent turmoil, which plagued the region throughout the majority of the 1990s and early 2000s, creating further opportunity for organized crime to flourish. The combination of an indistinct obligation for the rule of law, porous borders, displaced peoples from the Yugoslav, Kosovar and Macedonian conflicts, an abundance of former paramilitary forces unneeded and frustrated, a poor social and economic situation, and corrupt officials has created a Balkan region susceptible to organized crime, the rebirth of conflict, and a rise in radical Islamic terrorism. These issues threaten not just the security of the Western Balkans, but also the security of EU member states, and the possibility of EU accession for Balkan states. The following section will examine the extent to which organized crime exists in the Balkans, and how it has influenced its weak, and also within Western Europe, its influence on terrorist activity in the region, and the threat of both to wider European security.

The main form of organized criminal activity in the Balkans is trafficking, specifically in people and drugs. The popularity in

this form of activity is due to the geopolitical location of the Western Balkans, acting as a vital crossroads for the criminal networks of Europe, the Middle East, Africa and Asia, and even South America. For example, up to 75 percent of all European heroin passes through Serbia, Croatia, Slovenia and Macedonia along the 'Balkan route'. (Montanaro and Jankovski, 2005) Acting in this capacity has proved extremely lucrative for organized criminal organizations in the region, but also provides a large sum of money that circulates in the economy of Balkan states. The birth of organized crime in the region coincided with the birth of the modern Balkan region, developed alongside an economically poor and politically weak region, leading organized crime to be viewed as a feasible path for many Balkan natives. As such, organized crime has become interwoven with the political, economic, and social fabric of the Western Balkans, where Jana Arsovska (2007a) argues criminal networks have infiltrated many of the political systems, mainly owing to political links established during the Balkan conflicts. Arsovska (2007a) argues that a symbiotic relationship has developed between modern Balkan states and organized criminal groups which has "left a legacy of institutional ambivalence towards illicit activities... Temporary accommodation between authorities and organized crime during the creation of new states has led to permanent transformation of state interests into private ones and has fostered the development of non-transparent crime-permeated societies."

The Albanian organized criminal syndicate constitutes the foremost criminal network in the region, heavily involved in drug trafficking, with Scandinavian and German authorities reporting that up to 80 per cent of the Europe heroin trade is controlled by the Albanian network (Montanaro and Jankovski, 2005). As the

majority of the heroin is proscribed from Afghanistan proceeds are accumulated by the Taliban, and affiliated groups, helping to fuel the ensuing conflict in Afghanistan to which many EU member states are party. As mentioned above, the Balkan economy is flux with the financial input of organized crime, with this trend especially evident in Albania where over 40 per cent of the financial trade balance for the 1990s came from unknown sources, owing in large part to smuggling and trafficking, indicating the economic footprint of organized crime in the country (Arsovska 2007b). Also, the 25 plus Albanian gangs, operating mainly out of Vlore, built on the mass emigration of peoples from Kosovo in the late 1990s, with some 400,000 moving to Western Europe to turn Albania into a primary transit state. Albania acts as the main conduit for the smuggling of peoples from Greece to Italy, forging firm ties within the EU with groups such as the UHC in Italy. Despite a dip in the number of cases of smuggling and trafficking in recent years, expects put this down to improved invisibility of groups' actions, as opposed to a genuine decline in activity (Arsovska, 2007b).

The links between Albanian organized crime and the KLA during the Kosovo conflict offers the best example of the episodic links between organized crime and political violent organizations in the region, with the Albanian heroin trade, in particular, used to sponsor KLA activity, while the relationship with the KLA helped Albanian groups to forge relationships with organized criminal groups in Italy, Switzerland, Germany, and Sweden. Albanian network helped supply arms to the KLA, with Agim Gashi, an ethnic Albanian from Pristina, Kosovo, convicted by an Italian court of organizing the supply of weapons to the KLA from Europe. This case is important in highlighting the fact that in future conflicts in the region, or the Middle East, for example,

organized criminal networks could play a major role in supplying terrorist organizations with weapons and materials that may prolong conflict. The above example indicate that organized crime has a strong relationship to the economy and political life of the Western Balkans which is extremely difficult to break, as will be illustrated later, which, according to the Executive Director of the UN Office on Drugs and Crime (UNODC), Antonio Maria Costa, is more entrenched than ever and threatens wider European stability.

Transborder organized crime is clearly not solely a domestic issue, but regional and international, with Belgium and Switzerland, for example, having to deal with the issue of an influx of small gangs of between two and ten, mainly Albanian, since the end of the Kosovo conflict. The Swedish, Norwegian, German, and Austrian governments further report that Albanian gangs control the heroin market in their countries, while Albanian gangs are responsible for 75 per cent of prostitution in the United Kingdom, dramatically altering the face of the UK sex industry (Arsovska, 2007a).

Members of a Belgian Al-Qaeda cell, charged with a 2006 plot to bomb an airline, most likely used the Balkans route to move between Belgium and Afghanistan, where they partook in terrorist training, outlining the danger to Europe of the ease of movement of terrorists through the Balkans due to a combination of smuggling operations in place and poor border patrol (CNN.com, 2009). The region itself is a base for fundamentalist Islamic groups from Iran, Iraq and Saudi Arabia who came to support Moslem Bosnians during the Bosnia war. The KLA are argued to have been trained by the Iranian Revolutionary Guard, while Al Qaeda was linked to Kosovar

rebels, with Bin Laden welcoming the Balkans as an active area for Al Qaeda activity, while the Bosnian conflict is featured in many recruitment videos (Alexandrova-Arbatova, 2004; BBC News, 2002, 2009; Rodan, 1998). Woehrel (2005) reports that around 750 former Islamic fighters from the Middle East who participated in the Bosnian War remained in the Balkans and have influenced an environment in which money, guns, and documentation are passed through the region's criminal organizations for terrorist organs operating in Europe. This influx of terrorist activity in the region is heavily influenced by the Balkan's political susceptibility to ideological and ethnical forces, with 6 ex-Federation officials on trial in 2005 for helping establish terrorist training camps in Bosnia with Iranian support, while previously, in 2004, Bosnian officials were charged with getting 700 Islamic fighters citizenship between 1995 and 2000, many of whom are involved in organized crime today, as mentioned above (ibid).

A raid on a house by KFOR soldiers in 1999 used by the group 'Homeland Calling,' created by exiled former Prime Minister Bujar Bukoshi revealed arms, ammunitions, and over \$200,000 in cash, over half of which was linked to organized crime (Alexandrova-Arbatova, 2004). Lax border control and weak police forces have allowed such activities to continue unabated, with the increasing possibility that insurgent groups in Iraq and other terrorist organs in the Middle East will increasingly use the Balkans route to smuggle both themselves and weapons to and from the Middle East. The black market for small and light weapons (SALW) is still a huge problem in the region, with Pop (2003, 128 in A-A) arguing that the issue has "not been tackled appropriately... at either the national and/or the regional level." Domestic terrorist groups, such as the Army for the Liberation of

Chameria in Albania take advantage of the access to weapons in the Balkans, threatening insurgency in northern Greece, which would bring the crisis to the Euro-Atlantic arena. The Albanian National Army (ANA), operating out of Macedonia, rely on the illegal arms trade, involving criminal groups from Albania, Kosovo, and Macedonia, to pursue their political goals, with the Macedonian police confiscation over 400 weapons in 2007 alone, the majority of which were brought from Albania on horseback (Arsovska, 2008).

EU Accession: The Criminal Hurdle

The above mentioned issues have a huge effort on the lack of economic, political, and social stability of the region, with the persistence of organized crime also viewed as a major stumbling block to EU accession for Balkans states. Lane (2007) outlines several reasons why EU membership is important for the Balkan states, including the economic benefits, a more secure legal framework for markets and private property, greater protection from crime, terrorism and other illegal activities, and to break from the recognition with the old Soviet era and organized crime links which plague the region.

However, to avail of these advantages, the Balkan states must match the Copenhagen criteria established at the June 1993 European Council, with membership requiring that a candidature:

"has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and, protection of minorities, the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market

forces within the Union. Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union" (Council of Europe, 1993).

At present, Croatia and Macedonia are accession states, however, the organised criminal presence, and its overarching effects on Balkans economy, politics, and security is clearly holding both states back from achieving EU (and also NATO) membership as EU member states fear that the instability in the Balkans caused by organised crime will expand further into EU territory, despite the fact that EU membership would provide Balkan states with the proper assistance and mechanisms with which to combat organised crime. EU attitude was altered after September 11, 2001, with Lane (2007: 475) arguing that the attacks of September 11, 2001 are symbolic of a new global environment in which "self security- against illegal immigrants, trafficking, potential terrorists, [and] drugs-... occupies the centre of the political space," with the EU clearly not willing to risk allowing Croatia and Macedonia to join will such issue pertain in their societies.

The EU, however, must do more to prepare the Balkan states for EU accession because the region clearly lacks the ability to break away from organised crime. A security complex exists between the EU and its neighbours in the Balkans, with EU importing many of the problems of the region, as mentioned above. Thus, the EU must ensure that the Balkans is governed effectively, and has the ability to police effectively and deal with security threats of organised crime. The next section will examine how both Balkan states and the EU have attempted to quell the threat of organised crime, and the difficulties encountered in doing so.

Countering Balkans Organised Crime

There are several complex issues that hinder progress in ridding the region of organised crime, with the primary problem related to the embedded nature of organised crime within the region. Arsovska (2007a) finds that in the Balkans, and Albania, in particular, "organised crime is not a conspiracy against the fabric of society, but is part of that fabric... they do not speak about mafia but about trade, they do not speak about corruption but about gifts." Thus, Balkans organised crime is not simply a policing matter but a social issue that is linked to the moral and cultural resistance of Balkans society.

In June 2003, Barry Fletcher, then police spokesman for the UN mission in Kosovo, found that organised crime's cultural position in the region is the biggest obstacle to change. Criminal organisations often use nationalistic slogans to garner support when necessary, for example, when gang leaders are arrested they often drape themselves in the country's flag, leading to street demonstrations in many cases, illustrating the position of organised crime at the root of Balkans society (Arsovska, 2007a). They also maintain support because there is a lack of public trust in police institutions and the judicial systems which were seen as instrumental in ethnic cleansing during the Balkan wars (ICG Report, 2005).

Although there appears to be a lack of will to tackle the issue of organised crime, attempts have been made to combat the issue by political leaders. However, the violent nature of the gangs has worked to influence the Balkans governments to quell their investigations, with Albanian gangs known to be particularly violent. The most famous case is the assassination of Serbian

Prime Minister Zoran Djindjic in March 2003 by the Zemun clan of the Serbian mafia (Zimonjic, 2003).

Although the picture painted thus far appears quite bleak, progress has been made in countering organised crime in the Western Balkans, with Macedonian authorities offering a strong example of attempts to quell criminal activity in the region. Arsovska (2008a) illustrates that effective Macedonian policing has played a key role in thwarting organised crime, with the reported increase in crime rates since 2005 owing not to an actual increase in criminal activity in Macedonia, but to an increase in the number of criminal acts discovered by police operations. During 2006 and 2007 alone, Macedonian police dismantled several criminal rings, including the thwarting of 716 attempted illegal entries into Greece between January and March 2006, indicating a new desire from Macedonian authorities to crackdown on organised crime. Further indication was evinced in May 2007 when 19 members of a gang involved in an international smuggling network were arrested for people smuggling under Operation Danube¹¹⁸ (Arsovska, 2008a; 2008b). Attempts have also been made to root out organised crime from state institutions, with 8 people, including several high rank officials of the logistics section of the Macedonian army, were given a total of 13 years in August 2007 for weapons trafficking to Bulgaria and cigarette smuggling. A further 90 people received 150 years imprisonment for corruption between December 2006 and July 2007 (ibid).

¹¹⁸ Operation Danube was established in 2007 to stop the smuggling of people through Macedonia. This particular smuggling ring was active in Serbia, Slovenia, Croatia, Bosnia and Herzegovina and Austria.

NATO and EU withholding of membership status appears to have encouraged a new commitment from Macedonia to root out organised crime, with improved border patrol, action against corruption, and determined police operations, such as Operation Danube, decreasing the number of criminals on the streets. However, it is extremely important that in congruence with Balkan states' efforts the EU develops a better conceptualisation of what is needed to counter criminal activity on its part. The EU could be particularly helpful in improving an unhealthy economic environment in Balkans that has permitted illegal economic activity in the Balkans since the early 1990s. Glenney (2004) offers one such example, arguing that helping alleviate unemployment issues by arranging short-term contracts in the services, manufacturing, and agricultural sections would cut Balkans organised crime off from its most valuable resource, labour. For example, if women are offered better opportunities to gain employment in the region, or within EU member states legally, it is expected that a massive reduction in not only prostitution, but also trafficking of females.

Unfortunately, the EU remains fearful of accepting the burden of Balkans organised crime, afraid that freedom of movement and labour will only exacerbate issues of organised crime within its 'borders'. However, attempts have been made to alleviate organised crime in the Balkans and to nurture the region for EU membership.

Extension of EU Security

The European Security Strategy of 2003 outlines the transformation of weak and failing states into safe, democratically well-governed entities as one of its two main

goals. As such, the EU has developed many programmes in the Balkans region, establishing a range of civilian and military crisis management initiatives in support of the Stabilisation and Association Process (SAP), which provides assistance in institution-strengthening and capacity-building, and the CARDS programme, aimed at bridging the gap in relations between law-enforcement and judicial authorities (Montanaro-Jankovski, 2005). These programs are important because the threat can not be dealt with through policing, but must be tackled with a mixture of policy instruments, as organised crime is embedded much deeper in society than terrorism, including tackling corruption, offering employment schemes, and border control, among others. Justice and Home Affairs (JHA) has played a major role in the region, working intensively on issues related to organised crime and transit in the EU. The EU has attempted to enforce the *Guidelines for Integrated Border Management in the Western Balkans*, delegating £117 million between 2002 and 2004 to the initiative. (Mounier, 2007) However, that being said, the political uncertainty and porous nature of the borders in the regions, especially in Kosovo, north-west Macedonia, and the *'Medallion of the Balkans'* illustrates the need for EU policing measures in the regions to compliment the programs mentioned above.

The EU has played a significant policing and military role in the region, including the launch of Operation EUFOR ALTHEA in Bosnia and Herzegovina (BiH) in December 2004. Despite mixed results, such as in the case of Operation CONCORDIA in Macedonia in 2003, generally, the EU has made headway in training local police, increasing police capacity to tackle organised crime. The Declaration of the EU Chiefs of Police,

established in October 2004, has set specific steps for capacity building for the Balkans police forces.

For example, EUPM in Bosnia and has greatly helped in restructuring the police system, and alleviating political interference in their workings. The program has been especially influential in helping alleviate corruption of the police forces by organised crime, enforcing a 'certificate process' to reduce the 44,000 strong police force which contained ex-fighters with war crime records and people with criminal pasts. The ESDP and JHA policies have also been co-ordinated, with over £30 million devoted to reforming the judicial system and to bring policy standards up to those of the EU, including the establishment of State Border Service (SBS) and State Investigation and Protection Agency (SIPA) (Mounier, 2007; Berenskoetter, 2008). However, Mounier (2007: 53) correctly argues that the EU can not simply "behave as a normative power, prescribing its own rules to third countries." Although many of the initiatives in place have been successful, a lack of understanding of the social nature and power of organised crime has dampened the effectiveness of EU policies.

An ICG report of September 2005 finds flaw with the EUPM, stating that it is too broad with no oversight and a lack of policy coherence due to clashing of institutions that saturate the mission and due to a blurring of internal and external responsibilities. Montanaro-Jankovski (2005:23) finds that a common trend of all EU operations in the Western Balkans, finding "no continuous and clear overarching Union strategy... the CARDS programme is far too general."

The strategy of the EU has come also under criticism, mainly for its unawareness of the underlying cultural reasons for the persistence of organised crime in the region, and lack of resources and infrastructure to implement EU initiatives successfully. The EU instead appears to attempt to enforce internal policies on the Balkans, “placing significant additional burden on countries to conform to its internal security provisions in the full knowledge that many of them have possessed limited resources to address these issues” (Rees, 2008: 105). However, it is erroneous to approach the situation in the Balkans in a paternalistic manner, projecting EU norms on its neighbouring states.

Conclusion

The Western Balkans has been plagued by the issue of organised crime over the past twenty years, proving detrimental to the development of the region along with the rest of Europe. Currently, Macedonia is the only Western Balkans state to have received candidacy for European Union membership, however, until organized crime is further controlled, it is unlikely that Macedonia, nor any other state in the region, will gain EU accession. The grip of organised crime on the region has led to the region being used as a transit area of smuggling and trafficking of people and drugs, a culture of crime and violence, corrupt judicial and political arenas, and the development of economic issues. The fear persists that terrorism may grow in the region as criminal activity continues to flourish leading to possibility of casual links developing between terrorist and criminal organisations, as witnessed during the late 1990s in Kosovo and Macedonia.

However, the above mentioned issues also affect EU states, in particular trafficking of people and drugs into Western Europe. Thus, it is integral that the EU co-operate more effectively with the Western Balkans states in alleviating the problem further. The EU has had a significant policing and military input into the region, helping train police, and fighting corruption, in particular. However, EU initiatives in the region appear to ignore the cultural and socio-economic reasons for the persistence of organised crime in the region, such as lack of employment opportunities. Certain Western Balkan states have made significant efforts to crackdown on organised crime, with Macedonian policing improving appreciably since 2005, for example.

However, so long as organised crime remains embedded in the culture of the region, and socio-economic issues, such as unemployment remain unresolved, people in the region will continually turn to organised crime, spelling further problems for both the Western Balkans, and the EU.

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MONICA SONIA

Italy

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Regional Cooperation and Macedonia's role in SEE

Introduction

I have chosen to analyze the six states which are representative for the SEE, namely the Republic of Macedonia, the Republic of Albania, Bosnia and Herzegovina, Montenegro, Serbia and Croatia. In what follows I will briefly pursue the National Security Strategies of the six countries and then I will make a comparative study of these states, taking into account a series of common important concepts.

I. Presentation of the national security strategies of the Republic of Macedonia, the Republic of Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia (detailed in the annexes)

1. Republic of Macedonia: White Paper on Defense - Skopje 2005
2. • The Military Strategy of the Republic of Albania – 2005

• The National Security Strategy of the Republic of Albania – 2004
3. Defense White Paper of Bosnia and Herzegovina – 2005

4. Croatia Strategic Defense Review - 2005
5. Strategy of National Security of Montenegro 2006
6. • White Paper on Defense of the State Union of Serbia and Montenegro - 2005

• Defense Strategy of the State Union of Serbia and Montenegro – 2005

General conclusions

The NATO Summit in Riga, November 28-29, 2006, led to the decision to accept Bosnia and Herzegovina, Montenegro and Serbia in the PfP and further encouraging Albania, Croatia, and the Former Yugoslav Republic of Macedonia. NATO leaders considered that granting membership in this partnership program is vital for long term stability in the Western Balkans. They placed the emphasis not only on the military dimension, but also on developing these countries at all levels.

After confirming the access to PfP, the final goal of the states in the region remains the European Integration. In this way there would be a series of democratic states that would provide

standards of better living for their citizens, new jobs, or, in a word, "to become the kind of societies that provide opportunities for anyone to live with dignity in work they carry"¹¹⁹.

The acceptance in the PfP Program also represents the recognition of the level and the speed with which the reforms took place in these states. It is a symbol of reassurance of the regional security, based on the experience and the positive development of the Members of the Western Balkans.

At the NATO summit in Bucharest, Romania, on the 3rd of April 2008, Albania and Croatia were invited to join the Euro-Atlantic security structures. Meanwhile, Macedonia still had to wait, until it settles the name problem with Greece.

The NATO Summit in Strasbourg, France, April 3-4, 2009, led to the decision to accept both Albania and Croatia as full members of NATO. The President of Albania, Bamir Topi, said that Albania has now more responsibilities, but also more allies that will help achieving its objectives¹²⁰.

At the same time, the President of Croatia declared that joining NATO means fulfilling one of the two main strategic objectives of Croatian external policy, the other one consisting in joining the EU. He added that entering NATO confirms the fact that Croatia "has adopted and defends the highest democratic standards."¹²¹

¹¹⁹ cssas.unap.ro/en/pdf_periodicals/si22.pdf

¹²⁰ <http://www.setimes.com/cocoon/setimes/xhtml/ro/newsbriefs/setimes/newsbriefs/2009/04/02/nb-01>

¹²¹ Idem 2

II. Comparative study of the National Security Strategies of the Republic of Macedonia, Albania, Bosnia and Herzegovina, Croatia, the Republic of Serbia and Montenegro

In this chapter I will present a series of comparative tables that contain basic common elements of all the six National Security Strategy detailed above. Among these factors I have chosen: the evolution in time of the National Security Strategies, their structure and their content.

I will therefore begin with the evolution in time of the National Security Strategies. As noted in the table below, Albania and Croatia were the first states in the Western Balkans that have adopted a strategy of security. They were followed by Bosnia and Herzegovina and Macedonia, while Serbia and Montenegro adopted the security document only in 2006. Obviously this delay can be explained due to the separation of the Republic of Montenegro from Serbia, so it has lasted a while until the Serbian Republic and Montenegro adopted their own security strategy.

Besides this parallel between the six states in the region, I would also like to make a comparison of the progress over time at a regional level now: in this sense I can observe again a relatively large difference between the periods of adopting the National Security Strategies. Thus most neighboring states and those in Western Europe had already renewed these strategies up to 2000 (Hungary 1998, Slovakia 1996, Romania 1999). This is due to the instability in the Western Balkans and the ethnic and social conflicts that are still currently ongoing and that leads to continuous migration. But, as Tim Judah mentions, "it would be wrong, however, to think of all Balkan migration as resulting

from war and from what has now become known as ethnic cleansing. Through Balkan history people have also been on the move for economic reasons.”¹²²

¹²² Judah, Tim - *The Serbs : History, Myth and the Destruction of Yugoslavia*, p. 6

The evolution in time of the NSS:

MACEDONIA	ALBANIA	BOSNIA and HERZEGOVINA	CROATIA	MONTENEGRO	SERBIA
White Paper on Defense - 2005	The Military Strategy of the Republic of Albania - 2002	Defense White Paper of Bosnia and Herzegovina - 2003	Croatia Strategic Defense - 2003	Defense Strategy of the State Union of Serbia and Montenegro - 2005	Defense Strategy of the State Union of Serbia and Montenegro - 2005
National Security Strategy - 2003	National Security Strategy - 2004	National Security Strategy- 2005	National Security Strategy - 2002	Strategy of National Security of Montenegro 2006	National Security Strategy of Serbia - 2006
Defense strategy - 2005/07	Military strategy Review - 2005	Defense strategy	Strategic Defense Review - 2004/05	Defense strategy Review	Defense strategy Review 2006/10
Military strategy	Military strategy	Military strategy	Military strategy	Military strategy	Military strategy

Differences in the mechanisms of adoption:

MACEDONIA	Adopted by the Government
ALBANIA	Adopted by the Parliament
BOSNIA and HERZEGOVINA	Adopted by the Parliament
CROATIA	Adopted by the Parliament
MONTENEGRO	Adopted in the Constitution
SERBIA	Adopted by the Parliament

Regarding the NSS Structures, all six documents have a similar basic structure, specifically containing the following: introduction, security environment, risks and threats, defense strategy and tools for implementation, integration into the Euro-Atlantic security structures and conclusions.

The major difference consists firstly in the fact that Bosnia and Herzegovina's NSS has not developed any security interests and objectives of state security. On the other hand, it compensates by the fact that, unlike the document of Albania, in Bosnia and Herzegovina's NSS there is a list of security priorities and strategic principles and unlike Serbia's and Bosnia and Herzegovina's NSS, it contains the security priorities as well as the strategies to combat the threats. Another difference arises in Croatia's document that has almost no detailed chapters of the

following concepts: the security environment, the strategic principles, the priorities and the security strategies to combat the threats. Maybe this is due to the harsh past of conflicts in Croatia, that is still struggling to keep the balance and we can find an explanation in Kaplan's words: "Nowhere in Europe is the legacy of Nazis war crimes so unresolved as in Croatia."¹²³

In contrast, I must underline Montenegro's complex NSS, especially the chapter "Interests and security objectives" that presents in detail those fundamental issues on several basic axes: political, economic, defense, legal, technological and environmental. Regarding strictly the presentation structure, Macedonia's NSS is the most different one: although the chapters are well outlined, it is built so as to create a special continuity, by numbering each paragraph (from 1 to 92).

¹²³ Kaplan, Robert D. - *Balkan Ghosts: A Journey Through History*, p. 6

NSS Structures:

MACEDONIA	ALBANIA	BOSNIA and HERZEGOVINA	CROATIA	MONTENEGRO	SERBIA
Introduction	Introduction	Introduction	Introduction	Introduction	Introduction
Fundamental mission of the security strategy	Fundamental mission of the security strategy	---	Fundamental mission of the security strategy	Fundamental mission of the security strategy	Content
Security interests of the state	Security interests of the state	---	Security interests of the state	Security interests of the state	Security interests of the state
Security Objectives	Security Objectives	---	Security Objectives	Security Objectives	---
Security environment	Security environment	Security environment	---	Security environment	Security environment
Risks ans threats	Risks ans threats	Risks ans threats	Risks ans threats	Risks ans threats	Risks ans threats
---	---	Security priorities	---	---	---

MACEDONIA	ALBANIA	BOSNIA and HERZEGOVINA	CROATIA	MONTENEGRO	SERBIA
Defense strategy	---	Defense strategy	---	Defense strategy	Defense strategy
Strategies to combat threats	Strategies to combat threats	Strategies to combat threats	Strategies to combat threats	Strategies to combat threats	---
Tools for implementation	Tools for implementation	Tools for implementation	Tools for implementation	Tools for implementation	Tools for implementation
Integration into the Euro- Atlantic security structures	Integration into the Euro-Atlantic security structures	Integration into the Euro-Atlantic security structures	Integration into the Euro-Atlantic security structures	Integration into the Euro-Atlantic security structures	Integration into the Euro-Atlantic security structures
---	Conclusions	In the future	Conclusions	Conclusions	Conclusions

Last but not least I will compare the content of the National Security Strategy of the six states. According to the allegations above, the security environment and the risks and threats are common in all six strategies; and since they are the most important, I decided to study the security documents in relation to these key factors.

As we can see in the table below, there are a number of common factors in the content of the six strategies, namely the terrorism, specifically the extremism, the conflicts for independence and autonomy with certain ethnic groups (except Albania), organized crime, illegal traffic of arms, drugs and persons, economic instability and natural or man caused disasters. We can explain these similarities through the general context of the Western

Balkans region, which is still unstable at political, economic and social level. Therefore the strategies of the six countries have underlined the causes of those instabilities – threats - and have made efforts to meeting, minimizing and preventing them. Regarding this situation Kaplan affirms that “from the World War I to the ethnic warfare now sweeping Serbia, Bosnia and Croatia, the Balkans have been the crucible of the 20th century, the place where terrorism and genocide first become tools of policy”¹²⁴ and that “Macedonia was to become the original

¹²⁴ Kaplan, Robert D. - *Balkan Ghosts: A Journey Through History*, back cover

seedground not only of modern warfare and political conflict, but of modern terrorism and clerical fanaticism as well.”¹²⁵

¹²⁵ *idem*, p. 56

The content of the NSS (Risks and Threats):

	MACEDONIA	BOSNIA and HERZEGOVINA	ALBANIA	CROATIA	MONTENEGRO	SERBIA
GLOBAL	---	Differences between civilized countries and third countries	---	---	---	---
	Terrorism	Terrorism	---	Terrorism	Terrorism	Terrorism/extremism
	WMD proliferation	WMD proliferation	WMD proliferation	WMD proliferation	WMD proliferation	---
	Organized crime	Organized crime	---	Organized crime	Organized crime	Organized crime
	Clandestine migration	Clandestine migration	---	---	---	Clandestine migration
	---	The environment	Global warming and diminishing water reserves	The environment	The environment	---

	---	Incurable diseases	---	---	---	---
	---	---	Pollution	---	---	---
REGIONAL	Unstable region	Stagnation region	Unstable region that leads to ethnic and nationalist conflicts	---	Differences in economic, social and political face of Europe, due to the transition process	---
	Economic instability	Economic instability	---	---	Economic instability	---
	---	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and humans	---

	Conflicts for independence and autonomy with certain ethnic groups	Conflicts for independence and autonomy with certain ethnic groups	---	---	---	Armed conflicts for independence and autonomy with certain ethnic groups
	---	---	Using the military for purposes other than national protection	---	---	---
	Ethnic and religious extremism	Terrorism - extremism	Terrorism	Terrorism	Terrorism - violent extremism	Terrorism - extremism
		Political transition	---	Political transition		---
	Organized crime	---	Organized crime	Organized crime	Organized crime	Organized crime
NATIONAL	Transition issues such as weak legal system, corruption and tax evasion	Economic transition	Insufficient economic development	Economic transition	---	---

	WMD proliferation	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and humans	Illicit trafficking with weapons, drugs and human	Illicit trafficking with weapons, drugs and humans
	Hostile activities of foreign intelligence services	---	---	---	---	---
	---	Unemployment	---	Unemployment	---	---
	---	Excessive number of weapons and ammunition stored in inappropriate places	---	---	---	---
	---	Anti-person mines	---	---	---	---

	---	Natural disasters or caused by people	Natural disasters	Natural disasters or caused by people	Natural disasters or caused by people	Natural disasters
	---	Negative developments in the implementation of Daytona Peace Agreements	---	---	---	---
	Organized crime	Organized crime	Organized crime	Organized crime	Organized crime	Organized crime
	Transition issues	---	Political instability	---	All forms of corruption, abuse of power, weak institutions and lack of responsibility	---

	---	---	Illegal Emigration of Albanian citizens to other countries	---	---	---
	---	---	Demographi c Problems	---	---	---
	---	---	Misinformati on to the public	---	---	---
	---	---	Insufficient developmen t of education, culture and science	---	---	---
	Unfinished process of reconciliation	---	---	---	---	---

	Ethnic intolerance	---	---	---	---	Ethnic tensions
	---	---	---	---	---	Armed rebellions

III. Final considerations

To conclude, I must say that the National Security Strategies of the six countries are similar in many ways, from the date of adoption to the content itself. The most important of these common issues are presented in the chapters “The security environment” and “The security strategy”. In this sense, the common elements are the regional context, namely the ethnic instability and the multiculturalism, which implies the other inherent problems. Of these, the most threatening of all the six states, as we saw earlier, are the terrorism and the human trafficking.

Another set of common factors is found in the similar objectives of Macedonia, Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia. Their most important goal is the acquiring stability and consolidating the political and economic sectors. In order to do this, they need to make large efforts and to acquire closer inter-state cooperation, followed by the default resulting aim: joining NATO and EU. At the same time we could say that these may also be regarded as tools and methods to meet the basic objective mentioned above. Albania is a member

of NATO following the Summit in Bucharest, Romania; as a matter of consequence Albania is now secured in the classic, traditional way, and the national strictly territorial concept of defense no longer represents the foundation of the National Security Strategy. We can also find there an increase in intensity of the liberal dimension, namely in the security cooperation.

Equally common is the international perspective on the Western Balkan region and countries studied. Thus we underline the following joint actions under the aegis of NATO: two of the most important NATO peace missions were the Stabilization Forces in Bosnia and Herzegovina (SFOR) and Kosovo Forces (KFOR). SFOR began in December 1999 and “refers to maintaining a stable security environment in favor of the civic and political reconstruction”¹²⁶. SFOR Programs include: destruction of nuclear weapons, investigation and capturing war criminals, maintenance or repairing of infrastructure in order to ensure the free movement, eliminating anti-person mines, etc. KFOR Programs began after the NATO air raids aimed at ending the

¹²⁶ www.libraryindex.com/pages/1935/Military-Peacekeeping-National-Security-PEACEKEEPING-DEFENSE-STRATEGY.html

conflict between Serbian forces and Albanian Kosovo ethnics. In addition to similar activities of SFOR, KFOR focuses on protecting Serbs and other ethnic minorities, most of whom are now refugees who return to their homes.

On the other hand, there are some other divergent elements in the six security strategies. In addition to those on the structural level, I must emphasize various issues of ethnic conflicts:

1. Serbia – Bosnia and Herzegovina: minority Serbian population in the Republic Srpska have major differences with the Bosnian population, which led to a series of armed conflicts and unresolved violence.
2. Serbia – Albania: they dispute Kosovo, where 90% of Albanians live together with 10% Serbs.

This situation best reflects some fragments from Tim Judah's volume *The Serbs : History, Myth and the Destruction of Yugoslavia* "After years of war and isolation, the Serb will to resist, at least in Croatia and Bosnia, finally gave way. For all this time the Serbs had defied the world and carved out mini-states for themselves in these republics."¹²⁷

Then I must also bring out the unsolved issues between Macedonia and Greece. The most important one is related to the name dispute and it dates back since the Balkan crisis in 1991. As Macedonia shares the same name with Greece's northern province, the latter demands a change in name, in order to prevent possible territorial ambitions of Macedonians. This

conflict led to a major obstacle in Macedonia's road to NATO: NATO says "Macedonia can join once that argument has been resolved"¹²⁸. Moreover, the situation has a secondary issue, related to ethnic separatists: Greeks together with the Albanian minority claim that in fact Macedonians are slaves, emerging from the former Yugoslav Republic and that their official language is a dialect of the Bulgarian language.

According to diplomats from NATO, Macedonia, like Croatia and Albania, has met the accession criteria required technical and political candidates to be admitted in NATO. But it has to agree with Greece on the name. Greece rejected the name "Macedonia" ever since 1991. Then, Macedonia joined the UN under the provisory name FYROM. In 1999 the UN established the official name: Former Yugoslav Republic of Macedonia and nowadays Matthew Nimetz, an UN special emissary, has already proposed 12 different names, such as "The New Macedonia" or The Slavic Macedonia"¹²⁹.

A postponed invitation to NATO could encourage radicals in Macedonia and could stoke instability in the Balkans, warned the Albanian Premier, Sali Berisha, in an interview to Reuters, also demanding a last-minute compromise with Greece at the NATO summit in Romania, 2008. "My fear is that radicals belonging to all ethnic groups in Macedonia should be encouraged. Both sides

¹²⁷ Judah, Tim - *The Serbs : History, Myth and the Destruction of Yugoslavia*, p. 2

¹²⁸<http://www.guardian.co.uk/world/2008/apr/03/nato.ukraine?gusrc=rss&feed=networkfront>

¹²⁹<http://query.nytimes.com/gst/fullpage.html?res=9E0CE4DB173AF934A25757C0A964958260>

must reach a compromise. I hope we will reach a compromise"¹³⁰, said Berisha.

Experts in the Balkans also said then that there is a risk of Macedonia - the country with a strong Albanian minority, representing 25% of the population - to break, if the former Yugoslav republic does not receive the invitation for accession to NATO. NATO and EU efforts to reconcile have saved Macedonia from ethnic war in 2001, putting an end to months of Albanian insurgence, with the promise of more rights for the Albanian minority. Analysts fear that the compromise could be revoked if NATO refuses again the membership in 2009.

