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Economic Recovery and Security: Two Important Challenges for the EU in South East Europe

The main issue of the workshop was how economy can contribute to the stabilisation process in the region. A broad consensus could be reached that economic reforms, democratisation and strengthening of security are interactive processes, which strongly depend on each other. On the one hand it is difficult to imagine that a social market economy in South East European societies can evolve without creating stable political institutions in a secure environment. On the other hand the economic performance of the South East European countries and especially external economic influence seem to have a very strong impact on institution building and the bilateral and multilateral relations in the region.

One of the very positive impressions from this workshop is that despite of the last cruel wars, SEE countries have become aware of the fact that economic recovery of others in the region is also in their interest and that there is in general a necessity for regional ties.

But on the other hand panel 1, in which the macro- and micro-economic situation of the SEE countries was described, and also the presentation of H. Weinberger-Vidović showed that despite similar problems (like a high unemployment rate) and common goals (especially EU accession) we can not speak of South East Europe as one region in terms of trade and economic integration. Although it was stressed that economic relations between the SEE countries since the end of the war have developed better than anticipated, the economic data presented in the speeches mostly created a picture of trade diversity and intra-regional disparities. The most important trading and investment partners in the region are EU members. The logic consequence of this circumstance is that the EU will remain the most important engine for economic and political as well as juridical reforms in the region. Therefore it is probably better to look at ways how to integrate the countries of the region in the EU rather than to condition this integration on the prior integration in the Balkans.

The speeches in panel 2, 3 and 4 made clear that the process of economic recovery in the Western Balkans, a region which has gone through a series of permanent security and economic shocks during the last decade, still depends very strongly on the help of the EU and other important international organisations and initiatives. Some critical words were said about how this international engagement proceeds. Especially the presentation of Milford Bateman, who analysed the role of the International Financial Institutions, included the warning that the uncontrolled application of neo-liberal concepts can lead to destruction rather than to the recovery of the economic system.

The EU on the other hand, which since the end of the Kosovo war has increased tremendously her efforts to contribute to regional stability, still seems to have problems dealing with the structural heterogeneity in the region that results from differences between SEE countries' economic and political development. For example the two main instruments through which the European perspective is represented in South East Europe, the Stability Pact and the Stabilisation and Association Process are not always a perfect match. From a strategic angle the Stability Pact and the Stabilisation Process are partly based on contrasting principles. The priorities of the Stability Pact are regional co-operation, while the Stabilisation and Association Process stresses bilateral conditionality and a specific approach for every country aiming at EU accession. This contradiction could be overcome by sharpening the Stability Pact into an auxiliary instrument of the Stabilisation and Association Process. The Stability Pact should enforce functional co-operation in South East Europe in fields common for all countries (fight against organised crime, environmental policies and security issues). But it should be stressed that the framework of the Stability Pact and regional co-operation in general can not be a substitute for EU accession.

Although the EU summit in Thessaloniki sent positive signals to all countries of the so-called Western Balkans in terms of giving an accession perspective, it is realistic that the Stabilisation and Association Process almost causes and will cause even more fragmentation. This negative consequence unfortunately cannot be avoided, if the EU does not want to fall back in the old melting pot thinking to treat all the countries of the region alike despite important differences in political and economic development. Although the fragmentation of the region cannot be stopped, it can probably be softened. Therefore the Stabilisation and Association Process needs addi-

tional elements for those entities in the region, which can be imagined to become EU members only in a long term perspective. Maybe one solution would be to define a “Stabilisation and Association Agreement Minus” (as suggested by Wim van Meurs) for those unable to fulfil SAA admission criteria in the medium term, for instance due to unresolved status issues (like Kosovo).

Here the circle between economy and security closes. An unresolved status, in addition to a security vacuum causes negative economic effects in the form of scarce trade and foreign investments and will make EU membership more difficult. It is partly up to the EU to promote solutions for the open security issues (as for example for Kosovo) to facilitate and fasten the integration process.

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