

UNIVERSITY OF OXFORD

CONSTRUCTING SOUTH EAST EUROPE
The Politics of Balkan Regional Cooperation, 1995-2003

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ABSTRACT

‘Constructing South East Europe: The Politics of Balkan Regional Cooperation, 1995-2003’

by

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In the post-Cold War era, the Balkans came to exemplify the power of resurgent nationalisms freed from the straitjacket of bipolar stability. The break-up of the Yugoslav federation suggested that exclusivist ethno-national identities trumped the logic of political and economic integration. Yet, by the early 2000s, regional cooperation made significant inroads into South East Europe. This study addresses the puzzle of why the Balkan states have engaged in a number of multilateral schemes in fields such as military security, trade, infrastructure development, energy, despite the region’s divisive historical legacies and political instability.

The thesis explores the impact of three factors: *regional interdependence* denoting the socio-economic and political linkages which contribute to the convergence of Balkan states’ material interests, *external push* referring to the policies for fostering regional cooperation adopted by key actors such as the EU, US, and NATO, and *identity politics*: the discourses on the borders, cultural make-up and history of a Balkan regional entity as well as the latter’s relationship with constructs like Europe and the West. The thesis argues that external projection of power, rather than regional interdependence, accounted for the development and growth of Balkan regionalism. However, the push from outside was legitimised by Balkan collective identity built upon myths of belonging to and exclusion from ‘civilised Europe’. Regionalism was not solely a reflection of the supply and demand for integrative frameworks, but amounted to a symbolic strategy for

transforming the volatile Balkans into South East Europe by the adoption of the institutional norms and practices of international clubs such as the EU and NATO.

The case of regional cooperation in South East Europe contributes to the debates about the politics of interest and the politics of identity in the field of International Relations, and raises questions about the nature of power in contemporary Europe and the international society.

I hereby declare that this work is entirely my own, except where otherwise indicated.

Dimitar Bechev
Oxford, 19 May 2005

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ABBREVIATIONS

ATMs/ATPs	Autonomous trade measures/preferences
CSBMs	Confidence- and security-building measures
CSCE/OSCE	Conference/Organisation for Security and Cooperation in Europe
CEFTA	Central European Free Trade Association
CEI	Central European Initiative
CEPS	Centre for European Policy Studies
CFE	Treaty of Conventional Forces in Europe
EAPC	Euro-Atlantic Partnership Council
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EC/EU	European Community/European Union
FDI	Foreign direct investment
FTA	Free-trade agreement
HLSG/ISG	High Level Steering Group, Infrastructure Steering Group
IFI	International Financial Institution
IMF	International Monetary Fund
KFOR	Kosovo force
MoU	Memorandum of Understanding
MPFSEE	Multinational Peace Force in South East Europe
NATO	North Atlantic Treaty Organisation
PfP	Partnership for Peace
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SBDI	South Balkan Development Initiative
SECI	South East European Cooperation Initiative
SEDM	South East European Defence Ministerial
SEE-5	The five states covered by the SAP
SEE-7	SEE-5 plus Bulgaria and Romania
SEEBRIG	South East European Brigade
SEECAP	South East Europe Common Assessment Paper on Regional Security Challenges and Opportunities
SEECP	South East European Cooperation Process
SEEGROUP	South East European Steering Group
SEEI	South East European Initiative
SEETI	South East European Trade Initiative
SFOR	Stabilisation Force, NATO's peacekeeping mission in Bosnia-Herzegovina replacing IFOR
SP	Stability Pact for South East Europe
OECD	Organisation for Economic Cooperation and Development
TINA	Transport Infrastructure Needs Assessment
UCTE	Union for the Coordination of the Transmission of Electricity
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNMIK	United Nations Mission in Kosovo
US	United States of America
VAT	Value added tax
WB	World Bank
WT2	Working Table II of the Stability Pact (Economic Affairs)
WT3	Working Table III of the Stability Pact (Security Affairs)
WTO	World Trade Organisation

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Chapter I

Introduction

I. The puzzle of regional cooperation in the Balkans

Regional cooperation has become one of the buzzwords in the Balkans. One comes across it in every official speech, policy paper and media piece dealing with the politics and economics of the area. Local diplomatic jargon abounds with barely pronounceable acronyms such as TTFSEE¹, SEECP² and MPFSEE³ denoting different cooperation schemes involving the countries of South East Europe.⁴ Powerful external actors such as the European Union (EU) consider the promotion of regional cooperation their core objective in the region. Various social scientists and political analysts explore at considerable length the opportunities and obstacles for the local state and non-state actors to engage in common projects in key issue-areas such as the fight against transborder crime and illegal trafficking, infrastructure development, and trade.

Often criticised for their limited political and economic impact, different cooperative arrangements and schemes have, nonetheless, made significant inroads into South East Europe. Since the Dayton peace agreement of 1995, multilateral initiatives have grown in number but also in scope and depth. They enjoy the support of the EU,

¹ Trade and Transport Facilitation in South East Europe, a regional programme supported by the World Bank. See Chapter V.

² South East European Cooperation Process, a regional high-level diplomatic forum. More in Chapter VII.

³ Multinational Peace Force for South East Europe, see Chapter VI. For a synthesised overview of the main policy initiatives focusing on the promotion of Balkan regional cooperation, see Appendix I at the end of the thesis.

⁴ There is no single agreed definition of South East Europe as there are various, often clashing, criteria including geography, political history, culture, economic development and so forth (see Chapter IV). The dissertation focuses on the following states Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Serbia and Montenegro (including Kosovo), Romania, and Turkey. Slovenia, Moldova, and Hungary are occasionally considered part of the region, insofar as they participated in certain initiatives in South East Europe.

which has invested considerable political efforts and financial resources, alongside a multitude of other significant actors: states (US, Germany, France, Italy), intergovernmental organisations (NATO, OSCE), and international financial institutions (IFIs) such as the World Bank and the European Investment Bank. Balkan countries themselves have also initiated regional schemes drawing on the modest indigenous traditions of multilateral cooperation dating back to the 1970s and 1980s.

The fact that regional cooperation is so high on the Balkan agenda is indeed remarkable, given the series of violent conflicts witnessed in the post-Cold War era. The break-up of the Socialist Federal Republic of Yugoslavia triggered consecutive wars in Slovenia (1991), Croatia (1991-95), Bosnia-Herzegovina (1992-95), Kosovo (1998-99), South Serbia (2000-01), and Macedonia (2001). Divisions rooted in exclusivist ethno-national identities, and not integration driven by functional imperatives, set the dominant trend for the better part of the 1990s. Importantly, the Yugoslav drama was seen as the last episode in a prolonged historical process of fragmentation earning the Balkans, time and again, an unenviable name in world politics. The term ‘balkanisation’ has come to signify all that is antithetical to cooperation and regionalism: dissolution into ever smaller political units, nationalism-fuelled strife, isolation, and irrational aggressiveness towards neighbouring states and ethnic groups. To some, regional cooperation in the Balkans might even sound as an oxymoron, at least so long as hotspots like Kosovo continue to make the global media’s headlines.

Notably, the two processes -- fragmentation and cooperation -- developed side by side, particularly in the late 1990s. In fact, it was conflicts like the one in Kosovo that put Balkan interstate cooperation in the spotlight. When the EU launched the Stability Pact for South East Europe in 1999, it was boosted by a broad international consensus that the

Balkans need stronger regional approaches and the local states should be induced to work together on issues of security and economic development. With the 2001 conflict in Macedonia and Kosovo's continued volatility, it soon became clear that despite the Pact's ambitions stability was not in sight. However, Balkan leaders declared their readiness to establish good-neighbourly relations amongst their countries and remove all obstacles to the flow of goods and capital in the region. By late 2003, a network of bilateral free-trade agreements was initiated by the European Commission under the auspices of the Stability Pact, covering Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania, Serbia and Montenegro, with Moldova eager to join.⁵ A common electricity market was also in the making.

This study disentangles the puzzle of why the Balkan states have engaged in a growing number of cooperation initiatives, despite the region's divisive historical legacies and the turmoil of the 1990s. It explores the development of Balkan regional cooperation concentrating on the period between the Dayton peace and the end of 2003. If we accept late 1995 (Dayton) as a starting point, we see that the process developed relatively speedily. To put things into perspective, it took the Western European states more a decade after the end of the Second World War to produce the Treaty of Rome (1957) which launched the European Economic Community. By contrast, the Balkan states dismantled tariff barriers amongst themselves during or immediately after a period of conflict. To be sure, this comparison is objectionable, not least because of the limited progress in terms of economic integration seen in South East Europe. It is still the case, however, that multilateral forms of political and economic relations have proliferated at a

⁵ Serbia and Montenegro is the name adopted by the Federal Republic of Yugoslavia in February 2003. The name 'Yugoslavia' is used in all references to the state before the above date.

rather rapid pace. Clearly, interstate cooperation, rather than competition or conflict, became the norm within the region by the early 2000s.

Looking at the existing literature, one can identify several views about the nature of Balkan regional cooperation and the factors that have been driving it forwards. A number of studies privilege the economic aspects of the process. Thus, in the post-Dayton period, a pioneering report by the Centre for Liberal Strategies in Sofia charted the opportunities and potential benefits associated with cooperation in a wide range of functional issue-areas such as trade, telecommunications, and transport.⁶ The policy debates surrounding the NATO intervention in Yugoslavia and the ensuing Stability Pact for South East Europe pushed the argument a step further. If the pre-1999 policy thinking on the Balkans was dominated by security, the new vision portrayed cooperation as a *sui generis* collective developmental strategy geared towards the build-up of political stability. The discussion was spearheaded by think-tanks like the Centre for European Policy Studies in Brussels, the Hellenic Observatory at the London School of Economics, and the Sofia-based European Institute and focused on the opportunities for and obstacles to reconstruction, growth, and political reconciliation in the region. The policy community converged around the view that trade liberalisation (intra-regional as well as between the region and the EU) and improved infrastructure were important elements on the path towards reconstruction and development.⁷ In other words, it put forward the idea

⁶ Centre for Liberal Strategies, *Current State and Prospects for the Development of Regional Co-operation Between the Countries of South Eastern Europe*, Sofia, CLS, 1997.

⁷ Michael Emerson and Daniel Gros (eds.), *The CEPS Plan for the Balkans*, Brussels: CEPS, 1999, Vladimir Gligorov, Mary Kaldor and Loukas Tsoukalis, 'Balkan Reconstruction and European Integration,' London: Hellenic Observatory, LSE, October 1999. Stanislav Daskalov, Nickolay E. Mladenov, Daniel Gros, Paul Brenton, Michael Emerson and Nicholas Whyte, 'A Comprehensive Trade Policy Plan for the Western Balkans: A Bold Initiative to Bring More Stability and Prosperity to South Eastern Europe,' CEPS Working Paper, Brussels, CEPS, 2000. The Vienna Institute of International Economics (WIIW) has been the leading research institution dealing with the issues of intraregional trade in South East Europe. See the publications resulting from its project entitled 'Regionalism in Southeast Europe' at <<http://www.wiiw.ac.at/balkan/regionalism.html>>.

that cooperation should capitalise on and enhance the existing structures of intra-Balkan interdependence to promote growth and integration at the regional level and into the EU.

The economic slant of the Stability Pact and the policy discussions around it presented certain analytical disadvantages, in that regional cooperation was put in the same basket with various issues specific to individual countries of South East Europe but not truly regional in character.⁸ At least initially, it was hard to disentangle the twin agendas of domestic reform and cross-border integration which were of equal importance to the Pact. By the early 2000s, however, regional cooperation became a distinctive issue, in part because it was singled out as part of the EU's conditionality policy vis-à-vis former Yugoslav republics and Albania (the Western Balkans).⁹ An article by Milica Uvalić in the special issue on Balkan reconstruction in the newly-established *Journal of Southeast European and Black Sea Studies* argues that shared problems such as underdevelopment and isolation from the West makes the Balkans a coherent unit, despite their fragmented political economy dating back to the Cold War decades and the dissolution of Yugoslavia.¹⁰ Indeed Uvalić sees regional cooperation as a way to encourage trade and foreign direct investment (FDI) in post-communist Balkan countries, putting them on the EU accession path.¹¹ An important contribution to the debate has

⁸ One should, nonetheless, acknowledge the analytical work done on the security dimension of the Pact. Albert Rakipi (ed.), *Stability Pact Just Around the Corner*, Tirana: Albanian Institute for International Studies, 2000; Minko Noev, 'The Role of NATO in the Stability Pact for South East Europe,' NATO Research Fellowship Report, NATO Office of Information and Press, Brussels, 2002.

⁹ On the issue of EU conditionality, see Othon Anastasakis and Dimitar Bechev, 'Bringing Commitment to the Process: the EU Conditionality in South East Europe,' Occasional Paper No. 1, South East European Studies Programme, European Studies Centre, St Antony's College, Oxford, February 2003.

¹⁰ On the political economy of the Balkans, see George Petrakos and Stojan Totev (eds.), *The Development of the Balkan Region*, Aldershot: Ashgate, 2001. Also Stefano Bianchini and Milica Uvalić (eds.), *The Balkans and the Challenge of Economic Integration – Regional and European Perspectives*, Ravenna, Longo Editore, 1997.

¹¹ Milica Uvalić, 'Regional Co-operation in Southeast Europe,' *Journal of Southeast European and Black Sea Studies*, 1 (1), 2001, pp. 55-75. Also included in Thanos Veremis and Daniel Daianu (eds.), *Balkan Reconstruction*, London: Frank Cass, 2001. For a sceptical assessment of the economic contribution of regional cooperation see Predrag Simić, 'Do the Balkans Exist?' in Dimitris Triantaphyllou (ed.), 'The Southern Balkans: Perspectives from the Region,' Chaillot Paper 46, Paris, European Institute for Security

also been made by Franz Lothar Altmann who outlines arguments favouring regional cooperation, notably the gains offered from larger, integrated markets and the superiority of regional solutions in certain issue-areas like the fight against organised crime.¹²

This interpretation highlighting the forces of interdependence can be contrasted with the view that Balkan cooperation is conditioned by the influence of external actors. A good illustration is Aurel Braun's book *Small-State Security in the Balkans* surveying the multilateral politics of the region in the 1970s and early 1980s.¹³ Although he reads the intensified cooperation on functional issues such as transport and energy as a process of rudimentary regionalisation ('concordisation'), Braun emphasises the constraints for political *rapprochement* proceeding from superpower involvement in South East Europe. An even more far-reaching view is espoused by Radovan Vukadinović who contends that most cooperation initiatives in the 20th century Balkans have resulted from powerful outside states' alliance-building strategies.¹⁴

The rebirth of Balkan regional cooperation after the US-brokered Dayton Accords produced another wave of publications dealing with the impact of the external actors on regional security. Konstantina Botsiou, researcher at the Greek think-tank ELIAMEP, and Snezhana Shtonova examine schemes targeting the Balkans such as the US-initiated Southeast European Cooperative Initiative (SECI) and EU's Royaumont side by side with the Central European Free Trade Agreement (CEFTA), the Central European Initiative (CEI), and the Black Sea Cooperation Process (BSEC), all initiatives

Studies, 2001, pp. 17-35. <<http://www.iss-eu.org/chaillot/chai46e.pdf>>. Also 'Southeastern Europe and Regional Cooperation' in Wim van Meurs (ed.), *Beyond EU Enlargement. Vol 2. The Agenda of Stabilisation for Southeastern Europe*, Guetelsroh: Bertelsmann Foundation, 2001, pp. 72-93.

¹² Franz Lothar Altmann, 'Regional Cooperation in South East Europe,' *Journal of Southeast European and Black Sea Studies*, 3 (3), January 2003, pp. 126-49.

¹³ Aurel Braun, *Small-State Security in the Balkans*, London: Macmillan, 1983.

¹⁴ Radovan Vukadinović, 'Balkan Cooperation: Realities and Prospects' in F. Stephen Larrabee (ed.), *The Volatile Powder Keg. Balkan Security after the Cold War*, Washington DC: American UP, 1994, pp. 185-201.

which include both Balkan and non-Balkan countries.¹⁵ These surveys treat regional cooperation in South East Europe as part of a larger subject, the post-Cold War European security architecture. It is not coincidental that the most important analyses of Balkan regionalism are made by chapters in edited volumes dealing with various aspects of pan-European security. Those books' underlying theme -- here the work of Renata Dwan and Andrew Cottey deserves special mention -- is the role of (sub)regional arrangements, located on the then EU and NATO fringe, as promoters of continent-wide stability.¹⁶ As a rule, these studies are distinctly prescriptive and seek to identify policymaking strategies for strengthening the arrangements in question, famously characterised by Alyson Bailes as 'the Cinderellas of European security.'¹⁷ Although the Balkans is treated as a test-case, there is relatively little to learn from this literature about the dynamics of interstate politics inside the region.¹⁸ At the same time, by focusing on the whole set of post-

¹⁵ Konstantina Botsiou, 'Perifereiaki Synergasia stin Anatoliki ke Notioanatoliki Evropi' [*Regional Co-operation in Eastern and Southeastern Europe*], Athens, ELIAMEP, 1998 (in Greek). Snezhana Shtonova, 'Regional Co-Operation and Strengthening Stability in Southeast Europe,' NATO Research Fellowships Report. NATO Office of Information and Press, Brussels, 1998. CEFTA was established in 1993 by the Viségrad group: Hungary, Poland, the Czech Republic and Slovakia. Over time it expanded to the south by including Slovenia (1996), Romania (1997), Bulgaria (1997), and Croatia (1997). CEI succeeded the so-called Hexagonale and by the second half of the 1990s counted as members all ex-communist countries of Central and Eastern Europe (including Belarus), Austria, and Italy. BSEC was initiated by Turkey in 1992 and included all littoral countries plus Greece, Albania and Azerbaijan.

¹⁶ Andrew Cottey (ed.), *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea*, London: Macmillan, 1999. Renata Dwan (ed.), *Building Security in Europe's New Borderlands: Subregional Cooperation in the Wider Europe*, Armonk: M.E. Sharpe, 1999. See the chapters on South East Europe by Sophia Clement and Plamen Pantev in Dwan, pp. 69-116, and Ian Bremmer, Sophia Clément, Andrew Cottey and Thanos Dokos in Cottey, op. cit., pp. 213-40. More recent examples include Sophia Clément, 'Subregionalism in South Eastern Europe' in Stephen C. Calleya (ed.), *Regionalism in the Post-Cold War World*, Aldershot: Ashgate, 2000, pp. 71-98, and Adrian Pop, 'Sub-regional Groupings as Security Providers in Central and Southeast Europe,' *International Issues/Medzinarodne Otazky* (Bratislava), 1 (10), 2001, pp. 131-41. Although these authors use the term 'subregion' with reference to South East Europe and any other areas of similar size within Europe, the thesis gives preference to the term 'region' and its derivatives (e.g. regionalisation).

¹⁷ Alyson Bailes, 'Sub-regional Organisations: The Cinderellas of European Security,' *NATO Review*, 45 (2), March 1997, pp. 27-31.

¹⁸ Kosta Tsipis' *Common Security Regimes in the Balkans* preceding the volumes by Cottey and Dwan is certainly richer and more thorough in its analysis of the external actors' role in Balkan security. Kosta Tsipis (ed.), *Common Security Regimes in the Balkans*, Boulder, CO: University of Colorado Press, 1996. See also Panayotis J. Tsakonas, 'Creating Conditions of Stability in Southeastern Europe: Prospects for an Arms Control Regime,' NATO Individual Fellowship Report, NATO Office of Information and Press, Brussels, June 1999.

communist countries in Central and Eastern Europe, these books raise crucial questions about the balance between peripheral regionalism and integration in the EU and NATO, which, as the current thesis shows, have been particularly salient in the Balkan context.¹⁹

With the war in Kosovo, a number of authors started focusing more closely on the efforts of international actors to construct regional institutions in South East Europe as part of their policy of intervention. Here, one should mention the work by Lykke Friis and Anna Murphy as well as Rafael Biermann on the EU's German Presidency and the development of the Stability Pact in the first half of 1999.²⁰ Those two accounts document the changing intensity and scope of the EU strategy towards the countries of the region taken as a group at a very critical juncture.

There are also authors, who treat Balkan regional cooperation as an outcome of the interplay between external and local dynamics. Thus, they occupy a middle ground between the interdependence and external intervention schools sketched above. The accounts of the 1970s and 1980s Balkan multilateralism by authors like Evangelos Kofos and Thanos Veremis bring out a set of Balkan-specific, as opposed to systemic, conditions and factors.²¹ Both authors highlight the role of Greece and the contribution of its leading political figures such as Prime Ministers Kostas Karamanlis and Andreas Papandreou. In a similar vein, Duško Lopandić's monograph *Regional Initiatives in South East Europe*, a comprehensive catalogue of all multilateral schemes and arrangements operating in the region, makes the point that there has been an impulse for

¹⁹ See also Martin Dangerfield, *Subregional Economic Cooperation in Central and Eastern Europe: the Political Economy of CEFTA*, Cheltenham: Edward Elgar, 2000.

²⁰ Rafael Biermann, 'The Stability Pact for South Eastern Europe – Potential, Problems and Perspectives,' Discussion Paper C56/1999, Bonn, Center for European Integration Studies, 1999. Lykke Friis and Anna Murphy, '"Turbo-charged Negotiations": the EU and the Stability Pact for South Eastern Europe,' *Journal of European Public Policy*, 7 (5), 2000, pp. 767-86.

²¹ Evangelos Kofos, *Greece and the Balkans in the '70s and the '80s*, Athens: ELIAMEP, 1991. Thanos Veremis, 'The Balkans in Search of Multilateralism,' Chapter 1 in *Greece's Balkan Entanglement*, Athens: ELIAMEP, 1995, pp. 32-51.

cooperation coming from inside the region.²² What is particularly interesting is that Lopandić -- as well as other authors like Şule Kut and Asli Şirin as well as Ekaterina Nikova -- are keen to demonstrate that regional cooperation thinking is not a novel import into the Balkans. To substantiate their argument, they go back in history to the time of the Balkan conferences in the early 1930s as well as the period between 1976 and 1990.²³ Their argument, whether spelled out implicitly or explicitly, is that the strong external push since the mid-1990s has not been the sole factor contributing to the growth of regional cooperation. These authors see substantive, though variable, local commitment to cooperation on issues of shared interest and concern over a longer period of time. This is certainly a claim that underpins two of the most valuable studies of the history and politics of multilateral cooperation in South East Europe authored by Axel Sotiris Walden and Apostolos Christakoudis.²⁴ It is unfortunate that these works are available only in the languages, in which they were originally written (Greek and Bulgarian respectively) and are, therefore, not accessible to a broader readership.²⁵

²² Duško Lopandić, *Regional Initiatives in South Eastern Europe*, Belgrade: European Movement in Serbia, 2001. 'Inicijative i oblici multilateralne saradnje u Jugoistočnoj Evropi' [Initiatives and forms of multilateral cooperation in South East Europe] in Jelica Minić (ed.), *Jugoistočna Evropa 2000: Pogled iz Srbije* [South East Europe 2000: A View from Serbia], Belgrade: Stubovi culture, 2000, pp. 69-86. See also the proceedings of the special conference convened by the European Movement in 2002. Duško Lopandić (ed.), *Regional Cooperation in South Eastern Europe: The Effects of Regional Initiatives –Conference Proceedings*, Belgrade: European Movement in Serbia, 2002.

²³ Şule Kut and N. Asli Şirin, 'The Bright Side of Balkan Politics: Cooperation in the Balkans,' in Dimitris Sotiropoulos (ed.), *Is Southeast Europe Doomed to Instability? A Regional Perspective*, London: Frank Cass, 2002, pp. 10-23; Ekaterina Nikova, 'Balkan Regional Cooperation Revisited,' *Études Balkaniques*, 38 (1), 2002, pp. 3-32.

²⁴ Axel Sotiris Walden, *Diavalkaniki Synergasia kai Evropaiki Oloklirosi* [Balkan Regional Cooperation and European Integration,] Athens: Papazisis, 1992; Apostolos Christakoudis, *Mnogostranno satrudnichestvo v Yugoiztochna Evropa I evropeyskata integraciya: Istoriya I Nastoyashte* [Multilateral Cooperation and European Integration in South East Europe: History and Presence], Sofia: Heron Press, 2002.

²⁵ Amongst the publications on the issue appearing in Balkan languages, one could also mention Dinko Dinkov, *Regionalno satrudnichestvo v Yugoiztochna Evropa*, [Regional Cooperation in South East Europe,] Sofia: Stopanstvo, 2002, Gheorghe Colt, *Colaborarea balcanică: domenii, forme, organisme* [Balkan Cooperation: Domains, Forms and Organisations], Bucharest: Editura Politica, 1983, and Valentin Lipatti, *Balcanii ieri și azi: contribuții românești la colaborarea balcanică multilaterală* [The Balkans Yesterday and Today: The Romanian Contribution to Balkan Multilateral Cooperation], Bucharest: Editura Politica, 1988. (on the period 1976-88).

One of the shortcomings encountered in all of the above accounts, whether laying the stress on interdependence, external push for cooperation, or on a combination of both, is the limited attention paid to cognitive factors. For instance, they fail to address the question: To what degree are EU accession and regional cooperation perceived as compatible goals? A major study of regional elites' views, carried out by Othon Anastasakis and Vesna Bojičić-Dželilović, shows that the two objectives are often seen as contradictory, if not mutually exclusive.²⁶ The report's findings suggest that the self-images of each country have a strong impact on the attitudes towards regional cooperation. Where political elites consider their country more advanced on the road to the EU than neighbours, scepticism prevails. That negative stance is reinforced by deep-rooted narratives of not being part of the Balkans in cultural and historical terms, as in the case of Croatia. The authors also claim that there is a weak sense of collective identity amongst the Balkan elites, which lends itself to low support for regional cooperation and integration on a wider Balkan scale.

By emphasising the role of perceptions, the study by Anastasakis and Bojičić-Dželilović is the first to introduce in a systematic way the issue of *identity politics* into the literature on interstate cooperation in South East Europe.²⁷ Yet the nexus between Balkan identity and regional cooperation remains largely a conceptual grey zone. Though it acknowledges that regional identity or the lack thereof as an important factor, the existing literature offers relatively little insight into the concept itself as well as into its relationship with the international politics of the Balkans. It is hardly surprising that studies on Balkan identity in various disciplines outside politics and diplomatic history

²⁶ Othon Anastasakis and Vesna Bojičić-Dželilović, 'Balkan Regional Co-operation and European Integration,' London, The Hellenic Observatory, LSE, 2002.

²⁷ On regional perceptions see also the survey carried in 2002 by the International Institute for Democracy and Electoral Assistance (International IDEA). 'South Eastern Europe Public Agenda Survey,' Stockholm: International IDEA, March 2002. Available at <www.idea.int>.

have rarely influenced ongoing debates. It is indeed striking how disciplinary divides have prevented scholars in different fields from conversing on some issues and concerns they have in common. While many authors make a point about Croatia's reluctance to partake in Balkan cooperative initiatives proceeding from the country's self-characterisation as belonging to Central Europe, they do not go a step further to examine critically what constitutes the boundary between the two areas: culture, political traditions, levels of economic development, patterns of international relations, and how exactly a country's identity emerges as a potent factor shaping its foreign policy. Those who argue, for instance, that regional cooperation is challenged in the Balkans because the local countries do not feel part of the same region, do not explain what they mean by regional awareness and how it comes about in the first place. However, in most cases, accounts putting forward arguments about regional identity do take the Balkans for granted as a stable political unit shaped by history.²⁸ Lamentably, the literature on the historical genealogy and the political usages of regional subdivisions in Europe, represented by historians like Larry Wolff (*Inventing Eastern Europe*) and Maria Todorova, author of the seminal *Imagining the Balkans*, has remained disconnected from the studies on Balkan regionalism.²⁹

²⁸In 1990, Christopher Cvić foresaw the formation of two integration blocs in South East Europe, Balkania, defined by Byzantine and Orthodox heritage, and Kleinmitteleuropa where Austro-Hungarian and Catholic traditions prevail. See his *Remaking the Balkans*, London: Royal Institute for International Affairs, 1990, p. 126.

²⁹Larry Wolff, *Inventing Eastern Europe: The Map of Civilization on the Mind of the Enlightenment*, Stanford, Calif.: Stanford University Press, 1994; Maria Todorova, *Imagining the Balkans*, New York and Oxford: Oxford UP, 1997.

II. Regional interdependence, external push and identity politics:

the factors behind regional cooperation

The overview of the relevant literature leads us to two preliminary observations. First, Balkan regional cooperation is a multilayered process; it has both security and economic dimensions and takes place across a number of issue-areas: trade, defence, diplomacy, infrastructure, the environment. This is demonstrated by the great variety of schemes involving different constellations of South East European and extra-regional states, as well as various international organisations and financial institutions. This is the reason why the thesis opts for the terms ‘regional cooperation’ and ‘regionalism’, rather than integration which is a narrower notion biased towards the economic dimension of the process. In the literature, regional cooperation is also linked with the concept of *regionalisation*, which refers to the growth of cooperative arrangements within a regional context. While regional cooperation denotes a process whereby states located in a relatively coherent geographical space interact to achieve certain shared goals, regionalisation is the aggregate outcome.³⁰

Second, despite the multiplicity of players, initiatives and issues, one can pin down certain factors that are always present. Based on the literature surveyed in the preceding section, the thesis singles out *three key variables*: regional interdependence, external push, and identity politics.

Regional interdependence denotes the political, social, economic, functional and spatial linkages, which, figuratively speaking, situate the states in question in the same boat. The condition of interdependence implies that the security and welfare of each individual state in South East Europe have been directly affected by its regional

³⁰ Andrew Hurrell, ‘Explaining the Resurgence of Regionalism in World Politics,’ *Review of International Studies*, 21 (4), 1995, pp. 321-58; also Andrew Hurrell and Louise Fawcett (eds.), *Regionalism in World Politics*, Oxford: Oxford UP, 1995.

environment. This, in itself, has emerged as a strong incentive for multilateral cooperation due to the fact that certain regional issues can be tackled only through collective action at the regional level. The thesis distinguishes between *functional interdependence* as a subspecies of regional interdependence pertaining to economic and social (‘low political’) affairs and *security interdependence* proceeding from the intertwined character of the threats and issues faced by the Balkan states.

External push refers to strategies for promoting regional cooperation adopted by major outside actors such as the EU and its members, US, NATO, and the IFIs, as well as the material incentives these strategies entailed.

Finally, *identity politics* relates to the nation-states’ self-images and discourses of belonging or non-belonging to a specific Balkan or South East European region defined by its common geography, politics, culture, and historical experience. Regional multilateral cooperation inevitably raises questions about who is in and who is out of the region which functional arguments focusing on interdependence cannot fully answer. A second closely related aspect of identity politics is associated with the positioning of the regional actors vis-à-vis constructs like ‘Europe’ and ‘the West’ represented by political institutions such as the EU and NATO. Thus, identity politics is comprised of two dynamically linked dimensions: countries’ individual and collective self-images (internal dimension) and the notions of ‘Europeanness’ and ‘Westernness’ (external dimension).

Table 1.1 Factors behind regional cooperation

INTRA-REGIONAL		EXTRA-REGIONAL	
Interdependence		External push	MATERIAL
<i>Self-images</i>	Identity politics	<i>Europeanness</i>	IDEATIONAL

The above systematisation exercise is also important in terms of this thesis' contribution to the discussion of Balkan international politics for two reasons: (1) it shifts the focus of enquiry, and (2) it provides a more focused and theory-informed analysis of the phenomenon of regional cooperation.

The overview of the relevant literature shows that although Balkan regionalism has been approached from a number of perspectives -- historical, economic, policy analytical -- the question of what social forces shape it and drive it forward is on the margins. Most of the hitherto work examines the impact of the cooperation schemes made for South East Europe and/or the conditions for improving their performance. As a rule, the literature asks why there is so little cooperation or economic integration in the Balkans, assuming the opposite to be the *normal* state of affairs. (Needless to say that the EU is almost invariably taken as a benchmark, which this thesis shows is of central significance.) As a result, often an emphasis is often placed on factors undermining the process such as nationalism and lingering conflicts as well as the lack of resources, institutional weakness and mixed incentives offered by the external sponsors. The variables accounting for the cooperative outcomes are rarely discussed analytically and where they are singled out, no attention is paid as to how they influence process.³¹

This study takes a markedly different path. Rather than listing the reasons for the lesser intensity and depth of Balkan regionalism compared to other cases (the EU, Central Europe), this thesis addresses the phenomenon as a research puzzle in its own right. If historical evidence suggests that non-cooperation has been the norm in South East Europe, then the reasons for the proliferation of cooperative institutions and schemes since the mid-1990s are far from being self-evident.

³¹ See Altmann, 'Regional Cooperation.'

Once the central question has been reformulated in such a manner (*‘why there is regional cooperation’* as opposed to *‘how successful is regional cooperation’*), one can study more systematically the origins of the process. Extrapolating the three master factors (regional interdependence, external push, identity politics) from the literature, the thesis examines their causal effects in terms of the observed outcomes in a given timeframe. It weighs the explanatory power of each of the three but at the same time acknowledges that they are not mutually exclusive and typically work side by side. For instance, external schemes promoting regional cooperation have often been justified by South East Europe’s intertwined security and economic problems. Of course, one can very well imagine a scenario where local interdependence drives regional cooperation, regardless of whether there are or not external incentives. This, however, is an ideal-type model which has rarely been observed in South East Europe, given the important role of outside actors and catalysts. Finally, external policy initiatives in the region have had both material and identity dimensions: they have incentivised the Balkan states to work jointly while also established the commitment to regional cooperation as a normative standard for admission into Western institutions. In principle, they represented the external push factor but were also relevant for the identity political dimension. The study is, therefore, interested in how different constellations of the three factors result in outcome variance across time, issue-areas, and individual states’ foreign policy vis-à-vis regional cooperation. Thus the shift of focus makes possible a dynamic and comparative approach.

The systematic inquiry into the phenomenon’s origins is also conducive for the integration of social theory into empirical analysis. The reason that the bulk of the work on Balkan cooperation offers only half-way articulated explanations is that it tends to be,

as Srdjan Vučetić puts it, 'atheoretical.'³² In the rare cases when theoretical models are applied the added value tends to be minimal because there is a mismatch between the expectations derived from the body of scholarship invoked and actual evidence.³³ On the whole, the literature's empiricist inclination results in many theoretical assumptions remaining implicit.³⁴ To return to the example of Balkan identity, those who insist that the Balkan states do not feel part of the same family are, in fact, saying that regional awareness is a necessary condition and not an end-product of the political process. They also tend to see regional divisions like the one between the Balkans and Central Europe as clearly defined and inscribed into history and culture. Thus they put forward the hypothesis that regional cooperation is possible only in culturally homogenous geopolitical spaces, though the concepts of culture and homogeneity are themselves problematic. Other studies go to the other extreme: identity issues are not discussed at all and regional cooperation is viewed through a rationalist lens, in terms of material costs and benefits. This treatment of the subject, however, is not backed by theoretically informed arguments on why purely rationalist conceptual frameworks and methodologies are superior to possible alternative accounts emphasising the role of ideas, cognitions, and identity.

³² Srdjan Vučetić, 'The Stability Pact for South Eastern Europe as a Security Community-Building Institution,' *Southeast European Politics*, 2 (2), 2001, p. 117.

³³ Charalambos Tsardanidis, for instance, brings in insights from the literature on new regionalism in International Political Economy. He, however, arrives at the conclusion that Balkan regional cooperation does not represent an instance of the new regionalism phenomenon, which begs the question why use it as a yardstick in the first place. Charalambos Tsardanidis, 'New Regionalism in South Eastern Europe: The Case of the South-Eastern Cooperation Process (SEECp),' paper presented at the 1st International Conference *Restructuring Stability and Development in Southeastern Europe*, 1-3 June 2001, Volos, Greece.

³⁴ There are, of course, some important exceptions. Florian Bieber has made a set of interesting theoretical observations on regional cooperation in reference to the Stability Pact, 'Regional Co-operation as an Instrument for Conflict Prevention: The Case of the Stability Pact for South-Eastern Europe,' in Jody Jensen (ed.), *Europe Bound: Faultlines and Frontlines of Security in the Balkans*, Szombathely: Savaria University Press, 2003, pp. 87-106. See also Vučetić, 'The Stability Pact'.

III. Understanding and explaining cooperation: outline of the main argument

There are two analytical levels at which one can discuss Balkan regionalism. The first one revolves around the question of whether and how much it has been an externally or internally-driven process. Is it because of the regional countries' common interests or the push by external actors that cooperation has developed? However, based on its empirical findings, this thesis puts forward the argument that regionalism has been a product of the outside actors' strategies to bring stability to the Balkans in the wake of recurrent conflicts.

Such an explanation accords a relatively minor role to *regional interdependence*, which is a significant departure from the mainstream thinking about regionalism. It is not unusual for the literature to explain regional arrangements in different parts of the world by highlighting combinations of internal demand (i.e. interdependence) and external push factors. The impact of the latter factors varies in different regional contexts: actors cooperate sometimes to resist and sometimes to adjust to outside pressure. By contrast, interdependence is always a factor pushing towards a single direction: cooperation and integration, though institutional outcomes might vary depending on other factors. *Ceteris paribus*, one could expect a group of geographically proximate states to boost economic and other exchanges, and deepen their functional links in order to increase their aggregate welfare. In addition, interdependence sets the process' agenda, in that states cooperate on issues which bind them together. Regional functional interdependence, therefore, emerges as a sort of default factor in regional cooperation. This thesis argues that contrary to the mainstream political rhetoric in the Balkans interdependence does not lead to cooperation on a regional scale. Its impact is much stronger at what could be called, for a lack of a better term, less-than-regional level. This refers policies and schemes, which

involved three to four immediate neighbours and, therefore, could be treated separately from the arrangements encompassing all South East European states, from Turkey to Croatia (sometimes even Slovenia) and from Romania to Albania.

The claim that external push matters more than interdependence is hardly original in light of the literature on the subject of regionalism in South East Europe. However, what the latter misses is a second, much deeper debate. The existing work on regional cooperation in the Balkans rests on an implicit, yet clear-cut, distinction between *identity politics* and *politics of material interest*. Conventional wisdom has it that nationalism puts a brake on cooperation and economic integration in South East Europe. If Balkan states were rational gain-seekers and not animated by their parochial identities, they would have been historically more likely to cooperate with their neighbours on bread-and-butter issues such as trade and cross-border infrastructure. As demonstrated most recently by the Yugoslav disintegration, political rivalries, security dilemmas and conflicts over minorities and territory can effectively trump the logic of interdependence. Regional cooperation is seen as an outcome of efforts by external actors and local liberal, pro-Western elites to build peace and prosperity in the region by overcoming fragmentation caused by identity politics. In this view, the external supply of policies and schemes and the demand for cooperation on functional matters from inside the Balkans reinforce one another. The common theme is that regional cooperation rationalises the politics of South East Europe and is underpinned by a shift from identity-driven to utilitarian behaviour.³⁵

This study argues that the above conceptualisation is misleading and claims that regional cooperation represents yet another form of identity politics. It explores more

³⁵ Dimitar Bechev, 'Contested Borders, Contested Identity: The Case of Regionalism in South East Europe,' *Journal of South East European and Black Sea Studies*, 4 (1), 2004, pp. 77-96.

closely the social context, in which the process takes place, and inquires into the structures of identity and shared knowledge that give meaning to the politics of regionalism. The discussion goes beyond the particular causes or constraints for cooperation and dissects key concepts like 'region', 'Balkans', 'South East Europe' and 'Europe' which inform the phenomenon in question. This approach raises a series of interesting and very significant questions. What does it mean for a state and society to be qualified as part of the Balkans? What is the relationship between the labels 'South East Europe' and 'Balkans'? What is the link between those identity tags and the popular discourse on 'Europeanness', salient in post-communist Central and Eastern Europe, as well as to the scholarly debates on European identity? The thesis contends that, from an identity political perspective, regional cooperation has been a symbolic strategy of the regional elites to 'rebrand', to quote the former Romanian Foreign Minister Mircea Geoana, the conflict-prone and semi-European Balkans and transform them into a part of Europe and the West.³⁶ In the aftermath of a severe conflict, commonly referred to as a 'Balkan' and not 'Bosnian' or 'Yugoslav' war, the states inhabiting the Balkans -- that is sharing a particular regional identity conceived in markedly negative terms -- had to prove their compatibility with the Western institutions they aspired to join by adopting their norms and practices. The symbolic aspects of the process are exemplified by the embrace of 'South East Europe' as the regional states' legitimate collective name. Certain scholars have suggested that the key dynamic behind institutions such as the Stability Pact is the creation of a security community in South East Europe defined by a feeling of 'we-ness', positing identity as a dependent variable in the research on regional

³⁶ Mircea Geoana, statement at the ministerial meeting of the South East European Cooperation Process, Belgrade, 19 June 2002.

cooperation.³⁷ Yet, it is important to inquire into the sources and building blocks of newly-discovered ‘we-ness’, that is the ideational structures that underpin and shape the political phenomenon in question. From this perspective, regional cooperation emerges as yet another episode in the Balkans’ long history of importing and emulating Western models, not unlike the nation-state during the 19th and 20th century. Thus external actors’ policies aimed at fostering interstate cooperation have been legitimised by the identity constructions at the regional level. The process of ‘Westernisation’ or ‘Europeanisation’ has been not solely about adjusting to material pressures; ultimately it is about re-defining collective identities.

This argument throws bridges between International Relations (IR) and the growing literature on Balkan identity in fields such as history, sociology, social anthropology, and cultural studies emerging since the mid-1990s and exemplified by Maria Todorova’s *Imagining the Balkans*. Indeed the subject of regional cooperation offers a good example of how the disciplines of political science and area studies can draw on one another. Political scientists have posed the question of how regional cooperation squares with integration into continent-wide institutions such as the EU and NATO. During the 1990s, the post-communist countries of Central and Eastern Europe built up a number of cooperative arrangements (e.g. the Viségrad Group, CEFTA, the Cooperation Council of Baltic States), which have faltered because their members prioritised single-track accession to the Western clubs. Area studies experts and historians, for their part, ask how regions are created or, to use the scholarly jargon, ‘imagined.’ The thesis explores the threads linking these seemingly discrete debates: the

³⁷ Vučetić, ‘The Stability Pact’. Vučetić draws on the security-community model developed by Barnett and Adler, Emmanuel Adler and Michael Barnett (eds.), *Security Communities*. Cambridge: Cambridge UP, 1998.

one on the relationship between regionalisation and integration into the EU and NATO, and the one dealing with mental maps, 'Balkanness' and 'Europeanness'.

This deeper interpretative take on regional cooperation influenced by the work of critical historians like Maria Todorova or Larry Wolff, however, might be of lesser relevance if one's goal is to *explain* the origins and dynamics of the phenomenon in specific policy sectors. Understanding and explaining are often posited as different and non-commeasurable modes of social inquiry.³⁸ The focus on identity could be important for mapping the ideational context into which regionalisation is embedded but of limited use when tracing the particular causes setting the process in motion. In other words, one is challenged to demonstrate the impact of identity as independent variable, i.e. as a factor shaping the relevant actors' behaviour and explaining political outcomes. Looking at the nuts-and-bolts aspects of cooperation in South East Europe, it is perfectly plausible to construct an account emphasising material causes and constraints and playing down identity.

Challenging this approach, the present study brings to the fore regional identity's causal effects, in addition to its deeper, constitutive effects. Firstly, it demonstrates that certain states resisted regional cooperation schemes because they did not identify with the Balkans. More importantly, however, the thesis shows that identity politics fostered cooperation. It argues that the notion of 'Europeanness,' key to the Balkans' collective identity, was interpreted as built around multiple *norms of appropriate behaviour*.³⁹ The

³⁸ The distinction between explaining (*Erklären*) and understanding (*Verstehen*) belongs originally to Max Weber. In the context of International Relations, see Martin Hollis and Steve Smith, *Explaining and Understanding International Relations*, Oxford: Clarendon Press, 1990. While Hollis and Smith, as others, posit explaining and understanding as fundamentally different modes of studying a phenomenon, there is still a strong case in favour of combining the two. See Gary King, Robert Keohane and Sidney Verba, *Designing Social Inquiry*, Princeton NJ: Princeton UP, 1993, pp. 36-43.

³⁹ The concept of appropriateness is taken from James March and Johan Olsen who distinguish utility-maximising behaviour ('logic of consequences') from norm following ('logic of appropriateness'). See *Rediscovering Institutions. The Organisational Basis of Politics*, New York: Free Press, 1989.

EU, NATO and other international actors consistently projected the commitment to good-neighbourliness and functional cooperation as a criterion of 'Europeanness.' These norms had a greater resonance in the Balkans than elsewhere because of the region's turbulent history and current politics as well as due to the sense of exclusion from the European project and had palpable effects on state behaviour. For example, the logic of appropriateness explains why the South East European countries established after 1996 indigenous multilateral fora with no external mediation that did little, except for reaffirming the participants' adherence to the principle of cooperation. The key substantive steps on the regionalisation path -- e.g. the network of free-trade agreements signed by the seven post-communist South East European countries in the period 2001-03, the Balkan multinational peacekeeping unit, and the nascent common electricity market -- were a product of the external push factor. Yet the external supply of cooperation and integration schemes was legitimised by the European norms of appropriateness, even at times when it was at odds with the demand coming from the region. Thus, the thesis' core argument is that *regional identity politics* and *external push* are the two factors, which explain regional cooperation in the Balkans.

This line of reasoning remedies one of the shortcomings in the literature centred on the role of outside agents in promoting cooperation in South East Europe. For the most part, it looks at the motivation and behaviour of actors such as the EU but offers relatively little insight into how the target states react to outside impulses. When it comes to regional cooperation in particular, there is no analytical distinction between the external agents' usage of material incentives (membership conditionality, financial transfers, trade concessions etc) and the discursive projection of *norms and standards* that posit cooperation as a mode of relations that European states are expected to

maintain with their neighbours. For its part, this thesis focused on the nexus between identity politics and regionalism in the Balkans seeks to link more closely the debates on regionalism and integration, on one hand, and the role of norms and identities, on the other, which all occupy a central place in the IR discipline. By exploring the relationship between Balkan regional cooperation and ‘Europeanisation’, the thesis is of relevance to the sub-discipline of European Studies. It also takes a closer look at the ways in which ‘Europe’, that is the EU, exports its model of interstate politics to its fringes by relying on both tit-for-tat conditionality and projections of norms of ‘Europeanness’. Hence, the study adds to the debate between sociological and rational-choice institutionalists in the study of the EU.⁴⁰

IV. Hypotheses, definitions and methodology

The distinction between various types of multilateral action allows us to generate a set of hypotheses on the interplay between the three master factors across issue-areas and cooperation formats (regional vs. less-than-regional). The most significant prediction is that regional identity politics is likely to come to the fore when an institution or scheme has a regional outreach and is high in the scale of importance. While the forces of interdependence catalyse and drive cooperation on technical matters and amongst smaller groups of states, truly regional initiatives are expected depend on the actions of external sponsors like the EU, NATO, the IFIs, and the US as well as on the norms of appropriateness manifest in the process of ‘rebranding’ the Balkans into South East Europe. While it is difficult to tell the threshold where a technical issue graduates into a politicised one, one straightforward indicator is, nonetheless, the type of agency involved

⁴⁰ There is a tremendous volume of theoretical literature on each of those debates. Relevant work is referenced in the chapters that follow the introduction.

in the process. As the empirical chapters show, technical cooperation occurs typically at the level of sectoral ministries and specialised executive bodies, while strategic issues are dealt by foreign ministers and heads of states and government. Table 1.2 summarises the research hypotheses, the dominant factors in each issue-area/cooperation format presented in italics.

Table 1.2 Balkan regional cooperation: factors and outcomes

Issue type/Cooperation format	Less-than-regional	Regional
Technical	<i>Interdependence</i> External push	<i>External push</i> Interdependence
Strategic	<i>External push</i> <i>Interdependence</i>	<i>Identity politics</i> <i>External push</i>

The above exercise in disaggregating political outcomes testifies to the power and value of conceptual clarity. It is of utmost importance to unpack the notion of regional cooperation and pinpoint some of its features. The study defines the latter phenomenon as multilateral cooperation occurring within a geographically specific setting. Multilateral cooperation denotes a process whereby three or more states adjust their behaviour in a coordinated way to achieve certain shared objectives.⁴¹ The particular outcomes of the process are rather diverse and multifaceted. They include legal agreements on issues of common interest, institutional arrangements to integrate markets, develop coordinated policies in specific sectors, denser clusters of formal and informal rules creating stable mutual expectations in given policy sectors (regimes),⁴² common positions on particular political and security questions, joint economic and functional projects. In order for the

⁴¹ This definition draws on Robert Keohane and Robert Axelrod, ‘Achieving Cooperation Under Anarchy: Strategies and Institutions’ in David Baldwin (ed.), *Neorealism and Neoliberalism*, New York: Columbia UP, 1993, p. 85.
⁴² Following the definition proposed by Stephen Krasner, ‘Structural Causes and Regime Consequences: Regimes as Intervening Variables,’ in Stephen Krasner (ed.), *International Regimes*, Ithaca, N.Y.: Cornell UP, 1983, p. 2.

cooperative process to qualify as regional, all participating states should belong to the same geopolitical area, however vaguely defined and politically contested its borders.

The thesis takes Balkan states as its primary units of analysis. This reflects the fact that, for the most part, regional cooperation has been a state-centric and top-down enterprise. This is not to deny that interactions at various substate levels constitute an important part of the overall process of regionalisation (and indeed region-building meaning the constructing of a new sense of regional ‘we-ness’) as hypothesised by the liberal approaches to regionalism. One could explore, for instance, the civil-society networks spreading across South East Europe since the mid-1990s. Their growth fuelled chiefly by outside donor money has been in stark contrast with the low levels of regional trade and investment throughout the period covered by the study. The expansion of civil-society linkages has been more than matched by the exponential growth of networks of criminal syndicates traversing state and ethnic borders within South East Europe.⁴³ The greater degree of interconnectedness in the Balkans relative to the time of the Cold War has many faces, some of them far less savory than others. Societal actors and linkages, however, come into the spotlight of the study only when they have consequences for interstate-level politics. One should not lose sight of the essentially intergovernmental character of the process. As the subsequent chapters will show, the main protagonists have been chiefly national leaders and governmental agencies interacting with their counterparts in the region. Bottom-up input has been, on the whole, rare. In a number of countries, domestic lobbies have tried to block the liberalisation of trade regimes, but could do little to undo or alter intergovernmental bargains. This is not to suggest that

⁴³ On transnational civil society in wider South East Europe, see Dimitris Sotiropoulos, ‘NGOs and Civic Initiatives in the Balkans: Towards a Transnational Civil Society?’, paper presented at the conference *Transnationalism in the Balkans: The Emergence, Nature and Impact of Cross-national Linkages*, London School of Economics, 26-27 November 2004.

domestic politics did not matter. On the contrary, the trajectory of the process varied greatly depending, for example, on whether Serbia and Croatia were still under the nationalist regimes of Slobodan Milošević and Franjo Tuđman or reformist parties had taken up the lead. However, external constraints have given local politicians and parties little leeway. Carrot-and-stick conditionalities employed by actors like EU and NATO targeting national governments have pushed the cooperation agenda ahead. For the most part, regional cooperation has been an externally-driven and state-centred enterprise.

The dissertation approaches its subject through cross-sector comparison. To answer the question of what drives regional cooperation in the Balkans, it investigates different spheres of intergovernmental activity like functional cooperation (comprising issue-areas such as trade, infrastructure development, transport, and energy), military security and justice and home affairs, multilateral diplomacy. This comparative approach allows us to assess more clearly the impact of the factors highlighted by the study: external push, regional interdependence, and identity. This is achieved by analysing the extent to which the dominant factor, that is external push, explains the process' development in the respective sector judged against the ideal-type outcomes one could expect to come across. Variations in the outcome are linked with variable combinations of the three main factors.

Given the research questions posed, this approach is considered analytically superior to a focus on the individual regional cooperation initiatives. Typically, the average publication on Balkan regionalism provides a list of the different cooperation schemes focusing on their development, membership and institutional mechanisms. On the basis of these formal criteria as well as performance, the authors identify strengths and weaknesses. By contrast, this thesis does not contain separate chapters dealing with

the Stability Pact, the South East European Cooperation Process (SEECp), the South East European Cooperative Initiative (SECI) and so forth. Parts of those schemes are analysed in different sections of the study depending on the issue at hand, while an outline containing the basic information on them is included as an appendix. As the empirical chapters concentrate, to the extent this is viable, on the period between 1995 and 2003, the thesis does not present in full detail the historical precedents of current regional cooperation arrangements operating in South East Europe as found in other studies. Instead, it traces the processes and their outcomes within a given timeframe in order to establish links with the three key factors. The empirical sector studies are preceded by chapters focusing on the three main factors, or, in social scientific language, the three independent variables. As these chapters explore more long-standing processes and structures, they tend to go further back in time than the mid-1990s.

The study is based on a range of primary sources. It uses the official statements, declarations and joint communiqués adopted at various Balkan multilateral fora. Another important source is most certainly the official publications of international bodies involved in the process under investigation, such as the European Commission's annual reports on the countries of South East Europe starting from 1999 in the case of Bulgaria and Romania, and from 2002 in the case of the Western Balkans. The dissertation also draws on different relevant unofficial sources, including newspaper articles, electronic publications, and newswires. It makes use of publications, both official and unofficial, in some of the Balkan languages. Apart from the textual data, the thesis benefits from interviews conducted with policymakers, diplomats, academics, and journalists engaged in or studying the process of regional cooperation. These were carried out in the period 2002-04. The study also uses data collected during previous research projects, notably the

material presented by Othon Anastasakis and Vesna Bojičić-Dželilović, and the *SEE Public Agenda Survey* published by the International IDEA institute. In addition, the study uses quantitative data -- e.g. statistics on trade and donor funds allocated to regional projects -- mostly relying on secondary sources (existing analyses on regional cooperation) but also some primary materials such as the reports released by the Stability Pact for South East Europe.

IV. Overview of the thesis

The study is split into two parts presenting respectively the three main factors and the sector case-studies. Chapter II examines the ‘inside-out’ aspects of cooperation. It surveys the levels of regional interdependence in South East Europe across a number of sectors and issues: ‘hard’ and ‘soft’ security, economic relations, and spatial interconnectedness. While the negligible volumes of exchange in goods, capital and services disqualifies the Balkans from being considered a single region in the economic sense, factors such as the interwoven politics and security relations present a much more coherent picture. However, the chapter demonstrates that interdependence has variable significance for the different Balkan countries. Chapter III looks at the outside actors’ strategies for promoting regional cooperation in South East Europe. It examines the role played by the US following the Dayton peace accords in terms of initiating regional mechanisms geared towards various functional issues. The chapter also traces the evolution of the EU’s approach in the Balkans: from the Regional Approach and the Royaumont Scheme through the Stability Pact to the Stabilisation and Association Process for the Western Balkans. It moreover deals with NATO’s strategy in the context of the Partnership for Peace (PfP) initiative. The focus of Chapter IV is the identity structures underpinning regional cooperation. It argues that the notion of Europe is the

common denominator in all national narratives in the region and is, therefore, constitutive of a specific regional identity. The chapter then discusses the ways in which the norms of regional cooperation have been constructed and projected by the Western institutions towards the Balkans.

Chapter V presents the first sectoral study concentrating on functional cooperation. The main sectors that fall in its scope include trade, transport infrastructure, energy, and the environment. Security is the subject of Chapter VI. It deals with arrangements and initiatives such as the South East Defence Ministerial (SEDM) and the Multinational Peace Force for South East Europe (MPFSEE), the Working Table on Security within the Stability Pact, and the security components within the SAP and SECI. Chapter VII focuses on multilateral political cooperation. It looks at the origins and development of the pan-Balkan summits at ministerial and heads-of-state level since 1996. The chapter also deals with the trilateral and quadrilateral political initiatives in South East Europe, as well as the high-profile summits in the context of the EU-launched Stabilisation and Association Process for the Western Balkans (SAP). Finally, Chapter VIII revisits the main argument of the thesis to offer some conclusions.

PART ONE

FACTORS DRIVING REGIONAL COOPERATION

IN SOUTH EAST EUROPE

Chapter II

All in the Same Boat?:

Interdependence in South East Europe

Arguments about interdependence are at the heart of any discussion of regional-scale politics. When the states within a distinctive regional setting interact in a cooperative or competitive mode, they do so with a reference to issues of shared interest and concern. The latter might originate from outside the geographical perimeter the actors inhabit, but more often they proceed from the region itself and reflect the fact that proximate states and societies find themselves ‘in the same boat’, figuratively speaking, when it comes to their security, politics, and economies. To Joseph Nye, a region is a ‘limited number of states linked together by a geographical relationship and by a degree of mutual interdependence.’⁴⁴ However, one what do we mean by interdependence, how does it relate to geography and regionalism? The following chapter addresses the above questions in relation to South East Europe. In doing so, it also explores character and intensity of the intra-Balkan demand for regional schemes and policies in the 1990s. The

⁴⁴ Joseph Nye, *International Regionalism*, Boston: Little, Brown & Co, 1968, p. vii.

chapter ends with a set of hypotheses on the outcomes regional interdependence conditions in terms of membership and depth of Balkan cooperation initiatives and institutions, if granted an explanatory role.

I. The concept of interdependence

Although the concept of interdependence was originally developed to describe the dense web of economic and societal linkages operating at the global level, it is clear that it could be modified to embrace the political and security aspects of interstate relations within a particular geographical perimeter as well. One has to draw a distinction between the *regional* and the *global* level of interdependence, a focal point in the ongoing debates on globalisation, but one could also safely assume that global interdependence is likely to have amplified effects regionally.⁴⁵ Still, the very notion of regional interdependence also raises certain questions of scope and definition. Interdependence is a more multilayered concept that goes beyond the transnational flows of goods, people, capital and information that Robert Keohane and Joseph Nye had in mind back in the 1970s when researching the impact of ‘low political’ issues on ‘high politics’.⁴⁶ ‘Being in the same boat’ is not interchangeable with interdependence as posited by transnationalists in the 1970s. It is well compatible with the ‘billiard-ball’ description of interstate politics embraced by realists of different colours.

Even if we assume that states are unitary actors whose behaviour is shaped by power correlations or national egotism and not by societal and transnational interests,

⁴⁵For a discussion about the dynamic relationship between the global and regional level of interdependence, see Andrew Hurrell, ‘Regionalism in a Theoretical Perspective’ in Louise Fawcett and Andrew Hurrell (eds.), *Regionalism in World Politics*, Oxford: Oxford UP, pp. 54-8; also Louise Fawcett and Andrew Hurrell, ‘Conclusion: Regionalism and International Order,’ in Fawcett and Hurrell, op. cit, pp. 309-29.

⁴⁶ Robert Keohane and Joseph Nye, *Transnational Relations and World Politics*, Cambridge MA: Harvard UP, 1972; *Power and Interdependence: World Politics in Transition*, Boston: Little, Brown, 1977.

they are still bound by their geography. Neighbouring states find themselves dependent on one another for their security. To push that point further, interlocking security dilemmas within a given spatial continuum are constitutive of 'regionness.' This view draws on Barry Buzan's study of regional security complexes. According to Buzan, a security complex is 'a group of states whose primary security concerns link together sufficiently closely that their security interests cannot realistically be considered apart from one another.'⁴⁷ He offers the example of South Asia emerging as a security complex after 1947 with the establishment of India and Pakistan.⁴⁸ As their security relations have been informed by a particular power political dynamic for historical but also geographical reasons, those countries form an interdependent whole. The same argument could be applied to the Balkans after the mid-19th century when nation-states emerged one after another to form a subsystem within the wider European mosaic. Ultimately, realists -- at least those sympathetic to Buzan's region-centred approach -- pay attention to the interplay of space and material interconnectedness.⁴⁹ Thus, this body of scholarship is instrumental for broadening the conceptual scope of interdependence.

The concept of interdependence (and, one may add, regionalism), however, comes with its theoretical baggage. Following Keohane and Nye, the IR literature commonly associates it with economic and societal interconnectedness. Buzan's security-complex approach could be contrasted with studies of regional politics highlighting functional, bottom-up aspects of interdependence. In this view, denser economic and societal ties

⁴⁷ Barry Buzan, *People, States and Fear: The National Security Problem in International Relations*, Second Edition, Brighton: Wheatsheaf Books, 1983, p. 190. For an update, see Barry Buzan, Ole Waever and Jaap de Wilde, *The New Security Studies: A Framework for Analysis*, Boulder CO: Lynne Rienner, 1998, pp. 15-9.

⁴⁸ Buzan, *People States and Fear*, p. 205.

⁴⁹ To do justice to Buzan *et al*, one should note that his notion of security complexes is not marked by crude materialism. On the contrary, they concede that patterns of 'amity and enmity' are equally determined by shared geography and historical legacies. Regional complexes, therefore, have both material and ideational dimension. See Barry Buzan and Ole Waever, *Regions and Powers: The Structure of International Security*, Cambridge: Cambridge UP, 2003.

within a region, though undermining the individual states' ability to exert control over their internal and external affairs, also creates opportunities for collective gains and demand for cooperation. Functional interconnectedness, therefore, is likely to result in the buildup of institutions at the regional level tasked with managing cross-border flows and the externalities associated with the latter.

The ever-growing literature on regional integration puts a great deal of emphasis on this functional dimension of interdependence.⁵⁰ For instance, the field of EC/EU studies owes much to the neofunctionalist school exploring the dynamic two-way relationship between supranational institutions and various domestic and transnational economic actors in post-1945 Western Europe.⁵¹ In the neofunctionalist conceptualisation, interdependence is both an initial condition and a process outcome, which almost automatically becomes a cause in its own right. The intergovernmentalist approach to the study of EU, particularly in its most recent version expounded by Andrew Moravcsik, likewise ascribes bottom-up functional interdependence a causal role, although it is much more emphatic on the governments' role as gatekeepers in the process.⁵² On the whole, theories emphasising state agency and therefore the supply of cooperation look at how national governments seek to manage economic, social and environmental interdependence through setting and/or adhering to already established institutions, that is formalised sets of rules and decision-making mechanisms. States are motivated to follow such a course by the material benefits offered by the continuous cooperation sustained by those institutions. Clearly, regional functional interdependence per se, regardless of

⁵⁰ Walter Mattli, *The Logic of Regional Integration: Europe and Beyond*, Cambridge: Cambridge UP, 1999.

⁵¹ For a classical statement of neofunctionalist theory, see Ernst Haas, *The Uniting of Europe: Political, Social, and Economical Forces, 1950-1957*, London: Stevens, 1958. For a contemporary update of Haas' ideas, see Alec Stone Sweet and Wayne Sandholtz (eds.), *European Integration and Supranational Governance*, Oxford: Oxford UP, 1998.

⁵² Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht*, London: UCL Press, 1998.

whether it proceeds from or, on the contrary, predates the institutions in question, offers stimuli for the respective states to cooperate regionally in order to maximise payoffs. What theorists disagree is not whether functional interdependence matters or not, but how exactly it affects integrative outcomes: through state strategic behaviour or via the impact of supranational institutions and societal actors. Table 2.1 maps the different meanings of (*lato sensu*) interdependence and the corresponding theoretical traditions.

Table 2.1: Types of interdependence

Issue-areas/Levels of Analysis	Regional	Global
Economics, development, the environment	Regional functional (literature on EC/EU)	Global functional (Keohane and Nye 1972, 1977, literature on globalisation)
‘High politics’, security	Regional security (Buzan)	Global security (neorealism ⁵³)

Regional functional interdependence is important because studies on regional arrangements, in Europe and beyond, tend to single it out as a *default factor*, regardless of the particular circumstances. At a closer glance, even systemic-level theories concede to that. Neorealists may argue that external hegemonic pressures or global power configurations account for the emergence of the EC/EU or MERCOSUR, but they cannot deny that once in place those bodies move according to their own internal logic. Similarly, the students of global functional interdependence are comfortable with the observation that economic globalisation often moves at a faster pace regionally, irrespective of the regionalism-vs-globalism debate.

⁵³ For a brief overview of neorealist theory, see the following chapter.

The hypothesis that regionalism is, at least in part, an outcome of interdependence warrants the concept's application to the study of Balkan cooperation. Its relevance, however, is far from obvious. Looking at the period covered by this study, one can see that the levels of functional interdependence were comparatively insignificant. In an 2001 piece, the Serbian political scientist Predrag Simić famously asked whether the Balkans exist at all. His answer was that the minimal economic links dating back to the period of the Cold War disqualify South East Europe from being a proper region, except in the purely geographical sense.⁵⁴ Yugoslav wars led to further fragmentation of the economic space as the new political and tariff barriers along the regime of sanctions against rump Yugoslavia obstructed the circulation of goods and people within the region. Milica Uvalić contends that even prior to the conflict there was a tendency of decrease in trade among the republics of former Yugoslavia, the most integrated area within the Balkans.⁵⁵ Functional interdependence could be viewed as the desired *outcome* of Balkan cooperation, rather than an initial condition for it.

Yet functional interdependence has both positive and negative aspects. The latter relate to the adverse effects that processes within the territory of one state have an adverse effect over its neighbours. This is illustrated, for instance, by environmental crises that, though originating in a particular country, have wider regional impact. Thus, in February 2000, a spillage of cyanide from a Romanian into the river Tisza plant posed a serious threat to both Hungary and Yugoslavia.⁵⁶ Similarly, the Yugoslav wars of succession in the 1990s had direct negative consequences on the economies of a range of

⁵⁴ Predrag Simić, 'Do the Balkans Exist?' in Dimitris Triantaphyllou (ed.), 'The Southern Balkans: Perspectives from the Region,' Chaillot Paper 46, Paris: European Institute for Security Studies, 2001, pp. 17-35.

⁵⁵ Milica Uvalić, 'Regional Co-operation in Southeast Europe,' *Journal of Southeast European and Black Sea Studies*, 1 (1), 2001, pp. 55-75.

⁵⁶ BBC News, 11 February 2000.

neighbouring states, not least because of the deteriorated access to the Western European markets. Although, the Balkans may not be an integrated economic region, this does not necessarily mean that the condition of functional interdependence is *a priori* excluded. Going back to Nye's definition of region, it is clear that spatial contiguity itself creates a measure of interconnectedness 'from below'.

If socio-economic linkages are played down, the cohesiveness of Balkan security is usually taken for granted. Quasi-Buzanian arguments about South East Europe's 'regionness' derived from the area's interrelated security are popular with political observers. Many have claimed that conflicts in South East Europe, all the way from Bosnia to Cyprus, are or could form an interlocking whole due to factors as shared history, geographical closeness, and interrelated politics. In the 1990s, during the wars in Bosnia and Kosovo, this view fuelled different domino scenarios about the spillover of violence into neighbouring countries. More recently, attention has shifted to threats like transnational organised crime, which among other things again emphasised the impact of shared geography in the region. In sum, the question of whether the Balkans form a coherent region with its distinctive security physiognomy has been invariably answered positively.

Taking into account all these debates in IR theory and the policy literature, the following sections survey the extent of regional interdependence in South East Europe during the 1990s, when most cooperation initiatives got off the ground. In doing so, they look consecutively at both the *functional* and the *security* aspects of interdependence and studies the nature of economic links but also the patterns of security relations in the Balkans.

II. Functional aspects of Balkan interdependence

The history of economic fragmentation

Speaking about region-scale economic or functional interdependence in the Balkans in the 1990s would be far off the mark. The low levels of integration were largely a product of the region's history. As noted by Simić and Uvalić, the difference in domestic regimes and foreign policy orientation during the Cold War period led to markedly different economic arrangements across South East Europe. Bulgaria and Romania pursued Soviet-style development policies based on central planning, massive industrialisation, and collectivised agriculture. Yugoslavia steered its own course under the doctrine of *self-management* combining elements of central planning and market principles. Particularly after the mid-1960s, self-management allowed a relative degree of autonomy to individual enterprises enabling them to establish trade contacts within the country and abroad, as well as to borrow funds from the West. Importantly, in 1953, the Yugoslav communists decided to reverse the process of land collectivisation, well underway since the late 1940s. By contrast, the other Balkan outcast from the Soviet camp, Albania stayed faithful to the Stalinist economic model. Unlike Bulgaria and Romania, however, Albania could not rely on Soviet resources to back up its industrialisation programme and lagged behind the rest of the region. Although adhering to the precepts of the market, Greece and Turkey had, all the way to the 1980s, heavily statist economies characterised by increased government ownership and import-substitution trade regimes. It was only

Greece's accession to the EC in 1981 and the liberalisation policies of Prime Minister Turgut Özal in Turkey that altered the established socio-economic configurations.⁵⁷

The divergent developmental paths went along with integration in different economic blocs. Albania, Romania and Bulgaria became founding members of the COMECON. Greece and Turkey were recipients of aid under the Marshall Plan and were granted associate membership in the EC in 1963 and 1964 respectively. Yugoslavia pursued links with the East and the West. Blocs did not necessarily contribute to the deepening of economic links in the region. Albania left COMECON in 1962 and after the mid-1960s Romania sought to minimise its dependence on the Soviet Union. It stayed outside the COMECON specialisation plans, and reoriented its trade relations towards the non-communist world. The country was granted Most-Favoured Nation status by the US, while EC accounted for nearly one fifth of its overall trade in the 1970s and 1980s. Both Romania and Yugoslavia concluded preferential trade agreements with the EC in 1980. Meanwhile, Albania maintained few links with the outside world, building up an autarkic economic system with the help of its ally China.

The diverse foreign economic relations impacted the patterns of trade within South East Europe. All through the Cold War period, the volume of flows remained low. To put things in context, in 1989 Romania and Yugoslavia accounted for mere 13.4 per cent of Bulgaria's overall trade volume. Moreover, in some cases trade volumes decreased over time. When Greece joined the EC its exchange with neighbouring Yugoslavia dwindled. In the 1980s, even intra-Yugoslav trade decreased, with some republics like Slovenia concentrating on hard-currency exports to the EC. Weak economic ties were further hampered by inadequate infrastructure: Albania's borders

⁵⁷ On Greece, see George Pagoulatos, *Greece's New Political Economy: State, Finance and Growth from Postwar to EMU*, Basingstoke: Palgrave Macmillan, 2003. On Turkey, see Ziya Öniş, *State and Market: the Political Economy of Turkey in Comparative Perspective*, Istanbul: Boğaziçi University, 1999.

were virtually sealed off, there was only one bridge linking Bulgaria and Romania across the Danube, only one crossing point operated between Greece and Bulgaria until 1989.

