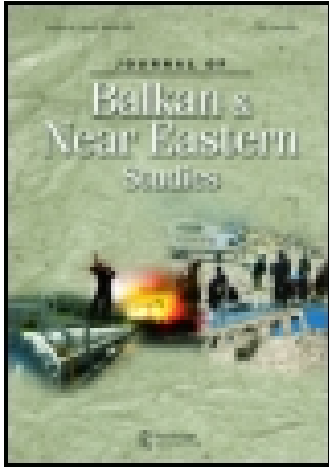


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Carrots, sticks and norms: the EU and regional cooperation in Southeast Europe

DIMITAR BECHEV

Introduction

Regional cooperation is, no doubt, one of the buzzwords in Southeast Europe (SEE).¹ One comes across it in every official speech, policy paper and media piece dealing with the politics and economics of the area. The growth of different schemes has been a defining feature of the Balkan political landscape since the Dayton peace.² Local diplomatic jargon abounds with barely pronounceable acronyms such as SEECP, SECI or TTFSEE. Social scientists and policy analysts indulge in lengthy discussions about the actual contribution and prospects of regional schemes across various policy-areas³. Regional cooperation, to a large degree, is a process driven by powerful extra-Balkan actors such as the EU, NATO, USA and the international financial institutions (IFIs). Back in the mid-1990s, it was still questionable which external power called the shots. Both the USA and the EU launched parallel initiatives: the Southeast Cooperative Initiative (SECI) and Royaumont process.⁴ With the inauguration of the post-Kosovo Stability Pact, the German presidency of the EU could boast that 'the hour of Europe', ill-fatedly heralded by Jacques Poos at the outset of the wars of Yugoslav succession, had finally arrived.⁵ Yet, the Pact relied on the concerted effort of other multiple donors, including the World Bank and various Western governments. Five years down the road, there could be little doubt that the EU is the main stakeholder and driving force behind the regionalisation effort. This is

¹In the present paper, SEE denotes primarily Albania, Croatia, Macedonia, Bosnia-Herzegovina, Bulgaria, Romania and Serbia-Montenegro. It is, therefore, used interchangeably with SEE-7, while SEE-5 refers to the countries included in the EU's Stabilization and Association Process (SAP). Occasionally, I treat also Greece, Turkey and Slovenia as part of the SEE group. The term 'Central and Eastern Europe' (CEE) refers to the EU's new members joining on 1 May 2004, Bulgaria and Romania. For a discussion of the link between regional labels and interstate politics, see Bechev (2004).

²See D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001; and D. Bechev, 'Building South East Europe: the politics of interstate cooperation in the region', paper presented at the 4th Kokkalis Programme Graduate Workshop, Harvard University, 2002.

³See M. Uvalić, 'Regional co-operation in Southeast Europe', *Journal of Southeast European and Black Sea Studies*, 1(1), 2001; Lopandić, *ibid.*; and D. Lopandić, *Regional Cooperation in South Eastern Europe: The Effects of Regional Initiatives—Conference Proceedings*, European Movement in Serbia, Belgrade, 2002a.

⁴On SECI, see Lopandić (2001) and Altmann (2003).

⁵L. Friis and A. Murphy, "'Turbo-charged negotiations": the EU and the Stability Pact for South Eastern Europe', *Journal of European Public Policy*, 7(5), 2000, pp. 767–786.

evidenced by regional projects as the network of free-trade agreements and the Balkan energy market, both midwived by the Union.

This paper explores the dynamics of the EU's policy of promoting regional cooperation in SEE. It documents the evolution of the EU approach in terms of focus and geographical scope. How did the EU define regional cooperation and whom were its policies aimed at: the seven post-communist Balkan countries (SEE-7), the ex-Yugoslav republics, the so-called Western Balkans (former Yugoslavia minus Slovenia plus Albania), or wider Southeast Europe including Greece and Turkey. Overall, the diverse conditions across the region as well as different institutional relations with the EU have prevented the latter from crafting a single SEE strategy which has proved an obstacle to Balkan-level multilateral arrangements.⁶ Integration into the EU has trumped integration at the intra-Balkan level. In that sense, the EU has been as much a divisive factor as a catalyst.

This observation is hardly original. Indeed it is at the core of many publications on the subject.⁷ Yet, at a closer glance, one can also see that the push and pull effects have a differential impact across issue-areas, and groups of states within SEE. While grand multilateral initiatives packaging the whole region together have failed to capture the hearts and minds of Balkan policymakers, this has not been the case of more flexible schemes operating at what could be called, for a lack of a better term, a 'less-than-regional' level. In addition, one has to keep in mind the different aspects of the EU impact. Beyond the carrot-and-stick strategies proceeding from the application of membership conditionality, the EU has wielded considerable ideational power as promoter of certain normative notions of appropriate state behaviour.⁸ The need to comply with these norms has prompted the SEE states to establish indigenous regional institutions, even though they lacked the resources or the political motivation to embark on full-fledged integration agenda. Thus conditionality policy is one amongst several instruments in the EU's toolbox.

⁶P. Simić, 'Do the Balkans exist?', in D. Triantaphyllou (ed.), *The Southern Balkans: Perspectives from the Region*, Chaillot Papers, 46, European Institute for Security Studies, Paris, 2001, <<http://www.iss-eu.org/chaillot/chaill46e.pdf>> ; and D. 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.

⁷D. Lopandić, 'The EU and the process of stabilization and association with countries of Southeast Europe', *Review of International Affairs* (Belgrade), No. 1105, January–March 2002; I. Bokova, 'Integrating Southeastern Europe into the European mainstream', in D. Sotiropoulos (ed.), *Is Southeast Europe Doomed to Instability? A Regional Perspective*, Frank Cass, London, 2002, pp. 23–43; N. Wichmann, 'Have the cake and eat it, too? Regional cooperation and conditionality as EU strategies towards South East Europe', paper presented to the 2nd Metu International Relations Conference, Ankara, 23–25 June 2003; and A. Anastasakis and D. Bechev, *EU Conditionality in South East Europe: Bringing Commitment to the Process*, South East European Studies Programme Policy Paper, Oxford, 2003.