IV. Macedonia's role in SEE (outlined evolution in time)

I would like to start this chapter with Keith Brown's words: "What distinguish Macedonia is its procession of imposed or more voluntary population changes, and regimes with different unifying agendas which demanded that prior agendas be revised."¹³¹

1. The traditional, conventional dimension

- Centers on the state as the fundamental landmark of national security; essential objectives: the survival of the political-institutional regulations and of the territorial integrity of the state;

¹³⁰http://www.ziare.com/Albania_si_Croatia__primate_in_NATO_Macedonia_mai_asteapta-281033.html

¹³¹ Brown, Keith - *The Past in Question: Modern Macedonia and the Uncertainties of Nation*, p. 242

- Centers on predominate conventional and symmetric threats
- Predominant means of achieving national security:
 - a) internal balance (means / own forces)
 - b) external balance (the formation of alliances)

2. The super state, contemporary dimension

- Centers on shared values of community security from the Western Balkans: democracy, human rights, free trade, human dignity, the indivisibility of international security, pacifism, etc.
- Centers on unconventional asymmetric threats
- Predominant means of achieving security (based on the concept of cooperative security):
 - a) institutional international cooperation in a system of interposed, partially overlapping institutions
 - b) external balance (participation in military alliances / organizations of collective security)

3. The perception of an unstable international environment, conflict, marked by the return of the perceived rivalry and competition between the great powers; the regional and sub regional environment dominated by the need for survival (by their own means) in the "gray area"

- Influenced by the geopolitical and traditional geo-strategic neorealist perspective; emphasis on promoting Macedonia's geopolitical strengths (focus on the elements of national power,

the traditional territorial size and population, geographic location, etc.); perceived status of the Macedonian state as buffer region between the two spaces (Western and former Soviet)

- Perception of an unstable international environment and conflict, which has not yet overcome the phase of systemic transition

- International environment is still changing, requiring the construction and strengthening of the future security architecture of the region

4. Disappearance of borders; intern and foreign policy in the context of globalization; cooperative security is crucial in a system of international, partly overlapping and interposing institutions

5. The National Security: military, economic, political, diplomatic, environmental, social, cultural, moral and humanitarian, but still focuses on the traditional dimension of the security(it is urgent)

- Security dimensions: internal balance – based on the principle of "self defense"; European and Euro-Atlantic cooperation (willingness into joining NATO, the PfP, etc., in addition to searching to develop bilateral relations with the U.S. and Western Europe) and regional (a policy of stability and good relations with the neighbors) and sub regional (Macedonia's relationship with Greece)

6. Main objective: to maintain and strengthen the state, to defend and promote fundamental national interests, taking into account the need to adapt to the new European realities (reactive , defensive approach)

7. Fundamental objectives: to guarantee the fundamental rights and the freedoms of citizens, to defend the Macedonian national, sovereign, independent, unitary and indivisible state, promoting Macedonia's interests in the world; European and Euro-Atlantic integration

8. Feels the need to create a system of general European security through NATO and EU enlargement

9. Main threat: instability events that characterize the transition from the old to new order of European and international security, by internal transition;

- Conventional and unconventional threats (prevailing political, economic and social ones)

- Focuses on conventional regional threats, as well as the unconventional and non-military ones; New set of threats to the national security, mostly unconventional, asymmetrical; increased new resources for domestic security (civil society, NGOs, etc.).

10. Concentrates on Macedonia's internal vulnerabilities (at economic level) as the main security issue; external threats: possible negative developments in the field of democratization, human rights and economic development at regional level, WMD proliferation, international terrorism, transnational organized crime, clandestine migration , refugees, extremism, separatism, xenophobia, gaps between the levels of ensuring safety and stability of the nearby states, limiting Macedonia's access to certain resources and opportunities for regional important

national interests; in one word, making sure that Macedonia is no more a “power vacuum of sectarian violence”¹³²

11. Has a much more liberal scale regarding national security, but this occurs under the impact and effects of external factors and has yet a limited magnitude

12. Continuity with previous similar documents

13. Macedonia’s Role: regional stability factor; status quo policy;

- Macedonia’s role as supplier of security and stability at regional level; moderate revisionism policy (gaining a respectable and dignified position) by aligning;

- Pillar of stability in the area and defender of democracy and peace at the regional level, major supplier of security at regional and international level

- From 25 February 2009, Macedonia took over, from Bulgaria, the chairmanship of one of the SEDM projects, for continuing regional defense cooperation until February 2011. Among the new tasks there are the fight against WMD proliferation, integrated border management and fight against terrorism – CBSC.

Mirroring the beginning of this chapter, I will conclude by quoting one more time Keith Brown: “It has come to stand as a

unique piece of constructive and indigenous political activism in modern Macedonian history”¹³³.

¹³² Kaplan, Robert D. - *Balkan Ghosts: A Journey Through History*, p. 57

¹³³ Brown, Keith - *The Past in Question: Modern Macedonia and the Uncertainties of Nation*, p. 2

ANNEXES

1. Republic of Macedonia: White Paper on Defence - Skopje 2005

Objectives: the White Paper on Defense of the Republic of Macedonia (WPD) explains the Security and Defense Strategy of the Republic of Macedonia. It is a fundamental document that follows the National Security and Defense Concept of the Republic of Macedonia of May 2003 and the Policy Framework of the Strategic Defense Review of October 2003. The WPD presents the strategic context of the Republic of Macedonia, based on lessons learned from internal and external situations, such as Afghanistan and Iraq. The WPD's strategic objective is to promote continuously the commitment of the Republic of Macedonia to meet the two fundamental national goals, namely to become a full member of NATO and EU.

Security environment: currently there are very few conflicts between states in the SEE region. EU and NATO enlargement to SEE has significantly improved the security environment of the Republic of Macedonia. However, new threats and challenges to peace and international stability emerge in Europe. In the Balkans, a region with a long history of warfare, there are several reasons that could lead to armed confrontation, such as the unfinished process of reconciliation, ethnic and religious extremism, ethnic intolerance and weapons of mass destruction.

Risks and threats: activities related to international terrorism, organized crime and illegal emigration, issues of transition such

as weak legal system, corruption and tax evasion, hostile activities of the foreign intelligence services.

Strategies for implementing the WPD: in response to the changes in the international security environment, the Republic of Macedonia has decided to reform the defense strategy. This process will take place in the following stages: the first stage of the Strategic Defense Reform (SDR), which was adopted by the government in October 2003, and involves reconstructing the policy framework that provides the basis for future plans of defense. Stage two of the SDR was promulgated in March 2004 and it approved, by Parliamentary resolution on May 2004, a series of defense missions and functional analysis of the Ministry of Defense and Army, as well as the reformation of these institutions. Stage Three of the SDR, which is underway now and that includes the Dynamic Plan for Transforming the Army - 2005-2007- that will implement new structures and programs related to logistics, personnel (including a fair representation of ethnic communities), education and training, equipment and diplomacy.

Strategies: The main objectives of the Dynamic Plan for Transforming the Army are:

- Internal Security: the capacity to have forces available at anytime in order to protect the independence and the territorial integrity of the Republic of Macedonia in the eventuality of a crisis in an emergency situation or in case of war and also to provide military assistance;

- Supporting peace and humanitarian operations: the ability to have forces available at anytime in order to support the efforts for humanitarian crises and catastrophes;
- Regional conflicts and crises: the ability to have declared military units, prepared in case of conflicts and regional crises and to cooperate with the structures of NATO, EU and UN.

Integration of the Republic of Macedonia in the Euro-Atlantic structures of security: the Republic of Macedonia considers that NATO is one of the basic pillars of the architecture of the Euro-Atlantic security. In the past NATO has had a series of contributions to the security of Macedonia. Nowadays it is the turn of the Republic of Macedonia to prove that is a basic NATO ally, therefore it has contributed to missions in Afghanistan and Iraq, to KFOR, or has offered its support to refugees from Kosovo. Another example of its regional engagement is the Partnership Charter between the Republic of Macedonia, the Republic of Albania, Croatia and USA. This partnership was promoted by the Euro-Atlantic Partnership Council of NATO at the NATO summit in Prague in November 2002 and was signed on 2 May 2003 in Tirana. The three aspiring countries are determined to increase their security and cooperation under the Partnership Program and are designed to enhance their democracy and political, economic and military reforms, all necessary for full integration into the Euro-Atlantic institutions. In particular, the three states focus on strengthening the security at borders and also on the international and regional cooperation, which concluded in sending a special medical unit in Afghanistan in August 2005.

2. The Military Strategy of the Republic of Albania – 2005

Introduction: in order to meet the state interests the Republic of Albania requires constitutional protection, sovereignty and territorial integrity, strengthening democracy and improving the system of law, protecting the citizen's life and private property, developing a free market economy and ensuring prosperity and national security.

Security environment: the challenges that threaten the security, the peace and the stability of the Republic of Albania include: traffic of human, arms and drugs, criminal organizations, organized crime, terrorism and proliferation of weapons of mass destruction. They transcend the country's borders, becoming a regional and international phenomenon. The Republic of Albania took and still takes into account further measures to strengthen the internal security.

Risks and threats: when the Cold War ended, the geopolitical and geo strategic development has brought along new risks and dangers on the interests and security of the Republic of Albania. Nowadays they are characterized by quite other internal threats: internal organized crime, political instability, poor economic development, illegal emigration of Albanian citizens to other countries, natural disasters, demographic issues, public misinformation and insufficient development of the education, culture and sciences.

Strategies to combat threats: diplomacy is the most important tool in creating a suitable environment in order to prevent conflicts and resolve them through negotiations. The

development of this condition depends on fulfilling the objectives of internal stability and consolidating democracy in the Republic of Albania, thus becoming a republic in permanent progress and an important factor in the regional and global security.

Integration of the Republic of Albania in the Euro-Atlantic structures of security: the Republic of Albania sustained the PfP initiative since January 1994 and signed a legal document on 23 February 1994, therefore becoming a NATO member for this program. In September 1994 Albania has published the Introductory Document that determines the areas and the level of cooperation with NATO. These documents represent the basis of the Individual Partnership Program (IPP) that was running from 1995 to 2000. The IPP is designed to support the development programs derived from the Defense Strategy. It aims at strengthening the progress of the Restructuring Process actions to enhance operational Armed Forces. The main priorities of the 2002 MS focus on developing a National Military Strategy, together with an organizational structure with a high level of professionalism and a new Personnel Management System. The IPP for 2002 has the following 3 priorities for cooperation:

- assisting Albania in restructuring the Armed Forces under civilian democratic control in accordance with the implementation plan in the long term;
- providing support in NATO's areas of interest;
- a stronger emphasis on the PfP program in the long term.

3. Defense White Paper of Bosnia and Herzegovina – 2005

Introduction: in 2001 the President of the Republic of Bosnia and Herzegovina presented the agreement to accept the rights and the obligations of the Euro-Atlantic structures and also to participate actively in the collective security. This involves the integration into NATO and EU, the participation in the PfP program and the implementation of several defense reforms, including restructuring the Armed Forces. The Defense reform started in 2003 through establishing the Commission for Reforming the Defense and then culminating with the public report of the Commission. The aim was to establish a joint defense system, taking into account the security environment and the economic realities.

Security environment: there is no virtual risk of external aggressions that could threaten the sovereignty and the territorial integrity in the near future.

Risks and threats: large differences in economic and social development; international terrorism, with all its forms; constant environmental threats, due to industrial development and technology; intensified migration, as a result of armed conflicts, racial and ethnic intolerance, political pressure in oppressive regimes; organized crime, that constantly threatens the stability of several states; incurable disease, that extend and endanger whole populations.

Security priorities: protection of the constitutional order and of the fundamental rights and freedoms; the development of a stable economy, as a condition of independence, of improved living standards and of the access to the EU; the access and the integration into the collective security systems.

Strategies to combat threats: the intensive development of bilateral relations with neighboring states; the proposal that Sarajevo becomes center of the Stability Pact of Southeastern Europe; several initiatives for completely implementing the Regional Weapons Control Pact; several measures to strengthen the security at national and regional level; the implementation of the Sub-Regional Weapons Control Pact.

Integration of the Republic of Bosnia and Herzegovina into the structures of Euro-Atlantic security: the Republic of Bosnia and Herzegovina embraces and understands the concept of collective military security and recognizes it as a fundamental element of the military strategy in the long term. The condition to achieving this is to integrate into NATO, as it will guarantee national sovereignty and territorial integrity. The first step in this direction is the PfP, through which the Republic of Bosnia and Herzegovina will contribute to the stability and the security of the region, through joint action and complete cooperation. The Republic of Bosnia and Herzegovina is a very important for stability in SEE, primarily through its geo-strategic position, but also for its general characteristics. Therefore Bosnia and Herzegovina must make maximum efforts to improve the relations and the cooperation between the countries and between the peoples of the region. Through its structure, the Republic of Bosnia and Herzegovina is prepared to bring the peoples of the region together and therefore to improve its role

and importance in cooperation, from creating regional programs and finding appropriate solutions for conflicts.

4. Croatia Strategic Defense Review – 2005

Introduction: the mission of the Strategic Reform Defense (SDR) consists in securing Croatia and in its domestic obligations. These include Croatia's contribution to international peace and to collective security under the aegis of UN, as well as becoming a full member of the EU and NATO.

Objectives: the most important national objective is to create appropriate conditions for developing free economic, political and social Croatian society, in the spirit of cooperation and solidarity with other democratic states. Vital national interests are: sovereignty, independence and territorial integrity of the Republic of Croatia; national identity and values; protection and safety of citizens and private property; development of democracy and of democratic institution; the right of law; economic prosperity; environmental protection.

Risks and threats: Croatia is located in a region that has a rich past of armed conflicts and political difficulties, especially after the Cold War. Despite a gradual evolution towards stability and the presence of international forces in the area, the emergence and expansion of regional instability is possible. And it will be more difficult to differentiate a military force from a non-military one, especially because the international terrorism and the proliferation of weapons of mass destruction are increasing. Organized crime also had a destabilizing effect on Croatia, as well as drug, weapons and human trafficking. Like other neighboring countries, Croatia is exposed to risks

associated with natural or man-made disasters. And as regards the internal situation, there is a high risk in terms of confidence and reliability of new technologies implemented in all areas of activity, which obviously leads to a high level of unemployment.

Defense strategy:

1. Professionalism. It proposes gradual transition to recruiting new personnel staff with complete and professional training and introducing a reserve component, based on paid contract.
2. Doctrine. In a military organization it is very important to adopt a doctrine that would allow the use of coordinated force to ensure proper missions achievement and international and domestic tasks development.
3. Cooperation and Standards. The ability to work effectively with allies is a basic condition for the Republic of Croatia to take part in the collective defense system and in this regard there are a number of elements of the Croatian Defense - structures, procedures and technical tools – that should be harmonized with those of NATO and EU.

International obligations: Croatia is involved in peacekeeping operations through the UN Stand-by Understanding, has the observer role in some areas designated by the UN SHIRBRIG, is also included in the PfP since 2000 and has accepted 49 Partnership Goals. Therefore, Croatia wants to develop its resources and forces in order to make them compatible and effective for NATO. The Republic of Croatia is also expected to join the EU. This allows it to act in the ESDP and

to contribute with forces and resources to the efforts of crisis management in Europe. Although at the moment it is outside the EU defense network, Croatia will continuously improve its development. OSCE is an important forum for promoting transparency, trust and cooperation between the Member States. It also provides an appropriate environment for implementing regional measures and actions of security. In addition, the Republic of Croatia is involved in several regional initiatives in the Balkans and the Adriatic Sea area: CENCOOP, Adriatic-Ionian Initiative, Cooperation Initiative in the Quadrilateral, Initiative of SEE's Ministry of Defense, SEE Cooperation Process.

5. Strategy of National Security of Montenegro 2006

Introduction: the NSS confirms the commitment of Montenegro to perform all necessary actions in order to meet the conditions for integrating into the structures of Euro-Atlantic security.

Objective: joining NATO and EU as quickly as possible and the first step in this direction is joining the NATO PfP program. Then it needs to build a stable, functional and powerful security in order to prevent, manage and peacefully resolve any potential dispute or crisis, regardless of its type or extent and in accordance with international and democratic rules.

Security environment: it is characterized by the broad scope of threats and risks in the Western Balkans. This is due to rapid change, complexity and poor importance of the globalization process: conventional military threats: while their number decreased, they can not be entirely eliminated; international terrorism and violent extremism; all forms of organized crime - drug, weapons of chemical, biological, nuclear, human trafficking; proliferation of weapons of mass destruction;

all forms of corruption, abuse of power, weak institutions and lack of responsibility; differences in economic, social and political levels compared to the rest of Europe, due to the transition process; natural technical or man-made disasters; accidents and epidemics.

Security strategy: it has 3 axes:

1. Prevention and management of critical threats: the security policy instruments contribute to this by assisting in disaster, protecting the population, the infrastructure and the vital resources and by combating terrorism and organized crime;
2. Crisis management in order to promote peace: the Republic of Montenegro directly benefit of the strategic development of regional stability and thus has every reason to help promote peace;
3. Defense: the Republic of Montenegro is ready to defend its sovereignty, borders, territory, airspace, sea and the people against any threats through the following: maintaining a flexible and effective system of internal security defense forces, establishing high standards of equipment, training and cooperation with the security forces of other states.
6. White Paper on Defense of the State Union of Serbia and Montenegro – 2005

Introduction: it is necessary that the reform process is well organized and conducted respecting a certain dynamic, so that changes affect as few people possible. The Reform Strategy

for Defense includes the application of the standards of contemporary strategic defense, based on the strategic documents. Reforming the defense system and the Armed Forces of the Republic of Serbia represents an important social factor. Therefore the RSD implies political consensus over the most important issues and also engaging several authorized institutions, representative in Serbia and worldwide.

Security environment: The Republic of Serbia has suffered important changes in the political, economic and social development. There were several intensified processes of transition and alignment of the democratic standards and the cooperation with other states had a positive influence on the security position of Serbia. The process of restructuring the security and the defense sector represents the key to democratic transition and to accelerated integration in the Euro-Atlantic structures. A point in the security and defense of Serbia consists of human security, involving issues such as respect for human rights, minority rights, the ethnic and religious communities, political stability, democratic progress and environmental protection.

Risks and threats: the unfavorable economic situation and social integration had a negative impact on the stability of Serbia and at the same time brought up other problems of the transition process, such as terrorism, organized crime, corruption, ethnic and religious tensions, that seriously threatens security. Hindered the establishment of democracy in Kosovo or Metohjia, the lack of respect for fundamental human rights, the usurpation and the destruction of property and cultural heritage and the conclusion that Serbia is considered the most unstable country in the Balkans.

Strategies of defense: multilateral approach to issues of security and defense. The main objectives are: to ensure sufficient resources, necessary to defend and protect the security and vital interests; active contribution to peace and development of a favorable security environment; developing and improving relations with security institutions and with neighboring states; integration and involvement in NATO's PfP program.

Integration of the Republic of Serbia into the international security structures: Serbia believes that the UN is still the most important international institution that aims to improve the security and global peace. Therefore it particularly supports the revitalization the UN's role and the institutional reform of the internal structure. In relation with the UN, Serbia is based on respecting UN's Program and the Security Council resolutions. Also, Serbia is determined to cooperate with NATO, namely through the PfP program, which provides access to its full membership in the near future. This program will bring significant benefits to Serbia at political, economic and military level, at the security and stable development of the society and for international cooperation. OSCE has an important role in improving all dimensions of security in Europe and, as a member of the organization, Serbia contributes to the security of the region throughout the following: transparency in defense actions, the exchange of information on certain categories of armed forces, the implementation of measures to resolve conflicts peacefully, accepting standards in defining peace and the role of the armed forces, the civil authorities command and competence, transparency in relations with other states in the military and finally promoting human rights.

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OSCE in the XXI Century

Introduction

The Conference on Security and Cooperation in Europe (CSCE) was born in 1975 and converted into a permanent Organization (OSCE) in 1995. It is undoubtedly one of the major diplomatic achievements of the twentieth century that contributed decisively to bury the Cold War overthrowing the blocks and that facilitated the reunification of Europe. But what are its goals in the twenty-first century?

With its transformation into a permanent organization, the OSCE created an interesting series of institutions to safeguard human rights, press freedom and to ensure protection of ethnic minorities. However, its original mission was to introduce democratic practices in its member countries.

But the OSCE, the UN, NATO, the European Union and the Council of Europe need to adapt to changing times in which international society has rapidly grown, where the blocks are no longer there, the enemy becomes widespread poverty and advancing at an alarming rate.

Analysis

At the end of the 1960s, decades after the Second World War finished, the Soviet Union was eager to settle the border issue out of the war and mobilise neighbouring Finland to try to launch a major European diplomatic operation that would also include the U.S. and Canada.

At first, Western countries were unwilling to give in to Moscow, but finally admitted that the Helsinki process could lead to a better relationship between the blocks, the benefits repressed communist societies of Europe and, ultimately, this would lead to the reunification of Germany.

The Helsinki Final Act signed in 1975 by the 35 Heads of State or of Government was undoubtedly one of the triggers of the profound changes that originated in Europe in 1989. After a few months Europe saw the collapse of the Berlin Wall, the reunification of Germany, the disintegration of the USSR, the end of the Warsaw Pact and Comecon, and the possibility of the Euro-Atlantic integration of countries including Central Europe, Baltic and Southeast.

At the end of the twentieth century the CSCE was left with a well-earned prestige. Together with the UN, EU and NATO it was undoubtedly a major diplomatic achievement of a century that had been hit by two Balkan wars, two World wars and a global Cold War that spread poverty and despair in the middle of the continent.

No wonder that the intermittent conference sought to become a permanent organization, this started being prepared after the Paris Summit of 1990 and was materialized in 1995.

So a General Secretariat was established with a three years mandate and a Permanent Council was elected to bring together the delegates from 55 member countries of the Organization – 20 more than at the time of the CSCE.

Both institutions, the Secretariat and Council have their headquarters in Vienna. The organization also created a Parliamentary Assembly (Secretariat in Copenhagen), an Office for Democratic Institutions and Human Rights (ODIHR in Warsaw), a Representative on Freedom of Information (Vienna) and a High Commissioner on National Minorities (The Hague).

With all these institutions being extremely important to the OSCE, perhaps the greatest originality of the new Organization was creating a series of missions that like traditional Embassies, are spread by the member countries affected by specific problems. In 2005, the number of such missions was 20. In 2002 Estonian and Latvian Embassies were closed after the completion of their missions, which gave the go-ahead to the two Baltic countries for accession to the European Union.

Not all the representations have the same designation. There are missions, offices, centres, presences and controls. Each country that received the OSCE negotiated not only with it the designation but also the number of workers and the mandate to carry out.

As for regional distribution, delegations cover five regions: Western Balkans, the Caucasus, Eastern Europe, Central Asia and the Baltic countries. Despite closed missions in the latter region, they still remain valid in the other four regions with a presence in each of the countries to which we must add the Mission in Kosovo.

Overall, the staff of the OSCE is composed by more than 3,500 people, 70% of which are on the missions. The largest of these is in Kosovo, with 600 people. In general, the missions in the Balkans are the most robust. Initially when missions were created they were looking for diplomatic or military international members, but while they were growing, they have expanded the spectrum of candidates, which now includes lawyers, general graduates and members of NGO.

At the top of each Mission is a diplomat with the rank of Ambassador from one of the participating countries that have been selected by an international control of the Secretary General, by the host country and the Presidency, which rotates annually.

The U.S. currently has three mission headquarters (Bosnia, Ukraine and Moldova). Italy has two (Serbia and Azerbaijan). The following countries occupies the Chief of Mission in the other countries outlined, Spain in Croatia, Portugal

in FYROM, the Czech Republic in Albania, France in Tajikistan, Slovakia in Uzbekistan, the UK in Georgia, Russia in Armenia, Norway in Kazakhstan, Switzerland in Kirguiztán, Bosnia in Turkmenistan, Germany in Kosovo and Sweden in Belarus. Apart from these 17 regional missions, there are other three thematic, such as representatives for military pensions in Estonia and Latvia and the Representative of the Minsk Conference.

The Organization has an annual budget of 180 million Euros from the contributions of member countries. 70% of this amount goes to maintain the Missions. Those with a higher budget are spent in the Balkans, Kosovo alone has 42 million allocated per year, but cannot be excluded that in future the focus of the OSCE can be diverted to other more problematic regions.

Relatively to the role undertaken by the missions, there are no equal terms, because there are no countries facing the same problems. With the exception of Albania, all missions are in countries that were born out of the fragmentation of the Soviet Union and Yugoslavia. Some of these have recently fought very bloody wars. All of them have a clear democratic deficit that OSCE is trying to overcome by focusing on the following fields:

- The reform of political systems in particular electoral mechanisms and functioning of political parties, parliaments and governments.
- The implementation of a rule of law through judicial reform and, where applicable, the appropriate trial of war criminals.
- The protection of national minorities.
- The democratization of the police through the learning of Western practices in the selection, appointment and deployment

of their work.

- The democratization of the media and their professionals to avoid monopolistic practices and encouraging their free exercise.
- The encouragement of civil society and their active participation in public life (for instance NGO and integration of women)
- In some cases, perhaps most important is the return and integration of refugees who were displaced as the result of war, facilitating the recovery of their homes and their incorporation into work.
- Likewise, in some cases (Kosovo, FYROM and Georgia) the implementation of safety measures that prevents the exportation of internal crises, in Macedonia from Serbia and Kosovo, and in Georgia from the troubled region of neighbouring Chechnya.

But the institutions and missions created by the OSCE in 1995 are only an effort in the right direction to tackle the new challenges that the diplomatic twenty-first century brings. The world has changed utterly in the last 50 years and international organizations are trying to get in step with the new requirements: UN is seeking to better reflect the new balance of power of an institution that was born when Germany and Japan were enemies, NATO was created to deal with a block that no longer exist, and the EU was at the start a club of six neighbours, and soon may have more than thirty, the Council of Europe sees its functions overlap with those of many other organizations.

The OSCE also faces challenges in adapting to international needs. If the missions achieved their objectives and democratize the life of the 20 most problematic countries in Europe and Central Asia, it would have justified its existence at least during the coming decades. While pursuing these objectives

must not be overlooked that, by definition, the life of the mission should be limited in time and when their mandates have been met, they must leave the countries in which they have settled as it has been pointed out, this may occur in the decade of the 2010 and sometimes decades later in some cases.

Looking beyond, the OSCE seeks to rehabilitate new needs, and to accomplish that aim, ordered a report to a group of seven scientists, who drew up in June 2005 an interesting paper which should help move in the right direction. In doing so, it should not ignore that the old East-West fighting or the ideological battle between capitalism and communism are not inspiring further discussion. And unless the OSCE and other international organizations can focus on new international issues like poverty, terrorism, democratic failures, its function will not be the same, so reassessments are absolutely indispensable.

Final Remarks

After having contributed decisively to dismantling the remaining barriers in the past century Europe, the OSCE is looking for new tasks to embrace. Perhaps this is the time to pay more attention to the two great forgotten issues:

Security issues and economic matters. In the early years of the Helsinki process the domain of security was reserved for NATO and possibly to the WEU, while economic issues were the responsibility of the European Economic Community.

Perceptions haven't changed much in the past 30 years and in this regard NATO and the European Union remain convinced of its leadership in defence and economic matters,

respectively. Bearing this in mind, it should be remembered that the OSCE, with its 55 participating countries (much more than EU or NATO) remains the only European forum, which stretches from Canada to Russia and this may facilitate its performance in areas where other organizations have failed before.

In the field of security, the OSCE is an especially appropriate forum for dealing with all phases of conflict, from the political dialogue and prevention to rehabilitation and replacement of harmony. Not to mention its well-grounded basis for combating terrorism, organized crime, training of police and border control.

Concerning economic and environmental issues, the OSCE must turn to sub-regional cooperation, even in non EU regions as South East Europe or Eastern Europe or in regions that are difficult to integrate in the EU as Central Asia and Caucasus. By supporting these regions, it should mobilize international resources that are available to large financial organizations.

Regarding the third old basket that gave good results to the CSCE in the 70s and 80s, it is still very active because of institutions such as the ODIHR, Press Freedom and National Minorities. However, in their debates, delegations tend to dig up the old East-West debate too often with a force that does not correspond either to the new bilateral projects or harmony of international society. There are necessary changes in this attitude and humanitarian goals to be made.

This, coupled with the proper discharge of the mandate of the 20 missions with the OSCE, would involve the deployment

of an undoubtedly useful for the first quarter of the twenty-first century. It is clear that the success of a mission involves the closure of it.

This it is expected to happen in ten years in the Balkan countries, all hoping to become integrated into Euro-Atlantic institutions. But unfortunately not so in other countries, still beset by serious democratic deficit. In any case, when missions would fulfil their mandates one day, the Organization should seek a replacement that allows continuing at the forefront of diplomatic life in Europe.

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Current Sentiments about EU Enlargement and the Current Situation in Macedonia

I. Introduction

Many feel that the 2004 and 2007 enlargements of the EU paved a way for the Balkans to join the community, but at the same time it has sparked a debate about widening verses deepening in the EU. The countries comprising the Western Balkans are all seen as either candidate countries or potential candidate countries: Croatia and Macedonia are both official candidate countries, while Montenegro and Albania have both recently filed for this status. Serbia, Bosnia & Herzegovina, and Kosovo are still seen as potential candidates. Kosovo's eventual EU accession probably being the most problematic as not every EU member state has recognized its independence.

The Western Balkans has a history of instability and is plagued by war. The last major conflict was not even a decade ago. The EU has been criticized for not being more involved in the region, as it was the United States who had to step in to end the conflict. Many feel that the problems of the Western Balkans are something that the EU should handle, and US Vice President, Joe

Biden's recent trip to the area was cited by some as necessary because Europe is failing to take control in the region.¹³⁴

As with most areas known as being instable and besieged with conflict, the economies and infrastructure in the region are not well off, and nowhere near the level of those in Western Europe. Many of these countries have high levels of unemployment as well as a low GDP. The financial crisis has also taken its toll on the region, the effects were seen later here, and have been mainly a result of decreased demand for local products from the west, as well as a sharp decline in tourism in the region.

As a result of the financial crisis, the debate about widening verses deepening has been reawakened, and many in the West feel that the EU needs to deepen and reform its institutions before it can expand, due to both technical and economical reasons. Some feel the accession of Bulgaria and Romania

¹³⁴ Europe's Balkan Failure

<<http://balkaninsight.com/en/main/comment/19059/>> (Accessed on 19 May 2009)

happened too soon and as a result they are more skeptical with regard to including the Western Balkans in the community at this time. At the same time, many of the new-member states in the East feel that expansion must continue, and it is the only way to ensure peace and stability in the Balkan region. The EU enlargement commissioner, Olli Rehn, has also stated that the EU needs to move forward with enlargement despite the financial crisis. He feels excluding the Western Balkans for this reason would be punishing the region for something that they did not cause.

This research paper will have a look at the different views within the EU regarding accession of new member states in general, with a focus on the Western Balkans, as many feel that the western Balkans will be the last region to join the EU, and do not even consider membership for countries such as Ukraine and Belarus a possibility. This paper will also look into the effects the financial crisis has had on this region. A great deal of the effects are still being seen so we do not yet know the full effects of the financial crisis but this paper will have a look at the current trend. Moreover, this paper will also have a look at other barriers these countries are facing when it comes to EU accession. The main focus of this report will be Macedonia.

II. EU enlargement

This section will deal with different attitudes in the EU regarding enlargement. Some feel enlargement in the EU should continue despite the poor global economic conditions as a result of the financial crisis. But at the same time there is no denying that the financial crisis has caused some of the member states to prefer to put EU expansion on hold. The argument of widening verses

deepening is not new to the EU. Many feel the EU is not ready to take in more countries with weak economies and they feel the accession of Romania and Bulgaria happened too soon. The weak economies in the Western Balkans are however not the only thing threatening to keep them out for the time being.

There is a debate currently occurring about whether the EU even has the means to accept more members at this point, whether those members are countries with more stable Western economies and good infrastructure or countries of the Western Balkans. Many feel that due to the current regulations as set by the treaty of the EU, there is no space for any more member states, and the various institutions would lose their ability to function properly. The Lisbon treaty would solve this problem, but first it needs to be ratified by all of the current member states, and after the Irish 'no' this is not likely to happen for some time.

I will first highlight Olli Rehn's view of EU enlargement, and then move on to the views of the different member states. In many ways, even one country against enlargement is very significant, as the accession of a new member state can only occur with the approval of every current member.

A. Olli Rehn's View

EU Enlargement commissioner Olli Rehn feels enlargement should continue despite the financial crisis. He stresses that the Eastern European candidate countries are not at fault for the financial crisis, nor is EU expansion. He feels that halting

accession would be punishing the candidate and potential candidate countries for something they did not cause.¹³⁵

He said that “European economic problems were not created by workers in the Czech auto industry or Serbian clerks; they are a consequence of the systematic mistakes of financial capitalism created in Wall Street, and not on the streets of Prague and Belgrade.”¹³⁶

He also highlighted that the 2004 and 2007 enlargements have strengthened the economies in not only the ‘new’ member states, but also the ‘old’ member states. EU expansion has facilitated the region to increase trade and further industrial growth.¹³⁷

Rehn’s attitude is very positive about further EU enlargement, so that can be somewhat encouraging for the Balkans. Unfortunately, not all the member states seem to be in agreement at this time, and it only takes one to block new member accession.

B. Views of the Different Member States

Germany and France are just two of the current member states with an opposing view. Although they are not totally opposed to Balkan integration into the EU, they feel it should be placed on the back burner—at least for now. These countries feel the EU

¹³⁵ Rehn: Balkanların istikrarı önemli (ingilizce)
<<http://www.abhaber.com/ozelhaber.php?id=3174>> (Accessed on 25 April 2009)

¹³⁶ Rehn: Enlargement mustn't be scapegoat
<http://www.b92.net/eng/news/region-article.php?yyyy=2009&mm=06&dd=11&nav_id=59756> (Accessed on 11 June 2009)

¹³⁷ Ibid

needs to restructure its institutions before allowing more member states. They are willing to make an exception for Croatia, as Croatia is already very far along in the accession process.

When you take a look beyond the Balkans, it is also noteworthy that both Germany and France are opposed to Turkey’s membership in the EU. They have suggested a privileged partnership rather than full membership; an idea which is not popular in Turkey. In this case, the Balkans are in a better position than Turkey, as it is widely accepted that they will all join the EU at some point in time.

It is important to note that Germany and France are not citing the financial crisis as the reason behind their view, but rather the structure of the EU itself. They believe that if the EU continues to enlarge it will outgrow its current structure and no longer be effective. The way to overcome this problem is the ratification of the Lisbon Treaty.

Germany has even blocked the process of the European Commission checking for Montenegro’s readiness for EU membership. This process is normally just a formality, but Germany insisted that the EU needs to consolidate before it expands. Merkel has even stated that countries such as Montenegro, Macedonia, and Albania—, who has recently filled for candidate status, need to be patient¹³⁸.

¹³⁸ Merckels EU-Erweiterungskurs in der Kritik
<<http://www.dw-world.de/dw/article/0..4135057.00.html>> (Accessed on 27 April 2009)

Merkel's move has been criticized by other member states, notably the Czech Republic who feels this move was a mistake. Others feel that this was only a campaign strategy for the then upcoming EU elections, and it is better to wait until after the elections to see what the policy in Berlin will be.¹³⁹ Although the European elections have passed, national elections are scheduled later this year in Germany, so they are still campaigning. It will be September before we start to see if that is a strong policy or if it was merely a campaign strategy.

Due to the recent inflation problem in Iceland, many are speculating that Iceland will apply for EU membership, and that the country will have a relatively easy path to membership.¹⁴⁰ If they do apply it will be important to watch. If Iceland has no problems joining the EU then it will show Germany's reasons for wanting to put Balkan membership on hold go beyond the institutional structure of the EU creating no room for expansion.

In a recent interview, Austria's foreign minister Michael Spindelegger noted that there is significant Balkan fatigue in the EU, meaning that many member states believe that the EU should no longer be thinking about EU expansion to the Balkans. Austria however, is not one of the member states that share this opinion. Spindelegger states that Austria feels these countries

should be allowed EU membership once they fulfill the requirements. He stated that this rule also applies to Turkey.¹⁴¹

There are also member states who feel that the Balkans need to have the possibility to join the EU. Without the perspective of joining the EU the Balkans would once again become a very unstable region. Spindelegger shared this perspective in his interview as well. These countries feel that the only thing keeping peace in this region is their hope for EU accession. If the EU closed its doors, this time of relative peace and stability in the region could come to an end.