The 1980s ushered in a grave crisis in all socialist countries of Eastern Europe and the Balkans were not spared. Yugoslavia, burdened by excessive debt funneled down the multiple levels of autonomous republican bureaucracies, experienced sharp economic decline. Negative growth, high inflation, and unemployment made Yugoslavia prime target of the IMF austerity programmes.⁵⁸ The growing trade deficits with the West and the oil shocks of the 1970s led to serious increase of Romanian debt too. In response, Ceaușescu embarked in the 1980s on drastic consumption-curbing measures aimed at debt repayment. The cut-down of imports all but destroyed population's living standards, while the newly-imposed autarky deprived Romania from modern technology and did not lead to increasing productivity and export quality. As a result, Romania plunged into deep socio-economic crisis. In contrast with Yugoslavia, Bulgaria and Romania also experienced major difficulties in the agricultural sector. Collectivised farming hampered output, while the processes of urbanisation led to labour shortages in rural areas. In the late 1980s, the problem was exacerbated by both states' repressive policies towards their national minorities, major parts of which inhabited in the countryside. The inefficient and resource-consuming heavy industries developed in the 1960s and 1970s soon proved a liability too. In the case of Bulgaria, Gorbachev's decision to cut the supply of underpriced Soviet oil to its satellite dried off the most important source of hard currency: the reexport of energy resources. Similarly, Albania's parting ways with its only patron, following the Chinese communists' shift to market liberalism in 1977-78, had very adverse effects on the country's feeble economy. In the 1980s, 60 per cent of the

⁵⁸ On the issue, see Susan Woodward, *Balkan Tragedy: Chaos and Dissolution after the Cold War*, Washington DC: Brookings Institution, 1995.

Albanians still lived off the land, while the percentage of rural population in Yugoslavia and Bulgaria was respectively 34 and 25 per cent. All in all, the collapse of the socialist developmental model throughout Eastern Europe was particularly pronounced in the Balkans, regardless of the different paths pursued since the 1950s.

The economic crisis of the 1990s

The 1990s transitions put post-communist Balkans economies under great strain. Besides adverse initial conditions, this was caused by factors such as the external economic shocks, the impact of wars, and the continuous failure to carry out the badly needed structural reforms. The demise of the socialist bloc disrupted trade in Eastern Europe. Bulgaria suffered the most as nearly two-thirds of its trade took place within COMECON. For their part, the Yugoslav wars pushed the successor republics into a new cycle of crisis. Bosnia-Herzegovina's industry was all but destroyed during the hostilities. Before the war large chunks of it catered for the needs of the Yugoslav army, which was long gone. Serbia's economy was strangled by years of record inflation and international sanctions. The country's survival hinged on the well-functioning agricultural sector and the substantial remittances from the diaspora. Cut off from its markets in former Yugoslavia, numerous Macedonian industries were hurt while nearly 40 per cent of the active population became unemployed. The economic sanctions introduced by Greece in 1994 added further difficulties to the already embattled economy.

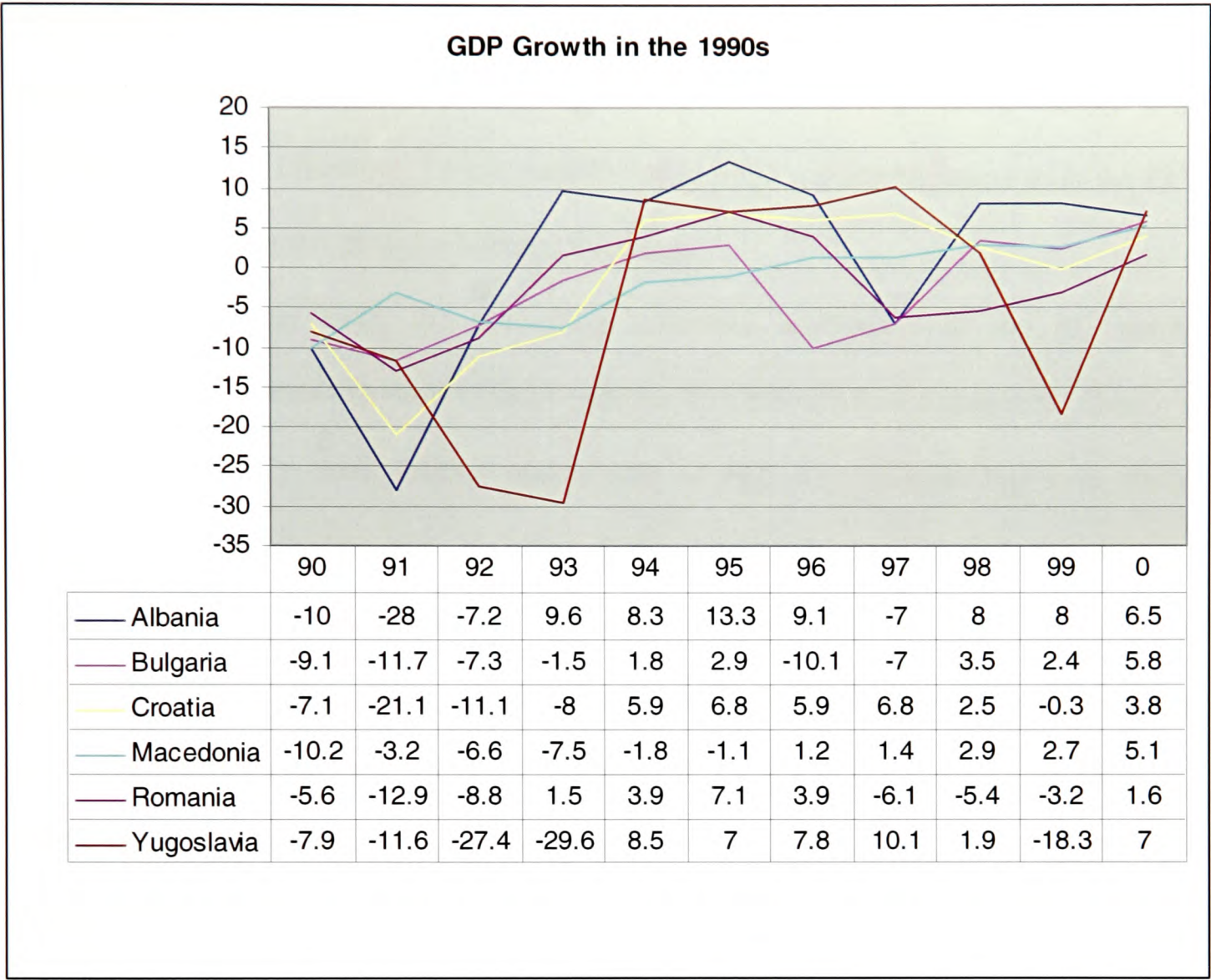
The wars and international sanctions blocked some important routes linking Bulgaria, Turkey and Greece to Western Europe. In addition, it stemmed the exchange of goods -- not counting the smuggling of embargo commodities like oil and the grey sector in general -- between Serbia, and Bulgaria and Romania. Sofia and Bucharest officially

claimed billions of dollars worth of losses incurred as a consequence of the UN sanctions. The instability in the region caused by the wars figured high amongst the reasons why investors stayed away from the Balkans well into the 1990s. Indeed, the levels of FDI in the region were just a fraction from the money flowing into Hungary, the Czech Republic, and Poland at the time.⁵⁹

What depressed the region's economies even further was the slow pace of marketisation. Unlike Central Europe, post-communist Balkan countries saw half-hearted and slow market reforms. Despite the progress achieved in the early 1990s in terms of allowing private businesses to operate freely, relaxing foreign trade and investment regimes, liberalising prices, and initiating privatisation, by the middle of the decade the momentum was lost. Dominated by the former communist parties up to 1996-97, Bulgaria and Romania were hesitant to stop subsidising their mastodont loss-making enterprises, to curb inflation and reduce the government intervention in the economy. Political interference into the banking sector and irresponsible macroeconomic policies pushed Bulgaria into the abyss during the winter of 1996-97, with inflation reaching 300 per cent in January. Figure 2.1 illustrates the overall economic slump experienced in the 1990s.

⁵⁹ Yannis Rizopoulos, 'Foreign Direct Investment and Western Firms' Internationalisation Strategies in the Balkan Countries,' in George Petrakos and Stojan Totev (eds.), *The Development of the Balkan Region*, Aldershot: Ashgate, 2001, pp. 75-111.

Figure 2.1: GDP growth in the transition countries of South East Europe, 1990-2000 (%)



Source: Martin Dimitrov, Petya Mandova and Krassen Stanchev, ‘Balkan Political Economy: Crisis, Policy and Business,’ Institute for Market Economics, Sofia, February 2002.

Trade and investment in South East Europe in the 1990s

The general crisis of the 1990s in all post-communist countries in South East Europe effectively ruled out any prospects for economic integration. Trade dynamics indicated a centrifugal tendency, with the EU becoming the region’s main economic partner. By the end of the post-Cold War decade, the EU accounted for the great chunk of the region’s imports and was the main recipient of the limited range of products the stagnating economies of the Balkan post-communist economies had to offer. Bulgaria and Romania reoriented fully towards the EU, a process speeded up by the conclusion of the Europe

Agreements in 1993. If in 1989 29 per cent of Romanian exports went to the EU, in 1994 the respective figure stood at 45.9 per cent.⁶⁰ A similar process was underway for previously isolationist Albania, which by the mid-1990s already traded heavily with Greece and Italy. Likewise, Turkey established in 1995 a customs union with the EU, which provided a major push for bilateral exchange.⁶¹

At the same time, the expanding economic relations with the EU partly contributed to the intensification of functional ties inside South East Europe too. Greece's enhanced role as a trade partner and source of FDI for Albania, but even more importantly for Bulgaria and, to some degree, Romania suggested that economic exchanges between the countries on the two sides of the former Cold War divide in the Balkans were growing.⁶² This was also illustrated by Turkey's growing trade with the above three post-communist countries.⁶³ Despite the impact of the conflicts, by the mid-1990s something similar was happening in the post-Yugoslav space. Countries like Bosnia-Herzegovina and Macedonia preserved their economic connections with neighbouring Croatia and rump Yugoslavia (see the appendix to this chapter). In the case of Bosnia, this was partly a result of the close links between local Serbs and Croats and their kin states across the border. As illustrated by the trade relationship between rump Yugoslavia and Macedonia, other important factors were the persistence of old networks and the mere absence of alternative markets. One has also to bear in mind that in the

⁶⁰ George Petrakos and Stoyan Totev, 'Economic Structure and Change in the Balkan Region. Implications for Integration, Transition and Economic Co-operation', paper presented at the conference 'European Space and Territorial Integration Alternatives,' Thessaloniki, 16-18 October 1998, p. 18.

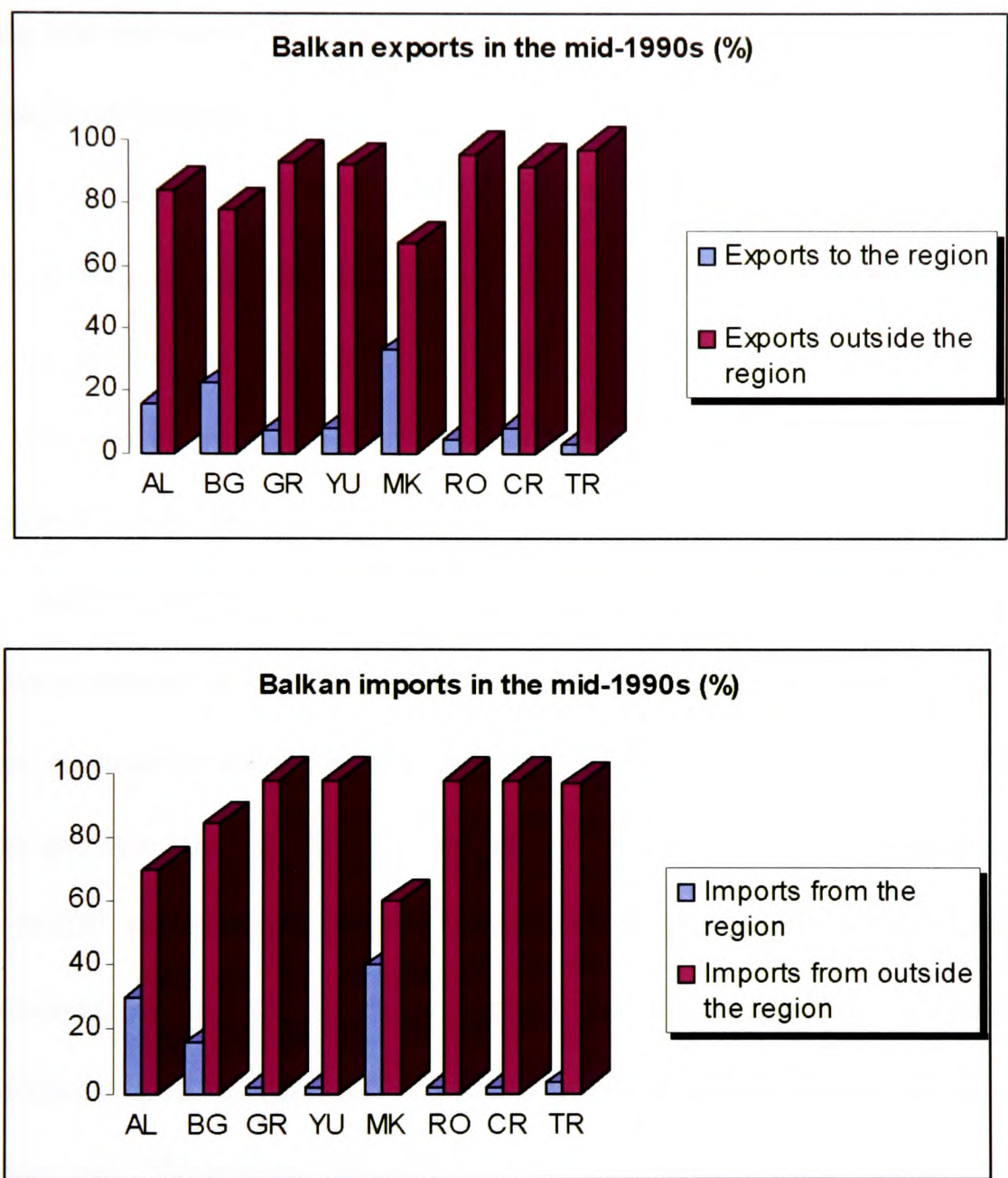
⁶¹ The customs union also played a momentous role for liberalising Turkey's economic governance, comparable to the reforms of the 1980s.

⁶² Albania's exports/imports to and from Greece increased from 3 % / 7.2 % in 1994 to 10.4 %/24.3 % in 1994. The same figures for Bulgaria were 1.3 %, /0.4 % (1989) and 7.8 %/ 4.8 % (1994).

⁶³ Turkey's trade with Albania, Bosnia, Bulgaria, Romania, Macedonia, Greece and FR Yugoslavia increased from 900 million USD in 1992 to 1.75 billion USD in 1995. The latter figure accounted for 3% of the country's overall trade. The bulk of economic exchange took place with Bulgaria, Romania and Macedonia. Oxford Analytica, 'Turkey: Balkan Strategy,' OA Daily Brief, 16 April 1998.

1990s substantial trade flows remained unaccounted due to the porous borders in South East Europe and the spread of corruption and inefficiency at the customs offices.⁶⁴

Figure 2.2: Trade in South East Europe



Source: George Petrakos and Stoyan Totev, 'Economic Structure and Change in the Balkan Region'; Oxford Analytica, 'Turkey: Balkan Strategy'.⁶⁵

However, trade flows were hardly an indication that the region was steadily turning into a more cohesive economic system with the end of the war in Bosnia. Typically, trade flows were significant between *pairs of geographically adjacent countries* and instead of a dense regional web of trade links, one saw bilateral partnerships: Greece with Albania

⁶⁴Milica Uvalić, 'Regional Cooperation'.

⁶⁵Data for Greece and Macedonia cover 1994, for Albania, Bulgaria, Romania, Croatia, and Turkey - 1995, for Yugoslavia – 1996.

and Bulgaria, Macedonia with rump Yugoslavia and so forth (see the appendix to this chapter). By the end of the 1990s, trade amongst the seven Balkan post-communist states (SEE-7) accounted for as little as 13-14 per cent of their total turnover.⁶⁶ What was also striking was that out of the SEE-7 intra-regional trade was relatively more important for the post-Yugoslav republics than for Albania, Romania and Bulgaria. Despite the violent conflict, Croatia, Macedonia and especially Bosnia-Herzegovina and Yugoslavia continued trading with the other parts of the former federation.⁶⁷ In 1998, Bosnian trade with its neighbours surpassed, both in terms of imports and exports, that with the EU. The same was true about Yugoslav exports in the same year, though not about the imports where the EU was far ahead.⁶⁸

Aside from the history of poor political relations and the pull of external markets, low levels integration had its roots in domestic economies. Excluding Greece and Turkey, Balkan economies were characterised by similar product structures with agriculture, textiles and raw materials heavily represented on the export side. The level of services as part of GDP was everywhere low.⁶⁹ Coupled with the economic difficulties, the lack of complementarity emerged as a structural obstacle for the increase of regional exchanges. The different pace of structural reforms was yet another handicap. While countries like Bulgaria and Macedonia liberalised relatively quickly their foreign trade regimes, Yugoslavia and Albania were trailing behind. The closer economic relationship of

⁶⁶ World Bank, 'The Road to Stability and Prosperity in South Eastern Europe,' Washington DC, March 2000.

⁶⁷ Uvalić, 'Regional Cooperation,' p. 63. Of course, politics had a lasting impact on economics too. Yugoslavia's trade with Croatia was negligible.

⁶⁸ Vladimir Gligorov, 'Trade and Investment in the Balkans' in Vladimir Gligorov and Hermine Vidović (eds.), 'On the Way to Normality: the States on the Territory of Former Yugoslavia in the Postwar Period' WIIW Paper no 250, Vienna:Vienna Institute for International Economics, 1998. Further in Chapter V.

⁶⁹ George Petrakos and Stoyan Totev, 'Economic Structure and Change in the Balkan Region,' 1998, p. 5. Also in Petrakos and Totev, 'Economic Structure and Change in the Balkan Region: Implications for Integration, Transition and Economic Cooperation,' *International Journal of Urban and Regional Research*, 24 (1), 2000, pp. 95-113.

Romania and Bulgaria with the EU sanctioned by the Europe Agreements (1993) and their accession to the World Trade Organisation (WTO) gave a further push for reforms, which in turn widened trade-regime gap with some of their neighbours in what was to become by the end of the 1990s the Western Balkans.

All in all, in the 1990s South East Europe saw much more economic compartmentalisation than integration. This was especially true for the SEE-7 group, although it was still the case that trade patterns within former Yugoslavia were more favourable and both Greece and Turkey developed significant trade and investment ties with their post-communist neighbours in the Balkans. One could not, therefore, expect to see bottom-up impulses for enhanced multilateral cooperation. At the same time, growing bilateral exchanges did present, other things being equal, a strong motive for policymakers to promote them further in order to reap the benefits. That said, the EU pull remained the common denominator for all the states in wider South East Europe. By the mid-1990s when regional cooperation came into the Balkan agenda, most of the local states' trade was conducted with outside partners such as Germany, Italy, Austria, and Russia (primary source of oil and gas). The Balkan states had a stronger incentive to deepen functional ties with the latter, rather than pursue institutionalised multilateral arrangements at the regional level.

*Synergies between functional interdependence and EU integration:
the case of transport and energy infrastructure*

The pull of the EU, however, created incentives for cooperation in specific sectors like transport infrastructure, rather than all-out integration based on trade. Assuming that the key economic interest of all local states was to have access to the EU markets, this highlighted the importance of routes to Western Europe passing through their neighbours.

Distanced more than 1000 kilometers from their core EU partners all Balkan economies suffered by the increased transportation costs.⁷⁰ The appearance of new borders in the wake of the Yugoslav conflict 1991-95 exacerbated the problem, insofar as they introduced further barriers for the westward movement of goods and people from the region. If before 1991 Bulgarian, Turkish and Greek lorry drivers had to cross only one or two borders on the way to Italy or Austria, with the disintegration of Yugoslavia this number had risen threefold. Even without taking into account the effect of armed conflicts and political tensions, this development alone affected very negatively the transportation across the region. As a rule, border crossings bottlenecked regional traffic due to the inadequate facilities and infrastructure, the poor professional standards as well as the spread of corruption. One should also note that the steep economic decline seriously hampered the ability of governments to maintain key road infrastructure located within the territory of their countries.

The Yugoslav wars brought to the fore some important aspects of regional interdependence. Bulgaria, Greece and Turkey, to a lesser degree Albania and Romania, were dependent on the routes going in the northern and the northeastern direction, which passed through the territory of former Yugoslavia. Greece was keen on the transportation corridor following the valleys of the Vardar and Morava rivers, which linked Athens and Thessaloniki with Skopje, Belgrade, Budapest, Zagreb and Ljubljana. Parts of the route were covered by the 'Brotherhood and Unity' motorway and by a strategically important railroad, yet the war in Croatia (1991-95) as well as the squabbles over Macedonia culminating in the Greek embargo of 1994-95 all but blocked this vital transportation artery. Bulgaria and Turkey were too affected by the conflict as their main connection to

⁷⁰ George Petrakos, 'The Balkans in the New European Economic Space, Problems of Adjustment and Policies of Development,' *Eastern European Economics*, 40 (4), July–August 2002, pp. 6–30.

Western Europe followed the Istanbul-Sofia-Niš-Belgrade line. Finally, navigation on the Danube, critically important for Bulgaria and Romania, suffered because of the sanctions against Belgrade.⁷¹

The blockage of key routes towards the northwest in the first half of the 1990s pushed for reorientation of transport along the east-west axis. Many Turkish *Gastarbeiters* chose to travel by boat to Italy instead of crossing rump Yugoslavia *en route* to Austria, Germany and the Netherlands. The line between the Greek Ionian port of Igroumenitsa and Italy also picked up in importance. Greece was likewise interested in linking its electricity transmission grid to the one in the Italian province of Puglia as the default connection through Serbia was lost in the 1990s. Once Thessaloniki was closed for Macedonian firms, the latter had to rely on Albanian and especially Bulgarian ports like Durrës on the Adriatic and Burgas on the Black Sea. Similarly, Bosnia-Herzegovina's economic relations depended heavily on its access to the Croatian port of Ploče, which was blocked during the war.

The problem with the shift from the north-south to the east-west route, however, was underdeveloped infrastructure. Neither the Albanian nor the Greek ports on the Adriatic and Ionian Sea were connected with highways and railroads to major cities in the Balkans. This issue was particularly acute in Albania whose road and railway infrastructure was less developed compared to that of its neighbours. In the mid-1990s, that deficiency prompted a number of intergovernmental initiatives for infrastructure development, notably the Greek Egnatia scheme and the Bulgarian-Macedonian-Albanian plans regarding the so-called Corridor VIII backed by the US and Italy (see

⁷¹ After the UN imposed a ban on all shipments through rump Yugoslavia in April 1993, Bulgaria claimed that the cost of the Yugoslav sanctions on its economy amounted to some 1.2 billion dollars.

Chapter V). The Balkans were in a serious need of better transport infrastructure to compensate for the existing gaps.⁷²

The 1999 conflict in Kosovo culminating in the NATO bombing of Yugoslavia led to further damage of the north-south thoroughfares. The destruction of the Danube bridges at Novi Sad not only blocked traffic towards Hungary and Croatia, but also obstructed the navigation through the Danube. Added to the political isolation of the Milošević regime, this unwelcome development created more momentum for the upgrade of the east-west links. It also highlighted the necessity to build up alternative north-south routes by passing Serbia, notably through linking Bulgaria and Romania by a second bridge in the western sections of their Danube border.

The constraints posed by new borders and political instability augmented the negative impact of unfavourable initial conditions. Not only was South East Europe more distanced from the core of the EU than the Central European and the Baltic countries, but on the average its transport infrastructure was relatively less developed too. Tables 2.2 and 2.3 demonstrate that even at the end of the 1990s when infrastructure projects were already implemented in the Balkans, the region had fewer and lower-quality roads compared to other groupings in wider Europe. The gap was less stark in railways (Albania being an exception), which was largely a result of the transport policies implemented by the communist governments prior to the 1990s.

⁷² Institute for Regional and International Studies, *Regional Infrastructure Projects in South-Eastern Europe*, Sofia: IRIS, 1998.

Table 2.2: Density and quality of roads in South East Europe (2000)

	Length in km	Km/1000 km ² Area	Km per 1 million Inhabitants	Motorways km/1000 km road
Albania	18,000	626	5,743	1
Bosnia-Herzegovina	21,846	427	5,493	1
Bulgaria	37,286	336	4,691	9
Croatia	28,123	497	6,419	15
Macedonia	12,522	487	6,156	11
Moldova	12,657	375	3,478	0
Romania	198,603	833	8,852	1
Yugoslavia	49,805	487	4,684	8
SEE-8 average	47,355	585	6,511	4
CEE-8 average ⁷³	122,870	1348	13,317	2
EU-S-3 average ⁷⁴	284,111	1169	14,329	13
EU-N-12 average ⁷⁵	258,827	1,238	9,819	13

Source: Edward Christie and Mario Holzner, 'Infrastructural Needs and Economic Development in Southeastern Europe. The Case of Rail and Road Transport Infrastructure,' Working Paper No. 4.3, Project on Functional Borders and Sustainable Security: Integrating the Balkans in the EU, May 2004.

Table 2.3: Density and quality of railways in South East Europe (2001)

	Lines in km	Km/1000 km ² area	Km/ 1 million Inhabitants	Double track as % of the total
Albania	447	16	143	0
Bosnia-Herzegovina	1,032	20	260	9
Bulgaria	4,320	39	543	22
Croatia	2,727	48	622	9
Macedonia	699	27	344	0
Moldova	1,121	33	308	15
Romania	11,364	48	507	24
Yugoslavia	4,058	40	382	7
SEE-8 average	3,221	40	443	17
CEE-8 average	5,927	65	642	30
EU-S-3 average	6,353	26	320	23
EU-N-12 average	10,941	52	415	39

Source: Christie and Holzner, Infrastructural Needs and Economic Development.

⁷³ CEE-8 are the then EU membership candidates in Central Europe and the Baltic area (Poland, Hungary, Czech Republic, Slovakia, Lithuania, Latvia, Estonia).

⁷⁴ EU-S-3 are the three southern EU members receiving cohesion funding (Spain, Portugal and Greece).

⁷⁵ EU-N-12 are the 12 northern members.

The relative underdevelopment of transport infrastructure provided a set of incentives the Balkan governments to negotiate common strategies and policies. That concerned in particular the buildup of motorways where the regional demand was relatively higher. Importantly, unlike trade where the benefits of greater integration at the regional level were seen as marginal to the gains offered by enhanced links with the EU, in the field of infrastructure the two priorities were more compatible. Improving road and railway connections in South East Europe was a precondition for linking more closely the individual countries with their key economic partners in Western Europe, yet projects that fitted the former but not the latter priority would be of lesser interest. In essence, this reflected a long-standing pattern whereby Balkan states' transport connections with the outside world were better developed compared to the ones within the region. That was why Macedonia, for instance, had direct rail and motorway links with Hungary and Italy but not with its neighbours Bulgaria or Albania. In other words, despite the conditions of interdependence at the regional level, the external dimension remained paramount.

Similar to transport infrastructure, energy was another sector where external conditions contributed to regional interdependence. The opportunities for channeling Caspian oil to Western Europe through the Balkans created incentive for cooperation for groups of local countries. Black Sea ports like Constanța in Romania and Burgas in Bulgaria could solve the problem with the heavy traffic through the Bosphorus, which was a concern for Turkey. From the Black Sea, the oil could be transported through three alternative routes: (1) via Bulgaria, Macedonia and Albania to the Adriatic, (2) via Bulgaria and Greece to the Aegean, (3) via Romania, Yugoslavia, Croatia, Slovenia, and Italy to the Adriatic. For geographical closeness to pay off in the form of transborder pipelines, one still needed massive external investment, mostly from the oil

multinationals. However, groups of states within South East Europe were linked by their shared interest in having access to cheap energy resources, diversifying supply,⁷⁶ foreign investment, and revenue from the transport fees. The problem was that the three routes were seen as mutually exclusive and gave rise to as much competition as cooperation within the region.⁷⁷

In contrast to oil, gas infrastructure was well developed even prior to the 1990s when substantial facilities were developed in Romania and Bulgaria for the transportation of Russian gas. The Bulgarian network gradually expanded into neighbouring Turkey, Greece, and Macedonia which made the country a regional hub of sorts. At the same time, Serbia received Russian gas through Hungary too. However, in the 1990s, there were also new opportunities for transporting Turkmen gas through Iran, Turkey and South East Europe, which would diversify the region's supply. In other words, there existed a positive dynamic based on the shared interest in obtaining access to more and cheaper gas by capitalising on geographical location.

There was an even stronger motive for cooperation in the sector of electricity where one saw a relative complementarity between the countries of the region. Greece and especially Turkey, the largest and most dynamic economy in wider South East Europe, were in need of imports. There was also demand in the post-Yugoslav republics and Albania. At the same time, Romania and Bulgaria produced more electricity than they needed due to the high capacity developed during the socialist period and made redundant because of the shrinkage of the industrial sector during the transition period.⁷⁸

⁷⁶ That was a key interest for countries dependent on Russian oil like Bulgaria and Romania.

⁷⁷ Ian Lesser, F. Stephen Larrabee, Michele Zanini, and Katia Vlachos, *Greece's New Geopolitics*, Washington DC: Rand, 2000, pp. 93-6. More details in Chapter V.

⁷⁸ Ian Lesser *et al*, *Greece's New Geopolitics*, p. 86.

In sum, the transport and energy sectors demonstrated that conditions of functional interdependence were, in fact, present in South East Europe. In addition, the pull of outside markets accentuated regional linkages: the states of South East Europe had a strong incentive to cooperate in order to integrate into the EU and global economy. At the same time, interdependence did not point at an optimal institutional format for cooperation. Balkan states could achieve their strategic goals both through a larger regional body dealing with infrastructure development and through smaller coalitions focused on specific projects.

III. The webs of Balkan security

While economic fragmentation supported the view that South East Europe was a region only in the geographical sense of the word, its interlocking security portrayed it as a single geopolitical space. Indeed a great deal of the international actors' efforts to pacify and stabilise the Balkans by fostering regional cooperation proceeded from the idea that the Yugoslav wars were a piece in a larger puzzle. Despite numerous caveats, in the eyes of the 1990s policymakers and analysts, the Balkans did exist as a fully fledged regional security complex defined by its particular history and current politics.

The legacies of conflict

The reemergence of the Balkans as a geopolitical area was linked to the idea that the end of the Cold War resurrected many aspects of the pre-1945 status quo. Previously submerged in the East-West division, the Balkans were now back on Europe's political map together with all issues of nationalism, borders and national minorities. The latter had contributed to a lasting pattern of rivalries within the region long before the Yugoslav

conflicts in the 1990s. The 19th and early 20th century were characterised by competition over the spoils of the Ottoman and Habsburg Empires. During the interwar era, the split between supporters of the status quo and revisionists was conditioned by the outstanding disputes over territory based on ethnic and historical claims. That the conflicts were interrelated was proven by the practices of alliance-building at the regional level. Although backed by external powers, the Balkan Pact of 1934 signed by Greece, Turkey, Romania and Yugoslavia was essentially a regional instrument aimed at containing the revisionist aspirations of Bulgaria, Albania and, to a lesser degree, Italy, rather than a figure on the continental chessboard. The Balkans were identifiable as a distinctive region marked by its particular security dynamics.

The Cold War had a profound impact on South East Europe. It added a further division line, that of ideology. Some states were firmly in the Soviet camp, others like Turkey and Greece, the latter following a devastating civil war in the period 1946-49, became part of the West, yet others like Yugoslavia steered a wholly independent course. Global ideological power-struggles, however, meant little in the face of nationalism-fuelled disputes. By the mid-1950s, NATO allies Greek-Turkish relations were poisoned over the issue of Cyprus. The September 1955 pogroms leading to the extinction of the Istanbul Greek community and Greece's heavy-handed approach to Turks and other Muslims on its territory meant that the honeymoon was over.⁷⁹ With Turkey's 1974 invasion in Cyprus and the dispute over the Aegean continental shelf looming large in the 1970s, the Greek-Turkish conflict became a defining feature of Balkan politics. In the early 1990s, the issue of territorial waters in the Aegean basin was added to the list of

⁷⁹ The Muslim population in Greek (western) Thrace amounts to some 150 000, in total. It is predominantly composed of ethnic Turks, but includes also Pomaks, who speak a Bulgarian dialect, and Roma (Gypsies). While Turkey insists on the term 'Turkish minority', Greece has been strongly opposed arguing that the 1923 Lausanne Convention treats the Muslims as nothing else but a religious minority. See Hugh Poulton and Suha Tadj-Faruk (eds.), *Muslim Identity and the Balkan State*, London: Hurst, 1997.

clashing claims. To make matters worse, Turkey and Greece concentrated considerable military personnel and equipment in the border areas, which made the situation even more volatile. In the late 1960s and particularly after 1974, Greece remilitarised several eastern Aegean islands as well as the Dodecanese, contrary to its obligations under the Lausanne Convention (1923) and the Paris Treaty (1947). It argued that this was a reactive move mirroring the concentration of Turkish troops in the area of Izmir.⁸⁰

Socialist solidarity was no recipe for good-neighbourliness either. Yugoslavs and Bulgarians were close to creating a common federal state in the late 1940s, but after the Cominform schism in 1948 their ties became increasingly hostile. As of the mid-1960s, the undying issue of Macedonia and the national character of the Macedonian Slavs, in particular, became the bone of contention. Both Yugoslavia and its constituent Socialist Republic of Macedonia invested a great deal of efforts to bolster Macedonian national identity as separate, if not primordially opposed, to the Bulgarian one. In addition, they insisted that the population of Pirin Macedonia (the south-western corner of Bulgaria) should be granted national minority rights as a necessary step for the affirmation of Macedonian separateness. In turn, Bulgaria's answer to those claims was that historically the Slavs of Macedonia were of Bulgarian stock. Although the group in Yugoslav (or Vardar) Macedonia had developed a different national awareness, the Bulgarian communist leadership believed that (a) the process had not been completed and certainly was not irreversible (b) had not taken place at all in Pirin Macedonia, which had preserved its Bulgarian character.⁸¹ The dispute tended to intensify whenever the

⁸⁰ Tozun Bahçeli, *Greek-Turkish Relations since 1955*, Boulder CO: Westview Press, 1990; Dimitri Conostas (ed.), *The Greek-Turkish Conflict in the 1990s*, London: Macmillan, 1991.

⁸¹ The best study of the Yugoslav-Bulgarian dispute is Stefan Troebst, *Die bulgarisch-jugoslawische Kontrowerse um Makedonien 1967-1983* [The Bulgarian-Yugoslav Controversy over Macedonia 1967-1983], Munich: R. Oldenbourg, 1983.

relations between Belgrade and Moscow grew colder, for instance, in the wake of Tito's condemnation of the 1968 intervention in Czechoslovakia.

Macedonia was a constant irritant in the relations between Greece and Yugoslavia too. While the Yugoslav stance was that a Macedonian national minority was present in the parts of geographic Macedonia included in Greece (the so-called Aegean Macedonia), successive Greek governments were denying that claim. Although the numbers of Slavic speakers in the north were relatively low, policymakers in Greece suspected the Yugoslavs of still harbouring annexationist ambitions towards Aegean Macedonia as during the Civil War. Yugoslavia, in turn, aimed at normalising its relations with Greece. In the 1950s, the economic and political links between the two countries were on the rise. That tendency continued even after the collapse of the second Balkan Pact precipitated by the growing Greek-Turkish tensions and Khrushchev's conciliatory policy towards Yugoslavia. Belgrade tended, with varied success, to keep at bay Macedonian nationalism unwilling to see its relations with Athens suffering for the sake of Skopje's narrow interests.⁸²

With the Macedonian issue lurking at the background, erstwhile enemies Greece and Bulgaria found their interests converging. Bulgaria had abandoned its claims to the Greece's northern provinces and followed a pro-status quo course, which largely offset the 'northern threat' syndrome in Athens. The end of the colonels' regime in 1974 and Prime Minister Karamanlis' policy of engagement with the Balkan states added further momentum to the processes of rapprochement. Even more important were the common fears of Turkey, salient in the wake of the Cyprus intervention of 1974. Some internal

⁸² For a brief outline, see Evangelos Kofos, *Greece and the Balkans in the '70s and 80s*, Athens, ELIAMEP, 1991, pp. 7-12. Kofos remains Greece's leading authority on the Macedonian issue. See *Nationalism and Communism in Macedonia: Civil Conflict, Politics of Mutation, National Identity*, New Rochelle, N.Y: Aristide D. Caratzas, 1993.

developments in Bulgaria made this perception even stronger. The Bulgarian authorities undertook a campaign of forced Bulgarianisation targeting the country's numerous Turkish minority.⁸³ It exacerbated the relations between Bulgaria and Turkey, but also led to a semi-formal alliance between Greece and Bulgaria. In 1986, Greece's socialist Prime Minister Andreas Papandreou signed with the Bulgarian leader Todor Zhivkov a bilateral friendship agreement, which also contained military cooperation clauses.⁸⁴

During the Cold War, Greece never managed to fully normalise its relations with Albania. In fact, the state of war between the two countries continued officially until 1987, when it was terminated on the PASOK government's initiative. This development did not imply that any progress was made on burning issues as the one of the Greek minority in the southern parts of Albania (known as Northern Epirus by the Greeks). However, it did hint at a change in Albanian isolationist attitude. After the Sino-Soviet split in the early 1960s, the Albania's Stalinist leader Enver Hoxha sided with China. In 1978, it denounced its patron as revisionist and cut the last bridge towards the outside world. It was only after Hoxha's death in 1985 that Albania made some tentative steps to overcome its isolation. Albania's relations with Yugoslavia were equally precarious. The Cominform crisis in 1948 was used by Hoxha to sever all links Belgrade. There was a measure of rapprochement between the two countries after the Soviet suppression of the Prague spring in 1968. The issue of large Albanian population in Kosovo, Macedonia and Montenegro was at the core of the bilateral relationship. The relatively better atmosphere of the 1970s was reflected in the Yugoslav leadership's decision to allow Albanian lecturers and textbooks into the University of Prishtina. The 1981 unrest in Kosovo, however, put an end to that episode in Albanian-Yugoslav relations.

⁸³ Ali Eminov, *Turkish and Other Muslim Minorities in Bulgaria*, London: Hurst, 1997.

⁸⁴ Christopher Cviic, *Remaking the Balkans*, London: Royal Institute of International Affairs, 1991, p. 102.

By contrast, Romania's policy towards the Balkans was, by and large, not burdened by bilateral problems. The country's post-1965 ruler Nicolae Ceaușescu had good relations with most Balkan leaders. Furthermore, Romania was very positively disposed to all initiatives for regional cooperation in the 1970s and 1980s. It saw the pursuit of multilateral arrangements in the region as a cornerstone in its foreign political independence from Moscow.⁸⁵ Apart from the USSR, the nationalist content of Ceaușescu's policies pitted Romania against its neighbour Hungary. The tendency was very pronounced in the 1980s as the regime in Bucharest became increasingly repressive, including towards the Hungarian minority.

The foregoing discussion shows that although divided in their alignments with the outside world, in the late Cold War era the Balkans could still be considered a Buzanian regional complex.⁸⁶ It encompassed several triangular relationships based on certain hard-security issues: (1) Greece-Turkey-Bulgaria: the question of Turkish and Muslim minorities, the Aegean dispute, deployments of military personnel and armaments alongside common borders; (2) Yugoslavia-Bulgaria-Greece: the Macedonian question; (3) Greece-Albania-Yugoslavia: ethnic minorities. Romania's involvement in the Balkans was of a different nature, in that it was not provoked by challenges coming from inside the region but by its desire to balance against the USSR.

The new old powderkeg: Balkan security in the early 1990s

With the end of the Cold War, the precarious regional balances in the Balkans emerged as cause of concern. That was why the changes were greeted with dissimilar feelings in various parts of the Balkans. For some, democratisation at home contained a promise for

⁸⁵ Aurel Braun, *Small-State Security in the Balkans*, London: Macmillan, 1983.

⁸⁶ Buzan himself refers to the Balkans as a sub-region inside the European regional complex.

better interstate relations. Others considered that the bloody Romanian revolution of December 1989 was a better indication about the things to come compared to the celebrations in the streets of Prague and Berlin. The removal of the bipolar straitjacket could unleash old rivalries and it certainly introduced new spots of instability. The secessionist tendencies in Yugoslavia triggered by Slobodan Milošević's policy of centralisation topped the list. As early as 1990, Stephen Larrabee wrote 'the Balkans have traditionally been a region of instability and ferment, and with the end of the Cold War conflicts are likely to re-emerge.'⁸⁷ He went on, 'in the 1990s, the main threat to European security is likely to come not from Soviet military power but from ethnic conflict and political fragmentation in the Balkans.'⁸⁸

The breakout of war in Slovenia and Croatia (1991) and Bosnia (1992) seemed to confirm the worst fears observers like Larrabee had. Given the great number of disputes marring the Balkans and the rise of nationalism, the Yugoslav crisis could unleash many more vicious conflicts in and amongst the neighbouring countries. Examples were easy to spot, the tacit Greek support for Milošević and the Bosnian Serbs was linked to the Turkish support for the Muslim Bosniaks.⁸⁹ In 1992, Bulgaria and Turkey were quick to recognise Macedonia's independence, which Greece interpreted as hostile acts as it was alarmed by the upsurge of Macedonian irredentism directed towards its north-western portions. Greek apprehensions were exacerbated by the fact that Turkey sought to cultivate close military links with Macedonia and Albania.⁹⁰ Turkey also normalised its relations with Bulgaria after human rights of ethnic Turkish were restored in late 1989.

⁸⁷ F. Stephen Larrabee, 'Long Memories and Short Fuses, Change and Instability in the Balkans,' *International Security*, 15 (3), 1990, p. 58.

⁸⁸ Ibid, p. 59.

⁸⁹ On Greek policy towards the Yugoslav conflict in the early 1990s, see Takis Michas, *Unholy Alliance: Greece and Milošević's Serbia*, College Station: A&M University Press, 2003.

⁹⁰ On Greece's efforts to counterbalance Turkey in the Balkans during the 1990s, see Othon Anastasakis, 'Greece as a Regional Power in the Balkans: From Politics of Coercion to a Policy of Cooperation' in Aleksandar Fatić (ed.), *Security in Southeastern Europe*, Belgrade: Management Centre, 2004, pp. 121-35.

Athens looked at those developments with unease. After Sofia recognised Macedonia in January 1992, Foreign Minister Andonis Samaras declared the alliance with Bulgaria sealed in the previous decade was over.⁹¹

Located in the center of the Balkan peninsula, Macedonia was seemingly becoming again the focal point of competing regional interests. The Yugoslav army withdrew peacefully from the republic in the spring of 1992 but also carried away all heavy weaponry into Serbia. The 40,000-strong Serbian minority in the Kumanovo area, however, showed signs of radicalism all through 1992. There were allegations that Milošević offered Greece and Bulgaria to partition Macedonia.⁹² For its part, Greece pressured Skopje to change its coat-of-arms (the so-called Vergina star), its name and drop all references to Macedonians living in neighbouring countries from the Constitution. In February 1994, Greece unilaterally imposed a trade embargo, which caused much uproar in the EU.⁹³ Although Bulgaria became the first state to grant official recognition to Macedonia, President Zhelyu Zhelev declared that recognising the state did not imply recognising the nation and its language. This led to suspicions that Bulgaria has not given up its long-standing aspirations towards Macedonia. Domestic politics were even more fraught with conflict. After Milošević abolished Kosovo's autonomy in 1989, thousands of Kosovars moved into Macedonia reinforcing their kin and exacerbating some deeply entrenched fears held by the majority. In 1992, the Macedonian Albanians' organised a referendum leading to the proclamation of the so-called 'Republic of Illyrida' in Macedonia's northwest. To many observers, 'the New Macedonian Question' (to use

⁹¹ Aristotelis Tziampiris, *Greece, European Political Cooperation and the Macedonian Question*, Aldershot: Ashgate, 2000.

⁹² However, there were allegations that Milošević's offer to Greece for a confederation contained a secret proposal to partition Macedonia. *Wall Street Journal*, 26 June 1992; *Frankfurter Allgemeine Zeitung*, 20 June 1992.

⁹³ The embargo was *de facto* in place since 1992.

the term coined at the time by a British expert) was threatening due to its conflict potential. It was argued that if a conflict erupted in Kosovo between Belgrade and the local majority, it would spread south to Macedonia. Macedonia's destabilisation, in turn, could prompt its neighbours Bulgaria, Serbia and Greece to intervene, driven by their aspirations towards the area and the loyalty of its inhabitants dating back to the late 19th and early 20th century. Greek involvement could itself provoke reaction from its rival Turkey seen as championing the cause of all Balkan Muslims, all the way down from Bosnia to the northern Greek province of Thrace.. a Bosnian-style interethnic war was seen as capable of sparking a regional conflagration threatening to draw in a number of Skopje's neighbours.⁹⁴

Although the early 1990s were a period characterised by fragmentation, they also demonstrated to the outside world how tightly the Balkans were knit together. Instability and violence in former Yugoslavia was seen as destabilising in the wider region. The talk of rivaling alliances dominated the security discourse of the time. Different domino scenarios were floating in the air. Ironically, the assertive foreign policies and nationalism-inspired competition were both dividing the Balkans and building up its identity as a single region.

In reality, the power of interlocking state rivalries and irredentisms was not as overwhelming as thought at the time. In Bosnia, Turkey refrained from unilateral action and followed the policy of NATO. Other regional states like Bulgaria and Romania adopted a hands-off approach to the issue and adhered to the international efforts, the costly sanctions imposed on rump Yugoslavia included. Bulgaria and Albania supported

⁹⁴ James Pettifer, 'The New Macedonian Question,' *International Affairs*, 68 (3), July 1992, pp. 474-85; Also James Pettifer (ed.), *The New Macedonian Question*, Basingstoke: Macmillan, 1999. For the different scenarios on the future of Macedonia floated in the early 1990s, see Stefan Troebst, 'Macedonia: Powder Keg Defused?', *RFE/RL Research Reports*, vol 3, no 4, 28 January 1994, p. 33.

Macedonia's consolidation, despite suspicions about their ulterior motives. When Greece imposed an embargo on Macedonia in early 1994, the Bulgarian and Albanian ports on the Black Sea and the Adriatic provided a vital lifeline for the neighbouring republic. Milošević kept a low profile on Macedonia and distanced himself from the inflammatory rhetoric of political figures like Vojislav Šešelj. Albania supported Kosovo's independence proclaimed in Kaçanik, but did not adopt a proactive approach. Even radical politicians like President Sali Berisha were immune to foreign policy adventurism. Tirana followed closely American policy: it joined PfP as early as February 94 and offered NATO its airfields for reconnaissance operations in Bosnia. By 1993-95, non-involvement and reliance on outside intervention, rather than diplomatic and military activism, became the norm. The majority of the Balkan states were either too weak or sufficiently prudent not to pursue assertive, let alone overtly irredentist, foreign policies. As a result, the conflict was more or less contained within the boundaries of former Yugoslavia. In addition, in the period 1992-94, Yugoslav neighbours signed a series of bilateral military agreements instituting confidence-building measures in accordance with the CSCE/OSCE's Vienna document.⁹⁵

Political rivalries did not translate into military standoffs, not considering the Greek-Turkish case. Security interdependence did not necessarily equal volatility.⁹⁶ This was proven four years later during NATO's war against Yugoslavia. The crisis in Kosovo, spilling over to Macedonia due to the mass exodus of Albanian refugees, did not trigger any regional competition over the control of the Vardar valley as in the early 20th century. On the contrary, all Balkan governments backed NATO's intervention -- a number of them confronting fierce domestic opposition -- as well as the efforts to keep

⁹⁵ More in Chapter VI.

⁹⁶ Dimitar Bechev, 'Worst-Case Scenarios and Historical Analogies: Interpreting Balkan Interstate Relations in the 1990s,' in Aleksandar Fatić (ed.), *Security in Southeastern Europe*, pp. 29-53.

Macedonia stable. As Chapters VI and VII will show, the situation was no different in during the Macedonian crisis of 2001 when the region supported the country's unity.⁹⁷

One level down: the societal dimension of regional security

The wars of 1991-95 did send shockwaves over the Balkans, but their profound impact had less to do with the world high politics and military balances than with state weakness and societal vulnerability. The wars had fateful consequences for Croatia, Bosnia and rump Yugoslavia but failed to ignite a wider interstate conflict as some expected. Yet they generated a range of soft-security problems that spilled over both old and newly-instituted borders in the region. The growth of phenomena like transnational organised crime, illegal trafficking, cross-border corruption had impact beyond the boundaries of former Yugoslavia, which in effect demonstrated that the compartmentalised Balkans of the Cold War were by the mid-1990s a thing of the past.

Refugees and internally displaced persons were a key issue for a number of post-Yugoslav states. By late 1995, their number had reached some 850,000 in Bosnia, Croatia and rump Yugoslavia, as well as in the wider world. Bosnia suffered most of all: at the time of Dayton nearly one fourth of its overall population resided abroad or was internally displaced. August 1995 alone saw the exodus of nearly 150,000 Serbs from the province of Krajina in Croatia as a result of the *Oluja* (Storm) operation carried out by the Croatian armed forces. Milošević tried to resettle some of the Krajina Serbs in Albanian-populated Kosovo fuelling further local discontent. Most of the refugees, however, flocked into the cities where they added to the army of unemployed. The

⁹⁷ Greece normalised its relations with Macedonia, which it continued referring to as FYROM, in 1995. The dispute between Bulgaria and Macedonia over the character of Macedonian language and national identity were taken off the bilateral agenda in February 1998 with a declaration signed by the two countries' prime ministers.

refugee influx in Serbia, to a lesser degree in Croatia, was a real burden for the economy, already suffering greatly from the war. Lacking other prospective, many new arrivals joined the thriving underworld in cities like Belgrade. Very often those were young people with considerable experience in using arms gained during the war.

Indeed the proliferation of *organised crime* was the 1990s wars most lasting legacy. Murky figures like the notorious Željko Ražnatović-Arkan took a key part in the hostilities manning the paramilitary units operating on the ground. Amongst their core activities were the traffic of weapons and the sale of looted property. Criminals of different colours also profiteered largely from the war as they controlled the supply of necessities to the population on the ground. They often cooperated across ethnic lines. During the war in Bosnia, a number of free-trade zones were set where traffickers from all sides met to exchange goods. Muslim and Croat groups supplied oil to the Serbs while the latter procured food and other essentials for the encircled Muslim enclaves. After Dayton, former paramilitaries quickly reverted to crime making use of the trafficking channels and the patronage relationships they have established. Crime was also boosted by the wide of proliferation of *small arms* which was again a direct consequence of the war.⁹⁸

Cross-border smuggling was, at least initially, linked closely to the process of state-building. The smugglers operated under high protection. In Croatia, Tudjman and the HDZ drew financial support from networks of Herzegovinians around Gojko Šušak, a diaspora Croat promoted to the position of defence minister. The latter were in charge of channeling weapons for the republic's armed forces as well as for Herceg-Bosna, the self-

⁹⁸ For an in-depth analysis of the Bosnian war's impact on smuggling and organised crime, see Marko Hajdinjak, *Smuggling in Southeast Europe. The Yugoslav Wars and the Development of Regional Criminal Networks in the Balkans*, Sofia: Centre for the Study of Democracy, 2000. This section draws heavily on the findings of the monograph.

proclaimed Croat entity in Bosnia. These networks benefited immensely from the crony privatisation run by Tudjman. Because of the UN arms embargo, the central Bosnian government in Sarajevo was similarly dependent in the period 1992-94 on supplies arranged by semi-criminal actors. The Bosnian Serbs and Croats found themselves in a much better position as they were helped directly by their kin states. There were, in effect, no border controls along the Drina river and in Herzegovina, which more than good news for organised outlaws. Finally, the parallel state institutions run by the Albanians in Kosovo were, according to reports, partly funded by Albanian gangs passing heroin from Turkey into Western Europe. Since the mid-1990s, the Kosovars started also smuggling weapons into the province. The 1997 riots in Albania when the country's arms depots were looted resulted in a particularly massive flow of weaponry in the direction of Kosovo.

With its central position in the Balkans, Serbia connected all the pieces in the puzzle. The sanctions meant to exert pressure on the Milošević regime led to the establishment of multiple transborder trafficking channels. The Yugoslav authorities -- the leadership in Belgrade, the customs, the secret services and the police -- played a key role in setting and operating networks in partnership with criminals from both Yugoslavia and its neighbours Bulgaria, Romania, Macedonia and Albania. People belonging to the former regimes' secret police were invariably part of the game. Oil topped the list of the smuggled goods. It was shipped through Yugoslavia's porous land borders, but the greatest share came from Ukraine and Russia through the Danube. Milošević bartered considerable quantities of grain for Russian oil to keep the Yugoslav economy going. Most of the revenues were funneled into the loss-making enterprises and the pockets of the pro-regime oligarchy.

The post-1989 liberalisation of border regimes between Bulgaria and Romania, on one side, and Yugoslavia, on the other, conditioned the expansion of the traffic in oil and other embargo items during the sanctions. The changes in Albania after 1992 produced a similar outcome along the borders with Kosovo and Montenegro. Indeed, the sanctions contributed to the *transnationalisation* of crime in the region. In contrast with the interethnic wars, transborder crime and smuggling became an all-Balkan and not specifically Yugoslav problem. Criminal groups developed well-functioning alliances across national boundaries. For example, Yugoslav businesses mushroomed in all neighbouring countries in order to get around the sanctions regime.

Thus the wars' impact on Macedonia, Albania, Bulgaria and Romania, all of which never took part in any hostilities, was enormous. The sanctions fuelled crime and weakened state institutions that were anyway shaken by the economic downturn and the uneasy transition. The Yugoslav drama was in many ways an all-Balkan one as well. The effect of the sanctions proved rather durable. The traffickers often enjoyed protection from key figures in the governmental institutions, which made the nexus between transnational crime and *corruption* even more visible. The patron-client relationships persisted after the lifting of the sanctions against Yugoslavia in 1996. The smuggling channels were 'privatised', in the sense that the control passed from the hands of the regime into the criminals. As oil was imported legally into Yugoslavia, the character of smuggled goods changed. The illicit trade in excise-duty goods like cigarettes became relatively more important. However, the links between the underworld and the Balkan political elites lingered on. The Montenegrin leadership's involvement in cigarette smuggling, for instance, was a secret to nobody. A case brought by an Italian court against President Djukanović on counts of contraband made the headlines in 2002.

Scandals related to links between politicians and smugglers were not rare in Macedonia, Romania and Bulgaria.⁹⁹

Importantly, the sanctions solidified the old trafficking channels from and into Western Europe. Initially, the Balkan *drug route* passing through Turkey, Bulgaria and Yugoslavia and operated by Turkish, Kurdish, Kosovar Albanian and other gangsters from the region was closed due to the wars in Croatia and Bosnia. Alternative routes starting from Bulgaria and going either thorough Macedonia, Kosovo, Montenegro and Albania, or through Romania and Hungary were developed. As a rule, they were maintained by international consortia of criminals. By the mid-1990s, the classical route was re-opened. Some estimates showed that 80 per cent of the heroin in Western Europe was arriving through the three Balkan corridors. In addition to transited heroine, South East Europe exported considerable amounts of amphetamines synthesised in mafia-run laboratories scattered around South East Europe.

New areas of criminal activities included also *trafficking in human beings*. It dated back to the time of the Bosnian war when a numerous refugees were helped by criminals to make their way into Western Europe. After the end of the war, these channels were used to transfer migrants from outside the region (Kurds, Iranians, Arabs, Afghanis, Chinese etc.) to the West. With its liberal visa regime, Bosnia became, for a period of time, a safe haven for illegal migrants of all sorts of national origins. Important channels were also established across Greece's borders with Albania, Bulgaria and Turkey. With the help of state-of-the-art speedboats, traffickers from the Albanian coastal

⁹⁹ In Bulgaria, the government of the Union of Democratic Forces was blamed for nurturing clientelistic relationships with smugglers across the border with Yugoslavia. In 2000, the Romanian President Constantinescu accused former Prime Minister Theodore Stolojan of involvement in a sanctions-breaking scheme. Coalition partners Ljubčo Georgievski (VMRO-DPMNE) and Arben Xhaferi (Democratic Party of the Albanians) were said to have divided the control over the smuggling channels through Macedonia's northern border. See Hajdinjak, *Smuggling in Southeast Europe*.

towns transferred migrants into Italy across the Otranto straits. Human trafficking involved mainly women from various Eastern European countries (typically Moldova and the Ukraine, but also Albania, Bulgaria, Romania) for the purposes of the criminal-run sex industry in the West. Many of the women ended up in brothels throughout the Western Balkans, particularly in areas like Kosovo, western Macedonia and Bosnia. The Balkan networks engaged also *trafficking of stolen goods* from Western Europe. Luxury cars accounted for the bulk of the items 'imported' in that way, while Albania was boasting more Mercedes cars per capita than many EU member states. In return, the Balkan gangs exported to the West large quantities of counterfeit money printed in the region.

IV. Interdependence and cooperation in South East Europe

There could be little doubt that regional interdependence, in the broad sense of the term, was an important factor in the Balkans. Whether they liked it or not, in the 1990s, the states in South East Europe found themselves bundled by their politics, security concerns and geography, less so by their economies. Arguably, even divisive factors such as the historical legacies of conflict united South East Europe into a relatively coherent geopolitical space thanks to the interlinked nature of the issues involved. However, besides shared threats, interdependence meant shared developmental opportunities. If economic interdependence was absent in its mature form seen in Western Europe and elsewhere, the structures of spatial contiguity created demand for cooperative strategies and promised certain functional gains in sectors like transport infrastructure and energy.

This chapter's findings, however, give few clues as to what cooperation outcome a particular set of interdependence structures would condition. Did interdependence, whether functional or security-related, have the same value and intensity for every state

within wider South East Europe so that one could expect to see multilateral institutions and schemes emerging in response to it? Or did it, conversely, impact only territorially contiguous countries? If the second proposition is true as the chapter suggests then the likely outcome will be bilateral, trilateral, or generally ‘less-than-multilateral’ initiatives and institutions. Apart from membership, regional interdependence could be expected to impact cooperation agendas. Variance across different issue-areas might predict variation in institutional design. The more intense *functional* interdependence, the greater the demand for comprehensive initiatives and institutions.

All in all, intra-regional demand for institutionalised functional cooperation was limited. What one saw in the 1990s was the gradual development of a hub-and-spoke relationship with the EU. The Balkan states had little incentive to set up and deepen regional arrangements, although they could gain much from developing economic relations with individual strategic partners in their neighbourhood (for instance, Greece and Turkey in the case of Albania, Bulgaria, and Romania). Still, proximity could translate into functional benefits, particularly in issue-areas like transport infrastructure and energy. There was demand for regional schemes and policies. However, interdependence alone could not predict the degree and format of institutionalisation. Functional issues could be managed both through ad hoc project-oriented partnerships or by means of specialised intergovernmental bodies. In addition, functional interdependence was more often observable between immediate neighbours, rather than across wider South East Europe. Finally, spatial contiguity could prove a divisive force and lead to the formation of conflicting interests amongst subgroups within the wider region (e.g. in the case of energy infrastructure).

As far as *security* interconnectedness is concerned, one could anticipate at least two types of state strategies. On the one hand, there was a strong incentive to rely on outside states (mainly the US) and institutions (NATO, EU) as guarantors for stability. On the other hand, the outstanding problems could be solved both through bilateral dialogue and through set-up of multilateral institutions and regimes at the regional level. However, security interdependence, in and of itself, would be unlikely to produce cooperation automatically. Security involved zero-sum thinking so interconnectedness did not mean convergence of interest as in the case of functional interdependence. As the following chapter shows, external impulses were essential for the establishment and maintenance of security cooperation in South East Europe.

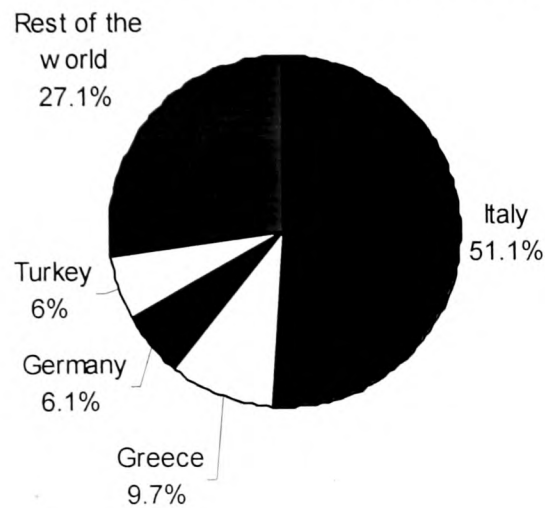
In addition, the extent of (hard) security interdependence and therefore the demand for specific regional institutions in South East Europe was questionable. The record of the 1990s showed that the web of Balkan security was not as dense as to draw everyone into the Yugoslav conflict. If spillovers of violence were not as likely as initially thought, multilateral solutions involving all states in South East Europe were not indispensable, although the opposite was probably true for the ex-Yugoslav republics where conflicts tended to trigger one another.

By contrast, *soft security* was an area where there was a strong demand for cooperation. However hard to measure their potential as threats, cross-border organised crime, trafficking and illegal migration were all creating pressures for collective response by a wide circle affected states. To the extent they had the capacity and political will to do so, their governments could be expected to negotiate a set of measures, coordinate their policies and even establish relevant institutional mechanisms. Due to the intensity of the problem, deepening multilateral cooperation would be the most likely outcome.

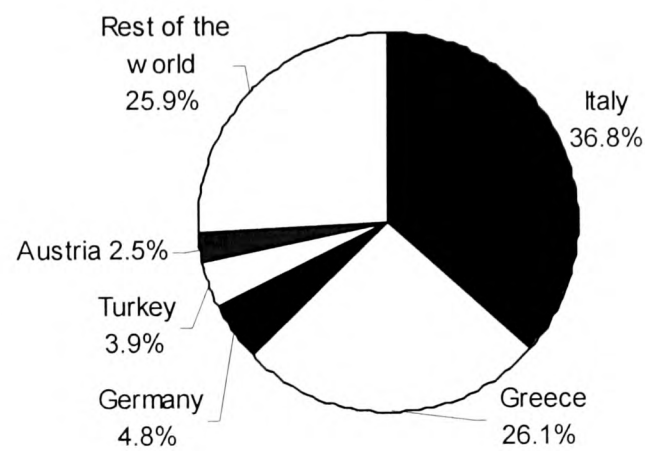
Interdependence, however, did not indicate what the optimal cooperation format would be (regional, 'less-than-regional', bilateral etc). It also remained questionable whether Balkan regional cooperation outside larger European and global frameworks made sense in issue-areas as fighting transnational crime, in that the targeted networks operated both inside and outside South East Europe.

Appendix to Chapter II: Balkan trade in the mid-1990s

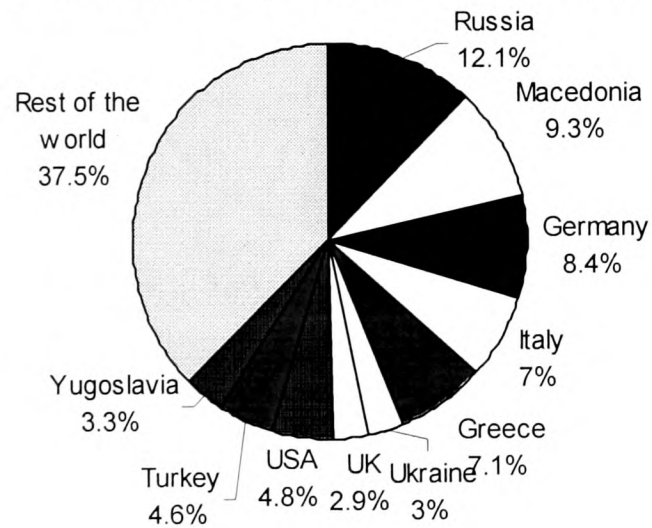
Destination of Albania's exports in 1996 (%)



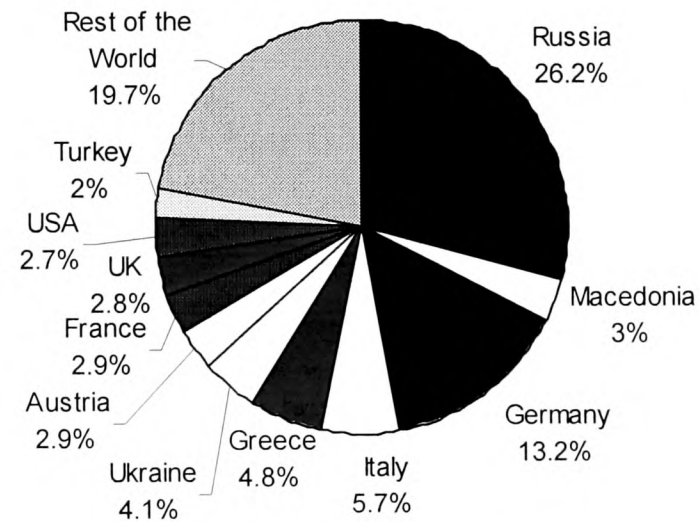
Origin of Albania's imports in 1996 (%)



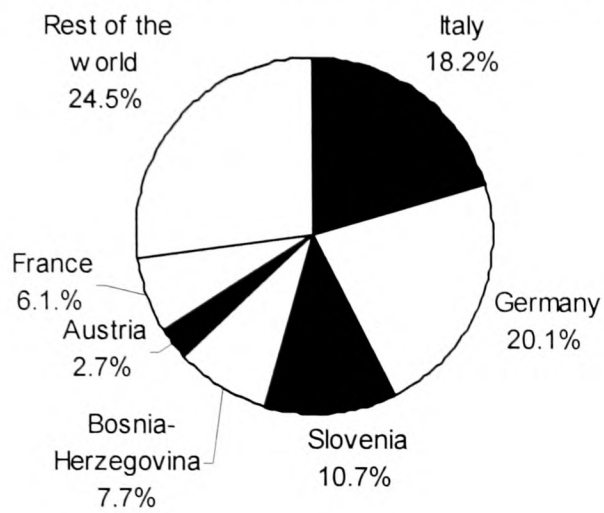
Destination of Bulgaria's exports in 1996 (%)



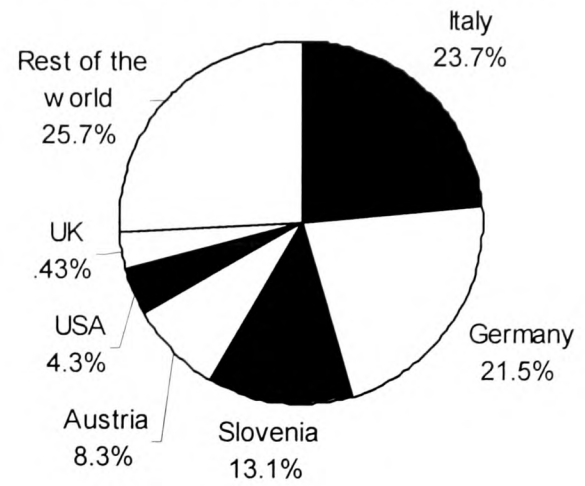
Origin of Bulgaria's imports in 1996 (%)



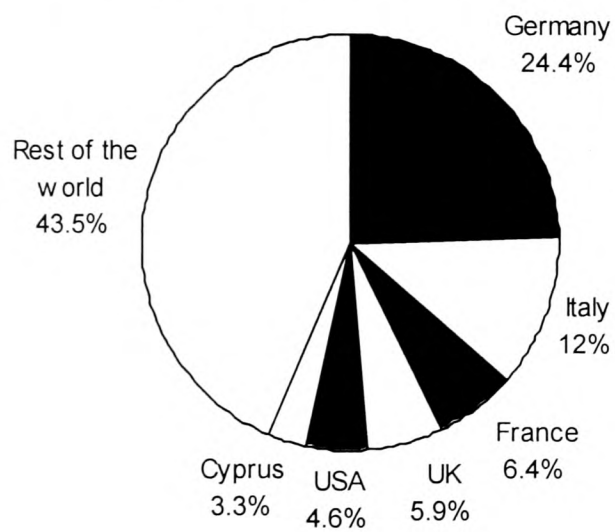
Destination of Croatia's exports in 1996 (%)



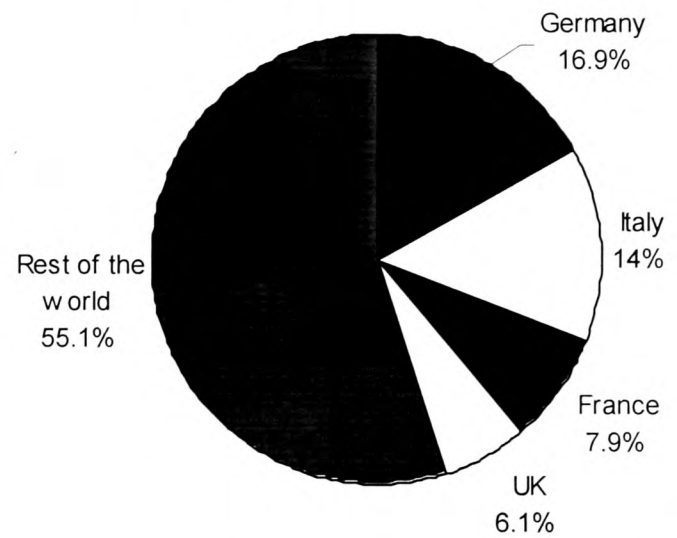
Origin of Croatia's imports in 1996 (%)



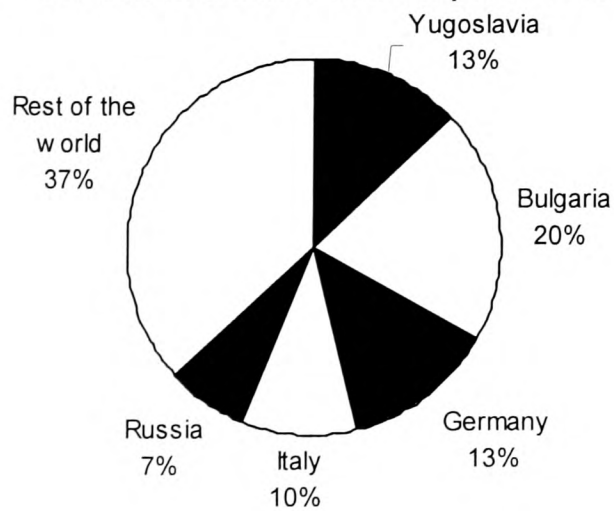
Destination of Greece's exports in 1996 (%)



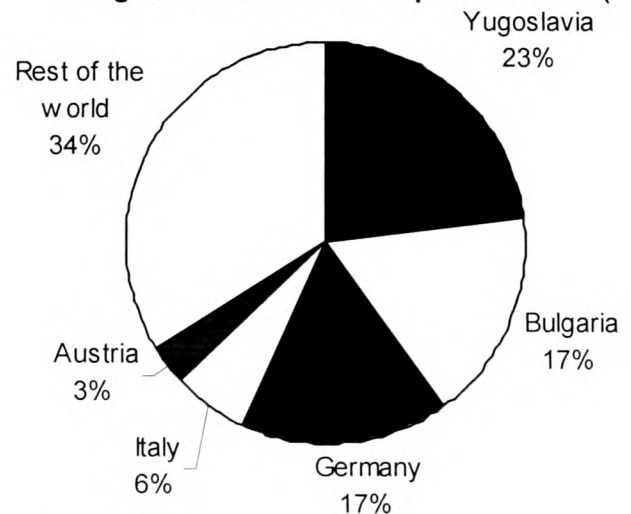
Origins of Greece's imports in 1996 (%)

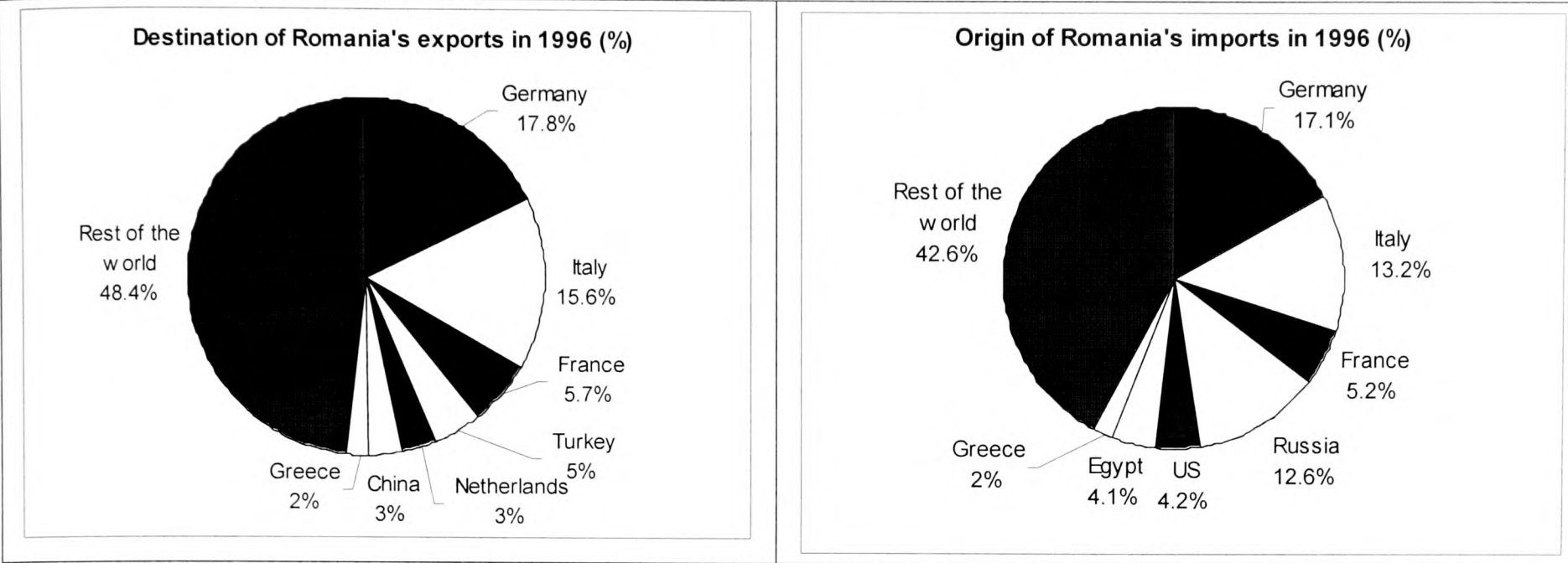


Destination of Macedonia's exports in 1996 (%)



Origin of Macedonia's imports in 1996 (%)





Trade figures for 1996 (million USD)

	Exports	Imports	Size of GDP
Albania	200	650	2,407
Bulgaria	5,500	5,500	13,400
Croatia	1,662	1,082	17,334
Greece	10,602	30,587	111,758
Macedonia	1,357	1,618	4,146
Romania	9,291	10,669	30,750
Turkey	25,150	30,050	149,300

Source: ELIAMEP and Hellenic Resources Institute, *Southeast Europe. Factbook and Survey, 1996-1997*, Athens: Hellenic Resources Institute, 1997. Oxford Analytica, ‘Balkans: Economic Integration,’ Oxford Analytica, 12 November 1997.

