The Influence of the European Union Membership Requirements on the Development of two Western Balkan Countries, Albania and Macedonia

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The Influence of the European Union Membership Requirements on the Development of two Western Balkan Countries, Albania and Macedonia

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One of the main goals of the present study is to investigate the effects of the European Union in the political and economic development of two aspiring Western Balkan countries, namely, Albania and Macedonia. It will point out important membership requirements, such as those under the Copenhagen Criteria and the Stabilization and Association Agreements (SAA) that the aspiring countries must fulfill before joining the EU. The study will provide a historical background of the European Union and the communist dissolution of the Western Balkan countries; all of them have been dominated by totalitarian governments for many years and it will also emphasize that communist legacies are the main factors for prolonging the Western Balkan membership in the EU. This thesis will examine EU’s important role in assisting the candidates to democratize, carry out democratic reforms and meet the membership criteria. The research study will show that the enlargement to the Balkans is one of the EU’s most important projects and that the EU is committed to promote peace, security, stability and prosperity to the entire Europe. In order to show how the EU and its membership requirements have influenced aspiring Western Balkan countries, this study will provide two detailed case studies—one for Albania and one for Macedonia. The case studies will analyze the areas where the aspiring countries have showed progress and the areas where for many years they have failed to resolve issues, which in turn have hindered their EU membership process and advancement. In addition, the study will show how the EU encourages and facilitates the aspiring countries to resolve issues and fulfill the membership requirements. Since 1990’s, Albania and Macedonia have been positively affected by the EU accession process as their democracies and economies have been consolidated and they are on the right path to joining the EU.
Chapter I

Introduction

The European Union (EU) is a union of twenty-eight democratic European states, committed to working together towards achieving peace, stability, security and prosperity in the entire European continent. Since early 1990’s, the Union’s main project has been to continue its next expansion in the Western Balkan countries and to work toward the democratization and reconstruction of the region. This thesis will argue that the process towards membership has proven to be an effective tool for two aspiring countries, namely Albania and Macedonia, in constructing their way of governing and in carrying out the necessary reforms that bring them closer to the EU accession.

The wars and instability in Eastern Europe, particularly in former Yugoslavia, pushed the Copenhagen European Council to open its doors for enlargement to these countries with additional conditions for membership. The Copenhagen Criteria oblige the countries wishing to become EU members to establish stable institutions which guarantee democracy, rule of law, human rights, and respect for and protection of minority rights. These conditions also require the candidate countries to be able to respond to the EU’s obligations for membership, and to obtain a functioning economy capable of competing with the EU economies.1 The EU conditionality for the Western Balkans also includes the Stabilization and Association Process (SAP), which was established for the entire region in 2000 at the Zagreb summit and it sets crucial additional requirements for the Western Balkan countries regarding collaboration with the International Criminal Tribunal for the states of former Yugoslavia, refugee return, cooperation in justice and home affairs, stable

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1 Cremona, Marise, *The Enlargement of the European Union*: Oxford University Press. 2003, p.113
governments, regional cooperation and minority rights. The main purpose of the SAP is to enhance political dialogue and to establish bilateral agreements between the EU and Western Balkan countries as well as among the countries of the region and to open the perspective of integration in the EU. Progress of each one of the aspiring countries towards the EU depends on its own merits to meet the Copenhagen Criteria and the conditions established for the SAP. In order to facilitate the Western Balkan countries in meeting the required membership criteria, the EU initiated and enforced assistance programs for post-conflict reconstruction and stabilization; technical aid programs and programs for the purpose of harmonizing aspirants’ legislation with the Union’s *acquis communautaire*. The term *acquis communautaire* has been used during the previous accessions to refer to “the whole body of EU rules, political principles, and judicial decisions,” which new members must follow in their entirety. The set of text is the basis of the chapters on which the candidate countries start accession negotiations with the EU.

Even though the EU provides aid to each county during the Stabilization and Association Process in addressing the identified priorities, it plays a twofold role on the membership process, thus encouraging the countries to achieve the membership required reforms while also developing themselves. As Charles Grant points out in his book entitled *EU 2010 an optimistic vision of the future*, the EU uses both “sticks and carrots”. Countries that have not respected human rights, one of the main EU requirements, have went one step backwards in the membership process, while those showing considerable progress have gained rewards, such as receiving additional funds. The EU offers even more profitable political prizes such as to accept them as a candidate, to start

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negotiations for membership, and to conclude the final negotiations. The process of enlargement together with the adaption of the EU criteria for accession, encourages the aspiring countries to carry out major reforms in the area of rule of law. In particular these countries are encouraged and helped to fight organized crime and corruption, to undertake political and economic reforms by creating trade and cooperation agreements, to ensure human rights including respect for and protection of minorities and regional cooperation. The EU community considers these reforms to be essential in ensuring stability and security in the entire Europe.

Based on EU Commission reports, Country Strategy Papers, EU and Western Balkan countries’ leaders, the region has been greatly influenced by the EU membership process, as a result today the countries of Western Balkans are much more developed and advanced then there were years ago. In the early 1990’s, as the EU created better tools for promoting the integration of the Western Balkans into Europe, one after another the aspiring Balkan countries including Albania and Macedonia, brought themselves closer to Europe by replacing their communist leaders with politicians more committed to promote liberal democracies and successful reforms for marketing. As Ernst Haas emphasizes for the integration to occur, the political elites must be willing to draw themselves in deeper forms of collaboration where all parties can benefit. Social, economic and as well as political reasons also push the aspiring countries of Western Balkans to show progress in carrying out the reforms. The bloody wars such as those that occurred in Bosnia-Herzegovina and Kosovo during the 1990’s could be avoided only within the European Union where all members are democratic states. Theorist, Richard Rosecrance argues that increased