⁸The concept of appropriateness is taken from March and Olsen who distinguish between utility-maximizing behaviour ('logic of consequences') and norm-following ('logic of appropriateness'). In the case of the EU, material pressure creating a particular structure of opportunities and costs for the (potential) candidate states goes hand-in-hand with the projection of norms. See: J. March and J. Olsen, *Rediscovering Institutions. The Organizational Basis of Politics*, Free Press, New York, 1989. For a general discussion of how the two logics operate in international institutions, see J. Checkel, *Conditionality and Compliance*, ARENA Paper, 1998.

The paper starts off by exploring the EU policy on the regional cooperation initiatives involving the candidate countries in Central and Eastern Europe (CEECs) in the 1990s and the early 2000s. Then, it looks at the development of the respective EU strategies in SEE in three periods: between the Dayton peace and the Kosovo crisis (1996–1998), from the launch of the Stability Pact until the toppling of Slobodan Milošević (1999–2000), and from early 2001 until the present. The last section analyses the reasons for Brussels' successes and failures in its efforts to foster regional cooperation in the Western Balkans and wider SEE.

EU and regional cooperation in CEE

The end of communist rule saw the emergence of multiple cooperation schemes in what was then known as Eastern Europe. The effort was invariably underwritten by the desire to build bridges to the West. In February 1991, the presidents of Hungary, Czechoslovakia and Poland met in Višegrád and declared their will to develop three-way political and economic cooperation on the path to NATO and EU membership. The Višegrád group saw itself as a club of the most advanced transition countries.⁹ The founding members kept the door shut to other CEECs, which were deemed ineligible due to their sluggish domestic reforms. In 1993, the Višegráds lay the foundation of the Central European Free Trade Agreement (CEFTA) aimed at liberalising trade flows in the region. Importantly, the key condition for joining CEFTA, alongside membership in the World Trade Organization (WTO), was the conclusion of an association agreement with the EU. Thus, the arrangement was considered a stepping stone to EU membership. In terms of economic performance, CEFTA was initially a success but subsequently suffered from constant fights and trade wars over various contentious issues.¹⁰ Nevertheless, CEFTA was politically attractive and slowly drew new members in: Slovenia (1996), Romania (1997), Bulgaria (1999) and Croatia (2003). The early 1990s also saw the emergence of the Central European Initiative (CEI) involving both EU members and candidate countries. Launched in 1989 by Yugoslavia, Italy, Austria and Hungary, by 1997 it expanded as far eastward as Belarus and Moldova.¹¹ In 1992, Turkey initiated the Black Sea Economic Cooperation bringing together all basin states as well as Greece, Moldova and Armenia. Further north, Latvia, Lithuania and Estonia established together with Germany, Russia, Poland and the Scandinavian countries the Cooperation Council of Baltic States.¹²

Though sympathetic towards the emergence of regional cooperation on its fringe, the EU never fully embraced the latter as a core principle of its policy towards the CEECs. The build-up of regional groupings was a priority only for

⁹A. Hyde-Price, *The International Politics of East Central Europe*, Manchester University Press, Manchester, 1996.

¹⁰A. Kupačić, 'CEFTA: problems, experiences, prospects', in A. Cottey (ed.), *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea*, Macmillan, Basingstoke, 1999; and M. Dangerfield, *Subregional Economic Cooperation in Central and Eastern Europe: The Political Economy of CEFTA*, Edward Elgar, Cheltenham, 2000.

¹¹Ch. Cvíć, 'The Central European Initiative', in A. Cottey (1999), pp. 113–127.

¹²On cooperation initiatives in CEE, see R. Dwan (ed.), *Building Security in Europe's new borderlands: subregional cooperation in the wider Europe*, Armonk, London, 1999 and Cottey (1999).

individual member states like Austria and Italy whose very geographical position easily translated in heightened political interest. The EU's relations with the CEECs developed on, more or less, a bilateral basis. Individual progress in implementing democratic and market-oriented reforms counted more than participation in regional schemes. In the early 1990s, the former Soviet satellites in CEE as well as the newly independent Baltic countries declared EU membership a strategic foreign-policy priority rivalled only by their wish to join NATO. The Union's reaction did not match its eastern neighbours' enthusiasm and was, by and large, restrained. One of the reasons was the member states' focus on 'deepening' the Union following the Maastricht agenda. The Europe Agreements recognised CEECs' goal to become members, but extended no promises or commitments.¹³ The breakthrough came at the 1993 Copenhagen Summit, which put forward the criteria each candidate had to meet before entering the Union. Two things became clear. First, 'joining Europe' would take much longer than what the CEE reformers wished. Second, although the criteria were the same, each country would be judged according to its own merits. Bilateralism became the guiding principle in EU–CEE relations.

This had direct implications for regional schemes on the EU edges. The candidates saw little benefit in developing stronger economic and political ties with their neighbours, which could divert their attention from the big goal of EU accession. By the mid-1990s, Višegrád cooperation suffered a blow. The Czech Prime Minister Václav Klaus argued that it had lost its past relevance and was increasingly becoming a liability for Prague engaged in a 'beauty competition' with the other CEECs.¹⁴ In addition, regional 'bundling' was perceived as linking the pace of the EU with the performance of 'laggards' such as Slovakia.¹⁵ Whenever the EU spoke in favour of boosting regional cooperation, this was often interpreted as a tactic intended to delay membership. CEECs showed little enthusiasm when Brussels tried to talk to them on a multilateral basis.¹⁶ In sum, even if it viewed regional cooperation amongst the CEECs positively, the EU adopted an enlargement policy which was essentially bilateral.

Parts of the EU membership conditionality, however, advanced interstate cooperation. However, this policy was aimed at pairs of neighbours, rather than larger groups of countries. Under the first Copenhagen criterion, each candidate state had to ensure minority rights were adequately protected within its territory. In the early 1990s, the spectre of ethnic conflict in the post-communist world still haunted the EU. Importantly, the great bulk of minority issues had an international aspect. The questions related to the status of Hungarians in Slovakia and Romania, for instance, could not be divorced by the relations between the kin

¹³A. Michalski and H. Wallace, *The European Community: The Challenge of Enlargement*, Royal Institute of International Affairs, London, 1992, pp. 58–59; and J. Gower, 'EU policy to Central and Eastern Europe', in K. Henderson (ed.) *Back to Europe: Central and Eastern Europe and the European Union*, UCL Press, London, 1999, pp. 3–19.

¹⁴L. Allnut, 'More than talking shops', *Transitions on Line*, September 1998.

