

THE EU CONDITIONAL ASSISTANCE AS A POLICY TOOL TOWARDS SOUTHEASTERN EUROPE

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Introduction

The European Union is a major reform-driving factor for the countries of Southeastern Europe. It sets standards and paragon for development that the countries in the region aspiring for membership should follow. In this paper I shall argue that the EU conditional assistance to the countries in the region, and the principle/ mechanism of conditionality applied in general, is an indispensable policy tool that the EU has at its disposal both for optimizing its policies towards the SEE, as well as stimulating the improved performance of the countries.

Dwelling on SEE should keep us aware of the fact that it is a rather incoherent region, suffering from the dividing lines and multi-track effects. These divisions are particularly visible in the EU perspective. Bulgaria and Romania, for example, are moving on one of the EU tracks - the accession process, while most of the Western Balkans is on the track of the stabilisation and association agreement.¹

What is for sure, however, is that the EU prospect exercises a speeding effect on the countries in focus, irrespective of the individual level of productivity.

I shall discuss first the “soft power” of the EU to bring stability to the region. In the second part of the paper, I shall consider some of the implications of EU conditionalities on Bulgarian and Romanian politics. Being the regional frontrunners in the process of EU integration, the experience of Bulgaria and Romania may serve as blueprints for the progress towards the EU of the Western Balkan countries. The EU policy priorities towards the Western Balkans, especially those featured at the Thessaloniki Summit, will be discussed in the last section of the paper.

¹ Ralchev, Pl., Southeast Europe after the First Eastern Enlargement of the EU: Bulgaria's Stake in Regional and European Security, Pecs, 22 October 2003

The EU and the Power of its CFSP in SEE²

The European Union is widely recognized as the international actor with the most potential influence in promoting ethnic reconciliation, shoring up democracy and supporting the economic revitalization of the Balkans. The EU's influence is immediate – providing humanitarian aid, economic assistance, market access and political support. It is also long-term-shaping the tenor of domestic politics by offering the prospects of EU membership. The prospect of EU membership may be more diffuse, but it is ultimately more powerful. It provides substantial and consistent incentives for political moderation and reform on the part of elites in the Balkans and also in Turkey. The World Bank's 2001 report noted that its strategy for the region is “built upon the assumption that a credible commitment to integration with European and global structures, especially the European Union, is a critical ingredient of success, as it will serve as an external driver of reform and intra-regional integration.”

The EU's policies towards the Balkans have become embedded in the much broader process of EU enlargement. Since 1989, building liberal democracies and market economies in East Central European states has been profoundly influenced by the process of attaining membership in the EU.

The benefits combined with the substantial requirements of membership set the stage for the EU's unprecedented leverage on the domestic policy choices of aspiring member states. At no time in history have sovereign states voluntarily agreed to meet such vast domestic requirements and then subjected themselves to such intrusive verification procedures to enter an international organization.

If EU leverage has worked in promoting democratic consolidation in East Central Europe, the policy challenge is to sustain, adjust and improve this leverage so that it can work even in the much tougher cases of the western and eastern Balkan states.

There are three sources or mechanisms that the EU employs to assist reform-oriented governments from SEE. First, it comes from the EU's intermediary rewards of aid and market access – benefits that would be difficult for any government to give up. Second, it comes from the accession process itself, which serves as a commitment device reassuring domestic economic actors and foreign investors about the future course of reform and of economic growth. Locking the applicants into the EU legal and regulatory frameworks also promises to limit corruption and improve administrative capacity, while entering the EU is expected to raise output and growth rates. Third, it comes from the characteristics of the EU's pre-accession. In particular, the EU must guard the meritocratic nature of the accession process while also continuing to enforce the requirements of membership.

Intermediary rewards are of great importance since reform-oriented elites in many Balkan countries face so many domestic political challenges to strengthening democratic institutions, promoting ethnic tolerance, and implementing economic reform. Such

² Vachudova, M. A., *The European Union, the Balkans and Turkey: Can “Soft Power” Bring Stability and Democracy?*; EES Newsletter, Woodrow Wilson International Center, January – February 2004

rewards help boost the performance and shore up the popularity of reform-oriented elites in government. It is difficult for the EU to deliver such rewards since they mean imposing higher costs on the EU member states.