As noted above, even the member states that feel further enlargement should be put on hold are willing to make an exception for Croatia as Croatia is already very far along in the accession process. Croatia however has one major problem beyond Economic downturn and the technical limits of the EU institutions. Croatia's problem is the border dispute with Slovenia. These two countries cannot agree on a solution and Slovenia has been blocking Croatia's accession talks. Croatia is not alone when it comes to bilateral disputes; Greece is also threatening to block Macedonia due to the name dispute.

III. Can the financial crisis be ignored when it comes to EU accession?

It is hard to say whether or not the economic downturn seen in the Balkans can or even should have an effect on their eventual

¹³⁹ Ibid

¹⁴⁰ World Agenda: European door starts to close as Albania comes knocking
<http://www.timesonline.co.uk/tol/news/world/world_agenda/article6180257.ece> (Accessed on 27 April 2009)

¹⁴¹ „Es gibt eine gewisse Balkanmüdigkeit“

<<http://search.salzburg.com/articles/3798174>> (Accessed on 11 June 2009)

accession into the EU. The economic criteria for joining the EU as seen in the Copenhagen Criteria are vague at best, requiring a functioning market economy and ability to cope with competitive pressure and market forces within the Union.¹⁴²

In this sense the financial crisis can probably be ignored, at least to some extent, as it is still possible to meet these requirements even with a weak economy. The financial crisis could however have an indirect effect on accession; it is very possible that non-economic reforms required for EU membership will be slowed down, as dealing with the economic downturn caused by the financial crisis may be more important at present.

A. The Effects of the Financial Crisis in the Balkans

At the beginning of the financial crisis many felt that the Balkans would see little effects from the financial crisis, as their markets were not very closely tied with the world markets in crisis. However, the general economic crisis has moved to the region. Many of the problems for this region are due to the loss of tourism. Many of these economies depend on tourism, and due to the crisis few people are taking vacations and those who do are spending less money than they would have otherwise. Other countries have been hard hit when it comes to trade. Their products are no longer in demand in the Western States, and the decrease in exports has caused considerable economic strain.

¹⁴²Europa Glossary
<http://europa.eu/scadplus/glossary/accession_criteria_copenhagen_en.htm> (Accessed on 25 May 2009)

B. The Case of Macedonia

Like other countries in the Balkans the effects of the financial crisis came later and are still being seen in Macedonia. At first it was thought that there would not be many effects seen in the region as Macedonia is not particularly well integrated into the world financial system. As a matter of fact, early on in the crisis, economic growth for 2009 was predicted to be 3%.¹⁴³ However, now we are seeing that Macedonia did not escape the effects of the financial crisis.

Macedonia is an example of a country whose economy has suffered due to the decrease in exports. The financial crisis has caused its products to no longer be in demand. This in turn has caused the country's already very high unemployment rate to go up. Prior to the onset of the financial crisis the unemployment rates were at least showing improvement in Macedonia, but that has since changed.

¹⁴³ EBRD forecasts 3% economic growth for Macedonia
<<http://macedoniaonline.eu/content/view/5248/45/>> (Accessed on 15 May 2009)



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As shown in the graph above Unemployment rates have improved ever since 2005 with the exception of late 2007 into early 2008. It is too early to tell however, if the recent increase in unemployment correlating with the financial crisis will last or be short-lived. It is important to note that the financial crisis has not yet caused a reversal in the improvement made since 2005, and hopefully it will not. However, many believe that unemployment rates will still become worse in the coming months.

¹⁴⁴ EU Candidate and Pre-Accession Countries Economic Quarterly
http://ec.europa.eu/economy_finance/publications/publication1472_6_en.pdf
 (Accessed on 20 April 2009)

The unemployment is not the only economic area that has suffered due to the financial crisis. The chart below shows a sharp decrease in GDP growth:



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This is not a reverse of previous growth; it just shows that growth has been slowed down, as the growth is still in the positive range in this chart. However, the trend has continued so far this year as the GDP growth hit the negative range in the first quarter of the year dropping 0.9%.¹⁴⁶

¹⁴⁵ Ibid

¹⁴⁶ Macedonia Moves Towards Recession

Other economic data shows that the current account balance, inflation, and the general government balance have also decreased with the onset of the financial crisis.¹⁴⁷

The currency in Macedonia has remained stable for now, however this is due to efforts of the central bank of Macedonia. They have spent 50million Euro of their reserve in January alone to avoid devaluation of the currency.¹⁴⁸ If the Euro drops vis-à-vis the Dollar again this will hurt the Macedonian economy even further as it uses this foreign currency to make purchases abroad.¹⁴⁹

Even with the crisis, the Macedonian government is spending a lot of money on cultural projects. One being several bronze sculptures for Skopje's city center, a 10million Euro project. While at the same, time the central bank is forecasting a recession; as we have already seen the GDP dropped 0.9% in the first quarter of the year signaling the country is moving towards recession. The ordering of some of these sculptures has been temporarily postponed as the government has had to cut spending due to the financial crisis.

Those most affected by the financial crisis in Macedonia are industries which heavily rely on exports, namely the metal industry, as world demand for Macedonia products has declined.

<<http://balkaninsight.com/en/main/news/20441/>> (Accessed on 23 June 2009)

¹⁴⁷ EU Candidate and Pre-Accession Countries Economic Quarterly <http://ec.europa.eu/economy_finance/publications/publication1472_6_en.pdf> (Accessed on 20 April 2009)

¹⁴⁸Global Financial Crisis and its impact on Balkans <<http://coferweb.org/files/global.pdf>> (Accessed on 20 April 2009)

¹⁴⁹ Ibid

This decline in demand is also contributing to Macedonia's already high level of unemployment. Macedonia's official unemployment rate stands at 33%, but unofficially many believe it is at 35% of higher.¹⁵⁰

Not all the economic news to come out of the area has been bad though. A recent survey showed that consumers are still spending there money. Some have even stated they were better off than before. The biggest fear was losing ones job.¹⁵¹ However, this is understandable considering the unemployment rate which is only expected worsen.

Overall though, the economic situation in Macedonia is not looking good, it seems everyday there is a new report detailing the economic difficulties the country is currently facing. Before the financial crisis Macedonia's economy was not thriving by any means, however data shows that up until the financial crisis hit the economy has improved. Since then the economy has taken some steps backward, the full effect of the financial crisis is however, yet to be seen. Recent news suggests that Macedonia is on its way to recession.

C. Fulfillment of the Copenhagen Criteria

As stated before the economic criteria for accession into the EU is rather vague: "the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union".¹⁵² Taking these criteria into

¹⁵⁰ Ibid

¹⁵¹ Macedonia Consumers Not Hit by Crisis <<http://balkaninsight.com/en/main/news/18691/>> (Accessed on 7 May 2009)

¹⁵² Europa Glossary

account Macedonia is well on its way to meeting the EU standard. The financial crisis has not harmed the country in terms of economic criteria. However, it is important to note that the high levels of unemployment seen in Macedonia signal that the market economy is not functioning properly.¹⁵³ The high levels of unemployment in the country could very well cause other member states to worry about Macedonia Accession into the EU, as they may fear many Macedonian will try to find jobs in Western Europe since they cannot find jobs in their own country.

A recent progress report published by the European Commission suggests that the financial crisis has only had very limited effects on the economy and financial sector, but the increase in the account deficit leaves the country vulnerable to disruption in capital flows. The report also concludes that Macedonia is well advanced in terms of the economic criteria for joining the EU.¹⁵⁴

D. Other Barriers Standing in Macedonia's Way to EU Accession

Possibly Macedonia's biggest hurdle on the road to the EU is the name dispute with Greece. Greece has already blocked the country from NATO due to the dispute and threatens to do the same when it comes to EU membership. Due to Macedonia's small size and lack of influence they do not have a lot of bargaining power on this issue. Many in Macedonia feel that

<http://europa.eu/scadplus/glossary/accession_criteria_copenhagen_en.htm> (Accessed on 25 May 2009)

¹⁵³ Progress towards meeting the economic criteria for accession: The assessments of the 2008 Progress Reports

<http://ec.europa.eu/economy_finance/publications/publication1427_2_en.pdf> (Accessed on 18 June 2009)

¹⁵⁴ Ibid

compromising with Greece on this issue will undermine Macedonian identity. This is also not the only thing threatening Macedonian identity; Bulgaria refuses to recognize the Macedonian language as its own language but states that it is just a dialect of their language.

Macedonia's recent behavior has also not been very helpful in solving these problems either. The government says they are ready to compromise but their behavior seems to suggest otherwise. The erection of a massive Statue of Alexander the Great in Skopje's city center will only serve to irritate Greece. That however, is only one of the problems with this statue, the other being the cost. The government plans to spend a total of 10million Euros on this and other statues, which to say the least will not be helpful to its already crippled economy.

E. Visa Liberation

One area where Macedonia has made progress is in visa liberation. Currently Macedonians need a visa to visit countries in the EU, but this could change as early as January of next year, with some seeing that date being delayed until March, but nobody suspects it to be any longer than that. Macedonia is ranked first in terms of readiness for visa liberation in the Balkans, having fulfilled all of the criteria.¹⁵⁵

IV. Conclusion

The financial crisis itself has seemed to have only little effect on Macedonia's and other Balkan countries' eligibility for joining the

¹⁵⁵ Some Balkan countries may get EU visa-free travel within months
<<http://www.focus-fen.net/?id=n184583>> (Accessed on 17 June 2009)

EU. The biggest barriers standing in their way are bilateral disputes with EU member States.

Macedonia has made significant progress toward joining the EU, and the financial crisis seems to have only had indirect effects on Macedonia and the Balkans as a whole. The single biggest issue facing Macedonia at this time is the name dispute with Greece. It seems Macedonia has no chance of joining the EU without resolving this dispute. That however, is likely to be a very long process.

The government in Macedonia has not had the most compromise friendly policies lately. The enormous statue of Alexander the Great being constructed for Skopje's main square is evidence of this. This project goes beyond angering Greece, as it is also very costly, and the construction of the statue is also facing criticism due to its size. The statue is so enormous that it will dwarf everything else in the city center.

The government also stated that any compromise reached with Greece will be subject to the approval of a referendum. Even if the government reaches a compromise it is not likely to pass in a referendum. This also leads to ethnic tension between the Albanians and Macedonians, as the Albania population is more willing to give up the name if it means EU accession.

Macedonia seems to be making progress toward EU membership in all other areas, the success of the recent elections was a significant step in the right direction for the country. If Macedonia wants to join the EU the country needs to work hard to solve the name dispute as soon as possible.

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The Energy Community of Southeast Europe: Finding New Approach for Enhancing the Regional Cooperation (an alternative to EU Enlargement?)

Introduction

In recent years there has been lot of talk about the new ways of cooperation on the Balkans. Torn by the promises made to the countries of the Western Balkans (further in the text WB) that the door to their entrance in the EU is open and the fatigue caused by the enlargement in 2004 combined with the problems of the adoption of the new treaty, left the EU on a crossroad. What to do with this highly flammable region?

Fighting with its own problems the EU was trying to keep the region on the tracks of further development by finding some solution that does not include immediate membership. In this light the “Solomon” solution was something already done in the EU: creating regional community between the old enemies in some highly technical area that connects them. The EU duplicated the old Coal and Steel Community in the Balkans and in 2005 created the Energy Community of Southeast Europe (further in the text ECSE). This is the first legally binding treaty since the beginning of the 1990's between the countries that were at war in that period.

For creating this kind of community, the EU relied on the well known neo-functionalist method. Although this method has been criticized a lot and eventually thrown away by all influential thinkers (even by its pioneer Ernest B. Haas) still, many in the Commission are guided by it and believe that it can show results if it is implemented in other regions too.

However, not everyone agrees about the effectiveness of neo-functionalism and rightfully so. As every other theory this one too has its flaws and it is especially questionable if it can be applied at the Balkan circumstances.

In these lines this paper will evolve. First it will elaborate the Energy Community, what it represents, its structure and duties. Further more, it will raise the question of its efficiency together with the neo-functionalist method, how does it work, can it work at all in the known Balkan environment, etc. After discussing these issues the paper will focus on the future solutions and the possibility of implementation of a new theory for the regional cooperation in the Balkans called neo neo functionalism.

1. The creation of the Energy Community Treaty, its structure and its duties.

As it was mentioned in the introduction:

“The guiding ideas for the Commission officials involved in designing the institutional set-up were explicitly taken from the early experiences of European integration and referred to the neofunctionalist model of regional integration...The Commission officials took this leading idea for European integration as a blue print for regional integration in Southeast Europe, started the initiative for an integration process in a technical sector, and provided for the institutional capacity for possible spill-over into other policy fields. As one Commission official involved argued: “We try to get everybody to agree on a common position and a common way forward...”¹⁵⁶

The signing of the Energy Community Treaty took place in 2005 and it was signed between the SEE countries. This Treaty is based on the Thessaloniki Agreement and the Athens Memorandum of Understanding. This memorandum was signed in 2002 and was based on “the principles, which are set out in the Stabilisation and Association process, of cooperation between the European Union and the countries of the region, and of the necessity for co-operation between countries of the region”¹⁵⁷. With this, the creation of the national energy

authority body, national independent regulatory body, transmission system operators and distribution system operators in each country signatory of the Memorandum was set. It was all done with one purpose, to create an integrated regional energy market in which there will be fair competition and fair prices for the customers. The countries that signed this Memorandum also signed the ECSEE and they are:

- EU Member States: Austria, Greece, Hungary, Italy, Slovenia;
- Regional members: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, Turkey, Kosovo;
- Observers: Moldova.¹⁵⁸ (before creation of ECSEE, observers were also Austria, Hungary, Slovenia and Italy which later, when the Energy Community was created, joined the other regional members. Now only Moldova left as an observer country-author’s remark)

The obligations coming from the Treaty are “...to unbundle generation, transmission, and distribution, while establishing independent sector regulators and transmission system operators (TSO’s)”¹⁵⁹ which was supposed to be finished by 2005. How this process will be developing, will be supervised by the organs created and those are:

¹⁵⁶ Renner Stefan *“The Energy Community of Southeast Europe: A neo-functional project of regional integration”* European Integration Online Papers, 25.02.2009, page 7 of 21.

¹⁵⁷ Memorandum of Understanding on the Regional Electricity Market in South East Europe and its Integration into the European Union Internal Electricity Market (“The Athens Memorandum - 2002”), page 2.

¹⁵⁸ BRIEFING NOTES, Energy Community of South Eastern Europe, page 1.

¹⁵⁹ Kathuria Sanjay, Western Balkan Integration and the EU, an Agenda for Trade and Growth, The World Bank, page 101.

1. Ministerial Council (all the Energy Ministers of the above mentioned countries). The Council meets “...once a year to decide the next stages of the process, in each case so far consisting of a political agreement amongst the members (the two MoUs).”¹⁶⁰

2. Permanent High Level Group (which consists of senior ministry officials). These officials meet 3-4 times a year to “...prepare the Ministerial Council and to ensure the follow – up of its decisions. The meeting will be co-chaired by the Commission and the Presidency in Office.”¹⁶¹

3. Energy Community Regulatory Board (ECRB).

4. Fora.

5. Secretariat.

The instant benefits that can come out of this project, can be and already are: “...increased reliability in electricity supply; lower operating costs; reduced needs for additional capacity investments, especially in generation; improved opportunities for intra- and interregional trade, including peak load by hydro producers in the region; and lower prices for the end-customers.”¹⁶²

¹⁶⁰ BRIEFING NOTES, Energy Community of South Eastern Europe, page 1.

¹⁶¹ The Athens Memorandum - 2002, page 10.

¹⁶² Harry G. Broadman, James Anderson, Constantijn A. Claessens, Randi Ryterman, Stefka Slavova, Maria Vagliasindi, and Gallina A Vincelette, Building Market Institutions in South Eastern Europe, Comparative Prospects for Investment and and Private Sector Development, The International Bank for Reconstruction and Development/the World Bank, page 210.

Going along these lines, how the pace of development is going and what has the neo-functionalist method got to do with it, will be discussed in the next part.

2. The role of the neo-functionalism in the creation and the development of ECSE.

First an extensive definition of what neo-functionalism represents. It is:

“A theory of regional integration that places major emphasis on the role of non-state actors – especially, the “secretariat” of the regional organization involved and those interest associations and social movements that form at the level of the region – in providing the dynamic for further integration. Member states remain important actors in the process. They set the terms of the initial agreement, but they do not exclusively determine the direction and extent of subsequent change. Rather, regional bureaucrats in league with a shifting set of self-organized interests and passions seek to exploit the inevitable “spill-overs” and “unintended consequences” that occur when states agree to assign some degree of supra-national responsibility for accomplishing a limited task and then discover that satisfying that function has external effects upon other of their interdependent activities. According to this theory, regional integration is an intrinsically sporadic and conflictual process, but one in which, under conditions of democracy and pluralistic representation, national governments will find themselves increasingly entangled in regional pressures and end up resolving their conflicts by conceding a wider scope and devolving more authority to the regional organizations they have created. Eventually, their citizens will begin shifting more and more of their expectations to the region and satisfying them will

*increase the likelihood that economic-social integration will “spill-over” into political integration.”*¹⁶³

The European Union is known for its customs to exports not only goods and services but also policies. This is called *External Governance* or *Europeanization*¹⁶⁴. As a highly successful polity and a leading democratic force in the world it is easy to impose its directives in its relations with other non-EU countries that seek for cooperation. What fits the EU can certainly fit the others too and the Balkan is not an exception to this rule. That is why on the path to the EU every potential candidate and every candidate country has to adopt the *Acquis Communautaire* as a most important precondition for becoming a member.

¹⁶³ Schmitter C. Phillipe “*Neo Neo Functionalism*” Wiener, Antje and Thomas Diez, eds. *European Integration Theory*, Oxford: Oxford University Press, July 2002, pages 2 and 3.

¹⁶⁴ Europeanisation in political science has been referred to very generally as 'becoming more European like'. More specifically than this, it has been defined in a number of ways. One of the earliest conceptualisations of the term is by Ladrech (1994, 69) who defines Europeanisation as 'an incremental process of re-orienting the direction and shape of politics to the extent that EC political and economic dynamics become part of the organizational logic of national politics and policy making.' This emphasizes what is known as the 'top-down approach' to Europeanisation with change originating from the impact of the Union onto the national policy. The state is viewed as reactive towards changes in the union. From a 'bottom-up' approach Europeanisation occurs when states begin to affect the policy of the European Union in a given area. Another analysis implies that the institutional interaction of policy actors at the various levels of European governance leads to the re-definition of national, regional and other identities within a European context, where the multiple levels of governance in Europe are not seen as *necessarily* in opposition to one another.

However, the case with the Balkans has been rather complicated. Here the entangled relations between the two parties will not be explained as the author firmly believes the audience is quite well acquainted with them. Nonetheless it has to be mentioned that after the promise that the region will not be left out of the enlargement process (Thessaloniki 2003) and after the created fatigue from the previous (2004 and 2007) enlargement, the EU “*first...continues* with the pre-accession strategy in a similar mode to that...of...Central and Eastern Europe. Here, however, the Union faces a fundamental commitment deficit without a clear timeframe for a future EU-membership...*Secondly...*the EU not only offered EU-membership, but insisted on a regional rapprochement of the countries of the former Yugoslavia.”¹⁶⁵

Here is where the theory of neo-functionalism comes to stage. Its pioneer is Ernest B. Haas (1958) which upgraded the functionalism of Mitrany (1943). This theory has been the leading one behind the creation of the European Union. It all started with the creation of the European Coal and Steel Community in 1951, where, as known, the old enemies united in a highly technical area (no politics involved as it was too soon after the Second World War but still with a clear political agenda) with one supranational body overlooking the coal and steel industry. With time the competences spilled over to the other areas as the social and political ones and the end result (which by no means will be the final one) is the EU as we have today.

With what was mentioned before it is clear that the EU is going for the rule “one size fits all” and is trying to inflict this theory to

¹⁶⁵ Renner Stefan, 2009, page 5 of 21.

the WB with the creation of the Energy Community. What they are hoping to achieve is somewhat what happened with the EU itself. First it will start with the unison of the old enemies in the strictly technical area of the energy production, distribution and policy and hopefully with time “through an increased level of interaction, social interests and loyalties that hitherto have been directed to the national authorities will shift to supranational authority.”¹⁶⁶ Also they assume the process of “spill-over” from an initial institutional setting in the energy sector into other policy areas will naturally follow.

This theory for strengthening the regional integration, before even the EU accession, is good and could help the region in its development path no matter what individual countries proclaim as their aspiration. However, the problem is not as simple as it seems. Rather, it is far more complex as certain important conditions of the establishment of the ECSE can not match the ones when the EU was in the creation.

The issues that arise from the implementation of this theory in the Balkans and why it might not be applicable are few but relevant. First, the countries did not create this community by themselves as it was the case with the ECSC (the idea originated in France). It was the Commission’s idea for reasons already mentioned. “Moreover the counties of Southeast Europe did not create their own rules for the regulation of their own energy sectors...but committed themselves to adopt the relevant EU legislation.”¹⁶⁷ Second issue is the power that the Energy

Community has as such (including the not yet determined obligations of the Secretariat which is imagined to be replica of the EC). By now the ECSE “...is largely concerned with monitoring and supporting the participating parties in implementing the relevant *acquis communautaire* on energy, environment and competition. Although one Commission official metaphorically argued that the institutions of the Energy Community constitute merely a train and the direction has to be given by the parties (Interview EU3, 12 April 2005, Brussels), so far the room for manoeuvre beyond implementing the relevant EU directives is limited.”¹⁶⁸ Thirdly, the issue of not having an established court may well decide the future development of this community. It is widely known the importance that the European court of Justice had on the development of the EU. It “...has been a major influencing factor in making the constitution of the EU more supranational by laying down rules such as the *principle of direct effect* - which means for every citizen without having to call in national states first - of EU law and the *primacy of Community law* over national law. It has also had a large bearing on other areas of EU policy.”¹⁶⁹

Last but not least is the prevailing nationalism and unresolved issues in the Balkans. The future status of Kosovo and the deteriorating situation in Bosnia, the development of Serbia, the issues that Macedonia has are just a few of the major problems left to be dealt with in the time to come. When the world

¹⁶⁶ Hofer D. Stephan “*Neo-functionalism reloaded. The Energy Community of Southeast Europe*”, University of Vienna, February 2nd 2007, page 4.

¹⁶⁷ Ibid., pages 12 and 13.

¹⁶⁸ Renner Stefan, 2009, page 14 of 21.

¹⁶⁹ Structure of the EU 2: Institutions of the Supranational Level II, http://www.dadalos-europe.org/int/grundkurs4/eu-struktur_2.htm

economic crisis and the enlargement fatigue are added to this then the prospect of the ECSE does not look good as it once did.

Since the neo-functionalism does not in actual fact have satisfactory answers to the issues mentioned above it is time to contemplate other theories that might have a better explanation of where this regional integration is heading towards. One such theory will be discussed in the next chapter.

3. Neo neo functionalism and its application in the ECSE case.

Neo neo functionalism was presented by Philippe C. Schmitter as a correction to the neo-functionalism. This theory does not claim that all regional organizations created will grow into something bigger per se (unlike neo functionalism). Its answer to whether “spill-over” into new tasks or level of authority will occur is: it depends! Not that it has to happen or that it will automatically happen. It depends on many conditions that may or may not take place and no one can predict weather they will.

What Schmitter is explaining is that every organization has to pass through two types of cycles:

1. Initiating and
2. Priming.

“During the initiation cycle(s), the probability that a given national actor will push a spillover policy is relatively low...if only because initial insecurity and mistrust of partners is likely to make all negotiators more cautious. Outside of Western Europe, the scores are likely to be so low and so asynchronic that they never manage to generate much change in regional processes and,

therefore, sufficient “steam” for a simultaneous leap forward in the level and scope of common institutions. As regional processes begin to have a greater effect, national actors may become more receptive to changing the authority and competences of regional institutions.”¹⁷⁰

In other words, in the beginning the mistrust is far greater and the parties have far more to lose than to gain from the regional integration. This is the case because every country is reluctant to give up some of its sovereignty and authority and to transfer it to an organization which can undermine its position at home and with its neighbors. Having in mind where the ECSE is created the weight of the issue is far greater than its creators have thought about it.

Following this, there are three possible ways of development of the ECSE:

1. Greater integration;
2. Collapse;
3. Continued dealing with technicalities which has to end up in one of the previously mentioned stadia.

In which way the organization will develop, as it was mentioned before, is not likely predictable. It can exist just for satisfying the technical needs of the countries’ signatories or if one of the actors is ‘weakly affected by...the development of regional identity...but highly sensitive to perceptions of inequity on comparative rate of return...”¹⁷¹ the *spill back strategies* will kick

¹⁷⁰ Schmitter C. Phillipe, 2002, pages 31 and 32.

¹⁷¹ Ibid., page 32.

in and the organization will collapse. If on the other hand the priming cycles have kicked in (the situation when the countries involved realize that they have much more to lose from leaving the said organization than staying and dealing with the problems together and when there is less change in the relative size and power of national actors (vis-à-vis each other)), “the most likely strategy to prevail...is the ‘spill over’. Herein lays the core dynamic of neo (and neo-neo-) functionalism – namely, that the regional processes...will dispose national actors to resolve their inevitable dissatisfactions by increasing both the level and the scope of common institutions.”¹⁷²

However, the efforts to prove that these processes most definitely will occur in the case of the ECSE can satisfy the current climate in the region and the EU but it is most certainly a dangerous ground to walk on. “Only regional integration experiments that make it through the priming cycles are likely to transform themselves into something qualitatively different. They will have exhausted the potentialities inherent in functionally integrating their economies and dedicate more and more of their efforts to functionally integrating their polities.”¹⁷³ Since the Energy Community, created in 2005, has not come to the stage of the priming cycles (even though the countries are well acquainted with themselves and are quite similar in cultural, economical and political sense), it is highly questionable if it ever will. The levels of distrust are still high (having in mind the conflicts of the 1990’s) and even now the will to join the EU is far bigger than the will to cooperate regionally.

¹⁷² Ibid., pages 32 and 33.

¹⁷³ Ibid., page 33.

Nevertheless, there are some steps that the countries involved can take in order to enhance the regional cooperation and with that deepen the integration itself. These steps will be discussed in the next chapter.

4. Measures that will move the process towards greater integration.

The first and most important step without which there can be no chance of deepening the regional integration is the realization that regional cooperation is as crucial as the EU accession itself and that the two are complementary and not mutually exclusive.

After the initial agreement to cooperate and work on the regional integration there are few measures that could enhance the efficiency of the ECSE and with that encourage the involved parties to integrate more. Those steps are:

- adequate legal regulation;
- strengthening of the independent regulatory bodies (number of people being trained, financial support) on all levels;
- investments (more green-field, more diverse investors);
- continuant development of the awareness of the benefits of this kind of cooperation;
- improving the education;

- quality informing (help from the media);
- motivation (incentives, legal obligations, improving the economy together with the process of implementing the rule payment according to consumption etc.).

As well as:

- implementation of the system called *Energy Management* (municipalities, industries, civil sector);
- *Multi-Sector Coordinative Support* (energy sector, infrastructure, environmental protection, science, economics, finances).¹⁷⁴

The last measures could be the turning point in the ECSE's development as they include the cooperation of all concerned parties. Also this is where the spill-over could come into effect. With the positive development in the energy sector (suitable regulation, independent regional regulators, open energy markets, investments in renewable energies, etc.) the other sectors like the industry, the municipalities and the civil society will feel the positive influences as energy impacts them all. In that case this organization can become the stepping stone in the development of the regional integration and will have the possibility to grow into something with supranational

characteristics. In addition to this only time will tell whether this will be the case with the ECSE.

Conclusion

The Energy Community of Southeast Europe has a great potential to reunite the former enemies just like the Coal and Steel Community did for Western Europe. That was the point of its creation at the end of the day. It was made in the 'halls' of the Commission as some sort of a plan B for the delayed accession but with a clear agenda – to keep the Western Balkans on the path of the reform and not allow the dark days of the 1990's to come back.

Its institutions are replica of the EU institutions and the main topic is the energy. It is highly technical area which unites the countries in one market, market for which cooperation is crucial and where benefits are rather mutual than individual. The ECSE functioning and good governance will soon have positive effects, which will 'spill-over' into other areas directly or indirectly connected. Soon enough this regional cooperation and integration will transfer to the sensitive and political areas.

This was the plan of the EU, to use the theory (neo functionalism) that explained its creation, and transfer it to the Balkans. However there are some important obstacles that negate this theory validity in the said case. The facts that there is no court which can push the integration forward with its precedents, like the EU's case, or that the nationalism and ethnic dividedness are still prevailing in the region work against the confirmation of neo-functionalism in this specific case.

¹⁷⁴ Kovacic Bojan "EE I OIE – IZAZOVI I SANSE" Agencija za Energetsku Efikasnost, Treća godišnja konferencija o energetici "Energetska budućnost Balkana" Beograd, hotel Hyatt Regency, 15.04.2009, pages 6 and 7.

For that reason this paper argued that more appropriate theory for explanation of the ECSE would be the neo neo – functionalism which unlike its older version does not state that the regional community would definitely grow into something bigger and would have positive spill over effects on other areas. The main point here is that it all depends! It has to pass first the initiating cycles to come to the priming cycles where countries are well interconnected and then there is a possibility to discuss deeper regional integration. Since the EU is the only highly complex man-made polity out there, the question of whether this community will develop in the same way remains open.

This paper at the end can only suggest some measures that could enhance the cooperation between the WB countries within this community that could lead to deeper integration and possibly some sort of regional union. Those measures range from adequate regulation in this sector, through establishing independent regional regulators to creating energy management and multi-sector coordinative support. Only joint effort from all the parties involved and strong support from the EU itself could push the process of regional integration forward. Will the ECSE be the pioneer in the Balkan case, it remains to be seen.

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FILIP TASESKI

Macedonia

Summer 2009

Failing to be Accountable, Failing to Meet the Benchmark: Macedonia's Judicial Reforms

INTRODUCTION

Facing the consequences of the prolonged transition process and accompanied by the turbulent events in the past two decades in the Balkans, Macedonia still wobbles toward efficient and independent judiciary. The need of fully functional judicial system is crucial for the country to continue its development. The reforms in the judicial system should consolidate the rule of law in the country and entrench the democracy. Tomas Carothers, a political scholar and vice president for studies at the Carnegie Endowment for International Peace, defines the rule of law "as a system in which the laws are public knowledge, are clear in meaning, and apply equally to everyone."¹⁷⁵ In his view, "they enshrine and uphold the political and civil liberties that have gained status as universal human rights over the last half century. The central institutions of the legal system, including courts, prosecutors, and police, are reasonably fair, competent, and efficient. Judges are impartial and independent, not subject to political influence and manipulation. Perhaps most important,

the government is embedded in a comprehensive legal framework, its officials accept that the law will be applied to their own conduct, and the government seeks to be law-abiding."¹⁷⁶

Establishing rule of law for Macedonia is not just part of the process of successful transition, but as a candidate for full membership in the European Union is a crucial requirement for the country to fulfill the political criteria. However the path toward rule of law leads through successful reforms of the judiciary. Therefore, the reforms of the judicial system in Macedonia are, by no accident, a crucial requirement for the start of the accession negotiations with the European Union (EU). In a group with seven other benchmarks a year ago the EU delivered a list of musts for the judicial system. However, Macedonia badly failed on the assessment from the European Commission. Although the progress report in 2008 stated that the country has progressed in adopting new legislation and changes in the judicial system, yet it concluded that the judicial branch is not

¹⁷⁵ Thomas Carothers. Chapter 1: The Rule of Law Revival. *Promoting the Rule of Law Abroad: In Search of Knowledge*. Pg 1 <http://www.carnegieendowment.org/files/CarothersChapter11.pdf>

¹⁷⁶ Carothers 1

independent and efficient.¹⁷⁷ Even worse the report pointed to direct involvement of the executive branch of power in the work of the judicial branch. Three months before the 2009 progress report of the EU, the purpose of this analysis is to assess whether Macedonia managed to meet the benchmark requirements in the period from 2008 up to mid 2009, to pinpoint the problematic aspects in the judicial system and to give ground-breaking recommendations.

ASPECTS OF JUDICIAL REFORM – THEORETICAL BACKGROUND

Before going into the discussion about the stage of the judicial reforms in Macedonia, the theoretical background should give better prospective to understand the overall reform process. Thomas Carothers, stated that the rule of law promises to move countries beyond the first, relatively easy phase of political and economic liberalization to a deeper level of reform.¹⁷⁸ According to him in the core, the rule of law is building an accountable judicial system that will ensure the application of laws and provide an institution where citizens would channel their problems. The lack of efficient judicial system hinders the development of the country. Foreign investors avoid the country, the protection of property is blurring, and citizens lose their faith in the system and thus are reluctant to take active role in the democratic debate. As a consequence, and opposed to Carothers claims the country is unable to conduct deeper reforms.

¹⁷⁷ Комисија на Европските заедници. *Извештај за напредокот на Република Македонија 2008*. 05 Нов. 2008. <http://www.sep.gov.mk/Default.aspx?ContentID=36&ControlID=IzvestaiEU.ascx>

¹⁷⁸ Carothers 1

According to Blair and Hansen, the core of judicial reform consists of measures to strengthen the judicial branch of government and such related entities as the public prosecutor and public defender offices, bar associations and law schools.¹⁷⁹ In this respect these reforms should guarantee the independence of the judicial branch, accelerate the processing of cases and allow wider access to dispute resolution mechanisms. However, Anderson and Gray state that the principle issue is not ensuring greater judicial independence (although de jure might exist, but de facto may not), but to ensure judicial accountability, given the newfound independence.¹⁸⁰

To achieve such successful conversion from a system that was heavily under the control of government during communist period, deep and sincere reforms are a necessity. Carothers states that there are three types of reforms of the judicial system; each with a different set of challenges. As reforms move deeper and deeper to root the rule of law, they become more difficult and painful for the country. At some point the success of the reforms depends on the existence of a wide consensus in the society, especially among the government and those who practice the law. Such classification of the reforms could give an easy framework to cluster the reforms in a transitioning country

¹⁷⁹ Blair, Harry, and Gary Hansen. 1994. *Weighing in on the Scales of Justice: Strategic Approaches for Donor-Supported Rule of Law Programs*. Program and Operations Assessment Report 7. U.S. Agency for International Development, Washington, D.C.

¹⁸⁰ James H. Anderson and Cheryl W. Gray. *Transforming Judicial Systems in Europe and Central Asia*. 2007 The International Bank for Reconstruction and Development / The World Bank

such as Macedonia and create clear map where the country stands on its way to successful completion of the reform process.

The first type of reforms concentrates on the revision of the laws that weed out antiquated provisions.¹⁸¹ The purpose of these reforms is to overthrow legal procedures that might pose obstacle in the system, create a solid legal foundation that will guarantee the independence of courts and protection of citizens' rights. The first type of reforms are the easiest part of the reform process mainly because transition governments are excellent in declarative actions, but weak in implementation of the undertaken commitments. However, the other two types of reforms are much more challenging.

The second type of reforms is building institutional capacity.¹⁸² In this phase of the reform process the focus is on the law related institutions, like courts, penitentiary system, public prosecutors, defenders and etc. The goal is to create independent, but yet accountable institutions that will be efficient, competent and impartial. This set of reforms includes many mechanisms like new salary system for judges, new technology, ethic codes, trainings, setting out standards for lawyers, judges etc. The most important component of this type of reforms is also successful establishment of a functional human resources management that will be able to attract most suitable candidates, offer to them rewarding positions and yet successfully escape the trap of human capital policy based on political and kinship relations. Without such human resources management it is nearly

impossible to imagine successful system that will hold accountable those who work for the system.