¹⁵V. Bunce, 'The Visegrád group: regional cooperation and European integration in post-communist Europe', in P. Katzenstein (ed.), *Mitteleuropa: Between Europe and Germany*, Berghahn Books, Oxford, 1997, pp. 240–284. For a more general account of the international politics of Central Europe in the 1990s, see A. Agh, *The Politics of Central Europe*, Sage, London, 1998; and A. Hyde-Price, *The International Politics of East Central Europe*, Manchester University Press, Manchester, 1996.

¹⁶Karen Smith, *The Making of EU Foreign Policy. The Case of Eastern Europe*, Palgrave Macmillan, London, 1999.

country and the country where the particular minority resided. This prompted the French EU Presidency to inaugurate in March 1995 the Pact for Stability in Europe. It put forward 'good neighbourliness' as a key entry condition and required all CEECs to clear all outstanding political issues, notably those relating to minorities. To quote the then French Minister of European Affairs Allain Lamasure, 'admission [to the EU] is only possible for countries that maintain good relations with their neighbours. No country with unsettled border or minority conflicts will be allowed to join.'¹⁷ Importantly, one of the implications of the Pact was that cooperation politics was carried out at the bilateral, rather than at the multilateral, level. This mirrored the approach of the EU's most important financial instrument PHARE, which under its INTERREG segment funded cross-border projects proposed by two neighbouring candidate states or by member state and a candidate.¹⁸ Although multilateral cooperation and rapprochement between dyads of neighbouring states were seen as complementary, clearly the balance was struck in favour of the latter model.

The neighbour-to-neighbour approach contrasted with the rhetoric coming from Brussels focusing on multilateral frameworks. In the words of 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. (Council of the EU, 1997)¹⁹

In other words, the EU saw itself as a model to be replicated, but its policy of supporting regionalization was weakened in CEE where ironically it also had its greatest clout. While inducing the candidate states to suppress their historical grievances against one another,²⁰ the EU did not provide many incentives for reinforced functional cooperation on a group basis.

EU and SEE in the mid-1990s

In SEE, the EU strayed from the model already established in relation to the candidate countries further north. Despite preserving the principle of bilateral conditionality, Brussels put much stronger emphasis on regional cooperation. There were plenty of good reasons for that choice. The disintegration of Yugoslavia had led to the establishment of a number of independent states,

¹⁷*The Economist*, 'Whose Stability Pact?', 18 March 1995.

¹⁸For an analysis of INTERREG's impact on SEE, see Center for Liberal Strategies, *Current State and Prospects for the Development of Regional Co-operation Between the Countries of South Eastern Europe*, Sofia, 1997.

¹⁹Cf. N. Nicolaidis and R. Howse, "'This is my EUtopia': narrative as power', *Journal of Common Market Studies*, 40(4), 2002, pp. 767–792, who explore the ways in which the EU projects itself beyond its borders as a model institution.

²⁰L. Gardner Feldman, 'Reconciliation and legitimacy: foreign relations and enlargement of the European Union', in Th. Banchoff and M. Smith (eds), *Legitimacy and the European Union: The Contested Polity*, Routledge, London, 1999, p. 66; and H. Sjursen and K. Smith, *Justifying EU Foreign Policy: The Logics Underpinning EU Enlargement*, European Foreign Policy Unit Working Paper 2001/1, LSE, London, 2001.

which were bound together by a plethora of political, security and economic issues. Once the 1995 Dayton Peace ended the Bosnian war, it became clear that the new constitutional framework it set was dependent on the relationship between Sarajevo, Belgrade and Zagreb. Moreover, there was a consensus that the stabilisation efforts should include also Macedonia and Albania. At the very least, this approach was justified by the presence of a sizeable Albanian population within the Yugoslav province of Kosovo and in western Macedonia. In addition, the EU 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. As a result, in 1996–1997 the EU launched two initiatives: one for the emerging SEE-5 group (the Regional Approach) and one for the wider SEE (the Royaumont scheme).

The Regional Approach targeted Albania and the bulk of Yugoslavia's successor states. It, however, did not include Bulgaria, Romania and Slovenia, all of which had signed Europe Agreements and put forward membership applications.²¹ With the Regional Approach, the EU made closer contractual ties with the target countries conditional on their willingness to cooperate amongst themselves on all fronts. It 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) (Council of the EU, 1996). Thus the Regional Approach outlined the borders of the future Western Balkan group and made *regional* cooperation a prerequisite for integration. In contrast to CEE, the EU elevated the commitment to regionalism into an element of its conditionality.²² In the Western Balkans, Brussels did not just encourage but actually demanded local cooperation before any concessions could be considered. Still the conditionality policy privileged states like Albania and Macedonia whose cooperative attitude and commitment to democratisation were rewarded with inclusion in the PHARE programme and Trade and Cooperation Agreements ('first generation'), and penalised Croatia and Yugoslavia headed by the authoritarian Tudjman and Milošević.²³ The resulting diversity obstructed the advancement of the Regional Approach's multilateral agenda.

The EU policy towards the rest of SEE transition countries was, more or less, in line with the standard bilateralism-biased template. Multilateral initiatives such as the Royaumont scheme launched at the end of 1995 were very low key. Royaumont involved the Western Balkans, the membership applicants

²¹On Slovenia's relations with the EU, see I. Brinar, 'Slovenia: From Yugoslavia to the European Union', in K. Henderson (ed.) *Back to Europe: Central and Eastern Europe and the European Union*, UCL Press, London, 1999. On Romania and Bulgaria, see D. Phinnemore and D. Light (eds), *Post-communist Romania: coming to terms with transition*, Palgrave, Basingstoke, 2001 and Dimitrov (2000), respectively.

²²R. Vukadinović, in A. Alex Pravda and J. Zielonka, *Democratic Consolidation in Eastern Europe: Vol. 2 International and Transnational Factors*, Oxford University Press, Oxford, 2001, pp. 447–448; and O. Anastasakis, 'Towards regional cooperation in the Balkans: an assessment of the EU approach', in D. Lopandić, *Regional Cooperation in South Eastern Europe: The Effects of Regional Initiatives—Conference Proceedings*, European Movement in Serbia, Belgrade, 2002a, pp. 30–33.

²³A. Johnson, 'Albania's relationship with the EU: on the road to Europe?', *Journal of Southern Europe and the Balkans*, 3(2), 2001, pp. 171–192; D. 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, 69–94; and D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001, pp. 183–184.