Chapter III

Regionalism from outside:

external actors and strategies in Balkan cooperation

While regional schemes have been associated with the Balkans' common security predicament and potential for interdependent economic development, the impulse for cooperation has originated more often from outside than from inside the region. The survey on the attitude of regional elites, published by Othon Anastasakis and Vesna Bojičić-Dželilović in 2002, registered a strong perception that the cooperation initiatives in South East Europe are, by and large, designed, promoted and implemented by external actors.¹⁰⁰ In a sense, it is a small wonder that Balkan regionalism owes much to outside pressure. After all, a group of states sharing a legacy of conflict, both in their more distant past and the post-Cold War period, and profound economic and political instability would need external push fundamentally change their international behaviour. Regional cooperation in the Balkans has been a top-down process in two senses. First, it has involved national governments interacting in loose institutional frameworks such as the Stability Pact for South East Europe and South East European Cooperative Initiative. In addition, the latter institutions themselves have been, more often than not, an outcome of external intervention. This chapter explores the design and introduction of regional cooperation schemes into the Balkans by various outside actors. More specifically, it

¹⁰⁰ Othon Anastasakis and Vesna Bojičić-Dželilović, 'Balkan Regional Co-operation and European Integration,' London, The Hellenic Observatory, LSE, 2002.

analyses the particular goals the initiatives pursued and the incentives they presented to regional states.

I. External actors and regional cooperation: insights from IR theory

The empirical observation that Balkan regionalism reflects external intervention has much in common with certain strains of IR thinking on interstate collaboration, in general, and regional cooperation, in particular. As Iver Neumann observes, regionalism can take the form of either an ‘inside-out’ or an ‘outside-in’ phenomenon.¹⁰¹ The ‘outside-in’ trajectory points at the theme of power politics explored by the neorealist school. Neorealists argue that the presence of a hegemonic power is the key variable accounting for interstate cooperation in conditions of anarchy.¹⁰² Regionalism develops according to a similar script. When neorealists discuss the European case, for instance, they point to the US military and economic preponderance in the aftermath of World War II that created a favourable environment and catalysed the process of integration.¹⁰³ The EC was, therefore, an outcome of the global standoff during the Cold War and Washington’s hegemonic policies toning down rivalries that had plagued Western Europe for centuries.

Clearly, (neo)realist thinking is at its best in explaining there has been little cooperation in the Balkans in the past by alerting us to the competitive nature of

¹⁰¹ Iver Neumann, ‘A Region-Building Approach for Northern Europe’, *Review of International Studies*, 20 (1), 1994, pp. 53-74.

¹⁰² For a classical neorealist analysis of hegemony in the international economy, see Robert Gilpin, *The Political Economy of International Relations*, Princeton, NJ: Princeton UP, 1987; Neorealist theory has been most clearly and fully articulated by Kenneth Waltz. See *Theory of International Politics*, Reading, Mass: Addison-Wesley, 1979.

¹⁰³ Andrew Hurrell, ‘Explaining the Resurgence of Regionalism in World Politics,’ *Review of International Studies*, 21 (4), 1995 p. 340. For a discussion of Cold War stability and integration in western Europe, see John Mearsheimer, ‘Back to the Future: Instability in Europe after the Cold War,’ *International Security*, 15 (1), 1990, pp. 15-56. For a neorealist account of the EU in the 1990s, see Joseph Grieco, ‘The Maastricht Treaty, Economic and Monetary Union and the Neo-Realist Research Programme,’ *Review of International Studies*, 21 (1), 1995, pp. 21-40.

international politics and the constraints related to the distribution of power at the systemic level. It can even give us insight into the gradual shift from competition to cooperation in the mid- and late 1990s. With the end of bipolar division and containment of conflicts in Yugoslavia through the US-led interventions, one should expect to see more cooperation among the local states.¹⁰⁴ Although faltering at times, the strategic EU-US partnership in the Balkans may be considered the outside impulse leading to more intensive regional cooperation.

However, regionalism can also be an essentially anti-hegemonic enterprise. States might choose to balance against external power or a local hegemon by forming regional groupings. Indeed, neorealists find themselves split on the question of whether and under what circumstances states balance or bandwagon. Still, they predict that in cases of great power asymmetries bandwagoning is the more likely outcome. Ideological compatibilities and beneficial economic ties transform hegemonic power into a pole of attraction, rather than a threat. As argued by Stephen Walt, states balance against threats and not against power.¹⁰⁵ That is clearly the situation South East European states found themselves in relation to the US and the EU after 1989. The 'regionalism-as-balancing' concept is *prima facie* dismissable in the context of the 1990s Balkans, though it might be relevant for previous periods.

The point about the hegemon's attractiveness, however, raises questions as to how power is wielded to induce cooperation. Regional stability might be an enabling condition but the promotion of regionalism requires a proactive approach. In the Balkans, as elsewhere in Eastern Europe, regional cooperation has often been a precondition for

¹⁰⁴ For a theoretically-informed argument about the systemic determinants of peace and war in the Balkans, see Benjamin Miller, 'Between War and Peace: Systemic Effects on the Transition of the Middle East and the Balkans from the Cold War to the post-Cold War era', paper presented at the 42nd Annual Convention of the International Studies Association (ISA), Chicago, 20-21 February 2001.

¹⁰⁵ Stephen Walt, *The Origins of Alliances*, Ithaca: Cornell UP, 1987.

joining international clubs such as the EU and NATO. Membership conditionality is a complex form of power, in that it is based on contractual obligations between the target institution and the aspirant state, rather than mere coercion or economic dependency. It is a bilateral arrangement that entails rewards for compliance. Both neorealists and neoliberal institutionalists posit states as unitary strategic actors responding and adjusting their behaviour to material incentives.¹⁰⁶ This is in stark contrast with the view of the constructivist school, which, broadly speaking, portrays states as driven or influenced by ideas and norms. Following the ‘neo-neo’ conceptual map, the present chapter treats the external-push variable in terms of incentives, material gains and costs of compliance. It examines the development and nature of the outside policies to foster cooperation, their variation across time, and the opportunities and constraints that they presented for the regional states.

II. The power of outsiders: historical legacies

Powerful outsiders have always had a great impact on Balkan regional politics. A look at the broader picture reveals certain historical patterns. At its most basic, external involvement has been intimately linked with the condition of fragmentation. The southeastern part of Europe has been one of the first places where the idea of the nation-state took root. Mass upheavals such as the uprisings in Serbia (1804 – 12) and Greece (1821- 29) led to the formation of entities animated by the vision of the ethnic community as the holder of sovereignty. In 1830, Greece achieved recognition of its independence. Next were Serbia and the Danubian principalities (merging in 1859 and adopting the common name Romania), which were both promoted into sovereign states at

¹⁰⁶ For an overview of the controversies and overlaps between neorealism and neoliberal institutionalism, see David Baldwin (ed.), *Neorealism and Neoliberalism*, New York: Columbia UP, 1993. For a neoliberal institutionalist take on post-Cold War Europe, see Robert Keohane, Joseph Nye and Stanley Hoffmann (eds.), *After the Cold War: State Strategies and Institutions*, Cambridge, Mass: Harvard UP, 1991.

the Congress of Berlin in 1878. That was the point when Bulgaria emerged as a *de facto* independent country too to be recognised free from Ottoman suzerainty in 1908. It took a further four and half years before Albania acquired independence after the First Balkan War (1912-13). With the consolidation of the Turkish republic in the early 1920s, the process of transition from empire to nation-states was largely completed, leaving aside the Yugoslav experiment with statehood based on multiple ethnic building blocks. While the 19th and early 20th century was the time when the idea of Balkan federation made its appearance, the period was essentially marked by national particularism.¹⁰⁷

This transition from empire to multiple nation-states was marked by much interstate and interethnic violence. The young Balkan states fought bitterly for what was then known as ‘Turkey-in-Europe’. At times, they joined forces against the Ottomans, but starting with the Serbo-Bulgarian conflict of 1885, showed themselves prone to wage war between themselves too. Harboursing a number of rival claims, towards the geographic region Macedonia, for instance, the Balkan states sought patron relationships with individual great powers such as Britain, Russia, Austria-Hungary and Germany. In some cases, the influence of the latter obstructed the development of closer political and economic links in the region. Thus, in 1905 Austria-Hungary vetoed the setup of a customs union between Serbia and Bulgaria. Conversely, there were instances when great powers managed to bring the rivals together. In 1911-12, Russian diplomacy facilitated the establishment of the Balkan Alliance among Greece, Bulgaria, Serbia and Montenegro. The final showdown came with the two Balkan Wars (1912-13), the First World War (1914-1918) and the Greek-Turkish war of 1919-22. This decade of war saw

¹⁰⁷ For the international politics of the Balkans in 19th and 20th century, see Barbara Jelavich, *History of the Balkans*, Cambridge: Cambridge UP, 1983, vols 1&2. The leading study on the Balkan federation idea remains Leften Stavrianos, *Balkan Federation. A History of the Movement to Balkan Unity in Modern Times*, Northampton, Mass: Department of History, Smith College, 1944. On the tangled process of building nation-states, see Mark Mazower, *The Balkans*, London: Phoenix, 2001.

the demise of the Ottoman Empire and the establishment of state boundaries, many of which have remained unchanged ever since. Importantly, the outcome of wars depended on the involvement of major extra-regional states, which formed alliances, supplied arms, sent soldiers, and brokered peace treaties in the Balkans.¹⁰⁸

The 1920s and the 1930s were characterised by deep divisions between the irredentist Albania and Bulgaria and their neighbours Yugoslavia, Greece, Romania and Turkey. Albania and Bulgaria sought the revision of the Versailles settlement and the return of territories populated by their kin (e.g. the regions of Kosovo and Dobrudja). They also solicited support from Mussolini's Italy, while countries like Romania and Yugoslavia played a key part in the French-backed Little Entente. The attempt to foster multilateral dialogue championed by the Balkan Conferences (1930-34) failed due to the inability of the two groups to achieve a compromise.¹⁰⁹ As a result, the pro-status quo powers signed the Balkan Pact whose mutual defence clauses were seen by Tirana and Sofia as aimed against themselves. The reorientation towards Nazi Germany in the late 1930s, however, alleviated the tensions and resulted in political *rapprochement*, notably in the case of Bulgaria and Yugoslavia. Nonetheless, progress was short lived. The Italian campaign against Greece in 1940-41 proved the Balkan Pact dysfunctional. The Nazi intervention of 1941 and the ensuing occupation of Yugoslavia and Greece by Germany, Italy and their local allies Bulgaria and Hungary triggered a new cycle of hostilities in the region. One can safely say that all the way through the pre-1945 period peace and interstate cooperation reflected the nature of great power involvement in Balkan affairs.

¹⁰⁸ On the impact of great power politics on the Balkans throughout history, see Misha Glenny, *The Balkans: Nationalism, War and the Great Powers, 1804-1999*. London: Verso, 1999. A good analysis of the correlation between external pushes and constraints and regional cooperation is contained in Ekaterina Nikova, 'Balkan Regional Cooperation Revisited,' *Études Balkaniques*, 38 (1), 2002, pp. 3-32.

¹⁰⁹ Robert Kerner and Harry Howard, *The Balkan Conferences and the Balkan Entente, 1930-1935*, Berkeley: University of California Press, 1936.

The postwar era saw the Balkans split between the rival ideological camps. This had lasting economic consequences, already described in Chapter II, but also political implications. At first, common ideology favoured better political relations between erstwhile enemies. In 1944-48, Bulgarian and Yugoslav communist leaders discussed the merging the two states into a big South Slav federation. What is more, the Yugoslav influence was so prevalent in Albania that one could foresee that the extension of the joint entity further south. However, the 1948 Cominform crisis between Stalin and Tito ended, in effect, all unification plans. The change in Yugoslav foreign policy paved the way to the second Balkan Pact formed together with Greece and Turkey in 1952. It did not last long due to the Greek-Turkish tensions over Cyprus, and the improvement of Soviet-Yugoslav relations under Khrushchev. The Balkans, therefore, were a piece of the Cold War puzzle. The local dynamics were tied to the developments at the global level.

The 1960s and 1970s were marked by further fragmentation. After the Sino-Soviet split in 1960, Albania sided with China, cut its ties with Moscow and sealed off its borders minimising its contacts with the outside world. Under Gheorghiu-Dej and his successor Ceaușescu, Romania attempted to run its foreign policy independently from the USSR, and flirted with the West. Together with Yugoslavia, it opposed the Warsaw Pact intervention in Czechoslovakia. As the previous chapter showed, the period saw communist ideology increasingly taking aboard the nationalism of the prewar decades, which, in turn, rekindled old conflicts like the one over Macedonia. Antagonism was the name of the game in Greek-Turkish relations suffering a crisis with the 1974 invasion of Cyprus and the unfolding dispute over the sovereignty rights in the Aegean. Both

1980s contributed to the intensification of political dialogue, it was clear that the process operated within certain limits. With the end of the Cold War, there was greater hope that the processes of regional cooperation would move ahead. This mood prevailed at the Tirana meeting of foreign ministers (1990). The violent breakup of Yugoslavia, however, soon disproved those expectations.

To summarise, up to the critical decade of the 1990s, external actors and forces had a crucial impact on the conduct of Balkan interstate politics. Outside intervention and patron-client relationships, in some cases, induced and, in other cases, prevented local states to engage multilaterally and bilaterally in the region. The two dynamics were exemplified respectively by the Balkan Pact of 1934, and the uneven course of the cooperation initiatives in the 1970s and 1980s. External involvement aimed to halt or manage conflict (e.g. the Austro-Hungarian intervention to terminate the Serbo-Bulgarian War of 1885 or the Lausanne Treaty between Greece and Turkey in 1923), but occasionally also imported turmoil as during the two world wars. Nevertheless, the rivalries among the local states and nations invariably made outside control an essential requirement for stability.

III. External involvement in the Balkans in the mid-1990s

The Yugoslav wars and Western policy in wider South East Europe

Western efforts in the 1990s to halt the wars in Yugoslavia to promote reconstruction and regional cooperation were not without historical parallels. As in the past, external actors projected their power to the Balkans to deal with instability provoked by nationalism. Arguably, in the mid-1990s, the US, NATO and the EU were not driven exclusively by self-interest as the Great Powers of the olden days, but still strategic motives reigned

supreme. Intervention was essential for the establishment and maintenance of regional order. Conversely, the inability of the international community to get involved in a credible way contributed to the protracted conflict in Bosnia-Herzegovina taking the lives of some 200,000 people on all sides. The cessation of hostilities in Bosnia came in 1995 as a result of NATO's intervention and the shifting balance between the warring parties on the ground helped by the US government's support for the Muslim-Croat federation established in 1994.¹¹⁴

While Western policy towards Bosnia was marked by disunity, notably on questions such as who was responsible for the war and whether force should be used against the Serbs, there were important elements of consensus. On one hand, Yugoslavia had to be isolated. The governments in Sofia, Bucharest, Tirana and Skopje were pressed to comply with and implement severe international sanctions against Belgrade despite considerable cost to their economies. On the other hand, it was clear to the international policymakers the Bosnian conflict had to be contained within the boundaries of the republic. That meant that its spillover further south had to be foiled effectively. The Yugoslav province of Kosovo and the newly-independent Macedonia were seen as critical for the shaky security in the Balkans due to their perceived potential to spark off larger regional conflict.¹¹⁵ The nightmarish domino scenario was the chief reason the UN deployed the first preventive mission ever in its history on the territory of Macedonia (UNPREDEP). It was preceded by a spillover-monitoring mission dispatched by the OSCE as early as September 1992. Following a call from Macedonia's President Kiro Gligorov, the UN Security Council passed in December 1992 a resolution for the

¹¹⁴ Crampton, *The Balkans*, p. 266. For a study of the international diplomatic efforts to stop the Yugoslav war (1991-1995), see Sonia Lucarelli, *Europe and the Breakup of Yugoslavia: A Political Failure in Search of a Scholarly Explanation*, The Hague: Kluwer Law International, 2001.

¹¹⁵ See previous chapter.

deployment of 700-strong force. In 1993, Washington sent further 300 personnel, which was the first deployment of US troops in the Balkans. Until early 1999, UNPREDEP acted as a deterrent to aggression along the Yugoslav-Macedonian border, which was demarcated only in late 2000.¹¹⁶

International involvement in Macedonia demonstrated the need to craft a more holistic approach towards the Balkans. It had to address all interconnected security problems plaguing the region. Western policy rested on three pillars. First, maintaining peace entailed direct political involvement in the conflict areas. That was needed for containing further crises and interethnic violence. The Dayton/Paris Accords of November-December 1995¹¹⁷ opened the door to the deployment of a 60,000-strong implementation force (IFOR) led by NATO to guarantee the pacification and reintegration of the republic following the years of bloody war.¹¹⁸ Apart from peacekeeping, the international community was in charge of running Bosnia. The Dayton framework granted ample prerogatives for the Office of the High Representative (OHR), notably the power to dismiss elected officials deemed to obstruct the peace process, to ban political parties, and to pass legislation.¹¹⁹ Finally, even prior to Dayton, the EU assumed the control over the Herzegovinian capital of Mostar divided during the war between Muslims and Croats.¹²⁰

¹¹⁶ On UNPREDEP, see Alice Ackermann, 'International Intervention in Macedonia: From Preventive Engagement to Peace Implementation,' in Peter Siani-Davies (ed.), *International Intervention in the Balkans after 1995*, Aldershot: Ashgate, 2003. pp. 105-20.

¹¹⁷ In Dayton, the parties signed the political part of the agreement, while in Paris they endorsed the military clauses.

¹¹⁸ Peter Siani-Davies, 'Introduction: International Intervention (and Non-intervention) in the Balkans,' in Siani-Davies (ed.), *International Intervention in the Balkans*, p. 20.

¹¹⁹ That extension of OHR powers was agreed during a summit of the Standing Group held in Bonn in 1997. Hence, the Bonn powers.

¹²⁰ On post-1995 developments in Bosnia, see Sumantra Bose, *Bosnia after Dayton: Nationalist Partition and International Intervention*, London: Hurst and New York: Oxford UP, 2002.

Second, the international community's efforts in Bosnia-Herzegovina depended, to a certain degree, on the political support of the neighbouring Croatia and Federal Republic of Yugoslavia. The backing of Zagreb and Belgrade was essential for controlling the separatist Serbs and Croats in Bosnia. That was a key reason Milošević and Tudjman were amongst the signatories of the Dayton/Paris Accords. Third, all states in the Balkans had to be induced to solve outstanding problems, establish better political relations, and engage in cooperative schemes in the security and economic fields. Symptomatically, Article 5 of Annex I-B to the Dayton Accord put forward 'regional stability *in and around* former Yugoslavia (emphasis added)' as a key political objective.

The aftermath of Dayton saw concerted efforts to move forward with the above priorities. In February 1996, the US, the Italian Presidency of the EU and Russia summoned in Rome the Presidents of Croatia, Bosnia-Herzegovina and Yugoslavia Tudjman, Izetbegović and Milošević. The summit was intended to push the trio to take serious steps towards the implementation of Dayton.¹²¹ The three politicians reconvened six months later in Geneva invited by the US Secretary of State Warren Christopher. In Geneva, they accepted, under Christopher's pressure, the appointment of a US arbitrator on the status of Brčko in northeastern Bosnia, and successfully pressed the Croats and the Muslims to abolish their separate ministries.¹²² In short, the international community's assertive policy was instrumental for promoting cooperation amongst the ethnic actors in Bosnia as well as between Bosnia-Herzegovina, Croatia and Yugoslavia.

Third, Western strategy pushed for regional cooperation in South East Europe. The Dayton/Paris accords signaled the beginning of several initiatives in that field. However, there was also a measure of competition between the EU and the US. As the

¹²¹ *Reuters*, 19 February 1996.

¹²² *Los Angeles Times*, 15 August 1996.

following sections show, though sharing a common strategic vision, the two soon found themselves promoting different initiatives on the ground.

Security through sectoral cooperation: US initiatives after Dayton

The US policy in the wider Balkans focused on the Southeast European Cooperative Initiative (SECI). SECI was conceived as an instrument to complement the Clinton's administration diplomatic and peacekeeping effort in Bosnia-Herzegovina.¹²³ It was launched in July 1996 with a letter by President Bill Clinton addressed to all Balkan foreign ministers.¹²⁴ SECI sought to facilitate cross-border exchanges within South East Europe. It reflected the idea that functional cooperation is a key factor contributing towards greater political stability. At its core, SECI was a sector-specific strategy relying on expert-level collaboration. It had several priorities, notably the promotion of regional trade through improving border-crossing infrastructure, and the fight against transnational crime. SECI relied primarily on funds drawn from the IFIs as the US did not back the scheme financially. Having the US as a chief driving force, nonetheless, was considered important for securing funds for the projects initiated and carried out under SECI.¹²⁵

The US also made decisions about who is eligible to be included into SECI. Originally, the scheme targeted the post-communist countries of the region, Turkey, Greece and Hungary. Slovenia and Croatia first declined to take part fearing that SECI was a covert plan to recreate Yugoslavia. However, pressure from the US made Slovenia to reconsider its stance and join the initiative, while Croatia opted for observer status.

¹²³ For an overview of US policy in the Balkans in mid-1990s, see F. Stephen Larrabee, 'US Policy in the Balkans: From Containment to Strategic Reengagement' in Constantine Danopoulos and Kostas Messas (eds.), *Crises in the Balkans: Views from the Participants*, Boulder, CO: Westview Press, 1997, pp. 275-97.

¹²⁴ The initiative was steered by Richard Schifter, special adviser to the US Secretary of State.

¹²⁵ SECI's Statement of Purpose defined it as 'a regional forum at political and expert level for the discussion of regional economic and environmental issues.' Snezhana Shtonova, 'Regional Co-Operation and Strengthening Stability in Southeast Europe,' NATO Research Fellowships Report. Brussels: NATO Press Office, 1998, p. 33.

SECI membership was tied to a minimum of political conditions set by Washington. That was the reason why Yugoslavia soon found itself out of the scheme after Milošević's attempt to partly annul the municipal elections in the autumn of 1996 to the detriment of his political opponents. Admitting Belgrade was considered again in 1998, but the deteriorating situation in Kosovo dissuaded the US.¹²⁶

The inauguration of SECI by the US raised a few eyebrows in Brussels. It was seen as clashing with the EU's own policies in the Balkans, which led to frictions. The EU opposed the US proposal to assign the coordination responsibilities to the OSCE Secretariat in Prague. It took a year of consultations between the US and the EU before the differences were overcome. The result was an agreement entitled 'Points of Common EU-US Understanding,' which paved the way to the inaugural conference held in Geneva on 5-6 December 1996.¹²⁷ Both documents reaffirmed SECI's facilitating role in regional cooperation and ensured that it was compatible with the EU's Regional Approach and Preaccession Strategy for Bulgaria, Romania and Slovenia. The latter objective was made explicit in the Statement of Purpose signed by the participants in the initiative.¹²⁸

With SECI, the US assembled a coalition of 'supporting states' from outside South East Europe, which had by then become stakeholders in the process of regional cooperation. It was with the financial assistance of supporting states as the US, Germany, Austria and Italy that a permanent office of SECI coordinator was set in Vienna in March

¹²⁶ Lopandić, *Regional Initiatives*, pp. 125-136; Shtonova, 'Regional Co-operation,' pp. 31-6.

¹²⁷ The full texts of the Common Points and SECI's founding declaration can be found at <<http://www.secinet.org/>>.

¹²⁸ Point 7 of the document puts it bluntly: 'SECI will focus on projects which will not compete with those of other international initiatives or institutions, including particularly the EU's policies and projects in the region (e.g., Regional Approach, Pre-accession Strategy). SECI will be informed of the projects developed by the Union, the U.S. and others, but will not have any oversight of them. SECI will ensure that the EU and others providing assistance are informed of SECI's work.' The tendency towards improved links between Royaumont and SECI following the agreement is illustrated, *inter alia*, by the fact that the initiatives' coordinators started, in 1998, co-chairing a working party on the 'Future of South East Europe' at the Centre for European Policy Studies (CEPS). See the discussion of the Royaumont plan below.

1997. The position was taken by a representative of an EU member state, the former Austrian Vice-Chancellor Dr Erhard Busek. Busek was formally appointed by the OSCE Chairman-in-Office, while SECI itself was officially placed under the auspices of the UN Economic Commission for Europe (UNECE). The US played an important role in both building up a coalition of states and institutions and securing political support in the Balkans for its policy aimed at the promotion of regional cooperation. Still, coordination problems accounted for the long gap between the Dayton peace and the operationalisation of SECI, which was conceived as its complement.

In addition to SECI covering the whole of South East Europe, Washington was keen to foster cooperation amongst groups of friendly states in the region. In late 1995, the US President announced a programme aimed at developing regional infrastructure. Named the South Balkans Development Initiative (SBDI), it targeted Albania, Macedonia and Bulgaria and revolved around the development of a corridor between the Black Sea and the Adriatic by building roads, railways and pipeline facilities. SBDI was originally backed by a grant from the US Trade and Development Agency, but relied chiefly on private investment.¹²⁹ The AMBO (Albania-Macedonia-Bulgaria oil) corporation was subsequently formed with the aim to develop a pipeline transporting Caspian oil from the Bulgarian port of Burgas to Vlora in Albania.¹³⁰ AMBO enjoyed the support of the Albanian, Macedonian and Bulgarian governments, who launched regular meetings at the ministerial and heads-of-state level concentrating on issues related to the Black Sea-

¹²⁹ Sonja Hinkova, 'Bulgaria and Regional Co-operation in South-East Europe,' *South-East European Review*, 2 (2), 2002, p. 21.

¹³⁰ U.S. Trade and Development Agency, Executive Summary Albanian - Macedonian - Bulgarian Oil Pipeline Corporation (Trans-Balkan Pipeline Project), 1 May 2000.
<<http://www.tda.gov/summaries/pdfs/99-70008A.pdf>>

Adriatic corridor. A feasibility study and a secretariat funded by the US Trade Department gave an additional boost to the project.¹³¹

The EU and the Balkans, 1996-98

The Dayton/Paris Accords were seen opportunity for the EU to reassert its role in the Balkans following its failure to halt the wars in former Yugoslavia in the early 1990s. The Union sought to influence the processes of post-conflict reconstruction, political democratisation and economic recovery and reform. In 1996-97, it redesigned its policy towards the region by elaborating a new set of incentives and instruments. These included granting trade access through autonomous trade measures (ATMs) and, subsequently, Trade and Cooperation ('first generation') Agreements (TCAs), as well as aid under community programmes such as PHARE and OBNOVA.¹³² These benefits were linked with a series of requirements, including political and economic reforms, regional reconciliation and cooperation.¹³³

The EU also set forth a common basis for its hitherto variable policy vis-à-vis the Balkan countries. In 1996-97, it launched the so-called Regional Approach for South East Europe directed towards Albania and the bulk of Yugoslavia's successor states, yet excluding Bulgaria, Romania and Slovenia. What set the latter three countries apart was the more advanced status of their institutional relationship with the EU: in the period 1993-96 they all had signed Europe Agreements and lodged membership applications.¹³⁴

¹³¹ Ian Lesser, F. Stephen Larrabee, Michele Zanini, Katia Vlachos, *Greece's New Geopolitics*. Washington D.C.: RAND, 2001, pp. 95-6.

¹³² The EC launched PHARE in December 1989. Originally aimed at Poland and Hungary, the programme was later extended to all Central and Eastern European countries. OBNOVA (meaning 'renewal') was an instrument initiated in 1996 to help the reconstruction efforts in former Yugoslavia.

¹³³ Dimitris Papadimitriou, 'The European Union's Strategy in the Post-Communist Balkans: On Carrots, Sticks and Indecisiveness,' *Journal of Southeast European and Black Sea Studies*, 1 (3), 2001, pp. 69-94.

¹³⁴ On Slovenia's relations with the EU during the 1990s, see Irena Brinar, 'Slovenia: from Yugoslavia to the European Union,' in Kristie Henderson (ed.), *Back to Europe: Central and Eastern Europe and the*

The commitment given at the Copenhagen Summit (1993) to the candidate states contributed to differentiation within South East Europe because the Regional Approach was at best a 'pre-pre-accession' framework and was not underpinned by any credible promise of membership. In addition, the EU resolved that integration at the regional level should accompany and even precede integration into its structures. It made closer relations with the Regional Approach states conditional on their willingness to cooperate amongst themselves on security, political and economic matters. The EU highlighted, *inter alia*, the return of refugees and internally displaced persons as well as cooperation with the Hague-based International Criminal Tribunal for former Yugoslavia (ICTY).¹³⁵

The cooperation requirement incorporated in the Regional Approach was of considerable importance as it marked a turn from the EU policy towards other groupings in post-communist Europe (the Viségrad four, CEFTA, the Cooperation Council of the Baltic States etc.) It was not that precedents were totally lacking. The Balts were similarly asked to make 'every effort' to cooperate amongst themselves. Similarly, the 1996 Europe Agreement of Slovenia urged the country to cooperate with the other membership candidates.¹³⁶ However, the important difference was that the former Yugoslav republics (Slovenia excluded) and Albania were not part of the enlargement process and membership was, at best, a remote prospective. This meant that *cooperation*

European Union, London: UCL Press, 1999, pp. 241-59. On Romania and Bulgaria, see respectively David Phinnemore, 'Romania and Euro-Atlantic Integration since 1989: A Decade of Frustration?', in Daniel Light and David Phinnemore (eds.), *Post-Communist Romania: Coming to Terms with Transition*, London: Macmillan, pp. 245-69, and Vesselin Dimitrov, 'Learning to Play the Game: Bulgaria's Relations with Multilateral Organisations,' *Southeast European Politics*, 1 (2), 2000, pp. 101-14. On enlargement, from the perspective of the mid-1990s, see Graham Avery and Frazer Cameron, *The Enlargement of the European Union*, Sheffield: Sheffield Academic Press, 1998.

¹³⁵ 1903d General Affairs Council Conclusions, 26 February 1996, PRES/96/33, European Commission *Report from the Commission to the Council and the European Parliament* COM (96) 476 final, 2 October 1996. The conditionality principle was also established vis-à-vis the three core Yugoslav successors: Bosnia-Herzegovina, Croatia and FR Yugoslavia by the General Affairs Council during its meeting on 29-30 April 1997, PRES/97/129 of the 2003rd Council Meeting - General Affairs - Luxembourg, 29-30 April. 1997.

¹³⁶ David Phinnemore, 'Stabilisation and Association Agreements: Europe Agreements for the Western Balkans?' *European Foreign Affairs Review*, 8 (1), 2003, p. 87.

could be considered an end in itself and not a step towards future accession as in the case of Slovenia and the Baltics. With the decision taken at the 1997 Luxembourg Council to start negotiations with Estonia, but not with Lithuania and Latvia, the EU indicated that moving at one's own speed towards membership could be considered a priority over regional bundling. It was far from clear that the Balkan countries would be treated according to the differentiation principle. While in the candidate states the EU assessed the progress of each individual state against a common set of conditions and benchmarks, in the Balkans it insisted on outcomes, which could only be fulfilled through joint action.

There was another important difference. When the EU talked about interstate cooperation amongst the candidate states, it was more concerned with bilateral political issues, less so with multilateral arrangements. Under the first Copenhagen criterion, each candidate state had to ensure minority rights were adequately protected within its territory. This was a direct consequence of the new sensitivities raised by the incidence of ethnic conflict in the post-communist world. Nearly all minority issues had an international aspect: the status of the Hungarians in Slovakia or the Poles in the Czech Republic, for instance, could not be divorced from the relations between the kin country and the country where the particular minority resided. This prompted the EU Presidency to inaugurate in May 1994 the Pact for Stability in Europe, originally proposed by French Prime Minister Edouard Balladur in April 1993. The Pact put forward 'good neighbourliness' as a key entry condition and required all countries of Central and Eastern Europe to resolve all outstanding political issues, notably those relating to minorities.¹³⁷ To quote the then French Minister of European Affairs Allain Lamasure,

¹³⁷ On the Pact for Stability, see Takako Ueta, 'The Stability Pact: From the Balladur Initiatives to the EU Joint Action,' in Martin Holland (ed.), *Common Foreign and Security Policy: The Record and Reforms*, London: Pinter, 1997, pp. 92-105. Also Karen E. Smith, *The Making of EU Foreign Policy. The Case of Eastern Europe*, London: Palgrave Macmillan, 1999, pp. 155-60.

‘admission [to the EU] is only possible for countries that maintain good relations with their neighbours. No country with unsettled border of minority conflicts will be allowed to join.’¹³⁸ In 1995-97, the Pact led to the signature of 21 friendship treaties between dyads of states.¹³⁹ However, the Pact did not apply to the Balkans, with the notable exception of Romania.¹⁴⁰

One of the significant implications of the Pact for Stability was that cooperation politics focused on bilateral, rather than at the multilateral level as in South East Europe. While the 1993 Copenhagen membership criteria implied better political relations with neighbours and the resolution of outstanding minority and border issues, *multilateral* cooperation as such had never been elevated into a precondition for joining the EU. The EU looked favourably at the budding cooperation schemes and institutions on the eastern fringe like (CEFTA, Viségrad, the Baltic Council), but did not make their reinforcement a cornerstone of its enlargement policy, which relied much more on bilateral instruments. In a special report, the European Commission pointed out that the strategic goal remained eastwards enlargement and the Union should support only regional initiatives, which were compatible with the participants’ *bilateral* arrangements with the EU and its members.¹⁴¹ Finally, the PHARE programme supported cross-border co-operation

¹³⁸ *The Economist*, 18 March 1995, p. 55.

¹³⁹ On the treaties, see Kinga Gal, ‘Bilateral Agreements in Central and Eastern Europe: A New Inter-State Framework for Minority Protection?’, ECMI Working Paper No 4, Flensburg: European Center for Minority Issues, May 1999. Besides the agreements, the Stability Pact convened multilateral regional tables in Central Europe and the Baltics but these were not institutionalised and had a secondary importance.

¹⁴⁰ For instance, Greek-Albanian dispute over Northern Epirus remained outside the scope of the Pact as it involved a member state and a non-associate country. See Karen E. Smith, *The Making of EU Foreign Policy*, p. 157.

¹⁴¹ Report from the Commission to the Council on Regional Cooperation in Europe, Brussels, 1 December 1997, COM (97) 659 final, points 20 and 21, p. 6

between two candidate states or between a candidate and member state, and hence promoted *bilateral*, rather than *multilateral/regional*, forms of cooperation.¹⁴²

In its Regional Approach towards the Balkans, however, Brussels opted for a different balance between bilateral conditionality and regionalism, which reflected local circumstances. The disintegration of Yugoslavia had led to the establishment of a number of independent states, which were bound together by a plethora of political and security-related issues. Once the 1995 Dayton Peace ended the Bosnian war, it became clear that the new constitutional framework it established was dependent on the good relationship between Sarajevo, Belgrade and Zagreb. Moreover, there was a consensus that the stabilisation efforts should also include Macedonia and Albania. The presence of a sizeable Albanian population within the Yugoslav province of Kosovo and in western Macedonia provided a straightforward rationale for such an approach.

The EU strategy spelled out in the Regional Approach had a significant impact: (1) it outlined the borders of the future Western Balkan group, (2) established a conditionality regime loosely linked to the Copenhagen criteria of 1993 without actually mentioning membership, and (3) made regional cooperation a *prerequisite* for rapprochement with Brussels. Doing so, the EU elevated it into an element of its conditionality, a novel development compared with the enlargement context.¹⁴³ In the Western Balkans, Brussels did not just encourage but actually demanded joint efforts by the states in question, before any concessions could be considered. However, the new policy, in effect, reinforced the preexisting differentiation within the Regional Approach group.

¹⁴² On INTERREG, see Centre for Liberal Strategies, *Current State And Prospects for the Development of Regional Co-operation Between the Countries of South Eastern Europe*, CLS: Sofia, 1997, pp. 56-9.

¹⁴³ Radovan Vukadinović, 'Yugoslavia: International Efforts to Link Peace, Stability and Democracy' in Alex Pravda and Jan Zielonka (eds.), *Democratic Consolidation in Eastern Europe, Vol 2: International and Transnational Factors*, Oxford: Oxford UP, 2001, pp. 447-8. See also Othon Anastasakis, 'Towards Regional Cooperation in the Balkans: An Assessment of the EU Approach' in Duško Lopandić (ed.), *Regional Cooperation in South Eastern Europe*, pp. 30-33.

EU conditionality privileged states like Albania and Macedonia whose cooperative attitude and commitment to democratisation were rewarded, even prior to the Regional Approach, with TCAs and inclusion in the PHARE programme. Conversely, it penalised Croatia and Yugoslavia headed by the authoritarian Tudjman and Milošević.¹⁴⁴ Bosnia occupied a middle position as it did not have a TCA, but benefited from trade access to the EU market and PHARE assistance.

However, the EU also crafted more inclusive multilateral policies along the lines of the US-promoted SECI. It had to think about ways of involving Slovenia, Romania and Bulgaria, which it saw as inhabiting the same geographical perimeter and/or sharing many similar problems with the post-Yugoslav republics, without necessarily being part of the post-Dayton security structure. It supplemented the Regional Approach, forming the core of its Balkan policy, with the so-called Royaumont scheme. Put on the table by France, the scheme was seen at the time as an attempt to balance the US activism in South East Europe.¹⁴⁵ On 13 December 1995, during the signing of the Paris component of the Dayton Accords, delegations from the Regional Approach states and the membership applicants (Bulgaria, Romania, Slovenia, Turkey) gathered in the Royaumont Palace and issued a declaration obliging them to foster good neighbourly relations in the region. The Royaumont Process also involved also the EU Member States, Hungary, US, and Russia. Royaumont was clearly inspired by the Pact on Stability, yet another French initiative, though diverged from its model in a number of ways, notably the emphasis on multilateral cooperation and civil society dialogue in

¹⁴⁴ Yugoslavia was considered ineligible for PHARE aid while Croatia was included in the programme in 1994. The August 1995 offensive against the Serb separatists in Krajina made the EU stop the money for Zagreb. Both Yugoslavia and Croatia, however, were granted ATMs. Albania was admitted into PHARE soon after the fall of the Ramiz Alia regime in 1991 and concluded a TCA with the EU in 1992. Macedonia joined PHARE in 1993 and signed a TCA in 1997. Papadimitriou, 'The EU's Strategy'; Lopandić, *Regional Initiatives*, pp. 183-4.

¹⁴⁵ Shtonova, 'Regional Cooperation,' pp. 26-7

addition to bilateral reconciliation. On 27 February 1996, the EU Council adopted a common platform, which put forward the objectives of stabilising Bosnia-Herzegovina and creating greater stability in South East Europe through good-neighbourliness treaties and political dialogue. The participating states started meeting regularly at the level of political directors, but never convened a summit of foreign ministers. At the same time, Royaumont followed the method of multiple-channel diplomacy. It focused on fostering dialogue amongst parliaments, municipalities, civil society organisations, media, trade unions etc. in the region, with a particular emphasis on the ex-Yugoslav republics.¹⁴⁶

The Royaumont scheme took off the ground slowly. It gained momentum in 1997 when the EU Council of Ministers appointed the former Greek minister and parliamentarian Panagiotis Roumeliotis as a coordinator.¹⁴⁷ Slow progress was due to the unclear ownership of the scheme. Although it was assumed that OSCE would eventually take Royaumont into its fold, in November 1998, the EU Council decided to bring it under the CFSP umbrella.¹⁴⁸ This indicated that the EU was the primary institutional anchor and external stakeholder in the process. The European Commission and the several member states were the main donors for projects initiated under Royaumont. The latter, however, did not exceed 2 million US dollars in value, which made it clear that Royaumont was of secondary importance and had a complementary role vis-à-vis the other two EU instruments, the Regional Approach and the Pre-accession process for Slovenia, Bulgaria and Romania. Unsurprisingly, the initiative enjoyed little publicity outside the diplomatic and NGO communities in the region, which were its main

¹⁴⁶ Shtonova, 'Regional Cooperation'; Lopandić, *Regional Initiatives*, pp. 117-24.

¹⁴⁷ Lopandić, *Regional Initiatives*, p. 120. Roumeliotis was later promoted to the position of a 'special representative.'

¹⁴⁸ Common Position on the Process of Stability and Good-Neighbourliness in South East Europe, 98/633/CFSP, 12 November 1998.

beneficiaries.¹⁴⁹

NATO's policy on regional cooperation and South East Europe

Similar to the EU, NATO, too, crafted in the mid-1990s a policy of fostering regional cooperation amongst the post-communist states on its eastern fringe. This was one of the main objectives in the Partnership for Peace (PfP) programme launched at the Brussels summit in January 1994. PfP featured different forms of cooperation between the target states, on one hand, and the Alliance and its members, on the other, including joint exercises and exchange of military personnel. Importantly, the initiative was also aimed at improving political relations between neighbouring states in NATO's periphery.¹⁵⁰ Indeed, NATO formulated its own policy of good-neighbourliness conditionality in exchange for closer engagement with the states of the former communist bloc, many of which singled out membership in the Alliance as their strategic foreign policy goal.¹⁵¹ It was identical to the bilateral model embraced by the Balladur Pact, and thus differed from EU's Regional Approach. The North Atlantic Council's 'Study on NATO Enlargement' (1995) singled out two particular aspects on that agenda:

'Fostering in new members of the Alliance the patterns and habits of cooperation, consultation and consensus building which characterize relations among current Allies;
Promoting good-neighbourly relations, which would benefit all countries in the Euro-Atlantic area, both members and non-members of NATO;' ¹⁵²

¹⁴⁹Lopandić, *Regional Initiatives*, p. 124. For a critical perspective on Royaumont, see European Stability Initiative, 'The Stability Pact, Lessons from a Decade of Regional Initiatives,' Berlin, ESI, September 1999. pp. 4-5.

¹⁵⁰ 'Partnership for Peace: Invitation,' Press Communiqué M-1(94)2, issued by the Heads of State and Government, participating in the Meeting of the North Atlantic Council, NATO Headquarters, Brussels, 10-11 January 1994.

¹⁵¹ A brief overview of NATO's conditionality is contained in Jeffrey Checkel, 'Compliance and Conditionality,' ARENA Working Paper 00/18, University of Oslo, 2000.

¹⁵² North Atlantic Council, 'Study on NATO Enlargement,' Brussels, September 1995.

At the same time, NATO, not unlike the EU, placed a greater emphasis on direct relations with the individual participating countries. PfP worked mainly through Individual Partnership Programmes focusing on critical areas such as defence planning and budgeting, civil-military relations etc, rather than on classical good-neighbourliness issues as disarmament or confidence-building.¹⁵³

Generally speaking, the Alliance combined more effectively than the EU the bilateral and multilateral elements in its strategy towards Central and Eastern Europe. For example, it provided some clear-cut templates and guidelines for the development of interstate cooperation. In 1993, during an informal meeting held in Germany, the Member States defence ministers launched its Combined Joint Task Force (CJTF) concept. It involved the formation of multinational units with the participation of member and non-member (PfP) states' forces suited for peacekeeping and humanitarian operations in conflict-ridden areas. The particular task would determine the personnel composition and profile of any given CJTF during mission. The CJTF concept was endorsed at the 1994 Brussels Summit initiating PfP. This move integrated the concept in the programme and elevated it into a priority under the North Atlantic Cooperation Council (NACC).¹⁵⁴ In the mid-1990s, a number of peacekeeping units were formed by the PfP countries using elements of the CJTF template. Examples included battalions built jointly by Poland and Lithuania, Poland and Ukraine, Hungary and Romania, as well as by the three Baltic states (Lithuania, Latvia, Estonia). In addition, Austria, Romania, Hungary, Slovakia, Slovenia launched the so-called Central European Cooperation (CENCOOP) initiative geared towards the creation of a CJTF. These PfP

¹⁵³ Jeffrey Simon, 'Partnership For Peace (PfP): After the Washington Summit and Kosovo,' *National Defense University Strategic Forum*, No 167, August 1999.

¹⁵⁴ NACC was a consultative body set up in 1991 to foster dialogue between NATO and the former Warsaw Pact members.

units took part in the IFOR (later SFOR) contingent in Bosnia-Herzegovina. Initiated by neighbouring states, they constituted a form of regional cooperation beneficial for NATO integration. Participation in CJTF was seen as a vehicle for promoting greater security at the interstate level, adjusting better to the NATO technical standards, and, more generally, demonstrating to the Pact one's democratic and cooperative credentials.

When several South East European states acceded to PfP in 1994-95, they had to also sign up to NATO's regional cooperation agenda.¹⁵⁵ Slovenia, Romania, Bulgaria, Macedonia and Albania all took an active part in the programme to the extent that by 1997 when the Madrid Summit was deciding on NATO's first enlargement the first two countries were even considered as having good chances to be amongst the invited. The desire to be invited for membership made all PfP states in the region put some effort into meeting the entry criteria. They all implemented various politico-military measures at the bilateral and multilateral level to move closer to the target they had set themselves. Added to members Greece and Turkey, the PfP countries in South East Europe formed a pro-NATO regional grouping, which was receptive towards multilateral initiatives coming from Brussels and Washington. NATO's influence was felt even in countries which were formally not part of PfP. In Bosnia-Herzegovina, the Alliance implemented a range of confidence-building measures amongst the armies of the Bosniak-Croat Federation and Republika Srpska pursuant to the clauses of the Dayton Accords. In sum, after 1995, NATO was seriously pushing for security cooperation in South East Europe by making use of its membership conditionality, the PfP toolkit and, more broadly, the key role it enjoyed in the region. However, the Alliance effort was constrained by the fact

¹⁵⁵ Romania, Bulgaria, Albania and Slovenia joined PfP in January-March 1994. Macedonia's accession was delayed by the dispute with Greece over its name and national symbols. It finally joined PfP on 15 November 1995, after a compromise agreement was signed with Athens. Croatia became part of the initiative on 25 May 2000 after the change in government four and a half months beforehand.

that important states like Croatia and the Federal Republic of Yugoslavia remained outside PfP.

III. Back to the Balkans: international policy after the Kosovo crisis

Kosovo and its regional impact

The Kosovo crisis of 1998-99 dealt a blow to the precarious stability established with Dayton, exacerbating many of the outstanding regional problems. As NATO launched its bombing campaign against Yugoslavia in late March 1999, hundreds of thousands of Kosovar refugees poured in neighbouring Albania and Macedonia putting to the test the faltering state institutions. To make things worse, the massive Albanian influx into Macedonia dramatically changed the ethnic makeup of the country, reviving the fears of conflict spillover.¹⁵⁶ The Romanian and Bulgarian governments' decision to grant air corridors to NATO airplanes attacking Yugoslav territory was met with considerable popular disapproval. In Greece as well as in Macedonia the official support for NATO spurred mass street protests. In addition, operation Allied Force contributed to the deterioration of the already poor economic conditions in the region by damaging infrastructure, adversely affecting cross border transport and trade and deterring foreign investors. The measure of regional security and multilateral cooperation was put into question.

At the same time, NATO's war against Yugoslavia led to a substantial overhaul of the international strategies to address the tangled web of Balkan issues. The success of the campaign sanctioned by the Kumanovo Agreement of June 1999 led to the setup of yet another protectorate in the region, hence increasing Western peacekeeping and aid

¹⁵⁶ For an in-depth discussion of the Kosovo crisis, its roots and implications, see Tim Judah, *Kosovo: War and Revenge*, New Haven CT: Yale UP, 2000, and Florian Bieber and Židas Daskalovski (eds.), *Understanding the War in Kosovo*, London: Frank Cass, 2003.

commitments. International administration was backed by the NATO-led KFOR troops deployed in Kosovo. For its part, the UN Security Council passed Resolution 1244 (10 June 1999) establishing the legal basis for UNMIK, the UN administration in charge of running the province. The NATO intervention and the transformation of Kosovo into an international protectorate, albeit under nominal Yugoslav sovereignty, raised questions about the future of Western policy in the Balkans. There was the realisation that a large-scale strategy was urgently needed to prevent future conflicts, boost post-war reconstruction effort and bring the region firmly into the Western ambit.

The Stability Pact for South East Europe

The above realisation underpinned the diplomatic efforts of the international community in South East Europe during the summer of 1999. The German Presidency of the EU soon assumed a leading role in the search for a formula to prevent future conflagrations, by stimulating reconciliation and economic recovery in the Balkans. There were important reasons for the EU activism. The crisis had challenged the EU's ability to solve conflicts in its own periphery. It also led to questions about the Union's foreign policy capabilities. The crisis had demonstrated the overwhelming dependence on US military power, bringing back the memories about the ineffective handling of the Bosnian war.¹⁵⁷ If the EU was unable to reverse ethnic cleansing by staging successfully military and diplomatic interventions, it still had a chance to prove itself as a promoter of democratisation, reconstruction and economic growth. As noted by Lykke Friis and Anna Murphy, the EU continued to see itself as a security actor wishing to engage more closely

¹⁵⁷ Carl Bildt, 'Déjà vu in Kosovo,' *Financial Times*, 9 -10 June 1998.

in conflict management in line with the so-called Petersberg Tasks incorporated in the Amsterdam Treaty of 1996 (coming into force on 1 May 1999).¹⁵⁸

In the first months of 1999, the German Presidency launched a proposal for a Stability Pact for South East Europe (SP) and presented it to the EU Council on 1 April, a few days after the bombings started.¹⁵⁹ The initiative clearly drew on the first Stability Pact of 1994-95, but emphasised the principles of regionalism and multilateralism. It was driven by an ambition to address not only the existing conflicts as such, but the very roots of violence and instability in the Balkans.¹⁶⁰ The keystone of the SP, as conceived by the German Presidency, was offering the Regional Approach countries more clear-cut membership perspective. This approach was grounded on the idea of providing a defined set of incentives to the local populaces and governments to push for political and economic transformation across the region. The German Presidency foresaw new types of association arrangements between the EU and the countries in question as the core of the Pact. Thus, the SP was cast as an all-encompassing strategy for the Balkans and meant to encourage domestic reforms, integration into the EU, and regional cooperation, all at the same time.

However ambitious the SP was, it was also clear that the initiative was put together in a hasty manner, very much under the pressure of circumstances. Far from being an elaborate strategy, it reflected the EU's conviction that 'something had to be

¹⁵⁸ Lykke Friis and Anna Murphy, 'Turbo-charged Negotiations': the EU and the Stability Pact for South Eastern Europe,' *Journal of European Public Policy*, 7 (5), 2000, pp. 767-86.

¹⁵⁹ Some momentum towards a similar initiative had been built during the Austrian Presidency in the latter part of 1998. The Vienna Council (11-12 December 1998) adopted a document named 'Common Strategy on the Western Balkans' in a bid to upgrade the available instruments. Rafael Biermann, 'The Stability Pact for South Eastern Europe -Potential, Problems and Perspectives,' Discussion Paper C56, Centre for European Integration Studies, Bonn University, 1999, pp. 12-3.

¹⁶⁰ As Joschka Fischer put it at the time, 'The previous policy of the international community vis-a-vis former Yugoslavia had two severe deficits: It concentrated on the consequences instead of on the sources of conflict, and it tackled the problems of the region individually and separately from the ones in other parts of Europe.' Speech at the Joschka Fischer, at the Conference of the Foreign Ministers concerning the Stability Pact for South Eastern Europe, Cologne, 10 June 1999. Quoted in Biermann, 'The Stability Pact,' p. 6.

done.¹⁶¹ The German Foreign Ministry was, in principle, relatively successful in selling the SP to the EU and the international community.¹⁶² It secured the backing of all other important actors involved in the Balkans. The Pact was supported by a joint IMF and World Bank conference, by NATO as well as by the G8 foreign ministers who met in May.¹⁶³ The imperatives of coalition building determined the choice of the OSCE as the umbrella institution for the Pact. With the OSCE in charge of the scheme, one could bring in the US and Russia. (The OSCE working-table model also inspired the institutional structure of the proposed SP, which relied on a regional table and issue-specific subtables.) However, getting the major international players aboard was not a smooth process. Controversial issues included the nature of NATO involvement, US-EU relations, and the level of EU commitment towards South East European participants. Toning down the NATO membership content was crucial for securing Russia's support for the Pact. This, however, prompted the UK government to insist on giving the SP limited mandate in the field of military security in order to avoid competition with pre-existing PfP programmes in the region. Complications arose also concerning the US role in the initiative. Washington was perceived as using the Pact as a lever to make the EU open its doors for more candidate states, a development opposed by many EU members.

The question of the character of EU commitments under the SP emerged as a stumbling block during both the planning and the intra-EU negotiation stage.¹⁶⁴ At the end of the day, under pressure from France and other members, the German Presidency had to dilute its initial proposals to include EU membership as the ultimate goal and

¹⁶¹ Friis and Murphy, 'Turbo-charged Negotiations,' pp. 773-4.

¹⁶² See Friis and Murphy for an account of the progress of the German plan through the EU institutions in the period April-June 1999.

¹⁶³ David Phinnemore and Peter Siani-Davies, 'Beyond Intervention? The Balkans, the Stability Pact and the European Union,' in Siani-Davies (ed.), *International Intervention*, p. 174. It should be noted that at this point Germany was presiding over the G8.

¹⁶⁴ Biermann, 'The Stability Pact,' p. 14-8.

define the SP mission in very vague terms as 'draw[ing] the region closer to the perspective of full integration.' More significantly, the text of the SP framework document featured no mention of the enlargement article contained in the Amsterdam Treaty as originally envisaged. Yet, to demonstrate the EU's commitment to enlargement, the endorsed text included a reference to the Copenhagen condition and membership perspective somewhere down the line.¹⁶⁵

The EU foreign ministers adopted the Pact on 17 May 1999. It was inaugurated only after the end of the Kosovo war, during a ministerial in Cologne (10 June 1999) followed by a special summit in Sarajevo (30 July 1999). The Pact's framework document and the Sarajevo declaration outlined an ambitious set of economic, political and security-related objectives.¹⁶⁶ Though it was projected as an all-out solution designed to generate peace and material prosperity in the region, the initiative's underlying objective, at least seen from the viewpoint of South East Europe, was much more direct:

'The EU will draw the region closer to the perspective of full integration of these countries into its structures. In case of countries which have not yet concluded association agreements with the EU, this will be done through a new kind of contractual relationship taking into account the individual situations of each country with the perspective of EU membership, on the basis of the Amsterdam Treaty and once the Copenhagen criteria have been met. We note the European Union's willingness that, while deciding autonomously, it will consider the achievement of the objectives of the Stability Pact, *in particular progress in developing regional co-operation* (emphasis added), among the important elements in evaluating the merits of such a perspective.'¹⁶⁷

¹⁶⁵ The formula was reached at the General Affairs Council on 17 May 1999. This paragraph draws heavily on Friis and Murphy account.

¹⁶⁶ Here is a shortlist of the Pact's objectives: (1) preventing and putting an end to tensions and crises as a prerequisite for lasting stability; (2) bringing about mature democratic processes; (3) encouraging regional confidence building measures; (4) preserving the multinational and multiethnic diversity of countries in the region, and protecting minorities; (5) creating vibrant market economies; (5) fostering economic cooperation in the region and between the region and the rest of Europe and the world; (6) promoting unimpeded contacts among citizens; (7) combating organized crime, corruption and terrorism and all criminal and illegal activities; (8) preventing forced population displacement; (9) ensuring the safe return of all refugees; (10) creating the conditions, for countries of southeastern Europe, for full integration into political, economic and security structures of their choice. Point 10, 'Stability Pact for South East Europe,' Cologne, 10 June 1999.

¹⁶⁷ Point 20, *Stability Pact*.

Thus, the Pact provided that regional cooperation and association with the EU were two interlinked processes. Despite its hesitation as to what instruments it should use, the EU finally assumed the role of a primary stakeholder in the politics of reconstruction and regionalisation in South East Europe. However, the EU was not alone in its endeavour. It saw itself as a coalition leader, rather than a unilateral actor. In the words of Lykke Friis and Anna Murphy, ‘the EU consciously *launched* the initiative but did not own it.’¹⁶⁸ The Pact featured a motley collection of South East European and extraregional states, international organisations and financial institutions, local cooperative initiatives (see Table 3.1). The picture was equally variegated on the receiving end. The Pact was not intended only for the Western Balkan group of states but also for Romania and Bulgaria, two candidate countries that had already concluded Europe Agreements and were in the process of implementing their European Accession Partnerships. Thus, unlike the Regional Approach, it targeted all seven post-communist countries of South East Europe assuming there were important economic, political and security linkages and similarities that justified such an approach.¹⁶⁹ Of course, Yugoslavia, still under the rule of Milošević, was not part of the the SP, but the latter made it clear that its doors were opened should a regime change occur in Belgrade.¹⁷⁰

¹⁶⁸ Friis and Murphy, ‘Turbo-Charged Negotiations,’ p. 773 (emphasis original).

¹⁶⁹ Biermann, ‘The Stability Pact,’ pp. 10-2.

¹⁷⁰ Point 10, *Stability Pact*.

Table 3.1: SP Participants

Type	Actors
Participating states (beneficiaries)	Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Romania ¹⁷¹
Participating states (non-beneficiaries)	Hungary, Slovenia, Turkey
Facilitating states	EU Member States, Japan, Russia, US, Canada, Norway (after 2000), Switzerland (after 2000)
International Financial Institutions	European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), World Bank, Council of Europe Development Bank
International Organisations	OSCE, EU (via the European Commission), OECD, Council of Europe, NATO
Regional Cooperation Initiatives	South East Cooperation Initiative (SECI), South East European Cooperation Process (SEECP), Central European Initiative (CEI), Black Sea Economic Cooperation (BSEC) ¹⁷²

Source: www. stabilitypact.org

Although it was not set up as an international organisation but rather as an open-ended process, the SP nevertheless went some way towards institutionalisation. It adopted from the very start a complex multi-tier structure. The Pact was headed by a Special Coordinator based in Brussels. On 28 June 1999, the senior German politician Bodo Hombach proposed by the EU was appointed to the position.¹⁷³ Funded by the EU budget, the Special Coordinator was put in charge of mediating between the various

¹⁷¹ Since 1999, Montenegro has participated in the Pact as an observer ('Guest to the Chair'). Yugoslavia joined the SP in October 2000. Moldova became the ninth beneficiary state by joining the Pact in June 2001.

¹⁷² The Black Sea Economic Cooperation was established in 1992 on Turkey's initiative. Its members included the six riparian countries, Albania, Moldova, Azerbaijan, Greece, and Armenia. BSEC was institutionalised and became an international organisation in 1999. See Oleksandr Pavliuk and Ivanna Klymush-Tsintsadze, *The Black Sea Region: Cooperation and Security Building*, Armonk NY, London: Sharpe, 2000; Mustafa Aydin, 'Europe's Next Shore: the Black Sea Region after EU Enlargement,' Occasional Paper no 53, EU Institute for Security Studies, Paris, 2003.

¹⁷³ Greece pushed initially for the appointment of Panagiotis Roumeliotis. It reversed its position only when Thessaloniki, and not Pristina as originally proposed, was chosen to be the seat of the European Agency for Reconstruction. Friis and Murphy, 'Turbo-Charged Negotiations,' p. 776.

participants in the process.¹⁷⁴ In doing that, he was assisted by a small staff seconded from by the states taking part in the SP. The latter were represented in the Regional Table meeting at ministerial level twice a year to keep track of the Pact's activities. The bulk of the SP work was carried out by its three working tables focusing, in accordance with the OSCE template, on human rights and democracy, economic reconstruction and development, and security.¹⁷⁵ The Royaumont Process was, therefore, merged with Working Table I on account of their overlapping priorities. This was not the case of SECI, however, which continued running parallel to the SP's Working Table II dealing with similar issues. The working tables were in charge of proposing specific projects in the given policy-areas and monitoring their implementation. Some of the taskforces and working groups, however, were aimed at joint initiatives by the participating governments based on programme documents outlining a set of common goals. The Working Tables were co-chaired by seconded international functionaries (coming from the international organisations and facilitating countries involved in the Pact) and the participating countries rotating each six months. The work of the Pact was also aided by coordinators at the national level.

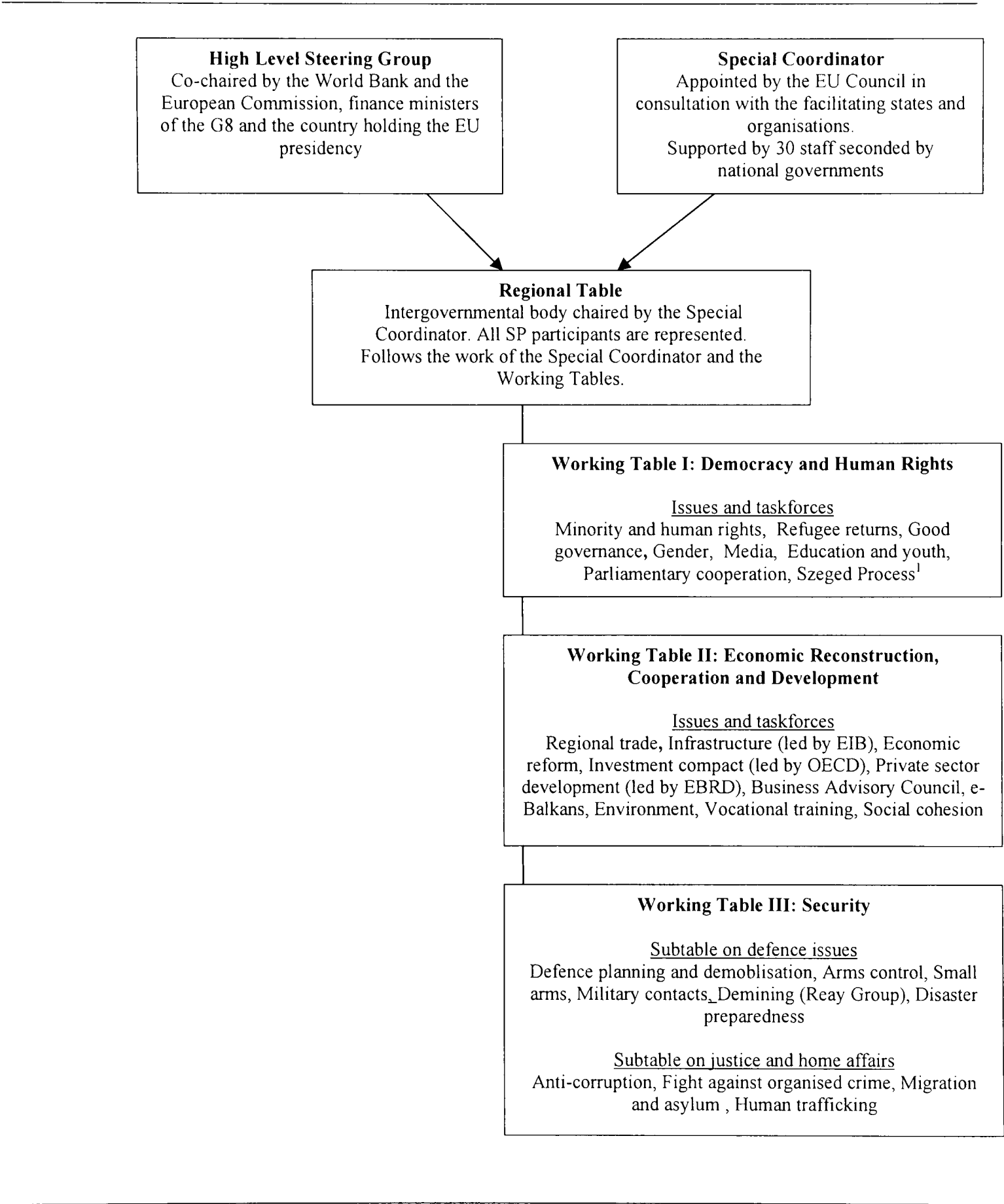
The SP was designed as a channel for increased foreign assistance to the region and was kept afloat by a broad international coalition of donors. However, since the Pact did not possess funds of its own it effectually became an intermediary structure between donors and beneficiaries. That highlighted the role of the outside actors included in the Pact, notably the EU, its Member States and the IFIs. They formed the so-called High

¹⁷⁴ The non-EU staff in the Special Coordinator's office were paid by the states and organisations seconding them. The overall budget of the Brussels office amounted to 2 million euro. European Stability Initiative and EastWest Institute, 'Democracy, Security and the Future of the Stability Pact,' Berlin, April 2001, p. 9.

¹⁷⁵ On OSCE evolution and structure, see Heinz Vetschera, 'The Role of the Organisation for Security and Cooperation in Europe' in Paul Luif (ed.), *Security in Central and Eastern Europe: Problems, Perceptions, Policies*, Vienna: Austrian Institute for International Affairs, pp. 343-70.

Level Steering Group (HSLG) whose task was to coordinate the financial aid flowing to South East Europe. It was co-chaired by the European Commission and the World Bank and was in charge of vetting the projects submitted by the recipient states. The World Bank and the Commission co-convened two donor conferences in Brussels (March 2000) and Bucharest (October 2001). The conferences effectively made the Working Table II the leading one within the Pact, which was in line with local expectations. The SP's economic bias meant that the HSLG -- that is the EU and the IFIs - was the most important stakeholder as well as the most influential actor included in the process.

Figure 3.1: Structure of the Stability Pact¹⁷⁶



Source: www.stabilitypact.org

¹⁷⁶ All priority areas under the SP are given as they appeared at its inception in 1999. There were introduced certain changes in all three Working Tables during the following years.