The EU's Common Foreign and Security Policy (CFSP) backed up by the European Security and Defense Policy (ESDP) may work in the Western Balkans because the EU has a range of effective tools that can be used for countries that are credible future members of the EU. In other words, the most powerful and successful aspect of EU foreign policy has turned out to be the incentive of EU enlargement – and the western Balkan region is where EU enlargement can be used to make the CFSP a success. The success of the CFSP will be measured by its ability to apply the instruments available to the EU – trade agreements, visa requirements and the incentives of EU membership – to fulfilling its declared foreign policy goals, even if this entails overruling the short-term interests of some member states and incurring substantial economic costs.

But in the long-term run, it will witness the ability of the EU to play as a foreign policy actor, bringing stability and democracy to its immediate periphery – the Western Balkans.

Applying the Principle of Conditionality³

Conditionality is among the linkage mechanisms between international and domestic politics. A broader definition of conditionality refers to “the use of fulfillment of stipulated political obligations as a prerequisite for obtaining economic aid, debt relief, most-favored nation treatment, access to subsidized credit, or membership in coveted regional or global organization” (Schmitter 2001: 42). In the case of post-communist transitional countries, the most democracy and free market enhancing aspect of conditionality policies has been the explicit requirement of the EU that only democracies and functioning market economies are eligible for membership in the Union. The mechanisms for interaction between the international and the domestic political process are presented in the following table.

		Basis for action	
Number of actors	Coercion: backed by states		Voluntary: supported by private actors
	Unilateral	Control	Contagion
	<i>Multilateral</i>	Conditionality	Consent

Table 1: The 'sub-contexts of the international context'

Indeed, EU conditionality might turn out to play a vital role in consolidating democracy and promoting market economy in post-communist transitioning countries, but how far can it reach and what are the preconditions for it to work? Several assumptions should be

³ Spendzharova, A., Bringing Europe In? The Impact of EU Conditionality on Bulgarian and Romanian Politics, Southeast European Politics Vol. IV, No. 2-3 November 2003 pp. 141-156

met in order for EU conditionality to work. Firstly, domestic processes should be seen as legitimate and dominant in the country. Secondly, the nation-state should be integrated and authoritative. Thirdly, the risk of zero-sum confrontations in domestic politics should be reduced. However, unconditional faith in EU conditionality may be risky. For instance, the EU-centered nature of the accession process increases the frictions between the internal actors willing to conform and those unwilling to follow Brussels, which is potentially destabilizing in fragile states emerging from authoritarian rule such as South Eastern European EU candidates Bulgaria and Romania.

The Impact of the EU - A Case for Democratic Conditionality

Frank Schimmelfennig, Stefan Engert and Heiko Knobel (2002) have explored democratic conditionality as the main mechanism through which international organizations such as the EU induce non-member states to comply with their fundamental rules. However, we need to ask the questions how does conditionality work and when is it effective? The authors’ first point is that in the case of post-communist applicants for EU membership conditionality works through *reactive* reinforcement—the international organization reacts to the fulfillment or non-fulfillment of its conditions by granting or withholding rewards, but does not *proactively* punish or support non-compliant states. Their second claim is that the effectiveness of reactive reinforcement depends on domestic conditions in the target countries at the level of governments or state elites. The table below summarizes the momentum of European Union conditionality on acceding countries.

First Step	Europe Agreements			
Second Step	Copenhagen Criteria			
Third Step	Essen Pre-Accession Strategy	Europe Agreements		
		PHARE Programmed		
		White Paper		
		Structured Dialogue		
Fourth Step	Agenda 2000-Reinforced Pre-Accession Strategy	European Conference		
		Accession Negotiation Process		
		Accession Process	Accession Negotiations – 31 Acquis Chapters	
			Screening of the Acquis	
			Review Procedure	
		Reinforced Pre-Accession Strategy	Europe Agreements	
			Accession Partnerships	
Pre-Accession Aid and PHARE				

Table 2: The EU and CEE – The Momentum of Conditionality

In a larger frame of reference, this confirms that homogeneously democratic regional organizations such as the EU are likely to take an active stance in democratic transitions

and place conditions on membership that will be associated with the application of external pressure.

Though EU conditionality is not a mechanism that first and foremost promotes economic, social development and modernisation, it serves as a harmonizing mechanism, bringing them in tune with EU policy-making. It provides a blueprint for the modernisation of the political, economic and social systems of candidate countries domestically and Europeanization becomes “a series of operations leading to systemic convergence through the processes of democratisation, marketisation, stabilisation and institutional inclusion” (Demetropoulou 2002: 92).⁴

With respect to the effectiveness of conditionality, studies have established that countries with favorable initial conditions such as Poland, Hungary, and the Czech Republic, where adaptation costs are not big, ethnic homogeneity is significant, accompanied by traditions of democracy and capitalism, as well as peaceful international environment enter a virtuous circle and qualify for EU benefits earlier.