While the first two types are more technical and include restructuring of the system itself, the third type of reforms refers more on the behavioral change of the actors within the government. These reforms, and probably the most important – ones, are the key to genuine independence of the judicial system.¹⁸³ The third type of reforms aims to create environment where the government (all three branches) will increase its compliance with the law. Government officials should stay away from interfering in the work of the judiciary. This reform is the most challenging, but also crucial for the success of all other reforms. All three types of reforms should induce the driving impulses of a judiciary that complies with highest democratic standards.

Considering the above reform framework of the judicial system, having in mind/starting from the standpoint that the reforms of the judicial system proved difficult in transitioning countries, the rest of this paper assess and comments the progress in the judicial reforms in Macedonia. The paper is focused on the period of 2008 and 2009 and attempts to assess whether the country managed to fulfill the benchmark on the judicial reforms - given as a condition for start of the negotiations with the EU in the spring 2008.

¹⁸¹ Carothers 7

¹⁸² Carothers 7

¹⁸³ Carothers 7

MACEDONIA – GENERAL OVERVIEW OF REFORM

On August 1st, Mr. Manevski the minister of justice in the Macedonian government stated that the new statistics for the performance of the courts indicate on a substantial progress in the reforms of the judiciary in Macedonia.¹⁸⁴ These reforms reshape the image of slow court procedures in Macedonia. According to his statement, in the period of 2006-2009 the civil procedures declined for 32%, criminal proceedings for 21.7% and the criminal processes for 26%. According to the head of the Ministry of Justice in the three year period the government has adopted 100 new laws that strengthened the independence of the judicial system and made the judicial institutions compatibility with the European legislation.

Contrary to the statement of the Minister of Justice, the Head of the Mission of the EU Commission in Skopje, Mr. Ervan Fuere the reforms in the judiciary are lagging behind. In a statement for Radio Free Europe, the ambassador stated that the reforms in this branch have not reached the desired level.¹⁸⁵

The discrepancy in the conclusions of the Minister of Justice and the EU ambassador in Macedonia raise many questions regarding the success of the reform process. The claims of the Minister that the number of cases declined are true because most of reforms restructured the judiciary into more efficient manner. The government has passed new legislation that harmonized the

laws with those of the European Union. In addition investments in technology, infrastructure, trainings, new compensation plans has been adopted and conducted. The net result of these reforms has indicated decline in the time needed for a court to process a case. New alternative ways of dispute resolution like mediation has emerged.

However, despite all these reforms still the judiciary cannot escape the shadow of political influence, corruption and kinship ties. Recent polls show that the average citizen in Macedonia has no trust in the judicial system and consider it as corrupted.¹⁸⁶ In reality the adoption of new legislation might have accelerated the procedures in courtrooms and produced the current results, but still one aspect of justice has not been tackled by the reforms: quality of justice. The lack of real implementation of the laws is the real inhibitor of the independence and impartiality of the system. Even further some of the reforms, according to a research story published in Dnevnik, became new source of political influence and corruption.¹⁸⁷

Observing the state of the Macedonian judiciary one could recognize two problematic dimensions that are serious obstacle to the impartial and independent judicial system. The line between these two dimensions is blurry and in some point/certain points the one dimension reinforces the other.

¹⁸⁴ Маневски – напредок на поле на ажурноста на македонското судство. Сител 01/08/2009

<http://www.time.mk/story/7624685355.html>

¹⁸⁵ Zoran Gadjovski. (He)Исполнети Реформи. Radio Free Europe. 26/06/2009

<http://www.makdenes.org/content/article/1764952.html>

¹⁸⁶ Сашо Клековски, Александар Кржаловски, Сунчица Саздовска, Гонце Јаковлеска. Довербата во граѓанското општество 2008. Македонски центар за меѓународна соработка. Декември 2008

¹⁸⁷ Natali N. Sotirovska. Судството слепо за бенчмаркот. Dnevnik 2009.

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The *first dimension* goes in line with the separation of powers. The separation of powers is crucial concept in a democratic society. This concept assumes that each branch will work independently from the other and each will observe the work of the other in a system of check and balances. The Macedonian judiciary preserved the main characteristic from the former communist system and continued to exist in an environment where the executive branch often directly or indirectly influence and pressure the courts. Although the existing laws guarantee the independence of the courts from the interference of other branches of government, in practice the political elites abuse their positions to use the judiciary as extended apparatus to support their governing of the country. Many examples in the further text will reveal this negative perspective of the Macedonian courts.

The *second dimension* goes beyond the political influences and pressures and looks back within the judicial system that is capable to produce its own internal pressures and corruption that violates the impartiality of the court decisions. Macedonia is a traditional society and as such people rely on their personal and family relations. Even with clear, practical separation of powers in environment where the other branches of government do not interfere in the work of courts, the danger of corruption and lack of impartiality will still exist. Kinship ties are serious problem that causes nepotism and cronyism. There are many spoken and unspoken examples where prosecutors, lawyers together with judges have entered into secret contracts and bargaining for the settlement of court cases, charging their clients huge amounts. In such cases justice is clearly not blind; her look is entrenched in the money for bribes. This whole problem packed under the name of corruption was delivered as

one of the main negative critiques on the address of the government by the EU ambassador Mr. Fuere. He criticized the efforts of the government to fight corruption as being “not on the satisfactory level”.¹⁸⁸

Following the classification of the three types of reforms of Carothers that were explained in the previous part, and in order to present clearer picture of the two above mentioned dimensions of problems in the judiciary, the rest of the text will classify the most important reforms and events in Macedonia in the past year, with a final aim to give an assessment of the reforms in the Macedonian judicial system.

First Type of Reforms – Europeanization of the Legislation

The first type of reforms includes revision of laws. The Ministry of Justice has prepared a Strategy for reforms in the judicial system. This strategy envisions not only changes in the legislation but also reforms that will strengthen the capacity of the judicial system. In the draft of the action plan of the strategy the Ministry planned 26 laws or changes in the already existing ones. Some of these laws are crucial and are requirement stated by the EU commission, like the Law on Civil Servants. This process of legislation change in Macedonia can be viewed as process of harmonization of the legislation with that of the EU.

In this respect the Parliament has already passed the changes in the law regulation of the executors of court decisions and the

¹⁸⁸ Zoran Gadjovski. (He)Исполнети Реформи. Radio Free Europe. 26/06/2009
<http://www.makdenes.org/content/article/1764952.html>

changes in the law on mediation. The expectations behind these changes in the law are that they will lead toward the desired efficiency of the judicial system. In the past years the government already passed suitable legislation that allowed new mechanisms of dispute resolution: mediation and private execution. The Ministry also decided to lower the court taxes. Such decision is expected to grant wider access of citizens to courts; however it is a measure that might also lead to increasing the number of cases in courts.

On August 5th 2009 the Government published a statement for its activities in the past year. According to this, 15 new laws that refer to the judicial system have been passed or are in a procedure to be passed. A new law on Court Service, Law for Lobbying, Law for Management of Confiscated Property, Law for the Public Defender, Law on Conflict of Jurisdictions, Law on the Financing of Political Parties and etc.¹⁸⁹ The expectations of the Law for Management of Confiscated Property are that the police will be able to freeze property that was acquired through criminal activities. The new law should strengthen the fight against organized crime.

In respect to harmonization of the existing laws with the European legislation the country is showing significant progress. As it is expected in a country where transition is lasting almost two decades, the first type of reforms in the judicial system go smoothly and are almost finished.

¹⁸⁹ Government of the Republic of Macedonia. Отчет од работењето на Владата на РМ во период од една година – дел од поважните проекти. Dnevnik 05/08/2009

According to the country report published by Freedom House the independence and efficiency of the judiciary is a challenge in Macedonia, as the opposition and the government cannot reach consensus on the implementation of the reforms.¹⁹⁰ Implementation of the newly adopted laws is not a problem only in the reforms of the judicial system, but a general problem in every aspect of the functioning of the public and state administration. In this respect the lack of institutional capacity of the Ministry of Justice effectively to implement the adopted legislation is evident. The reasons of lack of institutional capacity might be due to the lack of willingness, suitable organizational knowledge of simply because it is against the interest of certain groups or individuals. Several events discussed below indicated that still the political influence affects the efficiency of the courts.

Second Type of reforms: Strengthening Macedonia's Institutions

As presented earlier in this report, the second type of reforms is building institutional capacity. In this phase of the reform process the focus is on the law related institutions, like courts, penitentiary system, public prosecutors, defenders and etc. In the months following the 2008 progress report Macedonia continued with the reforms in the judicial system. Nine new institutions have been set to ensure more efficient judicial process. A new Court of Appeals has started to function in Gostivar; new specialized Public Prosecutor was created to deal with corruption and organized crime and a new Administrative Court has been established as well. In the following period the

¹⁹⁰ Freedom House – Country Report 2008. <http://www.freedomhouse.org/template.cfm?page=47&nit=460&year=2008>

Academy for Judges and Prosecutors has continued to work and ten graduates from the academy have been appointed for public prosecutors. The delegation of the European Commission (EC) in Skopje is satisfied of the work of the Academy as stated Mr Patrick Paquet, the Head of Political Section within EC Delegation in Skopje.¹⁹¹ The modernization process of the courts continued and reconstruction of the courts' buildings and equipping the courts has been finished in Prilep, Tetovo, Veles, Strumica and Ohrid. This project was conducted with the help of World Bank.

For restructuring the processes a new law on public prosecutors has been passed in end of 2007. The changes in this law strengthened the role of the public prosecutor in the criminal investigation process. Now the public prosecutors are responsible for the conduct of evidences and they have extended overview of the work of the police, as opposed to the old system when investigation judge conducted evidences.¹⁹² The new law led toward the creation of a primary public prosecutor office with the duties to investigate criminal activities and corruption and a higher public prosecutor office in Gostivar. A new Council of Prosecutors has been established to guarantee the independent work of the prosecution.

Recently a new State Judicial Council was established with the purpose to appoint and discharge judges and oversee the work of the judicial system in Macedonia. The idea behind was to create a body that will hold accountable judges to perform their duties in good faith. However, this proved inefficient in practice. In November 2008 the analysis showed that there are 10,500

cases stuck in the system and some of these cases are decades old. The Minister of Justice a month ago stated that all judges that have old cases will face penalties.¹⁹³ The Chief Justice of the Judicial Council opposed to the intentions of the minister and stated that only the Council can penalize judges. The net result was that no judge faced penalty and that the Council concluded that the judges perform their duties in a good faith. As earlier discussed by Anderson and Grey, such developments indicate that the Macedonian judiciary besides the issues with its independence, still lacks of practical application of a system that will hold accountable judges, prosecutors and etc.

Mr. Paquet states that all these reforms are recent and recently entered into force, like the full-functional Judicial Council and the new Law on Prosecutors. According to him the results produced by these reforms would come in the next couple of years. In his view, sometimes on the beginning of the reforms it is usual people due to inexperience with the changes to make mistakes. Mr. Paquet referred that it is not that important to punish judges, but to promote the right judges, to provide objective facts for the individual work of judges. In the end the majority of judges with the right protection and incentives are willing and are encouraged to work in a good faith manner.

Macedonia overall has progressed in the second type reforms in terms of institutional capacity. Some of the established institutions function well. Biggest deficiency is still in the human capital. Although significant number of training programs for judges were conducted and the Academy is functional, still the

¹⁹¹ Interview with Mr. Patrick Paquet. *Please see Notes*

¹⁹² Ministry of Justice of the Republic of Macedonia. Information on the Conducted Activities of the Ministry of Justice (sep. 2006-apr. 2008)

¹⁹³ Mile A. Risteski. Судиите поминаа без негативни оценки. A1 News 18/06/2009.

<http://www.a1.com.mk/vesti/default.aspx?VestiID=110200>

lack of Law of Public Servants creates a shaded area in the hiring and rewarding system obstructing the human resources capital. In matter of fact this law is one of the requirments of EU, which the EU Comission is expecting to be adopted in Macedonia soon. Expectations are that the Parliament will pass the new law in mid September. However, putting into practice such law that aims to cease the employment of public servants based on their political affiliation will be a challange beyond the law.

However, according to a World Bank study, training judges, improving management systems, supplying computers and other resources to the judiciary has little impact in countries where a consensus for judicial reform is lacking.¹⁹⁴ Before such institutional strengthening of the judicial system there is a need of wide support of the reforms by all political structures, the civil sector and citizens. In order the institutional strengthening to produce the required results certain pre-conditions should be met, like independence of the courts and mechanisms that will evaluate the work of judges and other involved in the process, anti-corruption measures etc. In the view of Mr. Paquet the heads of institutions need to push the change.

Macedonian Executive Branch: Court's Matters are PM's Matters?

As mentioned in the theoretical background presented earlier, the last and most important type of reforms refer neither to structural changes nor creating new laws, but to the moral and ethical behavior of those who hold office. This set of reforms

(type three reforms) simply requires from government officials to abide the laws, to be held accountable for their actions and refrain from direct influence of government on the judicial branch. This stage of reforms requires all institutions to implement the laws. The only way to guarantee the independence and impartiality of the judiciary is actually to obey all regulations that have been passed with the purpose to guarantee the independence. No law on State Judicial Council or law on Election of Judges or any other piece of legislation can entrench the independence of the judicial system if those who proposed the laws are those who circumvent the laws. Independence and impartiality is the part that Macedonia fails to secure in its own courts. Thus, justice is obstructed and all other reform efforts are nullified. Truly consolidated democracy can be recognized by the culture of the structures of power in a state, which refrain in their attempts to influence the judicial system. Several events in the period after the 2008 EU Progress Report indicate direct engagement of the government in court's matters. These events will negatively affect the 2009 Country Progress Report to which the Macedonian public pledges so many hopes that it will contain the desired recommendation for a start of accession negotiations.

The establishment of a judicial council that independently elects judges was a crucial reform in the court system in Macedonia and a huge step toward independence. However, Transparency Macedonia, local NGO focused on corruption in its monthly report noted that the government violated Article 64 of the Law on Judicial Council. According to their report "the Government reviewed the 2008 Annual Report of Judicial Council activities at a session held on 25 April 2009, while the issuing Opinion adopted at the meeting was dully sent to the President of the

¹⁹⁴ Richard E.Messick. Judicial Reform and Economic Development: A Survey of the Issues. The World Bank research Observer vol.14 no.1 (February 1999). Pg 124

Assembly of the Republic of Macedonia.”¹⁹⁵ According to the existing law, the Assembly not the Government is the one that reviews the Annual Report of the Judicial Council and adopts opinion. In such case the Government has exercised indirect influence pressure to the Judicial Council abusing the overwhelming majority that enjoys it in the Assembly.

The decision of the Prime Minister of Macedonia to call the president of the Appeal Court Mr. Jordan Mitrinovski to discuss the reforms (as pointed in the statement of the president of the court) is a sign of a direct attempt of the executive branch to influence the judicial system. The government responded that such accusations are false and that the PM had no intentions to influence the judicial branch. However, according to the most popular TV station, A1, unofficial sources indicated that the PM set a meeting with Mr. Mitrinovski to persuade him to resign from the position.¹⁹⁶ Adding to this picture is the fact that the major court case against EVN is in the procedure of the same Appeal Court that Mr Mitrinovski is president of. EVN is an Austrian company that bought the major electric energy distribution company in 2004. Now the Macedonian government claims that the company owns 250 million debt to the state. Therefore, if the new report of the EU states that the judicial system is not independent, it will not be a surprise if this case is presented as a support to their arguments.

¹⁹⁵ May 2009: Monthly Report On The State of Corruption and Crime and the State of Transparency in Society. Transparency Macedonia Jun 2009. http://www.transparentnost.mk.org.mk/wp-content/uploads/microsoft-word-may-2009_eng.pdf

¹⁹⁶ Predrag Petrovikj. Разговорите на Груевски со судската власт – политички притисок? 13.07.2009 <http://www.a1.com.mk/vesti/default.aspx?VestID=111380>

“Fokus” a weekly political magazine in June’s issues published a several articles regarding the corruption in Macedonian courts. Their stories wrote about system in which political influence and kinship are the driving forces in the justice system. In respect according to the last published article in “Fokus” on August, 21st the Judicial Council was avoiding to appoint graduates from the Academy for Judges and Prosecutors in the Criminal Court in Skopje. The purpose of this Academy is to provide professional training for future judges and prosecutors. One of the goals is all future judges to have passed the Academy before becoming judges. However, according to the article to the graduates from the Academy was told not to apply for the positions in the Criminal Court because the place was already reserved.¹⁹⁷ Furthermore, according to the text the first ranged applicant, graduate from the Academy was not appointed because the Ministry of Justice, the Heads of the Judicial Council and Supreme Court did not vote for him (all members of the Judicial Council). The informal explanation given to the candidate was that he should have tried to ensure wider political support – something that is outrages for a judicial system that intends to be impartial and independent. Such information, accidental or not, posts the question whether judges become those who are the best candidates on merit base or just those who have some relations in the judicial system or the government.

Mr Patrick Paquet, the Head of Political Section within EC Delegation in Skopje, classified all these events (referring to the meeting of the PM with the President of the Court of Appeals) as

¹⁹⁷ Саше Димевски. Кандидатите за судии од ‘Европската’ академија неподобни за скопскиот кривичен суд. Издание 738 21.08.2009

not satisfying development. There should be a system of check and balances that will ensure the efficiency and independence of the system. According to him in a mature system issues and needs are addressed, however Macedonia's judiciary is in a transitioning period and usually the EC holds the government accountable for the progress.

CONCLUSION AND RECOMMENDATIONS

From the discussion presented above the overall conclusion contains bitter-sweet remarks for the judicial reforms in Macedonia. The country successfully progressed in the first two types of reforms and invested a lot in structural changes and adoption of new legislation. However, there are three deficiencies of the reforms. First, the judicial branch of government still is under tremendous political influence and still faces severe corruption. Such circumstances affect the efficiency of the system, depreciate the effect of the reforms, cause decline of the quality of justice and create negative perception for the judicial system among citizens. The second problematic part is the absence of efficient human resources system that will select, discharge and penalize judges, prosecutors, defenders and etc. on a merit base. As direct consequence of the previous two, the third deficiency is that besides failing to produce full independence, the reforms fail to hold accountable those who work in the system. Thus, as the deadline of the EU Progress Report on Macedonia is approaching, it is more evident that the report will not contain more positive judgment of the judicial system than the one contained in the 2008 Progress Report. The reforms continue, but the judicial system is still inefficient and not fully independent is the best case scenario assessment of the Macedonian judiciary. The last reason that the reforms in the

judiciary are necessary is that those reforms would lead the country in the EU. These reforms are necessary for the citizens in the country in order democratically proclaimed governments to provide actual democratic environment where citizens' rights and liberties are practically protected.

Thus, the first recommendation to those involved in the reform process is to acknowledge the need of wide consensus for the reforms and promote public debate where everyone would be able to take part in the process.

The Government must immediately prepare and pass suitable legislation that will give legal framework on the selection, compensation and etc. of civil servants. This should give the structure of a human capital management system that will be primarily focused on merit base. De-politicizing of the courts' servants (as well the overall public administration) is vital, otherwise hardly any other reform will produce the desired outcome.

The Government has the obligation to refrain from any direct and indirect interference in the matters of the judicial branch of government. Officials should try not to cross on the other line of the law. However in this respect the whole civil sector has the responsibility to pressure and hold accountable any official who will try to interfere in the work of the judiciary.

A new change in the legislation that will ensure that only judges who graduated from the Academy for Judges and Prosecutors can become judges and prosecutors. The new legislation should disable the Judicial Council to select candidates; the Council should just appoint those who passed enrollment,

examinations and training at the Academy. The existing plan to wait until 2012 until such selection of judges enter into practice might prove inefficient for the judiciary.

Notes:

Mr Patrick Paquet, the Head of Political Section within EC Delegation in Skopje, Macedonia for the purposes of the preparation of this report gave interview on a meeting with the team from Analytica on the 27.08.2009.

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The European Union's evaluation of the situation of minorities in Macedonia in the light of conditionality and 'lessons learned' from previous enlargement rounds

Introduction

On the eve of the publication of the European Union's next progress reports regarding countries seeking membership in the European Union, this report sheds light on the EU's stance about the situation of minorities in the Former Yugoslav Republic of Macedonia.¹⁹⁸ In a first step, the report outlines the general basis of Brussels' requests for certain conditions regarding the living conditions of minorities in countries hopeful to join the EU. As a theoretical background, conditionality is briefly discussed. Special emphasis will be given to the question of if and to what extend the EU's enlargement strategy vis-à-vis Western Balkans countries can be influenced by 'lessons learned' from previous enlargement round. The second part will briefly describe the history of Macedonia's relations with the EU and the role the situation of minorities might have played in this relationship. This is followed by an evaluation of the EU Commission's progress reports and opinions of the years 2005 to 2008 regarding minority issues. Finally, the paper summarizes the

state-of-the-art regarding the EU's strategy towards Macedonia in the context of 'lessons learned' and conditionality.

I. Minority rights: Copenhagen criteria and future acquis negotiations – Impacts of the latest enlargement rounds?

In the early 1990s the promotion of minority protection became an essential element of the EU's democracy promotion in post-communist states. In the light of the breakdown of the communist block and the war in former Yugoslavia, the EU discovered minority protection as a means of maintaining security and stability in the region and the whole EU. In this context, by the late 1990s, minority issues were introduced to the EU agenda, even though no EU system of minority protection was developed in that period.

I.1. Conditionality as theoretical model and main instrument

Conditionality was at the core of the EU's strategy for promoting the protection of minorities in the context of the association and accession preparations of Central and Eastern European countries and remains the main instrument in current accession

¹⁹⁸ In the following referred to as Macedonia.

preparations. In terms of theory, conditionality is often described as a primary means of democracy promotion, given a clear incentive structure and the power asymmetry between the EU Commission and candidate states that leads to a substantial EU influence on structures and policy processes in the latter.¹⁹⁹ Steunenberg and Dimitrova define the EU's enlargement conditionality as "exchange between the EU and a candidate country in which the EU offers the candidate a (realistic) prospect of EU membership, if the candidate implements a wide range of (EU driven) domestic reforms."²⁰⁰ The so called carrot and stick approach of conditionality involves the withdrawal of the benefits of accession and halting or slowing down the process, if candidate states' governments fail to progress with reforms when adapting to key features of membership such as a stable democratic regime.²⁰¹

For the candidate countries of the 2004 and 2007 enlargement rounds, the approach developed in the Agenda 2000²⁰² on the basis of the accession criteria established in 1993 by the Copenhagen European Council applied.²⁰³ These stipulate that

¹⁹⁹ G. Sasse, *EU Conditionality and Minority Rights: Translating the Copenhagen Criterion into Policy*, EUI Working Paper RSCAS, No. 2005/162005, page 4.

²⁰⁰ B. Steunenberg, A. Dimitrova, *Compliance in the EU enlargement process: The limits of conditionality*, European Integration Online Papers (EIoP) 2007, Vol. 11, No. 5, page 3; <http://eiop.or.at/eiop/texte/2007-005a.htm>, downloaded 04.01.2008.

²⁰¹ Ibidem.

²⁰² European Commission (1997) *Agenda 2000 - Commission Opinion on Slovakia's Application for Membership of the European Union*, DOC/97/20, Brussels, 15 July 1997.

²⁰³ COM (2001) 252 final, page 5. The criteria read as follows: Any country seeking membership of the European Union (EU) must

membership requires that the applicant country ensures the 'stability of institutions guaranteeing democracy, the rule of law, human rights, and the respect for and protection of minorities.'

Meanwhile, the actual impact of the EU's conditionality on the situation of minorities living in Central and Eastern European countries has been controversially discussed throughout the past and current association and accession processes. First of all, the Copenhagen criteria did not offer a definition of what constitutes a minority. In theory, the decision was left up to the candidate countries, but a definition can somehow be taken from various Commission Opinions and Regular Reports: In general, the Commission refers to national minorities while the European Parliament in several texts emphasized the need also to protect ethnic, linguistic, religious and other minorities.²⁰⁴ For Central and Eastern Europe, criticism also related to vague minority

conform to the conditions set out by Article 49 and the principles laid down in Article 6(1) of the Treaty on European Union. Relevant criteria were established by the Copenhagen European Council in 1993 and strengthened by the Madrid European Council in 1995. To join the EU, a new Member State must meet three sets of criteria: – political: stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; – economic: existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union; – acceptance of the Community acquis: ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union, see http://europa.eu/scadplus/glossary/accession_criteria_copenhagen_en.htm.

²⁰⁴ D. Kochenov, *Commission's Approach to Minority Protection during the Preparation of the EU's Eastern Enlargement: Is 2 Better than the Promised 1?*, European Diversity and Autonomy Papers EDAP 02/2007, page 18 f.

protection requirements, creating uncertainty amongst the candidates and limiting the effectiveness of the EU's conditionality, not only because priorities changed over time and different conditions were imposed to single countries. This confusion limited the effectiveness of the EU's conditionality. The so-called 'double standards' on minority protection applied between member and candidate countries, and among the candidates themselves, faced criticism within EU institutions, namely the European Parliament. For example the Intergroup for traditional minorities of the European Parliament criticized the fact that minority standards that are to be fulfilled by EU candidates are not adhered to by the 'old European states', namely France and Greece, and that these double standards have further led to the new EU members threatening to move away from already achieved minority standards.²⁰⁵

Besides the Copenhagen Criteria, the EU's *Acquis Communautaire* which, based on negotiations, has to be adopted by the candidate countries before their accession to the EU, was extended by an 'enlargement *acquis*' when discussions relating to the accession of post-communist states started.²⁰⁶

²⁰⁵See http://www.living-diversity.eu/News/Eintrage/2007/12/6_Eintrag_1.html

(accessed 10 August 2009) During the accession processes the Parliament was also critical about the progresses in candidate states as regards minority protection that had been described by the Commission, see e.g. for the case of Romania Pridham, G. (2007) The Scope and Limitations of Political Conditionality: Romania's Accession to the European Union, *Comparative European Politics*, 2007 (5), page 354.

²⁰⁶ A. Dimitrova, Enlargement driven change and post communist transformations: A new perspective, in: A. Dimitrova (ed.), *Driven to*

With the expansion of its democracy agenda and in the light of the EU's concerns about the state of democracy in future member states, the Commission developed new instruments for furthering conditionality.²⁰⁷ These included: the Regular Reports (the annual monitoring reports of the Commission on candidate countries that started in 1998), the complementary Accession Partnerships and PHARE Democracy Programme and twinning arrangements with individual member states. The EU also used demarches as well as statements by the European Parliament to show its opinion on reforms in the candidate countries, e.g. on Slovakia under the Mečiar government (RFE/RL 1996).²⁰⁸

In terms of democratic conditionality, scholars agreed that the somewhat informal and ad hoc approach the EU used in the 1980s towards states like Spain, Portugal and Greece that arose amongst others due to the inability to define democracy would not suffice for the CEECs and Western Balkan countries.²⁰⁹ In this sense, the Commission adopted a "checklist approach" as there supposedly was a lack of strategy and coherence in the EU's

Change: The European Union's Enlargement Viewed from the East, Manchester University Press 2004, page 8 f, the 'enlargement *acquis*' includes amongst others requirements for horizontal administrative reform, regionalization, reform of the judiciary, ethnic minorities' rights and border treaties.

²⁰⁷ G. Pridham, The Scope and Limitations of Political Conditionality: Romania's Accession to the EU, *Comparative European Politics*, 2007 (5), page 352.

²⁰⁸ M. Ilcheva, Preparing for the New Minorities in Europe: The EU Influence on National Minority Protection in Romania and Slovakia, Jean Monnet/Robert Schuman Paper Series Vol.5, 2005, No. 25, page 7.

²⁰⁹ G. Pridham, *Designing Democracy: EU Enlargement and Regime Change in Post-Communist Europe*, Basingstoke: Palgrave, 2005, page 38.

approach towards the CEECs.²¹⁰ Despite the fact that the political aspects of the Copenhagen criteria played a prominent role before the first invitations to the CEECs in 1997 to negotiate accession, the issue was treated as country-specific. Therefore, in terms of minority protection as part of the political conditions set by the EU, Brussels's conditionality in post-communist states is described as being based on a cumulative effect of different international institutions, with the outcomes depending on domestic political constellations and pressures.²¹¹ In this regard, the EU somehow downloaded a hardly defined scheme of minority protection to the applicants, with its success being based on the power asymmetry of the accession process and the absolute intention of the post-communist states to become EU members. In this regard, many scholars agreed that the political conditions set by the EU do not match with basic principles of an effective conditionality, namely credibility, consistency and continuity over time.²¹²

In reality, overall, in past enlargement rounds, there were no clear benchmarks reflecting a minority protection system

²¹⁰ Ibidem, page 41.

²¹¹ G. Sasse, *EU Conditionality and Minority Rights: Translating the Copenhagen Criterion into Policy*, EUI Working Paper RSCAS, No. 2005/162005, page 18. Pressure might be related e.g. to media debates, timing and the question whether a government's standing was affected by a negative report of the Commission.

²¹² G. Sasse, *EU Conditionality and Minority Rights: Translating the Copenhagen Criterion into Policy*, EUI Working Paper RSCAS, No. 2005/162005, page 4; meanwhile, e.g. Schimmelfennig and Sedelmeier offered explanations about why conditionality worked nevertheless, referring to the benefits of EU membership, related cost-benefit calculations, norm adherence, etc., see F. Schimmelfennig, U. Sedelmeier (eds.), *The Europeanization of Central and Eastern Europa*, Ithaca NY: Cornell University Press, 2005, page 12 f.

inherent to the EU and its member states. Therefore it is suitable to check the Progress Reports in order to set up a list of requirements the candidate countries had to fulfil as they tracked legal reforms in fields relevant for the protection of minorities. Generally, the reports referred to 'international' or 'European standards' of the Council of Europe or the OSCE without further specification (see e.g. the 1998 Report on Estonia). Principally, developments on citizenship, naturalization procedures, language rights and electoral laws, the establishment of institutions within governments, parliaments or at local level managing minority issues and the launch of government programmes to address minority needs were observed.²¹³ Trends were evaluated by numerical benchmarks, such as the number of a minority granted citizenship, number of requests for naturalization, the pass rate for language or citizenship tests, the number of school or classes taught in the state and minority languages, the number of teachers trained to teach in the state and minority languages or the extent of media and broadcasting in minority languages.²¹⁴ Progress was measured by using formulations such as 'significant progress', 'considerable efforts' or 'continuing commitment'.²¹⁵ For its monitoring, the EU used two main methods: Evaluating the legislative processes and monitoring the systematic adaptation by assessing implementation.²¹⁶ The following section informs

²¹³ J. Hughes, G. Sasse G., *Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs*, *Journal on Ethnopolitics and Minority Issues in Europe*, Issue 1/2003, page 15.

²¹⁴ Ibidem.

²¹⁵ Ibidem.

²¹⁶ J. Hughes, G. Sasse G., *Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs*, *Journal on Ethnopolitics and Minority Issues in Europe*, Issue 1/2003, page 14.

about the criticism the EU Commission faced in past enlargement rounds regarding its evaluation of minority rights.

I.2. EU's approach towards promoting minority protection and its critics

During their association and accession processes, the EU asked most countries of Central and Eastern Europe to promote an overall inclusion of minorities into the economic, political and social life while in the meantime they were also requested to advance diversity, i.e. protecting special characteristics of minorities. As for the Baltic States, the emphasis was rather on equal opportunities for the Russo phone group, e.g. by promoting linguistic skills.

This implies that despite the fact that the political aspects of the Copenhagen criteria played a prominent role before the first invitations to the CEECs in 1997 to negotiate accession the issue was treated as country-specific. Meeting the EU's conditions has been described as being quite complicated, mainly because of the unprecedented salience of political conditionality for post-communist applicants.²¹⁷ Furthermore, it has often been claimed by accession states and scholars that the political conditions were only vaguely specified by the EU side, reflecting the lack of uniformity in practice and consensus in principle among existing member-states on fundamental constitutional issues such as regional devolution and provisions for minority rights.²¹⁸

²¹⁷ J. Batt, 'Fuzzy Statehood' versus Hard Borders: the impact of EU enlargement on Romania and Yugoslavia, ESRC "One Europe or Several?" Programme, Working Paper 46/02, 2002, page 12.

²¹⁸ J. Batt, 'Fuzzy Statehood' versus Hard Borders: the impact of EU enlargement on Romania and Yugoslavia, ESRC "One Europe or

In addition, it was claimed that there was an absence of continuity and coherence in the EU's monitoring mechanism as the reports were characterized by ad hocism and no consistency of evaluation.²¹⁹ For example, the medium-term priorities for Slovakia mentioned the fostering and enhancing of policies and institutions which protect minority rights. Only in its 2001 report the Commission found that some improvements had been made to the law on minority languages.²²⁰

As Hughes and Sasse further criticized, the EU privileged the Russo phone and Roma minorities in its reports as they were of relevance for keeping good relations with its main energy supplier and for limiting migration issues.²²¹ Also the fact that the situation of the Roma was sharply criticized in some countries while at the same time the reports highlighted the ongoing fulfilment of the Copenhagen criteria indicates that minority protection was not one of the EU's main concerns.²²² The reports faced criticism as they illustrate the EU lack of clear

Several?" Programme, Working Paper 46/02, 2002, page 12; F. Schimmelfennig, U. Sedelmeier (eds.), *The Europeanization of Central and Eastern Europe*, Ithaca NY: Cornell University Press, 2005, page 32.

²¹⁹ J. Hughes, G. Sasse, *Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs*, *Journal on Ethnopolitics and Minority Issues in Europe*, Issue 1/2003, page 16.

²²⁰ European Commission (2001) *Regular Report from the Commission on Slovakia's progress towards accession*, Regular Report, Brussels, 13 November 2001, SEC(2001) 1754, page 22.

²²¹ Ibidem.

²²² J. Hughes, G. Sasse, *Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs*, *Journal on Ethnopolitics and Minority Issues in Europe*, Issue 1/2003, page 17.

benchmarks to measure progress as the emphasis is rather on legal reforms than the evaluation of implementation.²²³

The above mentioned also led to a lively debate in Central and Eastern European states about what kind of 'Europe' the countries were acceding to in terms of political and institutional design.²²⁴ In addition, the Brussels-driven democratisation has found many critics for its top-down approach.²²⁵

II. The enlargement strategy towards the Western Balkans – Revision or repetition?

Already back in 1997, the Council agreed on a gradual approach regarding to the application of conditionality in the EU's relation with Western Balkans countries.²²⁶ Conditionality is described as a developing process and requires amongst others non-discriminatory treatment of persons belonging to minorities as well as refugee return. In an annex to the Council conclusions a list of criteria is defined, including the right for minority groups to maintain own educational institutions and to use their own

language before courts and public authorities.²²⁷ The Stabilisation and Association Process (SAP) combines this graduated approach with a country-to-country approach which aims at achieving greater flexibility in order to respond to country-specific needs.²²⁸

In November 2006, the Commission agreed on a renewed consensus on the enlargement of the European Union, which has been adopted by the EU head of states on month later.²²⁹ The consensus aims at fostering fair and stricter conditionality and points to lessons learned from previous enlargements, including stronger emphasis on political dialogue and a systematic use of benchmarks.

As regards the EU's commitment to minority protection in third countries, the European Commission emphasized that it will continue to promote the values of non-discrimination and equal opportunities in its enlargement policy, with special attention to be paid to the rights of persons belonging to linguistic or cultural minorities.²³⁰ This mentioned and pointing to the renewed consensus on enlargement and conditionality, it could be argued that the down-loading of conditions with respect to minority protection towards countries from the Western Balkans gained a

²²³ J. Hughes, G. Sasse, Monitoring the Monitors: EU Enlargement Conditionality and Minority Protection in the CEECs, *Journal on Ethnopolitics and Minority Issues in Europe*, Issue 1/2003, page 15.

²²⁴ J. Batt, 'Fuzzy Statehood' versus Hard Borders: the impact of EU enlargement on Romania and Yugoslavia, ESRC "One Europe or Several?" Programme, Working Paper 46/02, 2002, page 12.