The two donor conferences made apparent the economic bias of the SP. While the Pact's programmatic document *The Thessaloniki Agenda for Stability* presented a balanced picture on the priorities ahead and emphasised issue-areas which fell under all three working tables, the truth was that infrastructure development was the main focus of the donors' strategy.¹⁷⁷ That was reflected in a voluminous policy paper drafted by the World Bank before the donor conference in Brussels and entitled 'The Road to Stability and Prosperity in South East Europe.' The World Bank's recipe listed economic and good governance reforms at home backed up by more trade and improved infrastructure within the region.¹⁷⁸ It was the last aspect that came into the spotlight. A report released by the think-tank European Stability Initiative in 2001 estimated that projects falling under Working Table II accounted for 81 per cent of the 1.6 billion euro in grants and loans pledged at the Brussels conference under the so-called Quick Start Package (1.2 billion euro). (The respective figures for the other two working tables were 16 per cent (340 million euro) for the first and 3 per cent (55 million euro) for the second one.) Most of the Working Table II funds (ca 1.1 billion euro) were allotted to road construction and renewal. An additional 800 million euro was pledged for 'near term projects', all under Working Table II.¹⁷⁹ If the Pact's initial purpose was to enhance the EU's role as security-provider in the Balkans, it soon evolved into a clearing house for coordinating infrastructure-development aid.

¹⁷⁷ 'The Thessaloniki Agenda for Stability' highlighted the following issue-areas where joint action was necessary: return of refugees and internally displaced persons, strengthening education, media independence (Working Table I); reform of the business and investment environment, private sector development, trade cooperation and liberalisation, infrastructure development (Working Table II); security sector reform, fight against corruption and organised crime (Working Table III). Stability Pact for South East Europe, Regional Table, 'Thessaloniki Agenda for Stability,' Thessaloniki, 8 June 2000.

¹⁷⁸ World Bank, 'The Road to Stability and Prosperity in South Eastern Europe,' Washington DC, March 2000, p. 2.

¹⁷⁹ European Stability Initiative, 'Democracy, Security,' p. 11.

Its nature of foreign-aid clearinghouse aside, the SP was valuable due to the promise of EU involvement, however vaguely defined. The scheme was greeted with a measure of enthusiasm in the region, which saw it as a new opportunity for forging political links with the West and the EU, in particular. In the words of a Macedonian official, 'the Stability Pact would not have had any value in itself if it did not contain a membership perspective'¹⁸⁰ It was commonly argued that most of the money pledged under the SP would have reached the region anyway through the programs run by bilateral donors.¹⁸¹ In the eyes of its beneficiaries, the Pact's political element was more important than its financial dimension. What was problematic, however, was the nature of the EU commitment made in the summer of 1999. As demonstrated in Chapters V and VII, it was unclear what the Pact pursued: achieving regional integration or bringing individual Western Balkan countries closer to the EU, with or without a membership perspective. In addition, there was little clarity about how accession candidates like Bulgaria and Romania fit into the SP. Though offering benefits, it could also be a political handicap diverting the two towards a regional agenda at the expense of their efforts to catch up with the first group of countries invited at the 1997 Luxembourg Council to open membership talks with the EU.

The Stabilisation and Association Process

Despite its upbeat rhetoric, the EU seemed aware of the SP's inherent limitations from very early on and took some further important steps to counter the political risks associated with the sense of exclusion in South East Europe. At the Helsinki Summit (December 1999) it gave a green light to Bulgaria and Romania to start accession

¹⁸⁰ Quoted in Friis and Murphy, 'Turbo-charged Negotiations', p. 770.

¹⁸¹ European Stability Initiative, 'Democracy, Security'; Interview with Nikola Todorčevski, National Coordinator of the SP, Macedonia, Skopje, September 2003.

negotiations alongside Slovakia, Lithuania and Latvia. In addition, the EU also decided to upgrade its policy vis-à-vis the Western Balkans following the promises made with the launch of the SP. Brussels focused on establishing closer contractual ties with the Western Balkan countries subject to the conditions set in 1996-97. To that end, the EU replaced Regional Approach with the Stabilisation and Association Process (SAP), an institutionally more advanced political framework. Thus 1999 sowed the seeds of important long-term transformations in the EU's strategy in post-communist South East Europe

With the SAP, the EU offered the Western Balkans association deals modeled on the 1990s Europe Agreements. The Stabilisation and Association Agreements (SAAs) conferred political and economic benefits on the signatories subject to the Regional Approach conditionality. The SAP stressed the commitment to democratic and market reforms, the observance of minority rights but also the readiness to engage in regional cooperation as prerequisites for associated status. It was, therefore, hardly a coincidence that Macedonia, thus far spared by violent ethnic conflict, making progress under the Regional Approach and committed to cooperating with the West, was the first country to receive a positive feasibility study from the European Commission in 1999 for opening SAA talks.¹⁸² At the same time, the EU kept at arm's length Croatia, still ruled by the Tudjman-led nationalist Croatian Democratic Community (HDZ), and Serbia headed by Milošević. Both Zagreb and Belgrade did not comply with the SAP political conditionality, which led to doubts whether the multilateral cooperation component of the process could work properly.

¹⁸² The SAA cover areas like trade, legal harmonisation, and political dialogue. Unlike the European Agreements, they put a great emphasis on regional cooperation (see below). For a comparison between the Europe Agreements and the SAA concluded in 2001 with Macedonia and Croatia, see David Phinnemore, 'Stabilisation and Association Agreements,' pp. 77–103.

The EU offered the compliant states some rewards even before they qualified to sign a SAA. These included improved market access for products coming from the Western Balkan countries under the autonomous trade preferences (ATPs). The ATPs upgraded the system of TCAs and ATMs introduced by the Regional Approach and gave the Western Balkan states asymmetric access to the EU markets, allowing them to preserve tariff barriers for a period of ten years.¹⁸³ These arrangements were certainly more generous than the ones established with the candidate states in the early 1990s.¹⁸⁴ Even more important, at the 2000 Feira Council, the Western Balkan states were qualified as ‘potential members’ which was a way to strengthen the EU’s commitment and enhance its influence in the region.¹⁸⁵ As noted by Milica Uvalić, the membership prospect was the most important development as many South East European products already entered the EU market duty-free and the Western Balkans were getting substantial amounts of foreign aid.¹⁸⁶ As in the case of the SP, what mattered was the political message that those countries were not left out in the enlargement.

With the SAP, the EU came up with a coherent set of policies for the whole Western Balkans. This had not been the case previously as Yugoslavia and Croatia were treated differently than the three other Western Balkan countries. Giving all Western Balkan states a level playing field, the EU built up a more coherent conditionality strategy to promote regional cooperation. The idea that regional integration should go hand-in-hand with integration dating back to the Regional Approach was developed into a policy. The SAP put a very strong emphasis on regional cooperation amongst the

¹⁸³ Constantine Michalopoulos, ‘The Western Balkans in World Trade,’ *Journal of Southeast European and Black Sea Studies*, 2 (2), 2002, pp. 101- 29.

¹⁸⁴ For the case of Bulgaria and Romania, see Dimitris Papadimitriou, *Negotiating New Europe: the European Union and Eastern Europe*, Aldershot: Ashgate, 2002.

¹⁸⁵ Point 67, Presidency Conclusions of the Santa Maria da Feira European Council, No. 2001/00, 19 and 20 June 2000.

¹⁸⁶ Milica Uvalić, ‘Regional Co-operation in Southeast Europe,’ *Journal of Southeast European and Black Sea Studies*, 1 (1), 2001, p. 55-75.

Western Balkan states on political matters but also in issue-areas such as trade, infrastructure, and justice and home affairs. The readiness to engage in *both* bilateral and multilateral cooperative schemes was an essential condition for the Western Balkan states for concluding an SAA.¹⁸⁷ Given the Feira commitment, the EU's strategy appeared more robust and finely tuned. The SAP was clearly a step ahead compared both to the Regional Approach and the SP.

The SAP diverged from the Pact in another important way. Unlike the SP, it was limited only to the five Western Balkan countries (SEE-5) and had no direct relation to Romania and Bulgaria. Thus, after 2000, the EU gradually shifted from the promotion of regional cooperation amongst the SEE-7, included in the SP, to a SEE-5 approach under the SAP. This raised important questions as to how the SP and SAP related to each other. In 1999-2000, however, there was still a bias towards the SP. All official Stability Pact documents referred to the SAP as the EU's contribution to the scheme. Put differently, the Pact was seen as the leading strategy and the SAP as a complementary one.¹⁸⁸ The regionality principle emphasising multilateral cooperation had an upper hand to the one of conditionality which operated on a country-by-country basis and was conducive to differentiation based on variable performance.

NATO and South East Europe after the war in Kosovo

With the Kosovo crisis, NATO itself ripened to the idea that the Balkans necessitated a special strategy. The Washington Summit of April 1999, taking place while the bombing campaign was still on, concluded that there was ' [a] need for a comprehensive approach

¹⁸⁷ Franz Lothar Altmann, 'Regional Cooperation in South East Europe,' *Journal of Southeast European and Black Sea Studies*, 3 (3), 2003, p 144.

¹⁸⁸Emilian Kavalski, 'The Western Balkans and the EU: the Probable Dream of Membership' *South East European Review*, No 1-2, 2003, pp. 202-205.

to the stabilisation of the crisis region in south-eastern Europe and to the integration of the countries of the region into the Euro-Atlantic community'.¹⁸⁹ Faced with new responsibilities in South East Europe after the end of the campaign against Yugoslavia, NATO had to update its instruments for engaging the countries of the region. In Washington, the Alliance unveiled its South East Europe Initiative (SEEI). The initiative was intended to supplement the Euro-Atlantic Partnership Council (EAPC) and PfP at the regional level.¹⁹⁰ It targeted all Yugoslav neighbours and aimed to consolidate the support for the Western policy of isolating Slobodan Milošević. To attain that objective, SEEI included Bosnia-Herzegovina and Croatia, which were at the time outside PfP. Furthermore, the initiative's founding document foresaw the possibility of Yugoslav participation in case of a regime change in Belgrade. Yet many saw SEEI as a quasi-Article 5 guarantee by NATO for the security of the 'frontline states' during the Kosovo war.¹⁹¹

While concentrating partly on bilateral issues between NATO and the individual participants (e.g. programs for retraining of military personnel made redundant because of NATO-oriented reforms), SEEI also featured a strong multilateral component. In the wake of the Washington Summit, the EAPC launched an Ad Hoc Working Group on Regional Cooperation. By late 2000, the Working Group resulted in several regional initiatives such as the so-called SEEGROUP bringing together both PfP and member states of the region. SEEGROUP concentrated on issues like border security and illicit trafficking, threat assessment and security policy coordination etc. The support for SEEI

¹⁸⁹ Point 15, Washington Summit Declaration, 24 April 1999. For an account of the EU efforts to build an international coalition in support of the SP, see Friis and Murphy, 'Turbo-charged Negotiations' and Biermann, 'The Stability Pact'.

¹⁹⁰ EAPC succeeded the North Atlantic Cooperation Council. It was inaugurated at the Sintra Summit (1997).

¹⁹¹ Minko Noev, 'The Role of NATO and EAPC in the Stability Pact for South East Europe,' NATO Individual Fellowship Report, NATO Press Office, Brussels, 2002, p. 11. .

from the PfP countries of the Balkans was at least in part associated with the high profile of NATO and some of its members (US, Greece, Turkey, Italy) within the initiative. This was in contrast with the unclear nature of their lower-key involvement in the activities under the SP's Working Table III (security).¹⁹²

The post-1999 period saw the PfP countries in South East Europe actively pursuing NATO membership. Albania, Bulgaria, Macedonia and Romania all became part of NATO's Membership Action Plan (MAP) initiated in April 1999 to speed up their preparation for accession. They were followed by Croatia after it entered PfP in May 2000. Until the end of 2003, the remaining two countries in the region, Bosnia-Herzegovina and Yugoslavia (Serbia and Montenegro) did not join PfP due to their failure to meet some key preconditions.¹⁹³ Thus the PfP/MAP framework contributed to a measure of differentiation amongst the countries of South East Europe. MAP provided specific guidelines in different issue-areas that effectively put the PfP countries on an accession track in the short-to-mid term perspective. Bulgaria and Romania were invited to join NATO at the Prague Summit (November 2002), while Albania, Croatia and Macedonia expected to follow suit in the next wave of enlargement.¹⁹⁴ In sum, with SEEI and MAP, NATO tailored its own strategy in the Balkans combining bilateral conditionality and multilateral cooperation. That mirrored the EU's approach, but at the same time was characterised by fewer frictions between the two parts of the agenda.

¹⁹² More on SEEI and SEEGROUP in Chapter VI.

¹⁹³ The hurdle for Bosnia-Herzegovina was the absence of a federal ministry of defence, while Serbia-Montenegro was delayed mainly due to the issue of high-profile extraditions to The Hague-based ICTY.

¹⁹⁴ On NATO enlargement policy in South East Europe, see Charles M. Perry and Dimitris Keridis (eds.), *Defence Reform, Modernisation and Military Cooperation in Southeastern Europe*, Herndon VA: Brassey's, 2004. Also Angel Angelov, 'NATO Enlargement and the Balkans' in Aleksandar Fatić (ed.), *Security in Southeastern Europe*, Belgrade: Management Centre, 2004, pp. 99-121.

IV. The only game in town: the EU and the Western Balkans, 2001-03

The leadership change in Croatia and especially the end of the Milošević's regime in Serbia occurring in 2000 let to a great deal of optimism in the Balkans. The fact that reform-minded governments were in power in all SEE capitals offered considerable opportunities to advance the twin processes of EU integration and regional cooperation. That mood was echoed by the November 2000 Zagreb Summit between the Western Balkans and the EU. In Zagreb, the Western Balkan states committed themselves to carry out reforms in order to move closer to the EU. They also undertook to pursue a cooperation agenda highlighting measures and policies such as political rapprochement and trade liberalisation. There was also a great deal of emphasis on issues such as the fight against organised crime, illegal trafficking, and corruption. The summit resulted in a declaration, which stated that 'the deepening of regional cooperation will go hand in hand with rapprochement with the EU.'¹⁹⁵ This meant that regional cooperation was more fully incorporated into the EU's bilateral conditionality than before. In support of this two-dimensional process, the EU allocated substantial funds to assist institution-building at home and economic cooperation at the SEE-5 level. In 2001, it inaugurated the CARDS programme for the Western Balkans, which replaced PHARE and OBNOVA. CARDS was based on a financial package of some 4.9 billion euro to the five Western Balkan countries in the 2001-06 period, and included a regional component.¹⁹⁶ The latter

¹⁹⁵ Point 3, EU-Western Balkan Summit Declaration, Zagreb, 24 November 2000.

¹⁹⁶ Council Regulation (EC) No 2666/2000, 15 December 2000. Furthermore, CARDS focused to a great extent, on regional cooperation element. Its strategy paper has singled out several priorities including (1) multilateral trade facilitation measures (integrated border management to tackle existing bottlenecks, mutual recognition of standards) (2) infrastructure development and air-control cooperation; (3) the environment; (4) statistical cooperation. The programme allotted 197 million euro for those priority areas in the period 2002-2004. European Commission, External Relations Directorate, 'CARDS Assistance Programme for the Western Balkans, Regional Strategy Paper 2002-2004,' Brussels, 2001, pp. 14-16, 20-24.

reflected the SAP policy of promoting both bilateral and multilateral templates of cooperation, and covered the issue-areas outlined in Zagreb.

As in the case of the SP, much attention was paid to the issue of long-term goals. While there was ambiguity about whether the SP aimed to set a regional integration unit or to bring the participating states into the EU's fold, the SAP attempted to promote cooperation as an element and of the accession process. By extending a clearer membership offer, it ensured that regional cooperation is not an *alternative* or *delaying tactic* for accession, as many feared in the case of the SP and prior initiatives. Clearly, this policy pertained only to the Western Balkans as the candidate states Bulgaria and Romania did not attend the summit.

The post-Zagreb developments strengthened the SAP, making it the EU's leading strategy towards the region, which marginalised to a certain degree the SP. The Pact itself underwent a period of soul-searching. One move to improve its standing in the region was to involve the recipient states more closely in its management. Following an EU initiative, in November 2001, a Troika was set up with the participation of the South East European Cooperation Process' Chairman-in-Office, the Pact's Special Coordinator, and an EU representative. Yet this move hardly reversed the loss of confidence in the Pact registered since 1999. What made a difference was the appointment of Erhard Busek who replaced Hombach as Special Coordinator in 2002. Busek scaled down the Pact and recast its role: the number of priorities was diminished and there was much less ambitious rhetoric concerning the SP mission.¹⁹⁷ From that point onwards, the Pact turned into a *de facto* supplement to the SAP, and there were voices questioning its *raison d'être*.¹⁹⁸ Thus the conditionality embedded in the SAP became the main vehicle for regional

¹⁹⁷ Stability Pact for South East Europe, 'Building a More Effective Stability Pact Strategy and Approach of Working Table II,' December 2002.

¹⁹⁸ Interview with Alexandros Rondos, the first co-chair of Working Table I, Oxford, November 2002.

cooperation, while the Stability Pact was transformed into an auxiliary tool supporting the SAP's regional dimension.¹⁹⁹ Nevertheless, it continued with the efforts to preserve some sort of institutional link between the Western Balkans, on the one hand, and Romania and Bulgaria, on the other.

The EU put trade at the forefront of the SAP. The Commission promoted liberalisation of flows between the Western Balkans and the EU, and within the wider South East Europe. Even prior to Zagreb, the EU had largely fulfilled its promise to grant privileged market access to the Western Balkan countries. Importantly, it took steps to amend the trade regulation in November in order to cover post-Milošević Yugoslavia, which was thereby fully integrated in the SAP.²⁰⁰ The EU approach linked the opening of its markets to Western Balkan products with the dismantling of the tariff walls within the region. At the Zagreb summit, the EU secured the Western Balkan states' political support for the project. This, in turn, helped the SP's taskforce on trade, which had not made much progress for the two preceding years.²⁰¹ Importantly, the EU saw free trade solely as an initial step in a more long-term process. The two SAAs signed in the course of 2001 with Macedonia and Croatia contained identical clauses whereby the two were required to conclude in the following two years FTAs with the rest of the SAP countries. They were also encouraged to do the same with the accession candidates, but this was optional and not framed as a condition for advancement in the relations with the EU (Article 14). Furthermore, Article 12 of the SAAs provided for cooperation in terms of labour and capital mobility, reciprocal rights of business establishment, liberalisation of

¹⁹⁹ For an overall assessment of the Pact's performance as well as its relationship with the SAP, see Hansjoerg Brey and Claudia Hopf (eds.), *Five Years of Stability Pact: Regional Cooperation in Southeast Europe*, Munich: Suedosteuropa Gesellschaft, 2004. The volume contains contributions from some of the SP chief architects and functionaries including Joschka Fischer, Bodo Hombach and Erhard Busek.

²⁰⁰ Council Regulation (EC) No 2007/2000, 18 September 2000, Council Regulation (EC) No 2563/2000, 20 November 2000.

²⁰¹ Further in Chapter V.

the supply of services.²⁰² On those fronts, integration with the EU had to match integration within the SEE-5 group.²⁰³ In other words, the SAP was designed not merely as a regional cooperation but as a *regional integration* platform for the five target countries. The SAP had more far-reaching regional goals than any other political framework in South East Europe.

However, that objective could not reverse the general trend towards more bilateralism in the relations between the SEE-5 and the EU. In 2001, the EU concluded SAAs with Macedonia and Croatia, which were deemed sufficiently advanced on the path of political democratisation and economic reform.²⁰⁴ The SAAs, themselves, contained clauses obliging the associated states to sign treaties on good-neighbourly relations and economic cooperation with the rest of the Western Balkans. Despite that, the SAAs made the gap between Croatia and Macedonia and rest of the Western Balkan states. Albania, Bosnia-Herzegovina, and Serbia and Montenegro all failed, for various reasons, to move at the same speed as the frontrunners. The worse initial conditions and the conflict of 2001 retarded the progress of Macedonia, which distanced Croatia even further from the others in the package.

On the whole, the SAP offered all SEE-5 countries incentives to invest much more effort in advancing on the path towards the EU. What made the headlines in 2003 was not the progress of the tradeliberalisation or the achievements of the SP, but the development of contractual relations with the EU. On 31 January 2003, Albania started

²⁰² The argument about the transition from cooperation to integration within the SAP was made originally by Martin Dangerfield, 'Integrating South-East Europe: The Role of Subregional Economic Cooperation', paper presented at the Annual UACES Conference, London, 5 April 2003. Cf. Phinnemore, 'Stabilisation and Association Agreements', p. 88.

²⁰³ CARDS Strategy Paper, p. 6.

²⁰⁴ For a snapshot overview of the EU-Balkan relations in 2001, see David Phinnemore and Peter Siani-Davies (eds.), *South-Eastern Europe and European Union Enlargement – Conference Proceedings*, Cluj-Napoca: Cluj-Napoca UP, 2002.

negotiating a SAA. Less than a month later, Croatia became the first SAP state applying for membership. In November, the Commission published a feasibility study for Bosnia-Herzegovina that judged it ready to open talks provided it implements 16 measures such as the reintegration of Mostar. The Thessaloniki Summit in June 2003 between the Western Balkans and the EU was undoubtedly the highlight of the year. While it disappointed many in the region by not making any new promises, Thessaloniki introduced a number of new instruments such as the European Partnerships focused on harmonisation with the *acquis communautaire* and measures like twinning, which made the SAP much closer to the accession process.²⁰⁵ In that sense, the summit was a move in the direction of the hub-and-spoke model observed in Central and Eastern Europe.

The *Thessaloniki Agenda* (not to be mistaken with the earlier SP document by the same name) adopted at the summit sought to balance the above trend by calling for reinforced cooperation on issues such as visa-free travel in the region and combating transborder crime. The EU, nevertheless, did not insist that such measures had to be implemented multilaterally. Bilateral action involving individual Western Balkan countries was an equally plausible form of cooperation. Ultimately, the EU regional cooperation conditionality gave the SAP countries some leeway as to the nature and scope of compliance.²⁰⁶

V. The dynamics of external push

The external push for regional cooperation was a constant factor in Balkan politics, particularly in the period after Dayton. Outside agents tended to mobilise resources and

²⁰⁵ See Second EU-Western Balkan Summit, 'The Thessaloniki Agenda for the Western Balkans: Moving towards European Integration,' Porto Karas, 16 June 2003.

²⁰⁶ Dimitar Bechev, 'Balancing Enthusiasm and Disappointment: Developments in EU-Balkan Relations during 2003' South East European Studies Programme Opinion Piece, Oxford, January 2004.

pressure local actors to engage in different multilateral arrangements in the wake of grave crises. Regional cooperation was part of the agenda to pacify South East Europe (meaning the SEE-7 or the SEE-5) viewed as an interdependent political complex. This realisation and the end of the wars in Bosnia and Kosovo generated initiatives such as the EU's Regional Approach and Royaumont scheme, the US-driven SECI, and, most notably, the SP for South East Europe.

One problem with external initiatives was, beyond any doubt, coordination. The multiple outside actors pushing the Balkan states to work jointly dealt with that problem with varying degree of success. In 1996, the EU and the US found themselves at odds, with their policy initiatives perceived as competing. In 1999, however, the EU was the undisputed leader in the coalition behind the SP. Yet, at the operational level, one saw multiple agents in charge: OECD steering the Investment Compact process, EBRD - the private sector development initiative, and so forth. For his part, the Special Coordinator could do little to guide effectively the substantive activities under the Pact. Things were a great deal clearer with the SAP where the EU's role and stakes were much better defined. After 2001, regional cooperation -- especially in functional issue-areas -- was directed almost exclusively by the EU.

A key part in the story were the incentives that outside actors provided to the Balkan states in exchange for their readiness to engage in regional cooperation. In the case of both NATO and the EU, membership perspective was clearly the most substantial reward. That was one of the *leitmotifs* in the post-1999 generation of initiatives. The accession carrot, however, raised questions as to how regional approaches squared with individual progress towards accession. With the SP and SAP, the EU attempted to craft a policy mix combining *regionality* and *bilateralism* in its dealings with the Balkans. The

balance, however, proved difficult to achieve and there were tensions between the principles of regional bundling and differentiated progress based on convergence with the EU's political and technical entry criteria. Put eloquently by a group of prominent observers, 'the EU [was] *de facto* dividing a region with the left hand, while promoting multilateral cooperation among the states of the same region with the right hand.'²⁰⁷ Given the membership commitment, the SAP was better suited to address this in-built problem, but this was achieved by tipping the balance in favour of bilateral conditionality.

Overall, NATO proved more successful in avoiding a clash between the regional and the country-by-country element. This was helped by the high-profile involvement of member states in the cooperation initiatives, which emphasised the principle of opening, rather than regional closure, and characterised multilateral cooperation as a stepping stone to membership. This policy could be contrasted with the EU approach backed up by fewer commitments and fostering multilateral cooperation mainly amongst candidate states.

Though powerful, the push for regional cooperation was from being a consistent force. It was unclear what was the exact outcome pursued by external actors. In the mid-1990s, the EU required the candidate states (Romania and Bulgaria included) to establish good bilateral relations following the first Stability Pact, but was less insistent on multilateral cooperation. In the post-Dayton Balkans, it shifted towards multilateral formats, but sometimes it targeted the post-Yugoslav republics and Albania (the Regional Approach) and other times all post-communist states in the region (Royaumont). The US, in contrast, tried to involve everyone in South East Europe, including countries like

²⁰⁷ The Club of Three and Bertelsmann Stiftung, 'The Balkans and the New European Responsibilities,' Conference Report, 2000, pp. 19-20.

Turkey, Greece, Slovenia and Hungary (e.g. in SECI). The SP involved all SEE-7 (and later SEE-8 given Moldova's accession), but the SAP's robust regional cooperation conditionality was restricted to the Western Balkans. Importantly, all those initiatives made it possible for countries to cooperate on a bilateral, trilateral etc (that is, on a less-than-regional) basis. All those were factors contributing to the diffusion of the external push towards regionalism.

There were variations in priorities, too. In the period of 1996-98, the EU required mainly political dialogue, while the US stressed through SECI functional cooperation in key areas like cross-border infrastructure, trade and combating organised crime. By contrast, the SP, at least initially, aimed to regionalise every single issue from media all the way down to cross-border water management. The SAP marked the return to a more priority-driven approach focused on economic integration and cooperation in justice and home affairs. This has been the case of NATO too, with its more or less straightforward emphasis on political-military issues.

Broadly speaking, external push was a pervasive force in a region traditionally divided by conflict and dependent on the outside world. At a closer glance, however, one sees a story about different actors pressing and inducing different groups of South East European states to do different things at different times.

Chapter IV

Balkans, Europe, South East Europe: Identity Politics and Regional Cooperation

*Countries belong beyond their boundaries
on a map to where their spirit takes them*
Nicolae Iorga²⁰⁸

Whatever their explanatory power, neither regional interdependence nor the external push factor give a fully satisfactory answer to the question of why the Balkans or South East Europe are considered a region, nor where its borders lie. In pushing with their cooperation agenda, outside actors have targeted different groups of states in Europe's south-east corner in different periods, though some 'usual suspects' have always been included. As a rule, South East Europe is used to denote a wider group of states than those routinely targeted by international pressure, i.e. the Western Balkans. Interdependence does tie in neighbouring states but by that token Romania's security and economic development have had much more in common with the security and the economy of Hungary or even the Ukraine, both located outside the Balkans, than with those of insider Albania. Turkey and Greece might form a region due to the intertwined nature of their political and defence relations, but why treat Croatia as a part of the same context?

One obvious answer, going back to Joseph Nye's definition of a region, is geography. After all, the Balkan peninsula is easy to point on the map. Things become much more complicated at a closer glance. Geographical criteria help little in deciding

²⁰⁸ *Ce este sud-estul European* [What is the European south-east?], Bucharest, 1940, p. 8

where South East Europe ends. The peninsula does not have a clear northern border although the Danube and Sava rivers or, alternatively, the Drava and the Carpathian range are straightforward candidates.²⁰⁹ One could also argue that the Balkans have an ill-defined south-eastern border insofar as it is hard to include the Turkish portion of Thrace and half of Istanbul but write off the rest of the country where one could often find people with family roots in what used to be Turkey-in-Europe.²¹⁰

The latter observation shows that the debates on Balkan regional frontiers of are not exclusively about (physical) geography but equally about history, culture, and political legacies. When people say that a particular country belongs to the Balkans, they are advancing a claim not just about its location on the map but about shared past, cultural connections, shared socio-political institutions and patterns of development and so forth. In other words, one faces the argument about *regional identity*. From this point of view, South East Europe emerges as a set of states and nations defined -- and indeed delimited from other similar regional groupings -- by what is considered as their distinctive roots and present features.

While the received wisdom has it that the Balkans *lack a common identity* because of their turbulent history and current politics marked by nationalism and fragmentation, variable domestic circumstances and foreign alignments, this has been no obstacle to study and talk about the region as a relatively stable historical and geopolitical unit. The question is then what the origins of this idea of Balkan 'regionness' are and how the latter relates to social phenomena and processes. This chapter examines the

²⁰⁹ Leeda Demetropoulou, 'The Balkans - A Multi-Dimensional Sign Within Multiple Discourses,' *Eurobalkans*, 36-37, Autumn-Winter 1999/2000.

²¹⁰ *Encyclopaedia Britannica* takes the opposite view: 'The European portion of Turkey is physiographically, but not politically, part of the Balkans, because it belongs to a non-Balkan state.' *The New Encyclopaedia Britannica*, Vol 1, 15th Edition, 1994.

common identity denominators in South East Europe and their political implications. It develops the argument that shared Balkan identity could be sought at the level of national narratives referenced to the ideas of Europe and the West, however murky or contested the latter might be. Not only are the latter instrumental in defining a South East European collectivity, but they have also empowered Europe (that is, the EU) and the West to project its political norms, notably regional cooperation, towards the Balkans.²¹¹

The chapter sets out by bringing in insights from the IR literature related to the issue of identity and regionalism. Then it goes on to dissect the notion of Balkan identity and its multiple meanings and dimensions. Thirdly, the chapter looks at how regional belonging figures in the discourses on national identity in South East Europe. Finally, it addresses the question of how Western institutions (EU, NATO) have perceived a Balkan collectivity in order to formulate a set of hypotheses about the relationship between identity politics and regional cooperation.

I. Identity and the study of regionalism

The general turn towards identity and culture observed in the discipline of IR has left its mark on the study of regionalism too.²¹² One of the definitions of region listed by Andrew Hurrell is ‘regional awareness’ or ‘regional identity’.²¹³ Hurrell concurs with Emanuel Adler that that regionness is not limited to the presence of networks of

²¹¹ The reader will note that the concepts of Europe and the West are used in most cases interchangeably, which might be a problem as they coincide only partly. The argument in favour of coupling the two by default is the fact that in the identity discourses is South East Europe (as elsewhere in Eastern Europe) they are, as a rule, inextricably linked. On the notion of the West, see Timothy Garton Ash, *Free World: Why a Crisis of the West Reveals the Opportunity of our Time*, London: Allen Lane, 2004.

²¹² On turn towards identity and culture in the academic field of IR, see Friedrich Kratochwil and Yosef Lapid (eds.), *The Return of Culture and Identity in International Relations*, Boulder CO: Lynne Renner, 1996.

²¹³ Andrew Hurrell, ‘Explaining the Resurgence of Regionalism,’ *Review of International Studies*, 21 (4), 1995, p. 41.

interdependence, supranational institutions or security arrangements, but also reflects the power of *mental maps*.²¹⁴ Obviously, this stance strikes a chord with constructivist approach in social sciences. Although constructivism (much like realism and liberalism) is a very broad church that encompasses diametrically opposed ontological and methodological positions, a claim that most constructivists are happy with is that political actors operate within structures of shared knowledge and meaning.²¹⁵ Mental maps are a prime example of such structures through which agents interpret society and politics and, in this particular instance, political geography.

What remains debatable is how identity structures come into being. Scholars who privilege identity as an explanatory variable often treat the latter in pronouncedly essentialist terms. Identity is understood as a cultural given: unchangeable and located outside time, space and social context. A good illustration in the field of nationalism studies is the so-called primordialist theory of nationhood.²¹⁶ Myths and claims about the ancient origins and historical continuity of national communities are widespread, not least in the Balkans. Primordialist thinking takes national identity for granted and pays little attention to its genesis, evolution or the daily social practices of enactment and negotiation. Essentialist ideas and arguments are also projected beyond the nation. This move is very vividly exemplified by Samuel Huntington's depiction of international conflict and cooperation as derived from civilisational affiliations. By implication, to

²¹⁴ Emmanuel Adler, 'Imagined (Security) Communities,' *Millennium*, 26 (2), 1997, pp. 249-78.

²¹⁵ For an overview of constructivism, see Emmanuel Adler, 'Constructivism and International Relations' in Walter Carlsnaes, Thomas Risse and Beth A. Simmons (eds.), *Handbook of International Relations*, London: Sage, 2001, pp. 95-119. A classical formulation of the constructivist position is found in Alexander Wendt, 'Anarchy Is What States Make of It: the Social Construction of Power Politics,' *International Organization*, 46 (2), 1992, pp. 391-425e.

²¹⁶ Cf. Anthony Smith, *Ethnic Origins of Nations*, Oxford and New York: Oxford UP, 1986, p. 10.

Huntington, it is religious and cultural homogeneity, rather than integrated markets, that makes a regional project successful.²¹⁷

There is no shortage of writings on Balkan cultural distinctiveness.²¹⁸ In most cases, these dwell on the idea that despite their fragmented identities, the inhabitants of the south-east corner of Europe share a set of common cultural traits. Thus Fernand Braudel's disciple Trajan Stojanovich views the Balkan peninsula as a millennia-old cultural space, part of what he describes as 'the first Europe' of the classical antiquity.²¹⁹ In a similar mode, early 20th century antropogeographers such as Jacques Ancel and Jovan Cvijić made much of the commonality of dress, architecture, ideas of space and time.²²⁰ Cvijić even went a step further elaborating the notion of *homo balcanicus* defined by a particular Balkan *mentalité*. These views have more recently become the target of much criticism. Thus Pashcalis Kitromilides argues that Balkan *mentalité* could be observed only in specific historical contexts. To him, such a context the pre-national Balkan Orthodox oecumene of the 18th and early 19th centuries. Kitromilides contends that the advent of national particularisms have rendered this form of regional identity obsolete. The most fundamental problem with the Balkan antropogeographic school is its inability to come to terms with the shifting identities and cultural contents. Conceptually, antropogeographers are not far from the 'ancient hatreds' reading of the

²¹⁷ Samuel Huntington, *The Clash of Civilizations and the Remaking of World Order*, New York: Simon & Schuster, 1996.

²¹⁸ An overview in Wendy Bracewell and Alex Drace-Francis, 'South-Eastern Europe: History, Concept, Boundaries,' in Wendy Bracewell and Alex Drace-Francis (eds.), *South-Eastern Europe: History, Concept, Boundaries*, a special issue of *Balkanologie*, 3 (2), December 1999, pp. 54-6.

²¹⁹ Trajan Stojanovich, *A Study in Balkan Civilisation*, New York: Knopf, 1967; Idem, *Balkan Worlds: The First and Last Europe*, Armonk, N.Y, London: Sharpe, 1994.

²²⁰ Jacques Ancel, *Peuples et Nations des Balkans: Géographie Politique*, Paris: A. Colin, 1929; Jovan Cvijić, *La Peninsule Balkanique: Géographie Humaine*, Paris: A. Colin., 1918. On the antropogeographic school, see Andrei Pippidi, 'Changes of Emphasis: Greek Christendom, Westernisation, South-Eastern Europe, and neo-Mitteleuropa' in Wendy Bracewell and Alex Drace-Francis (eds.), *South-Eastern Europe: History, Concept, Boundaries (Dossier)*, pp. 93-107.

Balans coming to the fore with the war in Bosnia.²²¹ If we believe in essential Balkanness, *homo balcanicus* and the persistence of *mentalités*, why not claim that these are the source of the Balkanites' deeply entrenched and irrational proneness to violence?²²² Treating regions as proceeding from a reservoir of cultural features is ultimately a dead-end street.

Fortunately, constructivist scholarship offers an antidote for the ills of essentialism. A central node in the work of international political theorists like Alexander Wendt is the co-constitution between agents and structure.²²³ If pre-existing mental maps ascribe regional labels to states and societies in a particular geographical perimeter, it is the latter agents that construct these mental maps in the process of political interaction. The view is most succinctly articulated by Iver Neumann according to whom 'regions are invented by political actors as a political programme, they are not simply waiting to be discovered'.²²⁴ Thus constructivists avoid the reification of regional identity and treat it as an open-ended social project. In a similar vein, the eminent student of Balkan politics Charles King comments that:

'For well-established regions, just as for well-articulated national identities, the temptation is to read back into the past the settled parameters of the region itself, to see the existence of the region as analytically prior to the forms of political cooperation that emerge within its borders. As with the existence of nations, though, it is easy to forget that the delineations of the boundaries and characteristics of the regional unit emerge from an

²²¹ The two key texts representing the 'ancient hatreds' genre in the accounts of ethnic violence in South East Europe are Rebecca West, *Black Lamb and Grey Falcon: the Record of a Journey through Yugoslavia in 1937*, London: Macmillan, 1941, and Robert Kaplan, *Balkan Ghosts: A Journey Through History*, New York: St. Martin's Press, 1993. For a critical overview with a reference to the Bosnian case, see Noel Malcolm, *Bosnia: A Short History*, London: Macmillan, 1996, pp. xix-xxii.

²²² To quote one example, Stjepan Mještović seeks the roots of the war in former Yugoslavia in the character of the Dinaric man, a notion introduced by Cvijić. Stjepan Mještović, *Habits of the Balkan Heart: Social Character and the Fall of Communism*, College Station Texas: A&M UP, 1993.

²²³ Alexander Wendt, 'The Agent-Structure Debate in International Relations,' *International Organization*, 41 (3), Summer 1987, pp. 335-70.

²²⁴ Iver Neumann, 'Regionalism and Democratisation,' in Jan Zielonka and Alex Pravda (eds.), *Democratic Consolidation in Eastern Europe, Vol 2 International Dimensions*, Oxford and New York: Oxford UP, 2001, p. 58.

essentially political process: just as there were no nations before elites – cultural, political and economic – came to imagine them as such, so too are there no regions until one particular vision of the region's shape and features manages to outstrip rival definitions.'²²⁵

According to this conceptualisation, regions emerge as relatively malleable entities contingent on various social practices, including the interaction amongst elites and publics across state borders leading to the generation and accumulation of shared knowledge, meanings and values. The work on the transatlantic security community by Karl Deutsch and his associates in the 1950s and 1960s has made important contribution in charting this theoretical field.²²⁶ It is not incidental that constructivists have taken aboard many of Deutsch's insights, regardless of their methodological differences. One can easily read those segments of the constructivist literature that explore the socialising effects of institutions on states, elites and domestic societies as a continuation of Deutsch's project.²²⁷

The second path, one which scholars like Neumann or King follow, enquires into the construction of Others as a means of building up regional solidarity.²²⁸ As with nations, othering goes hand-in-hand with the invention of common regional past to harden the discursive boundaries between Self and Other.²²⁹ Thus the critics of essentialism are interested in the dynamics, rather than statics of identity. Instead of *identity* as such, they theorise about the politics of *socialisation* and *othering*, of constructing and maintaining the sense of cohesiveness and difference. This perspective

²²⁵ Charles King, 'The New Near East,' *Survival*, 43 (2), 2001, p. 57.

²²⁶ Karl Deutsch et al. *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*. Princeton, N.J.: Princeton UP, 1957.

²²⁷ Emmanuel Adler and Michael Barnett (eds.), *Security Communities*, Cambridge: Cambridge UP, 1997.

²²⁸ This approach is, in many ways, inspired by Frederik Barth's classical study of ethnic identity formation, *Ethnic Groups and Boundaries*, Oslo: Norwegian University Press, 1969.

²²⁹ Iver B. Neumann, *Uses of the Other: The East in European Identity Formation*, Minneapolis, MN: University of Minnesota Press, 1999. See also Iver B. Neumann and Jennifer M. Welsh, 'The Other in European Self-Definition: An Addendum to the Literature on International Society', *Review of International Studies*, 17 (4), 1991, pp. 327–48.

provides the conceptual tools to unpack the notion of Balkan identity, which is the purpose of the following section.

II. In search of Balkan identity

What constructivism tells us is that it is not enough to ask *what* is regional identity and what are its spatial borders, but also *who* constructs it as well as *for whom* and *against whom* it is constructed. Until recently, the scholarship on the Balkans was exclusively dealing with the first group of questions and had relatively little to say on the second one. Historiography, more often originating from outside than from inside the region, has paid considerable attention to the parallel emergence of political and socio-economic institutions in countries of South East Europe. Its comparative methodology has cast much light on the common trends in the development of the local states and societies. Moving away from national parochialism, historians bring out regional *commonalities*. Rather than culture, comparativists see regional identity in terms of shared characteristics: belated and half-way modernisation, peripheral position vis-a-vis Western Europe, the ethnicisation of politics, the alienation between society and the state.²³⁰

Generally, historians move in two directions. Some of them dwell on the structures of *longue durée*. This approach is reflected, for instance, in Nicolae Iorga's idea of 'Byzance après Byzance'.²³¹ For her part, Maria Todorova maintains that Balkan specificities are a product of the Ottoman era. Yet historians remain sensitive to processes of social change. Echoing Paschalis Kitromilides, however, Todorova reasons that, on the

²³⁰ For a recent example of this approach, see Alina Mungiu Pippidi, 'The Balkans and Europe: A Bond with an Ambiguous Past,' Paper presented at the 'Public Opinion about the EU in Post-Communist Eastern Europe' conference, University of Indiana, Bloomington, 2-3 April 2004.

²³¹ Nicolae Iorga, *Le Caractère Commun des Institutions du Sud-est de l'Europe*, Paris, 1929, and *Byzance après Byzance: Continuation de l'Histoire de la Vie Byzantine*, Bucarest: L'institut d'études Byzantines, 1939.

whole, this imperial legacy is becoming extinct and is gradually being washed away by the waves of modernity. 'Turkey-in-Europe' lingers on only marginal spheres such as cuisine and popular culture, which is distinctive from dominant westernised national cultures.²³² Todorova joins Alexandru Duțu's claim that the region can be taken as a meaningful whole only in view of the common set of problems related to modernisation as well as, speaking about the post-1989 period, political and socio-economic transition. The notion of an ever-present and uniform Balkan culture is swept aside.²³³

Another group of historians focus on the interwoven character of Balkan international politics, presenting similar arguments to the ones layed out in Chapter II. Though disparate, the Balkan states are located in the same neighbourhood. Emerging one after the other from the Ottoman domination, they formed an interdependent state system characterised by lasting patterns of cooperation and conflict.²³⁴ The paramount factor is certainly South East European states' geographical proximity translated into intertwined political and security interests. In Stevan Pavlovitch's words, the Balkans are '[a] unity imposed by history.'²³⁵ The key contention here seems to be that the Balkans are *what* they are not due to their shared cultural or social traits but because they evolved *together* over a long period of time.

What radically altered thinking on regional identity in South East Europe was the so-called Balkanism debate introduced by Maria Todorova's seminal book *Imagining the*

²³² Paschalis Kitromilides, 'Balkan Mentality: History, Legend, Imagination,' *Nations and Nationalism*, 2 (2), 1996, pp. 163 – 91; Maria Todorova, *Imagining the Balkans*, New York and Oxford: Oxford UP, 1997, pp. 161-84.

²³³ Alexandru Duțu, 'National and Regional Identity in Southeast Europe' in Güney Göksu Özdoğan and Kemali Saybaşıli (eds.), *Balkans: A Mirror of the New World Order*, Istanbul: EREN, 1995. Maria Todorova, 'What Is or Is There a Balkan Culture, and Do or Should the Balkans Have a Regional Identity?,' *Journal of Southeast European and Black Sea Studies*, 4 (1), January 2004, pp. 175-86.

²³⁴ See for example narrative histories of the region like Barbara Jelavich, *History of the Balkans*, Cambridge: Cambridge UP, 1983; Edgar Hoesch, *Geschichte der Balkanhalbinsel von der Fruehzeit bis zur Gegenwart* [History of the Balkan Peninsula from Antiquity to the Present], Munich: C.H. Beck, 1988; Misha Glenny, *The Balkans: Nationalism, War and the Great Powers, 1804-1999*. London: Verso, 2000; Mark Mazower, *The Balkans*, London: Phoenix, 2001.

²³⁵ Steven Pavlowitch, *A History of the Balkans*, London: Longman, 1999.

Balkans (1997).²³⁶ In Todorova's view, what matters is not just the history and social makeup of South East Europe as such, but also the modes in which they have been represented, both within and outside the region. More specifically, she asks how discourses of essential Balkanness have been utilised to explain the violence in former Yugoslavia. Identity, therefore, is not reducible to objectively observed common cultural, social, political and economic features but boils down to *discourses* and *perceptions* on the latter. As Leeda Demetropoulou observes, the label 'Balkan' is, in the language of Saussurean semiotics, a signifier that has a complex -- and sometimes rather problematic -- relationship with the 'signified.'²³⁷ What deserves consideration is the politics of *identification* with or *rejection* of that label or sign.²³⁸ The greatest accomplishment of *Imagining the Balkans*, in that sense, has been challenging historiography to engage with questions regarding the construction, enactment, contestation, utilisation as well as the constitutive effects of identity, drawing on social theory.

Todorova argues that in the late 19th and early 20th a negative image of the Balkans crystallised in the Western European consciousness, which was opposed to the self-congratulatory idea of enlightened 'Europeanness'. If Europe set the standard of civilisation and progress, the Balkans were a site of backwardness, perpetual strife, tribal warfare and resistance to modernisation. This clichéd image never faded away, despite

²³⁶See note 22. Although John Allcock should be credited for his pioneering efforts, it was Todorova's work to launch a debate of major intellectual and political significance. John Allcock, 'Constructing the Balkans,' in John Allcock and Antonia Young (eds.), *Black Lambs and Grey Falcons, Women Travellers in the Balkans*, Bradford: Bradford UP, 1991, pp. 170-91. Other important contributions include Eli Skopetea, *I Dysi tis Anatolis: Eikones apo to telos tis othomanikis aytokekratorias* [Orient's West: Last Images of the Othoman Empire], Athens: Gnosis, 1992; Vesna Goldsworthy, *Inventing Ruritania: The Imperialism of Imagination*, London, New Haven: Yale UP, 1998; Dušan Bjelić and Obrad Savić (eds.), *Balkan as a Metaphor: Between Globalization and Fragmentation*, Cambridge Mass, MIT Press, 2002; Diana Mishkova, 'In the Mirror of Balkanism: Imagining Europe in the Nineteenth-Century Balkans,' research paper published by the Nexus project, Sofia, Centre for Advanced Studies, 2003; Andrew Hammond (ed.), *The Balkans and the West: Constructing the European Other, 1945-2003*, Burlington, VT: Ashgate Publishing Company, 2004.

²³⁷ Leeda Demetropoulou, 'The Balkans-A Multi-dimensional Sign'.

²³⁸ On the concept of identification, as opposed to identity, see Rogers Brubaker and Frederick Cooper, 'Beyond "Identity"', *Theory and Society*, 29 (1), February 2000, pp. 1-47.

all vicissitudes of the area's history. The entrenchment of terms such as balkanisation in the political vocabulary testifies to its power. The conflict in former Yugoslavia, commonly referred to as 'the war in the Balkans', or even as 'the Third Balkan War', certainly gave this idiom a new lease of life in the 1990s.²³⁹ The conflict was seen as a mere repetition of earlier cycles of ethnic bloodshed. Importantly, this discourse named by Todorova 'Balkanism' was employed to justify different policies towards the Bosnian war and it served the proponents of non-intervention, fond of the 'ancient hatreds' explanation of the conflict. The 'Balkan' wars in former Yugoslavia also were also used to draw discursive boundaries between civilised Central Europe molded by its Austro-Hungarian legacies and the post-Ottoman lands in the south. Political elites in emerging Central Europe to project their closeness to 'Europe' in opposition to the imploding Balkans on the basis of its commitment to Western-style democracy, tolerance and liberal values.

Todorova's analysis suggests that Europe and Europeanness are the key points of reference in the mental mapping of Balkan space and identity. As elsewhere on the post-communist fringes, identification with Europe has had a powerful legitimating and mobilising effect.²⁴⁰ Building on the work of Edward Said, Milica Bakić-Hayden and Robert Hayden explore how nationalists across Yugoslavia claimed cultural superiority over orientalist 'Balkan' Others -- be it Byzantine-Orthodox Serbs or Muslim Bosnians and Kosovars -- raising the banner of their own imputed 'Europeanness' and

²³⁹ Cf. Pavlos Hadzopoulos, 'All That Is, That Is Nationalist: Western Imaginings of the Balkans since the Yugoslav Wars,' *Journal of Southern Europe and the Balkans*, 5 (1), 2003, pp. 25-38.

²⁴⁰ Consider, for example, the case of the Ukrainian nationalist discourse of belonging to the West/Europe and therefore sharing a different identity from 'Asiatic' and 'Eastern' Russia. See Taras Kurzio, 'Nationalism in Ukraine: Towards a New Theoretical and Comparative Framework,' in *Journal of Political Ideologies*, 7 (2), 2002, pp. 133-61.

‘Westernness’.²⁴¹ In contrast to those authors, Todorova argues that the relationship between the signifiers ‘Balkans’ and ‘Europe’ is more complex than the one between Said’s Orient and the West. Located geographically inside but politically outside what is thought as Europe, it is the Balkans’ irrationality and unique proneness to violence that make them thoroughly un-European. The Balkans are placed both inside and outside Europe, a sort of twilight zone on the margins of the continent. While Hayden and Bakić-Hayden portray the Balkans as Europe’s Other, Todorova insists on the impossibility of a fully-fledged binary relationship similar the one between Saidian Occident and Orient. However blurred their boundaries, the Balkans remain geographically more specific than the fluid Orient. Finally, the Balkans lack the latter’s exotic appeal to Western imagination. On the contrary, the Balkans are very much Europe’s Self as Europe casually externalises all about its past that it wishes to forget -- genocide, ethnic cleansing, intolerance -- into the caricatured image of the Balkans.²⁴²

What does all that tell us about regionalism in South East Europe? From a theoretical point of view, the Balkanism debate posits Balkan regional identity as a *sui generis* intersubjective structure established around the notions of Europeanness and Westernness. Balkan identity is conceived in markedly negative terms, that is as semi- or even non-Europeanness, while Europe is imagined by the Balkanites as an ideal, yet unattainable, Self. All their differences aside, the states and societies in the Balkans share the stigma of not matching the standard of Europeanness despite their claims of belonging to Europe on the grounds of geography, history or culture. This worldview is reproduced by both external but also by internal actors who are co-opted and indeed

²⁴¹ Edward Said, *Orientalism*, New York: Vintage Books, 1979; Milica Bakić-Hayden and Robert Hayden, ‘Orientalist Variations on the Theme ‘Balkans’: Symbolic Geography in Recent Yugoslav Cultural Politics,’ *Slavic Review*, 51 (1), 1992, pp. 1-15; Milica Bakić-Hayden, ‘Nesting Orientalisms: The Case of Former Yugoslavia,’ *Slavic Review*, 54 (4), 1995, pp. 917-31.

²⁴² Todorova, *Imagining the Balkans*, pp. 17-8; Mazower, *The Balkans*, pp. 5-11.

shaped by the Balkanist discourse in a sort of Gramsci-*esque* way, Todorova explores in great detail the ways the national discourses in wider South East Europe -- and not just in former Yugoslavia like Hayden and Bakić-Hayden do -- either accept the stigma of being 'Balkan' or project it onto their neighbours in order to assert their own 'European' superiority.²⁴³ Beyond her critique of Balkan 'othering', what makes Todorova relevant to the study of interstate relations is the argument that negative Balkan identity is embedded in the elite and popular discourses across South East Europe. She points at how these societies rationalise their and their neighbours' peripherality vis-à-vis imaginary Europe as well as how the external actors involved in this identity dynamic forge and communicate particular shared identities inside the region. Borrowing from Todorova, the next sections focus on the internal and external constructions of regional and European identity.

III. The inside perspective: the nation, Europe and the Balkans

The empirical question raised by the foregoing discussion is how political elites, the key actors in the process of regional cooperation, relate to the notions of Balkans and Europe, how they shape their mental maps, and position their own countries and their neighbours within the latter. Here the main challenge is to operationalise identity. There are at least two possible methodological approaches. One is to examine how Balkans and Europe are

²⁴³ Todorova, *Imagining the Balkans*, Ch 2. A good illustration of this dynamic is contemporary Bulgarian historian Ivan Ilchev's description of how competing claims of belonging to the European civilisation were raised at the time of the two Balkan wars in 1912-13, 'During the [1912] Balkan War, the [Bulgarian] Ministry of Foreign and Religious Affairs instructed its representatives abroad to propagate the claim that the Balkan peoples, the Bulgarians in particular, were fighting for the cause of 'European culture'. The Serbs emphasised that without their culture the European one would not be the same. The Romanians were especially keen to persuade the Westerners that Romanian culture purportedly stood much closer to the West than to the East.' 'Romania is neither Turkey nor Bulgaria ... She is, more clearly, a sentinel of the Western civilisation.' In a similar vein, Athens tried to equate the Ancient Greek culture, which formed contemporary Europe's civilisation, with modern Hellenic and European culture. Ivan Ilchev, 'Hlopaneto na vratata na Evropa kato balkanski sindrom [Knocking on Europe's Door as a Balkan Syndrom],' *Sega Daily*, 18 November 2000.

represented in the local political discourse and, more broadly, in the national grand narratives. The other is to measure the perceptions of the local elites at a particular juncture with the help of standard tools such as questionnaires and interviews.

Understandably, social scientists prefer the latter approach to make sense of the local actors' perspective on regional identity or, to follow Brubaker and Cooper's suggestion, identification.²⁴⁴ They do not interpret labels and discourses, but draw conclusions on the basis of aggregate data collected through standardised techniques. A good example is the study undertaken by Othon Anastasakis and Vesna Bojičić-Dželilović. Having interviewed a non-representative sample of more than 50 political, business and civil-society elites in the seven post-communist Balkan countries, they find a strong orientation towards and identification with the EU. The survey adds value by assessing the degree of regional cohesion, which is beyond the scope of historical and discursive-analytical work on Balkan identity.

Overall, the interviewees do not consider the Balkans or South East Europe a genuine community of identity -- here one suspects that they take national groups as benchmark -- but a product of geography, circumstance and external engineering.²⁴⁵ Anastasakis and Bojičić-Dželilović find that the notion of region 'is more warmly embraced by the representatives of academia, business and NGOs than by the politicians and media representatives.'²⁴⁶ Still the latter see regionness as grounded in economic prospects rather than shared culture and identity. The authors of the report are implicitly attributing the notions of 'we-ness' or the lack thereof to the history of social interaction at various levels. Where more sustained contacts have existed, as in former Yugoslavia,

²⁴⁴ Brubaker and Cooper, 'Beyond "Identity"'.
²⁴⁵ Othon Anastasakis and Vesna Bojičić-Dželilović, 'Balkan Regional Co-operation and European Integration,' London, The Hellenic Observatory, LSE, 2002, p. 39.

²⁴⁶ Ibid. p 40.

the level of identification is greater. Thus respondents identify, to a very limited degree, with the wider Balkans and tend to stress their country's ties and/or similarity with its immediate neighbours or, in the case of former Yugoslavia, with the ex-partners in the federation. Albanian elites feel closest to Macedonia, while Bosnians associate themselves much more with their former partners in Yugoslavia, including Slovenia, than with Albania, Romania and Bulgaria.²⁴⁷ Similarly, Bulgarian respondents share little interest in Albania, Bosnia and Croatia, while Croatians predictably show a predilection towards the countries of Central Europe.²⁴⁸ Finally, Romanians feel closest to neighbouring Hungary, Moldova, and Bulgaria, which puts into question their country's inclusion into South East Europe should one take the intensity of identification as the main criterion. Of all interviewees, those in rump Yugoslavia come closest to the authors' idea of regional awareness. They associate their country with the other former Yugoslav republics, but also stress the links with nearly all other states in the wider Balkans.²⁴⁹

Anastasakis and Bojičić-Dželilović's study gives us a good picture of how identities and perceptions are articulated but leaves many open questions as to the deeper structures that shape the respondents' answers. Here, scholarship dealing with the construction of national narratives is of special relevance. On the whole, the historical method is superior as it enables us to reconstruct the mental mapping of regional identity. At the same time, although the interviewed elites do not indicate that they identify strongly with the Balkan or South East European collectivity, this does not mean they do not share *ideas about Balkanness* and its relationship to Europe and Europeanness. While empirical surveys sharpen one's understanding about particular countries' self-images, a

²⁴⁷ Ibid. pp. 58-60.

²⁴⁸ Ibid. p 63.

²⁴⁹ Ibid. p. 71.

comparative review of national narratives gives a better sense about the commonly-embraced notions, however broad-brushed and impressionistic this approach may seem, from a social scientific perspective.

The articulations of Balkan regional identity 'from within' and self-perceptions vary from one society to another and across time, but nevertheless one can identify the same basic triple structure of nation, regional community, and macro-region (Europe), all three often seen in markedly culturalist terms.²⁵⁰ The first and the third pole are taken for granted, while the second one (Balkans) remains vaguely defined and elusive. More often than not, it tends to be subsumed by or inscribed in the other two foci of identity: the nation and Europe. In other words, a country's Balkan identity is a function of how it positions its national self vis-à-vis Europe and the West.

Thus Greek elites have eagerly asserting their nation's contribution to European civilisation.²⁵¹ The rediscovery of ancient Hellenic heritage by the 19th century Greeks, exemplified by the phenomena as diverse as the adoption of a new national name *Ἕλληνες* (Hellenes) or the architectural taste of the urban classes, sought to highlight the symbolic link of the young nation-state with Western European culture inspired by the classical legacy.²⁵² At the same time, this westward orientation has not been linked with attempts to draw discursive borders towards the rest of South East Europe. On the contrary, modern Greek elites -- both in the early 19th century and the post-Cold War era -- have had little doubts as to Greece's leading role in its immediate neighbourhood, often

²⁵⁰ See Todorova, *Imagining the Balkans*, Ch. 2 'Balkans as Self-Designation'.

²⁵¹ Paschalis Kitromilides, 'Europe and the Dilemmas of Greek Consciousness,' in Philip Carabott (ed.), *Greece and Europe in a Comparative Perspective*, London: Centre for Hellenic Studies, King's College, 1995, pp. 1-20.

²⁵² Here the key point of reference is the work of the 19th century founding father of Greek national historiography Constantinos Paparrigopoulos devoted to tracing the continuity between Ancient and Modern Greece. *Istoria tou Ellinikou ethnous: apo ton archaiotaton chronon mehri kath'emas* [History of the Greek Nation: From Ancient Times to the Present], 6 vols, Athens: n.p., 1925 (originally published in 1860-74).

as a channel of Western (European) influences. Maria Todorova praises Greek openness towards the Balkans.²⁵³ However, she plays down the Greek perception of ethnic difference intertwined with the notion of ‘the threat from the north’ related to dominant security discourse from the interwar period up until the 1960s and, more recently, to illegal immigration from the former communist bloc.²⁵⁴ That said, the defining Other in the Greek case has undoubtedly been Turkey and the Ottomans seen as the epitome of the alien and threatening Orient. At the same time, one should not ignore alternative constructions of Greek national identity as opposed to the interventionist West, be it the Great Powers of olden days or US hegemony at present. The latter have often nurtured an appeal for a return to the country’s Orthodox roots and, despite its nationalistic pathos, for linking Greece more closely with parts of the former Byzantine oecumene.²⁵⁵

In a very similar way, Albanian national narratives underline the country’s historical embeddedness in the Balkans, but also assert the ‘natural’ connection with Europe. A clear indication is the myth of Skenderbeg as a last protector of Europe from the invading Ottoman hordes. Like their colleagues around the Balkans, Albanian historians have invariably portrayed the Ottoman conquest as a crucial turning point in the nation’s history. In their view, it severed the link with Europe and deprived the Albanians from their rightful place.²⁵⁶ The so-called national revival period (*Rilinja*) at

²⁵³ *Imagining the Balkans*, Ch. 2.

²⁵⁴ On the identity interactions between Greece and its northern neighbours through history, see Dimitris Tziovas (ed.), *Greece and the Balkans: Identities, Perceptions and Cultural Encounters since the Enlightenment*, Aldershot: Ashgate, 2003.

²⁵⁵ For a general discussion of Greek identity politics, see Renée Hirschon, ‘Identity and the Greek State: Some Conceptual Issues and Paradoxes’ in Richard Clogg (ed.), *The Greek Diaspora in the Twentieth Century*, New York St Martin’s Press, 1999, pp. 158-81, and John Koliopoulos and Thanos Veremis, *Greece. The Modern Sequel*, London: Hurst, 2002, pp. 227-63.

²⁵⁶ Artan Puto, ‘The Perception of the Ottoman Period in Albanian Historiography of the Socialist Period as Symbolic Representation of the “Other”,’ paper presented at the *Nationalism, Society and Culture in post-Ottoman South East Europe* conference. Oxford, 29-30 May 2004. For an in-depth examination at Albanian identity, see Stefanie Schwandner-Sievers and Bernd Fischer (ed.), *Albanian Identities: Myth and History*, London: Hurst, 2002.

the turn of the 19 and 20th century, ending with the attainment of independent statehood, is interpreted as a drive to remedy this historical injustice.²⁵⁷ As in the case of Greek, Bulgarian, Serb and Romanian national narratives, the struggle against Ottoman domination is interpreted as a contribution to the cause of European civilisation in its march against Asiatic backwardness, decay and fanaticism. Coming out from the Stalinist Hoxha regime in the 1990s, Albania readily embraced the 'return to the West' discourse, which drew its inspiration from the national master narrative. The post-Cold War era marked another stage in the restoration of cultural and political links with Europe and the West. This move, however, has rarely been accompanied with symbolic rejection of some imaginary Balkanness and/or its externalisation onto the other societies in South East Europe.²⁵⁸

Constructions of Romanian national identity have traditionally overemphasised the country's linguistic and cultural uniqueness. Intellectuals and politicians have been stressing their nation's character of a Latin island within the sea of barbaric Slavs and Magyars, though some of them like Nicolae Iorga invested much intellectual energy in the study of the Romanians' historical links with their southern neighbours in an area they called South East Europe, rather than Balkans. The Latin connection reigned supreme prior to the communist period. Many members of the pre-1945 intellectual and political elites received their education in France, while Bucharest was commonly known, at least in the Balkans, as 'Little Paris.'²⁵⁹ Later, the peculiar brand of nationalism espoused by Ceaușescu shifted the attention to the nation's indigenous Dacian roots,

²⁵⁷ These themes are central in the Bulgarian national narrative too. There are striking parallels between the Bulgarian and Albanian case as far as the concept of a National Revival period is concerned.

²⁵⁸ Maria Todorova notes this, although she is also able to find out examples to the contrary. *Imagining the Balkans*, pp. 45-6.

²⁵⁹ For an interesting analysis of how 19th century Romanian liberal leaders instrumentalised the myths of European belonging, see Diana Mishkova, 'The Uses of Tradition and National Identity in the Balkans' in Maria Todorova (ed.), *Balkan Identities. Nation and Memory*, London: Hurst, 2004, pp. 269-94.

partly playing down its Roman pedigree. The regime's ideology made much of Romania's unique past, which in turn legitimised its pro-independence foreign policy in the context of the Soviet bloc. This vision was in tune with an intellectual discourse of the interwar years defining Romania as a no-man's land at the crossroads of the West and the East.

Despite all those turnarounds in Romanian identity politics, belonging to the Balkans could never come to the fore. On the contrary, the notion of the Balkans has remained loaded with pejorative connotations. Thus, the inhabitants of Transylvania and Banat, once part of the Habsburg monarchy, would blame their ills on the centralised rule by 'Balkan' Bucharest. Romania supplies some of the best evidence for Todorova's claims about the internalisation of the Balkan stigma. This pattern of identifying closely with Western Europe and keeping a symbolic distance from the neighbourhood had implications at the level of foreign policy too. In the mid-1990s, the Romanian diplomat and policy analyst Elena Zamfirescu published a piece reflecting on the desire of South East European states, Romania included, to become part of newly-emerging Central Europe and thus extricate themselves from the Balkan quagmire.²⁶⁰ The reference to Balkanness has also been casually used by the Romanian media in discussing the relative advantages of their country in the beauty competition with Bulgaria on the way to the EU.

Unlike its north-western neighbours, Turkey's relationship with the Balkans has never been a matter of great political significance. Turkish nostalgia for the lands of

²⁶⁰ Elena Zamfirescu, 'The Flight from the Balkans' in Armand Clesse and Adam Daniel Rotfeld (eds.), *Sources and Areas of Future Possible Crises in Europe*, Luxembourg: LIEIS, 1995, pp. 111-23. Also Tom Gallagher, 'To Be or Not to Be Balkan?: Romania's Quest for Self-Definition,' *Daedalus* 126 (3), 1997. On the various Romanian self-images and historical narratives, see Lucian Boia, *History and Myth in Romanian Consciousness*, Budapest and New York: CEU Press, 2001.

Rumeli is overshadowed by the endless debates whether and why the country is part of Europe or the Middle East. Turkey, nonetheless, is an ideal-type case that illustrates the ideological power of the European construct on all societies on its periphery. Though fuelled by an anti-colonial and pro-independence rhetoric, Atatürk's secularisation and Westernisation reforms turned upside-down domestic society in the name of emulating the nation-state in Western Europe, a trend already apparent in the Tanzimat reforms of the 19th century. As a result, Turkish state discourse has been anchored in the paradigm linking modernization, Westernisation and Europeanisation prevalent in Eastern Europe, notably the countries populating erstwhile Turkey-in-Europe.²⁶¹

Former Yugoslavia's anxieties about its Balkanness came into the spotlight with the outbreak of violent conflict in the early 1990s. Until that moment, the country perceived itself, and indeed was perceived by the outside world, as the most westernised and liberal part of Eastern Europe. Its citizens enjoyed the benefits of a self-managing economy and access to the West. President Tito and the Yugoslav communist leadership, moreover, claimed a role in global politics by founding and actively participating in the Non-aligned Nations Movement. South East Europe was one amongst many foreign policy arenas. While the self-designation Balkan was widely used in scholarly circles this did no relate to any strong identification with neighbouring states and societies, particularly those belonging to the Soviet bloc.

It was in the late 1980s and early 1990s that the Balkan theme entered fully the political discourse. The stereotypical image of Balkan otherness was instrumentalised most blatantly by various nationalist actors. Pro-independence politicians in Slovenia and Croatia justified their cause with the popular desire to break away from the Balkan

²⁶¹ On Turkish identity, see Silvia Kedourie (ed.), *Turkey: Identity, Democracy, Politics*, London: Frank Cass, 1998.

political traditions of Yugoslavia and Serbia and return to Europe.²⁶² The former border between the Habsburg lands and the Ottoman Empire was recast, Huntington-style, as the boundary of European civilisation -- as well as of the contemporary European political community -- in which Croats and Slovenians claimed a place.²⁶³ Ironically, one of the chief protagonists in the 'Third Balkan War', President Franjo Tudjman was amongst the most ardent proponents of severing all symbolic and material ties with 'the Balkans.' A professional historian, he viewed Croatia's past in the Yugoslav state as subjugation by 'Byzantine' Serbia and separation from its (Central) European cultural roots and traditions.²⁶⁴ Only in the post-Tudjman era did the Zagreb government adopt a more neutral stance on this very politicised issue conceding that Croatia is a Mediterranean, Central European and South East European (but not Balkan!) state at the same time.²⁶⁵ As we will see in the following chapters, the politicisation of regional identity had implications for the Croatian policy towards the Balkans.

Serbian nationalism, too, justified the conflicts in Croatia and Bosnia with references to the civilisational theories and the East-vs-West dichotomy. Serbdom was portrayed as inhabiting an imaginary Orthodox world opposed to the expansionist West represented by either the US or Germany and the Vatican, the alleged foreign patrons of

²⁶² As early as 1989-90, Slovenian communists rallied under the slogan 'Evropa zdaj!' (Europe now!). More in Nicole Lindstrom, 'Between Europe and the Balkans: Mapping Slovenia and Croatia's 'Return to Europe' in the 1990s,' *Dialectical Anthropology*, 27 (3-4), 2003, pp. 313-29. Also Nicole Lindstrom and Maple Razsa, 'Reimagining the Balkans. The Role of Balkanism in the Construction of Croatian National Identity,' Paper presented at the Kokkalis Graduate Workshop, Harvard, 12 February 1999.

²⁶³ An early 1990s graffito in Ljubljana put the idea of parting with Balkan past and heading towards *Mitteleuropa* very bluntly: 'Burek? Nein danke!'. Burek, a word of Turkish origin (börek), is a type of pastry common across the Balkans.

²⁶⁴ Despite his portrayal of Croatia as Europe's bulwark against Eastern barbarism, Tudjman's conservative nationalism fuelled his deep distrust of the united Europe as a model of integration and supranational governance.

²⁶⁵ The desire to establish a symbolic distance to the Balkans is reflected even in the work of Western authors. Titles such as *Croatia: Between the Balkans and Europe* (Will Bartlett, London: Routledge, 2003) provide an excellent illustration of how salient the issue of regional belonging has been in Croatian identity politics.

the Catholic Croats. There was a burgeoning literature in the 1990s which drew bold designs for a union of Orthodox Balkan nations to resist foreign domination, an imputed Serb virtue. At the same time, the war in Bosnia-Herzegovina was justified with the resurgence of Muslim fundamentalism. In the final analysis, both Serbia and Croatia defended the Western civilisation from its big Other.²⁶⁶ At the same time, the anti-Western vision of Serbia's identity was consistently challenged by the democratic opposition which embraced fully the 'return to Europe' discourse of post-communist Eastern Europe.²⁶⁷

All across former Yugoslavia, Balkan identity came to be equated with the gradual loss of status. The post-Tito era saw the slippage into social and economic crisis, disintegration and eventually fratricidal bloodshed. Yugoslavia and its successors, bar Slovenia, did not enjoy the privileged position that they had in Cold War Europe. The wars nurtured the sense of being abandoned -- or, according to some, backstabbed -- by the West. Becoming Balkan signified moving away from 'Europe' as the former communist countries were gradually achieving what Yugoslavia had possessed and lost.²⁶⁸

²⁶⁶ Croat and Serb nationalisms differed little in that respect. In the words of a shrewd commentator, 'Belgrade and Zagreb propaganda [...] instantly claimed that once again Islam was threatening Christianity. Christianity and Europe needed to be defended against the new aggressors. Croatian propagandists declared that for centuries their country had been the *Antemurale Christianitatis*, 'the bulwark of Christianity.' Serb propagandists claimed that their people had defended Europe from a Turkish invasion at the Battle of Kosovo on 28 June 1389, three days after which the bells of Notre Dame in Paris had rung to celebrate the Christian victory. As usual the supine consumers of the propaganda did not question these assertions.' Vidosav Stevanović, *Milošević: The People's Tyrant*, London and New York: I.B. Tauris, 2003, p. 80.