By contrast, in countries with unfavorable initial conditions such as Bulgaria and Romania, where ethnic cleavages are significant, accompanied by a lack of strong democratic and capitalist traditions and insecure environment, conditionality works more slowly and less effectively. To place this discussion in a time frame, according to Milada Vachudova, in the period 1989-1994, the EU exerted ‘passive leverage’, or conditionality, on acceding countries—domestic reform was attractive mostly in states with favorable initial conditions.

However, the period, 1995-1999 has brought an ‘active leverage’ on behalf of EU decision-makers. What is of relevance for my argument in this article is that the ‘active’ EU leverage involved *strategies reinforcing democratization and marketization reforms* such as setting an explicit threshold level of democracy and functioning market economy before countries could qualify for membership in the Union.

The Implications of EU Conditionality in Bulgaria and Romania⁵

Influenced by pre-accession European Union (EU) conditionality, Bulgaria and Romania have allowed a considerable number of EU-related issues in their domestic political agendas. Ultimately, this will translate into increasing awareness and harmonization with EU policy-making mechanisms in the two countries, which, in turn, will make the prospect of EU membership more achievable. Domestically, potential membership in the EU can function as an incentive for the modernisation of the political, economic and social systems of candidate countries. Through the mechanism of conditionality the burden of Europeanization falls on domestic elites who are pressured to speed up reforms in order to meet EU accession criteria.

⁴ Ibid.

⁵ Ibid.

Besides shaping the foreign policy orientation of Bulgaria and Romania in the most recent history of the two countries, the momentum of EU accession negotiations has made considerable impact on the domestic political agendas in both Bulgaria and Romania. In that sense, even if the two countries are going to be nominally outside the EU for several years after the EU enlargement in 2004, they have already been anchored in a process of letting Europe in their domestic politics. Influenced by pre-accession EU conditionality, Bulgaria and Romania have begun letting the EU in their domestic agendas, thus making the prospect of EU membership more achievable.

The EU has provided Bulgarian and Romanian decision-makers with roadmaps to membership as evidence for the role of EU conditionality in structuring the accession process of the two countries.

Roadmaps are a useful instrument, which guides the accession process for Bulgaria and Romania within the reinforced strategy. These documents provide guidance for both the governments of the two countries and EU officials on which issues need to be tackled in the short-term, medium-term and long-term perspective. Of course, the benchmark for pre-accession assistance (and, therefore, source of conditionality) remain the Accession Partnerships. The long-awaited roadmaps have come to demonstrate that, indeed, rather than imposing a pre-given development model on all acceding countries, the EU has developed an elaborate mechanism of providing a general reform framework, strongly linked to the existing EU structures, monitoring mechanisms, and compliance incentives. Thus, the burden for the execution of reforms is placed not on the supranational level (i.e. to be carried out and supervised by EU officials) but on the very *domestic level of politics*. Therefore, the success of the accession negotiation process is strongly related to internal reforms and developments in the countries striving for membership.

The roadmaps also show that once anchored in the process of negotiations, countries are subject to the strong impact of EU conditionality, where progress toward the much desired membership is achieved by “putting into place and implementing the necessary reforms” (of course, ‘necessary’ here is defined by EU policy-makers).

According to a number of enlargement scholars, the main lever of EU conditionality is the provision of financial assistance, conditioned upon fulfillment of a set of criteria formulated by the EU. Indeed, as an encouragement in the case of the anticipated late joining of Bulgaria and Romania, “the Commission proposes that financial assistance to Bulgaria and Romania should be increased considerably from the date of first round of accessions, linked to progress on implementing the roadmaps and their absorptive capacity”.

Only from EU budget financed pre-accession assistance, the two countries expect (combined) EU financing amounting to 1228 million Euro for 2004, 1330 million Euro for 2005, and 1432 million Euro for 2006.

Apart from the conditional provision of financial assistance, the very concrete mechanics of exercising conditionality are also bound up with monitoring on behalf of the EU. As

with other acceding states, the negotiation chapters with Bulgaria and Romania can be closed only provisionally. While this can be used by governments domestically to reopen at the later stages of negotiation chapters of particular sensitivity to the domestic publics, monitoring is essentially a very useful tool to ensure compliance.