(Bulgaria, Romania, Slovenia, Turkey) and the 15 EU member states. Inspired by the 1995 Pact of Stability, the Royaumont scheme featured regular meetings of foreign ministry officials, parliamentarians and non-governmental organisations (NGOs) discussing various political, economic and cultural issues.²⁴ However, it 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.²⁵

Parallel to the EU schemes, the post-Dayton period saw the revival of intergovernmental dialogue amongst the countries of Southeast Europe dating back to the 1970s and 1980s. Sofia hosted a meeting of foreign ministers in July 1996, the first one after a six-year break. The participants signed a declaration noting their adherence to the principles of border inviolability and cooperative security. In addition, the document foresaw the elaboration of regional projects in areas such as infrastructure, telecommunications and trade.²⁶ The Sofia Declaration, therefore, reflected the conviction that denser functional links in the region would create political stability as in the case of post-World War II Western Europe. However, the EU's low profile led to a deficit of political support. Croatia and Slovenia participated in the ministerial conference as observers. They saw the latter as limited to the Balkans, a region to which they felt they did not belong. Macedonia did not attend either because of a diplomatic squabble with Greece over the name issue. Despite these problems, the newly launched South East European Cooperation Process (SEEC) gained momentum. In November 1997, Chairman-in-Office Greece hosted the first summit of SEE heads of state and government, all the way from Turkey's Mesut Yilmaz to Slobodan Milošević (at this point tolerated by the West as one of the guarantors of Dayton), in the island of Crete. The participants issued a call to the EU and NATO to keep their doors open, motivated by the fact that candidates Romania and Bulgaria were not amongst the CEECs acceding or opening membership negotiations with the two institutions.²⁷ Although the EU did not have a substantial stake in this intra-Balkan institution, it was invariably in the centre of the latter's attention. The EU aspiration was also the reason why Bulgaria and Romania resisted the further deepening of the process and vetoed the Greek proposal to establish a permanent secretariat.²⁸

²⁴S. Shtonova, *Regional Co-operation and Strengthening Stability in Southeast Europe*, NATO Research Fellowships Report, 1998, <<http://www.nato.int/acad/fellow/96-98/shtonova.pdf>> ; D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001, pp. 117–124.

²⁵D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001, p. 124.

²⁶SEEC (South East European Cooperation Initiative), Sofia Declaration, 7 July 1996; and S. Hinkova, 'Bulgaria and regional co-operation in South-East Europe', *South-East European Review*, 2(2), 2002, <[http://www.boeckler.de/ebib/index.cgi?typedet=South-East per cent 20Europe per cent 20Review](http://www.boeckler.de/ebib/index.cgi?typedet=South-East+per+cent+20Europe+per+cent+20Review)>.

²⁷SEEC, Crete Summit Declaration, 3 November 1997, published in D. Tryanthyfyllou and Th. Veremis, *The Southeast European Yearbook*, ELIAMEP, Athens, 1998, pp. 485–494; and D. Bechev, 'Contested borders, contested identity: the case of regionalism in South-East Europe', *Journal of Southeast European and Black Sea Studies*, 4(1), 2004, pp. 77–96.

²⁸A. H. Alp, 'The South East Europe cooperation process—an unspectacular indigenous regional cooperation scheme', *Perceptions, Journal of International Affairs*, 5(3), September–November 2000, web edition.

Regional cooperation after Kosovo

The Kosovo crisis exposed the limitations of regional cooperation. SEECF found itself divided during the crisis in 1998–1999, with Yugoslavia often opposing the forum's declarations on the issue. Once the NATO bombing campaign began, Yugoslavia was excluded although the other participants declared that it would be re-admitted in the case of a regime change.²⁹ The war presented new opportunities too. In the summer of 1999, the EU reconsidered its strategy and opted for a policy based on a combination of integration into its structures and cooperation at the SEE level. The outcome was the Stability Pact for SEE (SP) proposed by the then EU German Presidency to streamline all Western efforts for stabilising the Balkans. Admittedly, the Stability Pact 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 must be done'.³⁰ At the same time, the Pact was greeted by the region which saw it as a new opportunity for forging political links with the West and attracting much needed money for coping with the heavy consequences of conflict and troubled transition. Indeed, the Stability Pact was likened to the Marshall Plan instrumental for the post-World War II stability and prosperity in Western Europe.³¹ The EU representatives pushed the analogy one step further. They had the tendency to point at the integration experience of the post-war era and present it as a recipe for the Balkans coming out of the Kosovo conflict.³² Regional cooperation was projected as both a recipe for interdependent growth and a generator of much-needed political stability.³³

Although the Stability Pact was principally aimed at post-conflict reconstruction in the Western Balkans, regional cooperation amongst all transition countries in the region, save maverick Yugoslavia and Slovenia which joined the ranks of the donors, was its core objective. The Stability Pact came as an effort to build a unified approach to the whole region and draw support from a wide coalition of IFIs, donor governments, and international organisations such as the Council of Europe and OECD.³⁴ The European

²⁹D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001, p. 109; A. H. Alp, 'The South East Europe cooperation process—an unspectacular indigenous regional cooperation scheme', *Perceptions, Journal of International Affairs*, 5(3), September–November 2000, web edition; and Ch. Tsardanides, 'New regionalism in the SEE: the case of SEECF', in *Restructuring, Stability and Development in SEE, Conference Proceedings II*, SEED Centre, Volos, 2001.

³⁰L. Friis and A. Murphy, "'Turbo-charged negotiations": the EU and the Stability Pact for South Eastern Europe', *Journal of European Public Policy*, 7(5), 2000, pp. 767–786.

³¹V. Gligorov, 'Notes on the Stability Pact', *Journal of Southeast European and Black Sea Studies*, 1(1), January 2001, pp. 12–19; and I. Bokova, 'Integrating Southeastern Europe into the European mainstream', in D. Sotiropoulos (ed.), *Is Southeast Europe Doomed to Instability? A Regional Perspective*, Frank Cass, London, 2002, pp. 31–32.

³²Bodo Hombach, in S. Vučetić, 'The Stability Pact as a security community-building institution?', in A. Fatić (ed.), *Security in Southeastern Europe*, Management Centre, Belgrade, 2004, p. 62.