²²⁵ S. Jora, International Organizations and Democratization models: the case of EU accession of Romania, CDAMS Discussion Papers 06/10E, 2006, page 17.

²²⁶ Council Conclusions on the Application of Conditionality with a view to developing a Coherent EU Strategy for the Relations with the Countries in the Region", in *Bulletin EU*, 4 (1997), page 137.

²²⁷ See G. Toggenburg, A remaining share or a new part? The Union's role vis-à-vis minorities after the enlargement decade, *EUI Working Paper LAW No. 2006/15*, page 4; see below.

²²⁸ Ibidem.

²²⁹ See IP/06/1523.

²³⁰ European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Non-discrimination and equal opportunities: A renewed commitment, SEC(2008) 2172, Brussels, 2 July 2008 (COM(2008) 420 final), page 7.

new quality. Nevertheless, the experience of the 2004 and 2007 enlargements did not result in the elaboration of any serious minority protection standard that could be used by the EU both internally and externally, especially during the preparation of the enlargements to come.²³¹

II.2. The renewed consensus – A reality check

To date, Croatia and Macedonia are the only countries of the Western Balkans region that have officially obtained the status of an EU candidate state. A revised conditionality policy for the region, following a 'graduated approach' specific to each country and established by the EU Council's conclusions on the application of conditionality in the Western Balkans as of 29

April 1997,²³² has been described: Accession negotiations can only start when a number of more detailed conditions are fulfilled.²³³ In this regard, the EU is provided with a sort of checklist in order to examine compliance with various requirements, namely the right of the minorities to establish and maintain their own educational, cultural and religious institutions, organisations or associations, adequate opportunities for minorities to use their own language before courts and public authorities as well as adequate protection of refugees and displaced persons returning to areas where they represent an ethnic minority.²³⁴ Also, the EU heads of states and governments declared in 2003 at the EU-Western Balkans Summit that they all share the value of respecting "minority rights" (Thessaloniki Declaration).²³⁵ Indeed, several programmes and initiatives by the EU and cooperating institutions show that Brussels – compared to its strategy

²³¹ D. Kochenov, Commission's Approach to Minority Protection during the Preparation of the EU's Eastern Enlargement: Is 2 Better than the Promised 1?, European Diversity and Autonomy Papers EDAP 02/2007, page 10. Once post-communist countries joined the EU in 2004 and 2007, an approach to minority protection in those countries based on conditionality had to be abandoned, and European attempts to stimulate ethno-cultural diversity in the new member states have instead emphasized the themes of social inclusion, anti-discrimination and equal opportunities, see P. Vermeersch, Ethnic Minority Protection and Anti-discrimination in Central Europe Before and After EU Accession: the Case of Poland, in *Journal on Ethnopolitics and Minorities in Europe*, I/2007, page 2. Not least, there were fears that due to the fact that there is no EU minority protection system, the reforms conducted during accession preparations that led to a certain degree of minority protection in the sense of promoting special linguistic or cultural rights could be threatened by the principle of equal treatment or non-discrimination which is fundamental to the functioning of the EU internal market.

²³² See Council "Conclusions on the Application of Conditionality with a view to developing a Coherent EU Strategy for the Relations with the Countries in the Region", in: *Bulletin EU*, 4 (1997).

²³³ G. Toggenburg, A remaining share or a new part? The Union's role vis-à-vis minorities after the enlargement decade, EUI Working Paper LAW No. 2006/15, page 3 f., these include the credible offer to and a visible implementation of real opportunities for displaced persons (including so called "internal migrants") and refugees to return to their places of origin, absence of harassment initiated or tolerated by public authorities, absence of generally discriminatory treatment and harassment of minorities by public authorities absence of discriminatory treatment and harassment of independent media.

²³⁴ G. Toggenburg, A remaining share or a new part? The Union's role vis-à-vis minorities after the enlargement decade, EUI Working Paper LAW No. 2006/15, page 4, who describes the second-generation conditionality as being 'fine-tuned'.

²³⁵ See Council document Nr. 10229/03, Thessaloniki, 21 June 2003, Par. 1.

towards the CEECs – more openly addresses the issue of minority protection vis-à-vis candidates and other states from the Western Balkans region. For example the European Initiative for Democracy and Human Rights (EIDHR) identified combating racism, xenophobia, and discrimination against minorities as thematic and funding priorities.²³⁶ In addition, the Stability Pact for South Eastern Europe which was adopted in 1999 imposes certain obligations on the signatory states, amongst others full respect of rights and freedoms of persons belonging to national minorities as well as the preservation of the multinational and multiethnic diversity of countries in the region.²³⁷

In its enlargement strategy for 2006 and 2007²³⁸ the EU Commission highlighted that rigorous conditionality is applied to all candidates and that progress depends on political reforms.²³⁹ In the report, it introduced benchmarks as a new tool, being a result of lessons learnt from the fifth enlargement round.²⁴⁰ Furthermore, it was pointed out that the political criteria will be fed into the negotiation process and that political issues will be addressed in the chapter on Judiciary and Fundamental Rights

²³⁶ The Initiative was adopted by Council Regulation (EC) No 976/1999 (29 April 1999), laying down the requirements for the implementation of Community operations, see http://europa.eu.int/eur-lex/pri/en/oj/dat/1999/l_120/l_12019990508en00080014.pdf.

²³⁷ Chapter 1, see <http://www.stabilitypact.org/constituent/990610-cologne.asp>.

²³⁸ COM (2006) 649, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2006 – 2007 Including annexed special report on the EU's capacity to integrate new members, Brussels, 8 November 2006.

²³⁹ COM (2006) 649, page 3.

²⁴⁰ COM (2006) 649, page 6, in the view of the Commission, they provide incentives for candidates to undertake necessary reforms at an early stage and they are measurable.

(chapter 23).²⁴¹ The enlargement strategy for 2007 and 2008²⁴² includes a chapter about the renewed consensus on enlargement, describing the enlargement process as contributing to the promotion of European values,²⁴³ whereas the 2008-2009²⁴⁴ report does not address the issue or the role of conditionality specifically.

III. Case study: Macedonia

This chapter takes a look at the content of the EU's progress reports and other documents on Macedonia regarding the situation of minorities living in the country. It will be discussed if, regarding the requirements and clarity of conditions, there is anything new compared to previous enlargement processes. To start with, an overview of the EU-Macedonia relations is presented.

III.1. Overview: History of EU-Macedonian relations²⁴⁵

After in 1997 the EU Council of Ministers had established a Regional Approach as well as political and economic conditionality for the development of bilateral relations, the EU in 1999 proposed a Stabilisation and Association Process (SAP)

²⁴¹ Ibidem.

²⁴² COM (2007) 663 final, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2007 – 2008, Brussels, 6 November 2007.

²⁴³ COM (2007) 663 final, page 9.

²⁴⁴ COM (2008) 674 final, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2008 – 2009, Brussels, 5 November 2008.

²⁴⁵ Most information is taken from the website of the EU Mission to Skopje, <http://www.delmkd.ec.europa.eu/en/bilateral-relations/history-of-relations.htm>.

for five countries of Southeastern Europe, including Macedonia. In 2000, negotiations between the EU and Macedonia started to conclude a Stabilisation and Association Agreement. The agreement was finally signed after the Zagreb Summit of 24 November 2000 and the European Commission started to publish annual reports about the stabilization and association process. With the agreement, Macedonia signed a commitment to respect the rights of persons belonging to national minorities.²⁴⁶ The European Union also actively participated in the negotiations about the Ohrid Framework Agreement, published on 13 August 2001. The agreement is said to be the crucial document for securing the future of Macedonia's democracy and for achieving closer relations between Macedonia and the Euro-Atlantic community. It was also established to promote the development of civil society while respecting the ethnic identity of all Macedonian citizens.²⁴⁷

At the EU-Western Balkans Summit held during the Thessaloniki Summit in June 2003, the EU reconfirmed the European perspective of Western Balkans countries, including Macedonia.

²⁴⁶ See Council of the European Union, Interinstitutional file: Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the former Yugoslav Republic of Macedonia, of the other part, Brussels, 26 March 2001, page 5. The formulation is the same as in the Copenhagen criteria of 1993.

²⁴⁷ See Preamble of the agreement, http://www.coe.int/t/e/legal_affairs/legal_co-operation/police_and_internal_security/OHRID%20Agreement%2013august2001.asp.

3 months earlier, the European Commission published its second Stabilisation and Association report.²⁴⁸

III.2. The evaluation of the situation of minorities in the EU's progress reports and opinions 2005-2008

In a staff working paper accompanying the second Stabilisation and Association report, the European Commission remarked that in Macedonia, interethnic relations had substantially improved since the 2001 crisis while full implementation of the commitments taken through the Framework Agreement was still lacking.²⁴⁹ The European Commission also made clear that effective protection for members of minority communities was essential in order to avoid potential tension. The Commission was critical about the situation of the Roma and about the high number of refugees connected to a lacking proper legislation on asylum and citizenship legislation.²⁵⁰ One year later, the European Commission described progresses but also tensions relating to the implementation of the Framework Agreement, which led the EU to adopt a common position in February 2004 taking restrictive measures against extremists promoting violence and acting outside the democratic process.²⁵¹ In its

²⁴⁸ Commission of the European Communities, Report from the Commission, The Stabilisation and Association process for South East Europe Second Annual Report, COM(2003) 139 final, Brussels, 26.3.2003.

²⁴⁹ Commission of the European Communities, Commission Staff Working Paper, Stabilisation and Association Report FYROM COM (2003) 139 final, SEC (2003) 342, Brussels, 26 March 2003, page 9.

²⁵⁰ SEC (2003) 342, page 10.

²⁵¹ Commission of the European Communities, Commission Staff Working Paper, Former Yugoslav Republic of Macedonia, Stabilisation

report, the European Commission was positive about initiatives to ensure equitable representation of minorities in public administration,²⁵² while the report was critical about the use of languages in the public administration and the use of community symbols.²⁵³

In the chapter about minority rights and refugee return, the European Commission described an existing risk of interethnic tension and problems in the return of Internally Displaced Persons (IDP) and the need to adapt to European standards, such as the implementation of the Framework Convention for Protection of National Minorities of the Council of Europe.²⁵⁴ Regarding the Roma, the report highlighted that the issue of further integration of the Roma in the society and fighting against discrimination in the access to social services, education and employment requires a comprehensive approach.²⁵⁵

At the same day as the progress report was published, on 30 March 2004, the European Commission also approved the first European Partnerships for the Western Balkans, based on the progress reports. A proposal for a Council decision on the principles, priorities and conditions of the European Partnership identified Macedonia's capacity to meet the Copenhagen criteria and the conditions of the Stabilisation and Association Process as

the main priorities of the partnership.²⁵⁶ Implementing the Ohrid Framework Agreement as well as the adoption of a medium term strategic plan for equitable representation of minorities and ensuring the establishment of a third State University in Tetovo were among the short-term priorities.²⁵⁷ On the medium-term, the European Commission asked for the implementation of the strategic plan for equitable representation of minorities,²⁵⁸ as the promotion of the principle of non-discrimination, allowing more employment opportunities for all ethnic communities and better opportunities for minorities to receive higher education.²⁵⁹

On 1 April 2005, the Stabilisation and Association Agreement (SAA) between the European Union and Macedonia entered into force. Macedonia was the first country to sign such an agreement which marked an important step on the country's road to closer relations with the EU. Finally, on 9 November 2005, the European Commission published its opinion on Macedonia's application for EU membership. The European Commission recommended granting candidate status to Macedonia which was approved by the European Council on 16 December 2005.

In its 2005 enlargement strategy paper as well as in its opinion on Macedonia's application for EU membership, the European Commission remarked that Macedonia was strongly committed to the Ohrid Framework Agreement and that the country's

and Association Report 2004, Com (2004), 204 final, SEC (2004) 373, page 4.

²⁵² SEC (2004) 373, page 4.

²⁵³ SEC (2004) 373, page 5.

²⁵⁴ SEC (2004) 373, page 12.

²⁵⁵ SEC (2004) 373, page 13.

²⁵⁶ Commission of the European Communities, Com (2004) final, Proposal for Council Decision on the on the principles, priorities, and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia, 30 March 2004, page 5.

²⁵⁷ Commission Proposal 2004, page 6f.

²⁵⁸ Commission Proposal 2004, page 11.

²⁵⁹ Commission Proposal 2004, page 12.

stability was strengthened compared to 2001.²⁶⁰ The opinion also observed some constitutional and legislative changes providing a high level of protection of minority rights which need to be carefully implemented.²⁶¹ The European Commission also published on 9 November 2005 an analytical report about Macedonia's plea for EU membership.²⁶² It is interesting to note that in the review of the chapters of the *acquis communautaire* Chapter 23 on Judiciary and Fundamental Rights, which in the progress reports for both Macedonia and Croatia contains evaluations of the situation of minorities living in these countries, is missing. The analytical report concluded that all Macedonian stakeholders demonstrated solid commitment to implement the Ohrid Framework Agreement.²⁶³ In addition, the signature of the Council of Europe's Framework Convention for the Protection of National Minorities as well as bilateral agreements with Serbia and Montenegro about the protection of national minorities was welcomed.²⁶⁴ Meanwhile, the European Commission made clear that building trust between the ethnic groups remained a condition for achieving sustainable progress, adding that further efforts to encourage a sense of ownership of

the process and bringing communities together are essential.²⁶⁵ Amongst others, the Commission also found that the level of participation of minorities in the public administration and public enterprises, at central and local level, had substantially improved and that e.g. the overall representation of members of minorities in the administration rose from 16.7% in December 2002 to 20.5% in July 2005.²⁶⁶ The Commission also welcomed the recognition of Albanian as official language and that the number of university students belonging to minorities increased from 12.6% of the total number of students enrolled in 2001/2002 to 20.6% in 2004/2005.²⁶⁷ Meanwhile, regarding the situation of the Roma, the Commission was rather critical, despite the National Strategy for Roma adopted in January 2005 which aims at implementing the objectives of the Roma Decade (2005-2015).²⁶⁸

In its enlargement strategy 2006-2007,²⁶⁹ the Commission pointed out that Macedonia's process slowed down in 2006, relating to the not fully satisfactory implementation of the SAA,²⁷⁰ while regarding minority rights and the Ohrid Framework Agreement, implementation has gone ahead and inter-ethnic relations continued to improve.²⁷¹

²⁶⁰ Commission of the European Communities, 2005 enlargement strategy paper, COM (2005) 561 final, Brussels, 9 November 2005, page 8, Commission of the European Communities, Communication from the Commission, Commission Opinion on the application from the former Yugoslav Republic of Macedonia for membership of the European Union, COM (2005) 562 final, Brussels, 9 November 2005, page 4.

²⁶¹ COM (2005) 562 final, page 4.

²⁶² Commission of the European Communities, Analytical Report for the Opinion on the application from the former Yugoslav Republic of Macedonia for EU membership, SEC (2005) 1425.

²⁶³ SEC (2005) 1425, page 12.

²⁶⁴ SEC (2005) 1425, page 28.

²⁶⁵ SEC (2005) 1425, page 29.

²⁶⁶ SEC (2005) 1425, page 29.

²⁶⁷ SEC (2005) 1425, page 30.

²⁶⁸ SEC (2005) 1425, page 30.

²⁶⁹ Commission of the European Communities, Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2006-2007, COM (2006) 649.

²⁷⁰ COM (2006) 649, page 10.

²⁷¹ COM (2006) 649, page 35, although, on page 36, the report asks for the development of stronger trust between ethnic communities,

In addition, the principles and priorities of the European Partnership with Macedonia listed fulfillment of the Copenhagen Criteria,²⁷² implementation of the Ohrid Framework Agreement,²⁷³ as well as the promotion of minority rights in accordance with Council of Europe conventions,²⁷⁴ and the promotion of access to education as short and medium-term goals. The Commission found that in general, inter-ethnic relations continued to improve and that the number of complaints received by the Ombudsman for Minorities decreased substantially.²⁷⁵ In addition, the 2006 progress report saw some progress in participation of non-majority communities in public enterprises and administration and increased numbers students from non-majority groups enrolled in universities.²⁷⁶ Nevertheless, it was emphasized that dialogue and trust-building between communities should be further developed to achieve sustainable progress and also the situation of the Roma community continued to cause concern.²⁷⁷ The paragraph on chapter 23 of the *acquis communautaire* summarized the

principle findings of the paragraph about the political criteria without reference.²⁷⁸

In 2007, the report confirmed a remaining low level of inter-ethnic tensions, while dialogue and confidence-building among communities was slowly progressing.²⁷⁹ In addition, there was some progress regarding equitable presentation, while in general integration of ethnic communities was quite limited.²⁸⁰ With regard to the Roma, the Commission found that the country's Roma strategy yielded no visible results and that discrimination against Roma people continued.²⁸¹ In the report, the paragraph on the political criteria referred to chapter 23 on judiciary and fundamental rights,²⁸² which again summarized the above mentioned.²⁸³

In its 2008 report, the Commission welcomed the law on the use of languages spoken by at least 20% of citizens which was adopted in August.²⁸⁴ In addition, the report found that inter-ethnic tensions were generally at a low level but have intensified

stronger equal presentation of different communities in the public administration and the concerning situation of the Roma, see page 36.

²⁷² Council Decision of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with the former Yugoslav Republic of Macedonia and repealing Decision 2004/518/EC (2006/57/EC), Official Journal L35/57, 7 February 2006, page 2.

²⁷³ Council Decision of 30 January 2006, page 4.

²⁷⁴ Council Decision of 30 January 2006, page 5.

²⁷⁵ SEC (2006)1387, Commission Staff Working Document, The former Yugoslav Republic of Macedonia 2006 Progress Report, {COM (2006) 649 final}, page 14.

²⁷⁶ Ibidem.

²⁷⁷ SEC (2006)1387, page 15.

²⁷⁸ SEC (2006)1387, page 47.

²⁷⁹ SEC(2007) 1432, Commission Staff Working Document, The Former Yugoslav Republic of Macedonia 2007, Progress Report, accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2007-2008, {COM(2007) 663 final}, Brussels, 6 November 2007, page 15.

²⁸⁰ Ibidem.

²⁸¹ SEC(2007) 1432, page 16.

²⁸² Ibidem.

²⁸³ SEC(2007) 1432, page 53.

²⁸⁴ SEC(2008) 2695, Commission Staff Working Document, The Former Yugoslav Republic of Macedonia 2008, Progress Report, accompanying the Communication from the Commission to the European Parliament and the Council, Enlargement Strategy and Main Challenges 2008-2009, {COM(2008) 674}, page 19.

in some areas and at certain moments.²⁸⁵ Furthermore, some progress towards implementing the strategy for equitable representation of ethnic communities in the public sector was confirmed.²⁸⁶ While the right to education in one's mother tongue has contributed to the delivery of education services based on ethnicity even in ethnically mixed municipalities, integration of ethnic communities remained rather limited, in particular at the local level.²⁸⁷ With regard to chapter 23 of the *acquis communautaire*, the report described some progress in the field of minority rights and cultural rights, adding that further significant efforts are required.²⁸⁸ The paragraph criticized that the integration of ethnic communities, particularly of the Roma, remains limited and the ethnic fragmentation of primary and secondary education is a concern.²⁸⁹

III.3. Summary

The brief analysis of the documents about Macedonia and the above summarized key observations and criticisms regarding previous enlargement rounds show that there are many similarities between the past and current enlargement round, except the mentioning of minority issues in chapter 23 of the *acquis communautaire*. Despite the EU Commission's efforts to foster strict conditionality, continuity and consistency, still the wording of the progress reports allows two read about 'significant improvements' and 'missing efforts' in a certain field of minority integration in the same report.

²⁸⁵ Ibidem.

²⁸⁶ SEC(2008) 2695, page 20.

²⁸⁷ Ibidem, the reports describe tendencies of segregated schooling.

²⁸⁸ SEC(2008) 2695, page 61.

²⁸⁹ Ibidem.

Various organisations, NGOs and agencies have observed that members of minority groups are particularly in danger of being discriminated against at local level, be it by disruptions of the return of refugees or discrimination against Roma, not least because the local level is less susceptible to international pressure: Especially at the beginning of the monitoring process, the monitoring of minority rights is focused at national level and on national minorities.²⁹⁰ For example, in Macedonia, the necessary changes of municipal borders in the ongoing decentralisation process affected the populations of each municipality and directly affected majority/minority ratios, in many cases having adverse effects on interethnic relations.²⁹¹ The example of decentralisation processes, promoted by the European Union (amongst other) in order to achieve economic and social inclusion of all groups, shows that in particular for the Western Balkans countries, policies aiming at improving the life of minorities need to be tailor-made for each case.

Nevertheless, despite all criticism, the EU continues to have a kind of unique tool for democratisation because the success of domestic reforms, also in the field of minority protection, remain a prerequisite for joining the European Union.²⁹²

²⁹⁰ International Commission on the Balkans: *The Balkans in Europe's Future*. Sofia: Center for Liberal. Strategies, April 2005, page 33.

²⁹¹ European Agency for Reconstruction, *Minority Issues Mainstreaming – A Practical Guide for European Agency for Reconstruction Programmes*, Thessaloniki/Flensburg European Agency For Reconstruction, 2006, page 110.

²⁹² M. Riedel, *The EU's External Democratisation Efforts in the Context of EU Accession – Promotion of Minority Protection as an Example*, in: Janczak, J. (ed.), *Beyond Borders: External Relations of the European Union*, page 21.

Conclusion and outlook

The 2004 and 2007 enlargement rounds influenced the EU's current enlargement strategy with regard to minority issues to a certain extent. While the EU Commission in its progress reports takes into account special features of the region and attempts to remain committed to the principle of strict conditionality, it seems that on the other hand the progress reports appear to be quite similar to those issued during past accession preparations.

Generally speaking, minority protection is also much more visible on the EU's current enlargement agenda. This is reflected in various documents and might also respond to Brussels' greater interest to promote stability and security in the Western Balkans. Vis-à-vis the countries of the region, the EU Commission is eager to stick to the newly defined principles of conditionality²⁹³, transparency, consistency and continuity. For example, in contrast to past accession negotiations, minority protection was introduced into chapter 23 of the *acquis communautaire* (Justice and fundamental rights). Nevertheless, screening the EU's annual progress reports and the enlargement strategy for Macedonia, it seems that there is also repetition of past accession negotiations, e.g. in terms of wording or the focus on single minority groups. Not least, there is still a lack of EU internal commitment to minority protection and the situation of double standards remains, impacting Brussels' consistency and continuity of 'strict conditionality'.

In the meantime, despite a certain lack of consistency and clarity, it could be argued that the so-called enlargement fatigue and discussions about Europe's boundaries and integration capacity could lead current candidate countries to even greater efforts to comply with the EU's requirements regarding minorities.

In terms of theory, the lack of an EU-inherent system of minority protection also prevents the uploading of lessons learned from previous enlargement rounds by EU institutions other than the Commission or new member states. Therefore, the download of a revised strategy remains limited to a certain extent.

²⁹³ Some scholars talk about a fine-tuned or second generation conditionality, see e.g. G. Toggenburg, *A remaining share or a new part? The Union's role vis-à-vis minorities after the enlargement decade*, EUI Working Paper LAW No. 2006/15, page 4.

ALEX SHONE

United Kingdom

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Russian Energy Interests in the Western Balkans

Key Points

- Russia faces challenges on all fronts to its position as the key energy supplier for Europe and elsewhere. Such challenges are to be found from;
 - European projects such as Nabucco
 - A rising assertiveness among Central Asian states on energy prices
 - Growth of an independent Chinese supply from these states
 - Russia's domestic issues, namely its damaged economy and rising energy consumption
- The Balkans represent a key region for Russian energy interests;
 - They are the vital South Stream gas-hub into Europe as the counterpart to Russia's North Stream pipelines and their bid to control energy transit.
 - They symbolise a key sphere of influence as part of Russia's "Eurasianist" perceptions of the "Heartland" and a key front against expanding NATO influence.
- Russia continues to pursue a policy of 'divide-and-rule' among the Balkan states, preferring incoherence and disunity, to influence Balkan alignment against Atlantic military alliances. Despite this, Russia does not so readily seek to thwart European aspirations among Balkan states. Russia increasingly sees the necessity for a closer European partnership of its own; ideally, on the most favourable terms possible. Russia views some Balkan countries as key, future proxies within Europe that it would better positioned to influence to in turn advance Russian goals and objectives for the European Agenda.

Russia continues to exert a powerful gravitational pull upon Western Europe's anxieties over energy security. European fears, once for Russia's apparent leverage over the supply of its energy, have turned to concern for Russia's reliability as a supplier. This change has occurred within the context of the monumental Russian invasion of Georgia in August of 2008 that served as a catalyst for Europe's sharp reassessment of their relationship with Russia. Despite fears, European agreement commitment behind a single European energy strategy is critically lacking.²⁹⁴

The effect of these problems is that they prevent any form of constructive partnership developing between Russia and Europe over energy security. Within this, all hopes and progress toward a common or unified agenda must compete with national interests and complex regional contexts. This is very evident in the Western Balkan region and is critical to the region's

²⁹⁴ Russian/EU relations lacking in "strategic depth", from "Russia's European Agenda and the Baltic States", Janina Sleivyte, *The Shrivenham Papers*, No. 7, The Defence Academy of the United Kingdom, (February 2008), p. 26

developing position as an important regional energy hub into Europe.

This paper intends to assess Russia's energy interests in the Western Balkan region with regard to her wider foreign policy goals and strategy. This paper will firstly establish a brief but concise introduction behind Russian resurgence, foreign policy and economy by way of context to the rest of the paper. Of prime concern to this paper is what consensus exists among the Balkan states with regard to Russian energy interests; particularly, in conjunction to views for EU membership held by many of the Balkan states. By this, it is intended to demonstrate an underlying element of Russian strategy as viewing these countries as potential European proxies to advance Russian objectives within the European agenda. This paper concludes that this area of Russian strategy is increasingly subject to growing pressures on several fronts.

1. Resurgent Russia and the Political Order

The consensus among analysts and commentators today seems to gravitate around a perception of a revived and nationalist Russian state. This perception is widely used as an explanation for perceived aggressive Russian economic and foreign policy actions. It is the opinion of this paper that this perception is often misused and can actually be detrimental to understanding Russia's enigmatic actions. This author would argue that this perception overcomplicates its own premise; namely that Russia seeks to consolidate and expand her power and world status. Nonetheless, this is a topic that should not be ignored, and as such, it shall be briefly considered by way of an introduction and context for this paper.

1.1 Not the "Paperback Edition": The legacy of the Cold War

Putin's 2007 Munich speech was Russia's assertive declaration of national revival on the world stage. Russia at the time enjoyed formidable economic expansion from the export of energy and a greatly diminished foreign debt. Equally, its principle rival, the U.S, was preoccupied in Iraq and Afghanistan and faced a steady decline in its international prestige. Russia's opportunity to assume a greater role in international affairs was at hand as the burden of her Soviet predecessor's defeat was overthrown. Herein there lies a significant danger, of attributing a revived Russia today, to a revived USSR. This revived Russia is in many ways a fundamentally different and dynamic project, responsive to a changing international environment. Russia demands recognition of its right to pursue its national interests and simultaneously rejects the primacy of a U.S-led unipolar world order. Russia demands to play the game by 'new rules', not that it dictates, but that it can influence to the best of her abilities. This has stirred fears of 'new-Cold Wars' and prejudices on both sides that have led to stalemate obstructing cooperation over many issues. As such, the legacy of the Cold War continues to play a role in international relations where it does not rightfully belong. Deadlock presides, with neither side willing to move beyond 'sign-and-celebrate' policies.²⁹⁵

²⁹⁵ "US – Russia Strategic Relations: Obama and Biden Visit Moscow, Tbilisi and Kiev – Planned Contradictions?", Henry Plater-Zyberk, *Research and Assessment Branch*, Defence Academy of the United Kingdom, 09/10

“Security through development” is Medvedev’s own, succinct summary of *National Security Strategy until 2020* (NSS). The country is faced with a declining population, chronic health problems, and overall low standard of living. Economic expansion serves a key purpose in alleviating these problems. According to Andrew Monaghan, writing for the UK Defence Academy’s Conflict Studies Research Centre, “*If there is a political idea for Russia to use its energy resources to recapture its greatness on the world stage, there does not seem to be an actual coherent strategy behind this, in the sense of who is to achieve what specific aims, with what resources and in what timeframe.*”²⁹⁶ Russian actions in the Western Balkans; pipelines being built in the Baltic; views to the Arctic with its projected mineral and energy wealth; as well as to Russia’s considerable dialogue and plans for Eastern energy projects supplying the Asian market, all paint a highly contradictory picture of where Russia’s energy interests, let alone her strategic foreign policy intentions, lie.

2. Russia’s Energy Economy

“*Only an increase in economic output will give Russia the means to substantiate its claim to great power status.*”²⁹⁷ Within the Russian leadership, there has been little choice but to accept the fact that Russia’s economy is dependent upon the export of natural resources; energy. As such, the Russian leadership has made clear efforts to shape their energy-sector architecture and

its strategy to realise the reality; that in the modern world, economic strength presides over military prowess.

2.1 OFDI and Pipe-dreams: Trouble ahead?

“*Implementing Russia’s foreign policy would not be possible without consolidating the state’s role in the energy sector.*”²⁹⁸ The Russian gas-giant, Gazprom, is the most glaring example of this fact. Putin’s designs for Gazprom are entirely consistent with his re-centralisation initiative for Russia. Today, Gazprom is a vertical monopoly, it controls all transport within Russia and the majority of gas production. It holds a *de facto* monopoly over all Russian exports, enshrined by Russian law, and Gazprom’s ownership of Russia’s gas transport infrastructure. Down to Putin’s actions, Gazprom is not merely an instrument of the Russian state, is perfectly aligned to the current Russian leadership. Putin has elected the key leadership positions within the company; making it indisputably, as Putin himself has repeatedly asserted, a powerful tool of the Russian government.

The vulnerabilities masked by perceived economic strength are now unavoidable as projected timelines for their realisation are approached. Most critical of all is Russia’s insufficient investment in upstream projects; namely the procurement of new energy sources. Existing sources are nearing maturity and the options for Russian manoeuvre appear to be narrowing with the onset of time. Principally, Russia lacks the economic means to engage in the necessary investment. New

²⁹⁶ “Russia and the Security of Europe’s Energy Supplies: Security in Diversity”, Andrew Monaghan, *Conflict Studies Research Centre*, 07/02, Defence Academy of the United Kingdom, (January 2007), p. 6

²⁹⁷ “Russia’s National Security Strategy to 2020”, Henning Schroeder, *Russian Analytical Digest*, No. 62, (18/08/2009), p. 6

²⁹⁸ “Russia’s New Gas Projects: The Northern Dimension of the Russian Gas Strategy”, Jakub M. Godzimirski, *Russian Analytical Digest*, No. 58, (21/04/2009), p. 2

sources reside in problematic locations, due to lacking vital infrastructure made expensive by the adverse environmental conditions; as well as a critical lack of decision in Russian strategy. Russia's economy faces declining integrity suffering from the effects of the global economic downturn. Industrial production has dropped, as have real incomes, unemployment has risen, and savaged corporate profits have led to a collapse in private investment. Among the major internal problems is Russia's rising domestic gas consumption that compounds their principle issue to keep up with rising export demand. Efforts thus far to convert domestic energy consumption to coal from gas have failed to alleviate the shortages that Russia is now facing.

The scale of Russia's outward Foreign Direct Investment (OFDI), suggests little or very risky business sense. At a time of a global economic recession, Russia has dramatically expanded into foreign, downstream energy industries. Russia expansion and acquisition programme now faces the less-favourable realities and vulnerabilities that were masked by Russia's seemingly strong position at the onset of the crisis. Russia has sought to monopolise the market by seizing the initiative in foreign investment. Russia's strategy has sought to satisfy its two most pressing requirements; security of demand and of supply. Regardless of Eastern plans, Europe remains Russia's principle market, at least for the short-term. Therefore, firstly, Russia has sought to assure its European consumers of its reliability as a producer of energy; this is at present the critical concern behind Europe's discomfort with the relationship. Secondly, Russia has had to ensure the security of its supply; it has tried to do so by its monopolisation of the available market. This has had to contend with two opponents. On the one hand, from Russia's perspective,

'rogue' transit states such as Ukraine and Belarus. On the other it has had to face European competition to secure its own energy from the source; namely in the shape of the southern, Nabucco pipeline. This challenge is rising to a critical stage as the Nabucco project prepares to enter its 'decisive' phase next year as its route is formally agreed.²⁹⁹ There is also the rise of a third opponent from the resource-rich Central Asian states who now, conscious of their own power, begin to challenge their old relations with Russia, seeking new investors in Europe, the Middle East and China.

3. Russian Energy and Foreign Policy

*"Energy became a consistent part of Moscow's security thinking due to its ability to produce high revenues and its use as an instrument of power."*³⁰⁰ This paper now turns its attention to the Western Balkans and the assessment of Russia's energy and foreign policy in the region. The Western Balkan states represent a key area of interest within the wider Black Sea region; they are the hub at the opposite end from the prime energy sources in the Central Asian states.

3.1 Spheres of Influence and Energy Transit

The Balkan region represents a vital transit hub for energy supply into Europe, Russia's primary energy consumer. However, Russian energy interests in the region are complicated and frequently frustrated by Western intervention; namely in the form of EU and NATO expansion. The region presents an acute

²⁹⁹ BBCM, BTA, Sofia, in English, 1536 gmt, 02/11/2009

³⁰⁰ Medvedev's Security Policy: A Provisional Assessment", Marcel de Haas, *Russian Analytical Digest*, No. 62, (18/06/2009), p. 2

Russian vulnerability and a prime opportunity for her opponents to outflank and thereby devastate Russian strategy. “*Russian policy in the Balkans can be seen as a part of this struggle for spheres of influence.*”³⁰¹ There are several indicators of considerable Russian plans for the region as a sphere of influence. Pipelines spell dependency, to greater and lesser extents, on Russia for energy supply; this critically offers Russia leverage to secure related and other foreign policy objectives for the region. Notable in this respect are Russia’s efforts to confront and thwart those of NATO to initiate geopolitical bargaining in the region and elsewhere. However, the North and South Stream lines also spell bypass of troublesome transit states, in the Baltic and in Eastern Europe. This point cannot be understated with regard to current Eastern European fears of energy shortages over the approaching winter. Ensuring supplies in the event of a new crisis between Russia and Ukraine are currently a recurring theme and a major government priority.

The Balkans represents the environment to be secured to ensure Russia’s southern flanking manoeuvre against Ukraine and Belarus. This is in concert with Russia’s corresponding northern manoeuvre for pipelines beneath the Baltic Sea; intended to bypass Poland, Latvia and Estonia for transit to Germany. This is the clear and ultimate intent behind these two projects that seek to provide sustainable supply of gas into Western Europe. They are a show of Russian commitment to Western European countries that they can depend on future Russian deliveries. If we consider Ukraine, these pipes are also

intended to disperse external support. In the event of a future conflict between Russia and Ukraine, the rest of Russia’s energy customers will not be affected. One can see from much of the Russian media that there is an attempt to undermine and depreciate Ukraine’s standing in European eyes in lieu of predicted recurrences of gas-payment disputes between the two countries.³⁰² Convenient for Europe, it is profitable for Russia on several counts. It guarantees the smooth flow of exports, thereby helping to secure Russia’s reputation as a reliable supplier. It hopes to discourage Europe’s need for competition with Russia to secure transit. Lastly, the move leaves Russia free to confront a Ukraine, relieved of its importance for Europe’s energy affairs and devoid of its European support, as a significant transit state.³⁰³

Critical to any Russian energy interests and designs in the Western Balkans is the channelling of those of Turkey in directions beneficial to Russia. Russia has sought to do so by constructing an axis with Serbia and Greece as partners, limiting Turkey’s influence. This is where the Greek Burgas-Alexandroupolis oil pipeline enters the scene, an unwanted project from Russia’s perspective as a competitor to Lukoil’s refinery in the region, but one that they could not prevent in order to realise this vital alliance. The pipeline is an excellent example of Russia’s manipulation of those partners involved in its energy security designs. Essentially the pipeline has served its purpose for Russia in curbing Turkey’s access to the Balkans by

³⁰¹ “Russian Energy Interests in the Balkans”, Dr. Mark A. Smith, *Advanced Research Assessment Group*, 08/07, Defence Academy of the United Kingdom, (March 2008)

³⁰² BBCM, Vesti TV News Channel, Moscow, in Russian, 0449 gmt, 03/11/2009

³⁰³ “Russia’s European Agenda and the Baltic States”, Janina Sleivyte, *The Shrivenham Papers*, No. 7, The Defence Academy of the United Kingdom, (February 2008), p. 25

bolstering a Russian partnership with Greece. Nonetheless, Russia controls the majority share of the project, and its realisation largely rests in Russian hands. Bulgaria is another country deeply embroiled in this situation and indeed is a key partner in the proposed Burgas-Alexandroupolis pipeline. Russian efforts revolve around their interests in building the Belene nuclear power plant; a project that would establish considerable influence over Bulgaria.