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5 Grant, Charles, EU 2010: An optimistic vision of the future: Centre for European Reform (CER), 2000, pp. 10-11
6 Cremona. 2003, Pp 120-121
7 Ibid., p. 143
international trade is a key factor in escaping major international conflicts and creating new ways of cooperation between states.\textsuperscript{10}

Eager to join the successful regional organization, the Balkan countries, most of which have suffered for many years under communist regimes, transformed themselves from Stalinist communist countries to new democracies. The Copenhagen Criteria for membership to EU lists democracy as the most important condition that an aspiring state must respect. The EU leaders consider democracy a key element in identifying the European political identity and a necessary characteristic for the states wishing to join the EU. The membership of the post-communist countries is much lower than for older democracies. Due to the fact that all new democracies in Western Balkans experienced the legacy of some decades of Communist mismanagement, they struggled during the transition from communism to capitalism and form autocracy to democracy.\textsuperscript{11}

The EU membership is a long and profitable journey, including the fulfilment of the necessary criteria, particularly the conditions of the Copenhagen and of the Stabilization and Association Process and then the conclusion of negotiations between the EU Commission and the candidate country regarding thirty five chapters of the EU \textit{acquis}, each covering a different policy area. For the enlargement of the Western Balkan countries, the “acquis” has been defined as “all the real and potential rights and obligations of the EU system and its institutional framework.”\textsuperscript{12}

The aspiring countries must accept the \textit{acquis} and align their own national legislation to that of EU’s before they can achieve full EU membership.\textsuperscript{13} Once the negotiations and the accompanying

\textsuperscript{10} Viotti & Kauppi, 2012, p. 152
\textsuperscript{13} Ibid.,
reforms have been concluded to the satisfaction of the EU and the applicant, the country can become a full member. Difficulties with Bulgaria and Romania after they joined the EU and the general perception *ex post facto*, that their membership was accepted too fast, have made the EU leaders to adopt stricter policies for membership from 2007. As a result, the EU created additional and sticker obligations for the Western Balkan states regarding democratic principles, rule of law, human rights, organized crimes and corruption.14

The process towards membership assists the aspiring countries to increase their ability to adapt and implement EU laws and European and international standards. The benefits of integration are great especially in the economic aspects with larger markets and new trading opportunities thus increasing competition and lowering the consumers’ prices. The rule of law is now a major focus of the accession process. Since 2011, applicant countries have to tackle issues such as fight against organized crime, corruption and judicial reforms early in accession negotiations. During the membership process, the EU also requires the candidate countries, to strengthen their democratic institutions and to ensure comprehensive democratic processes that enhance these institutions and support democratic principles and major EU values. The EU was founded as an organization on common values and principles, which includes fundamental rights. Thus the aspiring Western Balkan countries need to carry out reforms that ensure the freedom of expression and protection of the rights of people belonging to minorities, such as Roma community. Regional cooperation and good neighborly relations are fundamental elements of the SAP. The normalization of relations between Serbia and Kosovo have proved that countries can

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make progress in overcoming their resent disputes, in line with the values on which the EU was founded. Bilateral issues should be addressed by the states concerned as soon as possible and they should not delay the accession process. The EU continues to provide financial support through the Instrument for Pre-Accession Assistance to those enlargement countries in their preparation for accession, for the period 2014-2020 it will allocate a total amount of 11.7 billion euros to the region. In particular, assistance focuses on strengthening the rule of law and democratic institutions, good governance, economic development as well as regional cooperation. The aspiring Western Balkan countries develop and modernize themselves and become closer to the EU membership as they fulfill their commitments in the Copenhagen Criteria, Stabilization and Association Process, negotiation chapters and other instruments. The European Commission plays a crucial role on evaluating progress through yearly reports. Close observation procedures detail the satisfaction of political criteria by applicant countries. The EU has increased its leverage on the region as it links progress on accession to progress on fulfilling conditions.

In general, the EU requirements had positive effects on the social, political and economic development of the Western Balkan countries, which include Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia. With the exception of Albania, all of these countries were part of Former Yugoslav Republic of Yugoslavia. Twenty two years ago Western Balkans were involved in the most catastrophic wars since WWII, the EU leaders’ best response to the region was to offer it membership. Over the recent years, the accession process has played a crucial role in the development of the region and it has indeed transformed it.

16 Ibid.,
17 European Union Information Center in Belgrade “35 Steps towards the European Union”, January 2011, pp 4-5
Stability has been largely restored, security has improved, governments have been democratically elected, major reconstruction has taken place, and many refugees and internally network of bilateral free-trade agreements between all the countries is now complete and trade is increased. Reforms are laying the foundation for economic, social and institutional development that will normalize everyday life for the people of the region.18

Today, the Western Balkan countries are at different stages of accession to the EU. Croatia became the first Western Balkan country to complete the membership requirements and to join the EU on July of 2013.19 Croatia’s accession to the EU is a good example for showing the influence of enlargement process and EU’s soft power in transforming and stabilizing those post-communist countries. The Republic of Macedonia has been an EU candidate since 2005. The EU Commission has given it positive assessment on the progress towards the EU integration process since 2009.20 Montenegro first applied for EU membership in 2008 and it was confirmed as a candidate in 2010. Serbia applied for full EU membership in 2009 and it became an EU candidate in 2012. 21 EU leaders declare that during the accession negotiations, which began on January 2014, the EU will closely observe Serbia’s relationships with Kosovo and that by the end of the negotiations relations between the two should be normalized in order for Serbia to receive its full EU membership. Albania is an EU potential candidate, which officially applied for EU membership in April, 2009.22 The first major step that Albania took towards membership was in June 2006 when it signed the Stabilization and Association Agreement with the EU. Bosnia and Herzegovina is an EU potential

20 Ibid., p.17
21 Ibid., p. 16
candidate as well. In June 2008, this EU aspiring county signed the Stabilization and Association Agreement with the EU. Kosovo the newest Western Balkan country is seen as the last country in Europe to join the EU due to the fact that so far there are five EU members that do not recognize its independence.\textsuperscript{23}