³³The launch of the Stability Pact prompted intense discussions on the post-war reconstruction and economic development in SEE. See M. Emerson and D. Gros (eds), *The CEPS Plan for the Balkans*, CEPS, Brussels, 1999; L. Tsoukalis, V. Gligorov and M. Kaldor, *Balkan Reconstruction and European Integration*, LSE/WIIW, London, 1999; and Th. Veremis and D. Daianu (eds), *Balkan Reconstruction*, Frank Cass, London, 2001.

³⁴Stability Pact for South East Europe, Sarajevo Summit Declaration, 30 July 1999 (all SP documents are obtained from <www.stabilitypact.org >).

Commission assumed a leading role in the Pact's second working table dealing with policy-areas such as trade facilitation and liberalisation, infrastructure development, energy and social cohesion.³⁵ Together with the World Bank, it chaired the High Level Steering Group coordinating allocation and disbursement of development aid. The two bodies co-convened two donor conferences in Brussels (March 2000) and Bucharest (October 2001). Two-thirds of the 4 billion euro pledged in grants and low-interest loans was channelled into priority infrastructure. A great chunk of this money originated from the EU as it came from bilateral instruments like the PHARE programme, the European Investment Bank, the European Bank for Reconstruction and Development and member states' developmental agencies.

Perceptions about the level of EU involvement mattered as much as the financial contributions made. While the SP was formally placed under the OSCE umbrella, all SEE governments saw it as a EU instrument and judged its performance not only by looking at how much fresh money it was drawing to the region, but also how much it advanced political and economic ties with the EU. That expectation was reinforced by the ways in which the Pact projected itself. When discussing the initial German proposal, the EU member states took extra care to dilute the membership promise. However, Special Coordinator Bodo Hombach famously characterised the initiative as nothing less than 'fast track to full EU membership'. Regional cooperation was an important step in that direction. The framework document adopted in Sarajevo pointed that '[EU would] consider the achievement of the objectives of the Stability Pact, in particular progress in developing regional cooperation, among the important elements in evaluating the merits of such a [membership] perspective'.³⁶ The recipient states were eager to show they were eligible for membership on the basis of their commitment to the EU values. Here, SEECP, as the Balkans' indigenous institution, was of key importance. In February 2000, it adopted the *Charter of Stability and Good Neighbourly Relations, Stability and Security in South East Europe*, which contained commitments on the inviolability of existing borders and called for intensified economic cooperation with the aim of 'full integration in European and Euro-Atlantic structures'.³⁷ At the same time, the SEECP made it clear that its economic dimension was mainly linked with the externally driven Stability Pact.

At the same time, one of the effects of the war in Kosovo was the deepening of bilateral relations between the EU and the aspirant countries of SEE. At the Helsinki Council (December 1999) the EU gave the green light to Bulgaria and Romania to open membership talks. The Union also took the decision to upgrade its policy vis-à-vis the Western Balkans. It replaced the 1996 Regional Approach with the Stabilization and Association Process (SAP) intended to establish and deepen contractual relations with the individual Western Balkan states based on the principle of conditionality. The EU offered association deals modelled on the Europe Agreements of the 1990s to reward democratic and market reforms in the individual countries falling into the SAP ambit. The EU also agreed to open its market to

³⁵World Bank, *The Road to Stability and Prosperity in South Eastern Europe: A Regional Strategy Paper*, World Bank, Washington, DC, 2000.

³⁶Stability Pact for South East Europe, Sarajevo Summit Declaration, 30 July 1999 (all SP documents are obtained from <www.stabilitypact.org >), point 20.

³⁷SEECP, *Charter of Stability and Good Neighbourly Relations, Stability and Security in South East Europe*, Bucharest, 12 February 2000. Full text in D. Lopandić, *Regional Initiatives in South Eastern Europe*, European Movement in Serbia, Belgrade, 2001, pp. 211–217.

products coming from the Western Balkans, allowing the latter to preserve tariff barriers for a period of 10 years.³⁸ Another key SAP instrument was the CARDS programme package of 4.9 billion for priorities like institution-building, infrastructure and economic development.³⁹ 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.⁴⁰ As Milica Uvalić notes, the membership prospect was the most important development as many SEE products already entered the EU market duty free and the Western Balkans were getting substantial amounts of foreign aid. What mattered was the political message that those countries were not left out of the enlargement process. The SAP also made a difference because the EU came up with a coherent set of policies for the whole Western Balkans. It had not been the case previously as Yugoslavia and Croatia were treated differently than the rest of the Western Balkan group.⁴¹

Since its launch in 1999–2000, the SAP has put a very strong emphasis on regional cooperation. First, the readiness to engage in bilateral and multilateral cooperative schemes has been singled out as an essential condition for obtaining an associate status with the EU.⁴² Second, CARDS contains a pronounced regional cooperation element. Its strategy paper for the period 2001–2004 focused on the following priorities: (1) multilateral trade facilitation measures such as integrated border management to tackle existing bottlenecks and 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 2002–2004.⁴³

Thus after Kosovo the EU attempted to craft a policy combining regionality and bilateralism. The balance proved elusive. At the time a group of prominent observers perceived a contradiction, in that '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'.⁴⁴ In 2000, however, there was still a bias towards the Regional Approach. 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.⁴⁵ At least initially, the regionality principle had an upper hand to conditionality operating on a bilateral basis. The EU's approach soon showed its disadvantages. The SP proved slow to deliver the funds it pledged, which led to widespread frustration in SEE capitals. A range of think tanks, both from the region and outside it, criticised the Pact as having too

³⁸C. Michalopoulos, 'The Western Balkans in world trade', *Journal of Southeast European and Black Sea Studies*, 2(2), 2002, pp. 101–129.

³⁹Council of the European Union, Council Regulation (EC) No. 2666/2000, 15 December 2000.

⁴⁰European Council, Presidency Conclusions of the Santa Maria da Feira European Council, No. 200/1/00, 19 and 20 June 2000, <www.europa.eu.int> .

⁴¹M. Uvalić, 'Regional co-operation in Southeast Europe', *Journal of Southeast European and Black Sea Studies*, 1(1), 2001, p. 15.

⁴²F. L. Altmann, 'Regional cooperation in South East Europe', *Journal of Southeast European and Black Sea Studies*, 3(3), 2003, p. 144.

⁴³European Commission, *CARDS Assistance Programme for the Western Balkans, Regional Strategy Paper 2002–2004*, Brussels, 2001, pp. 14–6, 20–4.

⁴⁴The Club of Three and Bertelsmann Stiftung, *The Balkans and the New European Responsibilities*, Conference Report, 2000, pp. 19–20.