3.2 The Rise of the Central Asian States

The role of the Balkans in Russia's interests is heavily dependent upon the Central Asian States; namely Uzbekistan, Kazakhstan and Azerbaijan. As these states are courted by Russia and China, their geopolitical significance is rapidly growing, and they are very aware of it. The bottom line is that this region is painted as the future source of exported energy; crucially gas. This has two implications; more pipelines and more transit states. Russia's dealings with Ukraine are enormous and incredibly negative advert for future negotiations on relations with Russia as potential transit states. This is very true in the Balkan region where anticipation of brewing trouble recurring between Russia and Ukraine is shaping perception and even inspiring action.³⁰⁴

Russia has multiple plans for future development of energy sources, from the Arctic to the Far-East in Siberia. However, all evidence firmly points to the Caucasus and Central Asian region as the next prime source for energy demands. One has only to regard the developments of Uzbekistan and

Kazakhstan's eminence and self-confidence within negotiations. Uzbekistan has recently declared the current Central Asian energy system as a threat to its interests, hinting withdrawal.³⁰⁵ This posturing is indicative of the increasing rejection of old partnership structures with Russia if they do not change in their favour.³⁰⁶ This can be seen in the rising costs of energy from these Central Asian states. Gas prices are claimed to have increased by 105% with an incredible 50% drop in Gazprom's profits.³⁰⁷ As elements of the pipelines to China become operational, recently in Turkmenistan and Uzbekistan, pressure on Russia to secure the South Stream grows in intensity.

The evidence for this future can also be seen in the growing links between Europe and the Caucasus; the important case being Azerbaijan, pointed as the only country in the region capable of meeting gas demands for Nabucco.³⁰⁸ Azerbaijan is a state who while anxious to escape Russian dependency and other 'big brother' partnerships (namely with Turkey) faces multiple pressures.³⁰⁹ Azerbaijan's desire to be free of Russian and U.S. demands seeks a new partnership with the West and Europe, as can be seen by her cautious membership of such "anti-Russian" international organisations as GUAM (Georgia, Ukraine,

³⁰⁵ BBCM, Pravda Vostoka, Tashkent, in Russian, 05/11/09

³⁰⁶ "Structural Interdependence of Russia and Central Asia in the Oil and Gas Sectors", Dr. Vladimir Paramonov and Dr. Aleksey Stokov, *Conflict Studies Research Centre*, 07/16E, Defence Academy of the United Kingdom, (June 2007)

³⁰⁷ BBC News, 0841 gmt, 09/11/09

³⁰⁸ "The Southern Gas Corridor and Europe's Gas Supply", Roland Gotz, *Caucasus Analytical Digest*, No. 3, (19/02/2009), p. 2

³⁰⁹ "Azerbaijan: Permanently Between Scylla and Charybdis", C.W. Blandy, *Conflict Studies Research Centre*, 06/33, The Defence Academy of the United Kingdom, (August 2008), p. 1

³⁰⁴ BBCM, BTA News Agency, Sofia, in English, 1155 gmt, 03/11/09

Azerbaijan and Moldova) and the Black Sea Economic Community (BSEC). The future for Azerbaijan, termed as the 'cork'³¹⁰ to the Caspian riches, is pressured on three sides by Moscow, Washington and Tehran. Closer European integration with the Balkans, if it is allowed by these three, is an outlet for escape. Gazprom's recent deal with Azerbaijan for the import of some 500 million cm from 2010 is arguably a sign that they intend to try to prevent such an outcome.³¹¹ The situation has played nicely for Russia with Turkey's rapprochement with Armenia; the move potentially spelling doom for Nabucco if Azerbaijan withdraws cooperation and stops selling Turkey gas at bootleg prices in retaliation.³¹² Azerbaijani President Ilham Aliyev was quoted as blaming Turkey for impeding energy supply to Europe and said gas would instead be potentially exported to Russia and possibly Iran.³¹³

4. Energy Interests of the Western Balkans

Cohesion among the Western Balkan states regarding Russia's energy interests is directly opposed by Russia's foreign policy efforts in this region; namely to exploit division and undermine unity. The Balkans represents a 'heartland' within Russia's "Eurasianist" foreign policy.³¹⁴ Russian influence over

this heartland is an important contingent in their plans for revived power, as well as their views to Europe.

4.1 Serbia

*"By supporting the Albanian demands for Kosovo's secession and ignoring Serbia's interests, the U.S and most Western European countries have paved the way for Moscow."*³¹⁵ By gaining the cooperation of Belgrade, Putin has achieved what Stalin could not. Core elements of the Milosevic regime found sanctuary in Russia, but at a price; allegiance to Moscow. Effectively, Serbia had no-one else to turn to for support in the wake of the Kosovo conflict. Serbia is a regional power of the Balkan region as the descendent of the former Yugoslavia. It is also a key transit state for the South Stream pipeline. The 1 billion euro loan to Serbia from Russia recently signed in Belgrade tightens Russian control. Russian plans for Serbia are clear as are the implications of Serbia's acceptance of this most recent Russian loan. Medvedev stated afterwards, *"Our goal is to make Serbia a big energy player which will distribute the Russian gas."*³¹⁶ Aleksandr Konuzin, Russia's Ambassador to Serbia stated that Serbia represented a key Russian partner in efforts to develop European security within the region. Cooperation, he went on say, was based on economics in the energy sector; 'because that is what Serbia needs and where Russia is strong.'³¹⁷ These two statements lay Russian intent bare; to secure Serbia as a partner in the Balkan region to achieve vital energy policies.

³¹⁰ *Ibid*, p. 4

³¹¹ BBC News, 1438 gmt, 29/06/09

³¹² "Nabucco: Pipeline Politics", Brian Whitmore, *International Relations and Security Network*, (21/10/2009), from <http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?lng=en&id=108732>, last accessed 10/11/09

³¹³ BBCM, AzTV, Baku, in Azeri, 1500 gmt, 16/11/09

³¹⁴ "Russia's European Agenda and the Baltic States", Janina Sleivyte, *The Shrivenham Papers*, No. 7, The Defence Academy of the United Kingdom, (February 2008)

³¹⁵ "Russia's Voice Heard in Serbia", Dusan Reljic, *Russian Analytical Digest*, No. 39, (16/04/2009), p. 2

³¹⁶ BBC News, 1714 gmt, 20/10/09

³¹⁷ BBCM, Beta News Agency, Belgrade, in Serbian, 1654 gmt, 02/11/09

Serbia's relationship with Russia has brought increased isolation upon the country; as it is looked upon by others as being a firm sphere of influence, under Russia's thumb. Maintaining this isolation is an important Russian aim to prevent a powerful Balkan entity from entering into any potential, independent regional consensus. As already said; Russia will no doubt intend to keep Serbia dependent through isolation and thus keep it malleable. The current government in Serbia are pro-Europe and have recently announced their intent to submit their EU candidacy request by the end of the year.³¹⁸ Russian interests seem to be that these aspirations are channelled in a way they see as fit; namely as securing a reliable proxy within the EU as well as the Balkan region.

4.2 Albania, Macedonia and Bulgaria

In Albania negotiations recently went underway with Azerbaijan and Turkey for a proposed oil pipeline, the Trans-Adriatic, to pass through Albania delivering oil to Europe.³¹⁹ In May, Albania's Prime Minister made the statement that his country has laid the foundations to become a 'small regional energy superpower'.³²⁰ Indeed, Albania is a country attracting some considerable energy investments, as well as a key geographic position for energy transit and a high potential for hydroelectric production. Albania has publicly stated its view to Montenegro as an important partner in realising this vision. In Macedonia, there are three proposed Russian pipeline elements.

However, Macedonia seems keen to maintain its distance from potential infiltration of Russian influence and to keep their relationship on more formal terms. An example is that Macedonia is interestingly the only country in the Balkans who has not lifted strident visa restrictions for Russian tourists.³²¹ According to the Russian Ambassador, Vladimir Solotsinki, to Macedonia; the country has 'missed its chance for a more serious energy connection' with Russia.³²² With the country's intensive efforts to secure negotiations for its EU membership this is perhaps of less concern to Macedonians than other issues requiring attentions.

Of the three states, Bulgaria presents the key link for Russian interests with the country's position to the Black Sea and the proposed route of the South Stream pipeline. Angel Semerdjiver, Chair of Energy and Water Regulatory Commission in Bulgaria, "*the risk of a gas crisis is always there, especially when [supply] is unpredictable and caused by relations between partners beyond our control.*"³²³ Bulgarian efforts to store gas in anticipation of imminent gas crisis between Russia and Ukraine for 2010.³²⁴ Bulgaria's ultimate commitment has been stated by the country to Nabucco, their "priority project".³²⁵ Bulgaria is acutely aware of her dependence on Russian energy as the country's sole supplier, subsequently there is the desire to diversify. Bulgarian concerns are in part based around their involvement in the Burgas-Alexandroupolis pipeline were Russia

³¹⁸ Balkan Insight, 11/11/09, from <http://www.balkaninsight.com/en/main/news/23567/>, last accessed 11/11/09

³¹⁹ BBCM, Rilindja Demokratike, Tirana, in Albanian, 04/11/09

³²⁰ BBCM, ATA, Tirana, in English, 1310 gmt, 14/05/09

³²¹ BBCM, Nova Makedonija, Skopje, in Macedonian, 05/11/09

³²² *Ibid*

³²³ BBCM, BTA News Agency, Sofia, in English, 1155 gmt, 03/11/09

³²⁴ BBCM, Interfax News Agency, Moscow, in Russian, 1730 gmt, 01/11/09

³²⁵ BBCM, Focus, Sofia, in Bulgarian, 0842 gmt, 02/11/09

to sell their stake to Greece. Russia's renewed vows to commitment on the Belene nuclear plant are another way to attain control of the country. A clear parallel in tactics can be seen with their acquisition of the Metsamor nuclear power plant in Armenia.

4.3 Russian Strategy

Ultimately, Balkan allegiance to Europe is stronger than that to Russia borne from its regional context and history as a FSU sphere. The Balkans has the potential to emerge as an influential party in European energy security. This potential is based on the region's eminence as a 'transit hub' for gas, but is dependent upon regional cohesion. It is in this respect that Balkan allegiances are determined, where membership in the EU and NATO appears to offer this cohesion. On the other hand, Russia's ultimate offer is to 'divide-and-rule'.³²⁶ The states in the Balkans are very aware of this factor, though there are of course realities that cannot be ignored, as well as where some Russian investments are genuinely in those countries' best interests. Russian energy interests entail preventing regional cohesion in the Balkans and advocating a controlled instability. These efforts have proven very effective it seems in curtailing cohesion and unity in the Balkans, fuelling fears of alliances between the states. As such, there is an abundance of contradiction in many states' apparent interests and intentions.

³²⁶ "Russia's European Agenda and the Baltic States", Janina Sleivyte, *The Shrivenham Papers*, No. 7, The Defence Academy of the United Kingdom, (February 2008), p. 23

However, ultimately Russian efforts do not look likely to unsettle widespread desires for EU integration.³²⁷ This is largely because Russia is increasingly receptive to its own need for a greater partnership with Europe; notably, aside from energy security, in shared military security interests.³²⁸ Russia ultimately views key Balkan states as future proxies within Europe. Russia's energy interests are in no small part intended to counteract any mitigation of Russian influence that EU membership might offer Balkan candidates. By contrast, NATO membership is perhaps viewed within Russia as a threat to Russian influence within the Balkan and other FSU states in a way that the EU is not. The EU is first and foremost an economic alliance while NATO is a military alliance; this is reflected in Russia's primacy in economic security initiatives, a direct contrast to the Cold War geopolitical manoeuvrings. This result is arguably exactly what Russia is seeking to avoid from her current strategy.

5. Conclusion

In conclusion, this paper would argue that Russian energy interests in the Western Balkans continue to betray themselves as part of a wider Russian bid for revived world power. However, this is increasingly subject to European and other competition in the energy-realm. Russia faces numerous problems, with its internal dynamics, dwindling energy

³²⁷ "Russian Energy Interests in the Balkans", Dr. Mark A. Smith, *Advanced Research Assessment Group*, 08/07, Defence Academy of the United Kingdom, (March 2008), p. 6

³²⁸ "Russian Perspectives of Russia-EU Security Relations", Dr. Andrew Monaghan, *Conflict Studies Research Centre*, 05/38, Defence Academy of the United Kingdom, (August 2005)

resources, and the problematic rise of new actors to challenge its authority.

The Western Balkans is an important region, among many others, for Russia to securing their aims and stem what may soon become a haemorrhage of political power and clout arising from their energy resource insecurity. Russia intends to reassert her former influence over the region, to help shape her own designs, but also to resist and confront Western intervention in the region. To this end, Russia seeks to curtail the emergence of any kind of significant unity among the Balkan states that is not dominated by Russia.

Russian efforts to this end have been very successful. They have utilised their energy sector very effectively in securing influence within these states to undermine confidence in energy diversification away from Russia. These efforts continue to be challenged by Western Europe. However, the growing and potentially disastrous challenge comes from the rise of new and independent actors to the East, in the Central Asian region. These actors, threaten not only Russian strategy, but also could

potentially derail European ones as well; ultimately by supplanting numerous *status quos*. As far as Russian energy interests have served to prevent unity among the Balkans, they have failed to diminish approval for European integration; although it is debateable if this was in fact ever their intention.

Russia seeks collaboration with Europe and has good reason to do so where they share much in common on the security agenda. However, Russia seeks partners within Europe that it can collaborate with. As the situation currently stands, this has not yet occurred with several Western European states on a significant level; though it is improving slowly, notably with Germany. Aside from partners within the EU, the Western Balkans presents Russia with new potential proxies within Europe. Russia's energy interests in this respect seek to establish economic influence within those countries. On the one hand this aims to mitigate any 'independent streaks' EU membership might offer these intended proxies. On the other it offers Russia new methods for infiltrating the European agenda with her-own goals and objectives.

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Public Opinion on EU Issues by Member States and Western Balkans Countries

1. Introduction

By the end of the Second World War, the voice of European countries for uniting began to rise quickly. This movement led to formation of the European Union as a political and economic union of six Western European countries. Since then the EU has become an aspiring challenge for every country in Europe. Today the union counts twenty-seven independent sovereign states. However, entering the EU is more complex than it seems at first glance and not every country on the European continent can enter the Union. They have to meet certain criteria to join the union, also known as the Copenhagen criteria. The Copenhagen Criteria are rules against which a country is assessed to be prepared or not to join the European Union. The Copenhagen Criteria are: democratic governance, human rights, functioning market economy, and readiness to accept the obligations and intent of the EU. During the process of negotiations for accession each candidate country is monitored and on the basis of this is decided whether the country is ready to start the negotiation process that ultimately leads to joining the EU. Many of the European countries met the above mentioned criteria and the Union enlarged through the years. Nowadays, there are three

official candidate countries, Croatia, Turkey and Republic of Macedonia, which are still going through the EU accession process.

Both Member States and Candidate countries go through different political, economic and social processes, which result in forming different public opinions on many issues connected with the functioning and performance of the EU. Public opinion has always been of high importance in the democratic societies. It reflects the citizens' attitudes and feelings towards different topics that directly or indirectly concern them. The EU being highly complex polity with the decisions that it brings almost every day influences greatly the lives of hundreds of millions of people in Europe and out of it.

For these reasons the public opinion of the citizens is of high importance as it has been obvious through the years. For instance the failure of the EU constitution referenda in France and Netherlands in 2005 is just one example of how the public opinion can influence EU politics.

Taking into consideration the public opinion of the citizens of the EU countries and on the other hand the public opinion in the candidate countries, we can see different attitudes and opinions in regard to certain EU issues. Public opinion of the two sides has been confronted in many aspects and many issues. The latter include economic and social performance, future expectations of the citizens in EU and in the candidate countries, support for enlargement and trust in the democratic values of the EU.

The views on these issues in the EU and Western Balkans countries are ranging in a wide spectrum, starting from the social and economic aspects of the EU, through what the citizens of Western Balkans and the citizens of EU expect from the Union and its institutions, to the views and attitudes towards the enlargement process and the democratic capacity of the EU. Following this logic the report is divided into four parts, each part explaining the separate issues of the public opinion of both EU citizens and candidate countries and the reasons behind that. In this report I have used the Eurobarometer surveys and public opinion tools in the candidate and member states in the last 2-3 years from respected international and domestic institutes for analysis of the public opinion.

2. Public Opinion on Economic and Social Aspects of EU

The EU single market established since the Treaty of Rome in 1957 has brought major benefits for the EU citizens. It has provided easier consumer accession to goods and services and has helped the business sector to become more competitive. Today the Union is the world biggest exporter and the European

companies are considered as leaders in the industry. Due to these benefits there are many European countries struggling for accession in the EU. But what about the EU Member States, are they satisfied with the EU economy?

Based on the available research and the statistics there are different public opinions on the economic and social aspects of both EU members and candidate countries. Furthermore there are different public opinions on EU economy within the Member States themselves. Finally there are different public opinions between the Eastern, Western and Northern regions within Europe.

Taking the differences into consideration, the EU Member States tend to be more realistic and somehow more skeptic in regard to the EU economy, while the candidate countries have shown more optimistic views. According to latest public opinion surveys in both candidate countries and EU member states, citizens of Macedonia, Croatia and Turkey have shown more confidence in the EU economy than the EU citizens³²⁹. Candidate countries consider that after the accession in EU their economy will be better off. That is a result of the current conditions in these countries, especially in Macedonia, whose economy is inferior compared to the economies of the EU member states. Thus the highest confidence in the EU economy was registered exactly in Macedonia with support of 49%, whereas citizens in some

³²⁹ The Europeans in 2009 – Special Barometer 308. July 2009. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/ebs/ebs_308_en.pdf 15.10.2009. Page 45.

member states as in Ireland and Portugal showed lowest confidence in the EU economy with only 7% support. These numbers once again confirm the argument that candidate counties, in this case Macedonia, have greater confidence in the EU economy than the current member states.

Furthermore this percentage of pessimistic views in regard to the EU economy by the EU citizens has increased significantly in the last couple of years. For instance, in 2008 statistics showed number of 18% optimism for the EU economy, while the percentage of those that did not believe in the EU economy was 26%³³⁰. One of the reasons for the high percentage of pessimism in EU Member States is result of the global crises which has hit most of the EU states. On the other side in Macedonia a high percentage of 41% of the people still believe in the EU economy, contrasted to only 9% who have doubts in the performance of the economy in EU countries³³¹. Nevertheless these numbers are mostly result of the weak economy in the country and the high optimism among the Macedonian citizens in the benefits that the EU economy will bring is not inexcusable.

³³⁰ Eurobarometer 69 Public Opinion in the EU - National Report Summary Former Yugoslav Republic of Macedonia. Sprig 2008. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_es_exe.pdf 19.10.2009.

³³¹ Eurobarometer 69 Public Opinion in the EU - National Report Summary Former Yugoslav Republic of Macedonia. Sprig 2008. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_es_exe.pdf 19.10.2009. Page 2.

However, when it comes to the EU economy even the public opinion in the EU itself differs from country to country and from region to region. For instance Slovakia, the Netherlands, Denmark and Finland have more positive attitudes in regard to the EU economy in contrast to Greece, France, Portugal, Hungary, Ireland and Italy. Moreover, when comparing numbers for 2008 and 2009 with those of the years before there is a clear shift in public opinion in regard to the EU economy. The global economic crises that started in 2008 and reached its peak in 2009 influenced the public opinions in a way that has increased the percentage of the pessimistic views over the European economy in almost all member states³³². However EU members do not blame the Union for the economic recession, in fact the protection that EU offers in such cases seems to generate more confidence in the Union itself.

In terms of the regional difference in public opinions countries that show least pessimistic attitudes in the EU economy are the Eastern European countries especially in times of the economic crises. However Western and Northern parts of Europe still have larger satisfaction of the quality of life in comparison with those in Eastern and Southern region. That is a result of the overall economic and social climate, political stabilization and access to work, which besides the economic crisis has remained of high quality in the Western and Northern parts of Europe.

³³² The Europeans in 2009 – Special Barometer 308. July 2009. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/ebs/ebs_308_en.pdf 17.10.2009

3. Expectations of Western Balkan Countries and EU Member States

Expectations of the citizens are one of the main factors that influence public opinion. When speaking about EU, the support for the EU is dependent on the expectations of the citizens of its member states. The expectation of the citizens in candidate countries rests on the idea of the European model with the aspirations to share it. The model represents several benefits for the European citizens such as: equal rights, social and environmental responsibility, high level of education, security, freedom of movement and freedom of choice. The expectations are based also on the premise whether their life will improve or worsen within the EU. Nevertheless to satisfy their expectations of the EU, in order these goals to be achieved there is a need of effectiveness and actions by the candidate countries

For instance in the surveys in Macedonia 37% of the citizens expect that their life will improve in contrast to those 16% who do not expect that. By these numbers it can be concluded that Macedonia has more positive expectations in regard to EU. Unlike Macedonia, in surveys conducted in spring 2009, citizens in the other candidate country- Croatia, affirmed only 37% positive expectations of the EU, whereas there were 54% of those who have pessimistic expectations in relation to EU membership. Taking into consideration the public opinion in Croatia it can be said that the country has more negative expectations than the other two candidate countries (Macedonia and Turkey).

When it comes to the citizens' opinion towards the benefits that their country will have once it enters the EU family the results again are different. Countries like Macedonia and Turkey expect to benefit from EU membership. For instance in surveys in Macedonia 82% of the citizens have declared that the country would benefit from EU membership³³³. In Turkey, the other candidate country, half of the citizens agreed that they will benefit from the EU membership. In contrast in Croatia the number of the citizens who expect to benefit from EU is decreasing and it is lower than 50%. These numbers show once again that the expectations of benefiting from the EU are higher in Macedonia, than in Croatia, while in Turkey the public opinion remains constant in relation to the benefits and expectations from the EU membership.

4. Public Opinion on Enlargement

Nowadays the issues of how many member and candidate countries are familiar with the enlargement process and which of them support or not the enlargement process has been of an enormous significance. The enlargement of EU is one of the most powerful policy tools that helps in building of stability, peace and prosperity in the respective countries. The European Commission or Directorate-General of Enlargement reviews the attitudes of the EU population relating to the enlargement of the European Union on a regular basis, supported by Standard

³³³ Eurobarometer 69 Public Opinion in the EU - National Report Summary Former Yugoslav Republic of Macedonia. Sprig 2008. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/eb/eb69/eb69_es_exe.pdf 21.10.2009. Page 4.

Eurobarometer surveys. The goal is to analyze the knowledge of EU citizens of the enlargement process and their view on advantages or disadvantages on the same subject. The main criteria against which the support of EU Enlargement is measured are:

1. The freedom to move and travel within the Union which establishes better cooperation and prevents isolation;
2. It emphasizes the interest in stability, prosperity and conflict prevention;
3. Regional cooperation and good quality of neighborly relations;
4. And finally peaceful settlement of disputes is seen as crucial within the EU³³⁴.

Enlargement is considered as the basic tool of prosperity of EU, but are the member states well informed about this concept? Many of the member citizens (two-thirds or 68% of EU population) felt that they were not well informed about the issue in 2006. Still 29% of the EU citizens considered that they are well informed. The countries that feel that have been better informed are: Slovenia (45%), Luxembourg (44%), Austria (43%), Finland

(43%) and Belgium (42%)³³⁵. Here rises the question of how the citizens gain the knowledge of enlargement? Television, newspapers and internet are significant factors of spreading knowledge to EU citizens. EU citizens have gained their knowledge on integration and enlargement issues via TV (71%), others media (43%) from newspapers, and (18%) from usage of internet.

Related to the issue of the enlargement we can claim that citizens from some of the member countries are in favor, while others are against it. Depending on the level of information about the enlargement statistics show that relative majority of EU members or 45% are in favor of EU enlargement with new member states. Still, relative majority of EU members or 45% are in favor. From the view of some of the founding countries of the Union, as Germany with (66%), Luxembourg (65%), France (62%), were in favor of the Enlargement, by the surveys in 2006. Lowest percentages of support of EU Enlargement but still relative support showed Sweden with (49%), Italy (48%), Portugal (47%), Ireland (45%) and the UK (44%), by the Special Eurobarometer in 2006.

However analyzing different surveys it is clear that the citizens of EU that are not well informed or do not have developed knowledge of the process of enlargement could not form objective opinion about the topic. The problem could be that

³³⁴ Communication from the Commission to the Council and the European Parliament - Enlargement Strategy and Main Challenges 2008-2009.Brussels 5.11.2008. [Online]. Available at: http://ec.europa.eu/enlargement/pdf/press_corner/keydocuments/reports_nov_2008/strategy_paper_incl_country_conclu_en.pdf 21.10.2009. Page 12-13.

³³⁵ Attitudes towards European Union Enlargement. July 2006. [Online]. Available at: http://ec.europa.eu/public_opinion/archives/ebs/ebs_255_en.pdf 22.10.2009.

those citizens who are not well informed about the EU enlargement are not in favor of the enlargement, or they can have wrong perception on the issue. That can cause problems for the candidate countries which are going through the process of accession. Even though their problem is mainly related to their inside politics and development, still the lack of knowledge of EU citizens influences the procrastination of the accession processes.

On the other side there have been analyses from the aspect of EU candidate countries including their support of the EU enlargement and their expectations in relation to the process of entering EU. This kind of analysis of public opinion is considered as very important because it studies the impulse of the citizens from outside the EU. From their side there have been significant progresses in relation to the EU enlargement. Macedonia received recommendation for starting the accession talks by the EU Commission which is a significant step for further progress. By the time EU has received three new applications for membership from Montenegro (December 2008), Albania (April 2009) and Iceland (July 2009).

This shows that EU is still seen as the best model for most of courtiers who seek stability, security and prosperity. If we take as an example one of the candidate countries, for instance Macedonia, the surveys have shown that high percentage of the citizens support the process of accession towards European Union. In September 2009, the survey by the International Republican Institute (IRI), estimated that 94% of the population of Macedonia are supporting Macedonia's entrance in the EU. The optimistic views on the year when Macedonia will enter the

EU have also increased. The public opinion in Macedonia considers that in 5. years the country will join the EU.

5. Public Opinion on Democracy in the EU

How many of the EU Member States consider that their voice counts in the EU processes? Is there a real democracy in the EU? Those questions have been raised in the EU Commission regular surveys in 2009, which studied the impulse of the public opinion related to the issues. Surveys have shown that countries which seem to be more economically stable tend to be more confident in regard to the democracy within the EU. However the number of those who believe that their voice is heard in EU is only 38%, compared to those who do not believe that their voice counts with 53%. Still 9% of Europeans claim that they do not know. Afterwards the majority of European citizens do not believe that their voice counts in the EU, so they are more skeptical about the democracy within the Union. According to EU surveys in spring 2009, 53 % or a majority of citizens do not believe that their voice counts in EU. This percentage has slightly decreased compared to 2008 when they were 61%. In spring 2009 smaller percentage of public opinion of those who believe that their voice counts in EU has been estimated to 38% slightly higher than in 2008 when it was 30%³³⁶. According to these surveys that show smaller number of support in the economically stronger states, it can be said that the democracy and economy issues are quite

³³⁶ Euroarometer 71 Public Opinion in the European Union. September 2009.[Online]. Available at: http://ec.europa.eu/public_opinion/archives/eb/eb71/eb71_pt_en_exe_c.pdf 12.11.2009. Page 99-100

related. The relation of democracy and economy issues rests on the idea that those member states who believe that their voice counts in EU have greater contribution by their economic support. However more economically dependent member states are more critical about the democracy within the EU. The countries in which the highest number of citizens consider that their voice count in the EU are Denmark with 65%, then Sweden 58%, the Netherlands 56% and Belgium 54%. Opposite to those numbers, respondents who have shown smaller percentage of consideration that their voice counts are Latvia with 14%, Check Republic 22% and Romania 22%, according to the Eurobarometer of Public Opinion in September 2009.

In consideration to the candidate countries there have not been any changes over the two years, Turkey and Croatia consider that their voice is heard by the EU with supporters of 30%. Whereas 25% of Macedonians believe that their voice is heard in the Union.

6. Conclusion

To sum up, after analyzing many surveys it is clear that the public opinion differs between the EU member states and the Western Balkan countries. The main reason for this distinction is different living conditions, which give them different expectation about the same issues. Most citizens in the candidate and acceding countries have developed cliché perception related to EU. They have the greatest trust in the European Union as being the most effective organization for economic development. Generally, the EU citizens have more confidence in the jurisdiction matters (police and courts) in their own countries,

while citizens from candidate and acceding countries have more trust in the EU and their governments. Overall attitudes towards the EU are becoming relatively favorable and are becoming more positive over time in candidate countries. Support for EU membership and trust in the Union has grown over the past six months in the member states and candidates countries. Summarizing by the attitudes and opinions of both members and candidates we can conclude that in order to prevent bias results in the interpretation of the public opinions it is crucial to also have a sound knowledge about the politics in the European Union.

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Meeting Macedonia's Energy Needs

Establishing a suitable national energy strategy for Macedonia must take into account three key factors. Firstly, Macedonia's energy needs. EU legislation with regard to Macedonia's status as a candidate for EU membership is another crucial factor in devising a plan, and finally, environmental concerns must also be taken into account.

As a result, the methods with which to solve Macedonia's energy challenges must be shaped by existing and proposed EU energy legislation – particularly regarding emissions – and also international environmental agreements.

The strategy proposed by the Macedonian government appears to take these factors into account, even going so far as to say that it will reduce energy intensity by 30% by 2020³³⁷ when the EU target is 20%, and increasing the share of bio-fuels in petrol and diesel consumption by 20%³³⁸. This is ambitious, but not impossible.

The government strategy sets out the following aims:

- *"Maintenance, revitalization and modernization of the existing and construction of new, modern infrastructures for the purposes of energy generation and utilization,*
- *Improvement of the energy efficiency in the generation, transmission, and utilization of energy,*
- *Utilization of domestic resources (reserves of lignite, hydropower potential, wind and solar energy) for electricity generation,*
- *Increase of natural gas utilization,*
- *Increase of the utilization of renewable energy sources,*
- *Environmental protection,*
- *Economic energy prices;*
- *Elimination of the monopoly position of any entity,*

³³⁷ Macedonian Academy of Sciences & Arts – Draft Strategy for Energy Development in the Republic of Macedonia for the Period 2008-2020 with a Vision to 2030 (January 2009) – Introduction: p.3

³³⁸ Ibid

- *Integration of the energy sector of the Republic of Macedonia with the regional and European electricity and natural gas market*³³⁹.

Aim of the paper

This paper provides an overview of the present energy situation in Macedonia and, taking into account current sources of power generation, energy demand, the availability of resources, environmental concerns, and existing government strategies, will suggest methods for the country to secure its supply and meet the needs of a growing populace and economy. It considers the available methods of power and heat generation from fossil fuels to renewable energies and assesses what are the most pragmatic choices for Macedonia based on the country's past experiences and the utility of the methods. It concludes with recommendations for the future intended to lessen Macedonia's energy imports while ensuring a reliable supply of power and heat.

The current situation:

- In 2006 Macedonia generated 7,006 GWh of electricity, and imported a further 1,795 GWh³⁴⁰, a total of 8,801 GWh. Of that generated domestically, 5,108 GWh came from coal-fired power plants, 1,650 GWh came from hydro-power and 248 GWh from oil-fired power

plants³⁴¹. Surprisingly in terms of consumption, the residential sector was the leader with 3,048 GWh, followed by industry with 2,221 GWh, commercial and public services with 1,120 GWh, transport with 27 GWh and forestry and agriculture with 23 GWh³⁴². Total consumption was therefore 6,439 GWh (excluding the 679 GWh utilized by the energy sector) with 1,683 GWh lost in distribution³⁴³. The various sources of power generation appear normal and it is particularly encouraging to see that hydro-electric power has the second largest share. However, the fact that there is still an oil-fired power plant being used for power generation arouses concern, one which is heightened when looking at the country's sources of heat generation.

- Total heat generation in 2006 amounted to 5,706 Terajoules (TJ) of which 299 TJ was lost in distribution³⁴⁴. Worryingly, oil was by far the number one fuel for heat generation providing 4,267 TJ, followed by natural gas with 1,143 TJ, coal with 223 TJ and finally biomass with 73 TJ³⁴⁵. Oil's share of heat generation amounts to approximately 75% of the Macedonian total. This is excessive given that all oil is imported into Macedonia and that among the other states in the region

³³⁹ Ibid – Aims of the Strategy: p.5

³⁴⁰ International Energy Agency – Electricity/Heat in Macedonia:
http://www.iea.org/stats/electricitydata.asp?COUNTRY_CODE=MK

³⁴¹ Ibid

³⁴² Ibid

³⁴³ Ibid

³⁴⁴ Ibid

³⁴⁵ Ibid

the closest in terms of the oil share in heat generation was Albania with 40.7% although only 92 TJ of heat is produced from oil (the total being 226 TJ)³⁴⁶. In fact from Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Greece, Serbia and Slovenia only Serbia generates more heat from oil, although it amounts to only 32% of the country's total³⁴⁷. From an economic perspective, burning oil simply does not make sense given that it has the highest costs of all fossil fuels - \$4.09 per 100 kWh in August 2009 compared with \$0.75 for coal and \$1.40 for natural gas³⁴⁸ – and in 2006 prices averaged \$66.25 per barrel³⁴⁹.

Looking at Macedonia's population of an estimated 2,066,718 persons³⁵⁰ (in July 2009) and with the current population growth rate, estimated at 0.262%³⁵¹, in 30 years electricity consumption will have increased by approximately 551 GWh. Given that more people will require more jobs and therefore an expansion in

Macedonia's industry, it can be forecast that the total increase in electricity consumption will be even greater and therefore supply, whether through domestic generation or electricity imports will also increase. Based on the above statistics for electricity and predicted population growth, the demand for heating will also grow with more homes and further industrialization. As a result Macedonia will require greater heat and power generation facilities to meet the demand.