Although these countries have made considerable progress in fulfilling the EU membership requirements, they still need to address issues such as those related to corruption, high crime, poverty, unemployment, and human rights. The progress varies for each country, depending on various factors such as the country’s historical background. For some countries, there are still unresolved status and boarder issues that threaten their EU integration process. Macedonia’s name dispute with Greece has been hurting Macedonia’s EU accession. Unstable relations between Serbia and Kosovo and the Serbian non-recognition of independent status of the latter continue to be one of the main challenge impeding the integration process for both countries. Because of its war consequence and its multi-ethnic population, Bosnia and Herzegovina still remains a country with possibility of destabilization.\textsuperscript{24} Furthermore, it should be noted that all these aspiring countries have been repressed by tough communist regimes for several decades. Which has significantly affected their progress in a negative way. When analyzing the present situation and the progress made by Balkan countries, many scholars and news reports fail to consider the historical background of these countries.

Even though each one of the Western Balkan countries has a very interesting historical background and has been influenced by the accession process in various social, political and economic areas, for the purpose of this research study I will pick to discuss in details the EU’s

\textsuperscript{23} Ibid.,
\textsuperscript{24} Balfour & Stratulat, 2011, p. 2
influence on the development of two particular Western Balkan countries, namely Albania and Macedonia. The EU’s political and economic criteria inspires and facilitates these two aspiring countries to achieve the necessary reforms for the advancement and modernization of their governmental and economical systems. Europe is Albania’s and Macedonia’s destiny. Being EU members and democratic nations and part of a larger European family is the only way for generating the political will necessary to carry out reforms that will strengthened democratic governance in these countries. The aspiring countries, see the EU integration process as the only possible way for achieving democratic stabilization and economic development. Since these two post-communist countries freed themselves from communist regimes, the EU accession has been the main policy objective of all governments of the two countries, as the process brings stability and prosperity, enhanced and facilitated by financial assistance programs. “The accession process is hugely important to the future of democratic governance in Albania. More than any other factor, the EU accession process helps to stabilize and guarantee democracy and gives grounds for optimism about Albania’s democratic future.” 25 The framework of the EU political criteria for accession also includes policies for the promotion of minority rights. The EU membership conditions proved to be significantly effective in 2001 in solving the ethnic conflict in Macedonia, through the establishment and implementation of the Ohrid Framework Agreement (OFA). “The EU helped stabilize politically and financially meaning that they organized the donor’s conference that helped Macedonia through crises in 2001. The other aiding factor was the Agreement of the stabilization and association that the Republic of Macedonia signed with the EU, which enhanced

the easier way out of the crises as well as financial consolidation of the country.”

The signing of the Stabilization and Association Agreement is the first and the most important step towards the EU integration and Macedonia was the first country in the Western Balkans to sign such agreement with the EU. In 2001, the EU accession conditionality also pushed Macedonia in reforming its constitution. The changes and amendments of the constitution were brought in line with the EU norms and standards, thus contributing to the development of the county. “Macedonia has adapted the laws needed to pave its way towards democratic transformation and consolidation.” The adapted laws are meant to be effective in promoting the democratic values, necessary for the fulfilment of the accession criteria.

This thesis is guided by several research questions such as, how has the EU accession contributed to the development of democracy in the two post-communist Western Balkan countries, Albania, and Macedonia. From a liberalist point of view, it takes more than to have elections to develop a democracy; fully developed democracies are strengthened by social structures, economies and cultures of shared values conductive to democratic principles. The other research questions include: What is the EU’s political and economic conditionality in the Western Balkans; Does the EU have the right instruments to encourage progress reforms in the region; How has the EU accession process influenced the development of Albania and Macedonia, and which one of the countries have been influenced the most; Why is the accession process of those two Western Balkan countries longer than those that are already members and what are the

28Viotti & Kauppi, 2012, p. 155
main factors delaying their accession process; How close are Albania and Macedonia to joining the EU?

This thesis focuses on two case studies, which includes Albania, an EU potential candidate country and Macedonia, an EU candidate country. It analyzes the implementation of the EU requirements and its effects in the development of each one of those aspiring states. This research study involves mostly qualitative data, however, it also includes some statistical data and economic figures which show the social and economic progress made by the two Western Balkan states at different stages. In order to answer the research questions, I use a variety of sources of information such as academic literature and journal articles, official EU yearly progress reports, country strategy papers, EU policy papers, credible online news reports such as EU news and BBC news, and data and analyses by Freedom House, World Bank and other organizations.

Consequently, the following chapters analyze the effect of EU’s membership requirements on the social, economic and political development of the two Western Balkan states. Chapter one is an introduction that provides an overview of the emphasis of the thesis. It clarifies the thesis, justification, hypothesis, and research design. Chapter two is the literature review, which provides an overview of the European Union and historical background of the fall of communism and the starting of a new era of the Western Balkans. Chapter three focuses on the relationship between the EU and Albania. It explains in details how and when the EU and Albania initially started negotiating about integrating the county into the EU. Furthermore, it argues that the EU has been successful in establishing progressive policies for Albania, which indeed have transformed and assisted the country to move toward its goal of greater security, political stability, and democratic and economic recovery. It also talks about incomplete reforms that are holding the country back from joining the EU. Chapter four analyses in details the relations between EU and Macedonia,
since the country declared independence from the Federation of Former Yugoslavia in 1991. Most importantly, it shows how the EU accession process not only has promoted political and economic development in the country, but has also supported minority rights and managed to settle conflict between the Macedonia government and its ethnic minorities. In addition, this chapter focuses on the main factors delaying Macedonia’s path toward membership. Chapter five includes the results of the study. It provides the thesis summary and it points out the impact of the EU accession in the democratization of the Western Balkan countries, particularly in Albania and Macedonia. It also talks about further efforts that the two aspiring countries must take in order to join the EU.
Chapter II