I shall conclude this section by reiterating that in the case of Bulgaria and Romania the EU conditionality has worked for real and the EU managed to induce domestic changes in a series of domains, such as market and public administration reforms, democratization and institution-building.

The Western Balkans and the EU Priorities

The Copenhagen European Council in December 2002 confirmed the European perspective of the countries of the Western Balkans, as potential candidates, and underlined its determination to support their efforts to move closer to the European Union. The European Council in March 2003 reiterated that the future of the Western Balkans is within the European Union and pledged the Union's full support to the endeavours of the countries of the region to consolidate democracy, stability and to promote economic development.⁶

During the last four years, the European Union's policy of Stabilisation and Association has contributed critically to progress achieved throughout the region in promoting stability and in bringing the countries closer to the Union. It now needs to be strengthened and enriched with elements from the enlargement process, so that it can better meet the new challenges, as the countries move from stabilisation and reconstruction to sustainable development, association and integration into European structures. The Union's thus enriched policy of Stabilisation and Association, including the Stabilisation and Association Agreements, will constitute the overall framework for the European course of the Western Balkan countries, all the way to their future accession.

The EU stresses that the pace of further movement of the Western Balkan countries towards the EU lies in their own hands and will depend on each country's performance in implementing reforms, thus respecting the criteria set by the Copenhagen European Council of 1993⁷ and the SAP conditionality. In this context, the EU also recalls the content of the Zagreb Summit Final Declaration of November 2000. The principles of "own merits" and "catch up" will be applied, in parallel with the regional approach, which remains an essential element of EU policy towards the region.

⁶ General Affairs and External Relations, 2518th Council Meeting, Luxembourg, 16 June 2003, The Thessaloniki Agenda for the Western Balkans: Moving towards European Integration

⁷ Stability of institutions guaranteeing democracy, the rule of law, human rights and the respect for and protection of minorities; the existence of a functioning market economy; the capacity to cope with competitive pressure and market forces within the Union, and the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

The EU's commitment and assistance must be matched by a genuine commitment of the governments of the Western Balkan countries and concrete steps to make the necessary reforms, to establish adequate administrative capacity and to co-operate amongst themselves. Building fully functioning states capable of providing for the needs of their citizens remains a major challenge for the whole region. The fight against organised crime and corruption is essential for ensuring the rule of law. The EU expects the Western Balkan countries to pursue these objectives at an accelerated pace, thus allowing the prompt passage of each of them to the next stage of relations with the EU within the Stabilisation and Association Process.

European Partnerships will be drawn up for each SAP country, inspired by the Accession Partnerships for candidate countries, and adapted to the specificities of the SAP. These partnerships, updated as necessary, will identify priorities for action in supporting efforts to move closer to the European Union. They will serve as a checklist against which to measure progress, and to provide guidance for Community and Member State financial assistance.

The instrument of *twinning* will be extended to all SAP countries, taking into account their specific situations. Twinning will be financed under the CARDS programme. Existing monitoring mechanisms for the implementation of commitments by SAP countries will be strengthened and streamlined.

SEE Beyond the EU Enlargement⁸

With the long-term agenda of regionalization and integration set, the strategic challenges of Southeastern Europe (SEE) revolve around using the longer time span to EU membership in a meaningful and effective way, while keeping all the countries and entities in the heterogeneous region included in the process. In June 2003, the results of the European Council and the Balkan Summit in Thessaloniki fell short of the necessary consistent implementation strategy for the European integration of the Balkans. At the same time, the euphoria related to the successful completion of Eastern enlargement seems to nurture the illusion that this role model of integration suffices to cope with the stability risks and the developmental deficits of the Balkans. A rethinking and renewal of Balkan strategies, however, is still outstanding and should produce an arrangement with as many pre-accession instruments as practicable, as much stabilization policy as needed and as much economic development assistance as possible. The real challenges are moving from stabilization to integration, and from an externally-driven reform process to partnership, regional ownership, and sustainability. In sum, EU policy instruments need to become more flexible and differentiated. Whereas the advantages of eventual membership will come in a managed, incremental process, the illusions of partial or virtual membership should be avoided by developing functional forms of cooperation between the region and Europe as well as within the region.

⁸ Kempe, Iris and Wim van Meurs, *Toward a Multi-Layered Europe: Prospects and Risks Beyond EU Enlargement*, CAP Working Paper; Policy Recommendations 2002

The following recommendations for the rethinking and renewal of European strategies for the Balkans point in various directions: (a) a consistent and comprehensive implementation of the perspective of EU integration; (b) functional cooperation both within and beyond the logic of EU integration, within the region, but also between the region and the EU or for a Wider Europe; and (c) specific strategies for the inevitable asymmetries and unintended consequences involved in international interference in a region of stability deficits, weak states, and unresolved issues of nation and state building.