²⁶⁷ Hence the notion of two Serbias -- a traditionalist and nationalistic one, associated mainly, but not exclusively, with the Milošević regime, and a liberal and 'European' one -- emerging in the political discourse of the 1990s. See Slobodan Naumović, 'National Identity Splits, Deep Rooted Conflicts and (Non)Functioning States: Understanding the Intended and Unintended Consequences of the Clash between the "Two Serbias"' research paper published by the Nexus project, Sofia, Center for Advanced Studies, 2003.

²⁶⁸ See Slavenka Drakulić, *Balkan Express: Fragments from the Other Side of War*, London: Hutchinson, 1993. Other studies of the usage of the Balkans in the post-Yugoslav context include Laura Sakaja, 'Stereotypes of the Balkans of Young People in Zagreb: A Contribution to the Study of Imaginative

As noted by Todorova, Bulgaria is perhaps the only case where the adjective Balkan has both positive and negative connotations. 'Among the Balkan nations, the Bulgarians share in all the frustrations of being Balkan, and yet they are the only ones who seriously consider their Balkanness, probably because of the fact that the Balkan range lies entirely on their territory'.²⁶⁹ Bulgarian language, however, clearly distinguishes the Balkan range ('Балкан', in singular) -- *the* defining landmark in the nation's symbolic geography -- and the Balkans ('Балкани', always in plural). While the discourse on Bulgarian national identity has never questioned the country's historical and geographical place within the latter, the idea about 'Balkan mentality' as an obstacle on the path to full-fledged membership in the club of European states and societies is well-entrenched.²⁷⁰ As their neighbours, Bulgarians insist on their European identity but also locate Europe beyond the imaginary borders of the Balkans. If for a Britton 'going to Europe' means crossing the Channel, a Bulgarian goes to Europe when his or her destination is past Vienna.²⁷¹

What is common to all above contexts -- with the notable exception of Turkey -- is the Balkan label's centrality in the discourses on national identity. Whether begrudgingly accepting it or passionately externalising it, local elites have had to confront and handle the stigma of Balkanness. However identity constructions vary from one case to another, this stigma emerges a key *locus communus*. While the meaning of Balkan may changes through time and space, there is also a nucleus of content that

Geography,' *Revija za socijologiju* 1-2, 2001, pp. 27-37, Kristina Balaloska, 'Between "the Balkans" and "Europe": A study of the Contemporary Transformation of Macedonian Identity, 1991-2002,' *New Balkan Politics*, 2 (6), 2002.

²⁶⁹ Todorova, *Imagining the Balkans*, p. 54.

²⁷⁰ For an interesting sociological analysis on these perceptions in Bulgarian history teachers, see Nina Nikolova, Svetlana Sabeva, Milena Yakimova, 'Europe and Its Shadow,' *Eurozine*, 30 January 2002. <<http://www.eurozine.com/article/2002-01-30-nikolova-en.html>> Accessed 12 October 2004.

²⁷¹ On the Bulgarian case, see Roumen Daskalov, 'Images of Europe: A Glance from the Periphery', EUI Working Paper SPS 94/8, European University Institute, Florence, 1994.

reappears, across space and time, and this is the theme marginality vis-à-vis Europe and the West.

Thanks to this structural relationship of marginality, the notion of Europe and its derivatives have acquired a particular meaning. Throughout the Balkans, they denote social, political and economic advancement associated with modernity and, therefore, laden with powerful symbolism.²⁷² Indeed Europeanness has been an elusive ideal to which the societies in question have aspired for the last two centuries or so. Europe has also presented itself as a model of Western modernity. As William Wallace puts it,

‘Nineteenth-century Europe *was* the West. The most “modern” states and economies, and the most “advanced” cultures in the world, were to be found in Great Britain, France and Germany. The empires of Eastern Europe were its periphery: accepted as European in the culture of their capitals, but (accurately) seen by the West as less advanced and less stable’²⁷³

Replace ‘empires of Eastern Europe’ with Balkan (or Eastern European, for that matter) nation-states and the depiction is still valid. The continual wholesale import of political, social and economic institutions and cultural idioms from Western Europe testifies to the longevity and power of a centre-periphery relationship. To the extent that the forging of national identities has also been part of the modernisation process, national homogenisation, deplored by the Western observers of the Yugoslav wars in the 1990s, has been intimately linked with Europeanisation. This accounts for the seemingly paradoxical fact that notions of belonging to Europe are so tightly interwoven into the

²⁷² For a discussion how Europeanisation discourses were constructed and employed by 19th century Romanian and Serbian political elites, see Diana Mishkova ‘The Uses of Tradition.’

²⁷³ William Wallace, ‘Where Does Europe End?: Dilemmas of Inclusion and Exclusion’ in Jan Zielonka (ed.), *Europe Unbound. Enlarging and Reshaping the Boundaries of the European Union*, London: Routledge, 2002, p. 87. On the idea of Europe through time, see Anthony Pagden (ed.), *The Idea of Europe: From Antiquity to the European Union*, Cambridge: Cambridge UP, 2002.

texture of national identities, otherwise based on myths of uniqueness, self-sufficiency and purity.

What is also remarkable is the perseverance of the 19th century image of Europe as the beacon of progress and civilisation in the Balkan periphery. As in the classical era of nation-building, in the post-Cold War period, enlightened Europe emerged again as model and benchmark for South East European societies' development. What is largely absent from the selective construction of Europe are quintessential European experiences like colonialism, nationalism, war, the dominance of totalitarian ideologies and the Holocaust. Balkan identity politics has been defined by an Europeanisation discourse centred on the post-World War II history of peace, political integration and economic prosperity in the West.

While the notions of essential Balkan irrationality and backwardness may be contested, marginality vis-à-vis Europe and the West lies at the heart of the region's discourse about itself. Marginality, in that sense, remains the common denominator in the collective Balkan identity, however thin and fluid the latter may be. Vesna Goldsworthy points at two interesting examples of how politicians in different countries have tried to tackle discursively this predicament. During the 1997 election campaign, Croatian president Franjo Tudjman made his slogan 'Tudjman, not the Balkans.' In the wake of the 1999 Kosovo war, the Bulgarian President Petar Stoyanov asserted in a speech that the Yugoslav president Slobodan Milošević is 'not dividing Europe from the Balkans but Europe from Europe.'²⁷⁴ The above piece of anecdotal evidence also suggests that state leaders from the region reckon mental maps as a significant political problem. Some of them like Tudjman or the Slovenian leadership of the early 1990s have attempted to

²⁷⁴ Vesna Goldsworthy, 'Invention and In(ter)vention: The Rhetoric of Balkanisation' in Bjelić and Savić (eds.), *Balkan as Metaphor*, pp. 25-39.

exploit the mobilisation potential of the Balkan-Europe dichotomy. Others like President Stoyanov have aimed to assert their Europeaness without actually undoing the discursive borders by questioning the meaning of Europe and the Balkans.

IV. The outside perspective: between othering and Europeanisation

Though they help us to grasp better regional identity, national self-images or the elite discourses give us only part of the picture. Local agents may reproduce and enact collective identities but, as the literature on Balkanism insists, the latter are often shaped and transmitted into South East Europe from the outside. As the external gaze to the region is critical, it is important to inquire into the dynamics of identity construction from the outside. The following section argues that, counter to what many critical voices contend, there has not been a single dominant external discourse on the Balkans. At different times, the Balkans were variably interpreted as an essential Other or as a potential future part of the European/Western Self. What follows is a discussion of the dynamics of exclusion and inclusion in the 1990s and the early 2000s.

Given that the West itself is a construction much more vivid in the imagination of outsiders than for those who are supposed to stand for it, it is questionable whether a uniform discourse of Balkans otherness is sustainable. Much of the analytical work on the external perspectives towards Balkan identities is closely linked with the Yugoslav conflicts of the 1990s. However, the essentialist perspective exemplified by the bulk of Western journalistic writings on the Bosnian war was followed by a second wave of authors-- usually historians or experts on the region of the pre-1990s days. A prominent figure amongst them, James Gow has even questioned the term Balkans as 'obfuscatory,

indeterminate, contested, counterproductive and even harmful.’²⁷⁵ As a whole, the literature has challenged the myths of Balkan otherness stressing the region’s embeddedness in European history.²⁷⁶ But why is it that different agents in the ‘West’ construct the Balkans differently at different junctures? The Bulgarian political analyst Ivan Krastev has posed the question of whether Todorova’s discourse of Balkanism, in its pure form, is not ultimately a media construct of the 1990s, rather than a fixed image in the Western consciousness.²⁷⁷ External discourses may well be contextual and time-contingent. One illustration is the shifting discourse on the region closely linked with its changing international and domestic politics. If in the 1990s it was customary to talk about the Balkans as a historical battlefield on the margins of Europe where ethnic and religious groups settled their scores, the 2000s was peppered by standard phrases like ‘European vocation’ and ‘European future.’

Even so, some continuities are arguably there. One is that Balkans or South East Europe -- in most cases excluding Greece and Turkey -- are casually seen from the outside as a single regional grouping. On the whole, Western perceptions have posited post-communist South East Europe as relatively more homogenous collection of states and societies than the locals would be inclined to believe.²⁷⁸ Although the awareness of heterogeneity gained ground over time -- often fueled by the uneven progress towards the coveted EU and NATO membership -- there has been a search of common themes and patterns. In the 1990s, common denominators included ‘ancient hatreds’, the constant

²⁷⁵ James Gow, ‘A Region of Eternal Conflict? The Balkans-Semantics and Security’ in William Park and G. Wyn Rees (eds.), *Rethinking Security in Post-Cold War Europe*, London and New York: Longman, 1998, p. 158.

²⁷⁶ See in particular Misha Glenny, *The Balkans* (1999); Mark Mazower, *The Balkans* (2001); and Noel Malcolm, *Bosnia: A Short History* (1996).

²⁷⁷ Remark made at the NEXUS Conference *The Balkans and Globalisation*, Central European University, Budapest, 4-6 June 2004.

²⁷⁸ This is a common theme emerging from the study of attitudes on regional cooperation by Othon Anastasakis and Vesna Bojičić-Dželilović, ‘Balkan Regional Cooperation’.

threat of nationalist conflict, both within and amongst states, or the power of historical animosities. In the following decade, the Balkans have been viewed through the prism of shared problems stemming from the condition of weak statehood and the vulnerability of their domestic political and economic systems.²⁷⁹ While institutional links between the countries of the region and the EU and NATO were becoming more diversified, external policymakers and analysts did not lose sight of certain common problems requiring regional approaches.

By treating South East Europe as a group, though one with unclear borders, Western actors were still confronted by a series of identity-related questions. Did the countries which they referred to as the Balkans qualified to be part of their collective 'Us' (the West, the EU, Europe)? Were they Europe's 'Other' or just one amongst many others? Are they rather an ambiguous semi-Other as Todorova believes? If they were such a semi-Other, should they be gradually transformed them into part of the symbolic 'Us' or one had to build up walls -- both discursive and material -- to separate 'Us' and 'Them'? There can be many answers to those questions and, therefore, many external narratives on how 'Europe' and the Balkans relate to each other in the eyes of the former. However, granted that there are multiplicity of discourses, as claimed by Leeda Demetropoulou and (implicitly) Ivan Krastev, one has to decides which of them matter, how, and for what reasons.

To answer this question, one has to look at discourses embedded into institutions that have direct and undisputed impact on macro processes of identity formation. The central one is clearly the EU, which in the latter part of the 20th century has become, by

²⁷⁹ On the notion of weak states, see Centre for Policy Studies, Central European University, *In Search of Responsive Government. State Building and Economic Growth in the Balkans*, Budapest: Centre for Policy Studies, CEU, 2003, pp. 34-52.

and large synonymous, with Europe. In doing so, it appropriated the symbolic capital associated with the notion of Europeanness, a common currency in the identity politics on the European periphery.²⁸⁰ Moreover, the EU *defined* the standards of Europeanness and Westernness. Alongside other actors such as NATO, OSCE and the Council of Europe, the EU has projected a set of social norms framed as membership conditions towards Eastern Europe. Finally, the EU possesses the power to bundle states outside its borders in regional and subregional groupings through its institutional practices, which bears on the identity politics and symbolic geography of the Balkans as well as of other peripheral regions.

How has, therefore, the EU, the institutional flag-bearer of Europeanness, constructed the Balkans over time? Has it engaged in othering or, on the contrary, in treating the Balkans as a part of its in-group or collective Self? The question rests of a series of assumptions which are themselves contestable. To start with, it is a matter of controversy whether the EU/Europe has or could have a defined geopolitical Other. Ole Weaver claims that what one sees on the borders of Europe are societies that are best characterised as ‘less-Europe’, rather than as ‘anti-Europe’.²⁸¹ Those peripheral actors are not seen as ontologically opposed and, therefore, constitutive of Europe as such but as being both same and different. In the words of Timothy Garton Ash, Europe does not have a boundary but it gradually dissolves as one goes eastwards, the only undisputable Other being Europe’s own conflict-ridden past.²⁸² Europe’s ambiguity about its own

²⁸⁰ For an interesting discussion of this phenomenon, see Gergana Dimitrova, ‘The Limits of Europeanisation, Hegemony and Its Misuse in the Political Field of Bulgaria,’ *Journal of Southeast European and Black Sea Studies*, 2 (2), 2002, pp. 69-93.

²⁸¹ Ole Waever, ‘Insecurity, Security, and Asecurity in the West European Non-war Community’, in Emmanuel Adler and Michael Barnett (eds.), *Security Communities*, pp. 69–118.

²⁸² Garton Ash, *Free World*. Cf. Bahar Rumelili, ‘Constructing Identity and Relating to Difference: Understanding the EU’s Mode of Differentiation,’ *Review of International Studies*, 30 (1), January 2004, p. 33. For the debate about Europe’s Others, see Neumann and Welsh, ‘The Other in European Self-

identity has resulted in ambiguity as to the strategic aims and territorial scope of its eastwards enlargement.²⁸³ This line of thinking is in many ways congenial with Todorova's claim about the Balkans' in-betweenness, but where does in-betweenness stand in the inclusion-exclusion dichotomy?

As Chapter III demonstrated, from the mid-1990s into the early 2000s, the EU pursued a policy of cautious and gradual inclusion. Overall, the Balkans -- especially the post-communist states in the region as Turkey's EU bid was more ambiguous and Greece had been a member since 1981 -- were inserted, step by step, into a similar identity-formation dynamic as the rest of the EU's neighbours in the former socialist East. This was achieved through various institutional channels and mechanisms: the EU enlargement process for Bulgaria and Romania and the Stabilisation and Association Process (SAP) for the states of the Western Balkans. The inclusion of Bulgaria and Romania in the group of accession candidates in the 1990s and the political declarations made during the Feira (2000) and Thessaloniki (2003) Summits to the effect that the Western Balkans were potential members testified that the states in question were seen as part of the EU's in-group. While the price of inclusion was commitment to political and economic reform, the Balkan states had to demonstrate their adherence to the EU's deeper constitutive norms. Apart from the policy of carrots and sticks inducing compliance through the extension or holdback of benefits, the EU engaged all through the enlargement process in various practices of socialisation through sharing its values and

Definition'; Lars-Erik Cederman (ed.), *Constructing Europe's Identity: The External Dimension*, Boulder, CO: Lynne Rienner, 2001.

²⁸³ Jan Zielonka, 'Policy without Strategy: The EU's Record in Eastern Europe,' EUI Working Paper RSC 97/72, Robert Schumann Centre, European University Institute, 1997, pp. 6-9. Also *Explaining Euro-Paralysis. Why Europe is Unable to Act in International Politics*, London: Macmillan, pp. 72-5.

principles.²⁸⁴ The EU itself projected its norms onto the eastern aspirants. The standards of ‘normalcy’ in domestic arrangements and external relations corresponded to the core EU values spelled out in the enlargement process.

The normative impact of EU is an increasingly familiar territory for the students of European integration. The Europeanisation literature, in particular, has devoted a great deal of attention to the politics of constructing, ‘teaching’ and ‘learning’ norms. With a reference to the EU member states, Claudio Radaelli defines Europeanisation (or EUisation, to be more precise) as the ‘processes of (a) construction and (b) diffusion, and (c) institutionalisation of formal and informal rules [...], and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and subnational) discourse, identities, political structures and public policies.’²⁸⁵ Heather Grabbe argues that the concept could also be extended to describe the EU impact on aspirant countries, including those in the Balkans.²⁸⁶ Although Europeanisation denotes mainly institutional adjustment to the EU and its *acquis communautaire* (the body of secondary EU law), identity change is yet another important aspect of the process. This move highlights the normative aspects in the notion of EU-compatibility, existing side by side with the functional ones. Indeed, Europeanisation is understood -- both in the scholarly and the policymaking discourse --

²⁸⁴ On the relationship between the strategic-action and identity aspects of the process, see Frank Schimmelfennig, ‘International Socialisation in the New Europe: Rational Action in an Institutional Environment’, *European Journal of International Relations*, 6 (1), 2000, pp. 109-39. On the issue of norms in international politics, see Martha Finnemore and Kathryn Sikkink, ‘Norms and International Relations Theory’, *International Organization*, 52 (4), 1998, pp. 887-917, and Jeffrey Checkel, ‘Norms, Institutions, and National Identity in Contemporary Europe’, *International Studies Quarterly*, 43 (1), 1999, pp. 83-114.

²⁸⁵ Claudio Radaelli, ‘The Europeanisation of Public Policy’ in Kevin Featherstone and Claudio Radaelli (eds.), *The Politics of Europeanisation*, New York and London: Oxford UP, 2003, pp. 27-56.

²⁸⁶ Heather Grabbe, ‘How Does Europeanisation Affect Central and Eastern European Governance’ *Journal of European Public Policy*, 8 (6), 2001, pp. 1013-31 and ‘Europeanisation Goes East: Power and Uncertainty in the EU Accession Process’ in Featherstone and Radaelli, pp. 303-27. On Europeanisation in the post-communist Balkans, see Leeda Demetropoulou, ‘Europe and the Balkans: Membership Aspiration, EU Involvement and Europeanisation Capacity in South Eastern Europe’, *Southeast European Politics*, 3 (2-3), 2002, pp. 87-106.

as the adoption of certain political values, norms and practices over which shared identities crystallise.²⁸⁷ A number of authors, coming from the so-called sociological institutionalist school, contend that once internalised EU norms foster ‘the logic of appropriate action’ as opposed to strategic utility-driven behaviour.²⁸⁸ Norms shape actors’ interests and identities, establish standards of conduct, define social interactions, and ultimately feed into behaviour.

The EU values and norms that eastern candidates had to internalise were articulated with the membership criteria adopted at the 1993 Copenhagen Council.²⁸⁹ First and foremost, the criteria focused on domestic politics, highlighting the presence of a consolidated democratic system guaranteeing all human and minority rights as entry prerequisites. As a second accession condition, the Copenhagen Council singled out fully-functioning market economy capable of withstanding the competitive pressure from the EU. Third came the adoption of the *acquis*. However, political norms often took precedence to technical and economic conditionality.²⁹⁰ As demonstrated by episodes like the refusal to open membership talks with Slovakia in 1997, the commitment to market reform could not overshadow the lack of compliance with the democratic criterion. Importantly, the EU’s political norms were not limited to the domestic sphere but also touched on the aspirant states’ foreign relations. As the 1994 Pact for Stability showed, conditions such as the respect for minority rights were interpreted more broadly to

²⁸⁷ Johan Olsen, ‘The Many Faces of Europeanisation,’ ARENA Working Paper 01/2, Arena: Oslo, 2001.

²⁸⁸ James March and Johan Olsen, ‘The Logic of Appropriateness,’ ARENA Working Paper 04/09, Oslo: Arena, 2004. For a discussion of appropriateness and consequentialism, see James March and Johan Olsen, *Rediscovering Institutions*, New York: Free Press, 1989.

²⁸⁹ To quote the Presidency Conclusions of the Copenhagen Summit, ‘membership requires that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for protection of minorities’.

²⁹⁰ Unlike the economic ones, the political prerequisites were specifically mentioned in the Treaty of Amsterdam. Article O stipulated that ‘any European country which respects the principles set out in Article F(1) – liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law – may apply to become a member of the European Union’.

include also the peaceful resolution of interstate conflicts and good neighbourly relations. If the minimal expression of this foreign relations requirement was the mere avoidance of conflict --especially irredentist conflict stemming from the turbulent interwar era as in the case of Yugoslavia -- the development of EU-style integrative frameworks amongst the applicant states could be seen as the maximum degree of compliance with the norm.²⁹¹ The EU was particularly keen on frameworks focused on practical cooperation rather than diplomatic fora.²⁹² Arrangements like CEFTA had to demonstrate not only the institutional capability of the participating states to engage in trade cooperation, but the fact that they had embraced the pursuit of integration as a value, which qualified them to be EU members in the near future. Intensified regional cooperation under the EU-promoted schemes had, therefore, both functional and normative aspects. In the case of the Western Balkans, the European Commission casually pointed out that through the SAP the Western Balkan states had 'to establish normal relationships between themselves.'²⁹³ They had to deal with the economic fallout of the preceding conflicts but also develop the habit of cooperation if they wished to interact with and even be part of the EU.

The EU regional cooperation norm was especially salient in South East Europe. While in the latter part of the 1990s, the post-communist Balkan states were gradually drawn in the Europeanisation process, they also differed from the Central European and Baltic frontrunners. Due to the greater gap between the EU standards and the perceived

²⁹¹ The EU has also projected this norm at the global level. To quote the European Parliament, 'regional cooperation is one of the consistent elements of European integration itself [and] serves to bring about peaceful cooperation, economic development and democratisation and has therefore repeatedly been advanced and promoted by the EU as a successful example and development model for other regions of the world' European Parliament, Resolution A4-0127/97, *Official Journal of the European Communities*, C167, 2 June 1997, p. 0143.

²⁹² European Commission, Report from the Commission to the Council on Regional Cooperation in Europe, Brussels, 1 December 1997, COM (97) 659 final.

²⁹³ European Commission, SAP – Annual Report 2002, COM(2002)163, Brussels, p. 4.

level of compliance, the former were articulated much more powerfully in relation to South East Europe than elsewhere. This was the case of the economic criterion but above all of the conditions focused on democratic governance, minority rights, and peaceful foreign relations. Given that a number of the local states had recently waged war against one another, while others were still divided by nationalist disputes, the 'normalisation' of interstate politics in the region was of great significance for the EU and the other international actors involved in the maintenance of peace and post-conflict reconstruction. This is why regional cooperation was singled out as a condition in all EU initiatives in the Balkans, starting with the Regional Approach (1996), through the Stability Pact (1999), to the SAP (2000).

In addition to its greater salience, the regional cooperation norm was more visible in the South East European because for a good part of the 1990s, the EU did not employ in the post-communist Balkans, aside from Romania and Bulgaria, the sort of carrot-and-stick conditionality tied to accession. One could safely argue that it was only after 1999 when the Balkans were given a clearer membership perspective and the EU policy took a more distinctive shape that the classical model of dual, normative and conditionality-related, engagement was instituted. In the 1990s, the norms of appropriate interstate behaviour were articulated vis-à-vis the Balkans but not institutionally enforced. In the absence of sustained material pressure prior to the effective launch of the SAP for the Western Balkans in 2000-01, the autonomous presence and impact of norms are easier to disentangle analytically from the external-push factor.

It was precisely in its strategy towards the Balkan countries that the EU attempted to specify the contents of the regional cooperation norm. The principle of cooperation was first promulgated by a series of documents adopted by the Conference for Security

and Cooperation in Europe (CSCE), notably the 1990 *Paris Charter for a New Europe*. Indicatively, references to the Charter and the other CSCE documents were inserted in the preambles of all Europe Agreements that the EU concluded with the Central and Eastern European states in the early 1990s. Later on, the 1999 Stability Pact, like its 1995 namesake, was placed under the umbrella of CSCE's successor OSCE. In essence, the CSCE/OSCE document put forward two distinct, yet related, principles: good neighbourly relations and economic cooperation. Accordingly, the external initiatives in the Balkans promoted not only political *rapprochement* but also functional integration projects. This particular reading of the norm was grounded in narratives of Europe's past. *Rapprochement* cemented through integration was portrayed to the Balkans as 'the European way' of coping with the legacy of conflict on a long-term basis, while the external impulse provided by the Stability Pact was likened to the US Marshall Plan in the late 1940s.²⁹⁴ This was eloquently put by the Pact's first Special Coordinator Bodo Hombach:

'The countries of the region recognise that the Stability Pact gives them the opportunity – and the duty – to meet EU standards and to draw the lessons of post-war European history...'²⁹⁵

In essence, the reference to the post-World War Two history of Western Europe elevated political and functional cooperation and integration to the position of an Europeanising identity-formation practice. To become part of Europe, the Balkans had to emulate the Europe's -- that is, Western Europe -- transformation from a zone of conflict to a zone of peace and prosperity.

²⁹⁴ For a critical view of the analogy with the Marshall Plan, see Vladimir Gligorov, 'Notes on the Stability Pact,' *Journal of Southeast European and Black Sea Studies*, 1(1), January 2001, pp. 12-9.

²⁹⁵ Hombach quoted in Srdjan Vučetić, 'The Stability Pact for South Eastern Europe as a Security Community-Building Institution,' *Southeast European Politics*, 2 (2), 2001, p. 118.

Not only was historical thinking instrumental for establishing the contents of the cooperation norm, but it also legitimised its projection towards South East Europe with a greater intensity than elsewhere in the EU's post-communist neighbourhood. External initiatives were described not only as policy tools but as missions to salvage the Balkans from their haunting past. When the Stability Pact was inaugurated in 1999, leading politicians such as the US President Bill Clinton and Carl Bildt, former Swedish prime minister and high representative of the international community in Bosnia-Herzegovina, hailed it as a bold effort to 'debalkanise the Balkans.'²⁹⁶ To be sure, this rhetoric was already commonplace in the political discourse in South East Europe. In 1990, during the Tirana ministerial conference, Bulgaria's Foreign Minister Lyuben Gotsev remarked that there was the threat of '[a] renewed Balkanisation' and not 'acceptance of joint European values and institutions'.²⁹⁷ While on the surface the logic of Europeanisation seemed essentially different than the othering discourses during the war in Bosnia, it made similar assumptions about the Balkan countries as possessing distinctive historical and political features and thus demanding a specific set of policies and institutional arrangements to prepare them for moving closer to Europe. These specificities, notably the shared history of conflict and the interlinked security and developmental problems, also meant that the Balkan states were required to demonstrate compliance with the EU norms *in a collective fashion*, rather than through exclusively bilateral measures as the Central European candidates in the mid-1990s.

²⁹⁶ Clinton quoted by CNN, 2 June 2000.

<<http://www.cnn.com/2000/WORLD/europe/06/02/clinton.europe.02/>>; Carl Bildt, 'The Balkans' Second Chance,' *Foreign Affairs*, 80 (1), January/February 2001, pp. 148-58.

²⁹⁷ Lyuben Gotsev quoted in Radovan Vukadinović, 'Balkan Cooperation: Realities and Prospects' in F. Stephen Larrabee (ed.), *The Volatile Powder Keg. Balkan Security after the Cold War*, Washington DC: American UP, 1994, p. 193. Importantly, the Balkan ministerials in the late 1980s and early 1990s invariably referred to the 'Helsinki Principles', that is the normative framework of good-neighbourliness established within the CSCE.

The EU's 'bundling' approach was more characteristic for the so-called Western Balkans than for the broader group usually referred to by the EU as South East Europe. The Western Balkans' case shows quite vividly that the EU norm propagation practices relied on mental maps but were also capable of reshaping them. The Western Balkans emerged as a distinct group only after 1999 when Bulgaria and Romania were allowed to open membership talks with the EU.²⁹⁸ Through its institutional arrangements and practices, the EU effectively repackaged the countries of the region into a several distinctive groupings. In the case of the Western Balkans, the common denominator was precisely the containment of conflict and the greater weakness of state institutions compared to the candidate countries. The EU's strategy was aimed at curbing the influence nationalist politics, promoting reconciliation, cooperation with the ICTY, and, crucially, far-reaching integration schemes. Thus the projection of a specific set of norms to this geographically contiguous group of states reinforced the latter's status of a region. Not only did the Europeanisation process set the normative targets for the Balkan states but it also produced new geopolitical labels based on the level of convergence. The EU institutionalised the term Western Balkans to denote the countries included in its SAP. By implication, Romania and Bulgaria could be classified as Eastern Balkans, but this label was absent from the EU's vocabulary. Instead, the two countries were considered part of Central and Eastern Europe defined by the EU enlargement, though they did not qualify for the big-bang accession in 2004. The EU practice of naming hinted at the impossibility to use the Balkan label in a value-neutral way.

While labeling the region's more problematic parts 'Western Balkans', countries considered closer to meeting the EU standards were spared the B-word evoking images

²⁹⁸ The term 'Western Balkans' was introduced by the Austrian Presidency of the EU in the 1998.

of marginality. When referring to the Western Balkans together with Bulgaria and Romania, the EU routinely spoke of South East Europe. In the EU discourse, Greece and Turkey rarely figured in the new South East Europe or Balkans understood mainly as the collection of post-communist countries in the area. This was striking given both states' geographical location, history and, most importantly, participation in numerous multilateral schemes at the Balkan level. In the final analysis, the different institutional relationships with the EU disqualified Greece and Turkey being included in the core version of South East Europe. The EU exerted symbolic power not only over the notion of Europeanness and its normative contents but also shaped through its institutional practices of controlled inclusion the collective politico-geographical identities of the states in South East Europe after the late 1990s.

V. Hypotheses on the relationship among identity, norms and peripheral regionalism

Identity-oriented interpretations posit regionalism as underpinned by a sense of 'we-ness' on the part of the actors involved. The latter are not solely viewed as utility-maximisers but also as following scripts charted by common identities and constitutive norms. In addition, the institutionalisation and deepening of regional cooperation arrangements is expected to strengthen the cohesiveness within and accentuate differences with defining Others located outside the politico-geographical boundaries of the regional community. This chapter argues that such a development is alien to the Balkans where national narratives are characterised by much stronger symbolic bonds with imaginary Europe than with the regional neighbourhood. This is a social fact registered by every single

analysis of Balkan region.²⁹⁹ However, is that common identities go beyond the ‘we-feeling’, which both IR theorists and empirically-inclined social scientists seek to pin down. The chapter has shown that the common attraction and the perception of distance from outside centres of gravity itself is a source of collective identification. National narratives in the Balkans share similar notions of Europeanness which emerge as a basis for a particular type of regional identity. As Maria Todorova alludes, being Balkan means being European but falling short of ideal of full-blown ‘Europeanness’. An analysis of regional cooperation in South East Europe, therefore, has to engage with the impact of Europe as a model, identification anchor, and basis for the construction of a collective Self.

Since 1989, ‘Europe’ mapped and re-mapped South East European countries into a regional entity, provided a ideal-typical model for their nascent institutions and legitimised their efforts as a profoundly symbolical experience of adopting and enacting ‘European,’ and occasionally ‘Euro-Atlantic’ (meaning Western), standards of behaviour. Identity politics defined key notions as South East Europe, Europeanness, and even cooperation. Drawing on constructivism, one could argue that although Balkan states behaved strategically, pursuing various material benefits -- political stability, financial rewards, economic prosperity derived from privileged partnerships and accession in Western institutions -- they did so in reference to historically established structures of ideas and knowledge. In the 1990s, regional cooperation was elevated into a benchmark of Europeanness, not unlike the buildup of a modern nation-state in the 19th and the early 20th century.

²⁹⁹ Cf. Vladimir Gligorov, ‘South East Europe. New Means of Analysis,’ policy brief based on the data collected by the *SEE Public Agenda Survey*, International Institute for Democracy and Electoral Assistance (IDEA), March 2002, p. 10.

The construct of Europe had direct impact on the *politics of naming*. From the mid-1990s onwards, the label ‘South East Europe’ was perceived to be geographically neutral and not loaded as with negative symbolism. There was, of course, much more than that. The choice for ‘South East Europe’ embedded the region within the enlargement process and reflected the idea that regionalisation and accession are the two faces of the same coin. Thus it amounted to an attempt to transcend the discursive divisions separating Balkans and Europe that gained salience in the early 1990s.³⁰⁰

Looking from the above perspective, it becomes relatively easy to *understand* the normative clout of the EU, NATO and the other Western institutions. For the Balkan states their norms had a special significance as process of inclusion hinged on being recognised as ‘part of us’. In South East Europe, this act of recognition had a value in itself given the patterns of national and regional identity centred on the notions of Europeanness and marginality. For its part, the EU and NATO and played the role of gatekeepers controlling symbolic inclusion and exclusion. Arguably, the value of recognition was much higher for the Balkan countries compared to other candidates given the relative delay in the progress towards the EU and NATO membership, the transition failures in Albania, Romania, and Bulgaria and the wars of the 1990s in the former Yugoslav republics, not to mention the anxieties over Turkey’s belonging to Europe. The norms of appropriate behaviour including good political relations and economic integration had relatively great resonance in South East Europe than elsewhere on the

³⁰⁰ Yet ‘South East Europe’ is not a newly-coined name. It has been in use by German, Romanian and, to some extent, Anglo-American scholars at least since the late 1890s. See Nada Švob-Djokić, ‘Balkans Versus Southeastern Europe’ in Nada Švob-Djokić (ed.), *Redefining Cultural Identities: Southeastern Europe*, Zagreb: Institute for International Relations, 2001, pp. 35-45; Alex Drace-Francis, ‘The Prehistory of a Neologism: “South-Eastern Europe”’ in Alex Drace-Francis and Wendy Bracewell (eds.), *South-Eastern Europe: History, Concept, Boundaries (Dossier)*, pp. 117-128.

European periphery based on the level of discrepancy between the normative prescription and the conditions in the region.

But how did identity politics relate to the outcomes of regional cooperation? To what extent does it *explain* the political phenomena under investigation compared to other factors like interdependence and external push? The second part of the thesis looks more closely into that puzzle and trace links between substantive institutional and policy outcomes, on one hand, and the constructions of regional identity around notions of European appropriateness, on the other.

The focus on the institutional and behavioural effects of identity constructions, as opposed to their broader constitutive effects, raises a set of methodological questions. It is noticeable that an explanation concentrating on externally-projected norms, key to Balkan-wide identity politics, has much in common with the outside-push argument offered in Chapter III. However, it is still possible to construct two idealtypes scenarios to distinguish analytically how the two factors manifest themselves as well as to construct distinctive hypotheses at the level of process.

In the case of outside push, one must identify direct causal links between the cooperation outcomes, such as regional institutions, common policies and joint political actions, and *material gains or costs* related to by the external agent's behaviour. Carrot-and-stick conditionality -- particularly one linked to club membership and financial transfers -- is usually the main lever through which the external actor achieves the desired outcome. As far as externally-projected norms are concerned, we expect to see voluntary compliance, often accompanied by claims about shared identity with the outside institution (EU, NATO). Compliance would not come in response to any specific policy

action by the latter, and, therefore, the outcome cannot be directly related to immediate benefits or sanctions.

What we face here is a distinction between relational and structural power, a subject that has generated a voluminous body of literature. This has implications as to the way the two factors work. On the one hand, external push represents what Robert Dahl the power of A over B to make the latter do what he would otherwise not do.³⁰¹ The power of norm-setting, on the other hand, has much more subtle impact in that it is linked to the establishment of certain standards of legitimacy and expectations about state behaviour. Even without additional material push from the external agent, these latter may result in particular state action therefore serve as explanation. Table 4.1 juxtaposes the two models.

Table 4.1: External push vs. norms and identity

	External push	Norms and identity
External actor	EU, NATO, US, IFIs	EU, NATO, OSCE
Type of engagement	Direct conditionality, material incentives and punishments	Norm projection
Type of power	Relational	Structural
Logic of action	Logic of consequences	Logic of appropriateness
Compliance payoff	Financial transfers, trade preferences, access to resources and decision-making power proceeding from membership (in the case of EU and NATO)	Symbolic admission into the in-group
Enabling conditions	Power differentials between inside and outside agents Demand for external engagement Local interdependence	Europe-centric constructions of national and regional identity

³⁰¹ Robert Dahl, ‘The Concept of Power,’ *Behavioural Science*, 2, 1957, pp. 201-5.

At the same time, one should not forget that these are ideal-typical models. In fact, the causal processes through which the two factors manifest themselves -- the logic of appropriateness and consequentialism -- are most often present side by side. The external actor usually engages in both constructing and projecting norms, and extending material incentives and punishments vis-à-vis its target. When directed towards a similar outcome, norms and material incentives are likely to have a stronger impact. As the second part of the thesis shows, norms and identity have a *legitimising effect* on external push. Despite their calculations, Balkan states were likely to comply with external pressures to cooperate because of their commitment to the norm of regional cooperation and the precepts of Europeanness. Despite being a form of relational power, the EU regional cooperation conditionality was reinforced by the structural power of the discourse and norms of Europeanness.³⁰²

³⁰² For a very enlightening discussion of how the two types of power relate in international institutions' good governance conditionality, see Vivien Collingwood, *Assistance with Strings Attached: Good Governance Conditionality in International Society*, DPhil Thesis, University of Oxford, 2004. On the various notions of power in international politics, see Michael Barnett and Raymond Duvall, 'Power in International Politics,' *International Organization*, 59 (1), Winter 2005, pp. 39-76.

PART TWO

THE OUTCOMES OF REGIONAL COOPERATION

Chapter V

Benefits, Costs and Commitments:

Functional Cooperation in South East Europe

The following chapter surveys cooperation initiatives in policy-areas such as trade, infrastructure, transport, energy, investment and the environment. All of those were very much at the center of the Balkan regional agenda since the mid-1990s, and particularly after the 1999 Kosovo crisis. Indeed the term ‘regional cooperation’ itself was heavily biased towards economic and functional issues.³⁰³ The underlying assumption was that by working jointly to promote growth and development the Balkan states, not unlike in the EC/EU in its early history, would be stabilised politically. This logic was built in the key external initiatives, described in Chapter III, and it brought about a new vision of the region modeled on the EU example. As a result, the successes and failures of regional cooperation were often measured with an economic, rather than political, yardstick.

What was the dominant force driving forward functional cooperation: the demand coming from the region, the push from outside, or the emulation of the EU norms and practices? In general, functional issue-areas were impacted by the external push factor to

³⁰³ On the whole, economic issues dominated local actors’ perception on regional cooperation. Othon Anastasakis and Vesna Bojičić-Dželilović, ‘Balkan Regional Co-operation and European Integration,’ London, The Hellenic Observatory, LSE, 2002, pp. 41-4.

a greater degree than politico-diplomatic cooperation. Conventional IR thinking suggests that antagonistic actors are more likely to cooperate without outside incentives on 'low political' issues.³⁰⁴ Yet schemes in fields like road and energy infrastructure required considerable resources that few, if any, Balkan countries could spare. Only outsiders could foot the bill. Functional cooperation developed thanks to schemes like the South East Cooperation Initiative (SECI) introduced in 1996, the 1999 Stability Pact for South East Europe (SP), and the Stabilisation and Association Process for the Western Balkans (SAP), which were launched and supported by *external actors*. Locally initiated institutions such as the South East European Cooperation Process (SEECP) had a secondary importance.³⁰⁵ The external players employed multiple instruments to foster cooperation amongst the regional states, including pre-accession conditionality, economic assistance, political leadership, and technical expertise. The effective use of those levers was closely related to the advancement of cooperation on various issues.

At the same time, regional cooperation could develop only if external push matched local needs. Certain schemes such as the SP scored poorly not only because of the low-key EU involvement but also due to the deficit of interest inside the region. The internal demand for multilateral policies and institutions was largely a function of objective linkages that generated common interests. In addition, the material benefits had to outweigh the costs. Externally-driven cooperation brought in financial assistance, improved physical infrastructure, trade access, investment, but the most important

³⁰⁴ One has to note that intergovernmental cooperation in the Balkans evolved during the 1970s and 1980s despite the political divisions, precisely because it focused on low-sensitivity issues like transport, science, communications, and environmental protection. In 1990-91, this resulted in what A. Sotiris Walden characterises as 'the golden era of Balkan cooperation,' pointing at 30-odd meetings at the ministerial and expert levels. *Balkan Cooperation*, Athens: Papazisis, 1994 [in Greek], p. 319. See also Apostolos Christakoudis, *Multilateral Cooperation in South East Europe and European Integration: History and Presence*, Sofia: Heron Press, 2002 [in Bulgarian], pp. 65-130; Duško Lopandić, *Regional Initiatives in South East Europe*, Belgrade: European Movement in Serbia, 2001, pp. 53-5.

³⁰⁵ SEECP was a diplomatic forum established by the regional states in 1996. For an in-depth discussion, see Chapter VII.

interest shared by the post-communist Balkan states (the SEE-7) was joining the EU. Nurturing closer bilateral relations with the EU was the right economic strategy. Functional cooperation, especially in multilateral formats, made sense only to the extent it served that strategic goal. In case it did not, the gains from it could hardly justify the allocation of scarce resources. That is why many policymakers saw regional entanglements as a problem, rather than as an opportunity.

In many respects, functional cooperation depended on a mere calculus. States' motivation reflected the balance between costs and benefits, rather than norms and identity. If the SEE-7 talked about regional cooperation in various diplomatic forums as SEECP and the SP, internally they resisted the creation of a more integrated unit along the lines of the Central European Free Trade Association (CEFTA). Clearly, the absence of a self-identification as a coherent regional group conditioned that choice. Resistance to economic integration, however, resulted from the perceived costs that the region's closure could have in terms of the individual countries' EU accession.

Identity politics mattered not only because they impeded cooperation but also because they boosted the material push from outside. The rhetorical commitment to functional cooperation as a form of acquiring a truly European identity *facilitated* the external initiatives and *constrained* the regional states' actions. After speaking for years about the desirability of regional cooperation (including trade liberalisation) within SEECP and the SP, the SEE-7 had no choice but to accept the European Commission's proposal for the establishment of a regional free-trade area in 2001. That was especially true about Bulgaria and Romania which were not subject to the SAP conditionality linking the access to the EU market removal of trade barriers between the individual Western Balkan countries.

The chapter is structured in the following way: first, it examines the most important areas of functional cooperation; second, it outlines key themes such as the balance between supply and demand for integration, as well as between EU accession and regional cooperation; third, it presents some conclusions regarding the causes and dynamics of the process.

I. Key areas of functional cooperation

Trade

Trade is always in the forefront of regionalism. That was the case of South East Europe in the mid-1990s too. As early as July 1996, Balkan foreign ministers pledged at the Sofia conference to develop their countries' mutual economic and trade relations, though remained vague as to the mechanisms and measures to attain this goal. As Chapter II showed, conditions were far from favourable. The South East European countries traded little among themselves and their most important partners were located outside the region. In addition, the 1990s saw the imposition of multiple new barriers to trade. National economies were weak and depressed, suffering from the burden of transition, policy mismanagement, wars and sanctions. Only Turkey and Greece had the potential to expand their trade and investment into the Balkans. From the perspective of wider South East Europe, it was significant that Greece, as an EU member, traded at preferential terms with the associate members Romania and Bulgaria throughout the 1990s. Turkey benefited from the customs union with the EU and by the late 1990s signed free-trade agreements (FTAs) with Bulgaria and Romania. As a result, Greece and Turkey ranked amongst Bulgaria's top five partners, accounting for about one quarter of the country's trade.

The mid-1990s also saw economic cooperation amongst the SEE-7 advancing thanks to the signature of a series of bilateral agreements. Macedonia was particularly willing to develop its trading links with the region. It concluded FTAs with FR Yugoslavia (1996), Croatia and Slovenia (1997), Turkey and Bulgaria (1998). Further north, Bulgaria and Romania established a free-trade area amongst themselves after they acceded to CEFTA in 1999 and 1997 respectively. As far as the SEE-7 were concerned, however, the partial dismantling of tariff barriers the region in the late 1990s yielded only limited results. The problem, put rather eloquently by Vladimir Gligorov, was that:

‘for many Balkan countries the other Balkan countries are not important trading partners; that for some Balkan countries the other Balkan countries are not trading partners at all; that for almost no Balkan country is another Balkan country the main trading partner; and that although the region as a whole plays a more important role for some countries, trade with the EU is by far more important for every single Balkan country.’³⁰⁶

By the end of the decade, regional trade picked up, but mainly amongst the countries of former Yugoslavia. For Macedonia, former partners in the federation came second in importance after the EU. In 1998, 66.6 per cent of Bosnia-Herzegovina’s exports and 52.8 per cent of its imports went to the SEE-7 (mainly the ex-Yugoslav countries).³⁰⁷ Given the pre-eminence of the shadow economy in the republic and the soft borders with both Croatia and rump Yugoslavia one could assume that the actual figure was even higher. Still, in aggregate terms, intra-regional trade was low. In its first SAP annual

³⁰⁶ Vladimir Gligorov, ‘Trade in the Balkans,’ Vienna Institute for International Economics (WIIW), Monthly Report no. 3, Vienna, 1997, p. 3

³⁰⁷ Bosnia-Herzegovina itself, however, was far from being an integrated in terms of trade flows. Up until late 1999, the two entities had separate customs policies. The new customs legislation terminated the separate preferential agreements which Republika Srpska and the Bosniak-Croat Federation had concluded with Yugoslavia and Croatia respectively. Trade between Republika Srpska and Yugoslavia declined after 1998 due to a dispute concerning the exchange rate between the Yugoslav dinar and the Bosnian convertible mark. Inter-entity trade rose sharply in the early 2000s. See Daniela Heimerl and Ivanka Petkova, ‘Border Regimes in Southeastern Europe’ in Wim van Meurs (ed.), *Beyond EU Enlargement. Vol 2. The Agenda of Stabilisation for Southeastern Europe*, Gutersloh: Bertelsmann Foundation, 2001, pp. 208-10.

report, the European Commission pointed out that trade amongst SEE-7 amounted to 6-7 per cent of their total.³⁰⁸

Table 5.1: Trade flows in South East Europe in 1998 (relative shares)

Country	EU share in exports (per cent)	EU share in imports (per cent)	SEE share in exports (per cent)	SEE share in imports (per cent)
Albania	88.8	77.9	3.0	7.2
Bosnia-Herzegovina	21.9	29.5	66.6	52.8
Bulgaria	51.7	46.5	7.7	3.4
Croatia	48.7	62.6	25.2	12.2
Macedonia	50.3	46.4	23.4	32.8
Romania	64.6	57.9	1.9	1
Yugoslavia	32.9	38.7	35.1	16.3

Source: Milica Uvalić, 'Regional Cooperation in Southeastern Europe'.³⁰⁹

Apart from the FTAs, Balkan states showed interest in promoting regional trade through low-key *multilateral* measures like the Trade Promotion Centre in Istanbul launched in 1998 by Turkey as part of the SEECP.³¹⁰ In the same year, the US-backed SECI initiated a network of national trade-promotion bodies (SECIPROs) with the participation of the member states' governments and the local chambers of commerce. The SECIPROs started to meet on a bilateral and trilateral basis. Parallel to that, USAID, the US development agency, set up in 2000 the South East European Trade Initiative (SEETI) which emulated the SECI model of fostering dialogue amongst government

³⁰⁸ European Commission, 'Report from the Commission - The Stabilisation and Association process for South East Europe - First Annual Report,' Brussels, April 4, COM (2002) 163 final, p. 3

³⁰⁹ Uvalić uses data from *IMF Statistics Quarterly*, IMF, September 1998. The data for Bosnia-Herzegovina and FR Yugoslavia were obtained respectively from the Bosnian Central Bank and the Federal Statistical Office.

³¹⁰ During the 1998 SEECP ministerial in Istanbul, Balkan foreign ministers referred to the need to liberalise regional trade. Turkey organised a parallel business forum and unveiled plans to establish a Balkan trade-promotion center. Expert-level meetings were also discussed. See 'Istanbul Declaration on Good-Neighbourly Relations, Stability, Security and Cooperation in South Eastern Europe,' 9 June 1998. Available at <<http://www.mfa.gov.tr/grupb/ba/baa98/june/03.htm>>.

representatives and the business community.³¹¹ However, all these schemes prioritised *trade facilitation*, chiefly through the removal of cross-border bottlenecks, and not the creation of a full-fledged free-trade area in South East Europe along the lines of CEFTA.

Multilateral trade liberalisation became a strategic goal only with the launch of the EU-sponsored SP in 1999. In the Pact's inaugural declaration, signatories undertook to 'work together to remove policy and administrative obstacles to the free flow of goods and capital, in order to increase economic cooperation, trade and investment *in* the region and *between* the region and the rest of Europe (emphasis added)'³¹² In January 2000, the Pact's Working Table II (WT2) dealing with economic issues convened a special workgroup on trade liberalisation and facilitation. It included representatives of the regional governments and the European Commission, and was funded by the UK. However, the body was unclear about its ultimate goal. WT2 itself outlined the workgroup's mission in a very broad way: 'The SEE regional strategy relies on a move towards fuller trade integration with the EU and within the SEE region.'³¹³

The European Commission emerged, from the very start, as the leading stakeholder in the trade liberalisation process. In October 1999, it unveiled its strategy for the Western Balkans (SEE-5), which called for the creation of a regional body to promote free trade.³¹⁴ According to the Commission, the SEE-5 had to join that body before being granted Stabilisation and Association Agreements (SAAs).³¹⁵ This proposal was greeted with considerable criticism. Observers argued that economic integration at

³¹¹ SECIPRO, 'Report of the Sixth Meeting,' 23 March 2000, Venice, Italy.

³¹² Sarajevo Summit declaration, 30 July 1999, Point 10. All SP-related documents cited in the chapter were downloaded from <http://www.stabilitypact.org> in July and August 2003.

³¹³ Conclusions by the Chairman Fabrizio Saccomanni and the Co-Chairman Gligor Bishev WT2 Second Meeting, Skopje, 10 - 11 February 2000.

³¹⁴ European Commission, 'Enlargement of the European Union – Composite Paper,' October 1999.

³¹⁵ This was in tune with the World Bank's strategic paper for the Western Balkans prepared for the SP. It focused on multilateralising the bilateral trade concessions, concluding association agreements with the EU, international assistance for the trade-related institutional reforms in each country. See World Bank, 'The Road to Stability and Prosperity in Southeastern Europe,' Brussels, March 2000, pp. 52-71.

the regional level was counterproductive and threatening the prospective Western Balkan bloc with isolation. They claimed that trade liberalisation amongst the SEE-5 would be a step backwards as it would entail the reintroduction of certain barriers vis-à-vis the EU candidate states that had already been abolished.

Amongst the most vocal critics were the Centre for European Policy Studies (CEPS) in Brussels and the European Institute (a Sofia-based think-tank), which launched together a counterproposal intended to correct the shortcomings of the Commission's plan. It envisioned a two-stage process: (1) liberalisation of trade with the EU, and (2) inclusion into CEFTA.³¹⁶ To the extent that accession to CEFTA itself depended on association status with the EU (in the Western Balkan case, a SAA) and membership in the World Trade Organisation (WTO), this alternative policy aimed to ensure that the Balkan countries' economic integration at the regional, European and global level proceeded in complementary fashion.

There were also more radical proposals. Right before the EU-Western Balkans summit in Zagreb (November 2000), the international businessman and philanthropist George Soros suggested that the EU should establish a customs union with South East Europe along the lines of the one with Turkey. Importantly, the Balkan's fast-track inclusion in the EU market had to come with the lifting of trade barriers within the region, a common currency (the German mark, later the euro) and common VAT.³¹⁷ Soros' point was that trade liberalisation per se was not a sufficient guarantee for economic recovery and stabilisation of South East Europe.

³¹⁶ Stanislav Daskalov *et al*, 'A Comprehensive Trade Policy Plan for the Western Balkans: A Bold Initiative to Bring More Stability and Prosperity to South Eastern Europe,' CEPS Working Paper, Brussels, 2000. A similar point was made by Vladimir Gligorov, Mary Kaldor and Loukas Tsoukalis, 'Balkan Reconstruction and European Integration,' London, Hellenic Observatory, LSE, 1999.

³¹⁷ *Financial Times*, 23 November 2000.

Although neither CEPS nor Soros' suggestions reversed its thinking, by the autumn of 2000, the Commission refined its ideas. This was a time marked by spectacular changes associated with the fall of Slobodan Milošević and the democratic opposition's seizure of power in Belgrade. The EU was now prepared to asymmetrically open its market to the Western Balkans in order to support the newly emerging reformist governments. In June, the Commission proposed to the Council to extend duty-free access for roughly 95 per cent of the products coming from the region and three months later the Council endorsed the proposal.³¹⁸ Henceforth, the autonomous trade measures (ATMs), a uniform set of preferences, became the EU's chief instrument in the Western Balkans. Importantly, they also applied to Kosovo, which, in effect, inserted the province into the SAP.

The concessions, however, came at a price. The European Commission pressed for trade liberalisation within the region. At the WT2's third meeting (Istanbul, 16-17 October 2000), the representatives from Brussels made it clear that to gain trade access to the EU market the SAP states had to dismantle tariff walls amongst themselves. The Commission also pointed out that the enhanced trade flows in the region would contribute significantly towards peace and stability, spur economic development and market reforms, and make the fragmented Western Balkan markets more attractive to foreign investors.³¹⁹ What followed was the activation of the trade workgroup within the SP, somewhat dormant until that point. Through 2000, it focused on preliminary activities such as the preparation of two feasibility studies on the FTAs already in force as well as the non-tariff barriers in the region. Things changed when top-level politics kicked in. The EU faced the task to secure the political support of the states in the region

³¹⁸ EU Council Regulation 2563, 29 November 2000. Significantly, the ATMs covered agricultural imports from the Western Balkans.

³¹⁹ Report from the WT2's Third Meeting, Istanbul, 16-17 October 2000.

for the project. The November Zagreb Summit between the EU and the Western Balkans resulted in some important steps towards Brussels' preferred direction. Delivering the promise of rapprochement between the EU and the region, the summit was marked by a number of important pledges by the Western Balkans. The final declaration featured a commitment to engage in regional cooperation activities and mentioned specifically the establishment of a regional free-trade area.³²⁰

Yet, membership in the projected area was bound to become a contested issue. The reason was easy to grasp. This was the first time in the history of regional cooperation in South East Europe that so ambitious an initiative was put on the diplomatic table. In general, the regional states favoured an approach which was much closer to the one suggested by the CEPS proposal. The SEECP summit in Skopje (22-23 February 2001) adopted an action plan laying out the following priorities:

- Conclusion of FTAs among the countries in the region in compliance with WTO rules and in accordance with the processes relevant to each country's individual relationship with the EU;
- Decrease of non-tariff measures that hinder trade in commodities;
- Adoption of rules of origin in line with WTO provisions;
- Closer cooperation in the banking sector and harmonisation with the international banking system;
- Support of the accession process of all SEECP countries to the WTO.³²¹

³²⁰ Final Declaration, point 3. Zagreb, 24 November 2000.

³²¹ Regional Action Plan, SEECP Fifth Summit, Skopje, 22-23 February 2001. Section II: Trade Development. Bosnia-Herzegovina and Serbia and Montenegro were still outside the WTO.

Thus, Balkan states opted for a model prioritising integration into the EU and WTO. Furthermore, regional trade should be liberalised through *bilateral* agreements, rather than through a regional instrument.

Another contested issue was who should take part in the process. The European Commission insisted that trade had to be liberalised not solely amongst the Western Balkans but amongst all SP recipient states. This included Bulgaria and Romania which were already negotiating their accession to the EU alongside the other eight candidate states of Central and Eastern Europe. This approach did not provoke great enthusiasm. The Bulgarian government headed by Ivan Kostov, resolutely opposed to far-reaching regional integration schemes, was quick to object. Bundling together the SAP and the accession countries, as opposed to alternative solutions like the former group's inclusion in CEFTA suggested by CEPS, was an unwelcome development. It raised concerns in Bulgaria and Romania about possible separation from the frontrunner candidates advancing more rapidly in the accession talks.

Bulgaria and Romania, however, had few options. Being part of institutions like the SP and SEECP and signatories to numerous documents calling for intensified economic cooperation gave them little leeway. The European Commission could not make Sofia and Bucharest to accept the plan by in exchange to trade concessions, which the latter enjoyed since the mid-1990s due to their Europe Agreements, but neither could the Balkan integration scheme be turned down. In early 2001, Bulgaria finally committed itself to the process, reportedly after talks with the SP Special Coordinator Bodo Hombach.³²² However, tensions continued. In May 2001 the Bulgarian government openly criticised the SP and Hombach for being inefficient and hinted at the prospect of

³²² 'Bulgaria Overcomes Reluctance on Stability Pact', RFE/RL Newline, 19 January 2001.

withdrawing from the Pact. The threat was never fulfilled and the country remained part of the scheme.³²³

Regardless of all political impediments, the free-trade area initiative got off the ground. On 18 January 2001, a meeting of the SEE-7 ministers of economy and trade in Geneva reviewed the WT2 studies and agreed that the work on a Memorandum of Understanding (MoU) on trade had to be completed by the end of the EU Swedish Presidency in July 2001.³²⁴ The document, which represented a critical step in the history of Balkan regional cooperation, was signed on 27 June 2001 at a conference held in Brussels. It provided that by the end of 2002 the signatory states had to negotiate a network of bilateral FTAs leading to the establishment of a free-trade area in South East Europe. The bilateral FTAs had to include provisions, which would:

- abolish export duties, charges and quantitative restrictions;
- lift import duties or charges on at least 90 per cent of mutual trade calculated according to the products' value and tariff lines;
- reduce charges on sensitive goods no later than six years after entry into force;
- bring the existing trade agreements in line with the MoU;
- foresee future liberalisation of trade in services.

According to the MoU, the SEE-7 should also identify and remove non-tariff obstacles to trade as well as establish common rules of origin, border crossings procedures, transport documentation and trade statistics by implementing the relevant EU standards. In the

³²³ *Sega Daily*, 5 May 2001. For the first time, senior Bulgarian politicians hinted about withdrawing from the SP in November 2000. They attempted to link continued membership in the Pact with the abolition of Schengen visas for Bulgarian citizens.

³²⁴ SP Special Coordinator's Office, 'Southeast European Countries' Meeting engages in Trade Liberalisation,' Press Release, Brussels, 18 January 2001.

mid-term, the document envisioned cooperation on implementing EU health and safety rules, environmental and other technical norms.³²⁵

The Brussels memorandum was essentially a roadmap for transforming the post-communist Balkan countries into a more tightly-knit economic bloc. Yet, it was also characterised by a conscious effort to link more closely the processes of regionalisation and integration into the EU and the WTO. To calm local anxieties, the preamble underscored that the regional effort complemented the multilateral trading arrangements the signatories were part of or aspired to join. But how would one achieve a balance between the different levels of integration? At the symbolic level, the EU element was emphasised by the presence of the Trade Commissioner Pascal Lamy at the signing ceremony, which was hosted by the SP's office in Brussels and not by the European Commission. Aside from the EU's political support, it was also significant that the MoU highlighted the *acquis* as the fundament of the regional free-trade zone.

Unsurprisingly, the EU, rather than the SEE-7, became the main stakeholder in the trade liberalisation process. Commission experts, as well as WB and WTO staff, participated closely in the drafting process. The external input played a crucial role at the bilateral negotiations stage due of the fact that a number of states were lacking the institutional capacity needed for negotiating the FTAs.³²⁶ That required expert assistance 'on call', which was acknowledged also by the strategy paper on trade issued by the WT2 in the run-up to the SP's second donor conference held in Bucharest (October 2001).³²⁷

³²⁵ The memorandum also called for harmonisation, again following the relevant EU norms, of company and banking law and WTO-compatible reform of intellectual property laws' trade-related aspects.

³²⁶ For an insiders' account on the trade liberalisation task force, see Jani Bogoevski, 'Achieving Free Trade in South East Europe' in Duško Lopandić (ed.), *Regional Cooperation in South Eastern Europe: The Effects of Regional Initiatives –Conference Proceedings*, Belgrade: European Movement in Serbia, 2002, pp. 135-40.

³²⁷ Stability Pact for South East Europe, Working Table II, 'Trade Liberalisation and Facilitation,' 16 October 2001, p. 6.

While the EU did its best to push trade liberalisation forward, the regional states' commitment remained ambiguous. Although there was a measure of political support, there was a sense of uneasiness as to the ultimate purpose of the process. This trend was most visible in the Western Balkans due to the principle of combining EU and regional integration inherent in the SAP. Predictably, this policy met fierce opposition in Croatia whose politicians were keen to be taken out of the Western Balkan pack.³²⁸ At the end of 2001 when Croatia signed its SAA, the right-wing nationalist HDZ attacked Ivica Račan's government for tying the country to the Western Balkan group in exchange for the doubtful rewards offered by the agreement. While Račan and his associates shared a very different view of the SAA's value and purpose, there was a point that no Zagreb politician was prepared to cross. In 2001, key figures from the ruling center-left coalition, such as the European integration minister Neven Mimica, were making defiant statements concerning the proposal for an EU-Balkan customs union backed up by a common currency, originally floated by George Soros.

Croatian fears grew after the idea to extend the South East European free-trade area into a customs union, this time without EU participation, was put forward by the German Foreign Minister Joschka Fischer. Though this was received warmly by the SP Special Coordinator's office, the Greek and the Italian governments, Croatia's first diplomat Tonino Picula dismissed it outright: 'Croatia is ready to develop bilateral relations with all of its neighbours, but it will support and begin integration processes only with the EU.'³²⁹ In many ways, this comment reflected the attitude of the region. As evidenced by the pre-2001 FTAs, Balkan policymakers perceived certain benefits in trade cooperation, but preferred *bilateral deals* with important political and economic partners

³²⁸ On Croatia's perceptions towards regional cooperation, see Anastasakis and Bojičić-Dželilović, 'Balkan Regional Co-operation and European Integration,' pp. 65-7.

³²⁹ Dušanka Profeta, 'No to the Balkans,' *Transitions Online*, 17 September 2001, <www.tol.cz>.

(the EU and individual neighbouring countries), rather than a *multilateral arrangement* confined to the region. In a sense, the Brussels memorandum envisaging a web of bilateral deals was a compromise between the SEE-7 and the EU.

Whenever membership in regional trade blocs outside the EU was on the agenda, most SEE-7 countries set their eyes towards CEFTA. Originally established in December 1992 by the Višegrád group (Hungary, Czechoslovakia, Poland), CEFTA later decided to open its doors for new members from the ranks of the transition countries in Eastern Europe, which had association agreements with the EU and were WTO members. CEFTA was attractive to the SEE-7 not only because of the economic benefits it offered, but also due to the fact that it was a club of the likely new EU members from Central and Eastern Europe. In the 1990s, a number of Balkan countries declared their willingness to enter the group perceived as a springboard to the EU. In 1996, CEFTA welcomed Slovenia as a member, while Bulgaria and Romania followed suit in 1997 and 1999. Thus, CEFTA established a sort of bridgehead in South East Europe. The next in line was Croatia which acceded in March 2003.

The Croatian government argued that CEFTA enlargement towards South East Europe could be a suitable alternative to the undesirable regional economic unit.³³⁰ The proposal reflected the arrangement's transformation. By the time Croatia joined in 2003, CEFTA's original founders were preparing to leave and become the EU members. As a result, CEFTA was effectively relocating to South East Europe. However, the Croatian idea to use it as a foundation stone for the projected free-trade area in the Balkans was objectionable. The high entry requirements (WTO membership and EU association deal) made it impossible for the rest of the SEE-5 to join in the short term. Only Macedonia, the other SAP frontrunner, was eligible. While Serbia and Montenegro also expressed

³³⁰ Government of the Republic of Croatia, *Information Bulletin*, no 13-14, November-December 2001.

interest in CEFTA, it did not meet neither of the two membership conditions.³³¹ The Croatian initiative could be interpreted as a way to avoid closer links with the Western Balkans, taken as a group. In addition, despite the limited economic gains, the belated accession to CEFTA offered Zagreb political benefits in terms of building stronger connections with the 2004 accession group.³³²

With the CEFTA option ruled out, the FTA network and the SP were the main institutional vehicle for economic cooperation. In 2001 and 2002, bilateral negotiations were in full swing.³³³ Assessing the negotiation and implementation process, the second strategy paper published by the SP workgroup on trade in December 2002 declared South East Europe to be at the verge of establishing a 'virtual free-trade zone.'³³⁴ The workgroup was confident that the FTA conclusion stage was largely over and shifted its attention to new priorities like the elimination of non-tariff limitations, the introduction simplified border procedures, and the adoption of preferential rules of origin. The strategic paper saw the liberalisation of trade in services, harmonisation and/or mutual recognition of standards, harmonisation of competition policies as the next steps towards deepening of the regional trade arrangement.

However, the South East European free-trade zone remained only virtual as the negotiations were inhibited by a range of problems. There was some foot dragging on the part of Bulgaria and Romania in their dealings with the Western Balkans. The MoU encouraged the two to complete FTAs first with the most advanced SAP states, namely those which had already signed a SAA. This was a good excuse not to start talks with the

³³¹ RFE/RL Newline, 11 October 2000.

³³² Martin Dangerfield, 'CEFTA and Subregional Economic Cooperation in Southeast Europe: Model or Player,' paper presented at the 5th Enterprise in Transition Conference, Croatia, 22-24 May 2003.

³³³ The trade liberalisation initiative was also joined by Moldova, which became a member of the SP in a bid to upgrade its ties with the EU.

³³⁴ Workgroup on Trade Liberalisation and Facilitation, 'Trade Liberalisation and Facilitation Strategy and Action Plan 2003,' Brussels, December 2002.

slow-moving Albania and Bosnia-Herzegovina until October 2002. It was only the positive political signals at the EU's Copenhagen Council in December setting 2007 as an accession date that Sofia and Bucharest engaged more closely and finalised their FTA negotiations with the region's 'laggards'.³³⁵ In general, observers characterised the process of implementing the Brussels memorandum as 'cumbersome and slow'.³³⁶ As a result, the original deadline set in the MoU was not met and negotiations within the SEE-7 group continued well into 2003.³³⁷ With the exception of Moldova, moving according to a separate timetable, the completion of the free-trade area was announced at a ministerial in Rome (November 2003), which set 1 January 2004 as a deadline for ratification of the FTAs and listed measures to make the latter fully operational.³³⁸

There were also difficulties related the specificities of the Western Balkans. Serbia and Montenegro's negotiations with the other signatories of the 2001 memorandum stalled because the deadlock over trade policy inside the common state. Belgrade and Podgorica failed to harmonise their external tariffs in order to meet one of the EU conditions for signing a SAA.³³⁹ The apple of discord proved to be 56 agricultural products. While outward-oriented Montenegro lacked a substantial rural sector and insisted on low tariffs, Serbia wanted to protect its farmers.³⁴⁰ There were FTAs which, although consistent with the liberalisation initiative, raised political problems. Such was the deal signed between Albania and the UN administration of Kosovo (UNMIK), which

³³⁵ Georgi Ranchev, 'Free Trade Area in Southeast Europe: Achieving Genuine Regional Economic Integration,' Center for Policy Studies, Budapest, 2002, p. 25

³³⁶ Edward Christie, 'Trade Flows in South East Europe,' *European Balkan Observer*, newsletter published by the Belgrade Centre for European Integration and The Vienna Institute for International Economic Studies, vol. 2, no. 3, November 2004, p. 11.

³³⁷ See the appendix at the end of this chapter.

³³⁸ Workgroup on Trade Liberalisation and Facilitation, Ministerial Statement, Rome, 13 November 2003.

³³⁹ Montenegrin leadership adopted an independent economic and trade policy from the federal government in January 1999. In November Montenegro introduced the German mark as official currency.

³⁴⁰ For an analysis of the trade issues dividing Serbia and Montenegro, see Daniel Gros, David Kernohan, Vladimir Najman and Przemyslaw Wozniak, 'The Cost of Re-establishing Yugoslavia: First Estimates of the Economic Impact on Montenegro of Establishing Customs Union with Serbia,' *Journal of Southeast European and Black Sea Studies*, 4 (1), January 2004, pp. 119-40.

was fervently opposed by Serbia that disputed UNMIK's right to conclude international legal agreements of this sort.³⁴¹

Finally, it was unclear how much trade liberalisation contributed in terms of interdependent growth, investment and regional integration in South East Europe.³⁴² The success of bilateral FTAs, like the one between Macedonia and Serbia and Montenegro, often depended on pre-existing patterns of economic cooperation. While the region remained important for some countries' exports, it was rarely the case on the side of imports. Given the significant trade deficits run by most Balkan economies, this implied that the integration levels stayed relatively low. Still, they were considerably higher in the Western Balkans (Albania excluded).³⁴³ Experts, however, did not believe that the FTAs could lead to increase of trade flows amongst the SEE-7 due to factors like the similar structure and low productivity of the regional economies.³⁴⁴ In addition, it was unclear how the benefits would be distributed and whether stronger economies would not gain at the expense of the weaker ones.³⁴⁵ Deepening was also not in sight: disputes sparked by

³⁴¹ AFP, 8 July 2003.

³⁴² This was the main argument put forward by the European Commission to justify the initiative. 'Report from the Commission - The Stabilisation and Association process for South East Europe - Second Annual Report,' Brussels, 26 March 2003, COM (2003) 139 final, p. 12. It was supported by economic gravity-model analyses. Bartolomej Kaminski and Manuel de la Rocha, 'Policy-Induced Integration in Balkans: Policy Options and their Assessment,' World Bank, March 2002. See also Liz Barrett, 'Business in the Balkans: the Case for Cross-Border Cooperation,' Centre for European Reform, London, July 2002.

³⁴³ In 2002, 44 per cent of Macedonia's exports went to South East Europe (SEE-7, Greece, Turkey, Cyprus and Slovenia). The same figure stood at one-quarter for Bosnia-Herzegovina, Croatia, Serbia and Montenegro and Greece. Only for three countries did imports from the region amounted for more than one-quarter: Bosnia-Herzegovina (40%), Macedonia (30%), and Serbia and Montenegro (28%). Juergen von Hagen and Iulia Traistaru, 'The South-East Europe Review,' World Economic Forum, Davos, May 2003. The paper uses data from IMF and UNCTAD. For an analysis stressing the relative importance of trade flows within the Western Balkans, see Milica Uvalić, 'Trade Liberalisation in Southeastern Europe - Recent Controversies and Open Questions', paper presented at the conference *Peace and Crisis Management*, Cavtat, Croatia, 9-10 May 2003.

³⁴⁴ This condition described by Chapter II in relation to earlier decade remained largely unaltered in the early 2000s. SEE-7 economies were, by and large, still dominated by labour-intensive sectors like clothing or basic manufacturing. Krasen Stanchev, 'Insights into Balkan Economic Interdependencies,' in *Economic Developments and Reforms in Cooperation Partner Countries*, proceedings from a colloquium held in Bucharest, NATO Economics Department and Press Office, Brussels, 2001, pp. 78-9.