Literature Review

The history of the European Union

The idea to create a united Europe is a recurring one. It has been thought even by the Roman Emperors, Hitler, Napoleon and others, all of whom wanted, sometimes in violent ways, to attain a continental unity based on large alliances, ideology, and ethnic unity or even through raw power.\(^2\) After the creation of the modern states, political thinkers and philosopher have been promoting the creation of a united Europe which would triumph over narrow nationalism and interests. Today’s European Union is distinctive in that it has managed to bring together the European nationalist, countries that fought in the disastrous decades of the early twentieth century, and in the two world wars. By the end of World War Two (WWII), most of the European politicians sought to end international conflict, promote social harmony and economic well-being.\(^3\) They wanted to create a Europe free of rivalries and hates that had ruined their people and economies for years. Their immediate goal was to promote peace and prosperity through integration. Integration means having shared policies. Political and economic integration between the European Union members means that these states are capable of taking common decisions on many issues.\(^4\) European integration emerged because of the necessity and willingness of politicians, businesspeople and other key individuals to changing political, economic, and strategic circumstances, ranging from postwar recovery to the acceleration of globalization.\(^5\)


\(^3\) Ibid., pp. 6-7


\(^5\) Dinan 2004, pp. 1-2
The European Union is a union of twenty-eight democratic European states, committed to working together towards achieving peace, stability, security and prosperity in the European continent. The international organization has set up strong common institutions, which are capable of taking actions. The EU member states dedicate some of their sovereignty to these institutions so that decisions on a particular matter of common interest can be made in a democratic way at the European level. This pooling of the national sovereignty is also known as European integration. The major institutions of the EU include, the European parliament, whose members are elected directly by the EU citizens; European Council, made up of EU state or government leaders and it pays a major role in guiding and driving the EU policies; the Council of the European Union, which represents the governments of the member states; the European Commission, which is the executive body and it maintains the EU’s common interest.

Years ago, most of the cooperation between EU members was about trade and economic relations. However, it now includes many other important things such as human rights; guaranteeing freedom, justice, and security; regional development and cooperation; environmental protection; etc. The European Union has delivered half a century of stability, peace and prosperity. It has helped to raise living standards, build a single Europe-wide market, launched the single European currency, the euro, and strengthened Europe’s voice in the world. Moreover, the EU has been emerging a Common Foreign and Security Policy (CFSP), that includes a Common Security and Defense Policy (CSDP), and facilitating collaboration in area of Justice and Home Affairs to achieve common interior security measures. In December of 2009, the EU

34 Ibid.,
36 Ibid.,
enforced the Lisbon Treaty in order to strengthen its governing institutions and decision-making processes, so that the enlarged organization can be more advanced and effective. The treaty also aims to give the EU a more active role in the foreign policy agenda and make it more democratic.\footnote{Archick, Kristin “The European Union: Questions and Answers” January 2014, Congressional Research Services, accessed on February 21, 2014 from \url{http://www.fas.org/sgp/crs/row/RS21372.pdf}}

The European Union, formally the European Community (EC) originated from three regional organizations that were created in 1950. The six founders are Belgium, France, Italy, Luxemburg, Netherlands, and West Germany. First, the six countries established the European Coal and Steel Community (ECSC), years later the European Economic Community (EEC) was formed and then the Atomic Energy Community (EURATOM) emerged.\footnote{Smith, Norris, 2005, P. 7} After the devastating and bloody World War II, these six European countries started emerging a more accountable and closer Europe that would bring their economic, political and social policies closer to each other. The European Coal and Steel Community (ECSC) was established in 1951 under the Paris Treaty with the proposal of the French Foreign Minister Robert Schuman, who suggested the idea of integrating coal and steel industries of Western Europe. The establishment of the ECSC brought Europe to a new era, as France, Germany and other countries started building new relations through integration. The Paris Treaty called for ECSC to start the reconstruction of Europe by enhancing economic and political expansion and by increasing standards of living, employment and production. Within a few years of the creation of the ECSC, Europe started to feel the advantages of integration.\footnote{Karns, Margaret P. & Minst, Karen A. \textit{International Organizations: The Politics and Processes of Global Governanc}, 2010 Colorado Lynne Rienner Publishing, Inc p. 167}

The Treaty of Rome, a long document containing 248 articles, indicted that the six member states cannot develop the coal and steel sector in isolation from other economic sectors, thus in
1958 the Treaty set up the European Atomic Energy Community (EURATOM) and the European Economic Community (EEC). Under the agreement, members were obligated to create a common market over a period of 12 years by removing all the restrictions on internal trade, to have a common external tariff; to reduce the barriers to the free movement of people, services and capital; to develop common agriculture and transportation policies, and to create the European Social fund and European Investment Bank. 40 The EURATOM was created for the purpose of establishing a common market for atomic energy. The establishment of the two regional organizations was an additional and even more advanced step for a more united Europe approaching integration and civilization. The treaty was by far the most important, as its provisions ranged from the general to the specific. It comprised provisions on policies such as common transport, coordination of macroeconomic, competition, customs union, common commercial, and limited monetary policy cooperation. 41 The treaty also succeeded in forming an assembly, court, commission and council, where the commission became the most important new institution. The Commission was powerful in that it remained independent of the national governments, it maintained Community law and it initiated and implemented Community legislation.42

Although sometimes under pressure, the six members succeeded in achieving the desired common market, one year and a half before schedule, in 1968.43 All tariffs among the six members were abolished and a common tariff for goods coming from nonmember countries was established. Now, people in different countries were able to trade goods such as, food, machinery, and electronic equipment in an easier way. The EEC countries adapted common agreements in