- Regarding emissions, the IEA states that Macedonia emitted 8.01 Million tonnes of Carbon Dioxide (CO₂) in 2006, a total taken only from fuel combusted. By 2007 however, this total had risen to 9.1 Mt from the following fossil fuels: 5.9 million tonnes CO₂ from coal/peat³⁵², 3.0 million tonnes CO₂ from oil³⁵³ and 0.2 million tonnes CO₂ from gas³⁵⁴. While this is a tiny amount of the global total, measures can and should be taken to reduce emissions.
- Transport is also a major consumer of energy and a source of emissions and the current situation in Macedonia is far from ideal. Public transport in the capital, Skopje, is limited to a collection of antiquated buses in varying degrees of dilapidation. The exhaust

³⁴⁶ International Energy Agency – Electricity/Heat in Albania: http://www.iea.org/stats/electricitydata.asp?COUNTRY_CODE=AL

³⁴⁷ International Energy Agency – Electricity/Heat in Serbia: http://www.iea.org/stats/electricitydata.asp?COUNTRY_CODE=RS

³⁴⁸ Energy Information Agency – Electricity Power Monthly (November 2009): http://www.eia.doe.gov/cneaf/electricity/epm/epm_sum.html

³⁴⁹ Washington Post – Oil Prices End 2006 Where They Started, Brad Foss (December 29th, 2006): <http://www.washingtonpost.com/wp-dyn/content/article/2006/12/29/AR2006122900165.html>

³⁵⁰ Central Intelligence Agency World Fact Book, Macedonia – People: <https://www.cia.gov/library/publications/the-world-factbook/geos/mk.html>

³⁵¹ Ibid

³⁵² IEA Statistics – CO₂ Emissions from Fuel Combustion, Highlights, 2009 Edition (2009); p.48:

<http://www.iea.org/co2highlights/CO2highlights.pdf>

³⁵³ Ibid; p.51

³⁵⁴ IEA Statistics – CO₂ Emissions from Fuel Combustion, Highlights, 2009 Edition (2009); p.54:

<http://www.iea.org/co2highlights/CO2highlights.pdf>

fumes from these buses seem particularly strong, thus impacting the air quality in cities and it is unsurprising to see the 2007 statistics showing that the majority run off diesel with only 2 buses in the whole country powered by electric engines³⁵⁵. More figures from the National Office of Statistics put Macedonia's total number of taxis at 2,364 and buses at 2,431³⁵⁶, which seems a disproportionate ratio – especially when the number of unlicensed taxis is taken into consideration.

Towards enhanced energy policy

1. Energy supply – Electricity and Heat

Regarding pure power generation, Macedonia is faced with several challenges. A pragmatic energy strategy for Macedonia must necessarily take into account the country's natural resources. Macedonia has no oil or natural gas reserves, meaning that a reliance on these for heat and electricity production leads to a dependence on imports and, therefore, other states. Likewise, in the case of coal, Macedonia possesses only lignite with domestic reserves estimated to last for mere thirty years. The country already imports coal and the amount will likely increase in the next few decades.

It is clear that if Macedonia bases its energy generation on traditional, thermal sources it will be dependent on imports and

other states. This is a concern at a time when energy is at a premium as reserves become exhausted. There are also inherent risks in a dependence on imports, the most obvious of which has been seen in Russia's gas disputes with Ukraine in 2006 and 2008. Due to the interconnectedness of modern energy infrastructure, such as pipelines, and since the European Union imports 40% of its gas from Russia³⁵⁷, Russia turning off the gas left a number of EU members struggling to supply power and heating to their citizens. While it is clear that Macedonia must move away from burning oil as a source of energy, replacing oil-fired capacity with gas could lessen the country's energy security. Burning oil is outdated, with an extremely negative impact on the environment and also, given the state of the world's oil reserves, tantamount to burning money. As such, the government's plan to switch to gas as a less costly and less environmentally damaging fuel appears a sensible one. Further to the problems noted above with the supply of natural gas, gas reserves are also dwindling with some reporting only 60 years until exhaustion³⁵⁸. However, due to technological breakthroughs enabling increased gas extraction, recent reports suggest that there will be reserves for at least another century³⁵⁹.

³⁵⁷ Geopolitics of EU energy supply – Euractiv (18th July 2005): <http://www.euractiv.com/en/energy/geopolitics-eu-energy-supply/article-142665>

³⁵⁸ "World oil supplies are set to run out faster than expected, warn scientists" – The Independent (14th June 2007): <http://www.independent.co.uk/news/science/world-oil-supplies-are-set-to-run-out-faster-than-expected-warn-scientists-453068.html>

³⁵⁹ "Has Natural Gas's Moment Come?" – The Wall Street Journal (17th December 2009):

³⁵⁵ Statistical Review: Transport, Tourism & Other Services for 2007 (November 2008)

³⁵⁶ Ibid.

Whatever the case, a century is a comparatively short time and due to the lack of domestic reserves, a reliance on gas would pose a threat to Macedonia's energy security.

At present the majority of Macedonia's electricity is generated by coal-fired power plants, with the predominant fuel being lignite. Other coal is imported, which does not carry with it the same risks as the import of natural gas as world coal reserves are far larger and more widely dispersed, meaning that coal can be sourced from any number of stable, 'friendly' countries. Coal is admittedly an unpopular choice due to its emission levels, but these can be reduced by co-firing with biomass and also with the advent of new 'clean-coal' technologies such as carbon capture & storage (CCS). The first pilot plant employing oxyfiring CCS technologies was commissioned at Schwarze Pumpe in Germany in September last year, and results have so far been positive³⁶⁰. CCS technologies do however require further research and are at this time costly, both in terms of financial investment and efficiency loss. Since the maximum MW production of Macedonia's coal-fired power plants is comparatively low it is also unlikely that the application of CCS technologies would prove warranted or financially sound. Given that the country has experience with coal, its availability and low-cost, it would seem

prudent to continue using it in the immediate term while substituting existing coal plants for new ones utilising best available technologies and thereby increasing efficiency. This will lead to improved heat and electricity generation and lower emissions. The government recognises this need in its energy strategy³⁶¹ although it also pushes for increased use of natural gas – particularly for heating. Neither coal nor gas are ideal solutions and both must be viewed as temporary sources of energy in the short term. Dwindling resources and environmental damage mean that these fuels cannot be used indefinitely and it is therefore in Macedonia's interests to investigate alternative methods of powering the country.

2. Renewable energy

Renewable energy sources are the future for all countries due to a shortage of fossil fuels and because they are 'green' technologies. Unfortunately, wind and photovoltaic energies are currently unreliable due to the lack of generation at times of no wind, low sunlight or at night. That is not, however, to devalue the potential of wind or photovoltaic energy. They can already make a strong contribution to power generation and this will increase in the future. It must be recognized though, that the fact that we do not yet have efficient means of storing electricity

<http://online.wsj.com/article/SB10001424052748703438404574598374176991450.html>

³⁶⁰ Power Engineering International – "Oxy-fuel CCS test achieves close to 100 per cent carbon capture":

http://pepei.pennnet.com/articles/article_display.cfm?ARTICLE_ID=371339&p=6§ion=ARTCL&subsection=none&c=none&page=1

³⁶¹ Macedonian Academy of Sciences & Arts – Draft Strategy for Energy Development in the Republic of Macedonia for the Period 2008-2020 with a Vision to 2030 (January 2009) – GENERAL PRINCIPLES for the functioning of the energy sector: p.8

generated during productive periods on an industrial scale further limits their present utility.

Hydro-power on the other hand is a both clean and quantifiable source of electricity, and one that Macedonia already utilises with great effect. Austria is a country that generates the majority of its electricity from hydro-power and Macedonia's geography affords it the same opportunity. The issue of water security must however be taken into consideration in this instance. A further advantage of renewable energies is that they afford Macedonia the possibility of true energy independence. By efficiently harnessing the sun, water and wind, and with the advent of new technologies, Macedonia would have no need of energy imports be they coal, gas or oil. However, renewable energies are not yet ready to go 'online' and meet the energy requirements of a nation state. Even hydropower, previously noted as a quantifiable renewable source cannot always be depended upon. This can be evidenced by the frequent power cuts throughout Albania, a country that generates primarily from hydropower, in times of drought³⁶². Macedonia is demonstrating a serious commitment to hydropower with a plethora of new hydro-plants scheduled to be commissioned in the next decade, increasing the country's generation capacity by upwards of 900 MW³⁶³. This is to be highly commended, but also viewed with some caution with

regard to the example of Albania and also in the context of global warming. That said, hydropower is, for the time-being, the most pragmatic renewable energy in which to invest. However, extensive investment in other renewable energies such as wind and photovoltaic should also be undertaken order to make them a viable reality for future power generation. This leads to the issue of investment in Macedonia's energy sector as a whole.

2.1. Alternative Renewable Energy – waste as energy source

Another basic step that needs to be taken would be the implementation of a comprehensive recycling programme in Macedonia. At present, all manner of refuse can be found in dumps around the country or illegally dumped beside the road. Since this is essentially unsorted landfill, there will be hazardous waste present which has the danger of leaking toxins and dioxins into the soil, thereby contaminating it with potentially dangerous effects on animals and humans. A recycling programme launched with a strong public information campaign to explain its importance would permit the removal of all hazardous waste, thereby eliminating the threat of inadvertent pollution. As to what to do with this newly isolated, unrecyclable waste, the most pragmatic option would appear to be incineration in waste-to-energy (WtE) plants. The advantage of WtE plants is that they are relatively compact in size, can produce both electricity and district heating and are comparatively clean in terms of emissions – in the EU WtE plants have been operating under stricter emissions controls than other industries for some time. According to the European Suppliers of Waste to energy

³⁶² Balkan Insight – “Albanian City Opposes Coal Power Plant” (19th October 2009):

<http://www.balkaninsight.com/en/main/news/22984/>

³⁶³ Elem – Macedonian Power Plants:

<http://www.elem.com.mk/en/HydroFutureProjects.asp>

Technology (ESWET) “Carefully collected and sorted residual waste contains on average 10,000kJ/kg of energy. Therefore, each kilogram of waste could power a 12W eco-bulb (~60W) for 75 hours”³⁶⁴. Waste is therefore an untapped resource with great potential. The matter of its utility for district heating is particularly salient given the prevalence of oil in heat generation in Macedonia.

To this end the government’s Waste Management Strategy must also be taken into consideration. This is mainly correct in its strategic goals – namely: harmonizing policy and legislation, establishing effective institutional and organizational arrangements, strengthening human resources and capacity, introducing financial resources and adequate economic mechanisms, raising public and stakeholder awareness and the application of efficient and cost-effective techniques, but the suggestion of introducing landfills for both hazardous and non-hazardous waste³⁶⁵ is both alarming and short-sighted, especially since the report states that “Landfills are operating without operational permits with only one exemption, without any of the techniques usually applied at landfills and without any regular monitoring with regard to impacts on the environment”³⁶⁶.

³⁶⁴ European Suppliers of Waste to Energy Technology, Facts: <http://www.eswet.eu/facts/>

³⁶⁵ Government of the Republic of Macedonia – Waste Management Strategy of the Republic of Macedonia (2008 - 2020) (Skopje, March 2008) - General strategic goals and objectives: p.9

³⁶⁶ Ibid: p.7

Furthermore it is recognized in the report that “Landfill represents the most undesirable option in the waste management hierarchy”, with the erroneous addendum that “it is the unavoidable disposal option for the unusable part of generated waste or for waste residues after various recovery, recycling and treatment processes”³⁶⁷. Incineration in waste-to-energy plants can destroy most hazardous waste with the added benefit of generating heat and electricity. The waste-product that remains following incineration is concentrated toxic waste and cannot be stored in landfills, but rather in a sealed, stable, non-reactive environment.

To make use of waste-to-energy plants, a comprehensive recycling strategy is needed, and in addition to the necessary logistics, this requires public education – a fact that the government strategy recognizes. It also notes that “Waste collection equipment and extent of services does not comply with the existing requirements. Collection of non-separated municipal and non-hazardous industrial waste, as well as non-separated non-hazardous and hazardous waste fractions is common practice. There are no officially licensed collectors and transporters of hazardous waste”³⁶⁸. This must change, and from a positive perspective, it will result in job creation. This will occur in the collection and separation sectors as well as in plant operation.

³⁶⁷ Ibid: p.11

³⁶⁸ Ibid: p.6

3. Nuclear Energy

It has been proposed in some quarters that nuclear energy might have a part to play in Macedonia. Nuclear power is also 'clean' in terms of Carbon Dioxide emissions, but brings with it the issue of the disposal of radioactive waste. In addition, there are also issues with public acceptance of nuclear power due to concerns over its safety – often related to the catastrophe at Chernobyl. Nuclear energy would also require the purchase and import of Uranium meaning once again that there would be a dependence on other countries. The possibility of an earthquake also makes nuclear an undesirable option and it is arguably therefore not a sensible choice for Macedonia.

4. Transport

Improving public transport within Macedonia's cities would have an immediate impact on both energy consumption and emissions. Replacing existing buses with modern ones and increasing their number would lead to reduced fuel consumption and fewer emissions due to technological advancements in engineering that render vehicles more efficient in terms of both. In addition, modern buses would probably require less day to day care to keep them running than the current buses, thereby resulting in economic savings. With more buses and newer ones, citizens would be more inclined to use public transport meaning that the number of cars on Skopje's roads (including taxis) would decrease, resulting in lower emissions, better air quality, less congestion and safer roads. Fears over modernization of public transport leading to a rise in unemployment are misplaced as

more buses will require more drivers and either no change in the number of maintenance staff – or an increase.

5. Public Education

The importance of public education cannot be overstated. Informational campaigns should cover all aspects of the energy and waste sector including the need to recycle and how to divide waste, the purpose and value of individual energy sources and the importance of conserving energy. This can be done simply by turning off lights or computer monitors and can significantly decrease energy expenditure. The US Department of Energy advises that many appliances continue to draw a small amount of power when switched off and that in fact 75% of the electricity used to power these devices is consumed during this time³⁶⁹. Simply unplugging appliances after use, could therefore make a significant contribution to power saving and energy efficiency.

Conclusion

Macedonia is still in essence a fledgling country with an economy to match. In order for this to develop, Macedonia must seek to develop a reliable and secure energy infrastructure. Due to the scarcity of fossil fuel resources in the country, a reliance on these necessitates a dependency on imports. Based on this fact and events in the last five years pertaining to the supply of gas in Europe, it is arguably imprudent to focus too much on this resource to provide the base-load of Macedonia's electricity or

³⁶⁹ US Department of Energy Website – Appliances & Electronics: <http://www.energy.gov/applianceselectronics.htm>

heating. However, gas should certainly be introduced as a replacement for Macedonia's oil-fired plant as with its quick start-up time it is a cleaner and cheaper method of meeting the shortfall in supply at times of peak demand. Renewable energies, with an emphasis on hydropower should ultimately be the future of Macedonian energy as their effective strategic deployment could lead to energy independence. The various planned hydro projects are extremely encouraging in spite of the issue of water security casting a shadow over the reliability of supply.

Viewed from this perspective, it would therefore be prudent for Macedonia to have a guaranteed source of energy until renewable sources have been fully tested, and this is why coal-fired power plants should be strongly considered. Coal is dispersed around the globe in comparatively large reserves, is cheap and it is a fuel with which the state has experience since it currently provides the majority of Macedonia's electricity. In addition, the country's existing coal plants will soon be obsolete and there is therefore a case for building new, efficient plants utilising best available technologies. The demand for electricity is still sufficiently low for small plants to be built which will meet the needs of the public and industry while not falling foul of European or international regulations on emissions. Coal is therefore the short to medium term solution to Macedonia's power generation concerns.

There is a clear need for increased investment in energy given that Macedonia's coal plants at Bitola and Oslomej were

commissioned in the 1980s³⁷⁰, meaning that they are candidates for refurbishment with modern, more efficient technologies. However, according to the Elem Macedonian Power Plants website – there are no traditional thermal power generation projects planned for the future. Likewise, the majority of Macedonia's hydro-plants date back to the 1960s with the notable exception of the Kozjak plant commissioned in 2004³⁷¹ but as previously mentioned, there are a series of hydro-plants planned in the next few years³⁷².

Nuclear power is not really an option for the country due to the potential for earthquakes and the risk of a nuclear meltdown is not worth taking when the challenge can be solved through other means. Waste incineration plants should certainly be considered as a minor source of energy, but more due to their ability to provide district heating and to handle environmental concerns such as pollution of the water supply and environment as a result of poorly regulated landfills.

Transport is another area in which improvements can be made and it is not too outlandish to imagine electric buses being brought into operation in Macedonia's cities. At the very least there should be more public transport available and also increased regulation of taxis in order to reduce the congestion and air pollution in cities. Hand in hand with any innovations in

³⁷⁰ Elem – Macedonian Power Plants:

<http://www.elem.com.mk/en/HeatGeneral.asp>

³⁷¹ Ibid: <http://www.elem.com.mk/en/HydroKozjak.asp>

³⁷² Ibid: <http://www.elem.com.mk/en/HydroFutureProjects.asp>

the energy sector is the need for a sustained public education campaign in order to alert citizens as to the importance of any changes and also to raise their awareness of what they can do.

In the modern era with declining natural resources and as yet not wholly reliable renewable energy sources all countries must

make use of a broad range of power solutions, embracing coal, gas and renewables. Macedonia is no exception and there is much to be done. The government must take the initiative and employ the multi-faceted approach to the challenge as mooted above.

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From Nice Treaty to Lisbon Treaty – Internal Issues and Changes

Introduction

The aim of this research paper is to explore the Lisbon Treaty and its role in EU. The research paper will explain the direct as well as indirect causes for creation of the Lisbon Treaty, starting from the Nice Treaty in 2000. Furthermore, it will explore the solutions that Lisbon Treaty will bring in EU as well as the possible issues that might arise from its implementation.

This paper also aims to help the readers to recognize the deficiencies in the Treaty of Nice and European Constitution, as well as elaboration of the Lisbon Treaty. The Lisbon Treaty is a big step for EU integral stability and progress and for most pro-EU politicians it is a solution for the majority of EU's internal problems. However, big steps like this have risks of failure or prolongation due to various disagreements among member states and their leaders.

The ever-expanding EU agenda and several enlargements have multiplied the negotiating games as well as the parties involved. Therefore, the European Union has a strong need for efficient agenda management, internal policy coordination and effective

external representation.³⁷³ After several years of negotiation about institutional issues, in December 2007 EU leaders signed the Treaty of Lisbon. The overall idea behind the Treaty of Lisbon, which is going to amend the current EU and EC treaties without replacing them, is to create a more democratic and transparent Europe, as well as a more efficient Europe.³⁷⁴

Within the scope of that goal, leadership was also reformed. In the following paper, the changes as well as the improvements and drawbacks will be identified in order to examine to what extent Lisbon Treaty can fulfill its promises in a most democratic, efficient and transparent way.

Nice Treaty

The Nice Treaty was adopted after a long discussion during the summit in Nice, France, from December 7 till December 11, 2000.

³⁷³ Blavoukos, S., Bourantonis, D., Pagoulatos, G. (2007): A President for the European Union: A New Actor in Town? In: JCMS 2007 Volume 45. Number 2, page.237.

³⁷⁴ European Commission (2007): The Treaty at a glance. At: http://europa.eu/lisbon_treaty/glance/index_en.htm.

It was signed in February 2001 and following a prolonged ratification process, entered into force in February 2003.³⁷⁵ The main purpose of the Nice Treaty was to prepare the EU institutionally for the accession of the countries of Eastern and Central Europe, as well as Malta and Cyprus. In 2000, the European Union had 15 member states, and the largest expansion for EU was about to come.

Some of the Major Changes Brought by the Nice Treaty

In order to prepare for an enlarged EU, the Treaty of Nice reweighed member states' votes in the Council of the European Union. The treaty extended qualified majority voting in the Council to 27 policy areas and six personnel appointments areas, which had previously required unanimity. However the power of veto was retained for the areas of taxation, social security, immigration, border controls, culture, broadcasting, health and education.³⁷⁶ Furthermore, a complex system of majorities and minorities was produced by the Nice Treaty in the Council of European Union. The entire number of votes that the Council has with 27 member states is 345. The qualified majority was set at 255 votes and a minority of 88 votes could veto any resolution.

- This means that three large and one small country (by population) will always be able to hold back any decision.

- Furthermore, a simple majority of member states opposition will always be able to prevent a decision from being passed by a qualified majority.
- Finally, a demographic verification clause was adopted to give more power to the more populated Germany. To obtain a qualified majority, it is necessary that a proposal be endorsed at least by 62% of the Union's population. This means that Germany needs the support of two large nations to veto any decision. The rest of the big countries need the participation of all the four big to exercise the veto.³⁷⁷

Another major change that the Nice Treaty brought was the increase of parliamentarians in the European Parliament. When Nice Treaty Summit was held in 2000, there were 15 member states with 626 MEPs. According to the Nice Treaty, further enlargement of EU will increase this number to 732. Germany, which is the largest EU country by population, will have 99 representatives in the European Parliament, followed by Italy, UK and France, each with 72 representatives, and Spain and Poland with 50.

Problems that the Nice Treaty Faced

The Nice Treaty has faced two sets of main problems. One set involves the ratification failures of the treaty in the member states, while the second set includes difficult implementation of the reform provisions.

³⁷⁵ http://www.unizar.es/euroconstitucion/Treaties/Treaty_Nice.htm

³⁷⁶ <http://www.bookrags.com/tandf/treaty-of-nice-tf/>

³⁷⁷ http://www.historiasiglo20.org/europe/niza.htm#El_Tratado_de_Niza

The first problem with the Nice Treaty that created a momentum of concern was the ratification itself. Ireland was the only member state who decided to hold a referendum on this question. Voters in Ireland rejected the Treaty in May 2001. The turnout itself was low, partly a result of the failure of the major Irish political parties to mount a strong campaign on the issue presuming that the Irish electorate would pass the Treaty (All previous such Treaties had been passed by large majorities). However many Irish voters were critical of the Treaty contents. Some believed that it marginalised smaller states. Others questioned the impact of the Treaty on Irish neutrality. Some viewed the leadership of the Union as undemocratic and arrogant, with the Treaty offering a perceived chance to 'shock' the European leadership into a greater willingness to listen to its critics. (A similar argument was made when Denmark initially voted down the Treaty of Maastricht.) In large measure, the Nice Treaty was lost because pro-treaty supporters simply never bothered to vote, while the 'Vote No' campaigns were effective in raising serious questions as to the value of the Treaty.³⁷⁸

In addition to difficulties with ratification, the Treaty of Nice was supposed to solve 3 major problems³⁷⁹. The first was to reform the decision-making in the Council of EU which would allow this institution to function more efficiently with almost twice as many members state. However this reform made things more complicated. The second major problem, shifting some of the decisions from unanimity to QMV (qualified majority voting) did little to improve the system. The third problem was that there were too many Commissioners after the big-bang enlargement.

³⁷⁸ http://www.irelandinformationguide.com/Nice_Treaty

³⁷⁹ <http://www.cepr.org/PRESS/Audio/P140/#q1>

This solution was delayed for the distant future. Therefore all three main goals of the agenda failed.

European Constitution

In June 2004, at the European Council meeting, the governments of the 25 member states of European Union signed a constitutional treaty for the European Union. This treaty had been two years in the creation and was drafted by an unprecedented "Convention on the Future of Europe". This was intended to allow input from voices not usually heard in the European integration process including national parliamentarians and civil society actors. From there, the draft was subject to nearly year-long negotiations by the member state governments that after fierce bargaining eventually produced a treaty.³⁸⁰ The Ratification continued immediately by either parliamentary process or national referendum.

Some of the Major Changes Brought by the European Constitution

One of the crucial changes was the Qualified Majority voting (QMV). The European Constitution defines a qualified majority as at least 55% of the members of the Council, and representing Member States including at least 65% of the population of the Union. This means that a new system replaced the old one under which countries received specific numbers of votes. Now such a proposal will have to go before national parliaments and if one objects, then the measure fails. Another major change proposed in the European Constitution is the position President of the European Council. That means that the European Council, which

³⁸⁰ http://www.brookings.edu/articles/2004/11europe_closa.aspx

is the heads of government of the member states, "shall elect its President, by qualified majority, for a term of two and a half years, renewable once." The candidate will then have to be approved by the European Parliament. The President will "chair (the Council) and drive its work forward and ensure, at his level, the external representation of the Union." At the moment, the Council presidency rotates through the member states every six months, so continuity is lost. The new President will therefore be a permanent figure with much greater influence and symbolism. But since he or she will be subject to the Council, the powers of the post are limited.³⁸¹

Problems that the European Constitution Faced and Reasons for its Failure

The ratification started after signing the agreement in June 2004. Thirteen countries have officially ratified the European Constitution. The first major obstacle that the constitution faced was the referendum in France. A legally binding referendum on May 29, 2005 resulted in a "No" vote of almost 55% of the voters. Both the main parties - the governing, conservative UMP and the Socialist Party - were in favor of the constitution, but both parties also had dissidents campaigning against the Constitution. The far left and the far right were opposed, as were trade unions, some farmers' groups and the anti-globalization movement.³⁸² According to statements on BBC, some French citizens insisted this was not a vote against Europe. "It was a pro-European no," said one young man. "We are not against Europe - we just want a different kind of Europe." There was anger in France for the high

rate of over 10% unemployment and the stagnant economy, while many worried that EU is simply too big and no longer built in France's image.³⁸³

The second obstacle that the European Constitution faced was the Referendum in the Netherlands which was held on June 1, 2005. With turnout of 63% of the voters, almost 62% voted against the European constitution.³⁸⁴ There were a number of overlapping reasons that played a role in this outcome of the Dutch referendum. Reasons included: widely shared aversion to the government's policy and to politicians in general; opposition to constant interference from Brussels; fear of loss of national identity; Christian and nationalist motive; and intense irritation at the arrogance of the "yes" camp. Therefore, it is difficult to judge which elements were decisive in the winning of the "No" campaign.³⁸⁵ However the referendum's outcome had far-reaching consequences. After the double "no" in France and the Netherlands, the European Constitution decisively failed.

Many reasons can be offered to explain the failure of the European Constitution. According to the then Deputy Prime Minister of Italy, Giulio Tremonti, "the European Constitution after the referendum in France and Netherlands is finished".³⁸⁶ The Netherlands have always been pro European Union country. The Maastricht Treaty was held there, which was one of the biggest projects of EU, where the Euro was found. The referendum in France caused a lot of reactions in EU and a lot of discussion about the European Constitution. According to BBC

³⁸¹ <http://news.bbc.co.uk/2/hi/europe/2950276.stm>

³⁸² <http://news.bbc.co.uk/2/hi/europe/3954327.stm>

³⁸³ <http://news.bbc.co.uk/2/hi/europe/4592691.stm>

³⁸⁴ <http://www.internationalviewpoint.org/spip.php?article815>

³⁸⁵ <http://www.internationalviewpoint.org/spip.php?article815>

³⁸⁶ <http://www.guardian.co.uk/world/2005/jun/02/eu.politics>

there are a variety of factors why the referendum in France failed:

- Dissatisfaction with the current French government;
- Worries (mostly misplaced) that the constitution moves the EU in an "Anglo-Saxon" direction when it comes to the economy;
- General concerns at the development of the EU, especially a perceived reduction of France's influence in the enlarged Union;
- Concerns at possible future membership of Turkey in the EU.³⁸⁷

The lesson that the EU learned from the French and Dutch rejections, however, was not that the Constitution was essentially unwanted or that it was time to reduce the EU to proportions that were acceptable to the populations of Europe. Instead it was that referendums were risky and thus to be avoided.

Lisbon Treaty

Overview

Europe is not the same place it was before World War II, nor are the other parts of the world. By doing things together, European countries can perform better results and can produce faster reactions on the issues and concerns that exist. For this, Europe needs to reform. In 2004 the European Union expanded from 15 to 25 members, and in 2007 it went up to 27 member states, with Romania and Bulgaria becoming part of the 'big family'. In order to be effective and influential in policy creation and implementation EU needs more effective institutions which are able to react quickly and wisely on upcoming issues and to rapid

changes in the world. On December 13, 2007 in Lisbon, Portugal, the head of state from each one of the 27 member states of the EU signed the Lisbon Treaty. Lisbon Treaty set out to do just that. It explains what the EU can and cannot do. It modified the way the EU's institutions work and how they are organized. Eight years after European leaders launched a process to make the EU "more democratic, more transparent and more efficient", they succeed with the full ratification of Lisbon Treaty³⁸⁸. The Treaty of Lisbon introduces a new concept on how decisions should be made, both in the Council and in the Parliament. Lisbon Treaty was ratified by all 27 member states, and entered in force on December 1, 2009. It was up to each country to decide for the procedure of ratification, aligned with its own national constitution. The goal of the Treaty is to make the enlarged EU function better. It will establish simpler, clearer rules for decision making, reformation of the EU foreign policy machinery and generally give EU institutions greater power when it comes to police and justice matters.

Milestones from Nice to Lisbon

- December 2001 Declaration of Laeken
- 2002 – 2005 Constitutional Treaty
 - June 2003 Draft Constitutional Treaty submitted from the Convention to the European Council
 - Agreement on the text by the IGC in June 2004
 - negative referenda in France & Netherlands
 - Subsequent period of reflection

³⁸⁷ <http://news.bbc.co.uk/2/hi/europe/4552937.stm>

³⁸⁸ <http://news.bbc.co.uk/2/hi/europe/6901353.stm>

- March 2007 Berlin Declaration (German Presidency) - "we are united in our aim of placing the European Union on a renewed common basis before the EP elections in 2009"
- July 2007 Intergovernmental Conference - Portuguese government presented a first comprehensive draft on the new treaty text to the EU Foreign Ministers
- December 13th 2007 signing of the new Reform Treaty
- European Parliament approved it on February 20, 2008 with majority of votes (525 parliamentarians in favor and 115 against). -November 3rd, 2009 Václav Klaus, the Czech president, signed the Lisbon treaty, which completed the ratification process. Czech Republic was the last of the 27 member states which ratified the Treaty.
- December 1st, 2009 Lisbon Treaty entered into force

Modernizing EU Institutions

With the Lisbon Treaty EU will increase its internal coherence and visibility on the world stage with two new positions: President of the European Council (President of the EU de facto) and High Representative of the Union for Foreign and Security Policy (EU Foreign Minister). These two major changes may cause weaknesses such as the inability of the smaller member states to set the agenda of the European Council (rotating presidency which will have only consultative role). The High

Representative of the Union for Foreign and Security Policy is technically part of the Commission (Vice President), but it will be building a bureaucracy independent from it (External Action Service). This might cause slow removal of the Foreign Affairs from the EU commission Agenda.

European Parliament

The Lisbon Treaty has many strengths and weaknesses. One of the biggest pro arguments for the Lisbon Treaty is strengthening the role of the European Parliament. The number of parliamentarians will be reduced to 750 members, and powers will be boosted. One of them will be the budgetary procedures of European Parliament. They will have equal footing with the Council concerning all types of expenditure (compulsory and non-compulsory). Furthermore EP's (European parliament) assent will be required for *international agreements* in fields governed by co-decision. Finally, one of the most influential positions, the *election* of Commission President, will take EP elections into account.

One of the most visible democratic achievements will be the greater involvement of National Parliaments into EU legislative proposals. With this, the legitimacy of the EU will be increased. Furthermore it will enhance the good functioning of the Union by ensuring that the principle of subsidiarity is respected in decision making (art 12, TFEU). Finally, the increase of national debates on EU initiatives will certainly ensure active involvement of opposition parties as well as the civil society.. Basically, this will cause more interaction between the citizens of the EU and the EU itself through the national governments on localized level. It will give a better chance to the opposition and the third (civil) sector

to express their attitudes and to improve the transparency, expression and freedom of speech even on a higher level.³⁸⁹

European Council

Improved Qualified Majority Voting (QMV) will be presented to the new policy areas. This will make the decision making system in the European Council more efficient. So far the European Council voted unanimously and with the enlargement this is getting harder and harder as all the member states have to agree on certain issues, without some member state to object. Double majority principle was introduced as well, which is based on dual majority of Member States and people. Double majority principle is achieved when a decision is taken by 55% of the Member States representing at least 65% of the Union's population. Lisbon Treaty will bring extension in areas such as climate change, energy and emergency humanitarian aid, as well as diplomatic and consulate protection. On the other side, it can be seen that the power is concentrated in the more populous member state. Germany as the largest state with its 82 million inhabitants will have much easier time to prevent and postpone implementation, if you compare it with 2 million Slovenia.

The European Council with the ratified Lisbon Treaty shall be formally recognized as an institution in EU. The major change in the European Council will be the new president which will be appointed for a mandate of 2,5 years. The role of the President of the European Council will be to represents attitudes of the European Council and to provide greater coherence in the

international relations.³⁹⁰ According to the Treaty of Lisbon, the new President (Mr. Van Rompuy) shall chair the European Council and drive forward its work. Furthermore Van Rompuy's obligation as the President of the European Council is to ensure the preparation and continuity of the work of the European Council in cooperation with the President of the Commission, and on the basis of the work of the General Affairs Council, shall endeavor to facilitate cohesion and consensus within the European Council. He shall present a report to the European Parliament after each of the meetings of the European Council, and shall not hold a national office.³⁹¹

Having a "President of the EU", as the newly created post is sometimes incorrectly called in the media, has many advantages. Legitimacy and authority of the Presidency will improve, since the President is impartial and does not represent any country. A big problem with the rotating format was that there was always the suspicion underlying that the country which was holding the office might use it to push forward national objectives. The Presidency therefore previously carried the burden of convincing the other states that its political actions were not nationally oriented. The Lisbon Treaty abolishes this burden.

On the other hand however, there are also disadvantages. Since the elected president will not be a head of state, he might have

³⁹⁰ Sampol, C. (2007): Institutions. Institutional changes in the new treaty. In: *EUROPOLITICS* № 3407, 7 November 2007, p.8.

³⁹¹ European Union (2007): Treaty of Lisbon Amending the Treaty on European Union and the Treaty establishing the European Community. In: *Official Journal of the European Union*, C 306/Vol.50, Luxembourg: Office for Official Publications of the European Communities. At: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:C:2007:306:SOM:EN:HTML>, Title III, Article 9b.

³⁸⁹

http://ec.europa.eu/dgs/legal_service/seminars/cz_suchman_en.pdf

less authority over current heads of states he has to deal with.³⁹² But since he will be elected by the members of the Council one should actually be sure, that the members will accept the authority of the President. Adding another person representing the EU externally will still lead to confusion on the international stage and a genuine common foreign policy will only arise when there is real political will among the member states and not from institutional changes.³⁹³ Furthermore a permanent president of the European Council would strengthen intergovernmentalism rather than supranationalism. This could potentially place consensus in the integration project at risk.³⁹⁴ One should also not expect too much from the new position since the Treaty of Lisbon plainly restricts the power of the President of the European Council.³⁹⁵

European Commission

The European Commission mostly develops policies and suggests regulations to the European Parliament and Council of Ministers which, depending on the issue, have various

competences to approve, amend or reject such proposed measures.

Under the Lisbon Treaty this will change significantly. From 2014 there will be a smaller European Commission, with fewer commissioners than there are member states resulting in some nations no longer holding any key administrative positions. Critically, there will be a redistribution of voting weights between the member states, phased in between 2014 and 2017. This will introduce qualified majority voting based on a double majority of 55% of member states, accounting for 65% of the EU's population. This will consequently change the balance of power in decision-making between older and newer member states.

- originally supposed to be reduced in size to 2/3 of member states; however final decision by European Council to keep to the principle „*One Commissioner per member state*“³⁹⁶
- more *politicized* Commission: majority conditions in EP influencing the appointment of the President of the Commission by the European Council
- *strengthened* role of the President

On the field of participative democracy, the Lisbon Treaty provides for a new citizens' initiative, where the EU citizens can collect one million signatures and petition the European Commission to advance the new policy proposals. On the other hand it should be considered that it only gives the EU citizens the

³⁹² Hughes, K. (2003): Franco-German Plans for a Dual Presidency EU – a short comment. CEPS Commentary at: http://www.epin.org/new/files/06B_comment_hughes_jan03.pdf.

³⁹³ Hughes, K. (2003): Franco-German Plans for a Dual Presidency EU – a short comment. CEPS Commentary at: http://www.epin.org/new/files/06B_comment_hughes_jan03.pdf.

³⁹⁴ Höreth, M., Sonnicksen, J. (2008): Making and Breaking Promises: The European Union under the Treaty of Lisbon. ZEI Discussion Paper C181, Bonn: Center for European Integration Studies, page 12.