⁴⁵E. Kavalski, 'The western Balkans and the EU: the probable dream of membership', *South East European Review*, No. 1/2, 2003, pp. 202–205.

many priorities or/and confusing transnational issues with issues which were shared by the individual countries, but were not necessarily regional in character.⁴⁶ Countries, which saw themselves as more advanced on the EU accession ladder, such as Bulgaria showed open hostility towards being packaged by the international community and the EU together with the troublesome Western Balkans.⁴⁷ With the start of membership negotiations in 2000, Sofia and Bucharest felt they should be treated differently than the post-Yugoslav republics and Albania, though they also did not miss an opportunity to point at themselves as a positive example for the Balkans.⁴⁸ Furthermore, in November 2000, Bulgaria alluded it would exit the Pact, unless its citizens were granted visa-free travel to the Schengen space. The poor relations between Special Coordinator Bodo Hombach and the European Commission undermined further the Pact's credibility in SEE.

The take-off of the SAP

The electoral defeat of the post-Tudjman Croatian Democratic Union in Croatia and particularly the end of the Milošević regime in Serbia reshaped Balkan equations. The fact that reform-minded governments were in power in all capitals across the region offered considerable opportunities to move forward with both the EU integration and regional cooperation agendas. That mood was echoed by the November 2000 Zagreb Summit between the Western Balkans and the EU. In Zagreb, the Western Balkans voiced their commitment to democratic and market reforms enabling them to move closer to the EU.⁴⁹ They also pledged to cooperate amongst themselves on issues such as political reconciliation, trade, and the fight against organised crime, illegal trafficking and corruption. The summit declared that 'the deepening of regional cooperation [would] go hand in hand with rapprochement with the EU'.⁵⁰ The SAP gained speed after Zagreb. The EU implemented a regulation granting the Western Balkans, Yugoslavia included, privileged access to its markets.⁵¹ In 2001, the EU signed Stabilization and Association Agreements (SAAs) with Macedonia and Croatia, which were deemed sufficiently advanced in terms of democratisation and economic reform.⁵²

⁴⁶ESI-EWI (European Stability Initiative and EastWest Institute), *Democracy, Security and the Future of the Stability Pact*, April 2001, pp. 28–29.

⁴⁷V. Dimitrov, 'Learning to play the game: Bulgaria's relations with multilateral organisations', *Southeast European Politics*, 1(2), 2000, p. 110.

⁴⁸R. Stefanova, 'Bulgarian foreign policy regional cooperation and EU/NATO relations', *Bologna Center Journal for International Affairs* (published by the Johns Hopkins University School of Advanced International Studies), 4(1), 2001; and M. Ram, 'Sub-regional cooperation and European integration: Romania's delicate balance', paper presented at the International Studies Association Annual Meeting, Chicago, IL, 20–24 February 2001, <<http://www.isanet.org/archive/ram.html>> .

⁴⁹F. L. Altmann, 'Regional cooperation in South East Europe', *Journal of Southeast European and Black Sea Studies*, 3(3), 2003, p. 144.

⁵⁰EU–Western Balkan Summit, Zagreb Summit Declaration, 24 November 2000, point 3, <www.europa.eu.int> .

⁵¹Council of the EU, Council Regulation (EC) No. 2007/2000, 18 September 2000 and Council Regulation (EC) No. 2563/2000, 20 November 2000.

⁵²For a snapshot overview of the EU–Balkan relations in 2001, see D. Phinnemore and P. Siani-Davies (eds), *South-Eastern Europe and European Union Enlargement—Conference Proceedings*, Cluj-Napoca University Press, Cluj-Napoca, 2002.

By 2001, the SAP became the EU's leading strategy towards the Western Balkans, which marginalized further the Stability Pact. The Pact itself underwent a period of soul-searching. One option was to involve the recipient states more closely in the management process. Following an EU initiative, in November 2001, a Troika was set up with the participation of the SEECP's Chairman-in-Office, the Pact's Special Coordinator and a EU representative.⁵³ The impact of this reform, however, was not very significant. Much more important was the appointment of Erhard Busek as a Special Coordinator in 2002. Busek scaled down the Pact and streamlined its priorities.⁵⁴ As a result, the Pact was transformed into a complement to the SAP. SAP conditionality became the main EU integration vehicle, while the SP facilitated the implementation of the EU policy's regional dimension and maintained some sort of institutional link between the Western Balkans, on the one hand, and Romania and Bulgaria, on the other.

Since 2001, the SAP has made a solid contribution to the intensification of regional cooperation. For instance, it has stimulated economic integration: the EU unilateral preferences boosted Greek trade with Macedonia, Albania and Serbia and Montenegro.⁵⁵ At the same time, the EU has 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 Stability Pact's working group on trade, which had not made much progress for the two preceding years.⁵⁶ The Pact's Special Coordinator and the European Commission also managed to bring onboard the sceptically minded Bulgaria and Romania. The result was a multilateral memorandum adopted in June 2001 by the trade ministers of all seven target states of the Stability Pact (SEE-7). The signatories, who were later joined by Moldova, accepted to set a network of bilateral free-trade agreements covering 90 per cent of their exchange in manufactured goods. The network was completed in 2003 and a number of the free-trade agreements are already in force.⁵⁷

Importantly, the EU sees 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 contain identical clauses whereby the two states were required to conclude in the following two years FTAs with the rest of the SAP states. 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

⁵³A. Hyde, 'Seizing the initiative: the importance of regional cooperation in Southeast Europe and the SEECP', *Journal of Southeast European and Black Sea Studies*, 4(1), 2004, pp. 1–23.

⁵⁴Stability Pact for South East Europe, Sarajevo Summit Declaration, 30 July 1999 (all SP documents are obtained from < www.stabilitypact.org >).

⁵⁵C. Michalopoulos, 'The Western Balkans in world trade', *Journal of Southeast European and Black Sea Studies*, 2(2), 2002, pp. 101–129.

⁵⁶J. Bogoevski, 'Achieving free trade in South East Europe', in D. Lopandić (2002a), *Regional Cooperation in South Eastern Europe: The Effects of Regional Initiatives—Conference Proceedings*, European Movement in Serbia, Belgrade, 2002, pp. 135–140.