42 Dinan 2004, pp. 76-77
43 Khan, 2008, p. 21
different areas, for example, the Common Agricultural Policy was implemented in 1962, whose purpose was to create a free market for agriculture products and to enact policies for the protection of EEC farmers. However, the setting up of “a common market” for labor and capital and free movement of people was set up with limitations and needed additional improvement. “For workers to move freely across countries, member states had to agree on the mutual recognition of credentials as certified by other countries. For example, hairdressers, electricians, plumbers, chefs, doctors, and architects all enter a period of training and receive certification in their home countries.”44

A full “common market” for labor and capital was not achieved until the formation of the Single European Act (SEA) in 1987, which was later associated with the 1992 program. The main purpose of the SEA was to add force to the process of the European construction so it can be more compatible to the internal market. The SEA’s new community competencies and the reform of institutions led the way to political, economic integration and to the monetary union. The SEA enabled the transformation of the Common market into a Single Market in 1993, which was enriched with the establishment of the Treaty of Maastricht on the European Union. The establishment of free market (no external tariffs), and custom union (common external tariff on the nonmembers) and the joining of the capital and labor markets have made significant progress toward generating a common European market.45

The six original states had already shaped the European construction and were leading it to a new progressive era by uniting it economically and politically, especially between them, mainly through interactions provided by the three regional organizations of 1950’s. For the first

45 Ibid., 14
time in 1973 three new countries, United Kingdom, Ireland and Denmark joint it. By this time the three separate communities had been combined into what was then formally called the European Community (EC). Because of its success more countries decided to join the EC. In 1981 Greece became the tenth member, and in 1986 Portugal and Spain joint as well, bringing the EC membership to twelve. 46

The Structure of the EU

The EU’s institutions bring together the member states in different ways mostly classified as intergovernmental and supranational. In the governing system of the EU, the intergovernmental system brings together political leaders or delegates of the 28 member states, whereas the supranational system involves the European Commission, the European Parliament, and the European Court of Justice. Which are composed of member states who are not accountable to their governments, but rather represent the EU as a whole. The principle intergovernmental institution is the European Council of Ministers, which brings together members of the governments of the 28 member states who meet in order to adapt policy measures applicable to all of them. The European Council of Ministers assembles the leaders of states and governments at least twice a year to make the most important decisions for the EU’s future. 47 On the other hand, the supranational institutions of the EU function under the system of separation of power, similar to the American governmental structure. The executive is the European Commission, composed of 28 commissioners and its president. The European Parliament (EP), the only institution whose members are elected directly by the member states voters every five years. It holds the legislative power, thought it shares it with the Council of Ministers. The other supranational institution, the

46 Ibid.,
European Court of Justice (ECJ) holds the judicial power and it is made up of 28 judges who are nominated by their member governments. However, the three supranational bodies remain dependent on the intergovernmental bodies to register consensus among member states necessary for the EU’s advancement.

The main institutions of the EU

The European Union is made up of five principle institutions: the European Council, the European Commission, the Council of Ministers, the European Parliament, and the European Court of Justice. The European Council was established in 1974 when the EU leaders decided to have regular summit meetings on municipal matters and also to have more frequent political discussions on the integration process. The European Council is the EU’s main decision-making institution and it assembles all leaders of states or governments of the 28 current EU countries, the Commission President and the European Council President, who chairs the conferences. Regularly, they meet four times a year, thought the president can schedule special council meetings if necessary, the meetings are usually held in Brussels. Furthermore, “they do not legislate and they rarely vote; instead they set by consensus and main medium-and-long term goals of the union and, when necessary strike the difficult political bargains which their ministers con not deliver.” The president is elected by the Council for a two-and-a-half-year term, and can be reelected to serve an additional term. He is responsible for organizing and presenting summits and works to build consensus among its members. The current president of the European Council is Herman Van Rompus, he was reelected on June 1, 2012 and serves as president until November 30, 2014. From its creation, the Council has become an important body for EU’s major initiatives, dealing

48 Archick, Kristin, 2014, p. 2-4
50 Tsoukalis, Loukas, What kind of Europe? New York Oxford University Press, 2003 p. 27
with single market, monetary union, foreign policy, enlargement, and constitutional reform, while it does not take part in EU’s legislation and policymaking. The European Council also plays an important role on resolving disputes between member countries and the institutions and to sort out political crises and disagreements over different policies and issues.51

The European Commission is one of the most important institutions of the European Union. It was founded in 1958 and it is centered in Brussels and Luxemburg and it holds offices in every EU country and delegations in all capital cities of the world. It is made up of 28 commissioners, one from each member state for different areas of policy and they are appointed by Council of the European Union.52 The commissioners represent the interests and the issues of the EU as a whole and they serve for five years, renewable terms. The Commission as a whole is ratified by the European Parliament, which has the power to remove the entire Commission; however, it can’t remove individual commissioners. The current president of the Commission is Jean-Claude Juncker appointed by the European Council and approved by the European Parliament and he functions as EU’s chief executive. The president leads the Commission in meetings with national governments and at summit meetings such as those of the G-7/8. He is entitled of assigning the portfolios of other commissioners and has the power to veto nominations for commissioners. The latest presidents have all been former prime ministers of EU member states. The European Commission is the EU permanent administration and has many obligations.53 “It acts as the EU’s executive and bureaucratic body and is viewed as the engine for European Integration. It has executive responsibility for initiating new community laws and for advancing

52 Archick, 2014, p. 2
the goals of the treaties. It also works with national bureaucracies to ensure that states implement policies and legislations; it represents the EU in international trade negotiations, draws up the budget and spends fund approved.”\textsuperscript{54}

In addition, the commission is important in the enforcement of the EU laws, It also has the right to pledge legal action in the European Court of Justice against member states and if the law is not implemented properly, it can also impose fines against the states. The commission represents the EU internationally, for example, by negotiating and implementing agreements between EU and other organizations and countries. The commissioners are responsible for the policy areas such as that of agriculture, external relations, regional policy, trade, environment etc.\textsuperscript{55}