The density and intensity of EU guidance and assistance, combined with the relative weakness of the Union's counterparts, requires a consistent benchmarking and monitoring system. Monitoring ought to be broader than the criteria and conditionalities of the Stabilization and Association Agreements. It should not be overly and prematurely focused on the EU *acquis communautaire*, as in most countries and areas in question, the driving force is still the *prospect* of EU integration, rather than the precise stipulations of the *acquis*. Conversely, *acquis* screening ought to be made available for each "associated country" once it has advanced enough in a specific policy field. Monitoring ought to include not only the recipient's performance, but also the effectiveness and prioritization of EU assistance and the congruence among international donors and agencies. The results of such comprehensive monitoring and screening would be equally helpful for both the international community and the national governments.

In order to include all countries and entities of the region in the Stabilization and Association Agreement (SAA) path, a special *SAA-Minus* has to be defined for those incapable of fulfilling the SAA admission criteria in the medium term, e.g. due to unresolved status issues. Once the constitutional constellation and the SAA procedure for Serbia and Montenegro have been fully settled, Kosovo would be a prime candidate for *SAA-Minus*, with reduced conditionality and reduced but effective assistance and benefits. Conversely, the logic of conditionality requires that each country's "graduation" from SAA to candidate status depends on the reform criteria in the agreement, not on its planned duration. The separation and sequencing of SAA and candidate status, however, is not violated by selectively offering relevant pre-accession instruments to the more advanced SAA states. These instruments can include screening for the adoption of the *acquis*, certain economic instruments, twinning and assistance for building administrative capacity. Eventually, an "enriched SAP" might significantly shorten the actual phase of accession negotiations and strengthen a country's "locomotive role" within regional cooperation. Romania and Bulgaria negotiated virtually on a par with the ten acceding countries in terms of political representation and access to EU programs and funds. The same logic to avoid new status-induced disparities would require additional funding (especially for socioeconomic cohesion) in the Western Balkans.

The Southeast European specifics of stabilization, development and integration, however, require substantial modifications to the successful model of eastern enlargement. The lengthy SAA, once signed, requires selected interim incentives for both reform-minded politicians and their constituencies. Tangible benefits linked to concrete benchmarks might involve trade policies, the four freedoms and the Schengen visa regime. Unlike

East-Central Europe, the process of EU integration for Southeastern Europe has begun before the process of economic restructuring, rising unemployment and de-industrialization has bottomed out.

In view of a completed Europe that will include the Western Balkans, some exclusive EU benefits can be turned into “pan-European” benefits to strengthen regional and European solidarity without violating SAP conditionality. EU member states and European public opinion may be used to the complexity of the EU’s architecture and working methods. Generally, this does not apply to the Balkan states and their populations. It certainly does not mean the lack of clarity about EU priorities in the region, compounded by multiple and often divergent EU messages, is a minor issue that merits only minor attention. Moreover, familiarization with the EU’s working methods and internal politics would also enhance the ability of the countries of Southeastern Europe to improve their cooperation with EU institutions. Citizens from the region could qualify for EU educational programs and for staff positions in the EU. Information campaigns on the Union ought to include the region on an equal footing, and observer status for the states in the European Parliament or at the next Inter-Governmental Conference might be worth considering.

Regional cooperation should be made obligatory and instigated with vigor only in forms that are beneficial for both advanced countries and laggards. Cooperation can proceed via the Stability Pact (SP) and the South East European Cooperation Process (SEECPP): regional infrastructure, energy networks, free movement of goods, capital and persons within the region, etc. In many issues of civil society development, regional cooperation can add value, but it should not be a direct requirement of European conditionality. Accordingly, functional regional cooperation should be less constrained by the EU’s distinctions among members, candidates, SAP countries and non-members. Without raising the specter of virtual, partial or second class membership, the EU might intensify cooperation in some policy areas such as the fight against organized crime, environmental policies, and security issues. Functional cooperation would be beneficial for both the region and the EU.

The Stability Pact ought to define its own agenda selectively and proactively based on actual and potential added value that is complementary to the Stabilization and Association process. Consequently, the Stability Pact’s table structure has to be reconsidered and certain other tasks regionalized, transferred to the EU or phased out in the medium term. Conversely, the EU preference for frameworks of regional cooperation that respect the differing status among member states, acceding, accession, associated and non-member states contradicts the functional logic of cooperation. As a rule, crosscutting forms of cooperation—both on a local and a national level are more productive and sustainable.