³⁴⁵ Milica Uvalić, 'Trade Liberalisation in Southeastern Europe.'

protectionist domestic interests, particularly in the sensitive field of agriculture, rendered further progress precarious.³⁴⁶

Investment promotion and market reforms

Although one of the arguments in favour of a free-trade zone encompassing the SEE-7 was the latter's attractiveness for foreign investors, there was scepticism that FDI would come in the short-term in the absence of other factors such as strong state institutions, good regional infrastructure and stable banking sector. The SP identified coordination of investment policies as an area where a regional approach could be beneficial and launched a process of intergovernmental consultations. The scheme was supported by OECD, the UK and Austria, and resulted in a document entitled *South East Europe Compact for Reform, Investment, Integrity and Growth* (Investment Compact) signed in February 2000 at a WT2 meeting in Skopje. The Investment Compact was a list of 587 policy measures in ten areas, including structural reforms, taxation and fiscal measures, policies for attracting FDI, corporate governance, competition, financial markets regulation, small and medium enterprises. It was a set of best practices for the reformist governments in the post-communist South East Europe, rather than a legally binding agreement. The signatories agreed to hold annual ministerial conferences to monitor implementation. Far from being a blueprint for substantive multilateral cooperation, the process involved policy coordination through information sharing. National teams collected data and reported on the progress achieved in their country to the plenary

³⁴⁶ Boryana Bachvarova, 'Skopje Threatens Counter Duties on Cheese because of the Vegetables,' *Capital Weekly*, no 36, September 2002 (in Bulgarian). One has to consider the experience of CEFTA which was unsuccessful in promoting free trade in agricultural products. See Martin Dangerfield, *Sub-Regional Economic Cooperation in Central and Eastern Europe: The Political Economy of CEFTA*, Cheltenham: Edward Elgar, 2000.

sessions. It also featured peer review visits organised by the OECD.³⁴⁷ After 2003, Balkan countries initiated a series of ad hoc conferences of the SEECP the level of ministers of economy and finance. Their agenda overlapped with that of the Investment Compact process, but unlike the latter they did not yield more concrete results.

As a whole, the South East European states did not show a great deal of interest in coordinating their economic policies. While by the early 2000s there was a measure of convergence, it was achieved not by means of multilateral dialogue but owing to similar external pressures. Indeed, the SEE-7 embarked on similar macroeconomic policies based on tight fiscal and budgetary discipline as a result of the IMF demands. Convergence resulted from the common elements in those countries' monetary policies aiming at controlling inflation and keeping macroeconomic stability. Some countries like Bulgaria and Bosnia-Herzegovina introduced currency board arrangements linked to the euro, others such as Macedonia pegged their national monetary units to the euro, while yet others like Montenegro went as far as adopting the latter as their official currency.³⁴⁸

Transport infrastructure

It was a small wonder that infrastructure development was at the forefront of most regional cooperation schemes in South East Europe. The relatively poor state of transportation links in the region was patently an obstacle to development. As Chapter II demonstrated, the wars in the 1990s damaged further the existing infrastructure but also exposed the links of interdependence within that issue-area. The importance of transport was recognised very early on. It was singled out as a priority under South East European

³⁴⁷ Investment Compact, Progress Note and Planned Action for 2003-2004, December 2002. Available at <http://www.stabilitypact.org/investment/strategy2003.doc>.

³⁴⁸ For a snapshot of the economic conditions in the SEE-7 in the first half of the 2000s, see Von Hagen and Traistaru, 'The South-East Europe Review'.

Cooperation Initiative (SECI) launched by the US and supported by the World Bank.³⁴⁹

In April 1999, SECI adopted a memorandum on liberalisation of road freight transport elaborated by Greece and signed by the sectoral ministers of the participating states.³⁵⁰

Yet, physical infrastructure remained the main concern. The upgrade of the region's roads and railways became one of the strategic goals pursued by the SP for South East Europe.³⁵¹ Better and denser networks of motorways and railroads was regarded as instrumental for achieving growth, drawing in FDI and integrating the region into the EU.

The main catalyst of Balkan cooperation on transport infrastructure were the opportunities presented by the Pan-European Transportation Corridors mapped during a series of conferences that involved the transport ministers of the EU members and the candidate states in Prague (1991), Crete (1994) and Helsinki (1996).³⁵² The corridors provided the basis for the Transport Infrastructure Needs Assessment (TINA) process. Initiated in 1996 by the European Commission in the context of its pre-accession strategy under Agenda 2000, TINA aimed at the expansion and upgrade of the international routes in Central and Eastern Europe and connecting the latter with transport network in the member states.³⁵³

³⁴⁹ See Chapter II.

³⁵⁰ The memorandum set the objective of gradual liberalisation of the truck-quota regimes in the region in accordance with the respective EU standards, harmonisation of the road taxes, weights and dimensions limits, the visa-issuance procedures for drivers etc. It also established a Regional Road Transport Committee to monitor its implementation. Lopandić, *Regional Initiatives*, p. 130-1. The full text of the memorandum is available at www.secinet.org.

³⁵¹ Stability Pact for South East Europe, 'Agenda for Stability,' Thessaloniki, 8 June 2000, Point 21. 'Agenda for Stability' was the Pact's action plan adopted by its Regional Table, the high-profile intergovernmental body steering its activities (see Chapter II). The Pact's infrastructure-development policy prompted a lively discussion. See Michael Emerson, 'A System for Post-War South East Europe,' in Michael Emerson and Daniel Gros (eds.), *The CEPS Plan for the Balkans*, Brussels: CEPS, 1999, pp. 26-28. See also Wolfgang Hager, 'A Balkan Treuhand for the Stability Pact – Infrastructure Investment for the SEE-7 Countries', CEPS Paper, Centre for European Policy Studies, Brussels, 1999. For criticism of the Pact's emphasis on physical infrastructure, see Vladimir Gligorov, 'Notes on the Stability Pact,' *Journal of Southeast European and Black Sea Studies*, 1(1), January 2001, pp. 12-9.

³⁵² On TEN/TINA, see 'Transport Policy and EU Enlargement,' Briefing N 44, European Parliament, Luxembourg, 28 July 1999, pp. 12-5.

³⁵³ European Commission, 'Agenda 2000: For a Stronger and Wider Union,' communication to the Council, DOC/97/6, 15 July 1997.

The Pan-European Corridors, many of which crossed South East Europe, loomed large in the eyes of the Balkan politicians. Many of the political statements adopted during bilateral and multilateral meetings made references to them. However, it was not until 1999 and the SP that a more integrated regional strategy started shaping. Two donor conferences in March 2000 and October 2001 allocated nearly 4 billion euro for 24 quick-start and 27 near-term infrastructure projects in the Balkans. The donors, notably the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), the World Bank and the European Commission, adopted TINA as a reference for the Pact's infrastructure development programmes. For their part, beneficiary states came up with projects that fell into the scope of the TINA grid. For example, the envisioned second Danube bridge between Romania and Bulgaria formed a critical part of Corridor IV linking Greece and Northern Europe, and the Albanian port of Durrës port was one of the endpoints of Corridor VIII (see Table 5.2). After a series of trilateral consultations in various ministerial formats, the Bulgarian finance minister presented an integrated list of Albanian-Macedonian-Bulgarian projects at the SP Regional Table's first meeting in Thessaloniki (2 November 1999) as well as a common proposal to the donor conference in Brussels (March 2000).

Having TINA as a coordination benchmark enhanced the role of the European Commission in the SP/WT2 process. That was clearly an opportunity seized by the regional states, which had long perceived cooperation with EU over infrastructure as an instrument for inclusion in the process of inclusion in the Union. The TINA template made a difference because it encouraged the SP recipient states to link national programmes with regional priorities. Even projects for infrastructure located within their state borders such as the highway linking the Croatian capital Zagreb with the port of

Rijeka and the highway bypass over Skopje were part of larger cross-border networks. TINA was, therefore, critical in ensuring that the money spent by the SP donors in the individual countries of South East Europe contributed to the region's internal and external integration.

Table 5.2: Pan-European Corridors and the Stability Pact for South East Europe

Corridor	Sections in South East Europe	SP/WT2 Projects
IV Dresden/Nuremberg - Istanbul	Budapest-Arad (1) Bucharest-Constanța (2) Craiova-Sofia-Thessaloniki (3) Sofia-Plovdiv-Istanbul	Upgrade of the Craiova-Drobeta - Turnu Severin section of Highway 6; Bucharest-Cernavoda, Vidin-Călăfat bridge; Electrification of the Plovdiv-Svilengrad railroad;
V Venice-Lviv	Branch B: Rijeka-Zagreb-Budapest Branch C: Ploče-Sarajevo-Osijek-Budapest	Rijeka-Zagreb highway, Upgrade of the Croatian rail networks along Corridor Vc, Sarejevo bypass on E73, bridge at Samac (Bosnia)
VII Vienna-Danube Delta	Danube	Clearance of debris near Novi Sad (Serbia)
VIII Durrës-Burgas/Varna	Durrës -Tirana-Skopje-Sofia-Plovdiv-Burgas/Varna	Skopje bypass, Durrës port reconstruction, rehabilitation of the Elbasan-Librah road, rehabilitation of the Lushnje – Fier road, Fier-Vlora highway (branching towards Vlora, Albania), Pogradec-Korçë
IX Helsinki-Alexandroupolis	Kishinev-Bucharest-Dimitrovgrad-Alexandroupolis	Bucharest-Giurgiu road
X Salzburg-Thessaloniki	Salzburg - Villach - Ljubljana - Zagreb - Belgrade - Niš - Skopje - Thessaloniki Branch A: Graz - Maribor - Zagreb Branch B: Belgrade - Novi Sad - Budapest Branch C: Niš – Sofia - Corridor IV Branch D: Bitola - Florina - Via Egnata – Igoumenitsa	Upgrade of the border crossing at Horgoš (Serbia and Montenegro/Hungary); Upgrade of the Negotino - Demir Kapija and Demir Kapija-Gevgelija sections of E75 (Macedonia)

Source: www.stabilitypact.org³⁵⁴

³⁵⁴ The list covers quick-start projects approved at the SP's first donor conference (March 2000). The near- and mid-term projects endorsed in October 2001 added further infrastructure priority developments along

To ensure the infrastructure projects were launched and implemented in a complementary fashion, the donors established the High Level Steering Group (HSLG) co-chaired by the World Bank and the European Commission. In May 2001, the Pact initiated a specialised Infrastructure Steering Group (ISG) to oversee implementation. ISG encouraged ‘[the] submission by two or more countries of the region, or, in case of submission by one country, thorough explanation about regional impact.’³⁵⁵

While the SP’s core aim was fostering a regional approach, coordination of individual state policies remained a problem. Contrary to the recommendations made by the SP, multi-country projects were an exception. It was far from obvious that there was convergence in the interests of the states in South East Europe. Throughout the 1990s, the latter had put forward a number of projects, which while fitting the TINA template, were still seen as competing. Greece launched the so-called Via Egnatia highway meant to span from the Ionian port of Igoumenitsa to the border with Turkey in Thrace. Backed by the US and Italy, Albania, Bulgaria and Macedonia concentrated on Corridor VIII between the Black Sea and the Adriatic which Greece considered incompatible with Via

the main corridors in the region. One has to add to the list the upgrade of border crossings the SECI’s Trade and Transport Facilitation Programme for South East Europe (TTFSE). Albania: Qafe-e Tane (Corridor VIII, border with Macedonia); Bosnia-Herzegovina: Bosanska Gradiška (Corridor V, border with Bosnia); Bulgaria: Gyeshevo (Corridor VIII, border with Macedonia), Vidin (Corridor IV, border with Romania), Ruse (Corridor IX, border with Romania), Kapitan Andreevo (Corridor IV, border with Turkey), Kulata (Corridor IV, border with Greece), Burgas (Corridor VIII endpoint); Croatia: Slavonski Šamac (Corridor V, border with Bosnia); Macedonia: Blace (Corridor X, border with Serbia Montenegro (Kosovo), Tabanovce (Corridor X, border with Serbia); Serbia and Montenegro: Gradina (link Corridors X/ IV, border with Bulgaria), Horgos (Corridor X, border with Hungary). TTFSE was launched with MoU, signed in February 2000 by Albania, Bulgaria, Bosnia-Herzegovina, Croatia, Macedonia, and Romania (Moldova and Serbia and Montenegro joined later). It aimed at reducing waiting times and improving physical infrastructure at borders. TTFSE was supported financially by the US government and the World Bank.

More on TTFSE, <http://www.ttfse.org/>, <http://www.seerecon.org/RegionalInitiatives/TTFSE/>.

³⁵⁵ Report of the Chairman of the ISG, Second Regional Conference of the Stability Pact for South East Europe, Bucharest, 25 October 2001, p. 2. For the complementarity requirements, see the SP strategic paper published by the World Bank. ‘The Road to Stability and Prosperity in the Balkans,’ World Bank, 2000.

Egnatia.³⁵⁶ At the same time, Macedonia wanted to develop the north-south corridor linking it to Greece -- the southernmost part of the former Yugoslav 'Brotherhood and Unity' thoroughfare -- completed, while Bulgaria and Albania prioritised the east-west axis. Corridors X and IV connecting Greece and Central Europe through Serbia and Macedonia, and through Romania and Bulgaria could also be considered competing.³⁵⁷ Croatia lobbied for another north-south route, in the form of a highway along its Adriatic coast to facilitate the traffic between its main cities Zagreb and Split and ultimately extend to the Albanian-Greek border. The HSLG/ISG often could not provide solutions because key actors in South East Europe like Greece and Turkey were not included in the SP.³⁵⁸

However, there were also instances when the Pact and its Special Coordinator acted as successful mediators. This was the case of the disagreement between Bulgaria and Romania over the location of the projected bridge across the Danube, lasting over nine years. Sofia pushed for a bridge between Vidin and the Romanian town of Călăfat in the westernmost section of the common border. Bucharest wanted the trans-Danube link more eastwards. The western location, though shortening the distance between Bulgaria and Hungary, would only marginally benefit Romania as only small parts of Corridor IV would pass through its territory. The dispute was finally solved in Bulgaria's favour in the run-up to the SP's first donor conference (March 2000) thanks to the active efforts of

³⁵⁶ On Corridor VIII, see Emmanuela del Re, *Corridor VIII, Realisation, Financing, Works, Impact*, Rome: no publisher given, 2003. In 2000, Italy also launched the Adriatic-Ionian Initiative. Bringing together Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Montenegro, Albania, Greece and the European Commission, the scheme involved expert-level collaboration in fields such as tourism, transport and infrastructure.

³⁵⁷ European Investment Bank, 'Basic Infrastructure Investment in South East Europe. Regional Project Overview,' paper presented at the SP's Regional Funding Conference, Brussels, 29-30 March 2000, p. 15.

³⁵⁸ See Ian Lesser, F. Stephen Larrabee, Michele Zanini, and Katia Vlachos, *Greece's New Geopolitics*, Washington DC: Rand, 2000.

Bodo Hombach.³⁵⁹ He managed to induce the Bulgarian and Romanian Prime Ministers to reach a compromise whereby Romania approved the Vidin-Calafat location in exchange for Bulgaria's agreement to transmit Romanian electricity to Greece and Turkey.³⁶⁰ Despite the deal, the implementation of the project took much longer and construction itself did not start until 2004. The reasons for the delay were manifold, including bureaucratic procedures at the level of national governments, the Special Coordinator's office, the donors, and the EU.³⁶¹

The year 2001 brought changes in the policy on regional infrastructure. With the SAP fully working, the European Commission adopted a more robust strategy covering the whole of the Western Balkans, post-Milošević Yugoslavia included. In October 2001, it released a paper on infrastructure in South East Europe focusing on the SAP countries.³⁶² The paper identified basic policies, guidelines and principles, such as connecting national capitals, as well as the build up of links between the main Adriatic ports in Albania, Montenegro and Croatia with the interior. The Commission also launched a regional study on infrastructure financed by CARDS programme, which was tasked with pinpointing priorities and drafting a strategy for infrastructure development in the Western Balkans. In addition, the EU continued its efforts to integrate networks in the Western and the Eastern Balkans (Bulgaria and Romania). An in-depth study was commissioned by France's Development Agency, elaborated a long-term strategy (until 2015) to overcome transport systems' fragmentation resulting from the development

³⁵⁹ Ron Synovitz, 'Romania/Bulgaria: Agreement on Transport Corridor Around Serbia', RFE/RL Newswire, 28 March 2000.

³⁶⁰ Under EU pressure to close parts of its nuclear power plant at Kozloduy, Bulgarian policymakers suspected Romania in scheming to become a leading energy exporter to the Balkans. This was the reason prohibitive transfer charges were set for Romanian electricity flowing to Greece. See Marian Chiriac, 'Power War between Romania and Bulgaria,' Institute for War and Peace Reporting, 2 November 1999.

³⁶¹ The bridge was partly funded by the EU's ISPA programme.

³⁶² European Commission, 'Transport and Energy Infrastructure in South East Europe,' Brussels, 15 October 2001. The paper was presented to the SP's Regional Table in May 2001.

policies in the past.³⁶³ All these initiatives showed that the European Commission was much more prepared to take infrastructure policy fully in its hands, and not use the SP as an intermediary institution as envisioned originally. Given that much of the SP funding already came from the EU, either through ISPA and CARDS grants or through loans from the EIB, the EU quickly became leading actor in the area of transport infrastructure.

Both under the SP donor coalition of the 1999-2001 period and under the EU leadership, infrastructure development was a field where external push determined, in great part, the outcome. Unlike other sectors such as trade or energy, the South East European governments failed to coordinate their policies through a framework document or a regional framework. As an institution, the SP was, first and foremost, intended to streamline the donors' efforts, rather than develop regional cooperative schemes. The European Commission recognised the need for a MoU on infrastructure as late as 2003, and then only covering the Western Balkans.³⁶⁴ Ultimately, external economic assistance incentivised local states to cooperate on infrastructure in 'less-than-regional' groups where common interests were more easily identifiable. By making South East Europe more interconnected, the IFIs and the EU advanced the regionalisation agenda in the wider South East Europe but only in the medium and long term.

Energy

Like transport infrastructure, energy was an important priority for the Balkan states. This reflected the region's dependency on imports but also its natural geographical

³⁶³ Agence Francaise de Developpement and European Conference of Ministers of Transport. 'Transport Infrastructure Regional Study in the Balkans, Final Report,' prepared by Louis Berger SA, March 2002. The TIRS exercise identified a short-term investment programme worth 1.43 billion euro, and a near-term one worth 3.94 billion euro.

³⁶⁴ European Commission, 'Report from the Commission - The Stabilisation and Association process for South East Europe - Third Annual Report,' Brussels, 30 March 2004, COM(2004) 0202 final.

advantages. South East Europe's position was convenient for the transfer of oil and gas from energy producing regions such as Russia, the Caucasus and the Caspian basin to Western Europe.

In 1994, Russia, Greece and Bulgaria launched discussions on an oil pipeline between Black Sea port of Burgas and Alexandroupolis on the Aegean, which would reduce the traffic in the bottlenecked Bosphorus. The initiative was backed by the EU, supportive of projects involving a candidate and a member state.³⁶⁵ Bulgaria, Albania and Macedonia discussed an alternative pipeline between Burgas and Vlora. This project along the route of Corridor VIII was backed by the US through the South Balkan Development Initiative.³⁶⁶ Romania lobbied for a pipeline to transport Caspian oil that would start in Constanța, pass through Serbia, Croatia and Slovenia to terminate either in the Croatian port of Omišalj or in Trieste. Another option was to deliver Russian oil to the Adriatic through Ukraine, Hungary and Croatia by connecting the Druzhba pipeline with the Adria system. These pipeline schemes were a source of as much competition as strategic cooperation.³⁶⁷ They were also slow to implement. Disagreements amongst states on the distribution of shares, limited resources, technical complexity, the reliance on private-sector investment and the uncertain profitability led to endless delays. Governments talked but by the end of 2003 little substantive action took place.³⁶⁸ The project which took most quickly off the ground was the Baku – Ceyhan pipeline running from Azerbaijan's oil fields through Georgia to the Turkish Mediterranean coast.³⁶⁹

³⁶⁵ In 1998, Greece secured 2 million euro from the European Commission to fund a feasibility study.

³⁶⁶ On SBDI's political aspects, see Bill Clinton and Petar Stoyanov, Joint Statement on the United States-Bulgarian Partnership for a New Era, 10 February 1998. See also Chapter II.

³⁶⁷ 'States Vie for Pipeline to Bypass Bosphorus,' Oxford Analytica Daily Brief, 20 July 2000.

³⁶⁸ One should mention, however, the pipeline between Thessaloniki and Skopje completed relatively quickly in 2001 with the support of Greek private investors.

³⁶⁹ See Ian Lesser, F. Stephen Larabee, Michele Zanini, and Katia Vlachos, *Greece's New Geopolitics*, Washington DC: Rand, 2000. The Baku-Ceyhan pipeline started operating in 2005. As of late 2003, none of the rivaling projects had proceeded further than the feasibility-study stage.

While oil pipelines prompted both cooperation and competition amongst groups of Balkan countries, electricity was an issue-area where interests converged. While several South East European states suffered from chronic shortages (the Western Balkans, Turkey, Greece), while others like Bulgaria and Romania had overcapacity due to their falling industrial output during the 1990s. Bulgaria and Romania, however, were not part of the EU transmission grid, the Union for the Coordination of the Transmission of Electricity (UCTE).³⁷⁰ Serbia and Montenegro and Macedonia, although adhering to the standards of UCTE, were disconnected from the latter in the early 1990s.³⁷¹ In addition, certain national grids were not interconnected which meant that investment in physical infrastructure was also critically needed. The wars in the 1990s had also damaged the transmission systems in Eastern Croatia and Bosnia. Accordingly, the donors included connecting Bulgaria and Macedonia's grids in SP's near-term package, while northern Albania and Montenegro were tabled for the medium term. In 2001, SECI negotiated a multilateral memorandum on the issue and proceeded to implement a series of projects to overcome that deficiency.

Most importantly, Balkan states gradually ripened to the idea to establish a regional electricity market. As early as 1995, the Black Sea Economic Cooperation (BSEC) launched an Energy Centre in Sofia supported by European Commission funds. In September-October 1995, the Albanian, Bulgarian, Yugoslav, Greek and Macedonian electricity authorities carried out a test synchronous connection of their national networks, which proved successful. Intergovernmental consultations followed from 1997

³⁷⁰ UCTE was formerly known as UCPTE as it dealt not only with electricity transmission but also with production.

³⁷¹ Before the 1990s, former Yugoslavia was integrated in the southern branch of UCTE, known as SUDEL. Bulgaria and Romania participated in the United Power Systems (UPS) within COMECON. Romania left UPS in 1994. Centre for Liberal Strategies, 'Current State and Prospects for the Development of Regional Co-operation Between the Countries of South Eastern Europe,' Sofia, October 1997, pp. 78-9.

onwards and in 1999 the energy ministers of the region (excluding Croatia and Turkey), set 2006 as a target date for launching the regional electricity market.³⁷² The following year, the ministerial forum adopted a Memorandum of Understanding. In 2000, however, the European Commission stepped in and took over the initiative. The Commission formed a management committee outside the framework of existing institutions such as the BSEC energy center, the SP's WT2 or SEECP. The body comprised major donors such as the IFIs, US, Italy, Switzerland and Greece and was charged with the expert aspects of the initiative.³⁷³ Thus, the World Bank and the German bank KfW completed a study measuring the regional demand, while a Canadian-funded project put together a new design for common electricity market to replace the one prepared earlier by the BSEC centre.³⁷⁴ In October 2001, the SEECP energy ministers put their weight behind the Commission's electricity market scheme. A summit of the heads of state and government held in Tirana the next year gave high-level support and also suggested expanding the process into a broader energy cooperation scheme.³⁷⁵

The plan was fleshed out at a ministerial conference held in Athens in November 2002. Representatives of the EU, SEE-7, Turkey adopted a special MoU, which was also signed by the UNMIK Special Representative bringing Kosovo into the process. Drafted along the lines of a Commission-authored strategy paper, the document went beyond its predecessor of 2000, which was little more than a political statement on the desirability of an integrated electricity market. By contrast, the 2002 MoU foresaw the opening of the retail market in all participating states to foreign operators by January 2005, and listed a

³⁷² To help the intergovernmental consultations, the EU funded through PHARE a multi-country study on the issue. European Investment Bank, 'Basic Infrastructure Investment,' p. 52

³⁷³ WT2, Report from the Second Meeting, Istanbul, 16-17 October 2000.

³⁷⁴ European Commission, 'Strategy Paper on the Regional Electricity Market in South East Europe and Its Integration into the EU Internal Electricity Market,' 11 November 2002, p. 8.

³⁷⁵ See SEECP Energy Ministers, Energy Coordination and Policies in SEE, paper prepared by the Albanian Presidency of the SEECP, October 2001, points 9-13.

number of technical measures to that end. Most importantly, it obliged its signatories to implement the EC Electricity Directive (96/92/EC) together with other relevant EU norms in order to unbundle their national regulatory bodies, transmission systems and electricity-generating companies. The memorandum also provided for the connection of country grids with the UCTE by adopting the corresponding technical standards. In addition, it envisioned a regional regulatory body with partial dispute-settlement powers: the South East European Regulatory Forum. Modeled on the so-called Florence Forum within the EU, the body was chaired by the Commission (DG Energy and Transport) and the Chairman-in-Office of the newly-inaugurated Athens process. It included representatives of the national energy regulators and transmission system operators, but its sessions were also attended by a wide range of participants: the signatory states and the European Commission, several EU members (Greece, Italy, and Austria), and neighbouring states (Slovenia, Moldova, Hungary).³⁷⁶ Finally, the Athens process included an intergovernmental body, the High Level Group formed by the energy ministers of the participating countries.

South East European states were uniquely positive towards the Athens process. They welcomed it as a means for integrating in the EU economic space and also saw a range of immediate benefits. The latter included increased reliability of electricity supply, improvement of infrastructure, lower operating costs and reduced prices for the end consumers.³⁷⁷ That was illustrated by the attitude of countries which were otherwise suspicious towards regional schemes. Bulgaria, for one, proposed to host an energy centre in the framework of the Athens process and organised the sole meeting of the

³⁷⁶ The participating EU Member States like Greece, Italy and Austria were labeled 'political participants' to distinguish them from the participants, which were to implement the EU *acquis* (SEE-7 and Turkey).

³⁷⁷ See Stability Pact Regional Table, 'Working Table II: Regional Energy Co-operation,' Thessaloniki, 16 December 2002.

initiative on the territory of a SEE-7 country (October 2003).³⁷⁸ At the same time, Bulgaria showed much more cooperative attitude towards the other leading electricity exporter in South East Europe Romania, which was generally considered a rival. In October 2002, the two prime ministers Simeon Saksgoburggotski and Adrian Nastase discussed a deal to divide the benefits provided from the Athens initiative whereby Bulgaria would host a centre coordinating multi-country projects and Romania a regional electricity exchange.³⁷⁹

The Athens process built momentum of its own. On 8 December 2003, a second memorandum was signed which stipulated that the initiative was aimed at creating a common energy market and its inclusion in the EU framework. In addition to electricity, it covered also natural gas.³⁸⁰ The parties agreed to implement two further EU Directives (2003/54/EC on electricity, 2003/55/EC on gas), as well as several environment-related standards according to national and a regional action plans by 1 July 2005.³⁸¹ Pleased with that achievement, the European Commission pushed for the formalisation of the intergovernmental agreement into a full-blown legal treaty, which was tabled for 2004. There were, however, suggestions coming from the region that setting a common electricity market should be preceded by the full rehabilitation of the transmission networks and the establishment of connections across national borders where they are

³⁷⁸ Bulgaria was keen to exploit its compatibility with both the UCTE and UPS system (covering Ukraine, Moldova and Russia) to become an electricity hub for South East Europe.

³⁷⁹ Institute for Security and International Studies (Sofia), Balkan Regional Profile, Research Study 42, October 2002. Faced with opposition criticism, Saksoburgotski later denied that concessions were made to Romania but over the following year the two countries' presidents referred to such a bilateral deal.

³⁸⁰ South East Europe was relatively better connected in terms of natural gas networks. Gas was transported into the region through (a) the pipeline system linking Russia to the former Yugoslav republics through Hungary; and (b) the north-south connection crossing Romania and Bulgaria into Turkey, Greece and Macedonia.

³⁸¹ Memorandum of Understanding on the Regional Energy Market in South East Europe and its Integration into the European Community Internal Energy Market (Athens Memorandum 2003), 8 December 2003. <<http://www.stabilitypact.org/energy/031208-mou.pdf>>.

absent.³⁸² Earlier in 2001, the SEECP called for more regional ownership in the process but it was clear that its capacity to play a leading role was limited.³⁸³ In other words, improved physical infrastructure and external leadership remained key prerequisites for this project. Though interest was not lacking, much depended on the ability of the South East European governments to carry out structural reforms in the energy sector and implement the relevant EU *acquis*.

Environment and transborder waterways

Although environmental protection as a par excellence cross-border issue necessitating common policies attracted much attention in South East Europe, it was addressed by only a few truly multilateral initiatives. The major breakthrough came with the SP and the WT2, which set up a Regional Environmental Reconstruction Programme (ReRP) in February 2000. The programme aimed at both developing regional cooperation and strengthening the individual countries' capacity to deal with outstanding issues and meet the EU-set standards. ReRP was publicly supported by the region's Ministers of the Environment who gathered the following month, while the European Commission's DG Environment undertook to co-chair it.

Initially, the ReRP focused on the river Danube, which was very seriously affected by the 1999 war. It also promoted a series of conservation projects targeting border lakes (Prespa, Shkodra, Dojran), mountains (Stara Planina at the border between Bulgaria and Serbia and Montenegro) and rivers (Drin between Albania and Macedonia, Neretva and Vrbas between Bosnia-Herzegovina and Croatia). These projects were, by

³⁸² Interview with Nikola Todorčevski, National Coordinator for the SP, Macedonian Ministry of Foreign Affairs, 26 September 2003.

³⁸³ Energy Coordination and Policies in SEE, October 2001, point 7. It is worth noting that during the Yugoslav/Serbian and Montenegrin Presidency of the SEECP (2002/2003), the idea to push with energy cooperation went down the list of priorities.

and large, relatively small-scale: their average cost was between 0.5 and 1.5 million euro. Importantly, they did not built into a regional ministerial forum to provide a multilateral framework for policy coordination on environmental issues. Environmental cooperation worked mostly at the level of neighbouring states.³⁸⁴

By contrast, transborder water management was an area where institutionalised intergovernmental cooperation proceeded more smoothly. A good illustration was the Sava initiative involving Serbia and Montenegro, Croatia, Bosnia-Herzegovina and Slovenia. Once flowing through a single country, the Sava was transformed by the breakup of Yugoslavia into a de facto international river. Its importance for the post-Yugoslav republics along its banks could not be overstated. Suffice to note that Sava and the rivers that flow into it account for more than 80 per cent of the water resources of the countries in question. The need to establish mechanisms for joint management was recognised as a priority by the SP in the summer of 2001. As a result, in November, the riparian states signed a letter of intent agreeing to legally internationalise Sava, draft a treaty on environmental protection and navigation, and establish a regulatory commission. In March 2002, the participating states set two working groups to push forward the process. This led to the International Framework Agreement on Sava, which also included annexes on regional commission and dispute settlement. CARDS pledged money for the initiative as well as for the corresponding national agencies. In 2003, SECI undertook to coordinate the process.

³⁸⁴ Amongst the actors involved in the process were various Euro-regions emerging after 2001. The Euro Regions were supported by the EU (through instruments like PHARE and INTERREG), the Council of Europe, but also by international NGO donors such as the EastWest Institute. They were formed by municipalities, NGOs and business in neighbouring areas across national borders. Until the end of 2003, the following main Euro Regions were launched in South East Europe: Danube-Mureş/Maros-Kriş /Körös –Tisa/Tisza or DMKT (Serbia, Romania, Hungary), Prespa (Greece-Albania-Macedonia), Struma-Strymon (Bulgaria-Greece), Niš-Sofia-Skopje (Serbia Montenegro, Bulgaria, Macedonia), Southern Adriatic (Croatia, Bosnia-Herzegovina-Montenegro).

II. Explaining functional cooperation

The power of external push

The overview of the outcomes in various functional issue-areas confirms the initial hypothesis that external push explains many aspects of cooperation in South East Europe. The most straightforward piece of evidence is that functional cooperation intensified and expanded its scope after 1999, and particularly after the fall of the Milošević regime in October 2000. This was directly related to the policies adopted by various external actors, notably the EU, and the incentives they entailed. In addition, the initiatives that advanced the most in terms of institutionalisation and substantive results were those where the EU had a relatively greater stake. This point is illustrated by Table 5.3, which provides an overview of the chapter’s empirical findings.

Table 5.3: Cross-sector comparison of factors and outcomes

Sector	Outcome	Degree of institutionalisation	External push (EU, IFIs, US)	Intensity of EU involvement	Local demand for cooperation
Trade	Bilateral FTAs	Medium	Conditionality, Policy coordination, funding, political pressure	High	Medium
Investment promotion	Set of best practices (Investment Compact)	Medium	Funding, policy coordination	Low	Low
Oil pipelines	Intergovernmental dialogue	Low	Funding of feasibility studies	Low	High
Electricity	MoU, regulatory body	High	Funding, policy coordination, legal standards	High	High

Environment	Projects	Low	Funding, policy coordination	Medium	Medium
Sava initiative	International treaty, regulatory body	High	Funding, policy coordination	Medium	High

Functional cooperation made greater progress, particularly in terms of institutionalisation, in issue-areas where the EU push was at its most intense: trade liberalisation, electricity market, and the CARDS-funded Sava basin initiative. Importantly, the logic of external promotion trumped the logic of regional interdependence. In trade, local actors preferred negotiating bilateral FTAs with key partners in the region and beyond. Bulgaria, Romania and Croatia considered the multilateral trade arrangement favoured by the European Commission as undesirable from the perspective of their accession to the EU. They saw the gains related to the establishment of a South East European free-trade area as marginal. The benefits of a privileged partnership with the EU outweighed the rewards from opening towards underdeveloped economies at the cost of being ‘bogged down’ in a regional grouping. Beneficial economic relations could be developed through methods other than a free-trade area. By 2001, many Balkan states had already secured access to the markets of key regional partners. While the bilateral approach to trade could be explained with a reference to convergence of interests generated by interdependence, *multilateralisation* was a product of the EU policy in South East Europe.

The match between external push and intra-regional demand

Looking at cooperation outcomes in terms of substance rather than form, one sees that cooperation advanced on issues where external push was attuned to local interdependence-driven demand. A majority of observers noted the suboptimal character

of the regional trade regime established in 2001-03.³⁸⁵ They pointed that, unlike CEFTA, the free-trade area in South East Europe was not grounded on a unified body of norms beyond the Brussels MoU or even a rudimentary dispute-settlement mechanism. The network of bilateral FTAs with almost identical content reflected the preferences of the local governments, reluctant to engage in ambitious integration schemes at the regional level. The success of the free-trade area was also contingent on a coordination of macroeconomic policies, which was absent.³⁸⁶ In fact, multilateralisation did not go far enough, which testified to the limits of the external push factor.

By contrast, the establishment of a South East European electricity market exemplified a scenario where external push matched internal needs. In the words of Georgy Ganev, cooperation in electricity ‘increase[d] the efficiency of the Balkan power grids, and enable[d] the different countries to enhance their performance by improving capacity utilisation and reducing fluctuations, costs and pollution. In the end this mean[t] that [South East European countries] increase[d] their electrical power independence and [would] be able to rely on different sources in case of crises.’³⁸⁷ Added to the economic-efficiency argument was the fact that the Athens process effectively combined regional cooperation with EU integration. Due to the givens of regional interdependence, an integrated electricity market was a necessary pre-condition for a number of South East European states to become part of the UCTE arrangement. Thus, the cases of trade and electricity cooperation demonstrate that external push was the leading factor but its impact was mediated by structures of intraregional interdependence.

³⁸⁵ See the criticism leveled by Constantine Michalopoulos pointing at the different product coverage, depth of preferences, rules of origin in the bilateral treaties. Constantine Michalopoulos, ‘The Western Balkans in World Trade: Some Implications for Greece,’ *Journal of Southeast European and Black Sea Studies*, 2 (2), May 2002, p. 123.

³⁸⁶ Ranchev, ‘Free Trade Area in South East Europe,’ pp. 39-41.

³⁸⁷ Georgy Ganev, ‘Bulgaria and Balkan Energy Flows: An Analysis of Strategies and Opportunities,’ paper presented at the conference on *Energy and the Transformation Process in Bulgaria and Romania*, Bucharest, 16-17 January 1999, p. 6.

External supply and local demand fit together also in the area of transport infrastructure in which all Balkan countries shared a keen interest as they saw it as contributing to economic growth and improved links with Western European markets. To secure faster access to the latter, the region itself had to become better interconnected. For their part, the IFIs and the EU made investment in roads and railways a critical element of their policy in South East Europe, notably in the context of the SP. However, spatial interdependence had variable impact to groups of states in South East Europe. Compared to other sectors, there was a certain '*multilateralism deficit*': states cooperated in pairs and trios and did not negotiate any region-level framework as in trade. Neither did they establish an institution to guide the process. In the absence of a push towards multilateralism coming from the EU or the other relevant external actors, interdependence worked in the direction of 'neighbour-to-neighbour' cooperation. In other words, interdependence manifested itself as a factor mainly at the less-than-regional, rather than the regional level. Ultimately, external push was the most important factor accounting for regional, as opposed to 'less-than-regional', cooperation.

The relationship between functional cooperation and EU integration

The politics of functional cooperation in South East Europe were informed by two ideal-type scenarios: (1) *deepening multilateralism* whereby the SEE-7 achieve a high degree of economic integration before moving towards EU membership, and (2) *hub-and-spoke* integration where each individual states' progress in the direction of the EU would considerably marginalise the cooperation agenda.³⁸⁸ Of course, neither of these two in its

³⁸⁸ For an analysis of the hub-and-spoke relationship between South East Europe and the EU, see Vladimir Gligorov, 'South East Europe: Areas of Regional Cooperation,' *European Balkan Observer*, vol. 2, no. 3, November 2004, pp. 8-10. Still, Gligorov sees certain benefits in liberalising trade amongst the SEE-5. He

pure form corresponded to the situation on the ground. For the actors involved in the process, the question was less about opting for one of the two poles but about finding the right policy mix and avoiding the ills associated with each extreme. Overall, the local actors favoured a more hub-and-spoke-ish path, with regional cooperation complementing but not substituting EU integration. The EU, for its part, tried to strike a balance between bilateralism and deepening multilateralism, notably in the Western Balkans, insisting they are part and parcel of the same agenda.

In many cases the choice between functional cooperation at the regional level and EU integration was not as stark as assumed. First, integration in the EU and the global economy resulted in the convergence of individual states' policies, hence indirectly helped cooperation.³⁸⁹ Second, the suspicion towards comprehensive externally imposed schemes was largely absent when smaller-n cooperation schemes, involving immediate neighbours, were concerned.³⁹⁰ One of the advantages of this approach was that it took into consideration the patterns of local interdependence. This helped involve other countries that were formally outside the SEE-7 group because of their different institutional relationship with the EU (e.g. Slovenia, Greece, and Turkey). When the external agents have backed such initiatives, they were relatively more successful in marshalling local support. This explains why the Sava commission took relatively easily off the ground, in comparison to certain SEE-7-focused schemes. The combination between integration in the EU and functional cooperation in 'less-than regional' formats

considers it a second best option to a customs union between the Western Balkans and the EU and calls for cooperation on exchange rates, competition and tax policies to back up the free-trade area.

³⁸⁹ Examples include harmonisation with the EU's *acquis* in areas like trade policy or the adoption of fixed exchange rates with the euro.

³⁹⁰ Interviews with Boris Grigić, Minister Plenipotentiary, Croatian MFA, Zagreb, September 2003, Nikola Karadimov, Foreign Policy Advisor to the Bulgarian President, Sofia, September 2003. The Bulgarian policy analyst has characterised that approach as 'regionalism *a la carte*.' See Gergana Dimitrova, 'Building a More Efficient Stability Pact,' Center for Policy Studies, Budapest, 2003.

was the point where the preferences of the local and external promoters were likely to converge.

The impact of identity politics

Can one explain functional cooperation solely with a reference to the *politics of interest*?

The answer is largely in the affirmative. Cooperation was driven by the interplay between external incentives and intra-regional material conditions, interdependence or the lack thereof being the main one in the latter category. The implementation of the multi-country functional agendas also depended on other catalysts or constraints at the state level, such as administrative capacity, the availability of financial resources in national budgets, and the pace of reforms (e.g. liberalisation of foreign trade regimes, energy governance etc.), that are not examined in detail here.³⁹¹ All these factors were clearly material in character.

Yet, *identity politics* mattered. At different points, state strategies were underpinned by ideational and not material concerns. Ostensibly, identity politics inhibited functional cooperation. Initially, countries sought to escape rather than partake in the construction of South East European economic space. In 1996, Croatia and Slovenia refused to join SECI, a policy framework designed to deal with mundane problems like infrastructure, transport and energy. They perceived a symbolical threat in being put in the same basket with the rest of former Yugoslav republics. Was not this a move to recreate, albeit in a different institutional form, the late federation? The two were concerned that the participation in SECI jeopardised their chances to join promptly the Western institutions, which they regarded as their main foreign priority. They resisted

³⁹¹ For an analysis of those conditions, see Fabian Schmidt and Milica Uvalić, 'Cross-Border Co-operation in Southeastern Europe' in Wim van Meurs (ed.), *Beyond EU Enlargement. Vol 2. The Agenda of Stabilisation for Southeastern Europe*, Guetelsroh: Bertelsmann Foundation, 2001, pp. 225-65.

wholeheartedly the scheme.³⁹² In January 1997, motivated by the SECI precedent, Tudjman went as far as proposing a constitutional amendment stipulating that Croatia would not participate in any future arrangements threatening to bring Yugoslavia back into life.³⁹³ Arguably, the absence of a strong group identity shared by the South East European states also impeded cooperation. Although the Tudjman-like rhetoric was largely absent in the period 2000-03, all Balkan governments prioritised the development of relations with the EU and were not particularly eager to push forward policies binding them to the region (regarding trade liberalisation, for instance).³⁹⁴

One should, however, handle the identity-as-obstacle argument with caution. The preference for EU integration to regional trade liberalisation can be interpreted in purely rational-choice terms. Comparing EU-accession with the regional ‘bog-down’ option, South East European states could easily do their maths. Yet this does not explain why some of the regional countries showed such eagerness to join CEFTA. CEFTA membership had little effect on Bulgaria and Romania’s trade with the Visegrád quartet and Slovenia.³⁹⁵ As for Croatia, by the time it acceded to CEFTA in 2003, it was clear that the arrangement would be left soon by two-thirds of its membership once the Visegráds and Slovenia acceded to the EU. The only asset CEFTA had in store was that its new members from South East Europe could be part, at least for a couple of years, of the club of countries joining the EU. Was Croatia’s CEFTA bid a piece of evidence for the lasting power of the ‘escape from the Balkans’ idea? The *logic of consequences* (utility-maximising behaviour) would predict that Croatia should be comfortable once the

³⁹² See Radovan Vukadinović, ‘American Policy towards South East Europe,’ Copenhagen Peace Research Institute, October 2000; Janko Vranyczany-Dobrinović, ‘The EU, the SECI and Croatia,’ *Croatian International Relations Review*, 3 (6), 1997, pp. 11-20. Slovenia later joined SECI under US pressure but Croatia opted for observer status. Lopandić, *Regional Initiatives*, p. 126.

³⁹³ Marinko Culić, ‘Regional Approach to be Used at Home,’ AIM Zagreb, 31 January 1997.

³⁹⁴ Anastasakis and Bojičić-Dželilović, ‘Balkan Regional Cooperation’.

³⁹⁵ Dangerfield, *The Political Economy of CEFTA*.

EU markets were open to its products. It should also pursue FTAs with any other potential partner, Serbia and Montenegro included, and ignore CEFTA as irrelevant due to its imminent demise. The choice for CEFTA suggests that what mattered for Croatia (as well as for Romania, Bulgaria, Macedonia and Serbia and Montenegro) was *social recognition* as one of the relatively advanced market democracies of Central and Eastern Europe, rather than direct gain.

At a closer look, however, Croatia's behaviour was driven by strategic, rather than ideational, factors. Linking trade liberalisation in South East Europe with CEFTA was a way to ensure regional cooperation is more closely integrated into the EU framework. Rather than contesting integration with the other South East European countries as contrary to its national project as during the Tudjman era, the Račan government saw CEFTA as compatible with opening towards South East Europe. Bulgaria and Romania were already members, Macedonia was also likely to accede and all other SEE-7 countries could become members in the future. The higher entry requirements (SAA and WTO membership) offered guarantees that the scenario whereby EU integration was conditioned by the pace of the regional 'laggards' could be avoided. Post-Tudjman Croatia did not oppose involvement in Balkan regionalism in principle. True, it had second thoughts about far-reaching multilateral schemes, but was open to bilateral and 'less-than-regional' formats promising direct functional gains (e.g. the Sava initiative).³⁹⁶

The story so far implies that the argument about regional identity as a catalyst of cooperation is at odds with empirical evidence. However, after 1999, identity politics and norm-following (*the logic of appropriateness*) also fostered regional cooperation. This is

³⁹⁶ Interviews with Višnja Samardžija, Deputy Minister of European Integration and Boris Grigić, Minister Plenipotentiary, Croatian MFA, Zagreb, September 2003

demonstrated by the cases of Bulgaria and Romania. As we learned from Chapter IV, the EU portrayed functional cooperation as a vehicle for 'Europeanising' the Balkans. In order to deal with the legacies of conflict, Balkan states had to emulate Western Europe's 1950s experience and strengthen economic and societal ties. The commitment to functional cooperation, therefore, was a token of 'Europeanness'. Even when states' material interests ran counter to regionalisation in particular issue-areas, they could not openly resist externally-imposed cooperation. Bulgaria's leadership made a great deal of efforts to persuade Brussels that their country did not belong to the same group as the troublesome states of the Western Balkans because of its relative stability and progress in terms of political and economic transition. Even prior to the EU's decision to give the green light to membership talks with Bulgaria in 1999, the latter had second thoughts about being bundled together with the SEE-5 as a SP recipient.³⁹⁷ This position was not legitimised by a discourse of not belonging to the Balkans, but reflected Sofia's desire to join the EU as soon as possible together with the other candidate countries. Still, Bulgaria could not exit the Pact or decline participation in the free-trade area instituted with the 2001 Brussels memorandum. Though reluctant to engage in ambitious multilateral projects at the regional level, Bulgaria did not want to be seen as the country opposing the EU efforts to 'normalise' the Balkans.³⁹⁸ The state had to stick to its commitments to regional cooperation made consistently since the 1996 Sofia conference of Balkan foreign ministers.³⁹⁹ Both Bulgaria and Romania, though stressing their more advanced stage, were also eager to present themselves as a positive model and underscore their

³⁹⁷ Interview with Antoinette Primatarova, former Bulgarian Chief Negotiator and Ambassador to the EU, Sofia, September 2003. On Bulgaria's foreign-policy elites' attitude, see Anastasakis and Bojičić-Dželilović, 'Balkan Regional Cooperation,' pp. 63-5.

³⁹⁸ The attitude of other states in South East Europe, relatively more advanced on the road to EU membership, was very similar.

³⁹⁹ More about the 1996 Sofia conference in Chapter VII.

influence on the Western Balkans.⁴⁰⁰ Furthermore, the process of inducing compliance suggested that appropriateness and commitments, and not punishments, played a crucial role: the Bulgarian government joined the 2001 memorandum on trade not due to imminent sanctions by the European Commission, but because the SP's Coordinator Bodo Hombach managed to persuade them and because they were part of the SP's trade initiative aimed to boost cooperation in the Balkans.

⁴⁰⁰ See Radoslava Stefanova, 'Bulgarian Foreign Policy, Regional Cooperation and EU/NATO Relations,' *Bologna Center Journal for International Affairs*, 4 (1), Spring 2001. web edition.
Melanie Ram, 'Sub-regional Cooperation and European Integration: Romania's Delicate Balance,' paper presented at the International Studies Association Annual Meeting, February 20-24, 2001, Chicago, Illinois < <http://www.isanet.org/archive/ram.html> >.

Appendix to Chapter V: FTAs in South East Europe (as of November 2003)

	Albania	Bosnia-Herzegovina	Bulgaria	Croatia	Macedonia	[Moldova]*	Romania	Serbia and Montenegro**
Albania		Signed 28/04/03 Ratified by Albania 10/07/03	Applied 01/09/03	Applied 01/06/03	Applied 15/07/02	Signed 13/11/03	Signed 21/02/03 Ratified by Albania 10/07/03 Applied 01/01/04	Signed 13/11/03
Bosnia-Herzegovina	Signed 28/04/03 Ratified by Albania 10/07/03		Signed 16/10/03	Applied 01/01/01	Applied 01/07/02	Signed 23/12/02 Applied 01/01/04	Signed 08/04/03 Applied by 01/01/04	Applied 01/06/02
Bulgaria	Applied 01/09/03	Signed 16/10/03		CEFTA 01/03/03	Applied 01/01/00	Preliminary Consultations	CEFTA	Signed 13/11/03
Croatia	Applied 01/06/03	Applied 01/01/01	CEFTA 01/03/03		Applied 11/06/97 Revised 11/06/02 Applied by 11/07/02	Under Negotiation	CEFTA 01/03/03	Signed 23/12/02 Ratified by Croatia 07/05/03
Macedonia	Applied 15/07/02	Applied 01/07/02	Applied 01/01/00	Applied 11/06/97 Revised 11/06/02 Applied by 11/07/02		Under Negotiation	Signed 07/02/03 Applied by 01/01/04	Applied 7/10/96
Moldova	Signed 13/11/03	Signed 23/12/02 Applied by 01/01/04	Preliminary Consultations	Under Negotiation	Under Negotiation		Applied 17/11/94	Signed 13/11/03
Romania	Signed 21/02/03 Ratified by Albania 10/07/03 Applied 01/01/04	Signed 08/04/03 Applied by 01/01/04	CEFTA	CEFTA 01/03/03	Signed 07/02/03 Applied by 01/01/04	Applied 17/11/94		Initialled 13/12/02
Serbia and Montenegro	Signed 13/11/03	Applied 01/06/02	Signed 13/11/03	Signed 23/12/02 Ratified by Croatia 07/05/03	Applied 7/10/96	Signed 13/11/03	Initialled 13/12/02	

Source: www.stabilitypact.org

Chapter VI

Defusing the Powderkeg:

Balkan Security Cooperation

If the rhetoric of regionalism in the Balkans emphasised the economic dimension of the process, security never ceased to play a central role. Reconstruction and integration were seen as instruments to stabilise region in the wake of conflicts and external interventions. However, the very notion of regional security evolved and changed in the course of time. In the early 1990s, the key challenge was to manage the explosive mix of nationalism-fuelled conflicts over territory and historical animosities dividing states and ethnic groups. A decade afterwards, the strengthening of state institutions was an equally important concern. If in the mid-1990s Balkan security was mostly conceptualised in terms of inter- and intra-state competition, which could be mitigated, if not solved, by promoting political dialogue, reconciliation and economic interdependence, later the attention shifted to cooperative arrangements contributing to state capacity to enforce the rule of law. As a high-ranking US State Department official put it in 2003, ‘today, crime and corruption pose as great a threat as any that countries in this region have faced.’⁴⁰¹ Indeed the Yugoslav wars of succession introduced to South East Europe a whole new range of risks, which went well beyond traditional military security and had their source in the local states’ internal weakness. As a result, cooperation agendas expanded into an area commonly referred to in EU-speak as justice

⁴⁰¹ US State Department, Conference on ‘Progress Against Trafficking in Persons in Southeastern Europe,’ Opening Statement by Paula Dobriansky, Under Secretary for Global Affairs Opening Remarks at Conference, Washington DC, 1 August 2003.

and home affairs (JHA). The prominence of JHA issues made policy coordination even more necessary, but also added further complexities and obstacles as to the design and development of regional schemes in the area of security.⁴⁰²

Undoubtedly, security cooperation was difficult to achieve due to factors like divergence of interest, limited resources and institutional capacity for policy implementation at the regional and national level. However, since the end of the war in Bosnia, the relevant initiatives and institutions expanded in both membership and scope. By the early 2000s, it was hardly a surprise that most South East European states shared a common vision of their security and had achieved a certain measure of success in institutionalising their cooperation at various levels. From 2001 onwards, the Balkans, whose stability was protected by tens of thousands foreign peacekeepers, could boast its own peacekeeping force ready for deployment. Though many of the long-lasting threats to stability were still present, particularly in the countries of the Western Balkans, by the end of the examined period (2003) security cooperation had become the rule rather than an exception in South East Europe.

How can one account for this progress from competition to cooperation? To what extent was it due to the policies of key external actors like NATO, EU and OSCE aimed at pacifying the volatile Balkans? What was the significance of the pressures coming from inside the region, for instance the challenge posed by transnational phenomena and actors such as organised criminal networks, for the growth of intergovernmental cooperation? What was the impact of the drive to redefine the Balkans collective identity as part of the Euro-Atlantic on security cooperation?

⁴⁰² For a theory-informed analysis of the multiple meanings of Balkan security, see Spyros Economides, 'Balkan Security: Which Security, Whose Security,' *Journal of Southeast European and Black Sea Studies*, 3 (2), 2002, pp. 105-129.

To answer these questions, the chapter examines the history and political dynamics of security cooperation initiatives over time. It argues that regional security cooperation was, to a great extent, a by-product of the Balkan states' individual efforts to integrate into or align with NATO and the EU. While external push was the main force at play, the target states' response was informed by the desire to recast their collective image, less so by the resolve to share the burden for the stabilisation of wider South East Europe.

The chapter looks at the arms control and confidence-building arrangements put in place in the early and mid-1990s. Then it explores the institutionalisation of regional politico-military cooperation fostered by the US and NATO in the wake of the Dayton Peace Accord. Further, the chapter discusses the shift to soft security under the EU-sponsored Stability Pact for South East Europe (SP). Finally, it deals with the different initiatives involving the states of South East Europe in the framework of NATO and the Euro-Atlantic Partnership Council (EAPC).

I. First steps in politico-military cooperation

The major development that shaped the Balkan security landscape in the first half of the 1990s was, no doubt, the end of the Cold War and the ensuing disintegration of Yugoslavia. As Chapter III elaborated, due to the already existing conflicts such as the one between Greece and Turkey, it put security in South East Europe under great strain, raising the spectre of a full-blown regional war. However, contrary to what the sceptics suggested at the time, the end of the Cold War had also a positive effect on the region's military affairs due to the impact of various cooperative frameworks at the European level. Such was the 1990 Treaty on Conventional Forces in Europe (CFE) adopted within the Conference of Security and

Cooperation in Europe (CSCE), which set armament ceilings for the countries of the region.⁴⁰³ CSCE's Vienna documents of 1992 and 1994 envisaged a number of confidence- and security-building measures (CSBMs), including pre-warning during military exercises, regular external monitoring and evaluation visits, and on-site inspections. The CSCE/OSCE regime contributed to the improvement of security between pairs of neighbouring states. In 1991-92, for example, Bulgaria and Turkey signed two agreements that allowed, *inter alia*, for the withdrawal of substantial military units deployed alongside their common border in Thrace. Bulgaria concluded similar agreements following, and sometimes even going beyond, the Vienna standards with Greece, Romania (December 1995), and Albania; Turkey - with Albania (July 1992) and Macedonia.⁴⁰⁴

While the implementation of the CFE ceilings and bilateral CSBMs marked the beginnings of regional military cooperation, their impact on the region was limited. In some observers' view, CFE cemented already existing imbalances and exacerbated the military inferiority of Bulgaria and Romania relative to Turkey and Greece.⁴⁰⁵ Greece itself saw the danger that the CFE-imposed quantitative but not qualitative limits on Turkey, which allowed the latter to modernise its armaments and gain a strategic advantage. In addition, rump Yugoslavia, expelled from OSCE in July 1992, was not part of the arms reduction and CSBMs regimes. Belgrade had at its disposal one of the strongest militaries in South East Europe,

⁴⁰³ During subsequent talks on CFE, Bulgaria and Romania showed readiness to set even lower ceilings with a view to their NATO membership bid. Turkey was also prepared to follow suit in case all other Balkan states limited their arsenals, while Greece declined to revise its CFE ceiling.

⁴⁰⁴ At the time, Albania was still not a member of OSCE and was not a signatory to CFE and the Vienna documents.

⁴⁰⁵ Panayotis J. Tsakonas, 'Creating Conditions of Stability in Southeastern Europe: Prospects for an Arms Control Regime,' NATO Individual Fellowship Report, NATO Office of Information and Press, Brussels, June 1999. For the Bulgarian perspective, see Nikolay Slatinski and Dimitar Iontchev, 'Bulgaria on the Road to the Euro-Atlantic Structures,' in Paul Luif (ed.), *Security in Central and Eastern Europe: Problems, Perceptions, Policies*, Vienna: Austrian Institute for International Affairs, pp. 207-40.

which resulted in great anxieties on the part of all its neighbours.⁴⁰⁶ The same applied to war-torn Bosnia-Herzegovina. Only with the conclusion of the Dayton Peace agreement, CSBMs were introduced between the forces of Republika Srpska and the Bosniac-Croat Federation. In June 1996, the two entities signed the so-called Agreement on Subregional Arms Control that was instrumental for reducing the number of armed forces and weapons across Bosnia. However, unlike their neighbours, Slovenia, Macedonia and Albania remained outside the CFE and the Agreement on Subregional Arms Control.

The above deficit of cooperative mechanisms was clearly a concern for the external actors involved in stabilising South East Europe. The Dayton Agreement foresaw arms control negotiations ‘in and around’ former Yugoslavia. However, such a process never took place on a regional basis. Balkan foreign ministers mentioned the institution and implementation of a regional system of CSBMs in the final communiqués of the Sofia and Thessaloniki conferences in 1996 and 1997 but there were no follow up measures. Arms reduction talks were impossible as long as Bulgaria, Romania and Greece refused to disarm to lower levels than the ones under CFE. This effectively ruled out regional regime parallel to the OSCE one.⁴⁰⁷

A genuinely multilateral body in the area of arms control and CSBMs was established only with the EU-initiated Stability Pact for South East Europe. In October 2000, the SP launched in Regional Arms Control Verification and Implementation Assistance Centre located in the vicinity of the Croatian capital Zagreb. Like all other SP projects, the centre relied exclusively on contributions from donors, notably Germany. Furthermore, it was functionally

⁴⁰⁶ Thomas J. Hirschfeld, ‘Conventional Arms Control and Confidence-Building Measures’ in F. Stephen Larrabee (ed.), *The Volatile Powder Keg. Balkan Security After the Cold War*, Washington DC: American UP, 1994, p. 171.

⁴⁰⁷ Centre for Liberal Strategies, ‘Current State and Prospects for the Development of Regional Cooperation between the Countries of South East Europe,’ Sofia, CLS, 1997, pp. 33-6. On OSCE role in South East Europe, see Victor-Yves Ghebali and Warner, Daniel (eds.), *The Operational Role of the OSCE in South-Eastern Europe: Contributing to Regional Stability in the Balkans*, Aldershot: Ashgate, 2001.

part of OSCE and included a number of extra-regional states as well. Despite its name, the centre had no verification functions and focused on training defence experts from the South East European countries.⁴⁰⁸

II. Multilateralising security cooperation

The South East European Defence Ministerial

It was thanks to the Clinton's administration post-Dayton strategy in the Balkans that institutionalised multilateral politico-military cooperation evolved. As Washington viewed Balkan security in holistic and interdependent terms, it sought to supplement NATO's peacekeeping effort in Bosnia by involving in the wider region. Importantly, by that point, a number of non-NATO countries from the region had joined PfP and declared their desire to become members of the Alliance. This gave the US additional leverage to promote cooperation amongst the latter and the the Balkan NATO members.

In March 1996, the US, represented by the Secretary of Defence William Perry, initiated the South East European Defence Ministerial (SEDM) process at a conference in Tirana attended by the defence ministers of Albania, Turkey, Macedonia, Bulgaria, Italy and the US. It was no accident that Albania was chosen as a host: it had proved a valuable US and NATO ally during the Bosnian war and showed restraint in its policy vis-à-vis Macedonia and Yugoslavia inhabited by significant Albanian minorities.⁴⁰⁹ Though it did not produce any

⁴⁰⁸ For further details on the centre's activities, see <www.racviac.org>. Another important SP project was the South Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC) launched on 8 May 2002 in Belgrade and funded by UNDP. SEESAC was guided by the OSCE's *Document on Small Arms and Light Weapons*, which also included provisions on regional co-operation. Yet, most arms collection and destruction programmes were carried out in individual countries (e.g. Albania, Yugoslavia, Macedonia) and not on a regional basis.

⁴⁰⁹ During his visit to Tirana, Perry also announced that the US was going to grant Albania a military aid package worth 100 million USD, ten times more than the sums the country had received in the preceding four years. AFP, 2 April 1996.

important outcome, the Tirana conference provoked anxiety across the region. Displeased by the fact that Romania and Yugoslavia were not present, the Greek Defence Minister Gerasimos Arsenis squarely turned down the invitation to take part in the talks.⁴¹⁰ The Bulgarian defence minister's decision to attend was reluctant; in Tirana, he also pointed out that Russia should be invited to similar events in the future.⁴¹¹ At the time, Greece and Bulgaria were preparing a conference of Balkan foreign ministers, reconvening after a six-year break, which was supposed to address the issue of regional security.

The follow-up ministerial in Sofia (3 October 1997) enjoyed greater success. Bulgaria's new pro-Western and pro-NATO government backed fully the American initiative. It did not invite Russia to the conference, arguing the latter was neither a South East European nor a NATO candidate country and was, therefore, ineligible. This caused a diplomatic stir-up culminating into a Russian protest note to Bulgaria. The view that Moscow was to be kept out was shared by others in the SEDM, notably the US which firmly supported Prime Minister Kostov's decision.⁴¹² Thus, the conference settled the issue of participation: Albania, Bulgaria, Macedonia, Romania, Greece, Turkey and Italy became full members, while the US and Slovenia chose to remain observers. FR Yugoslavia was conspicuously absent which spurred a wave of press speculation on the initiative's underlying objectives.⁴¹³ Greece supported staunchly Belgrade's case and spoke against what it saw as the creation of new division lines in the Balkans. Setting membership in PfP and the EAPC, and not geographical location, as qualifying condition kept out two more South East European states: Croatia and Bosnia-

⁴¹⁰RFE/RL Newsline, 26 March 1996.

⁴¹¹BTA, 31 March 1996.

⁴¹²For Secretary of Defence William Cohen's comments, see AFP, 3 October 1997

⁴¹³Angel Angelov, *Regional Military-Political Cooperation as an Element of Bulgaria's Euro-Atlantic Integration*, unpublished MA thesis, Sofia University, 1999, p. 55. Angelov's account of the expert-level negotiations draws on sources within the Bulgarian Ministry of Defence.

Herzegovina.⁴¹⁴ Greece did not embrace the initiative either. Its Defence Minister Akis Tzohadzopoulos advocated the establishment of a 'Balkan Security Council' with all local states represented, which would be much more focused on intra-regional issues.

While Greece had a point, SEDM was not merely a Balkan security arrangement but an instrument of US and NATO policy in the region. This particular understanding was manifest in the participants' rhetoric. During the Sofia forum, the PfP states stressed one more that the region should be stabilised through their joint efforts but also through its inclusion in the Euro-Atlantic structures. SEDM was perceived a stepping stone to accession to NATO. NATO and the US could legitimately rule on PfP and SEDM membership. Despite their commitment to the Dayton framework, Yugoslavia and Croatia were still the region's mavericks due to the authoritarian policies of Milošević and Tudjman. Bosnia, on the other hand, was far from being a fully functioning state with a single military and defence ministry to be considered. This exclusivist approach of the SEDM was in contrast with political fora like the multilateral summits of foreign ministers (SEECF) which included everyone in South East Europe. It was also inconsistent with the policy to engage Yugoslavia in all forms of regional dialogue after 1995. Aware of the risks inherent in both isolating or accommodating the Belgrade leadership (and, to lesser degree, Croatia and Bosnia), Bulgaria proposed a future regional meeting of defence ministers, presumably in the framework of the budding SEECF, but it was clear that SEDM was to preserve its separate identity.

Though its link with NATO and PfP was essential, SEDM was still seen as Balkan-specific institution. As in the case with other post-Dayton schemes, symbolic belonging to South East Europe was an entry prerequisite. That was why in Slovenia the Drnovšek government came under opposition criticisms for its choice to participate in the Sofia

⁴¹⁴ Croatia joined as observer in 2000.

ministerial. Similar to Tudjman's HDZ in Croatia, some Slovenians saw a threat that their country might be 'dragged back' into the Balkans after the hard-won emancipation from Belgrade's rule. The defence minister came out against the voices of gloom by pointing out that being inside SEDM would undoubtedly increase Slovenia's chances to join NATO in the second wave of expansion, adding that although not belonging to South East Europe, the country participated 'as a role model for that region'.⁴¹⁵ Thus, Slovenia's observer status was a compromise solution inspired by the conflicting imperatives of the country's self-identification as part of Central Europe and the desire to be securely on the NATO bandwagon.

The Sofia ministerial also defined the SEDM's area of activity. US Defence Secretary William Cohen highlighted priorities such as military personnel training and exchange, PfP exercises and assistance in restructuring Soviet-style armed forces in the individual Balkan partners to make them interoperable with NATO. He also envisaged a regional arms control agreement featuring CSBMs and arms reductions.⁴¹⁶ Following those recommendations, the SEDM states resolved to hold regular meetings of ministers and chiefs of staff, exchange personnel and data, participate in joint exercises, and discuss the creation of a regional crisis prevention council. Apart from these well-meaning declarations of will, the delegates agreed on a package of measures to give the institution substance. They accepted Turkey's proposal to establish a regional unit along the lines of NATO's Combined Joint Task Force (CJTF) template, which had already been applied by the Baltic Battalion formed by Estonia, Latvia and Lithuania as well as a similar Italian-Hungarian-Slovenian joint force. The unit could be involved in UN and OSCE-mandated peacekeeping operations run similar to NATO's IFOR/SFOR mission in Bosnia-Herzegovina.

⁴¹⁵ Nadja Podobnik, 'Turnšek - Slovenia is in Central Europe and will remain there,' STA, 3 October 1997.

⁴¹⁶ AFP, 3 October 1997.

The Multinational Peace Force for South East Europe

During the Sofia ministerial, a senior US defence official travelling with Cohen characterised the SEDM mission in the following way: 'The focus [of SEDM] will be, on the one hand, including these countries more in Western institutions, including involvement with NATO, and two, ensuring that they work together better than historically they have.'⁴¹⁷ The would-be multinational force proved that the second goal was not easy to attain. The negotiation stage showed that attitudes and expectations differed. Some SEDM members such as Bulgaria tended to see military cooperation as a way for achieving greater degree of interoperability with NATO. They were sceptical about immediate missions in places like Bosnia, which was what others as Turkey wished for. In addition, Bulgaria argued that the force's deployment should not be limited to the Balkans. Widening the operational perimeter would help the unit participate in the widest possible range of PfP activities and facilitate integration into NATO structures.

Naming the force turned out to be almost as contentious as defining its future mission. Bulgaria insisted on the label 'South East European' arguing that the alternative 'Balkans' was laden with too many negative connotations. This was yet another indication how seriously symbolic politics impact were taken. In addition, Macedonia's Minister of Defence Lazar Kitanovski objected to using the standard designation of 'rapid reaction' or 'rapid deployment force' on the grounds that this might justify unwelcome involvement in a SEDM member state in the future. Macedonia feared the deployment of military forces from the neighbouring countries perceived as harbouring irredentist claims on its territory.⁴¹⁸ The end result --

⁴¹⁷ Ibid.

⁴¹⁸ Interestingly, Macedonia's stance was backed by Bulgaria. The inevitable issue about the name to be used by Skopje surfaced too. As a result, the signatures of the ministers of defence of the SEDM countries on the MPFSEE agreement were not followed by clarification which state they represented.

‘Multinational Peace Force for South East Europe’ (MPFSEE) -- was a compromise that took into account the regional states’ apprehensions and concerns.⁴¹⁹

The worst stumbling block by far, however, proved the location of the unit’s head quarters. Almost all SEDM participants put forward rivaling proposals. Turkey wanted MPFSEE to be stationed in the town of Edirne, adjacent to its borders with Bulgaria and Greece. Greece itself preferred Kilkis, north from Thessaloniki and close to Macedonia and Bulgaria.⁴²⁰ Bulgaria lobbied for Plovdiv pointing at the city strategic position in the center of the Balkans. These squabbles obscured even questions of greater relevance such as the nature of MPFSEE’s future missions. Hosting had some political significance as the force was portrayed as a key step in reforming the conflict-prone Balkans. Getting the credit for promoting of regional stability certainly played a great part in the SEDM members’ motivation.

What mattered also was Greek-Turkish antagonism. From very early on, Turkey’s active involvement in SEDM was monitored warily by the Greek government. Ankara’s insistence to host expert negotiations on MPFSEE led to allegations that its underlying goal was to marginalise Athens. This had implications for the choice of the force’s HQ too. Although Turkey had originally launched the initiative and therefore had a strong case, it was conceivable that Greece could lose interest and not send a contingent to the MPFSEE if the Turkish town of Edirne were chosen. At the end of the day, the Bulgarian proposal was viewed as a balancing act between Turkey and Greece. It was also important that key stakeholders like the US, Italy and ultimately Greece ripened to the idea that a PfP country, rather than a NATO

⁴¹⁹ Angelov, pp. 56-58.