**The Council of Ministers**, also known as the Council of the European Union is an important decision-making institution for the European Union. It is made up of one government ministers from each member state, who is in charge of the policy area to be discussed. Ministers participate in the meetings based on the subject being discussed. For example, if finance issues are being discussed, the finance ministers are involved in the meetings, for justice matters, the justice ministers get involved and so on. Each department of the Council deals with the issues that belong to them and meet as frequent as they find it necessary. For instance, Agriculture ministers find it necessary to meet monthly as they discuss the issues of commodity prices and subsidy levels, whereas, environment, transport and education ministers meet only a couple of times a year. Furthermore, the presidency of the Council of Ministers rotates every six month by state and together with the council president and the commission president represents the EU in many

\textsuperscript{54} Ibid.,
\textsuperscript{55} Ibid.,
The Council of Ministers has the authority to make decisions on policy and law and it can approve commission proposals for new law together with the parliament. Even though the council is a single institution, it meets in different configurations including all the subject areas with which the council is concerned, such as that of economic, agriculture, foreign, competition etc. The Council is located in Brussels, however sometimes it also holds meeting in Luxemburg. The voting system that the Council of Ministers uses depends on the policy areas and political sensitivity of the subject. For example for foreign, security, and defense policy issues unanimity vote is required. About fifty policy areas require majority vote for the approval. The voting system of the council requires that big countries would not be able to act without the cooperation of small countries.

The European Parliament (EP) first met in 1952 under the European Coal and Steel Community (ECSC) and it was called the “Common Assembly.” It was not until 1979 that the members of the EP were directly elected by voters of the member states, this the only EU institution to get elected so. The EP is one of the EU’s main law-making bodies consisting of 766 members (MEP) elected directly by voters of member states to represent their interests; they are elected for five-year, renewable term. During the election time, the 28 member states use an electoral system called “proportional representation” and the seats in the parliament are distributed among member states, who seat according to their political group rather than nationality. The EP is the largest legislative body in the world, with twenty-two languages spoken and it distributed in three different locations. The committee meetings are hold in Brussels, the plenary sessions are hold in

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57 Karns & Mingst, 2010, p. 168
58 Archick, 2014, p.2
Strasbourg, and the staff offices are located in Luxemburg. The main role of the European Parliament is to debate and pass laws together with the council proposed by the commission. Some of these laws include laws on environmental protection, transportation, consumer rights, free movement of workers, services, goods and capital, etc. It also has the authority to approve the appointment of the commission’s president and the College of Commissioners as a whole. It also inspects other EU institutions and makes sure they follow the rules and work democratically. It must also give its permission for other key decisions, such as making a decision on whether or not to allow a country to join the EU. The parliament together with the council debate and adapt the EU’s yearly budget. The current president of the European Parliament Martin Schulz of Germany and he leads the debates and activities of the parliament and he represents the parliament internationally and within the EU. He is elected for two-and-a-half year term. From its creation, two women have served as the presidents of the European Parliament. The president is entitled to sign most of EU laws and the EU budged.

The European Court (ECJ) of Justice was created in 1954 and it is composed of 28 judges, one judge for each EU member state, who are appointed for a six year term, renewable. The governments of the EU members decide on whom they want to appoint. The 28 judges are helped by 9 advocates-general who serve a six-year term as well. The ECJ is responsible for interpreting and enforcing EU laws and needs to make sure that the laws are applied in the same way in all EU countries. If a member state fails to uphold EU laws, including subsidiary legislation, treaties, and EU decisions, the court can impose fines or sanctions on it. The ECJ’s

59 Karns & Mingst, 2010, pp. 169-170
next important duty is to settle legal disputes between EU institutions and governments. Organizations, individuals and institutions may also bring cases before the court if they think that their right has been infringed by an EU institution. According to the ECJ’s rules any case brought by member state must be heard by a full court. Because the huge number of cases brought before the court, in 1989 the Court of First Instance was created to handle cases brought by private individuals, organizations and companies. ECJ’s “direct actions include cases brought by the European Commission against a member state for failure to fill an obligation, as well as cases brought by individuals, corporations, member states, or EU institutions seeking to annul an EU law on the ground that is illegal or seeking action against an EU institution for failure to act in accord with the treaties.” Almost all member states have been brought to court for not fulfilling the EU’s obligations in one way or another.

In addition other ECJ’s duties include that of promoting European regional integration and governance. From its creation it has heard about 15,000 cases and issued about 7,500 judgments. “Through judicial interpretations of the treaties of the EC and EU, the ECJ has established its authority to declare actions of both the EU bodies and the member states to be in violation of EC and EU law, a power akin to judicial reviews exercised by the U.S. Supreme Court.” Given the ECJ’s unique powers and success, we can say that the court is the most influential and powerful institution in Europe.

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62 Karns & Mings, 2010, p. 171
63 Ibid.,
64 Ibid.,
The Lisbon Treaty

Almost each time new members were added to the EU, new treaties for new laws and changes were implemented making the EU not only greater in number but also greater in power. The new treaties of course brought with them new laws or picked up on the once introduced to a previous treaty and extended it or even eliminated some of the ideas implemented by an older treaty. One of the most influential and the newest EU treaty is the Lisbon treaty, signed in 2007 and ratified by all EU member states in 2009. The constitution was meant to combine all previous EU treaties and agreements and make them constitutional and also make additional changes to the EU governing body such as shifting power and change the decision making process. The main concern of the constitution was to create a new treaty between “cooperating states” not the formation of a “super-state,” this was the main reason why the constitution did not get approval by the French and the Dutch, thus it was turned down.66