At present there is little compatibility between the EU framework and the Commission’s stated aims in governance. There has to be open and public recognition that the process of external governance, in managing the integration of Southeastern European states through the Stabilization and Accession Process (SAP), risks weakening the standing and

capacity of SEE state institutions and also risks marginalizing democratic processes, at least in the short term. Unless the problems of building state institutions and developing civil society are addressed in the context of the historically unprecedented level of external regulation, the risk of unintended outcomes will be magnified enormously. As long as state institutions and political processes in Southeastern Europe are judged solely on their compatibility with EU mechanisms, rather than in relation to domestic political, economic and social constraints, there is a risk that governance reform will fail to address key domestic questions. It is important that SEE governments have more input into SAP and Community Assistance for Reconstruction, Development and Stabilization (CARDS) priorities to avoid spending EU funds unproductively. Imposing EU policy should not be seen as a shortcut to institutionalizing good governance practices, because this raises the problem of artificiality. There is a danger of imposing external policy frameworks that could result in paper institutions with little influence over, or relationship to, society. There needs to be international recognition that the encouragement of “government by task force,” and the creation of new policy institutions outside the formal democratic framework of the SEE states, may result in unintended consequences, such as the weakening of state capacity. This is particularly a danger when these *ad hoc* bodies seek to influence state policies through appeals to external bodies rather than relying on domestic political processes. Building civil society needs to feed into the domestic political process rather than take resources away from this process. Civil society groups need to be judged on their membership and articulation of social needs rather than their policy. A civil society that relies too much on external financing may be unable to provide an alternative voice or develop broader policy-making discussion and involvement.

EU conditionality in bilateral relations with individual SEE countries is at present probably the most important instrument for implementing certain EU objectives. The criteria that the countries are expected to fulfill are well known to SEE governments, but foreign assistance programs do not always fully conform to these criteria, nor do they necessarily respect the interests of the beneficiaries. Thus, a stronger link between existing EU conditionality criteria and concrete objectives of assistance programs is required. To make donors’ projects more recipient-driven and less donor-driven, greater flexibility by donors to take greater consideration of recipients’ concrete needs would be highly desirable. Mechanisms to screen external intervention within the SAP, which link access to finance from western aid agencies to compliance with certain criteria, have to be introduced. Given the long time horizon for EU membership of most SEE countries, it would be more useful to adopt criteria designed to assist development and transition efforts of SEE economies, rather than insisting on criteria that are only likely to become important at a later stage, at the moment of EU accession. It may be preferable for SEE countries to devote their scarce resources to reforms and development, rather than to harmonization with EU legislation. Thus, both agendas of stabilization and integration often fail to provide the incentives and preconditions for economic growth.

The policy priorities of the EU tend to follow the model of eastern enlargement and EU preferences rather than the requirements and concerns of the region. Recently, organized crime and corruption seem to have outshone all other issues. Consequently, next to all

regional cooperation initiatives have included the fight against organized crime and corruption in their catalogue of objectives. Similarly, SAP and CARDS are overly focused on issues (well-known from the progress reports of eastern enlargement) such as good governance, administrative capacity building, border control and reform of the judiciary.

Remaining Concerns

In conclusion, underlining the utility of EU's conditionality in reforming Southeast Europe in general, it is worth stressing that the relations between the EU and the SEE states are of reciprocal character. Obviously there is a shared interest in the stability of the region. On the one hand, the SEE countries need EU to ensure and maintain their stability. On the other hand, regional stability is vital for the EU itself, because instability in this case would be much more costly for the Union.

Notably, the EU has a pioneer role to play in SEE, especially in terms of standards - and rules -setting. It should also find a way to cope with immediate security concerns, stemming from the weak states and institutions and ineffective governance in some of the countries of Western Balkans, including the future of international protectorates Bosnia-Herzegovina and Kosovo, the pending status of Kosovo, the performance and effectiveness of the EU Concordia mission in Macedonia. Building upon the experience from the relations with Bulgaria and Romania, it is evident that applying the principle of conditionality of support and assistance is the only feasible approach for the EU to incite improved performance on behalf of reform-oriented governments in the region. Conditional assistance in this case may well act as a modified "stick and carrot" policy. What makes a difference however is that it is up to the EU to decide how to ensure the synergy of its assistance by providing the "carrot" sliced or grated.

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