⁵⁷European Commission, *The Thessaloniki Agenda for the Western Balkans: Moving towards European Integration*, Porto Karas, 16 June 2003, < www.europa.eu.int > .

business establishment, liberalization of the trade in services.⁵⁸ On those fronts, integration with the EU had to match integration within the SEE-5 group.⁵⁹ These are indications that *regional integration* has figured amongst the goals further down the road.

The power and the limits of the EU policy to promote regional cooperation

Although the European Commission and the Stability Pact were successful in inducing the Southeast European state to liberalize their mutual trade, the prospects of deepening are far from clear. The agenda of regional integration, as opposed to regional cooperation, is seen as alarming by particular governments in the region. The case in point is Croatia. In 2000–2001, its leaders voiced strong criticisms against the suggestions floated by some prominent Western figures like George Soros and German Foreign Minister Joschka Fischer to establish a Balkan customs union. That was seen as threatening to lock Zagreb firmly in the group of SEE backwater states and territories and undermine its chances to narrow the gap with the accession states. The Račan government largely abandoned the nationalist rhetoric of the Tudjman era and admitted that Croatia was at the same time a Southeast European, Central European and Mediterranean country, but the Central European and Mediterranean links were deemed more important (Anastasakis and Bojičić-Dželilović, 2002, pp. 65–67).⁶⁰ Zagreb actively pursued membership in CEFTA, and preferred to cooperate with the rest of the SAP countries on a bilateral, not on multilateral basis. Croatia also argued that CEFTA is the most appropriate multilateral regime for the rest of the Western Balkans to develop their economic relations.⁶¹ Only Macedonia qualifies for CEFTA membership because it has association agreement with the EU and is a WTO member. In a somewhat similar vein, Bulgaria and Romania did not show a great enthusiasm for the initiative. They delayed negotiations with Albania and Bosnia-Herzegovina completed only after the EU set 2007 as a target date for accession testified to Bucharest and Sofia's reluctant attitude.⁶²

However, there were also encouraging examples. The EU has been relatively successful in promoting cooperation on energy. In 2002–2003, it launched together with the SEE countries (including Greece and Turkey) an initiative to create a regional electricity market. The shortages in some Balkan countries and the surpluses in others because of the shrunken industrial output compared to the pre-1989 period accounted for a great deal of political support for the project. Another reason was the linkage of national transmission systems with the EU grids and the adoption of the EU *acquis* as the basis of the SEE electricity market. Balkan governments express hopes that the common electricity market will spill

⁵⁸M. 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.

⁵⁹Cf. European Commission, *CARDS Assistance Programme for the Western Balkans, Regional Strategy Paper 2002–2004*, Brussels, 2001, p. 6.

⁶⁰See Dejan Jović's paper on Croatia in this issue, and O. Anastasakis and V. Bojičić-Dželilović, *Balkan Regional Co-operation and European Integration*, The Hellenic Observatory, LSE, London, 2002.

⁶¹M. 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.

⁶²G. Ranchev, *Free Trade Zone in Southeast Europe: Achieving Genuine Regional Economic Integration*, Center for Policy Studies, Budapest, 2003, p. 25.

over into greater external investment into transfrontier infrastructure enabling them to deal more effectively with power shortages. In 2004–2005, the initiative was broadened to include the creation of an integrated gas market in SEE.

Another area where things have moved forward is cross-border cooperation at the local level, where the dilemmas between regionalism-vs.-EU integration are not as stark. EU programmes such as CARDS, PHARE and ISPA have sponsored multiple projects in policy-areas such as infrastructure, economic development and environmental protection. One indication that such an approach is well in tune with local demand is the proliferation of Euroregions, associations of municipalities, NGOs and businesses across borders. Examples include the Kumanovo–Preševo–Gnjilane/Giljan, Niš–Sofia–Skopje, the Eastern Adriatic (Montenegro, Bosnia, Croatia) and the Prespa lake region (Greece, Macedonia, Albania). Although most of these projects were supported by the Council of Europe, rather than the EU, they build on the experience of EU member states or rely on funds coming from Brussels.

Yet the progress made in particular issue-areas does not invalidate the general trend towards more bilateralism in the relations with the EU. The demise of the SP allowed all SEE countries to invest much more in their effort to join the EU unilaterally. The EU–Western Balkan Summit in Thessaloniki (June 2003) introduced a number of new instruments such as the European Partnerships, which made the SAP much closer to the accession process.⁶³ In that sense, the summit was a move in the direction of the hub-and-spoke model.⁶⁴ The *Thessaloniki Agenda* adopted at the summit seeks to balance that by calling for reinforced cooperation in areas such as visa-free travel in the region and combating transborder crime (EU–Western Balkan Summit, 2003).

What makes the headlines is not the progress of the trade liberalisation or regional crime-fighting frameworks, but the development of contractual relations with the EU. On 31 January 2003, Albania started negotiating a SAA. Less than a month later, Croatia became the first SAP state to submit membership application. Following the European Commission's positive assessment, the December 2004 Brussels Council declared Croatia a candidate country and resolved to commence membership negotiations in March 2005. Yet the failure by the current HDZ government, otherwise committed to EU-oriented reforms, to extradite General Ante Gotovina at that time indicted by the ICTY resulted in the postponement of the talks for another six months. Following Croatia's example, Macedonia submitted a membership application in 2004 and handed back to the EU, in February 2005, a 14,000-page-long questionnaire to demonstrate its preparedness to implement all political, economic and technical standards. In April 2005, Serbia and Montenegro received a positive feasibility study, after more than three years of delay, on opening SAA talks. The General Affairs Council formally approved the start of the talks on 3 October. Even more momentous was the decision to formally open accession negotiations with Croatia and Turkey, which dominated the ministerial agenda. Both countries

⁶³European Commission, Communication from the Commission to the Council and the European Parliament: the Western Balkans and European integration, Brussels, 21 May 2003, COM (2003) 285 final.

⁶⁴V. Gligorov, 'South East Europe: areas of regional cooperation', *European Balkan Observer*, 2(3), November 2004, pp. 8–10.

hope to join after Bulgaria and Romania which signed an accession treaty on 25 April enabling them to join in 2007 or 2008, at the latest. Currently Bosnia-Herzegovina remains the slowest mover on the integration path. The European Commission considered it was prepared to launch negotiations for an association deal based on a positive feasibility study. Yet, the failure to meet the preconditions listed in the document, notably the reform of police forces, has prevented Bosnia from achieving that goal.