⁴²⁰ Greece even established in Kilkis a training center for the purposes of the Balkan force.

member, should host the HQ.⁴²¹ Turkey finally yielded in April 1998 during a meeting between Prime Ministers Ivan Kostov and Mesut Yilmaz. Yilmaz declared that Turkey supported Plovdiv, while Kostov spoke in favour of Turkey's bid for a non-permanent place at the UN Security Council in 2000-01.⁴²² A political deal was in sight. Plovdiv was approved for a period of four years, upon which Romania, Turkey, Greece would take their turns as hosts. Turkey got the force's commander, Brigadier General Hilmi Zorlu, later commander of NATO's ISAF mission in Afghanistan.⁴²³ Greece was given the chairmanship of the MPFSEE Politico-Military Steering Committee, for a period of two years.⁴²⁴

The agreement for the creation of the MPFSEE was formally signed during the third SEDM conference held in Skopje on 26 September 1998. Observers Slovenia and US preferred to stay out of the agreement, although the former declared its readiness to contribute military personnel. Reactions were, however, mixed. Despite the obligatory champagne toasts, the conference's tone was far from optimistic. Not far across the border with Yugoslavia, a major Serb offensive against the Kosovo Liberation Army was in full swing. William Cohen remarked that the MPFSEE agreement was bringing security and stability to the region where many people would rather 'dig fresh graves than bury old hatreds.'⁴²⁵

The Skopje agreement, one of the few intra-Balkan multilateral legal treaties, contained political and military-technical clauses concerning MPFSEE.⁴²⁶ Outlining regional stability and interoperability with NATO as its goals, it defined MPFSEE's mission as participation in

⁴²¹ Foreign Minister Pangalos supported the Bulgarian bid after a meeting with the head of Bulgarian Parliament's Foreign Affairs Committee Assen Agov on 14 April 1998. RFE/RL Newline, 14 April 1998.

⁴²² Anatolian Agency, 25 April 1998.

⁴²³ In 2001, General Zorlu was succeeded by the Greek General Andreas Kouzelis. Next in line were Italy, Bulgaria, Romania, Albania, and Macedonia.

⁴²⁴ The chairmanship then went to Romania, with Turkey, Albania, Macedonia, Bulgaria, and Italy further down the queue.

⁴²⁵ RFE/FL Newline, 28 September 1998.

⁴²⁶ The text of the Skopje agreement is available on the website of the Romanian Chairmanship of the SEDM <<http://sedm.mapn.ro>>.

conflict prevention, peacekeeping, peacemaking, and humanitarian operations under NATO, the Western European Union, OSCE and UN.⁴²⁷ Decisions to deploy MPFSEE were to be taken consensually on a case-by-case basis, and each participating country could specify its own contribution. At the same time, the initiative was ‘in line with and supportive of PfP programmes’, the force would function ‘within the spirit’ of PfP and all PfP agreements were recognised as *mutatis mutandis* applicable.⁴²⁸ Importantly, Article 2 made it clear that the force did not imply the formation of a military alliance against any country, which was clearly a message for Yugoslavia. At the same time, the Skopje agreement was made open for accession by other NATO/PfP states from the region. After it joined PfP and SEDM in 2000, Croatia became part of the MPFSEE, albeit as an observer.⁴²⁹

Table 6.1: MPFSEE in facts and figures

Political components	
Committee of foreign ministers	Decision on participation in peacekeeping operations.
Committee of defence ministers	Meets annually to review the initiative and discuss political and military questions. ⁴³⁰
Committee of chiefs of staff	Discusses military-technical issues and has advisory functions.
Politico-Military Steering Committee	Meets twice a year. Makes proposals for deployment to the foreign ministers.

⁴²⁷ In addition to peace-support operations, it listed joint training activities: reconnaissance, command post/field training, and crisis management exercises conducted according to commonly agreed-upon plans and programmes.

⁴²⁸ The agreement stipulated that the unit should operate according to NATO standards, rules and regulations.

⁴²⁹ Croatia joined the SEDM during its fifth ministerial taking place in Thessaloniki on 9 October 2000. In June 2001, Ukraine obtained an observer status within SEDM, but remained outside the MPFSEE.

⁴³⁰ The Thessaloniki conference (October 2000) added a permanent coordination committee to the SEDM structure. The body was to be chaired by the country presiding MPFSEE Steering Committee.

Military components

Military command

6 officers from the participating countries headed by brigadier general, convening during joint activities; nucleus staff based in the HQ.⁴³²

South East European Brigade (SEEBRIG)

11 mechanised and 3 light infantry companies (3000-4000 troops) stationed in the respective home countries. The brigade is assembled only during joint exercises.⁴³³

Engineer Task Force⁴³¹

Although the MPFSEE was created on paper in 1998 and its HQ opened in August 1999, it took a long time before it was activated. Characteristically, its first task was to build a bridge and road in Albania in 2001, rather than to assume peacekeeping responsibilities. Although the US pressed for involving the force in Bosnia or Kosovo, regional states were slow to move.⁴³⁴ They suggested that MPFSEE could be involved in the reconstruction of Kosovo's infrastructure. The participating countries set 31 December 2000 as a target date to make the unit operational but were cautious about its future missions. This became evident with the new Bush administration's policy in the Balkans. Getting the unit to shoulder at least a part of the international community's peacekeeping responsibilities in South East Europe was consistent with the overall objective to scale down the US commitments. That was the message by the new US Secretary of Defence Donald Rumsfeld to the SEDM meeting in Antalya (20 December 2001). The region's reaction was mixed. While the operationalisation of MPFSEE

⁴³¹ The ETF was established with the Second Additional Protocol to the MPFSEE Agreement signed on 30 November 1999 during the Bucharest Ministerial. It was originally conceived as a separate unit, but later incorporated in the SEEBRIG.

⁴³² The legal status of the HQ was settled by the Third Additional Protocol to the MPFSEE Agreement adopted by the SEDM deputy defence ministers in Athens on 21 June 2000.

⁴³³ The bulk of the personnel was contributed by Turkey, Romania and Bulgaria. Details in George Christian Maior and Mihaela Matei, 'Defence Policy Developments: Old and New Missions for the Armed Forces,' Occasional Paper 1/2002, Institute for Political Studies of Defence and Military History, Bucharest, 2002. <<http://www.ispaim.ro/pdf/Opl.pdf>>.

⁴³⁴ At the regular SEDM meeting held in Thessaloniki on 9 October 2000, William Cohen pointed out that the brigade must be deployed at the earliest opportunity, Reuters, 9 October 2000.

was supported, US disengagement was a matter of concern.⁴³⁵ Overall, the regional states did not consider they had the potential to play a greater role in Balkan peacekeeping. In addition, non-NATO members considered that MPFSEE's most important function was to enhance their cooperation with the Alliance, rather than to be put in charge of regional stability.⁴³⁶

The Macedonian crisis in 2001 indicated that there were further political obstacles for activating the peace force. The escalating conflict between the Skopje government and the Albanian guerilla forces prompted Macedonia's neighbours to act through SEDM. An extraordinary ministerial was convened in Skopje on 5 April to discuss possible measures to tackle the crisis and preserve Macedonia's integrity. Reportedly, talks were centred on a Bulgarian-Greek initiative to deploy the MPFSEE in Macedonia, either separately or as an adjunct to the Kosovo-based KFOR. The proposal was crafted after consultations between the two countries' defence ministers followed by a visit by Prime Minister Kostov to Athens on 2-3 April.⁴³⁷ MPFSEE military command was positive: on 4 April, General Zorlu declared that the Balkan brigade was prepared to patrol the border between Macedonia and Kosovo, yet adamantly ruled out any engagement in the ongoing battles.⁴³⁸ The Bulgarian-Greek initiative was, however, vetoed by Albania. Its deputy defence minister opposed involving SEDM in the crisis as well as sending Balkan peacekeepers to either Macedonia or Kosovo, arguing that NATO should be in charge.⁴³⁹ Albania's stance was informed by suspicions that Bulgaria and Greece were biased in favour of the Georgievski government in Skopje. Both countries had supplied armaments to the Macedonian forces, while President Stoyanov had also spoken about

⁴³⁵ *Balkan Times*, 21 December 2001.

⁴³⁶ Dimitris Bourantonis and Panayotis Tsakonas, 'The Southeastern Europe Multinational Peace Force: Problems of and Prospects for a Regional Security Agency,' *Political Studies*, 23 (2), 2004, pp. 78-9.

⁴³⁷ Institute for Security and International Studies (Sofia), 'Balkan Regional Profile,' May 2001.

⁴³⁸ RFE/RL Newslines, 4 April 2000, Reuters, 4 April 2001.

⁴³⁹ This same view was expressed again several weeks later by Albania's Head of General Staff during a visit to Bulgaria. ISIS, 'Balkan Regional Profile,' May 2001.

sending a Bulgarian military contingent to Macedonia. At the Skopje Ministerial, Albania protested against this support claiming that it was additionally fuelling the crisis. As a result, the deployment of MPFSEE in Macedonia was dropped from the agenda.

Despite the deficit of political will, progress was made on the military-technical front. In May 2001, the SEDM notified the UN, OSCE, EU and WEU that the MPFSEE was prepared to take part in peace support operations. By that time, parts of the Balkan brigade had participated in a number of NATO/PfP exercises. In October 2002, several weeks before the Prague summit dealing with NATO's second eastern enlargement, the Romanian chairmanship presented to the Alliance a force package proposal of the MPFSEE capabilities available as well as a deployment timeframe.⁴⁴⁰ The proposal was subsequently ratified by the defence ministers during their seventh regular conference (Rome, 11 December 2002). These bold declarations, however, did not wholly correspond to the situation on the ground. MPFSEE lacked a fully-functioning communication and information system for two of the four HQ command posts located in different participating countries.⁴⁴¹ More importantly, the SEDM states were unwilling to allocate sufficient funds which would allow MPFSEE to take part in peace operations, however short-term they might be.⁴⁴²

Overall, MPFSEE represented a prime example of rhetorical or 'showcase' regionalism. Due to political and military-technical constraints, the force could hardly be sent on a mission to the region's hotspots. Its utility was linked to its facilitating role for implementing NATO

⁴⁴⁰Romania presided over the SEDM and MPFSEE coordination committees in 2001-3. In September 2003, the force's HQ moved to the Romanian port of Constanța.

⁴⁴¹ The information system was identified as a key priority in 2000. The initiative was funded by the US (2.5 million US dollars) and Norway (through the Stability Pact, 577,000 US dollars). In 2001, Greece, Romania and Bulgaria pledged respectively 500,000, 300,000, 150,000 US dollars, while Turkey donated assets worth 2 million USD. The US and Turkey also proposed a merged information network project to speed the brigade's deployability, which was endorsed by the SEDM in the autumn of 2002 by the SEDM deputy defence ministers.

⁴⁴² At the 2001 Thessaloniki ministerial, the defence ministers approved a budget of 500,000 USD for the year 2002.

standards in the militaries of the participating PfP states (Albania, Macedonia, Bulgaria and Romania, plus observers Croatia and Slovenia) by means of regular exercises and other cooperative activities. At the same time, MPFSEE had considerable symbolic connotations as it illustrated the region's departure from its troublesome past and a shift from rivalry to security cooperation. During the 1998 Skopje ministerial, William Cohen characterised the MPFSEE agreement as historic and heralding a new era for South East Europe.⁴⁴³ Though one could dispute the unit's actual contribution to Balkan stability, it was obvious that it was an asset for the region and the individual participating states, many of which were keen to get as big piece of the action as possible.

Apart from MPFSEE, cooperation with NATO and its members allowed SEDM to develop other less ambitious initiatives. Successful projects included a crisis information network through which the respective national agencies and the MPFSEE HQ could coordinate emergency-relief action, a simulation network, and a satellite communication system linking military hospitals (on Greek initiative).⁴⁴⁴ All these measures were designed to improve interoperability with NATO as well as between the participating militaries. SEDM also sought to be up to date with global trends. Two months after the 11 September attacks, the Antalya Ministerial endorsed a concept paper on fighting terrorism, proliferation, and enhancing border security.⁴⁴⁵ This hinted at the key role played by the US within SEDM. In 2002, the Rome Ministerial resolved to set up a working group on defence industries, armaments and research, mapping another area of future cooperation.⁴⁴⁶ SEDM's agenda expanded even further to

⁴⁴³ Factiva Newswire, 26 September 1998.

⁴⁴⁴ The crisis network was initiated with the Second Additional Protocol to the MPFSEE Agreement signed during the Bucharest Ministerial (3 November 1999). The simulation network and hospital communication systems were initiated during the 2000 Thessaloniki Ministerial (2000).

⁴⁴⁵ The Ministerial decided to establish a working group bringing together officials from the ministries of interior, defence, and foreign affairs as well as the intelligence services.

⁴⁴⁶ The initiative came from Greece, which presented a concept paper outlining the areas of cooperation.

include illegal trafficking of drugs and people, a priority advocated by the 2001-03 Romanian presidency.

III. The shift towards soft security

With NATO as the main institutional anchor for security cooperation in South East Europe, military issues topped the agenda. The launch of the SP in 1999, however, added new dimensions to the process. The supporters of the Pact, notably the EU, saw a need to develop regional frameworks in various soft security areas. While traditional risks such as ethnic conflicts, outstanding inter-state disputes, and unsettled borders remained a concern, the SP prioritised issues like anti-corruption, fighting transborder crime, and migration management, all part of the EU JHA agenda.⁴⁴⁷ The Pact's third Working Table (WT3) included a subtable on JHA, in addition the one dealing with military and defence affairs. Even before 1999, the Balkan states had repeatedly made references to cooperation on these and related matters, yet few concrete steps had followed. The SP attempted to give substance to the political declarations.

There were a number of factors conditioning the shift towards JHA. First, it was consistent with the pressures generated by the webs of regional interdependence described in Chapter II. The Pact's underlying assumption was that certain problems had to be addressed and tackled on a broad regional basis. Initially, however, regional interdependence was also a constraining factor. It was difficult to develop full-blown cooperation as long as rump Yugoslavia, located in the centre of the region and accounting for a great part of the risks, was outside the SP framework. Only the fall of Milošević in October 2000 changed that. The second reason for the turn towards soft security was the growing interest of the EU and its member states which felt exposed to non-military threats originating from South East Europe

⁴⁴⁷ Stability Pact for South East Europe, 'Agenda for Stability,' Thessaloniki, 8 June 2000, point 21.

like organised crime, smuggling, drugs trafficking and illegal migration. The Zagreb Summit in November 2000 singled out JHA as a key policy-area on the EU integration agenda. It launched a joint EU-Western Balkans consultative body on JHA and allocated considerable funds for national and regional projects through the CARDS programme. In November 2002, the UK government convened in London a high-profile conference on organised crime in South East Europe conference, which confirmed that the issue topped the EU-Balkan agenda.

The SP aimed at complementing the EU programmes. Amongst its key instruments was the initiative on organised crime in South East Europe (SPOC). Coordinated by Austria, SPOC involved expert-level consultations among the SP recipient and supporting states and focused on the transposition into national legislation of international norms and standards contained in documents such as the UN Convention against Transnational Organised Crime (Palermo, 12 December 2000), as well as its two additional protocols on human trafficking and the smuggling of illegal migrants.⁴⁴⁸

In many ways, SP activities overlapped with those of US-supported SECI.⁴⁴⁹ In May 1999, SECI members Albania, Bosnia-Herzegovina, Bulgaria, Greece, Hungary, Macedonia, Moldova, Romania and Turkey signed an *Agreement on Cooperation to Prevent and Combat Trans-border Crime*, which led to the establishment of a regional centre in Bucharest the following year. The centre's function was to facilitate the exchange of information amongst the participating states. It included 15 liaison officers from the national interior ministries and

⁴⁴⁸ The SP even set up a taskforce on human trafficking together with the OSCE (September 2000). SP participants signed a special declaration in support. Amongst the actors involved in the taskforce were the OSCE Commissioner for Human Rights, the International Organisation on Migration, UNICEF, the Council of Europe, the International Catholic Migration Committee etc. creating multiple difficulties to divide labour. The taskforce's activities partly overlapped with those of the Regional Centre for the Fight against Illegal Trafficking, set up by Albania, Italy, Greece and Italy in the town of Vlora.

⁴⁴⁹ See Chapter II.

customs authorities and was supported by a number of specialised taskforces.⁴⁵⁰ Becoming operational in 2001, it quickly yielded some palpable results serving as an interface body between the specialised national agencies.⁴⁵¹ Still, SECI officials suggested that the participating states, though appreciating its symbolical value, did not have a great deal of commitment to the Bucharest centre.⁴⁵² Amongst other things, this was reflected in the insufficient financial contributions. The centre was, nevertheless, relatively more successful than parallel initiatives in the SP because of its clear agenda and territorial scope. It covered wider South East Europe from Hungary to Turkey. This was a superior cooperation format than SP using formal institutional criteria and therefore targeting mainly the SEE-7. As a consequence, SPOC was under pressure to coordinate more effectively with SECI. In late 2003, it established a permanent secretariat which was hosted by the Bucharest centre. For its part, SECI coordinated the law-enforcement component of the Pact's taskforce on human trafficking. The success of this streamlining exercise was still questionable because the activities of the SP and SECI were reduplicated by the copious bilateral programmes implemented in South East Europe by actors such as the EU and the Council of Europe.⁴⁵³

Overall, SP only partly lived up to its promise to strengthen soft security cooperation in the Balkans. That was not solely due to its limited resources or to the unfavourable conditions in the region, but also to the problems inherent in the Pact's institutional design. A great deal

⁴⁵⁰ Issues included trafficking in human beings, stolen vehicles, small arms, radioactive and dangerous substances, drugs, as well as commercial frauds, financial and cyber crimes, terrorism, and valuation frauds.

⁴⁵¹ In 2001, the centre reported 3112 exchanges of information. Marko Hajdinjak, *Smuggling in Southeast Europe. The Yugoslav Wars and the Development of Regional Criminal Networks in the Balkans*, Sofia: Center for the Study of Democracy, 2000, p. 65

⁴⁵² Mihai-Razvan Ungureanu quoted in Sappho Xenakis, 'Organised Crime in the Balkans: Pitfalls in Threat Assessment,' in Aleksandar Fatić (ed.), *Security in Southeastern Europe*, Belgrade: Management Centre, 2004, p. 211.

⁴⁵³ Cf. Adrian Pop, 'Security: from Powder Keg to Cooperation,' in Wim van Meurs (ed.), *Prospects and Risks beyond EU Enlargement. Southeastern Europe: Weak States and Strong International Support*, Opladen: Leske and Budrich, 2003, p. 113.

of the soft-security task forces and initiatives within WT3 mediated the provision of bilateral assistance by the donors rather than fostering regional cooperation. SP projects were geared towards a set of *common problems*, present in all or most recipient countries, which however were distinctive from *regional problems* requiring joint action.⁴⁵⁴ A good example was the Pact's anti-corruption initiative (SPAI). Backed by the OECD, SPAI initiated a series of projects whose objective was to implement international anti-corruption instruments, fight bribery and promote transparency in public administrations, introduce ethical codes and good governance policies.⁴⁵⁵ Whatever their successes and failures, it is important to note that those projects concerned individual countries. Similar to other SP's initiatives, a peer-review arrangement was SPAI's sole multilateral element.⁴⁵⁶ This raised questions about SPAI's contribution relative to other bilateral anti-corruption programmes run by various international bodies and donors.⁴⁵⁷ WT3-promoted JHA institution-building projects to boost law enforcement authorities were problematic on the same grounds. They both lacked a regional component and overlapped with EU programmes like CARDS (in the Western Balkans) and PHARE (in Bulgaria and Romania).

Despite the multitude of institutional problems, South East Europe saw a rise intergovernmental cooperation on issues like smuggling and illicit trafficking from 2001 onwards. Importantly, this process took place *outside* existing initiatives and schemes backed by external actors such as the SP. This suggested that at least some momentum for cooperation was coming *from the region* itself. In December 2001, the interior ministers of Albania,

⁴⁵⁴ For a distinction, see European Stability Initiative and East-West Institute, 'Democracy, Security and the Future of the Stability Pact,' Berlin: ESI, April 2001, p. 28.

⁴⁵⁵ For a catalogue of all projects under WT3, including in the field of anti-corruption, see the database maintained by the Canadian University of York, <<http://ssr.yciss.yorku.ca/>>.

⁴⁵⁶ In 2002, SPAI established a Regional Secretariat Liaison Office in Sarajevo.

⁴⁵⁷ Even SPAI's multilateral activities overlapped with those of the Group of States against Corruption (GRECO) within the Council of Europe. ESI and East-West Institute, 'Democracy, Security,' p. 15.

Bulgaria, Croatia, Greece, Macedonia, Romania, Turkey and Yugoslavia agreed to share police intelligence, harmonise laws and strengthen border controls to fight cross-border crime.⁴⁵⁸ In the wake of the London conference on Balkan organised crime, the Yugoslav Presidency of SEECP organised a meeting of Balkan interior ministers in March 2003.⁴⁵⁹ It was followed by two conferences in Sarajevo (June and October 2003) where SEECP interior and justice ministers declared commitment to fight organised crime, implement the Palermo convention, and sign bilateral legal assistance treaties. Cooperation advanced in the Western Balkans, where both external pressures and the levels of local interdependence were higher. In June 2001, Bosnia-Herzegovina, Croatia and Yugoslavia signed a special agreement based on the Palermo Convention to combat human trafficking. In February 2002, the interior ministers of the three countries agreed on a set of joint actions by the respective police forces.⁴⁶⁰

The incipient JHA cooperation in South East Europe combined the principles of regionality and integration into the EU and other relevant external institutions. For example, it did not entail the establishment of specialised regional bodies (with the possible exception of the SECI centre in Bucharest) or the adoption of Balkans-specific legal or policy standards. Instead, regional cooperation relied on bilateral or trilateral neighbour-to-neighbour agreements and joint action that allowed for maximum flexibility. Cooperation was invariably linked to extra-regional frameworks such as the EU acquis, the UN Palermo Convention,⁴⁶¹ and the Council of Europe's Convention on Mutual Legal Assistance in Criminal Matters. To quote one example, the Balkan states could align their visa policies only through implementing the

⁴⁵⁸ RFE/RL, Crime, Corruption and Terrorism Watch Bulletin, vol 1, no. 7, 13 December 2001.

⁴⁵⁹ Tanjug, 3 March 2003.

⁴⁶⁰ *Balkan Times*, 5 February 2002.

⁴⁶¹ Detailed information about the national measures to implement the Palermo Convention and its protocols is available at <<http://www.stabilitypact.org/org-crime/info.html>>

relevant EU standards.⁴⁶² Unlike other policy-areas, in JHA there were synergies between the individual South East European states' efforts to join the EU and the regional arrangements proceeding from the transnational character of soft-security risks. However, the external orientation could be an obstacle, in that regional cooperation depended on the contribution of outside actors. For instance, the absence of data protection legislation in some Balkan countries prevented the SECI centre to exchange of information with Europol. This, in turn, had an adverse effect on the centre's performance as a mediating institution between national law enforcement agencies.⁴⁶³ Regional cooperation on soft security, but also in economic domains, was also hampered by the uneven progress in adopting the EU acquis. By the early 2000s, regional frontrunners like Bulgaria and Romania had imposed visas on countries like Albania and Bosnia-Herzegovina seen as a source and channel for illegal migrants into the EU.⁴⁶⁴

IV. Moving towards NATO: cooperation within EAPC

High-profile international efforts to enhance regional stability through the SP were seen by South East European aspirants as useful for bringing them closer to NATO membership. Many of the priorities under the defence subtable within the Pact's WT3 corresponded to various NATO prerequisites and policies. Thus, in 2000, the World Bank initiated and funded projects for personnel demobilised due to military restructuring in Bulgaria and Romania as well as in

⁴⁶² See the official statement by Goran Svilanović, Minister of Foreign Affairs of Serbia and Montenegro, at the conference of SEECP interior ministers, Belgrade, 4 March 2003. Available at < www.mfa.gov.yu >.

⁴⁶³ Gabriela Konevska, Director of the SECI Centre and Head of the SPOC Secretariat, Europe by Satellite TV, 21 November 2003. Transcript available at <<http://www.seetv-exchanges.com>>.

⁴⁶⁴ Albania had visa regimes with all its Balkan neighbours save Kosovo. A flexible arrangement was in place with Montenegro as entry permits were issued at border crossings. Sss Daniela Heimerl and Ivanka Petkova, 'Border Regimes in Southeastern Europe' in Wim van Meurs (ed.), *Beyond EU Enlargement. Vol 2. The Agenda of Stabilisation for Southeastern Europe*, Guetelsroh: Bertelsmann Foundation, 2001, pp. 177-225. Citizens of Serbia and Montenegro needed a visa to travel to Croatia and, after 2004, to Romania. In 2003, Croatia temporarily lifted the visa requirement during the summer season.

Croatia and Macedonia, allocating 26.5 million US dollars.⁴⁶⁵ Other areas included defence budgeting, where the SP and the British Ministry of Defence supported the publication of a comprehensive regional study, and humanitarian demining (the so-called Reay Group sponsored by the Canadian government). Though certainly helping the recipient countries to adapt to NATO standards, and enhancing regional stability, the bulk of the projects within the defence subtable were country-specific and spurred little multilateral action beyond the exchange of experience at the expert level. The only possible exception was the SP Disaster Planning and Preparedness Initiative, which fostered cooperation amongst national agencies including participation in joint PfP/NATO exercises such as *Taming the Dragon* organised by Croatia in 2000.

It did not take long, however, before South East European states ceased to see the WT3 as a shortcut to NATO membership because of the latter's very low-profile involvement. Having carried out the Kosovo campaign, the Alliance was not the leading institution when it came to post-war stabilisation. The Cologne Declaration inaugurating the SP mentioned NATO only in passing, fifth in the list of participating international organisations. Another concern was the donors' limited interest in security-related projects. This suggested that the EU-initiated SP was not the right institution to deal with military matters. As a result, the states involved in the SEDM process (Slovenia included) launched the South East Europe Security Cooperation Steering Group (SEEGROUP) while they met on the margins of WT3 meeting in Sofia (October 2000). SEEGROUP was joined by Bosnia-Herzegovina, still not part of PfP and, in May 2001, by Yugoslavia (Serbia and Montenegro), making its first steps towards NATO. Thus SEEGROUP included countries both inside and outside PfP which was its major

⁴⁶⁵ World Bank and European Commission, 'Note on the Status as at June 30, 2000 of pledges to the March 2000 Regional Funding Conference for South-Eastern Europe,' Brussels, 13 October 2000.

advantage compared to other regional schemes. At the same time, SEEGROUP's goal was to ensure that regional dialogue on security was firmly embedded in NATO's institutional framework.⁴⁶⁶ An expert-level forum on regional security, the scheme undertook to strengthen regional ownership within the Alliance's South East Europe Initiative (SEEI), which preceded the SP, by cooperating and harmonising national defence and security policies.⁴⁶⁷ Importantly, SEEGROUP drew support by NATO members (US, UK, Italy, Greece, and Norway) as well as by Austria and Switzerland, all of whom joined as full members.

SEEGROUP's key achievement was the South East Europe Common Assessment Paper on Regional Security Challenges and Opportunities (SEECAP), a joint strategic document laying the foundations for more focused security policy coordination. SEECAP was proposed by NATO and supported by the former Yugoslav republics, while Romania coordinated drafting. South East European foreign ministers endorsed it in May 2001 during an EAPC meeting in Budapest. The paper put it clearly that no South East European state saw its neighbours as posing a military threat, a statement laden with a great deal of significance given the region's history and more recent experience. In addition, the participating governments highlighted a set of risks necessitating joint responses. First, they converged around the view that inter-ethnic and inter-confessional tensions challenging the inviolability of Balkan borders was still the main challenge. As SEECAP came at the height of the 2001 Macedonian crisis, the above line was indicative of the region's support of the republic's territorial integrity. Second, the paper singled out weak institutions as a risk, emphasising issues like corruption and the spread of organised crime. Finally, it listed threats related to the socio-economic

⁴⁶⁶ Minko Noev, 'The Role of NATO and EAPC in the Stability Pact for South East Europe,' NATO Individual Fellowship Report, NATO Office of Information and Press, Brussels, 2002.

⁴⁶⁷ On SEEI, see Chapter III.

burden of transition, including transformation of militaries and defence industries, and environmental degradation.⁴⁶⁸

This shared vision of Balkan security, however, was not deemed a sufficient reason to pursue region-specific cooperation arrangements. SEECAP identified European and Euro-Atlantic integration as the method for dealing with the risks at hand. While regional cooperation was singled out as an instrument to counter this perception, it was conceived as a supplement to the programmes geared towards NATO membership. The release of SEECAP helped SEEGROUP expand multilateral dialogue into further issue-areas such as crisis management, civil-military relations, security-sector reforms, fighting terrorism and defence planning.⁴⁶⁹ However, this agenda also reflected NATO's priorities in South East Europe. Rather than being an end in itself, cooperation was an element of the larger Euro-Atlantic integration process. In the words of the Bulgarian Foreign Minister Nadezhda Mihaylova:

'Regional cooperation should not lead to the creation of "regional clubs" but rather reinforce the broadening and deepening of the [EAPC] Partnership itself. Nor should this cooperation be seen as an alternative to early membership in NATO for qualified countries but rather as an instrument to better engage their efforts to the benefit of regional security. We are confident that further steps will be considered to enhance the regional dimension of the Partnership.'⁴⁷⁰

V. The origins and dynamics of security cooperation in South East Europe

The impact of external push factors was particularly strong in the field of security. Outside actors such as NATO, the US and the EU directly shaped the dynamics of the schemes in

⁴⁶⁸ SEECAP's full text is available at <<http://www.nato.int/docu/comm/2001/0105-bdp/d010530b.htm>>.

⁴⁶⁹ In 2001, SEEGROUP launched an exchange scheme for border security liaison personnel. In 2002, it initiated a joint study of national security strategies to facilitate further cooperation on defence budgeting and crisis management, which was finalised in June 2004. SEEGROUP also worked on a study of anti-terrorist policies and measures adopted in the region as well as on an electronic information-sharing network (coordinated by Macedonia). Pop, 'Security: From Powder Keg to Cooperation,' pp. 118-9.

⁴⁷⁰ Nadezhda Mihaylova, 'Security in South-Eastern Europe and Bulgaria's Policy of NATO Integration', *NATO Review*, 46 (1), Spring 1998, p. 9.

question. First, the level of integration to the target institutions determined eligibility for participation. States like Yugoslavia (Serbia and Montenegro), Bosnia-Herzegovina and Croatia (up to 2000) were excluded from regional security institutions as the SEDM because they were outside NATO's PfP. Second, external push also defined the format of cooperation. The US played a critical role in promoting *multilateral* politico-military cooperation in the mid-1990s. Likewise, the SP donors and the EU were the principal reason that multilateral fora emerged in the JHA field after 1999. While security cooperation existed prior to the mid-1990s, it occurred on bilateral basis and was often hard to distinguish from the alliance-building policies of key local actors as Greece and Turkey. Third, the external initiatives defined the content of cooperation. The turn towards soft security, for example, reflected the priorities and policies of extra-regional actors such as the EU. Important statements and measures such as the SP (1999), the Zagreb (2000) and Thessaloniki (2003) declarations, and the CARDS programme (2001) suggested that JHA issues ranked high in the EU's relations with the Western Balkans and wider South East Europe, which, in turn, fed into the local cooperation schemes.

The crucial impact of external factors points at the conclusion that the intra-Balkan demand for cooperation, generated by the logic of regional security interdependence, was not a sufficient condition for the process to take root. Security problems and agendas differed for various groups of states within wider South East Europe to provide a meaningful basis for multilateral cooperation. The issues faced by Greece and Turkey, for example, were very different than the ones in the Western Balkan states, which made it impossible to deal with them in the same institutional context. As in other issue-areas, heterogeneity undermined institutionalised cooperation on a broad regional scale. Arguably, the natural impulse of the

Balkan governments was to cooperate in smaller groups: a trend evident both in the CSBM arrangements in the early 1990s and in many of the JHA-focused bilateral and trilateral agreements of the early 2000s. Even where states faced common issues and threats, security interdependence was not limited within the geographical borders of South East Europe. Problems like the rise of transnational criminal networks, smuggling and illicit trafficking easily spilled over into the territory of the EU. This was a crucial reason the EU put so great an emphasis on JHA in its policies towards the post-communist Balkan countries. From a interdependence perspective, it made little sense to develop a region-specific regimes and bodies in isolation to the parallel institutions operating at the EU and global level. This is why the success rate of schemes like the Bucharest centre on cross-border crime depended on its ability to work effectively with Europol and other similar bodies.

South East European states participated readily in the externally-initiated cooperation schemes because of the benefits offered by integration into NATO and the EU. In the view of local policymakers, individual progress towards membership would necessarily build stability in the Balkans as well.⁴⁷¹ Thus local institutions like SEDM and SEEGROUP aimed to strengthen the institutional link with NATO, help participating PfP states advance security-sector reforms and implement military-technical standards to meet the Alliance's membership conditionality. Region-specific tasks such as the participation in peacekeeping activities or the development of multilateral arms control regimes were much lower on the agenda. Regional cooperation within SEDM and SEEGROUP was, in fact, cooperation with NATO and the US.

That said, the chapter's findings suggest that regional identity politics had a much more profound impact on Balkan security cooperation, compared to the functional layer of policy

⁴⁷¹ Interview with Dr Velizar Shalamanov, Bulgarian Deputy Minister of Defence, 1997-2001, Sofia, October 2003.

schemes. Symbolic politics defined membership choices. Slovenia and Croatia participated in SEDM as observers as a balancing act between their pro-NATO policies and the need to emphasise their separateness from the Balkans. More importantly, however, collective identity considerations fostered cooperation. Security institutions and schemes were underpinned by a discourse of normalising the Balkans. The SEECAP paper put forward an argument that the perception of South East Europe as an unstable area was a serious obstacle to integration and, therefore, a *sui generis* security threat. Cooperation, therefore, could change external perceptions. In the words of a Romanian officer, SEDM and MPFSEE were instruments, which could 'slowly but steadily change [Balkan countries'] status, from "security consumers" to "security providers"'.⁴⁷² In a 2002 interview, Ovidiu Dranga, the chairman of the SEDM political-military committee elaborated that point further: 'We are all presented with the image of the Balkans as the powder keg of Europe ... The results of the South-East Europe initiative is deep agreement that they [the member nations] are not enemies to one another.'⁴⁷³ Regional states showed real commitment to MPFSEE, some of them putting a great deal of effort to secure a leading role in the initiative. They were also eager to take the full credit for their achievement in the eyes of NATO and the international community. Their governments discussed at length symbolic issues such as the naming of the unit to ensure that the right message was conveyed to the outside world. MPFSEE was hailed at its inauguration as a historic step for South East Europe, yet it was never utilised to fulfil its 'historic' mission. This was largely due to the stakeholders' reluctance to shoulder responsibilities in the Balkan

⁴⁷² 'SEDM - Adapting to the New Security Environment,' Presentation by Gabriel Rilla, Captain SEDM-CC Secretariat at the EAPC / SEEGROUP Workshop 'Civil-Military Interaction in Security Management: The Case of South East Europe,' Sofia, Bulgaria, 27-28 June 2002.

⁴⁷³ Quoted in Elizabeth Brook, 'Multi-National Brigade Set to Deploy in Balkans Southeastern European Nations Train together for Peace Operations in the Region,' *National Defence Magazine*, December 2002, <naitonaldefence.ndia.org>.

protectorates. The gap between rhetoric and performance suggested that MPFSEE's importance lay in its mere existence as a cooperative security project in a conflict-prone zone as the Balkans, rather than in its functionability as a policy instrument. Though MPFSEE was useful for the purposes interoperability with NATO, PfP states could achieve that goal by other means than a regional military force, notably through the bilateral cooperation programmes. Thus MPFSEE illustrated the role identity politics exercised over regional institutions in South East Europe. Cooperation had a value in itself not only because it yielded certain direct benefits but also because it recast the Balkan states into a part of the Western community represented by NATO.

Chapter VII

Between Words and Action:

Political Cooperation in South East Europe

High-profile diplomatic conferences are, no doubt, the most visible part of any regional grouping around the globe. Such meetings often result in intergovernmental bargains or strategic decisions that shape future cooperation agendas across various policy-areas. Even when this does not happen, before they proceed to make the obligatory family photo, country leaders send certain messages aimed at both the outside world and their domestic publics. After the mid-1990s, Balkan regional cooperation developed not only at the level of sectoral ministers and executive agencies dealing with functional issues, as well as security and law enforcement policy, but also among foreign ministers, heads of state and government. Unlike the previous two chapters concentrating on economic integration and security policy coordination, this one looks closely at various regional political institutions bringing together the Balkans' top leadership. By 1997-98, regional fora like the South East European Cooperation Process (SEECP) got into the center stage of the region's interstate politics. At roughly the same time, national leaders started holding regular 'less-than-regional' meetings to discuss political and security issues but also economic projects of common interest. Although summits failed to produce any palpable results in terms of deepened regional integration, their self-professed goal, observers argued that they still fostered better political relations in the Balkans. As of the early 2000s, multilateral consultations, rather than the buildup of rivaling alliances and/or privileged bilateral partnerships, had become the normal state of affairs within South East Europe.

Whether one believes that Balkan diplomatic fora have been little more than talking shops lacking any substance whatsoever or, conversely, that they made a real, albeit modest, contribution to stability, it is still worth asking why such a move towards political multilateralism occurred in the latter part of the 1990s. The three hypotheses about regional cooperation laid out in the first part of this study form the basis of three alternative explanations. Firstly, one could underscore the condition of regional interdependence. Then the argument is that Balkan states were motivated by their genuine interest in working together due to the material gains accrued in the process. True, such type of cooperation was difficult given the outstanding political problems in the region. However, those problems had not prevented Balkan states from discussing issues of common concern previously, notably in the 1970s and 1980s when intergovernmental dialogue on various functional but also political matters was under way. There might have been, in other words, a constant impulse for cooperation from the inside leading to the rebirth of Balkan multilateralism and policy coordination in the 1990s. Secondly, one could argue that external peace-building and post-conflict reconstruction policies, especially at critical junctures such as the end of the wars in Bosnia and Kosovo, generated pressure on Balkan leaders to follow a course of multilateral cooperation. Thirdly, one can argue that multilateral diplomacy was driven by the need to project to the outer world an enlightened image of the region, tainted as it was by associations with turmoil and backwardness. Thus regional diplomatic cooperation could be read as a proof that a certain ('European' or 'Euro-Atlantic') code of norms regulating state behaviour had been embraced by the former enemies in the 'Balkan' wars.

This chapter highlights the third explanation and examines through an identity-politics prism the story of SEECP, the only multilateral institution covering the wider region of South

East Europe (the SEE-7, Greece and Turkey). In the 1990s, SEECP emerged as a non-institutionalised political forum operating at the level of foreign ministers and of heads of state and government. Mainly due to the region's political and socio-economic heterogeneity, it worked on a lowest-common-denominator basis and made little difference as to the contentious issues like the lingering conflicts in the Western Balkans. What it achieved, however, was to articulate a discourse about South East Europe as inseparable part of the European and Euro-Atlantic communities of states, based on shared values, norms, and practices, including the peaceful resolution of conflicts, economic cooperation, democracy, human and minority rights. In addition, it reaffirmed the participating states' support for the territorial status quo, which proved they had relinquished the 'Balkan' legacies of war and foreign policy competition. By contrast, all other political initiatives, usually involving three to five South East European countries, focused on specific issues in fields like security and infrastructure, were driven by either external push or material interdependence factors.

The history of Balkan diplomatic multilateralism could be subdivided into three main periods. The first spans from 1995 to 1999 and is marked by the trilateral initiatives launched by both Greece and Turkey. Major events were also the Sofia meeting of foreign ministers (July 1996) and the first-ever Balkan summit (Crete, November 1997), which signaled the emergence of an initiative with nearly full regional representation (SEECP). In 1999-2001, SEECP sought a role in promoting of economic cooperation but its success was limited, partly because FR Yugoslavia's membership was suspended. However, in 1999, the participating states adopted the *Stability, Security and Cooperation in South East Europe*, a list of standards, norms and commitments considered the political keystone of the Process. Finally, the years between 2001 and 2003 saw SEECP sidelined by other regional multilateral initiatives with

less participants but more clearly defined goals, such as the ad-hoc conferences of the Western Balkan heads of states.

I. Balkan multilateralism (re)launched

If the Tirana ministerial (1990) marked the demise of the 1980s Balkan summit diplomacy, by the middle of the decade the tables were turning again. There was both demand for and supply of regional cooperation policies in the Balkans. On the demand side, multilateral action was needed to bring stability and economic development to the region. On the supply side various Western initiatives like SECI and the Royaumont scheme presented local states with incentives to cooperate. Nevertheless, external schemes focused not on high-profile diplomatic dialogue, but on functional and expert-level cooperation (SECI) or on civil-society and parliamentary networking (Royaumont). At the same time, the Dayton/Paris Peace Accords signed in November-December 1995 created momentum for high-level cooperation, but it concerned, first and foremost, the ex-Yugoslav republics, Slovenia and Croatia included, affected by the wars. Why should there be further pan-Balkan initiatives involving foreign ministers, premiers, and heads of states?

Cooperation outside former Yugoslavia

One answer to the puzzle was the convergence of strategic interests. Even prior to Dayton, regional states set up several political fora dealing with issues like integration into the EU and NATO, cross-border infrastructure, the fight against organised crime. These involved countries that were less directly implicated in the Yugoslav wars of succession like Greece, Turkey, Romania and Bulgaria. On 26 August 1995, Greek Foreign Minister Carolos Papoulias hosted a meeting with his Romanian and Bulgarian counterparts Teodor Meleşcanu and Georgi

Pirinski the northern city of Ioannina. The summit was seen as a Greek move to thwart Turkey's advances into the Balkans during the early 1990s. However, economic development rather than power politics was much more central to the discussions in Ioannina. The conference ended with a call to end the sanctions against rump Yugoslavia damaging its neighbours' economies. Greece also attempted to mediate in the Bulgarian-Romanian dispute on the location of the future second bridge across their Danubian border. For Bulgaria and Romania, the diplomatic dialogue was an opportunity to win Greek support for their EU membership and, to a lesser extent, NATO bids.⁴⁷⁴ The Ioannina process featuring annual summits of foreign ministers and presidents was subsequently institutionalised. By 1998, it had already produced some visible results, including a tripartite agreement on fighting cross-border crime.⁴⁷⁵

With the Ioannina trilaterals taking off, Sofia and Bucharest made sure they did not alienate Greece's rival Turkey, an important regional power. What also mattered was Turkey's support for NATO membership, a priority for the pro-Atlanticist right-wing governments that came into power in Romania and Bulgaria in 1996 and 1997 respectively. Regular summits of the three countries' presidents kicked off in 1997. These too promoted policy coordination on specific issues. In 1998-99, the three countries signed two agreements on tourism, and on combating organised crime and terrorism.

⁴⁷⁴ Bulgaria officially declared NATO membership as a political goal only in 1997.

⁴⁷⁵ 'Protocol between the Governments of Romania, Bulgaria and Greece on Enlarged Trilateral Co-operation in Fighting Crime, in Particular Cross-border Crime,' Signed in Sofia, 8 September 1998. During the Sinaia Summit, the three presidents signed an agreement on cooperation in the field of tourism, as well as a declaration on the creation of a free-trade zone.

Table 7.1: Greek-Bulgarian-Romanian Summits 1995-2003

Ioannina (Greece)	Foreign Ministers	26-27 August 1995
Varna (Bulgaria)	Foreign Ministers	16-17 March 1996
Sinaia (Romania)	Foreign Ministers	23 October 1997
Santorini (Greece)	Foreign Ministers	9-10 April 1998
Delphi (Greece)	Presidents	3-4 October 1998
Sofia (Bulgaria)	Foreign Ministers	14-15 May 1999
Borovec (Bulgaria)	Presidents	4-5 November 1999
Snagov (Romania)	Presidents	19 April 2002

Table 7.2: Turkish-Bulgarian-Romanian Summits 1997-2003

Varna (Bulgaria)	Presidents	October 1997
Antalia (Turkey)	Presidents	16-17 April 1998
Sofia (Bulgaria)	Prime Ministers	11 July 1998
Sinaia (Romania)	Presidents	March 1999
Plovdiv (Bulgaria)	Presidents	February 2001
Çeşme (Turkey)	Presidents	14-15 May 2002

The Sofia conference of Balkan foreign ministers

To be sure, Balkan multilateral diplomacy could not draw out of the Greek and Turkish initiatives, which reflected the two countries’ rivalry in the region. The process could be launched by the external powerbrokers involved in South East Europe. At the margins of the Paris Peace Conference for Bosnia on 13-14 December 1995, all neighbours of rump Yugoslavia signed the Royaumont Declaration pledging to develop good-neighbourly and cooperative relations. However, the real impulse came from inside the region, rather than outside. Two months after the Paris declaration, in February 1996, Bulgaria’s Prime Minister Jean Videnov presented his idea for a regional conference, which enjoyed the support of the Greek government and foreign minister Carolos Papoulias, one of the participants first Balkan foreign ministerial in Belgrade (1988). Importantly, Sofia had been chosen to host a similar

meeting in 1991 that did not happen because of the Yugoslav war.⁴⁷⁶ The purpose of the 1996 conference was to revive the Balkan dialogue of the late 1980s. This had implications in terms of participation. The Sofia forum would be attended by all countries that were once part of the process. Rather than external packaging as in the case of schemes like SECI, Royaumont and the EU's Regional Approach, the ministerial was premised on regional affiliation.

Unlike the Ioannina meetings, convening a regional conference proved difficult because of the troubled relations between pairs of states in South East Europe. Videnov sent official letters to all former participants (Greece, Turkey, Romania, Albania) as well as the newly independent Yugoslav republics (Slovenia, Croatia, Bosnia-Herzegovina, Macedonia). He also met personally the Serbian president Slobodan Milošević during a visit to Belgrade in mid-February. Milošević supported the initiative as it contributed to rump Yugoslavia's comeback to the international scene after the painful years of isolation during the wars in Croatia and Bosnia. Despite the favourable response, the ministerial, which had originally been scheduled for June 1996, had to be postponed for one month on Turkey's insistence.⁴⁷⁷ The event coincided with the UN Habitat conference in Istanbul which made the Turkish Foreign Minister's participation impossible. Ankara had suspicions the bad timing indicated that Videnov's socialist government closeness with Serbia and Greece (ruled by the Bulgarian socialists' old ally from the 1980s PASOK).⁴⁷⁸ The Albanian Foreign Ministry voiced complaints related to the fact that the meeting was coming too soon after the parliamentary elections in the country. In an act of compromise, Bulgarian Foreign Ministry Georgi Pirinski postponed the conference for July 1996, yet Turkey still sent a lower-ranking diplomat, while

⁴⁷⁶ Axel Sotiris Walden, *Balkan Cooperation and European Integration*, Athens: Papazisis, 1994, p. 321.

⁴⁷⁷ Reuters, 6 June 1996.

⁴⁷⁸ Reuters quoting Western diplomats in Sofia, 22 May 1996. Importantly, Bulgarian authorities were accused of turning a blind eye on the pro-PKK activities of Kurdish émigré organisations based in the country.

Albania and Bosnia-Herzegovina were represented by their deputy foreign ministers. While Pirinski had invited his Croatian and Slovenian counterparts too, the two declined to be a part of what they saw as an inward-looking Balkan project harmful to their countries' orientation towards Central Europe, the EU and NATO. After some vacillation, Croatia decided to attend the conference as an observer, wishing to keep a healthy distance from the nascent scheme. The greatest embarrassment for the hosts, however, came from Macedonia. Its foreign minister Ljubomir Frčkovski cancelled his trip to Sofia in the very last minute due to the Greek insistence that the prefix 'Former Yugoslav' had to be added to the state's name.⁴⁷⁹

Despite all problems along the way, the Sofia conference was considered an achievement in itself, mainly because it managed to bring together so many countries of the region. The conference was very visible due to the participation of a host of diplomats and international functionaries, including the international community's High Representative in Bosnia Carl Bildt and the head of the Council of Europe Daniel Tarchys. In his opening address, Jean Videnov called for support from the EU stressing that the Balkan multilateral dialogue would have 'a powerful positive impact to overcome the negative idea of the region as a zone of insecurity and conflicts, a zone substantially falling short of European criteria of democratic and stable development.' The end result of the meeting was a joint statement issued by the participating states named *Sofia Declaration on Good-Neighbourly Relations, Stability, Security and Cooperation in the Balkans*. It stressed that South East Europe had a legacy of multilateral dialogue and pointed out that the overall aim of the process was 'to transform the region into an area of stability, security and cooperation in line with the general

⁴⁷⁹ BTA, 19 July 1996.

developments throughout Europe.’⁴⁸⁰ The declaration featured commitments to observe the CSCE/OSCE principles spelled out in the Helsinki Final Act, notably the inviolability of international borders. It also called for regular political dialogue at multiple levels and outlined four distinct areas for future cooperation:

- fostering stability and security through confidence-building measures, support for the implementation of the Bosnian peace agreement;
- cross-border cooperation, trade, investment, transport and energy infrastructure, telecommunications, and the environment;
- humanitarian, social, civil-society and cultural cooperation;
- cooperation in the field of justice, combating of organised crime, illicit drug and arms trafficking and the elimination of terrorism.

The ambitious pronouncements aside, many participants in the Sofia ministerial insisted that beyond the immediate goals of post-conflict reconstruction, tackling the negative consequences of sanctions against Yugoslavia and normalising political relations, the scheme’s common denominator was the Balkans’ desire to be part of the EU. According to Romanian and Bulgarian Foreign Ministers, Balkan cooperation had to be outward-oriented and linked to external schemes like CEI, BSEC, SECI, the Royaumont. This was in contrast with the position of Greece and Yugoslavia emphasising regional integration and the need to assist Belgrade’s *rapprochement* with the IFIs as key goals. Other countries’ attitudes were cooler.

⁴⁸⁰ The declaration’s text and Videnov’s address are available at <<http://www.un.org/documents/ga/docs/51/plenary/a51-211.htm>>. The speech’s original version was published in the Bulgarian periodical *Mezhdunarodni otnosheniya* [International Relations], vol. 4, 1996, pp. 5-78.

Albania failed to have Kosovo mentioned in the declaration, while the Turkish representative regretted that Macedonia was not attending.⁴⁸¹

The emergence of SEECP

Despite the clash of interest between pairs of Balkan states, the Sofia conference laid the foundations of a regular process of multilateral talks. Greece's Foreign Minister Theodoros Pangalos stated in Sofia: 'This is the point of no-return. Balkan cooperation is here to stay.'⁴⁸² While the Greek leadership talked about the Balkans, the forum chose to call itself South East European Cooperation Process (SEECP). The Sofia declaration still referred to 'the Balkans', but from 1997 onwards South East Europe was accepted as the proper name for the region. As also testified by the South East European Defence Ministerial (SEDM), the word 'Balkans' was generally avoided as it was considered a term laden with too many negative connotations, whereas South East Europe appeared more neutral and generally acceptable.⁴⁸³

Greece, which succeeded Bulgaria as chairman, was very much interested to set SEECP in motion. It managed to get Macedonia to the table during second ministerial in Thessaloniki (9-10 June 1997) through a compromise on the name issue whereby participating states were identified solely by their national flags.⁴⁸⁴ Greece also considered that the time was ripe to add substance to the forum and put the issue of *institutionalisation* on the agenda. South East European foreign ministries decided to hold regular consultations at the level of political

⁴⁸¹ BBC Monitoring Service: Central Europe & Balkans, 8 July 1996.

⁴⁸² Reuters, 6 July 1996.

⁴⁸³ Interview with Dr Dinko Dinkov, advisor on foreign policy issues at the Bulgarian Council of Ministers, September 2003.

⁴⁸⁴ Importantly, Croatia was absent, while Bosnia's Foreign Minister Jadranko Prlić chose to take part as an observer. Allegedly, this decision was pushed by Bosnian Croats reproducing Tudjman's line. Turkish Foreign Minister did not attend again, which fed Greek hopes for becoming the leader in the newly-formed group. The ministerial took stock of the regional developments for the past one year: the government changes in Bulgaria and Romania and the collapse of the Albanian state triggered by the breakdown of the financial pyramid schemes. The appeal for restoring order in Albania was the highlight of the declaration adopted by the foreign ministers. Reuters, 10 June 1997.

directors. In addition, the conference backed the idea to convene regular meetings of trade ministers. Seeing clear benefits from the SEECP, the participants floated various proposals including the establishment of an Association of Balkan Chambers of Commerce, a network of centres for small- and medium-size enterprises and technology transfer. However, the conference did not approve the Greek plan to establish a permanent secretariat in Athens as a first step towards institutionalising the process. That was firmly opposed by Bulgaria and Romania, which preferred a loose political forum to a Greek-led regional organisation.⁴⁸⁵ Sofia and Bucharest also insisted on the principle of openness towards other schemes in wider Central and Eastern Europe. This stance reflected the fears deepening intra-Balkan cooperation could be an obstacle to integration into the EU which topped the two countries' agenda. In consequence, the SEECP ministers' declaration spoke about 'the European orientation of [the] states of this region'.⁴⁸⁶

The Greek failure passed largely unnoticed. It was overshadowed by the announcement that a regional summit was forthcoming, which was made during a joint press conference by Pangalos and Russian Deputy Foreign Minister Victor Afanassievsky attending the ministerial as a guest.⁴⁸⁷ On 3-4 November 1997, the Cretan resort of Agia Pelagia hosted the first-ever summit in South East Europe nearly all of the region's heads of state or government were present.⁴⁸⁸ This was an unprecedented occurrence loaded with enormous amount of symbolism.

⁴⁸⁵ Ali Hikmet Alp, 'The South East Europe Cooperation Process – an Unspectacular Indigenous Regional Cooperation Scheme,' *Perceptions, Journal of International Affairs*, 5 (3), Sept-Nov 2000, web edition. On the Romanian attitude, see Tom Gallagher, 'Building Democracy in Romania: Internal Shortcomings and External Neglect,' in Jan Zielonka and Alex Pravda, *Democratic Consolidation in Eastern Europe, Vol 2: International and Transnational Factors*, Oxford: Oxford UP, 2001, p. 409.

⁴⁸⁶ Ibid.

⁴⁸⁷ Reuters, 10 June 1997.

⁴⁸⁸ The following Balkan leaders attended: Presidents - Kiro Gligorov (Macedonia), Slobodan Milošević (Yugoslavia); Prime Ministers - Victor Ciorbea (Romania), Ivan Kostov (Bulgaria), Fatos Nano (Albania), Costas Simitis (Greece) and Mesut Yilmaz (Turkey); Foreign Ministers - Ismail Cem (Turkey), Blagoja Handjiski (Macedonia), Nadezhda Mihaylova (Bulgaria), Paskal Milo (Albania), Milan Milutinović (Yugoslavia).

Accordingly, media interest skyrocketed resulting in the Crete forum's greater degree of visibility compared to the two preceding ministerial conferences. The summit tried to make the most of the opportunity and set itself two important tasks. On the one hand, the Balkan leaders sought to demonstrate their strong commitment towards the norms and principles promoted by the international community. On the other hand, it addressed the Balkans' relations with the Western institutions. The summit was for the most part dominated by discussions on the forthcoming enlargement of NATO and the EU. The joint statement issued by the participants contained the following paragraph:

‘We consider that the European orientation of our countries is an integral part of their political, economic and social development. We aspire to transform our region into an area of co-operation and economic prosperity, and, to that effect, we decided to promote good neighbourly relations and respect for International Law. We believe that Europe cannot be complete without our countries and our peoples representing civilisations and historical traditions which are essential to the establishment of a contemporary European identity. European and Euro-Atlantic integration is essential in promoting the aforementioned objectives.’

This rhetoric mirrored two important developments on Europe's diplomatic arena. First, by the time of the Crete Summit, it was clear that the forthcoming European Council in Luxembourg was unlikely to invite neither Bulgaria nor Romania to start negotiations for accession together with the Czech Republic, Poland, Hungary and Estonia. The European Commission's *avis* did not consider them satisfying the criteria for opening membership talks. Other South East European aspirants like Macedonia and Albania were even further back on the track as they did not have an association agreement with the EU at the time. The second reason was NATO's

Theodoros Pangalos (Greece), Adrian Severin (Romania), Mihovil Malbašić (Assistant Foreign Minister of BiH, participating as an observer). Croatia was not present at the summit in any capacity claiming that it was sent no official invitation.

limited expansion announced at the Madrid Summit in July 1997. NATO embraced the post-communist countries of Central Europe, but left outside all Balkan hopefuls: Romania, undoubtedly the most advanced candidate of the South East European group; Bulgaria, which declared clearly its interest in joining NATO only after the leadership change in early 1997; Albania, still suffering from the consequences of the collapse of state authority earlier in the year; and Macedonia perceived as potentially threatened by ethnic conflict. During the summit, they all pushed a strong pro-NATO line which was greeted with little enthusiasm by Yugoslavia. There were reports that Slobodan Milošević insisted on removing from the text an entire paragraph on NATO and advocated the setting up of a regional military alliance so that the Balkans should take care for their own security themselves.⁴⁸⁹ For the majority of the states present at the Crete Summit, however, the double exclusion was a matter of serious concern. It was a little wonder that the summit declaration focused, to such an extent, the linkages between regional cooperation, on one hand, and joining NATO and the EU, on the other.⁴⁹⁰

Though airing a compelling message to the outside world was the central purpose of the Crete summit, regional affairs were high on the agenda. The event provided an opportunity for some of the leaders to discuss 'hot' bilateral issues.⁴⁹¹ Slobodan Milošević and Prime Minister Fatos Nano held the first Yugoslav-Albanian talks since Tito and Enver Hoxha met in 1947,

⁴⁸⁹ Charalambos Tsardanides, 'New Regionalism in South Eastern Europe: The Case of the South-Eastern Cooperation Process (SEECp),' paper presented at the 1st International Conference 'Restructuring Stability and Development in Southeastern Europe,' 1-3 June 2001, Volos, Greece, p. 5.

⁴⁹⁰ Yugoslavia differed again. Commenting on the purposes of regional cooperation and the Crete declaration, the official press agency Tanjug pointed out that 'the document was welcomed by participants in the conference as a proof that the regional countries are capable of cooperating and ready to cooperate without foreign powers' interference.' BBC Monitoring Service: Central Europe & Balkans, 3 November 1997.

⁴⁹¹ The point was well understood at the time. As a senior Western diplomat, discussing the impact of the Salonika meeting, put it, ' [the event] is a remarkable step forward ... not only is it the first time such a meeting has taken place, it is the first time most of these people have actually met, and there is now an opportunity for personal diplomacy, which we tend to take for granted elsewhere.' Norman Abjornsen, 'Bosnian Security Gets Big Rethink,' *Canberra Times*, 15 June 1997.

which hinted at the normalisation of political ties.⁴⁹² Reportedly, Milošević committed himself to observe the basic human rights of the Kosovar Albanians, while Nano conceded that Kosovo was an internal Yugoslav problem. Quite expectedly, this provoked much criticism on the part of Albania's opposition. The ex-president Sali Berisha accused Nano of representing the Kosovars without being authorised. Berisha, whose party's government had recognised Kosovo's independence, condemned giving up the cause of the province's autonomy and stated that the Crete Summit served only the interests of Greece and Milošević.⁴⁹³ Nano discussed Albanian minorities with the Macedonian President Kiro Gligorov too.⁴⁹⁴ Gligorov had his own *tête-à-tête* with Milošević which focused on outstanding problems like the delimitation of the two states' border making some modest progress. The list went on: Costas Simitis met with Mesut Yilmaz, the first Turkish Prime Minister to visit Greece since Turgut Özal's summit with Andreas Papandreu nine years before. Despite the huge publicity, the exchange on issues like Cyprus and the Aegean led to nowhere. The tensions between Ankara and Athens provoked by the Imia standoff were still high.⁴⁹⁵ However, Simitis' conversations with Nano and Gligorov reflected the gradual betterment of the relations across the Greece's northern border. Conversely, Gligorov's talks with Ivan Kostov did little to overcome the ongoing disputes between Sofia and Skopje over the usage of the term 'Macedonian language' in the two states' official contacts. Despite the diplomats' lofty rhetoric, these bilateral talks reflected more truly the state of political relations in South East Europe. Though there was a general trend toward better interstate relations in the Balkans, multiple obstacles to political *rapprochement*

⁴⁹² Duško Lopandić, *Regional Initiatives in South East Europe*, Belgrade: EMINS, 2001, p. 107.

⁴⁹³ AFP, 4 November 1997, RFE/RL Newswire, 4 November 1997.

⁴⁹⁴ Discussions dealt with the Albanian-language university near the Macedonian town of Tetovo, which the authorities in Skopje did not recognise. No progress was made at the talks. RFE/RL Newswire, 4 November 1997. For an analysis of Nano's talks with Milošević and Gligorov, see Patrick Moore, 'The Balkan Arc of Instability,' RFE/RL Endnote, 6 November 1997.

⁴⁹⁵ Reuters, 4 November 1997.

remained. What is more, the key issues were kept off the multilateral agenda, raising questions about the SEECP's role in generating positive change in the region.

Besides Euro-Atlantic integration and bilateral issues, the first Balkan summit revisited the question of institutionalisation. Importantly, the joint statement mentioned the projected secretariat and a called the foreign ministers to work for its establishment.⁴⁹⁶ Greece also proposed setting a Balkan Business Forum, which would set a parallel track within SEECP. However, the rules of procedure indicated that SEECP was to adopt a looser institutional model. At the centre of its activities were the annual conferences of foreign ministers and the quarterly meetings at the level of political directors. In 1998, the proposal to establish a permanent secretariat was altogether removed from the agenda. It was for the chairing state to perform the relevant organisational duties. The Crete summit also worked out the rules for the presidency rotation and mandated Turkey to take over the SEECP in 1998.⁴⁹⁷

In the shadow of Kosovo: SEECP, 1998-99

The Kosovo crisis, erupting in the spring of 1998, posed a serious challenge to Balkan regional cooperation and SEECP, in particular. However, compared to the early 1990s, now the collective response by the South East European states was much more cohesive. On 10 March 1998, the foreign ministers of Bulgaria, Greece, Turkey, Macedonia and Romania issued a declaration, which called for ending the suppression of peaceful demonstrations, respect for human rights, renunciation of violence by ethnic Albanians, implementation of the 1996

⁴⁹⁶ The Bulgarian National Radio reported that Prime Minister Ivan Kostov spoke against this initiative, stressing that it would be better to use the money and efforts needed for the establishment of such structures for the financing of infrastructure projects and the transport corridors and for eliminating customs duties. BBC Monitoring Service: Central Europe & Balkans, 5 November 1997.

⁴⁹⁷ On Turkey's perspective, see Levent Bilman, 'The Regional Cooperation Initiatives in the South East Europe and Turkish Foreign Policy,' *Perceptions*, 3 (3), September-November 1998, web edition.

Milošević-Rugova agreement on Albanian education, and political dialogue paving the way to Kosovo's autonomy within Yugoslavia.⁴⁹⁸ Released a day after the Contact Group meeting in London, the declaration was followed by rather upbeat comments by Bulgarian Foreign Minister Mihaylova who was convinced that it had 'a symbolic value' and proved that the countries in South East Europe are able to unite their efforts for a better future in the region.⁴⁹⁹ However, Yugoslavia did not sign the declaration claiming that Kosovo was an internal problem. SEECP consultations were of little importance. At the Istanbul ministerial (8-9 June 1998), the Yugoslav Foreign Minister Živadin Jovanović vetoed a reference to Kosovo in the final declaration.⁵⁰⁰ His intransigence was hard to swallow even for Greece, considered the Balkan state closest to Serbia. Speaking at the ministerial, Pangalos stated that when it came to an issue of human rights there was 'no such thing as "an internal matter."'⁵⁰¹ Albania, Bulgaria, Greece, Romania and Turkey issued a separate statement expressing their 'profound concern' over Kosovo.⁵⁰² Among the main dangers foreseen was '[the] very negative impact to the processes of the integration of South Eastern Europe with the Europe of the 21st century and to the peace and stability of the region.'⁵⁰³

SEECP overcame the deadlock only after the agreement on Kosovo forged by Slobodan Milošević and the US envoy Richard Holbrooke on 13 October. Holbrooke's eleventh-hour mission to Belgrade coincided with the second Balkan summit in the Turkish city of Antalya. When Milošević agreed to halt police operations and let OSCE observers into Kosovo, SEECP

⁴⁹⁸ BTA, 12 March 1998.

⁴⁹⁹ Bulgarian Press Digest, 11 March 1998.

⁵⁰⁰ In fact, Jovanović did not even mention Kosovo in his official address to the conference. RFE/RL Newslines, 9 June 1998.

⁵⁰¹ Athens News Agency, 9 June 1998.

⁵⁰² Athens News Agency, 10 June 1998.

⁵⁰³ For the text of the two documents, see Thanos Veremis and Dimitris Triandafyllou (eds.), *The Southeast European Yearbook 1997-1998*, Athens: ELIAMEP, 1998, pp. 477-80. See also Foreign Minister Cem's address to the conference. 'Opening Statement by H.E. İsmail Cem, Foreign Minister of the Republic of Turkey,' Istanbul 8-9 June 1998, <<http://www.mfa.gov.tr/grupb/ba/baa98/june/04.htm>> .

was able to craft a common position, which supported Yugoslavia's territorial integrity but called for granting Kosovo autonomy in accordance with the UN Security Council resolutions 1160 and 1199. After some initial hesitation, Yugoslav Prime Minister Momir Bulatović's signed joint statement describing it as 'balanced'.⁵⁰⁴ On the whole, the Antalya Summit was a far cry the optimism seen in Crete. Albanian Foreign Minister Paskal Milo, for one, remained sceptical about the progress made and spoke in support of military intervention in Kosovo, which, in turn, was opposed by Bulatović and Greek Prime Minister Costas Simitis.⁵⁰⁵ Bilateral meetings such as the one between Mesut Yilmaz and Simitis did not bear any fruit. Key players like Milošević, Gligorov and Nano were absent. Those who were there paid little attention on what was going on at the diplomatic table. Reporting from Antalya, *Financial Times* noted that Momir Bulatović spent most of the time talking on the phone with Belgrade about the latest developments in the standoff with NATO and the US.⁵⁰⁶ Small steps like the decision to launch a strategic document listing principles and objectives, the endorsement for a trade-promotion center in Istanbul, the plan to launch parliamentary forum passed unnoticed.

SEECF was again paralysed when the conflict in Kosovo exploded with renewed power in December 1998. The Račak incident in January 1999 paved the way to the Rambouillet talks over the following months ending in a failure. On the eve of the impending NATO campaign against Milošević, Balkan foreign ministers held an extraordinary conference in Bucharest (19 March 1999), unattended by Yugoslavia and Albania. They urged Serbia to sign the Rambouillet agreement and allow an international force in Kosovo, but they could make little difference at this stage. NATO and the US took the lead in dealing with the crisis, while all

⁵⁰⁴ Reuters, 13 October 1998.

⁵⁰⁵ Turkish Daily News, 13 October 1998.

⁵⁰⁶ 'Balkan summit distractions,' *Financial Times*, 14 October 1998.

Balkan governments had to back, some much more grudgingly than others, the bombing campaign against Yugoslavia.

The Kosovo war marked the end of the post-Dayton era of Balkan political cooperation. On the positive side, multilateral dialogue quickly took off and was regularised. Discussions about institutionalising and expanding the process testified to the participants' genuine interest in all-out cooperation. However, SEECP did not go beyond commitments to regional cooperation based on the values promoted by the EU, NATO and OSCE. Controversial political issues that shaped states' concerns and priorities were kept off the multilateral agenda and discussed in one-to-one format. When the latter could not be avoided, as during the Kosovo crisis, political dialogue was invariably disrupted. SEECP summits and ministerials concentrated on the process of European and Euroatlantic integration, rather than on negotiating and implementing common policies on intra-regional issues.

II. Balkan political cooperation between the Kosovo war and the fall of Milošević

Balkan states and the Stability Pact

With the war in Kosovo, Balkan cooperation suffered a serious setback. Yugoslavia was *de facto* expelled from all regional initiatives. As we have already seen, isolating Yugoslavia put a question mark the very idea of regional cooperation. It took some time for SEECP foreign ministers to convene their regular ministerial. Originally scheduled for 30 June 1999, it was twice postponed and ultimately held on 2 December.⁵⁰⁷ Expressing their regret over Yugoslavia's absence, Balkan foreign ministers made it clear that Milošević's regime was the

⁵⁰⁷ The second cancellation in September was due to the death of Greece's representative Deputy Foreign Minister Yannis Kranidiotis in an accident during the landing of his airplane at Bucharest airport.

real problem.⁵⁰⁸ To make this message even clearer, Romanian chairmanship left its place ‘temporarily vacant’.⁵⁰⁹ With Yugoslavia absent, however, Greece’s attitude towards the scheme was growing cooler: the conference was not attended by the foreign minister but by his deputy.⁵¹⁰

At the same time, the Stability Pact promised to revitalise regional cooperation. The SEECP ministerial underlined the Balkan states’ expectation of economic and political benefits. These expectations reflected the lofty rhetoric of the Pact’s inaugural conference in Sarajevo (July 1999) which was attended by nearly all senior South East European politicians⁵¹¹ as well as by their US and EU counterparts, all the way from Bill Clinton, Tony Blair and Javier Solana to Lithuania’s President Valdas Adamkus. The high-profile meeting culminated in solemn declarations of commitment. The West promised to become involved politically and economically in South East Europe, while the region’s leaders pledged to promote democracy, minority rights, and peaceful and cooperative inter-state relations.

Though focused on expert-level collaboration, the SP pushed for political cooperation too. Rather than through SEECP, this was more easily achievable in smaller groups, a pattern already observed with the trilateral schemes of the mid-1990s. After the Sarajevo Summit, the foreign ministers of Macedonia, Albania and Bulgaria, all part of the Corridor VIII, held a meeting to discuss a list of projects for the Pact leading to a series of sectoral meeting and a

⁵⁰⁸ Rompress, 4 December 1999.

⁵⁰⁹ The Yugoslav leadership was even banned from entering Romania, which was a direct signal that multilateral dialogue is closed for Belgrade. Comments on a news-conference at the Romanian Foreign Ministry quoted by Rompress, 15 September 1999.

⁵¹⁰ Prime Minister Simitis, however, attended the SEECP summit in Bucharest in February 2000 where he had his first meeting with his Turkish counterpart after ‘earthquake initiatives’ in the autumn of 1999 spearheading a process of Greek-Turkish *rapprochement* and the Greek support for Turkey’s EU bid during the Helsinki Council in December 1999. Anatolian Agency, 13 February 2000..

⁵¹¹ The list included Presidents Franjo Tudjman, Suleyman Demirel, Petar Stoyanov, Rexheb Meidani, Milo Djukanović, Alija Izetbegović (together with his Croat and Serb colleagues in the collective presidency of Bosnia-Herzegovina), Prime Ministers Costas Simitis and Zlatko Mateša accompanied by their respective countries’ foreign ministers.

common proposal to the Pact's donors. Bulgarian-Macedonian-Albanian cooperation was regularised and also backed by Italy, keenly interested in Corridor VIII that was leading to its southern ports of Bari and Brindisi. Apart from strategic infrastructure, trilateral meetings -- occasionally attended also by Italy -- discussed broader issues like regional security and integration into the EU and NATO. The Stability Pact was also important for Montenegrin President Milo Djukanović who did his best to secure his country's participation in the initiative, separately from ostracised Yugoslavia of which Montenegro was formally still a part. The Montenegrin leadership pledged to open the hitherto sealed borders with Albania and Croatia and pursue common projects in the field of infrastructure and trade.