After the draft constitution was rejected in 2004, its supporters, the EU leaders including the German Chancellor Angela Merkel and French President Nicolas Sarkozy, came up with other means of introducing constitutional provisions. In 2007 the 27 EU member states brought back the constitutional issues onto the agenda at the summit of Lisbon where they all agreed to draft a new Reform Treaty, which was then signed by all member states and it was called the “Lisbon Treaty”. However in order for the treaty to come into force, it needed to be ratified by all EU members. It took until 2009 to convince all member states to ratify the treaty. Under this treaty the EU’s reforms and institutions were given a new direction. The Lisbon Treaty emphasizes that the EU has legitimate power to act in areas such as foreign policy, human rights and judicial, it also

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states that a member states’ citizen is an EU citizen. Nevertheless, the member state citizens do not identify themselves as “EU citizens” they rather identify themselves by their nationality. Under the treaty, the EU has accomplished greater independence by gaining “legal personality.” Its charter for Fundamental rights has achieved full legal status, allowing the EU to sign international treaties by itself, on behalf of member states or become a member of other IGO. This occurrence was accepted by all member countries except Great Britain and Poland which granted opt-outs from its implication.  

The EU’s foreign policy

From its establishment the organization has created broad and efficient political and economic relations with countries and organizations around the globe. The EU holds extensive relationships with non-EU countries and other organizations such as UN, ASEAN, NAFTA, WTO etc. Today there are more than 130 nations around the world that maintain diplomatic relations with EU and it has about 100 delegations around the world. The common external policy is the most important aspect of the organization with the rest of the world. First, the EU plays a major role within the World Trade organization (WTO) as it is deeply involved in leading the multilateral system of international trade with partners around the globe. Second, it makes negotiations in bilateral trade agreements with other countries and regions. Through negotiations the EU gets easy access to the products from developing countries and it enhances economic development through its trade relations. The EU has Partnership and Cooperation Agreements (PCA) with all non EU-member states of the former Soviet Union. “The EU wants a very wide and open exchange of

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68 Tonra, Ben & Christiansen, Thomas, Rethinking European Union Foreign Policy, Manchester University Press 2004, p. 2
69 Ibid., p. 1
goods, services, investment, and culture and its wants its values to be practices, in its neighborhood—a long road ahead.”70 The EU has become the world’s biggest trader, accounting of about 20% of global exports and imports. Furthermore, the EU is active in assisting financially and technologically other countries such as those in Africa, Asia, Latin America and it also offers humanitarian aid to the victims of natural disaster around the world.71 The EU plays a major role in encouraging further trade liberalization at the world level, where the rich and the poor countries would benefit.

Besides trade and economic agreements, the EU and its partners around the globe negotiate on reforms that promote economy, education, health, infrastructure, and in some cases there is cooperation in improving research and environmental policy, and in political issues around the globe. The EU’s foreign and security policy (CFCP) was created under the Maastricht Treaty and it aims to promote and maintain stability around the world. It deals with international crime, terrorism, drug trafficking, illegal immigration, peacemaking and peace keeping and other global issues. One of the earliest areas of cooperation on defense policy was that of the Middle Eastern conflict. The EU defended the Palestinian rights in 1970 and since then negotiates with world leaders for a solution between the two states. Even though the EU from its creation was committed to provide peace and promote human rights around the world, especially in Europe, it was not successful in settling disputes among the former Soviet countries in Western Balkans. “The EU failed to prevent war in Yugoslavia in 1991-1992, despite having assured primary responsibility for dealing with the situation with the blessing of the UN and the United States.”72 The catastrophic Balkan wars of 1990’s proved that the EU’s common foreign and security policy was inadequate.

70 Grant, 2000, p. 45
71 Ibid.,
72 Karns & Mingst, 2012, p. 174
First, in 1995 the EU was not capable of preventing Serb genocides in Bosnia, which lasted until the U.S military forces intervened. Second, in 1998 the EU failed to act in halting Serbian assaults in Kosovo, which did not end until late 1999 when NATO troops attacked Serbs and warned them of a possible NATO invasion. 73

However, since 1999, the EU has advanced and expanded its defense policy by creating its arm forces of about 60,000 troops to participate in various tasks such as peacekeeping, humanitarian relief, and crisis management. The creation of this force has enabled the EU to be more active in resolving international conflicts and to adopt the Common Foreign and Security Policy (CFSP). Since 2003, EU countries have committed themselves to this policy, which aims to reinforce the EU’s ability in developing its military capabilities in order to prevent further global conflict and manage crises. Moreover, the EU has designated sanctions for countries accused of violating the international law or human rights or implementing policies against the rule of law or democratic principles. 74 The EU has also become the biggest contributor to the United Nations (UN) and it also contributes most of the international development aid. The EU-UN partnership ESDP aims to manage global crises and assist in the development of regional cooperation especially in the Balkans and in Africa. “Between 2003 and late 2008, twenty-three ESPD military, policy, and/or civilian operations had been undertaken, ranging from monitoring missions in Aceh (Indonesia), Gaza, Georgia, to security operations in Bosnia, police operations in Kosovo, Moldova, and Afghanistan, enforcement operation in the DRC, Chad, and Watters Off in

73Dinan, 2004 pp. 315-316
The CFSP and ESDP are increasing the EU’s international security role and making it an important actor in international affairs.

Further enlargement of the EU

After the World Wars, most of European countries became ambitious to integrate economically and politically and the best way to do so was by joining the now “advanced organization”. For European Union, enlargement is one of the most important opportunities and the Union is committed to integrate the whole European continent by peaceful means. The EU became the target of the European nations and societies. The enlargement of the organization was followed by Finland, Sweden and Austria in 1994. The collapse of communism in central and Eastern Europe brought the Europeans to a closer and more united community as the long and frustrated boarders of communism collapsed. Now the EU, made up mostly of western European countries set up new conditions for new members of the former Soviet-Bloc, or any other country that wants to join it. The treaty enlargement has been one of the major priorities of the EU, however, the increasing in size requires revision of union’s structure and decision-making procedures. Both the SEA and the Maastricht reforms created policies and institutional reforms to assist the organization with increased membership. The Treaty of Rome as well “calls on members of the Community to preserve and strengthen peace and liberty and invites the other peoples of Europe who share their ideal to join in their efforts.” The treaty states that any European country may apply to become part of the community and that the country should submit its membership application to the European Council, which acts unanimously after the commission, has taken a decision on the applicant.