³⁹⁵ Höreth, M., Sonnicksen, J. (2008): Making and Breaking Promises: The European Union under the Treaty of Lisbon. ZEI Discussion Paper C181, Bonn: Center for European Integration Studies, page 13.

³⁹⁶ www.icel.ie/userfiles/file/conferences/lisbon/Dashwood.doc

right to ask the Commission to consider initiation for a policy proposal, The Commission does not have to accept the proposal. Furthermore the petitions can only relate to the proper implementation of the treaties, but not to object in the treaties itself.

Human Rights

The Lisbon Treaty recognizes the Charter of Fundamental Rights which is incorporated in the protocol of the Treaty. With this step, the Charter of Fundamental Rights becomes legally binding and therefore it gives to EU a common basis for the protection of human dignity. New level of protection of EU citizens will be introduced by the Treaty, which will include a range of economic and social rights. This will definitely contribute to the pace of EU accession to ECHR (European Court of Human Rights). On the other side, even though the Charter of Fundamental Rights has a binding character it does not have much prominence and is only marginally mentioned. Furthermore, limits can be put on fundamental rights to uphold other freedoms in the treaties. The main concern for this might be the ECJ's (European Court of Justice) interpretation of the Charter, which might be rather conditional than universal.

Policy areas

The Lisbon Treaty made an introduction of solidarity clause / mutual defence clause as well. NATO and the European Union have mutual defence clauses in Art.5 of both treaties. According to Art.5 of the NATO Treaty, an armed attack against one of the signatories shall be considered an attack against them all. Art.5 WEU (Western European Union) states that the signatories shall

support the attacked state (in its right of self-defense) with all the military and other assistance in their power. The Lisbon Treaty has a solidarity clause against terrorist attacks and disasters (222 TFEU) and a mutual assistance clause in Art. 42.7 TEU in case of an armed aggression by another state. Member states decide on their own *how* they will deliver the solidarity. There is always unanimity on defence issues.³⁹⁷

Prolongation. Problems That Arose and Might Arise

The first major obstacle the Lisbon Treaty faced was the referendum in Ireland. Ireland was the only state which decided to put the Lisbon Treaty on referendum. The Irish citizens expressed their feelings, and clearly said that they do not accept the Lisbon Treaty. According to the official figures from the referendum in Ireland, 53.4% of the voters had rejected the treaty, and 46.6% voted in favor. Czech Republic is the last state which has ratified the Lisbon Treaty. The reason for that was the denial of the Czech President to sign the Lisbon Treaty. Finally on November 3, 2009, the Czech President signed the Treaty, and that was the end of the 9 year "battle" for EU to start reforms.

Other major news steaming from the Lisbon Treaty is the right to withdraw from the European Union (*exit clause*)³⁹⁸ which has been formally recognized. It is not clear what the main goal of EU is by providing this opportunity to the member states. For example, the UN Charter does not provide a way to leave the UN, although countries may be expelled from the UN. The past experience was a lesson for the UN. In the League of Nations it was allowed for a country to withdraw and that was one of the

³⁹⁷ <http://en.euabc.com/>

³⁹⁸ <http://www.euractiv.com/en/future-eu/treaty-lisbon/article-163412>

reasons for its failure. Another major mistake for the League of nation was that every decision has to be unanimous. European Union is making changes in this field. That was one of the reasons why Lisbon Treaty was created. It is really hard to make a unanimous decision with 27 member-states, particularly when compared with 6 member states (when EU was founded).

Conclusion

To conclude, this reserach paper discussed how Lisbon Treaty was created, which were its predecessors, the advantages and disadvantages of the Treaty, as well as the impact it will have on EU's development.

Months after the final ratification of the Lisbon Treaty there is a question arising - is the glass half-empty or half-full now? Certainly EU is designed in a more democratic, more efficient and more transparent way, but there is still room for improvement. Many "maybes" and "ifs" remain. It is not surprising that at a conference of the European Policy Centre, the Centre for European Policy Studies and the Royal Institute for International Relations on "The Treaty of Lisbon: implementing the institutional innovations" the phrase most uttered was: "It all depends."³⁹⁹ At the end of the day the new Treaty does not set clear dividing lines in terms of powers between the President of the European Council, the President of the European Commission and the High Representative the Union for Foreign Affairs and Security Policy. "In fact, those lines are so blurred

that the demarcation would come down to personalities – the first person in the Council Presidency role would effectively create the template for what that job should entail."⁴⁰⁰

One can conclude that there are many challenges that the Lisbon Treaty and EU have to face in the future. Today the old dream to cooperate on a supranational level has been realized to a larger degree. There is a new generation of 'Europeans' that lives in Europe and has opportunities that the previous generations did not have. But the gigantic success of EU no longer produces the warm glow people felt in times of need. EU has to change because the idea of Europe is not constant. It is transitional, with continuing changes in accordance with the political, economic and social circumstances in and outside the EU as well as to the preferences of all the people who live on the European continent. Concequently, Europe is still a great issue for our times. We can only speculate how Lisbon Treaty and EU will evolve. But whichever way, it will have a decisive influence on the lives of the future generations.

³⁹⁹EPC (2007): EU Intergration and Citizenship: The Treaty of Lisbon: implementing the institutional innovations. Event Report. At: www.epc.eu/en/er.asp?TYP=ER&LV=293&see=y&t=2&PG=ER/EN/detail&l=&AI=760

⁴⁰⁰ EPC (2007): EU Intergration and Citizenship: The Treaty of Lisbon: implementing the institutional innovation

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State Building in Bosnia and Herzegovina: the Relationship between Republika Srpska and Serbia

I. Introduction

Bosnia and Herzegovina (BiH) is a complex state that is still in transition. Fifteen years after the war that killed thousands of people and displaced hundreds of thousands; the country is still in the process of re-building and establishing a state that meets the approval of its three constituent groups and the international community. Much has been debated and discussed and written about Bosnia: the war and its causes and antagonists (particularly the role of Croatia and Serbia), the extensive international presence that has acted as the country's supreme authority since the end of the war, and the proper form that the developing state should adopt, as well as other questions related to ethnicity and groups and identity.

Bosnia and Herzegovina is a state that has been overseen by a huge international force for the past 14 years, and its 'final' form is still under discussion. The Dayton Accords that ended the war in 1995 continue to serve as the main governing document in BiH, including the constitution. Bosnia is a state divided into two entities, Republika Srpska and the Federation of Bosnia and Herzegovina, as well as an autonomous district of Brcko. The

entities enjoy significantly more power than the shared central government. While the central government has increased its number of ministries from three to nine since 1995, which include foreign policy and defense, most powers remain at the entity (or lower) level. The country is divided by the most mundane and the most complex of questions, including the role that the central state should play and the amount of power that it should be granted, as well as the level of centralization necessary and desirable.

This paper will examine the relationship between Serbia and Republika Srpska, and the effect of that relationship on the state-building process in BiH. The paper looks at their recent relations, including the type and frequency of cooperation. It then assesses the potential effects of this cooperation on the state-building process in Bosnia and Herzegovina. Does their relationship affect the pace of internal integration in Bosnia? Does Serbia's relationship with Republika Srpska affect Banja Luka's need or willingness to cooperate with the Federation

and/or the State and participate in the integration of the entities and the transfer of certain powers to the center?

II. Background

The integration of the two entities, one aspect of the state-building process, is currently a particularly relevant issue. Timothy William Waters indicates the importance of this question, writing that the project of integrating the entities has become the central focus of the international community's work. At the same time, he notes that "many (especially among the Serb and Croat communities) oppose fundamental elements of the integrative project"⁴⁰¹. There are different interpretations of the level of integration and centralization necessary to make Bosnia functional and ready to join the EU. International actors hold certain positions on the degree of integration necessary, as do each of the main actors of the three constituent groups in BiH.

Serbia has a new progressive and pro-Western government in current president Boris Tadic, in office since 2004. While the more nationalist governments of earlier in the decade have been replaced, there does not appear to have been a significant decline in support and cooperation to Republika Srpska. In this paper I identify examples of Serbian support and the possible effect that it has on Bosnian development; at the same time it must be noted there have been and continue to be some signs of improvement and cooperation between the groups in BiH. While in my evaluation there has recently been only

limited cooperation and willingness to integrate on the part of RS, that is not to say that there are no examples of cooperation between the three constituent groups in Bosnia.

Republika Srpska Prime Minister Milorad Dodik is a powerful political figure in RS with substantial popular and political support, and he has largely become the face of the entity. Vojislav Kostunica served as the president of the Federal Republic of Yugoslavia from 2000-2003 and as prime minister of Serbia from 2004-2008 and is now considered by many to support nationalist policies. Serbian President Boris Tadic was elected in 2004 (and reelected in 2008) and leads a pro-Western government whose primary goal is European Union membership. These three men have initiated (and Tadic and Dodik continue to initiate) much of the cooperation between RS and Serbia and have largely become the face of this relationship.

The structure of the Bosnian state is unique, making the relationship between Serbia and Republika Srpska somewhat unusual. Some of its particularities include the position of Serbia as a guarantor of the Dayton Accords, the right for entities to engage in special and parallel relations with neighboring states, the position of the Bosnian Serbs in BiH as one of three constituent peoples, and the fact that most of the power in Bosnia is devolved to the entity-level, where they possess powers normally reserved for the central government. In addition, the Bosnian central government is mostly excluded from Serbia's relationship with RS, and much of Serbian cooperation and support occurs on the territory of RS.

RS and Serbia have both found value in maintaining a strong relationship. RS remains strategically important for

⁴⁰¹ Waters, Timothy William. "Assuming Bosnia: Taking Politics Seriously in Ethnically Divided States." *Deconstructing the Reconstruction*. Ed. Dina Francesca Haynes. Hampshire: Ashgate, 2008. p 60.

Serbia, especially since Kosovo's declaration of independence. Various statements made by former Serbian prime minister Vojislav Kostunica showed that certain Serbian politicians were willing to use RS as a tool in its efforts to annul Kosovo's independence; numerous comments were made that indicated that Kosovo independence could threaten stability in the region, particularly in BiH. Kostunica and other politicians have noted that Kosovo's independence is precedent setting and could spur similar movements by other groups in the region.⁴⁰²

Moreover, Republika Srpska also represents an extended market for Serbia. Serbian cooperation with RS appears to contribute to RS's internal and external legitimacy, both political and economic. The June 2009 economic agreement between RS and Serbia, for example, affirms RS's position as the source and facilitator of economic development in the entity and aids its capacity to provide services and goods to its people, one of the main factors in establishing and maintaining internal legitimacy. Serbia's reception of RS officials in a manner similar to its reception of bilateral heads of state and government (and with greater frequency) is another possible contributing factor to RS's political legitimacy.

III. The Relationship between Serbia and Republika Srpska

Serbian political cooperation, support and involvement with and in Republika Srpska manifests itself in a variety of ways. It includes both the expression of support to the RS and its government, as well as domestic commitments to protect the

Bosnian Serbs. It is both symbolic and very concrete, and it has been a feature of the politics of the two major Serbian leaders in the past decade, Vojislav Kostunica and Boris Tadic.

One of the most recent examples of Serbian political support to Republika Srpska gives us a sense of the current state of their relationship. Serbian President Boris Tadic indicated Serbia's support to Republika Srpska in his June 2009 visit to Banja Luka. Tadic's visit came on the heels of a serious dispute between RS and the Office of the High Representative. The RS Assembly passed a list of 68 powers that it said had been taken by the central government. These included control of the judiciary and the power to manage foreign trade, collect customs duties and deploy the police. The underlying message, as understood by most commentators, was that RS was indicating that it thought those powers belonged to the entities and should be returned to them. Gordon Milosevic, a senior advisor to Dodik, said that "the Bosnian Serbs had not intended to undermine the Dayton agreement and had merely wanted to voice discontent over what they viewed as the Bosnian state's accrual of power at the expense of elected assemblies in the two entities"⁴⁰³.

The HR subsequently declared that the resolution was anti-Dayton and anti-constitutional and warned that he would annul it. Discussions between the OHR and RS failed to produce a solution, and the conclusions came into effect on 16 June 2009. The HR rescinded the law on 20 June 2009 using his so-called

⁴⁰² "Kostunica: Serbia's Top Priorities- Kosovo, RS". 25/10/2007 http://www.b92.net/eng/news/politics-article.php?yyyy=2007&mm=10&dd=25&nav_i. Accessed 03/10/2009.

⁴⁰³ Bilefsky, Dan. "Bosnian Serbs and Envoy are at Odds on Powers." 19/06/2009. http://www.nytimes.com/2009/06/20/world/europe/20bosnia.html?_r=1&scp=2&sq=bosnia&st=cse. Accessed 20/06/2009.

“Bonn Powers”. The Bonn powers, given to the high representative after the signing of Dayton, allow the HR to issue decrees, impose laws and remove elected and appointed officials who he thinks are obstructing the Dayton accords.

Directly following the incident, Serbian President Tadic visited Banja Luka (on 22 June 2009) and met with the representatives of six Serb political parties from RS. At the press conference following the meeting, Tadic said that Serbia would not accept imposed solutions, but only those solutions agreed upon by all three constituent peoples in BiH. Tadic said that in order to ensure stability in the region and in Bosnia, legitimate decisions made by representatives of the people could not be rescinded. He added that Serbia supported the Dayton Peace Accords and did not want to interfere with Bosnian internal affairs⁴⁰⁴.

RS Prime Minister Dodik’s comments on the situation and Tadic’s visit are also of note. Dodik stressed that Serbia was pursuing state-building policies that were in line with formal institutions, such as Dayton and the agreement on special relations. He added that Serbia was not telling RS what to do and that the entity was the more independent from Serbia than ever. In addressing Tadic’s visit directly, Dodik added that Tadic did not come to calm down RS or to work against BiH, but rather to

help the Bosnian Serbs set their priorities straight and work toward achieving them⁴⁰⁵.

Whatever the intentions or motivations of Dodik and Tadic, their words and actions were significant. Tadic did not criticize the OHR’s decision directly, but expressed Serbia’s disagreement and non-acceptance of his unilateral action against a decision of the elected assembly. In addition, his meeting with the six major Bosnian Serb political parties served as another indication of his support to the entity and their position. This dispute is particularly interesting because it centers on the most central question facing Bosnia today: how much centralization and integration is necessary and desirable?

This most recent incident is a telling example of the type of Serbian involvement in Republika Srpska. Regular meetings between top-level officials are one of the primary means by which Serbian involvement is manifested. Top Serbian and Bosnian Serb politicians have been meeting regularly in Belgrade and Banja Luka for the past several years. The statements and press conferences that follow these meetings generally explain that the leaders discussed the political and economic situation in BiH and Serbia. Serbian officials reiterate Serbia’s support for Dayton and its insistence that change to Dayton should be agreed to by all three constituent peoples in BiH. Other common topics addressed at these meetings include cooperation with the ICTY and the situation in Kosovo. Both Serbian and Bosnian Serb

⁴⁰⁴ “Serbia Backs Bosnia Integrity ; No Imposed Solutions.” 22/06/2009 http://www.b92.net/eng/news/politics-article.php?yyyy=2009&mm=06&dd=22&nav_id=59999. Accessed 25/06/2009.

⁴⁰⁵ “Dodik : RS Wants Powers Back”. 25.06.09. http://www.b92.net/eng/news/region-article.php?yyyy=2009&mm=06&dd=25&nav_id=60069. Accessed 25/06/2009.

leaders consistently indicate their commitment to enhanced cooperation between the two.

While many meetings have been held between ministers and parliamentarians from the two territories, heads of “state” and government also see each other regularly. Serbian

President Boris Tadic and RS Prime Minister Milorad Dodik have recently been meeting approximately once a month, a notable frequency for the president of a state that is occupied with the Kosovo situation and Euro-Atlantic integration. Ministerial-level visits and meetings between Serbia and RS generally focus on increasing and improving cooperation in the sector of the ministry involved, and sometimes conclude with the signing of an agreement on specific plans or a general commitment to increased cooperation.

Other Political Cooperation

These meetings are not new and date from several years ago. In another example, RS Prime Minister Dodik met with the Serbian Consul in Banja Luka in April 2006. The two sides discussed economic cooperation and Dodik expressed particular interest in cooperation in the transport sector. The two officials noted that Serbian investors had indicated interest in many projects in RS, and Dodik added that he had sent a draft program of cross-border cooperation to the Serbian government. The timing and specificity of this meeting is notable. It took place on the same day that the chair of the Bosnian presidency received the credentials of the new SCG ambassador to BiH. During talks, the chairman and the ambassador discussed war criminals, the further development of relations between the two countries and

the Serbian ambassador indicated his support for the Bosnian presidency proposal for holding an inter-governmental council.

Some meetings serve more symbolic purposes. President Tadic and other Serbian officials and politicians have attended the openings of businesses or commercial centers that represent joint initiatives between RS and Serbia. They also attend commemoration events such as war memorials and religious ceremonies. In January 2006 Serbian President Tadic attended a memorial ceremony for Serbs killed in Kravice, Bosnia-Herzegovina during the Bosnian war, an event also attended by officials of RS. The two sides also briefly discussed the situations in BiH and Serbia and Montenegro⁴⁰⁶.

The inauguration of the Republika Srpska Park in Belgrade in May 2008 drew Serbian President Tadic and RS Prime Minister Dodik; at the ceremony the two men said that the park symbolized the close friendship between Serbian and Republika Srpska⁴⁰⁷. Dodik was also one of the main speakers at

⁴⁰⁶ Serbian Ministry of Foreign Affairs. Daily Survey 06/01/2006 and “Tadic Visits Srebrenica Area to Honor Serb Victims of Bosnian Conflict” <http://www.voanews.com/english/archive/2006-01/2006-01-08-voa3.cfm?moddate=2006-01-08>). Accessed 03/10/2009.

⁴⁰⁷ “Tadic, Dodik Inaugurate Republika Srpska Park in Belgrade”. 06/05/2008. http://www.setimes.com/cocoon/setimes/xhtml/sr_latn/features/setimes/newsbriefs/2008/05/06/nb-07 and Kremenovic, M. “Republika Srpska in Beogradu”. 29/04/2008. <http://www.fokus.ba/vidi.php?vijest=11104>. Accessed 10/08/2009.

the protest rally in Belgrade on 21 February 2008 following Kosovo's declaration of independence⁴⁰⁸.

In the legal sphere, Serbia and Republika Srpska have signed numerous agreements on cooperation covering a wide variety of sectors. The most important and all-encompassing agreement in the past three years was the Agreement on Special and Parallel Relations, signed in September 2006 (an earlier one was signed in 2001). The agreement was unveiled in impressive fashion, with all of the top leaders from Serbia, including the president and prime minister, travelling to Banja Luka to attend the signing ceremony. The agreement was intended to improve economic and political relations between the two parties. On the occasion, several inaugural ceremonies, including the opening of news agency Tanjug's media center and Komercijalna Banka's first branch in RS and BiH were celebrated. The RS National Theatre and the Zvezdara Theatre of Belgrade also signed an agreement on cooperation.⁴⁰⁹ It must be noted that an invitation to sign a special and parallel relations agreement with the Federation and with Bosnia and Herzegovina has been offered on numerous occasions, but this doesn't appear to have produced any substantial agreements of this sort and seems to be largely lip service.

The 2006 Special and Parallel Relations agreement did not provoke condemnation from the international community, though it was not met with pleasure by the other constituent

peoples in BiH. The US ambassador to Bosnia-Herzegovina said that the agreement was in line with the Dayton constitution.⁴¹⁰ The OHR reacted to a draft of the agreement by saying that it was similar to the earlier agreement signed in 2001, which the OHR had considered to be acceptable.⁴¹¹ HR Valentin Inzko commented on the agreement after assuming his new post in 2009, saying that "this kind of cooperation is made possible by the Dayton Agreement, and if it is in accordance with the sovereignty and territorial integrity of BiH, then I do not see anything bad in it. Regional cooperation, in my opinion, is a key to success for relatively small countries such as BiH. Cooperating with your neighbors you show in a way how capable you will be to cooperate with the other 27 EU members [...] Cooperation, in any case, is welcome, in particular if we have in mind a common objective which these countries share, and this is EU membership".⁴¹²

Other agreements that have been signed in the past three years have covered a variety of areas, including parliamentary cooperation, economic projects, industry and infrastructure. For example, in a move considered by some to be pre-election manoeuvring, a protocol of intent for the establishment of a

⁴¹⁰ Serbian Ministry of Foreign Affairs. Daily Survey 26/09/2006. http://www.mfa.gov.yu/Bilteni/Engleski/b260906_e.html#N13.

⁴¹¹ "Statement: OHR Comment on the Draft Agreement on the Establishment of Parallel Relations Between the RS and Serbia". 22/09/2006. http://www.ohr.int/ohr-dept/preso/pressr/default.asp?content_id=38132.

⁴¹² Kovacevic, Davor. Interview with Valentin Inzko. Politika. 5/5/2009. http://www.ohr.int/ohr-dept/preso/pressi/default.asp?content_id=43553. Accessed 23/7/2009.

⁴⁰⁸ Loza, Tihomir. "Republika Srpska: Minister of Noise". Transitions Online (Transitions Online), issue: 03/04/2008.

⁴⁰⁹ Serbian Ministry of Foreign Affairs. Daily Survey 27/09/2006. http://www.mfa.gov.yu/Bilteni/Engleski/b270906_e.html#N1.

joint border crossing and the construction of a bridge at Raca was signed in July 2006 by Serbian Capital Investments Minister Velimir Ilic and Republic of Srpska Minister of Transport and Communications Nedeljko Cubrilovic. Serbian PM Kostunica and RS PM Dodik were present at the ceremony and signed the protocol. The bridge was to be called 'Europe' and was to be built with 6 million euros from the Serbian government. The new bridge and joint border crossing were intended to speed up traffic, the flow of goods, people and capital.⁴¹³

This agreement raised the ire of some in Bosnia. Suleman Tihic, then Bosniak chairman of the Bosnia-Herzegovina Presidency, said that he was not happy with the agreement, arguing that it violated the BiH constitution because border crossings are under the jurisdiction of the state. Dodik claimed that the protocol had received the support of the BiH State Border Service, and the BiH Ministry of Transport and Communications.⁴¹⁴

More recently (January 2008) a protocol on parliamentary cooperation between Serbia and the RS was signed in Banja Luka. The document went into effect immediately after it was signed by Serbian and Srpska parliament Speakers Oliver Dulic and Igor Radojicic. It specified that the two

parliaments would cooperate in good will through their representatives, committees and services, in keeping with the Constitutions of Serbia, Republika Srpska and Bosnia-Herzegovina. It envisaged meetings of the speakers at least twice a year to discuss the activities and recommendations of the bilateral cooperation council, the situation in both states, cooperation and regional issues. The general secretaries of the two parliaments were tasked with defining annual plans and technical details for the coordination of parliamentary services, visits, studies and exchange of experts. Presidents of parliamentary committees and other bodies were instructed to prepare annual meetings to exchange experiences in legislation and practice. The document also envisaged expanding cooperation to other parliaments in the region and their bodies.⁴¹⁵

Military cooperation

While military funding evident in the initial years following the end of the war has ceased, military and security cooperation still exists between Serbia and Republika Srpska. Regional security cooperation, particularly as it pertains to borders and ICTY indictees, is a regional and bilateral effort. A meeting between the Serbian defense minister Sutanovac and the RS president and prime minister in March 2009 included discussion on cooperation in the military industry, energy, and the possibility of Serbia buying excess BiH weaponry. The Serbian defense minister informed the RS officials about Serbia's intention to set up a military university and the two sides discussed other forms of potential cooperation such as the

⁴¹³ Serbian Ministry of Foreign Affairs. Daily Survey 31/07/2006. http://www.mfa.gov.yu/Bilteni/Engleski/b310706_e.html#N7 and http://www.ohr.int/ohr-dept/preso/bh-media-rep/round-ups/default.asp?content_id=37727.

⁴¹⁴ « Tihic Not Happy With Agreement ». 30.07.06. http://www6.b92.net/eng/news/politics-article.php?yyyy=2006&mm=07&dd=30&nav_id=35901. Accessed 23/03/2009.

⁴¹⁵ Serbian Ministry of Foreign Affairs. Daily Survey 10/01/2008.

education of young people RS at the Belgrade Military Academy, the treatment of RS citizens at the Military Medical Academy, as well as training for the Serbian Army in RS as preparation for peace operations. Their meeting also considered the possibility of joint projects in the military industry, including the possibility of companies in RS taking part in the production of military industry products, which represents a strong sector of the Serbian economy.⁴¹⁶

Economic Cooperation

A recent economic agreement signed between Serbia and Republika Srpska offers a look at the current state of economic cooperation. Prime ministers and ministers of the economy from the two sides signed the agreement on 15 June 2009. The agreement aimed to remove administrative barriers to trade between the two sides. The Serbian Ministry of Economy announced that the two parties intended to set up an operations group to work on the removal of administrative barriers to trade between RS and Serbia. They also discussed a new law on food safety that Serbia was planning to adopt, which would facilitate food safety control checks on the border. More specifically, the agreement includes the sale of Serbian-made Fiat Punto cars and IMT tractors in RS at subsidised prices. According to B92's report on the agreement, "RS citizens will be able to buy Fiat cars with a EUR 1,000 discount if they give up their old car. The transport, insurance and guarantees of EUR 613 will be paid by the Serbian government. IMT tractors will be sold in the RS with a discount

of EUR 2,000. The amount of EUR 2,000 will be covered equally by Serbia and the RS."⁴¹⁷

In addition, under the agreement Serbian citizens will be able to buy furniture and other products manufactured in the RS under subsidized conditions as well. Both sides greeted the agreement as positive progress, with statements about the importance of reducing barriers and expanding markets, as well as mention of the hope that the agreement would expand to include other sectors of the economy. These goals are particularly interesting when one considers that one of the main goals of the international actors in BiH is the integration of the two economies and the reduction the barriers that divide them.⁴¹⁸ In what has become a common gesture accompanying these types of agreements and statements, both sides noted that the rest of BiH had been invited to join the agreement which, as mentioned above, doesn't seem to be more than lip service.

Analysis of trade patterns from the first half of this decade indicates the level of trade between the kin-states and their respective kin-minorities in BiH. Will Bartlett, in explaining the levels of trade between Serbia and its neighbors, attributed almost all of its trade with BiH to trade with RS [using statistics

⁴¹⁶ "Sutanovac Meets Republika Srpska President". 27.03.09
<http://www.emportal.rs/en/news/serbia/83618.html>. Accessed 12/05/2009.

⁴¹⁷ "Serbia, RS Ink Economic Cooperation Deal". 15/06/2009.

http://www.b92.net/eng/news/politics-article.php?yyyy=2009&mm=06&dd=15&nav_id=59838 and
 Subvencionisani "punto" i u RS". 27/05/2009.

http://www.b92.net/info/vesti/index.php?yyyy=2009&mm=05&dd=27&nav_id=362748. Accessed 11/08/2009.

⁴¹⁸ U.S. Department of State: Background Note Bosnia and Herzegovina. 01/01/2009.

<http://www.state.gov/r/pa/ei/bgn/2868.htm>. Accessed 25/06/2009.

from 2002].⁴¹⁹ He noted that the same could be said of Croatia's trade with BiH, i.e., their trade is largely trade in Croat-dominated areas in the Federation. Republika Srpska Assembly Speaker Igor Radojicic noted in September 2006 (on the occasion of the signing of the Agreement on Special and Parallel Relations) that Serbia was Republika Srpska's main foreign trade partner, while adding that it was not one of its top ten investors.⁴²⁰

There are nevertheless indications of substantial Serbian investment, both public and private, in RS. RS PM Dodik noted in September 2006 that Serbian National Investment Program included 100 million euros for projects in the entity.⁴²¹ Perhaps the most publicized investment in recent years was majority state-owned Telekom Srbija's purchase of 65% of Telekom Srpska, which was being privatized. The June 2007 sale raised the eyebrows of some analysts who questioned the neutrality of the sale, contending that it might have been politically motivated and that Serbia overpaid. The sale certainly bolstered Republika Srpska's economic position (which almost inevitably strengthens its political position); it totaled 646 million Euro. BIRN noted the economic significance of the sale, writing "equal to roughly one fifth of the Republika Srpska's gross domestic product (GDP), it was a record-breaking sale for Bosnia-Herzegovina and

constitutes the largest single foreign direct investment by any Serbian company to date".⁴²²

Energy and Infrastructure

Meetings, agreements and commitments to further cooperation often take place during ministerial-level visits of Serbian ministers to RS and vice versa. Energy and infrastructure are two areas in which cooperation is particularly strong. Recent examples include Serbian Minister of Energy and Mining Petar Skundric's visit with Prime Minister Milorad Dodik and the Minister of Economy, Energy and Development Slobodan Puhalic in RS in October 2008. The two sides discussed the energy potential of the river Drina, gas network development and possible routes for cooperation in oil industry.⁴²³ In February 2009 the two ministers met again to discuss similar matters, highlighting the potential for future cooperation through hydro-energy projects on the Drina river, as well as the current situation in the oil and gas sectors after the sale of 51 % of the majority share of the Serbian oil industry NIS to Russia. Their discussion also covered the further construction of the South Stream gas pipeline and its influence on Serbia and Republika Srpska's gas supply.⁴²⁴ In June 2009 another agreement was

⁴¹⁹ Bartlett, Will. Regional integration and free-trade agreements in the Balkans: opportunities, obstacles and policy issues. *Econ Change Restruct*
<http://www.springerlink.com/content/y6444507480m1421/fulltext.pdf>.

Note that data for trade between FRY and BiH wasn't available.

⁴²⁰ Serbian Ministry of Foreign Affairs. *Daily Survey* 26/09/2006.

⁴²¹ Serbian Ministry of Foreign Affairs. *Daily Survey* 12/09/2006.

⁴²² Djurdjevic, Marijana and Erol Mujanovic. "Serbian Telekom Dials Direct to Bosnia". 26/06/2007.

http://www.birn.eu.com/en/90/10/3420/tpl=30&ST1=Text&ST_T1=Article&ST_AS1=1&ST_max=1. Accessed 25/05/2009.

⁴²³ « Skundric on Visit to Republika Srpska". 13.10.08
<http://www.emportal.rs/en/news/serbia/65570.html>.
Accessed 08/08/2009.

⁴²⁴ "Serbian, R Srpska Energy Ministers to Improve

reached between Serbian gas company Srbijagas and Republika Srpska Gas Company Gaspromet in which the state-owned Serbian gas monopoly will buy a 40% stake in publicly-owned Gaspromet. The Bosnian Serb energy minister and his Serbian counterpart signed the deal which aims to connect RS to a section of the South Stream gas pipeline mulled by Srbijagas and Russia's Gazprom.⁴²⁵

IV. Conclusions: the Future of Inter-Entity Integration

The international community is working to make Bosnia functional and viable, and has set certain conditions and requirements which are necessary for it to be accepted to the EU. The leaders of Bosnia-Herzegovina have recognized that some sort of major constitutional change is necessary to make the country more functional and have recently been meeting to discuss how to change the state. These domestic efforts have had varied levels of success. It seems that agreement has been reached between the major actors that some sort of change is necessary but agreement has not been reached on what exactly that change should be. International actors, for their part, have identified both general and specific changes as necessary parts of state-building that will assist Bosnia in developing into a

functional and viable state able to integrate into Euro-Atlantic structures.

Despite the difficulties it has faced, Bosnia is less divided then it was ten, or even five years ago. Various measures have been adopted in an attempt to facilitate increased cooperation between the two sides, including shared license plates, dismantling of the inter- entity line (which had previously represented something similar to an international boundary line), minority refugee returns and unification of the armed forces. Nevertheless, the extent of the autonomy granted to the entities has allowed them to develop elements of their societies in divergent ways and has often not been conducive to increased cooperation and integration.

After reviewing examples of the type of cooperation evident between Serbia and RS in recent years, it is important to consider the extent to which Serbian cooperation with RS affects that entity's stance regarding further integration with the central government (in terms of incentive, motivation, willingness to cooperate, enjoying an alternative to integration).

The (dis)integrative role of the Serbia/RS relationship on state building in BiH

In examining the effects of Serbian/RS political and other cooperation on the state-building process, I am not suggesting that Belgrade/Banja Luka cooperation replaces Banja Luka/Sarajevo cooperation. I am looking rather at the possible effects of the Serbia/RS relationship on the incentive/need for RS to engage/cooperate politically with the central state. This section also considers the ability of RS to increase its leverage

Cooperation".12.02.2009

<http://www.emportal.rs/en/news/serbia/78806.html>). Accessed 08/08/2009.

⁴²⁵ "Serbia, Bosnia Serbs sign debt for equity gas deal". 19/06/2009.

<http://in.reuters.com/article/oilRpt/idINLJ1245720090619>. and

"Srbijagas Takes Over Gas Promet". 11/08/2009.

<http://emportal.rs/en/news/serbia/96127.html>. Accessed 12/08/2009.

within Bosnia-Herzegovina via its strong political relationship with Serbia; can RS improve its bargaining position within Bosnia-Herzegovina through its relationship with Serbia?

RS functions much like a mini-state. It is guaranteed many powers that are generally reserved for a central government as well as many of the symbolic and institutional features of a state, such as having a prime minister and a president. Finally, its officials travel to Serbia, the country perhaps the most important to its people and the most powerful in the region, and are treated much like delegations from a state. I argue that with that sort of recognition and thus legitimacy obtained via its relationship with Serbia, RS has less incentive/need/desire to cooperate with the Federation, the central government and the international community.

There are many factors that contribute to the slow pace of state-building and the current difficult situation in Bosnia-Herzegovina. In my evaluation, Serbia's relationship with Republika Srpska contributes to this situation. The recent political crisis surrounding the RS desire to have certain powers returned to the entity-level, described in detail in earlier chapters, is the prime example of how Belgrade contributes to the situation. Banja Luka's move was in direct defiance of the OHR, and condemnation of its move was fairly widespread. Tadic's decision to go to Banja Luka and meet with RS (Serb) politicians is a fairly straight-forward indication of support. Serbia represented the only explicit external supporter, making its assistance that much more valuable to RS.

The June 2009 economic agreement served a similar purpose. Both the specific content of the agreement and the

multiple commitments to reducing trade and administrative barriers between RS and Serbia are powerful messages. This type of cooperation contributes to Republika Srpska's ability to resist much of the centralization and integration that other groups in Bosnia, both domestic and international, are calling for. This paper does not aim to analyze or evaluate Serbia or Republika Srpska's *motivations* for cooperation. Based on both the level of cooperation and the type of integration and centralization that state-building in Bosnia requires, I argue that Republika's Srpska's relationship with Serbia offers it an alternative to the integration and centralization demanded by other actors. If Banja Luka declines to cooperate internally in the energy sector, for example, we can see from the evidence presented in this paper that it has a quite attractive alternative, cooperation with Belgrade. While it is not so clearly one or the other, I argue that RS's relationship with Serbia at least contributes to its ability to resist efforts at centralization and integration with the Federation.

The political power of Serbian/RS political cooperation is that it makes clear that with Serbia, Republika Srpska has an alternate economic partner, a close ally in a variety of sectors from energy to academics, and a source of political legitimacy. If Serbian cooperation and involvement in RS provides these elements, as we have seen from the examples of actual involvement, one can argue that that cooperation contributes to and facilitates RS disinclination toward centralization and further integration with the Federation and the central state. As there is a substantial amount of centralization and integration necessary for Bosnia to achieve its state-building and Euro-Atlantic integration objectives (mainly set by the international community), one can argue that Serbian cooperation and

involvement in RS contributes to a slowdown in achieving those state-building objectives.

While Republika Srpska's positions on state-building, centralization and inter-entity integration are shaped by a

variety of sources, the entity's strong economic and political partnership with Serbia has arguably facilitated its ability to freely choose the type and extent of centralization and integration it desires and to resist certain types of domestic cooperation.

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