Europeanisation through deepening: SEECP Charter

The SP made the regional states to reiterate their commitment to reconciliation, cooperation, economic and democratic reforms. They were expected to contribute to the international effort to 'de-balkanise the Balkans', and SEECP was listed as one of the institutions supporting the Pact. An essential element of this effort was the implementation of the EC/EU strategy of building security through functional cooperation and integration. The third South East European summit (Bucharest, 12-13 February 2000) adopted the *Charter for Good-Neighbourly Relations, Stability, Security and Cooperation in South East Europe* listing SEECP's principles and objectives.⁵¹² Characterised as 'the highest level of declarative diplomacy',⁵¹³ the Charter was a cross between a code of conduct and an action plan. Its

⁵¹² The summit was attended by President Emil Constantinescu (Romania), Prime Ministers Bulent Ecevit (Turkey), Ljubčo Georgievski (Macedonia), Mugur Isărescu (Romania), Ivan Kostov (Bulgaria), Ilir Meta (Albania) and Costas Simitis (Greece), Ministers of Foreign Affairs Ismail Cem (Turkey), Aleksandar Dimitrov (Macedonia), Nadezhda Mihaylova (Bulgaria), Paskal Milo (Albania), George Papandreou (Greece) and Petre Roman (Romania), as well as Deputy Foreign Ministers Jadranko Prlić (BiH) and Vladimir Drobnyak (Croatia) as observers and Bodo Hombach, Special Coordinator of the SP, as a special guest of the Chairman-in-Office.

⁵¹³ Lopandić, *Regional Initiatives*, p. 110.

preamble solemnly invoked the norms contained in the OSCE and Council of Europe documents and referred to the process of integration into the European and Euro-Atlantic structures.⁵¹⁴ The Summit declared that SEECP’s ultimate goal was ‘the Euro-Atlantic values of peace, democracy, prosperity and respect for human rights [to] take root in South-Eastern Europe.’ SEECP was, therefore, projected as an instrument for implementing these norms in interstate relations and domestic politics. Like the 1996 Sofia declaration, the Charter detailed the areas and forms of cooperation.

Table 7.3: SEECP Agenda according to the Bucharest Charter

Area of cooperation	Aims	Forms and Issues
Politics and security	<ul style="list-style-type: none"> • Preventing future crises • Fostering good-neighbourly relations • Guaranteeing non-inviolability of borders 	high-level dialogue, parliamentary consultations and civil society contacts, cooperation in the field of defence (including through SEDM), bilateral and multilateral agreements on confidence-building measures, assisting international peacekeeping operations in South East Europe
Economics	<ul style="list-style-type: none"> • Building well-functioning market economies • Integrating into the EU 	intergovernmental meetings to negotiate trade and transport liberalisation measures as well as the harmonisation with EU standards, joint programs and projects links among the business communities, cross-border cooperation, development of the regional infrastructure (roads, electric grids, telecommunications) and connecting it with the existing Paneropian corridors
Justice and Home Affairs	<ul style="list-style-type: none"> • Enforcing the rule of law 	cooperation in combating terrorism, crime and illegal trafficking, strengthening of border controls
Democratisation and civil society	<ul style="list-style-type: none"> • Safeguarding minority rights 	Programs addressing interethnic prejudice cooperation on education and science,.

⁵¹⁴ The text of the Charter can be found at <<http://www.stabilitypact.org/seecp/charter-01.html>>

	<ul style="list-style-type: none"> • Strengthening democratic processes and civil society 	media and youth (bilaterally or in partnership with OSCE and the Council of Europe)
Environment	<ul style="list-style-type: none"> • Tackling environmental degradation 	<ul style="list-style-type: none"> • bilateral and multilateral agreements on specific issues; common projects in the border areas

SEECP's increasingly ambitious agenda reflected the momentum for regional cooperation generated by the SP. It was also rooted in the belief that a regional grouping's success depended on its ability to implement policies in specific sectors, rather than on multilateral political dialogue as in the case of SEECP.⁵¹⁵ An annex to the Bucharest Charter entitled 'Procedural Aspects and Follow-up Mechanisms' codified the already established practice of annual summits and foreign ministerials as well as the principle of consensual decision-making but also provided for meetings of sectoral ministers. The Charter also established the institution of the Troika composed of the current, past and the future chairman to ensure the continuity of the forum's expanding agenda. However, it was unclear how SEECP could contribute to sectoral cooperation since many of the activities and issues were addressed by the SP's three Working Tables. One solution was to work out common demands towards the SP and its donors backing it. In Bucharest, the SEECP countries handed the SP Special Coordinator Bodo Hombach a package of project proposals. As the Pact's donor conference was taking place in a month's time, SEECP called for speedy implementation of all 'Quick Start' projects such as opening the Danube, which was still blocked by the debris of bridges destroyed during the NATO campaign. However, despite its rhetorical support for the SP, it did not systematically pursue a stakeholder role in the scheme. States lobbied the donor community for their economic projects either individually or in smaller groups. As a result, SEECP's political dimension remained

⁵¹⁵ As already noted, this was the line pushed forward by the European Commission. Report from the Commission to the Council on Regional Cooperation in Europe, Brussels, 1 December 1997, COM (97) 659 final.

dominant. Projecting a better image of the region as a community of states sharing the EU values of democracy and cooperation was higher on its agenda than engagement in specific economic and security cooperation issues.

III. Balkan political multilateralism in the early 2000s

SEECF and the changes in Croatia and Serbia

The year 2000 brought momentous political changes in South East Europe. In January, Croatian parliamentary elections ended the decade-long rule of the late President Tudjman's HDZ. The government coalition of Social Democrats and Liberals reversed the policy of avoiding Balkan entanglements. There was a political will to engage more closely in the SEECF.⁵¹⁶ In July, SEECF's regular ministerial convened by the Macedonian presidency in Ohrid was attended by the new Foreign Minister Tonino Picula. According to him, 'Croatia no longer agree[d] to play a passive role on the international scene, and Southeast Europe [wa]s a region it want[ed] to be more present in than before.' At the same time Picula noted that the very name SEECF, where 'Balkans' was replaced by 'South East Europe', was an 'open invitation to Croatia and its government to in some way leave behind all prejudices and uncertainties which encumbered Croatia not long ago.' Picula nonetheless pointed out that Croatia was a country *bordering* South East Europe and therefore had to keep an interest in the developments there. He also promised that his country would contribute to the faster improvement of the region's image.⁵¹⁷ Thus, in Ohrid, Croatia became a *de facto* SEECF

⁵¹⁶ During the Bucharest summit, the Croatian representative Vladimir Drobnjak reaffirmed the unwillingness of his country to join SEECF as a full member arguing that the initiative is Balkan in character and Croatia did not consider itself a Balkan state. Hina, 11 February 2000.

⁵¹⁷ Picula talking to news reporters, Hina, 18 July 2000.

participant, though formally preserved its observer status.⁵¹⁸

The Ohrid ministerial focused closely on Yugoslavia where Slobodan Milošević was pushing for a new constitution to cement his rule, and voiced its support for the opposition forces. The fall of Milošević six months later went beyond everyone's wildest expectations. Democratic and pro-Western politicians triumphed in the post-communist Balkans, which was bringing the region closer to institutions like the EU and NATO. Post-war reconstruction could give way to economic development and integration into the privileged Western clubs. The EU seemed more responsive than ever by opening membership talks with Romania and Bulgaria and offering the Western Balkans association agreements at the Zagreb Summit (November 2000). This created impetus for expanding and deepening regional cooperation but also raised questions as to its strategic objectives.

In the short term, the changes in Belgrade presented an opportunity for the SEECP and SP to bring Yugoslavia in and start implementing their respective agendas. Yugoslavia officially joined the ranks of the Pact's beneficiaries in November 2000. On 25 October, a extraordinary SEECP summit, attended also by the EU Representative for Foreign and Security Policy Javier Solana and the US President's Balkan envoy Richard Holbrooke, welcomed Yugoslavia's new leader Vojislav Koštunica. The Skopje Summit was an opportunity for all Yugoslav neighbours to demonstrate their support for domestic reforms and reintegration into the international community.⁵¹⁹ Some of them had a more sceptical attitude. Albania was initially reluctant to give credit to Koštunica, known for his Serb nationalist leanings. Yet,

⁵¹⁸ Croatia became a full member only in late 2004.

⁵¹⁹ The individual meetings between Koštunica and his colleagues had practical effect too. For instance, the outcome of his talks with Petar Stoyanov on the sidelines of the summit was an agreement to construct a highway between Sofia and the Serbian town of Niš.

contrary to speculations, President Rexhep Meidani attended the Skopje summit.⁵²⁰ During the proceedings, the Croatian Deputy Prime Minister Goran Granić commented that official Belgrade must be held accountable for the ten years of wars. He nonetheless expressed the view that the path towards normalisation of bilateral relations was open.⁵²¹

With Yugoslavia, Bosnia-Herzegovina and Croatia more closely involved, it appeared that SEECP could put in practice the Bucharest Charter's sectoral cooperation agenda.⁵²² The extraordinary SEECP summit was followed by a regular one on 22-23 February 2001 in Skopje. An economic forum attended by the SEECP ministers of economy and trade and representatives of the business community ran parallel to the summit.⁵²³ The end result was the Action Plan for economic cooperation issued by the participating leaders. In many respects, the Plan resembled similar SP documents as it singled out trade liberalisation, infrastructure development and foreign investment promotion as areas for joint action. The plan enjoyed a measure of political support amongst the participants. Bulgarian President Petar Stoyanov declared that political cooperation could only go hand-in-hand with the processes of economic cooperation. For him, common projects, especially in the field of infrastructure, would have positive political effects.⁵²⁴

At a closer glance, however, things were more complicated. Hardly anyone disagreed that the SP and the international donors, and not the SEECP, were to play the leading role in implementing functional cooperation projects in the region. The summit supported the Romanian initiative to hold a second donors' meeting in Bucharest during the first half of 2001, which was a reminder that economic cooperation should be financially supported by the

⁵²⁰ AFP, 25 October 2000.

⁵²¹ Granić's address to the summit quoted by Hina, 25 October 2000.

⁵²² Bosnia-Herzegovina became a full member of the initiative during the Summit.

⁵²³ Reuters, 22 February 2001.

⁵²⁴ BTA, 23 February 2001.

external actors. Bodo Hombach, the Pact's head, articulated a different approach. His message to the leaders was 'help yourself so that we can help you.'⁵²⁵ Speaking to the media in Skopje, he also denounced states that thought regional cooperation could hamper their drive towards the EU.⁵²⁶ Bulgaria was certainly one as it had already expressed reservations for being packaged together with the troublesome ex-Yugoslav republics.⁵²⁷ In a similar vein, Croatia had argued that any formalisation of relations in the region would amount to its ghettoisation.⁵²⁸ Regional integration could only be a by-product of the shared effort to join the EU. The Macedonian Parliament's Speaker Stojan Andov commented: '[t]he desired regional cooperation is not and cannot be a substitute for our integration into European structures. After the fall of the Berlin Wall, building new barriers is simply unacceptable.'⁵²⁹

The crisis in southern Serbia and Macedonia

At this juncture, Balkan political cooperation faced a serious challenge coming from the growing instability in Southern Serbia and Macedonia. The second Skopje Summit discussed the situation in the Preševo valley in Southern Serbia, a scene of armed clashes between Albanian guerillas and Serb security forces. Skopje and Belgrade were particularly concerned as the area was adjacent to both Kosovo and the Yugoslav-Macedonian border.⁵³⁰ However, crafting a common position on Preševo proved a daunting task. Most of the SEECP states

⁵²⁵ Patrick Moore, 'Security Issue Overshadows Balkan Summit,' RFE/RL Balkan Report, vol. 7, no. 16, 27 February 2001

⁵²⁶ Reuters, 23 February 2001.

⁵²⁷ See also Chapter V. On Bulgaria's attitude to regional cooperation in South East Europe, see Radoslava Stefanova, 'Bulgarian Foreign Policy, Regional Cooperation and EU/NATO Relations,' *Bologna Center Journal for International Affairs*, 4 (1), Spring 2001, web edition.

⁵²⁸ Goran Granić's speech at the first Skopje Summit. Hina, 25 October 2000

⁵²⁹ Comment made at the SEECP's Second Parliamentary conference. Alban Bala, 'Mixed Messages at Balkan Parliamentary Gathering,' RFE/RL Balkan Report, vol. 6, no. 13, 15 March 2002.

⁵³⁰ The crisis coincided with an agreement signed at the summit by Koštunica and Trajkovski that dealt with the demarcation of the two states' common border, both in Kosovo and east of it. The Kosovars objected to the deal and accused Yugoslavia of usurping their right to negotiate themselves the boundaries of the province.

supported the peace plan proposed by the Serbian authorities, and did not shy away from using tough language regarding to the Albanian paramilitaries as well as the daily acts violence in Kosovo.⁵³¹ They were supported by Javier Solana and the EU External Relations Commissioner Chris Patten, yet opposed by Albania. President Meidani declined to participate in the summit and dispatched Prime Minister Ilir Meta.⁵³² What Albanians particularly disliked was Koštunica's attempt to instrumentalise the situation to advocate the return of Yugoslav forces to internationally-run Kosovo.

By the spring of 2001, a conflict broke out in Macedonia too, pitting the ethnic Albanian National Liberation Army (NLA) against the Skopje government's forces. The Macedonian crisis was at the centre of the regular conference of foreign ministers held in Tirana on 16 May 2001, which inaugurated SEECP's Albanian Chairmanship, and the ad-hoc ministerial convened by the US Secretary of State Colin Powell on 12 April in Skopje. In Tirana, Balkan foreign ministers urged the 'Albanian extremist groups' to end the violence, release their hostages, lay down their arms and withdraw without delay.⁵³³ The statement was a product of a compromise of sorts as the Macedonian government insisted on using the word 'terrorists', which was, understandably, vetoed by Albania. At the same time, the Albanian Foreign Minister Paskal Milo took extra care to condemn violent extremism and support Macedonia's territorial integrity.⁵³⁴ Foreign ministers converged around the view that the real

⁵³¹ The closing declaration condemned 'the violent and illegal terrorist actions, by the ethnically motivated extremist armed groups in South Serbia which could have the effect of destabilising the situation in the region,' 'Summit Declaration of the Heads of State and Government of South East European Countries,' Skopje, 23 February 2001.

⁵³² According to Tanjug, the original wording of the declaration contained a condemnation of the 'Albanian terrorists' in southern Serbia, which prompted Meidani's last-minute decision not to go to Skopje. RFE/RL Newswire, 23 February 2001.

⁵³³ AFP, 16 May 2001.

⁵³⁴ RFE/RL Newswire 17 May 2001. There were also reports about further controversies between Macedonia and Albania regarding the wording of the joint declaration. While Skopje insisted on the use, in a certain part of text, of the pronoun 'such', which amounted to a condemnation of the NLA, Paskal Milo opposed firmly. Finally

solution to the security problems in South East Europe was the region's ultimate integration in the European and Euro-Atlantic structures, meaning EU and NATO.⁵³⁵

The tense months after the Tirana conference showed that the consensus was rather shaky. In August 2001, Macedonia's Minister of Defence Vlado Bučkovski accused Albania of training and procuring arms for the NLA guerillas. The ensuing cool-down of diplomatic ties was aggravated by a further scandal. The Albanian Foreign Minister Paskal Milo welcomed the Ohrid framework agreement, which ended the Macedonian conflict, with a statement on behalf of the SEECP. In his capacity of Chairman-in-Office, Milo carried out consultations a number of Balkan capitals, including Belgrade, but had failed to stop in Skopje. Milo's shuttle did not result in a common position, yet his statement was greeted with indignation by Macedonia's foreign ministry which sent official letters to all SEECP states accusing Albania of 'highjacking' the forum.⁵³⁶ All in all, the Macedonian crisis solved through yet another intervention by the US and EU showed SEECP's limits as a promoter of regional stability, a role it continually claimed.

Searching for a role: SEECP, 2002-03

After its failure on the political front, SEECP shifted its attention to less sensitive issues. The forum's regular summit (Tirana, 28 March 2002) concentrated on priorities like the projected regional electricity market, the interconnection of the national power grids, and the fight

'such' was replaced by 'this' which was taken to be more neutral. Arian Leka, 'Diplomatic meeting in Tirana jeopardised by one pronoun,' Alternative Information Network (AIM), 19 May 2001.

⁵³⁵ Despite the Macedonian crisis, it was marked by certain signs of hope. One of those was clearly restoration of the diplomatic links between Albania and Yugoslavia, severed during the Kosovo crisis. In fact, Goran Svilanović was the first Yugoslav minister of foreign affairs to visit Tirana since Budimir Lončar attended the Balkan summit of 1990. The conference also called for a meeting of ministers of education to discuss a concerted policy on the 'bad neighbour' images in the books of history.

⁵³⁶ Arian Leka, 'Peace in Skopje accompanied by a chill in the relations with Tirana,' AIM, 31 August 2001.

against terrorism and organised crime.⁵³⁷ The summit was attended by a very large range of top-level policymakers, which was an encouraging sign. For the first time, it included the Croatian President Stjepan Mesić and the head of the UN administration in Kosovo (UNMIK) Michael Steiner. Tirana wanted to ensure that Kosovo was not left out from this regional forum. The Balkan statesmen called for more local ownership through SEECP in all those sectors. It was unclear how this could be achieved given the key role of external actors such as the EU and the IFIs, as well as SEECP's own institutional weaknesses. In his address to the Summit, Greek Premier Costas Simitis stated that in order to be effective SEECP should be upgraded and turn from a political process into a full-fledged regional body.⁵³⁸ That such a scenario was still unlikely became clear from the wording of the final declaration which spoke in favour of rendering SEECP more effective through greater role in the SP activities, but did not highlight institutionalisation as the solution.⁵³⁹ At the same time, South East European leaders called for strengthening the bridges with the West and welcomed the forthcoming NATO expansion.

The objective of making SEECP more efficient was a key aim for the Serbian and Montenegrin chairmanship too. During the inaugural Belgrade ministerial (19 June 2002) Foreign Minister Goran Svilanović described the process' purposes in the following manner:

‘we need regional responses to regional problems. In that sense, the South-East European Cooperation Process should play a very important role and become our common voice as an autochthonous process of regional cooperation.’⁵⁴⁰

In particular, Belgrade welcomed the newly-launched troika committee formed by

⁵³⁷ Reuters, 28 March 2002. During the meeting, Albania presented a plan envisioning the setup of multiple working groups in various issue-areas from trade to organised crime and democratisation.

⁵³⁸ ANA News Daily Bulletin, 29 March 2002.

⁵³⁹ The declaration is available on the Greek MFA website, <http://www.mfa.gr/english/foreign_policy/europe_southeastern/balkans/perifereiaka/tirana.html>

⁵⁴⁰ Hina, 19 June 2002.

representatives of the SEECP Chairman-in-Office, the European Commission, and the SP Special Coordinator intended to ensure better coordination amongst the various cooperative schemes and initiatives as well as 'regional ownership'. In addition, Belgrade wanted SEECP to assume a greater role in issue-areas like trade and investment, border security, and combating organised crime.⁵⁴¹ In 2002-03, it organised several sectoral ministerials.⁵⁴² While everyone subscribed to these proposals, it was unclear how to divide labour between SEECP and the externally-driven initiatives (SP, SECI). On the whole, SEECP did not do much beyond voicing its support for the SP-backed free-trade zone and the common electricity market scheme proposed by the European Commission.⁵⁴³

The variable geometry of political cooperation

The early 2000s saw the development of political cooperation amongst smaller groups of states in South East Europe. 'Less-than-regional' initiatives tended to have clearer priorities and, therefore, often worked more smoothly than an all-encompassing multilateral forum such as SEECP. This was illustrated by the 'two-by-two' cooperation scheme initiated by Greece, Turkey, Bulgaria and Romania. As NATO was coming near its new enlargement, tabled for the end of 2002, the membership candidates Bulgaria and Romania sought to strengthen their strategic relationship with Greece and Turkey. Bucharest and Sofia could capitalise on the

⁵⁴¹ UNMIK's head Michael Steiner proposed the establishment of a regional police network (with the participation of Kosovo) to carry out joint investigations and the exchange of information. Hina, 19 June 2002.

⁵⁴² A meeting of the SEECP trade ministers was held in October 2002, while ministers of interior met in March 2003.

⁵⁴³ Joint Statement of the Ministers of Foreign Affairs of the SEECP, Belgrade, 19 June 2002. Text available at http://www.mfa.gr/english/foreign_policy/europe_southeastern/balkans/perifereiaka/belgrade.html The Belgrade ministerial scored some success on the political side. Just before it, the foreign ministers of Yugoslavia and Albania agreed to establish diplomatic ties and exchange ambassadors. The closing declaration mentioned cooperation in the educational sphere and a future meeting of the ministers of culture to discuss strategies to deal with interethnic prejudices and 'bad neighbours' stereotypes called for bilateral consultations on the issue. Like the Tirana Summit, the ministerial also condemned 'in strongest terms' the destruction of cultural monuments in Kosovo, which was put on the agenda by the host country.

dialogue within the trilateral schemes active since the mid-1990s, but the Greek-Turkish rapprochement after 1999 made it possible to engage simultaneously with both Athens and Ankara. As early as March 2000, Bulgarian Foreign Minister Nadezhda Mihaylova hosted a three-way meeting with her colleagues Ismail Cem and Georgios Papandreou in the town of Plovdiv. The dialogue was soon joined by Romania. In the run-up to NATO's summit in Prague (November 2002), the four countries' foreign ministers met consequently in Istanbul (13 February) and Athens (29 March).⁵⁴⁴ Greece and Turkey supported unreservedly Bulgaria and Romania's applications and promised to lobby for them inside the Alliance. The initiative was lauded as a diplomatic success, both because of the fact that Romania and Bulgaria were invited to join NATO but also because Greece and Turkey were able to articulate a common policy vis-à-vis their Balkan neighbours.⁵⁴⁵

The above example inspired other groups of countries to cooperate on the way to NATO. During the Prague summit, Croatia, Albania and Macedonia, next in the membership queue, proposed a joint strategy for NATO accession. What followed was the Adriatic Charter modeled on the 1998 Baltic Charter adopted by Lithuania, Latvia and Estonia. Signed by Foreign Ministers Tonino Picula, Ilinka Mitreva and Ilir Meta in May 2003, it obliged the three countries to coordinate their reforms for joining the Alliance and engage in politico-military cooperation. One should also not overlook the important US contribution to the Adriatic Charter process. Colin Powell was present at the launching ceremony in Tirana and countersigned the document. The stabilisation of the Western Balkans was still a central issue for the US policymakers who used NATO membership as an instrument for the attainment of

⁵⁴⁴ The ministerials were followed by meetings of the chiefs of staff on 24 October and defence ministers on 16 September and 13 November 2002, just a few days before the Prague Summit.

⁵⁴⁵ Similar informal quadrilateral meeting was held Paskal Milo, Solomon Passy, Ilinka Mitreva (Macedonia's foreign minister) and George Papandreou on 25 August 2001 in the Greek town of Florina.

that goal. It was envisaged that Bosnia-Herzegovina and Serbia and Montenegro could also join the Adriatic Charter after entering NATO's Partnership for Peace.⁵⁴⁶

In a very similar way, EU enlargement provided a strong incentive for 'less-than-regional' cooperation. During its EU presidency in the first half of 2003, Greece sought to boost SEECP. Its Foreign Ministry released a strategic document on South East Europe which concluded 'should the Balkan be interested in having their own voice for the future of the whole region heard, especially at this juncture towards the European Union, a fresh political investment in the cooperation by the means of a pure Balkan-organised framework should be sought.'⁵⁴⁷ While this goal was perhaps overly ambitious, SEECP had few difficulties to go on with its declaratory diplomacy. Its annual summit held Belgrade on 6 April 2003 appealed to the EU to give the Western Balkans a clearer membership perspective.⁵⁴⁸ Croatia had already submitted its formal application in February 2003, while the other four countries in the SAP hoped to be upgraded from 'potential candidates' to 'candidates' and transferred from the Foreign Relations to the Enlargement Directorate within the European Commission.

Clearly, the future direction of the SAP was a greater concern for the Western Balkan, rather than the politically heterogenous SEECP. Differing in many respects, the five countries had similar institutional relationship with the EU which gave them a clearer purpose. The upcoming EU-Balkan summit prompted Western Balkan leaders to act jointly outside the SEECP framework. In March 2003, a joint letter by the presidents of Macedonia and Croatia and the Prime Minister of Serbia was published in *Financial Times*. On 2 June 2003, Macedonia's President Boris Trajkovski convened a Western Balkan conference in Ohrid. This

⁵⁴⁶ Joint press conference by Powell, Picula, Mitreva, and Meta. Tirana, 2 May 2003. <http://www.usembassy.it/file2003_05/alia/A3050209.htm>

⁵⁴⁷ Ministry of Foreign Affairs of the Hellenic Republic, Directorate A3, 'The South East European Cooperation Process,' p. 6.

⁵⁴⁸ Following the Belgrade Summit, SEECP Chair went to Bosnia-Herzegovina.

was a show of solidarity in the run-up to Thessaloniki (21 June 2003), but was frowned upon by Greece which was not directly involved in steering the process.⁵⁴⁹ The declaration reiterated the demand for closer relations with the EU, but also contained a promise that the five countries would speed up their cooperation in fields like fighting organised crime and visa regimes as foreseen in the SAP.⁵⁵⁰ Although the outcome of the Thessaloniki summit did not fully match the SAP countries' expectations, the symbolic importance of 'speaking with one voice' could hardly be overstated. What the Western Balkans achieved was to present a common vision on their future political, social and economic development.

The pre-Thessaloniki months demonstrated that a narrower group of countries could much more successfully articulate common interests. Beyond the SAP, the Western Balkans had further common denominators bundling them as a group, notably the interlocking security issues originating from hotspots such as Bosnia, Kosovo and Macedonia. The shift to Western Balkan cooperative frameworks had already been underway since the October 2000 changes in Belgrade. One of the first issues to be solved was the division of former Yugoslavia's assets, previously blocked by the Milošević regime. On 11 April 2001, representatives of the five successor states signed an agreement in Brussels that accepted the IMF-proposed formula.⁵⁵¹ This had been a condition put forward by IMF for the inclusion of Belgrade in its programmes. Subsequently, Yugoslav successors negotiated the allocation of the former federation's embassies too. On 27 June 2001, Croatia, Bosnia-Herzegovina and Yugoslavia signed under the auspices of the SP the so-called Agenda for Regional Action, an agreement on the return of the refugees from the 1990s wars that included clauses on crucial issues like citizenship,

⁵⁴⁹ Interview with an official from the Office of the President of the Republic of Macedonia, Skopje, September 2003.

⁵⁵⁰ RFE/RL Newslines, 3 June 2003.

⁵⁵¹ 46 tons of Yugoslav gold worth USD 440 million was split as follows: FRY 36.52 %, Croatia 28.49 %, Slovenia 16.39 %, Bosnia-Herzegovina 13.2 %, and Macedonia 5.4 %.

property rights, housing, international assistance and reconstruction. In July 2002, Presidents Stjepan Mesić and Vojislav Koštunica met in Sarajevo the three members of Bosnia's collective presidency, Beriz Belkić, Živko Radišić, and Jozo Krizanović to discuss the return of refugees, economic cooperation and the fight against organised crime. They also signed an agreement that pledged full cooperation with the ICTY.⁵⁵² A step further was taken in September 2003 when Stjepan Mesić and Svetozar Marović exchanged apologies for the violence perpetrated during the 1990s conflicts, during a visit to Belgrade by Croatia's president.

IV. Interests, norms and identities in Balkan political cooperation

Unlike other areas of regional activity, political cooperation in South East Europe was mainly driven the regional states themselves. There was no strong external push as in the functional and security domains. On the contrary, SEECP was generated from *inside* the Balkans, for which it is credited by nearly all observers.⁵⁵³ The forum was seen as a continuation of the intergovernmental dialogue in the 1970s and 1980s. The trilateral schemes developed indigenously too, insofar as they were driven by the forces of economic and security-related interdependence. True, Albania, Bulgaria and Macedonia coalesced because of the opportunities for external assistance but the key factor remained their economic interests. Similarly, the Greek and Turkish cooperation policies targeting Romania and Bulgaria reflected regional power dynamics, rather than the impact of major external actors such as the EU, the US and the IFIs. Before Thessalonki, the Western Balkan leaders sought to forge a

⁵⁵² Institute for Security and International Studies (Sofia), 'Balkan Regional Profile, Research Study 39, July 2002.

⁵⁵³ Cf. Andrew Hyde, 'Seizing the Initiative: The importance of Regional Cooperation in Southeast Europe and the role of the Southeast European Cooperation Process,' *Journal of South East European and Black Sea Studies*, 4 (1), January 2004, pp. 10-23. Tsardanidis, 'New Regionalism in South Eastern Europe.'

common strategy towards the EU. However, this was not a direct outcome of the SAP conditionality but reflected the need to improve the region's standing with Brussels. External push was a critical factor only in the case of the Atlantic Charter which was, to a great extent, engineered by the US and NATO.

Coming from inside the region and focusing on shared interests, SEECP did not reflect the logic of regional interdependence. This was proven by the institution's very agenda. Through the 1990s and early 2000s, SEECP limited itself to bold commitments to cooperation and European values. However, it made only modest steps toward implementing its objectives and changing 'realities on the ground', that is the Balkans' economic fragmentation and political instability. If SEECP proceeded from the need to collectively address and tackle regional problems, then it did not live up to its promise. Another litmus test was the issue of institutionalisation. Judged by their positive attitude, certain states like Greece and Yugoslavia (later Serbia and Montenegro) were supportive of the idea that SEECP was more than an outward-oriented diplomatic forum. Others such as Bulgaria and Romania were more sceptically minded and effectively vetoed all moves to institutionalise the scheme. They were content with its being a loose political process. The levels of interdependence in wider South East Europe were not that high as to make a more robust institutional mechanism necessary.

A product of the Balkan states' efforts, SEECP looked nonetheless in the direction of the EU and NATO. Rather than getting involved in the management of shared regional problems in the fields of security and the economy, it became 'the single voice' to articulate common messages. The most important one amongst the latter was the commitment to the inviolability of borders made repeatedly by the participating states in the 1990s. This could be

explained with a reference to the Balkans' past marked by irredentist politics and nationalism as well as to the experience of the 1990s. In the eyes of the outside world, the Yugoslav wars posed the threat of sparking a wider conflict fuelled by historical animosities and challenging a number of borders inside the region.⁵⁵⁴ This is not to say that SEECP was completely irrelevant. On the contrary, the pledge to respect the territorial *status quo* had important practical implications in terms of creating stability in South East Europe. Still one should pay attention to the profound symbolical meaning of the Balkans' collective pledge. The acceptance of existing borders and the peaceful settlement of disputes over minorities were considered a token of Europeanness as were also democracy and human rights. Even without action, the commitment to regional cooperation had value in itself as a sign of convergence with the norms of European/Western appropriateness. A talking-shop scheme as the SEECP was embraced and supported by the Balkan states because it symbolised the region's transformation from a volatile and semi-European 'powderkeg' into a peaceful community governed by the European norms of good neighbourliness and integration. SEECP articulated a common discourse on the Balkans/South East Europe as part of the expanding Western institutions.

Regional identity politics accounted for SEECP's *scope* but also for its very *membership*. The forum was established as a successor to similar initiatives operating in the Balkans prior to the 1990s. Participants and outside observers saw it as limited to the geopolitical perimeter of South East Europe and building on the modest local traditions of cooperation. That is why Slovenia and Croatia refused to join: they considered themselves as part of Central Europe, and not of the Balkans. The logic of interdependence would imply that

⁵⁵⁴ Dimitar Bechev, 'Worst-Case Scenarios and Historical Analogies: Interpreting Balkan Interstate Relations in the 1990s,' in Aleksandar Fatić (ed.), *Security in Southeastern Europe*, Belgrade: Management Center, 2004, pp. 29-51.

both countries would join the scheme insofar as many of the shared regional issues stemmed from the breakup of Yugoslavia and were therefore of key concern, particularly for Croatia. However, participation in such an institution meant accepting a certain regional identity and not merely acquiring a stake in a problem-solving mechanism. If for the participating states SEECP was a rhetorical instrument to collectively redefine themselves as 'South East European' rather than 'Balkan', Slovenia and Croatia considered it incompatible with their aspiration to distance symbolically from former Yugoslavia and the orientalist Balkans. At the same time, Croatia moved gradually closer to the institution and eventually became a full member (in 2004). That was too a consequence of the forum's evolution into a vehicle for collective Europeanisation. The post-Tudjman governments had to prove their pro-EU orientation by supporting regional cooperation, even if they did not believe in its practical value.

The outward-oriented and rhetorical character of the SEECP was manifest in its inherent inability to meet the targets that it set itself. The implementation of the substantive agenda spelled out in the Sofia Declaration (1996), the Bucharest Charter (1999), and the Skopje Economic Action Plan (2001) was precluded by the divergence of interests. Sensitive issues like Kosovo rendered consensual decision-making impossible. Even more importantly, the region was too heterogeneous in terms of its institutional links to external poles of attraction. When faced with the choice between intra-Balkan arrangements and bilateral integration into NATO and the EU, most countries opted for the latter. Clearly, SEECP's utility as a political instrument was rather limited though some states' attitude was shaped by strategic motives. Thus, Greece pursued a leadership position in South East Europe at the expense of Turkey, while Turkey acquired a stake in order to balance Greek influence. Yugoslavia sought to

overcome isolation. However, the pursuit of strategic gains was not the bottomline motivation for participation. Because of its limited scope and great number of participants with varying interests, SEECP did not offer much.

Typically, Balkan states dealt with the issues they deemed important not through multilateral diplomacy, but through bilateral dialogue with neighbours and external actors as well as 'less-than-regional' schemes. The trilaterals sponsored by Greece and Turkey in the 1990s, the Adriatic Charter process, Western Balkan dialogue, and the two-by-two initiative designed to help Romania and Bulgaria to join NATO were all in stark contrast with SEECP. In all those cases, cooperative outcomes reflected the convergence of participants' material interests as well as externally-presented opportunities and benefits. Issues like NATO and EU membership and the development of strategic infrastructure created the basis for close partnerships involving different groups of South East European countries. While identity politics drove forward multilateral SEECP, the 'smaller-n' initiatives had much less to do with the region's external image. What mattered were strategic choices conditioned by the incentives offered by external actors and the intraregional environment.

Chapter VIII

Conclusion

Why did the Balkan states engage in various regional cooperation initiatives for a considerable part of the 1990s and throughout the early 2000s, a period marked by war, political instability and economic hardship? At a time when the war in Bosnia and parts of Croatia was entering one of its most brutal stages, neighbouring countries' foreign ministers embraced the idea of working together in areas like energy and infrastructure. While Kosovo was imploding, South East European politicians were already routinely talking about peaceful conflict resolution, Europeanisation through multilateral cooperation and economic integration. As with grand concepts like democracy and human rights, one could hardly oppose regional cooperation on the grounds of principle, however sceptical one might be about its rate of success and future prospects. What was the reason regional cooperation became such an important element of the Balkan political agenda? Was it because of the local countries' interlinked functional and political interests or due to pressures from various outside agents? This thesis argues that while the latter explanation holds the key to the puzzle of regional cooperation, a yet deeper cause was the Balkans' peripheral position vis-a-vis core Europe and the West. The sense of half-way inclusion or exclusion induced states to emulate the practices of the international clubs of their choice in order to reposition themselves on the post-Cold War mental maps of Europe. Thus Balkan regional cooperation has been as much a product of mimetic action as a mechanism geared towards material benefits.

To be sure, this dynamic is far from obvious, partly because the rhetoric of regional cooperation has stressed its utilitarian objectives. After all, cooperation was geared towards direct benefits stemming from the superiority of regional solutions to shared problems. Chapter II weighed the relative importance of factors creating intra-Balkan demand for cooperation. The region's economic fragmentation -- a legacy of its tangled political history dating back to the 19th century and especially the post-World War II decades -- inhibited growth in the transition countries of South East Europe. Inadequate cross-border infrastructure impeded swift integration into Western European markets, which implied that regional cooperation is a necessary prerequisite for development. To reap the benefits of their proximity to the EU, the Balkans had to work jointly. The value of regional solutions seemed obvious in the field of security too. Animosity between states and ethnic groups did not end at the former Yugoslavia's borders. Violence could spill over and South East Europe could follow the Yugoslav script. Thus common security concerns tied together the economic patchwork of the Balkans. Yet, neither economic rationality nor the quest for security provided a sufficient incentive for the establishment of regional institutions and cooperation schemes. States sought security guarantees in building up and strengthening bilateral links with external actors or, more rarely, with regional neighbours. On the whole, interdependence-driven cooperation developed amongst smaller groups of states within the wider region.

However, Balkan cooperation was far from what Iver Neumann has called an 'inside-out' model. In fact, external supply outweighed by far internal demand so the hypothesis about an *a priori* convergence of interest should be handled with caution. In functional and security issue-areas, regionalisation and multilateralisation came as a result of the policies of external actors, notably the US, NATO, the EU and its member states, OSCE, and the IFIs. Since the

mid-1990s these actors launched a number of policy initiatives aiming to foster and advance, amongst other things, regional cooperation in the Balkans and wider Central and Eastern Europe. These included NATO's Partnership for Peace (1994), South East European Defence Ministerial (1996-97) and the South East European Initiative (1999), the South East European Cooperation Process (1996) and South Balkan Development Initiative (1995) put forward by the US, The Royaumont Scheme (1995), the Regional Approach (1996-97), the Stability Pact for South East Europe (1999) and the Stabilisation and Association Process (1999-2000) introduced by the EU. These programs and initiatives operated through a combination of pressure and inducements. On the one hand, they established rigorous conditionalities linking economic assistance, trade concessions and progress to EU and NATO membership with the target states commitment to resolving political conflicts, tearing down barriers to cross-border exchanges, and implementing cooperative projects in areas ranging from defence to phyto-sanitary controls. In that sense, external push was needed to overcome the lack of political will on the part of the governments in South East Europe to cooperate at the regional level. On the other hand, these initiatives brought in the necessary funds and policy expertise which helped target governments to continue and intensify cooperation, despite the general absence of sufficient material and institutional resources. Chapter III developed the argument that regional cooperation in the Balkans would have never develop in such a wide array of policy-areas, had it not been for the external actors who saw the latter as essential part of their policies aimed at conflict resolution and political stabilisation.

Importantly, the influence of outside actors derived not only from their political and economic clout, but also from their ability to harness the symbolic power wielded by constructs like Europe and the West. Chapter IV demonstrated that although Balkan nationalist ideologies

ruled out any robust collective identity at the regional level, all nationalist projects were structured around the notions of belonging and unjust exclusion from Europe/the West. Even the disintegration of Yugoslavia, a process abhorred by every enlightened mind in the Western world, was animated by the classical 19th century European ideal of the nation-state. It is therefore not a paradox that post-Yugoslav nation-builders preached the gospel of the return to Europe, much like the dissidents-turned-politicians in Poland, Hungary and the Czech Republic. Yet the Europe of the 1990s was a different animal from the Europe of sovereign nation-states that dominated the vision of the Balkan nation-builders in various historical periods.⁵⁵⁵ Seen through the Yugoslav prism, the post-Cold War Balkans exemplified all that was antithetical to latter-day Europe: the unwillingness to forget conflictual past, the fanatical commitment to one's own nation or ethnic group, the anachronistic beggar-thy-neighbour foreign policies and so forth. Though located in Europe, the Balkan countries fell short of the standard of Europeanness. This fed into the common trope of belonging/exclusion which in turn provided the basis for a specific -- though not uncontested -- sense of 'we-ness', which was reinforced by the stereotypical images of Balkan Otherness current during the Yugoslav wars of succession in the 1990s. The symbolic distance from the international clubs to which the countries of the region aspired to become part, in effect, made their constitutive norms, standards and practices very salient. The commitment to regional cooperation, in that sense, was much more than a strategy for dealing with a set of functional and security problems, but a transformative experience with a certain value of its own. This was particularly clear in the case of the EU policy towards the post-communist countries of South East Europe. To proceed

⁵⁵⁵ For the shifting ideas of territoriality and sovereignty in (Western) European history see Charles S. Maier, 'Does Europe Need a Frontier: From Territorial to Redistributive Community' in Jan Zielonka (ed.), *Europe Unbound. Enlarging and Reshaping the Boundaries of the European Union*, London: Routledge, 2002, pp. 17-37. On the concepts of border, boundary and frontier in post-Cold War Europe, see Jan Zielonka's introductory chapter in the same volume ('Boundary Making in the European Union', pp. 1-16).

on the integration path, the latter had to demonstrate their fitness to become members by internalising the EU values and habits of cooperation. While the projection of regional cooperation as a means to ‘normalise’ Balkan politics was an essential component of all international initiatives in the region, it was the EU which put forward the most vivid and significant example.

We are therefore left with two alternative images of regional cooperation in the Balkans. On the one hand, a rationalist interpretation would emphasise the instrumental, utility-maximising motives of the participating states. Aided by the external actors they could pursue and capitalise on their joint interests in fields like trade, cross-border infrastructure, security and the fight against transnational crime as well as their desire to reap the benefits of membership in privileged institutions like the EU and NATO. On the other hand, regional cooperation could be seen as shaped by a normative logic that would attribute social meaning to the process, shape the actors’ perceptions, and at times even alter their calculations about payoffs and costs.

What does the empirical material presented in the second part of the thesis suggest? To what extent was regional cooperation a product of norm-induced action or, alternatively, of material gain-seeking behaviour? Chapter V argued that functional cooperation was mostly driven by various external agents, notably the European Commission and the IFIs involved in the region. While it worked more effectively in areas where pre-existing common interests facilitated its application (e.g. electricity market), credible external push was the only necessary condition for the development of the process. Even in the absence of regional demand for multilateral policy frameworks as in the field of trade the European Commission was able to secure the signature of a web of bilateral FTAs, which lay the foundation for a

nascent regional trading zone. Functional cooperation was undermined by the absence of a collective sense of regional belonging, evidenced by certain patterns in the foreign policy of countries like Croatia or even Bulgaria. Ultimately, however, the commitment to Europeanised relations with neighbouring countries constrained policy options. Even states which were not subject to the EU cooperation conditionality (Bulgaria and Romania) begrudgingly became part of the Commission's trade liberalisation initiative. Identity considerations and norms of appropriateness legitimised and facilitated external push, but did not affect cooperative outcomes directly.

The area of security policy followed a similar script: it was the external impulse which made a difference. Chapter VI showed that multilateral politico-military cooperation developed thanks to the common aspiration of a number of South East European states -- Albania, Bulgaria, Macedonia, Romania and, later, Croatia -- to join NATO. Strong US support accounted for the progress scored by initiatives like the South East European Defence Ministerial and the Multinational Peace Force for South East Europe. However, the attitude of local states was far from enthusiastic when it came to assigning those structures direct responsibilities for the management of regional security. Instead, they sought to improve their international image through cooperating in those institutions. At the same time, where stronger regional demand did exist as in the field of fighting transnational crime, no institutionalised multilateral cooperative framework similar to SEDM emerged. Cooperation occurred either on the basis of ad-hoc meeting of sectoral ministers or via 'less-than-regional' schemes, often involving only the Western Balkan countries targeted by the EU's Stabilisation and Association Process policy. This suggests that security cooperation largely reflected the dynamics of external push, rather than the pressures coming from inside the region.

Importantly, however, regional states' participation in multilateral cooperation could be understood as both adjusting and capitalising on the external actors' policy and as 'rebranding' their collective image in the eyes of the outside world.

Multilateral political cooperation examined in Chapter VII is a crucial test-case, insofar the push from outside was much less stronger. Regional institutions like the South East European Cooperation Process were generated from inside the region. Though SEECP's rhetoric revolved around the need to develop deepening functional links amongst the participating states, it remained a loose diplomatic forum, which was established around the notions of belonging to a common historical and geographical neighbourhood and sharing the objective of integrating into the EU and NATO. SEECP was mainly utilised as a channel to convey joint messages to the Western institutions. The most important one amongst the latter was that the Balkan states had embraced important principles like the inviolability of existing borders, good-neighbourliness, respect for human and minority rights, democracy and economic cooperation. Despite its rhetorical character, SEECP contributed to regional stability by upholding the principle of preserving the territorial status quo, at least outside the confines of former Yugoslavia. It did so, through establishing regularised contact between Balkan leaders, which was an achievement in itself given the region's past record. What is important, however, is that SEECP is a prime example of the relationship between identity politics and regional cooperation. Unlike other diplomatic schemes operating on a 'less-than-regional' level whose *raison d'être* were concrete economic projects and initiatives for policy coordination, SEECP scope was broadly defined and open-ended. Though scoring few achievements on the agenda it set itself, the institution was valuable as it symbolised the new climate in the state-to-state relations in the Balkans -- which it was quick to rename South East Europe -- and the

ability of the region to ‘speak with one voice’. This ‘value in itself’ is indeed a testimony of the crucial role played by the norms of appropriate action set by the EU and the wider Euro-Atlantic community. At the regional level, political cooperation was driven forward by the logic of socialisation, rather than the logic of instrumental action.

At this point, one needs to turn back to the original hypotheses formulated in the introductory chapter of the thesis. Undoubtedly, external push and identity politics emerge as the two key explanatory variables. External push defined the timing, scope and membership of the majority of cooperation schemes across various issue-areas. For its part, the identity factor gained importance as one moved from ‘low’ into ‘high’ politics. While cooperation in specific functional areas and amongst smaller groups of states was predicated on various economic, geographical and infrastructural linkages, high-level regionwide multilateralism depended on the sense of a common interest and shared purpose. As we have already seen, the condition of interdependence had only limited significance as a factor promoting inter-state cooperation at the pan-Balkan level. It certainly made a little difference when it came to regional fora such as SEECP. Beyond the vague idea of stability, specific common interests were not easily identifiable amongst a broad group of states. With external push less pronounced, it was identity politics, rather than interdependence, that drove forward Balkan diplomatic cooperation.

These empirical findings have important implications on how we look at politics in South East Europe. The black-and-white portrayal of *identity politics* as inherently divisive and retrograde, and *politics of rational interest* as the positive force bound to reform, integrate and Europeanise the Balkans could be turned upside down. True, identity politics inhibited regional cooperation. Discourses of non-belonging to the Balkans and/or being unjustly bundled by the

outside world with the conflict-prone areas of the region shaped certain states' lukewarm attitude towards regionalism, at least in its multilateral subspecies. However, it is far from certain that South East European states cooperated amongst themselves more effectively when guided by cost-benefit calculations. For example, the SEE-7 states' shared desire to join the EU emerged as a disincentive to engage in cooperation at the regional level. As in the case of other regional groupings in post-communist Eastern Europe -- the Višegrad quartet, for instance -- external push was more than matched by the centrifugal tendencies spurred by the quest for EU membership. By and large, states pursued closer bilateral relations with Brussels rather than deepening their regional connections. The Balkans' heterogeneity in terms of institutional relationship with the EU and the various speeds of integration called into question most regional institutions and schemes. For its part, the EU applied its regional conditionality unequally, refocusing from the SEE-7 to the Western Balkans. While the EU preached the gospel of regional cooperation to South East Europe, the rules of the game it established favoured differentiation and 'individualist' behaviour. As the conditionality principle tied membership and pre-accession assistance with each country's individual progress in meeting the criteria, EU enlargement has proved as much an obstacle as driving force for the regional cooperation strategies pursued in South East Europe.

At the same time, identity politics sustained regional cooperation. Collective stigmas of backwardness and essential un-Europeanness rooted in particular readings of historical legacies required collective strategies for changing the unfavourable external perceptions and images of the region. Balkan identity was one of the few common denominators for the wider region, which was united by geography and history but also divided by its political and socio-economic heterogeneity. To the extent that participation in regional institutions and schemes

was interpreted as an element in the Balkans' transformation into a part of the European and Euro-Atlantic community, they proved very 'sticky'. Even the most fervent believers in the policy of differentiation and unilateral accession into NATO and the EU could not question the value of participating in regional cooperation initiatives. In the Balkans, regionalism was not merely a problem-solving mechanism but a mode of socialisation into the norms of the broader institutions in which countries claimed a place. The discursive rebranding of the Balkans into South East Europe kept regional cooperation afloat despite the mixed incentives coming from the external sponsors of the process.

* * *

So far, the discussion has drawn on various strains of general IR literature and, in particular, on the subfields of regionalism and European Studies in order to explain the dynamics of interstate politics in South East Europe. However, one needs to think about the specific significance of the Balkan case in terms of certain larger debates concerning regionalism in Europe and beyond. Undoubtedly, the relatively short history and modest achievements of regional cooperation in South East Europe defy any potential claims to importance as far as theory-building and theory-testing are concerned. The Balkans are hardly classifiable as a crucial case-study, which could illuminate the forces and mechanisms accounting for the worldwide growth of regionalism over the past two or three decades.

This is not to say that the story of regional cooperation in South East Europe is entirely trivial and unimportant. On the contrary, this thesis relates directly to the big theme about the profound change in the expectations about a state's place and conduct in international politics. The classical model of sovereignty has been grounded on the interrelated norms of autonomy

in foreign policy and domestic governance, as well as economic self-sufficiency. As most of the nation-states in the Balkans -- at least, outside former Yugoslavia -- are no newcomers in the international society, they have long shared this vision of sovereignty, irrespective of the grim realities of political and economic dependence on powerful outsiders. However, the normative environment they found themselves in at the end of the 20th and the beginning of 21st century, especially after the *annus mirabilis* of 1989, was one shaped by the values and ideas of global liberalism. The idea of openness had superseded the old notion of sovereignty fixated on the exercise of exclusive control over territory, borders and (homogenous) populations. Instead of the capacity to preserve its autonomy, the measure of success for a small country in the international system nowadays is its ability to integrate and draw benefits from larger markets at various levels: subregional, regional, continental, global. On the political front, multilateral organisations, bodies of legal rules, institutions and technocratic bodies have replaced the old-style diplomacy centred on shifting alliances and customary norms.⁵⁵⁶ Domestically, the triumph of democracy has redefined relations between states, economies and societies and contributed to the exponential growth of transnational flows in goods, services, capital and people. Liberals have greeted growing economic openness, intergovernmental cooperation and the spread of democracy as the pillars of the new global order in the post-Cold War era.⁵⁵⁷

During the 1990s, the Balkans stood as a warning for all who shared the optimist visions about the direction in which world politics was moving. The violent dissolution of

⁵⁵⁶ John Gerard Ruggie, 'Multilateralism, Anatomy of an Institution,' in John Gerard Ruggie (ed.), *Multilateralism Matters. The Theory and Practice of an Institutional Form*, New York: Columbia UP, 1993, pp. 3-49.

⁵⁵⁷ This ideological paradigm has been aptly described by Jan Zielonka as a 'neo-medieval religion' established upon the Holly Trinity of 'democracy, free markets, and peace.' 'Conclusion: Foreign Made Democracy' in Jan Zielonka and Alex Pravda (eds.), *Democratic Consolidation in Eastern Europe, Vol 2: International and Transnational Factors*, Oxford: Oxford UP, 2001, pp. 514-5.

Yugoslavia caught the attention of global audiences as a paradigmatic example of the resurgent power of pre-1945 nationalism freed from the straitjacket of Cold War stability.⁵⁵⁸ Yet, regional cooperation -- regardless of whether one means institutionalised practice, normative framework of reference or mere political rhetoric -- testifies that South East Europe has been susceptible to the influence of the liberal turn in world affairs. The end of the authoritarian regimes in Croatia and Serbia in 1999-2000 made this change even more visible. What were, therefore, the conditions that enabled and catalysed this gradual transition from the logic of fragmentation ('balkanisation', to use the common political jargon) and conflict towards a discourse of liberalisation, openness and integration?

The answer to that question will, no doubt, be familiar to every student of IR and comes down to a single word: power. The military interventions led by the US made possible the containment, though probably not the final resolution, of various conflicts on the territory of former Yugoslavia. This, in turn, enabled the Balkan states to pursue cooperative initiatives. For its part, the EU used its economic and political muscle to push post-communist states in South East Europe to engage in functional cooperation on multiple fronts and levels in order to contribute to the further stabilisation and 'normalisation' of the Balkans. What mattered were the material asymmetries between the regional states, on one side, and the external sponsors of regional cooperation, on the other.

However, this thesis demonstrates that reducing the concept of power to material capabilities only conceals the deeper layers within this story. One cannot grasp power and its

⁵⁵⁸ The mood was very well captured in a speech made by no one else but the US President Bill Clinton. Speaking at the US Naval Academy on the occasion of the fiftieth anniversary of D-Day, he observed that 'the Cold War's end lifted the lid from a cauldron of long-simmering hatreds. Now, the entire global terrain is bloody with such conflicts.' Quoted in *Washington Post*, 26 May 1994. The argument was further elaborated by Robert Kaplan whose earlier book *Balkan Ghosts* reportedly influenced Clinton's early policy towards the Bosnian conflict. See Robert Caplan, 'The Coming Anarchy,' *The Atlantic Monthly*, 273 (2), February 1994, pp. 44-76.

exercise without taking into account identity politics. At its most fundamental, the Western institutions' clout could be understood as reflecting the structures of national and regional identities in the Balkans built upon the overlapping myths of 'civilised Europe' and 'the West'. As we have seen, both liberals and nationalists shared similar mental maps established upon those two points of reference.⁵⁵⁹ The desire for recognition and inclusion into the symbolic centre characterising the societies of South East Europe was a force that legitimised external intervention as well as the liberal norms of domestic governance and international politics it brought along.

To be sure, this ideological power has not remained uncontested. On the one hand, there are the self-styled defenders of state autonomy and national specificity in all Balkan countries, who are suspicious of Western liberalism and its project of promoting openness. On the other, there are critical intellectuals challenging the facile dichotomy between the 'barbaric' Balkans and 'civilised' Europe/the West. However, both groups stand on a very shaky ground. Nationalists are rarely consistent in their rejection of Western dominance and opposition to supranational constructs. Consider the example of Serb paramilitaries in Bosnia or Kosovo 'defending' Christendom, by implication Europe and the West, from its Islamic Other. For their part, critical intellectuals cannot deny that ideological hegemony has been a force that has ultimately contributed to peace in the region. The commitment to oppose essentialist discourses 'othering' the Balkans is clearly not a reason to question the legitimacy of international

⁵⁵⁹ On the anti-liberal appropriation of Europe in Romania, see Katherine Verdery, 'Civil Society or Nation? "Europe" in the Symbolism of Postsocialist Politics', Chapter 5 of *What was Socialism, and What Comes Next?*, Princeton: Princeton University Press, 1996.

interventions and stabilisation strategies in the region, which has tempted many a local luminary.⁵⁶⁰

If symbolic power has legitimised the imposition of liberal openness as a political principle, then why regional cooperation has turned out to be such an important part of this agenda? Why has it gained such importance in South East Europe, on a par with such fundamental principles like democracy and human rights? This thesis argues that the reason is the EU's leading involvement in South East Europe as well as the mode it has constructed, projected and employed its power. As Kalypso Nicolaïdis and Robert Howse observe, '[the EU's] power rests on the synergies between [its] *being*, its political essence, and its *doing*, its external actions, or what some later referred to as the contrast between its simple presence and its agency or 'actorness'(emphasis original).'⁵⁶¹ On one hand, the EU has been a catalyst for the worldwide growth of regionalism by its very presence as a model. On the other hand, it has encouraged regional cooperation and integration at various levels, particularly in the case of its immediate south-eastern periphery was concerned, through direct action, including membership conditionality, security and economic assistance policies and instruments. The case of South East Europe stands out as an example of how the EU's presence and agency work side by side but also how they undercut one another. True, Balkan states have cooperated because the EU requires them to do so but they have also done so in order to *be like* the EU and its member states. However, having the EU as a model indicated the limits of this process. While the Europeanisation discourse drove forward and sustained regional cooperation, Balkan countries were unsure whether the effort to recreate the EU *amongst themselves*, if pursued in

⁵⁶⁰ See Vesna Goldsworthy, 'Invention and In(ter)vention: The Rhetoric of Balkanization' in Dušan Bjelić and Obrad Savić (eds.), *Balkan as a Metaphor: Between Globalization and Fragmentation*, Cambridge Mass, MIT Press, 2002, pp. 25-39.

⁵⁶¹ Kalypso Nicolaïdis and Robert Howse, 'This is my EUtopia: Narrative as Power' *Journal of Common Market Studies*, 40 (4), 2002, p. 771.

earnest, would not be detrimental to their aspiration to *join* the latter. In a sense, the EU's direct pressure for cooperation (that is, its agency) had to deal with the anxieties about emulating its model.

Animated by a complex interplay between identity and utilitarianism, Balkan regional cooperation reflected many of the dilemmas salient in the era of globalisation: the tension between inclusion and exclusion, the triumph of liberalism versus the self-reproducing logic of power, as well as Europe's tangled quest for self-identity and a place in world politics.

APPENDIX I

Regional Initiatives in South East Europe: An Overview⁵⁶²

Name	Established	Initiator	Participants	Priorities and forms of cooperation	Major achievements
South Balkans Development Initiative (SBDI)	1995	US	Albania, Macedonia, Bulgaria, Italy (observer)	Ministerial dialogue Development of transportation corridor VIII (Black Sea-Adriatic) Burgas-Vlora (AMBO) pipeline	Feasibility study and intergovernmental memorandum on the AMBO pipeline Road and railway projects along Corridor VIII
South East Cooperation Initiative (SECI)	1996	US	Albania, Macedonia, Greece, Turkey, Bosnia-Herzegovina, Romania, Hungary, Slovenia (1997), Serbia and Montenegro (2000), Moldova, Croatia Placed under the UN Economic Commission for Europe and supported by the World Bank	Coordination at expert and ministerial levels Projects on cross-border infrastructure Trade and transport facilitation Fighting cross-border organised crime	Business Advisory Council Trade and Transport Facilitation Programme supported by the World Bank (2000) Bucharest Crime Prevention Centre (1999, operational since 2001) Memorandum on regional transport (1999) Regional Road Transport Committee (1999) Memorandum on cooperation amongst security markets (1999) Memorandum on electricity grids interconnection (2001)
Royaumont Initiative	1995 (merged with SP in 1999)	EU	SEE-7, Slovenia, Hungary, Turkey, EU members, US, Russia, placed under OSCE	Dialogue between national parliaments and foreign ministries Support for NGOs in South East Europe	Establishment of multi-country NGO networks

⁵⁶² This overview does not cover institutions as the Central European Initiative, CEFTA, the Black Sea Economic Cooperation (BSEC) organisation, and the Danube commission. Although they include several or most of the countries in South East Europe, their geographical scope goes beyond the region.

Regional Approach	1996-97 (upgraded into SAP in 1999)	EU	SEE-5 (Western Balkans)	Political reconciliation Reconstruction and economic development	Setting the principle of regional cooperation conditionality in the EU policy vis-à-vis SEE-5
South East European Cooperation Process (SEECp)	1996 (1988)	Balkan countries	Albania, Bulgaria, Croatia (full member 2004), Bosnia-Herzegovina (full member 2001), Macedonia, Romania, Serbia and Montenegro, Greece, Turkey, Moldova	Political dialogue at the level of ministers, heads of state and government, speakers of parliament, foreign ministries Improving political relations Economic cooperation Cooperation in justice and home affairs	Bucharest Charter for Good Neighbourliness (2000) Skopje action plan on economic cooperation (2001)
South East European Defence Ministerial (SEDM)	1996	US, NATO	Albania, Bulgaria, Macedonia, Greece, Turkey, Italy, Croatia, Observers: US, Slovenia, Ukraine	Dialogue between defence ministers, senior military staff	Agreement on creating Multinational Peace Force for South East Europe (1998) SEE brigade headquarters launched (1999) SEE brigade declared operational (2001)
Stability Pact for South East Europe (SP)	1999	EU (German Presidency)	Recipients: SEE-7 and Moldova (since 2001) Donors: EU, IFIs, EU member states, Norway, Switzerland, US, Canada, Russia Placed under OSCE.	Dialogue between donors and recipients at various levels Interethnic reconciliation, media and NGOs (Working Table I) Economic development through investment in infrastructure, trade liberalisation, energy, investment promotion, environment. (Working Table II) Cooperation in defence and justice and home affairs (Working Table III)	Two donor conferences (March 2000 and October 2001) Numerous infrastructure projects Free-trade area (2001-2003) Sava Commission

Stabilisation and Association Process (SAP)	1999	EU	SEE-5	Bilateral aspect: EU integration Multilateral aspect: Political dialogue between EU and the SEE-5, and within the SEE-5. Trade liberalisation Infrastructure development Cooperation in justice and home affairs Cross-border cooperation	EU membership perspective Association agreements with Macedonia and Croatia (2001) CARDS assistance, including a regional cooperation component (2001) Liberalisation of trade between EU and the Western Balkans, and within SEE-5 (2000-2003)
Adriatic-Ionian Initiative	2000	Italy	Italy, Slovenia, Croatia, Bosnia-Herzegovina, Serbia and Montenegro, Albania, Greece, European Commission	Infrastructure, trade, tourism, education, and environment	Memorandum on border management (2000)
SEEGROUP	2000	NATO, Balkan PFP states	SEE-7, Albania, Bulgaria, Bosnia-Herzegovina, Croatia, Macedonia, Romania, Serbia and Montenegro, NATO members	Expert-level dialogue to facilitate integration into NATO and security-sector reforms.	Common paper on security risks in the region (SEECAP) (2001)
Regional Energy Market	1998	EU	SEE-7, Kosovo/UNMIK, Greece, Turkey, Hungary, Slovenia, Austria	Integrating the Balkans into the EU power grid Liberalising regional energy markets	Athens memorandum on regional electricity market (2002) SEE Electricity Regulatory Forum (2002) Memorandum on energy market (2003) Connection with UCTE (2004)
Adriatic Charter Process	2003	NATO/US	Albania, Croatia, Macedonia, Serbia and Montenegro (observer)	Ministerial dialogue Cooperation on NATO membership and defence reform	

APPENDIX II

Regional Cooperation in South East Europe: A Timeline

1988-1994

September 1988	Balkan foreign ministers meet for a first time in Belgrade
September 1990	Second Balkan ministerial is held in Tirana
June 1991	War breaks out consecutively in Slovenia and Croatia
April 1992	The war in Bosnia-Herzegovina begins
June 1992	Black Sea Economic Cooperation launched in Istanbul
November-December 1992	Romania and Bulgaria sign Europe Agreements with the EU
22-23 June 1993	The EU Copenhagen Council declares the countries of Central and Eastern Europe eligible for membership and adopts entry criteria
10-11 January 1994	NATO's Brussels Summit initiates Partnership for Peace (PfP)
January-March 1994	Romania, Bulgaria, Albania and Slovenia join PfP

1995

20-21 March	The EU inaugurates the Pact on Stability in Europe
22 June	Romania submits EU membership application
26 August	Greek, Bulgarian and Romanian foreign ministers meet in Ioannina calling for renewal of the 1980s Balkan ministerials
13 September	Greece and Macedonia sign an interim agreement normalising their relations
15 November	Macedonia joins PfP
November-December	The Dayton/Paris Peace Accords end the war in Bosnia
13 December	The EU and South East European countries launch the Royaumont Process for Stability and Good Neighborliness in South East Europe
16 December	Bulgaria applies for EU membership

1996

19 February	Presidents Tudjman, Izetbegović and Milošević meet in Rome pledging commitment to the Dayton peace process
26-27 February	The EU Council of Ministers inaugurates the Regional Approach towards the countries of the Western Balkans

27 February	The EU Council adopts a common platform outlining Royaumont's objectives and tasks
21 March	Balkan defence ministers meet in Tirana
6-7 July	Balkan foreign ministers meet in Sofia after a six year interruption to confirm their support for the territorial status quo and the region and commit to cooperate on political, security and economic issues.
15 August	Tudjman, Izetbegović and Milošević meet in Geneva
2 October	The European Commission presents an outline of the Regional Approach
5-6 December	The South East European Cooperative Initiative (SECI) is launched after US-EU agreement on their priorities in the Balkans
1997	
29-30 April	The EU Council of Ministers lays out its conditionality policy vis-à-vis Bosnia-Herzegovina, Croatia and FR Yugoslavia
9-10 June	Balkan foreign ministers meet in Thessalonki but fail to agree on institutionalising political dialogue
1 July	Romania joins the Central European Free Trade Association (CEFTA)
3-4 November	Balkan presidents and prime ministers meet for a first time in Crete. South East European Cooperation Process (SEECPP) is launched
3 October	Second meeting of the South East European Defence Ministerial (SEDM) process is held in Sofia
12-13 December	The EU Luxembourg Council excludes Bulgaria and Romania from the group of countries invited to start membership talks. Turkey's application for candidate status is not considered.
1998	
February	Violence in Kosovo escalates
10 March	Bulgaria, Romania, Greece, Macedonia and Turkey reach a common position on the unfolding Kosovo crisis
8-9 June	Yugoslavia blocks a SEECPP resolution on Kosovo
26 September	SEDM adopts an agreement on establishing a multinational peace force (MPFSEE) during a meeting in Skopje

13 October	SEECF Summit in Antalya ends with a declaration supporting granting Kosovo autonomy within Yugoslavia
12 November	The EU Council decides to integrate Royaumont into its CFSP
1999	
January	Bulgaria joins CEFTA
March-June	NATO launches a bombing campaign against Yugoslavia ending with the withdrawal of Serbian forces from Kosovo and the establishment of an international administration
May 1999	SECI adopts an agreement on the establishment of a regional centre for fighting transnational crime
10 June	EU Foreign Ministers Meeting adopt Stability Pact for South East Europe in Cologne
30 July	Stability Pact is officially launched in Sarajevo, German politician Bodo Hombach is appointed special coordinator
August 1999	MPFSEE opens its Head Quarters in the Bulgarian city of Plovdiv
27 September	Stability Pact adopts a work plan aimed at fostering cooperation amongst its recipient countries
September	Greek-Turkish rapprochement begins after the earthquake in Western Turkey
10-11 December	The EU Helsinki Council decides to start membership negotiations with Bulgaria and Romania as well as to promote Turkey into a candidate country
2000	
January	Croatian elections bring to power a new centre-left coalition government led by Ivica Račan
January	Stability Pact convenes a working group on trade liberalisation
7 February	Bodo Hombach brokers a deal on a second Danube bridge between Bulgaria and Romania
12-13 February	SEECF Summit adopts the Charter on Good-Neighbourly Relations, Stability and Cooperation in South East Europe
16 February	Stability Pact launches anti-corruption initiative
March	Stability Pact launches a regional environment reconstruction programme

29-30 March	Stability Pact donor conference in Brussels pledges 2.4 billion euro in grants and loans to Balkan countries
25 May	Croatia joins PfP
19-20 June	The EU Feira Council declares the five Western Balkan countries potential candidates for membership
14 July	Croatian foreign minister attends for a first time a SEECP ministerial and demonstrates support for regional cooperation.
18 September	The EU adopts a regulation liberalising trade with the Western Balkan states
5 October	Stability Pact adopts an initiative on fighting organised crime
5 October	Milošević falls from power
October	South East Europe Security Cooperation Group (SEEGROUP) is launched
20 October	Regional Arms Control Centre (RACVIAC) opens in Zagreb
25-26 October	Extraordinary summit in Skopje welcomes Yugoslavia back into SEECP. Yugoslavia joins also the Stability Pact.
24 November	First EU-Western Balkans Summit in Zagreb
15 December	The EU launches the CARDS programme for the Western Balkans
2001	
22-23 February	SEECP holds a summit in Skopje and adopts economic action plan. Bosnia-Herzegovina becomes a full member of the forum.
February-March	Conflict erupts in Macedonia between the government and the ethnic Albanian guerillas of the National Liberation Army
5 April	Balkan states fail to agree on deploying MPFSEE in Macedonia
9 April	Macedonia signs a Stabilisation and Association Agreement (SAA) with the EU
11 April	Successor states reach an agreement on dividing former Yugoslavia's assets
1 May	MPFSEE is declared operational
27 June	SEE-7 sign a Memorandum on Trade Liberalisation under the Stability Pact

27 June	Stability Pact launches regional agenda on refugee return
28 June	Moldova joins the Stability Pact
13 August	The Ohrid framework agreements ends the conflict in Macedonia
25-26 October	Second donor conference of the Stability Pact is held in Bucharest
30 October	Croatia signs a SAA with the EU
28 November	Slovenia, Croatia, Bosnia-Herzegovina and Yugoslavia agree to give Sava an international river status and establish a regulatory commission.
20 December	At a SEDM meeting, the US urges participating states to deploy MPFSEE in peacekeeping operations in the Balkans
2002	
1 January	Erhard Busek becomes Special Coordinator of the Stability Pact
13 February	Greece, Turkey, Bulgaria and Romania launch the ‘two-by-two’ cooperation process to advocate NATO expansion towards South East Europe
28 March	SEECF Summit in Tirana calls for deepening economic cooperation
15 July	In Sarajevo, Presidents Stjepan Mesić and Vojislav Koštunica and the three members of the Bosnian presidency pledge cooperation on refugee returns, ICTY, economic matters and organised crime
6 November	High-profile Intergovernmental conference on Balkan organised crime is convened in London
11 November	South East European energy ministers initiate the integration of regional electricity markets
21-22 November	Bulgaria, Romania and Slovenia are invited to NATO at the Prague Summit
12-13 December	The EU’s Copenhagen Council sets 2007 as target for Bulgaria and Romania’s Accession
2003	
31 January	Albania starts negotiations for a SAA with the EU
21 February	Croatia applies for EU membership

March	Croatia joins CEFTA
3 March	SEECF interior ministers meet in Belgrade
6 April	SEECF sixth summit held in Belgrade
16 April	Cyprus, Malta and eight Central European and Baltic states sign EU accession treaty in Athens
2 May	Albania, Croatia and Macedonia sign the Adriatic Charter aimed to facilitate their accession to NATO
3 June	Western Balkan presidents sign a joint declaration calling the EU to speed up their integration
21 June	EU-Western Balkans summit at Porto Carras near Thessaloniki
10 September	Presidents of Serbia and Montenegro and Croatia apologise for atrocities committed by each side during the wars of the 1990s
18 November	The European Commission publishes a positive feasibility study on Bosnia-Herzegovina's preparedness to start SAA negotiations with the EU
13 November	SEE-7 ministerial in Rome declares the completion of bilateral FTAs
8 December	Second Athens memorandum calling for the establishment of an energy community in South East Europe

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