Arguably, the impact of the EU has been much stronger in the field of political than economic cooperation. The run-up to the Thessaloniki summit saw the SEE states actively engaged in multilateral talks. The SEECP summit held in Belgrade on April 2003 called for a clearer EU membership perspective for the Western Balkan states. It was followed by a joint letter by the presidents of Macedonia and Croatia and the Prime Minister of Serbia published in the *Financial Times*. Finally, Macedonia convened a Western Balkan conference in Ohrid, which was a show of solidarity before Thessaloniki. Although the outcome of the summit did not match the SAP countries' expectations, the symbolic importance of 'speaking with one voice' could hardly be overstated. A step further was taken in September 2003 when the presidents of Croatia and Serbia-Montenegro Stjepan Mesić and Svetozar Marović exchanged apologies for the violence perpetrated during the conflicts of the 1990s. The Marović–Mesić episode points at an important observation. Similar to economic cooperation, political cooperation seems to be working again on a neighbour-to-neighbour basis. Multilateral forums such as the SEECP had more utility as an instrument to convey political messages to the EU and other Western institutions, and not a mechanism to solve outstanding regional problems.⁶⁵

Conclusion

The foregoing discussion suggests that the EU has been both the main catalyst and constraining factor in SEE regionalism. The reasons are manifold. In the first place, the EU's policy on regional cooperation in the context of enlargement has been inherently inconsistent. There have been gaps between rhetoric and outcomes. Rhetorically, the EU stood for regionalism but its conditionality policy undermined, as demonstrated by the trajectory of the Višegrád initiative. Furthermore, in SEE, the EU adopted different strategies for Bulgaria and Romania, on the one hand, and the Western Balkans, on the other.⁶⁶ To be fair to the EU, this was, to a large degree, a consequence of different conditions and issues faced by the two groups, rather than EU bias. Bulgaria and Romania made a slow but steady progress towards the EU. The Western Balkans became the target of various 'pre-pre-accession' policies.⁶⁷ Despite their heterogeneity, post-conflict reconstruction and stabilization provided many common denominators

⁶⁵D. Bechev, 'Building South East Europe: the politics of interstate cooperation in the region', paper presented at the 4th Kokkalis Programme Graduate Workshop, Harvard University, 2002.

⁶⁶F. Cameron and A. Kintis, 'Southeastern Europe and the European Union', *Journal of South East European and Black Sea Studies*, 1(2), 2001, pp. 94–112; and D. 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.

⁶⁷D. 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.

justifying regional ‘bundling’. As a result, the EU has tried to craft a Balkans-specific policy combining regionalism and integration in its own structures. That principle has been the cornerstone of the Regional Approach and was later fully developed in the SAP. However, with the evolution of the SAP into a quasi-accession framework and the progress scored by Croatia and Macedonia, bilateralism has gradually prevailed over the principle of regionality. The balance is unlikely to change.

EU-sponsored initiatives packaging together all seven (or even eight, if Moldova is included) SEE states, have been a hard sell for the frontrunners in the region. Added to the unfulfilled promises of massive external investment, this accounts for the insufficient political support for the schemes like the SP. Multilateral cooperation has progressed either due to external pressure (e.g. in trade) or where the links and synergies between the two levels of integration—regional and EU—have been clear and uncontested (e.g. energy). In most instances, however, the SEE states prefer to interact bilaterally and not within some all-Balkan institutions imposed by external agents. The network of trade agreements, which is *prima facie* a suboptimal outcome given the diversity of arrangements, is a case in point.⁶⁸ Importantly, the EU itself leaves enough leeway to the government of the region as to which form of cooperation policy they should pursue: collectivist or flexible (in bilateral, trilateral, quadrilateral, etc. format depending on the issue). As the latter approach seems to be more palatable for the SEE countries, there is a strong argument in its support, irrespective of all disadvantages.⁶⁹ Given the region’s differentiation on the path to EU accession, there is a strong chance that flexible pattern of cooperation will prevail.

Looking at the centrifugal tendencies in SEE, one faces the puzzle of why the states in question established and operated regional institutions, such as the SEECP, in the first place. From the mid-1990s onwards, SEECP was generated within the region and did not result from direct EU pressure. The answer is that multilateral diplomacy in the Balkans has been mostly about improving the Balkans’ external image, or, in the words of Romania’s Foreign Minister Mircea Geoana ‘rebranding the region’.⁷⁰ Dismissed by many as a mere talking shop, SEECP is an outcome of normative principle that neighbouring states should cooperate and structure their relations in amicable ways keenly promoted by the EU in the post-communist space. While in Central Europe the 1995 Pact of Stability resulted in bilateral friendship treaties, in SEE this was achieved through a series of multilateral documents in support of the territorial status quo and political stability. This reflected the idea that the Balkans make up a

⁶⁸C. Michalopoulos, ‘The Western Balkans in world trade’, *Journal of Southeast European and Black Sea Studies*, 2(2), 2002, pp. 101–129; and M. Uvalić, ‘Trade liberalisation in Southeastern Europe recent controversies and open questions’, paper presented at the Peace and Management Crisis Conference, Cavtat, Croatia, 9–10 May 2003.

⁶⁹F. L. Altmann, ‘Regional cooperation in South East Europe’, *Journal of Southeast European and Black Sea Studies*, 3(3), 2003, p. 148; and G. Dimitrova, *Strengthening Regional Cooperation and Fostering Local Initiative: Recommendations for Reforming the Stability Pact for Southeast Europe and Improving International Assistance to the Balkans*, Center for Policy Studies, CEU, Budapest, 2003, p. 8.

⁷⁰M. Geoana, Statement by Mr. Mircea Geoana, Minister of Foreign Affairs of Romania, at the Ministerial Meeting of the South East European Cooperation Process (SEECP), Belgrade, 19 June 2002, 2003, <<http://www.gov.ro/engleza/presa/discursuri/200206/dis-020619-mae-geoana-begrad.htm>> .

distinctive security complex held together by a long history of interlocking conflicts.⁷¹ 'Rebranding' and compliance with the good-neighbourliness norm could be achieved only together as a group. Although the EU's role is felt much more intensely when playing the carrot-and-stick game, its indirect input in regional cooperation should not be underrated.

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⁷¹D. Bechev, 'Contested borders, contested identity: the case of regionalism in South-East Europe', *Journal of Southeast European and Black Sea Studies*, 4(1), 2004, pp. 77–96.