75 Karns & Mingst, 2012, p. 175
76 Holland, Martin, European Integration: From Community to Union, London ERP, Exeter, 1994, pp. 159-161
The process of joining the EU includes 3 major stages:

1) **When a country is ready** it becomes an official **candidate for membership** – but this does not necessarily mean that formal negotiations have been opened.

2) The candidate moves on to **formal membership negotiations**, a process that involves the adoption of established EU law, preparations to be in a position to properly apply and enforce it and implementation of judicial, administrative, economic and other reforms necessary for the country to meet the conditions for joining, known as **accession criteria**.

3) When the negotiations and accompanying reforms have been completed to the satisfaction of both sides, the country can join the EU.\(^{77}\)

In fact, there are rules and regulations set by the Copenhagen European Council that a country must meet in order to join the organization. For the Western Balkan countries, in addition to the Copenhagen Criteria requirements, those countries have also conditions to meet under the Stabilization and Association Process. Rome Treaty set out the most basic membership condition, “European identity”, which meant that any European country may apply to join the organization. The first enlargement of the EU to Britain, Denmark, and Ireland was completed in 1973 without additional membership conditions. \(^{78}\) The EU was seen as an organization to integrate only the Western European countries. Membership for the rest of Europe was not even thinkable. However, when Portugal, Greece and Spain, transformed themselves from authoritarian regimes to democracy and became interested in applying for EU membership, the EU leaders came up for the

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\(^{78}\) Ibid.,
first time with membership requirements. The EU Council emphasized that maintaining a representative democracy and human rights for each EU applicant were obligatory. Still, the EU Commission only made sure that the three new applicants had established democracy. Regardless of its development of democratic principles and its shaky relations with Turkey, Greece became the 10th EU member in 1981. Whereas for Spain and Portugal, membership negotiations took until 1986. All three new members were by far less developed than EU member states. The next EU aspiring European country on line became Turkey. In 1987, Turkey applied for EU membership for the first time. However, the EU considerations for Turkey’s membership did not work the same way as for the other newly admitted members. According, to the EU Commission the aspiring country was not ready to gain membership as it did not meet EU’s political and economic conditions.\textsuperscript{79} Turkey’s membership application remains on the table even to this day.

The number of countries willing to join the EU increased dramatically at the end of Cold War. Almost all Central and Eastern European countries expressed the desire to apply for EU membership. All these post-communist countries realized that the only way to succeed economically and politically was within the EU. After the end of communism and Soviet hegemony those EU aspiring countries had created a different political environment, which they wished to advance through increased integration. The Commission which was concerned about the EU achievements, particularly the Single European Act of 1987, and the Delors report on Economic and Monetary Union of 1989, ensured that further enlargement would happened only with more explicit conditions for membership. Thus the Commission decided that the candidate country must accept the Community system, the \textit{acquis communautaire}, and also be capable of

implementing it. The *acquis* was more advanced than ever before, as the organization had adapted
the common foreign and security policy, and had established a single market, and an economic
and monetary union. Therefore, the candidate country was required to create an effective and
competitive market economy and functioning institutions capable of adapting and implementing
EU laws. Membership conditions were further discussed among the member states during the
Maastricht Treaty conference, where the Commission pointed out that the enlargement should not
be at the expenses of the organization or a dilution to its achievements. Rather, the membership
negotiations should be set up in such a way where the EU can profit and further strengthened.80

As the EU leaders declared at the Maastricht Summit, the organization cannot be a closed
institution and that it has to contribute to the unification of whole Europe as well as to its economic
and political development. With this said, in 1993 in Copenhagen the European Council opened
the door for enlargement to the Central and Eastern European countries. Another factor that pushed
for enlargement to the Eastern Europe was the spread of violence and instability among these
countries. However, enforcing the strengthened membership conditions ensured member states
that deepening would not be endangered. The Copenhagen European Council agreed that

“the associated countries in Central and Eastern Europe that so desire shall become
members of the European Union. Accession will take place as soon as an associated country is
able to assume the obligations of membership by satisfying the economic and political conditions
required”81 It also specified the membership criteria, which are usually called the “Copenhagen
criteria.” From 1993, a country wishing to join the EU, besides respecting the democratic values

Publications of the European Communities, 1992, pp, 10-11, Retrieved on March 10, 2014 from
81 European Commission, “Conditions for membership,” retrieved on March 10, 2014 from
of the EU and being committed to endorse them it must meet the Copenhagen Criteria. Which include,

- stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- a functioning market economy and the capacity to cope with competition and market forces in the EU;
- the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union.\(^{82}\)

The EU membership conditions were restated again under the Amsterdam Treaty of 1997, where there was an update of the Article 237 of Rome Treaty. In its Article 6, the Amsterdam Treaty repeated that the EU is created under the principles of liberty, rule of law, democracy, respect of human rights and fundamental rights. According to the treaty any country which respects these ideologies is eligible to apply for EU membership.\(^{83}\) From 1987 to 1996 there were thirteen countries seeking membership into the EU. Ten Central and Eastern European Countries, which included, Hungary, Poland, Bulgaria, Romania, Slovenia, Czech Republic, Estonia, Lithuania and the Slovak Republic as well as Turkey, Cyprus and Malta. Most of these countries had suffered many years under communist regimes. “Countries in the region still faced the daunting legacy of several decades of mismanagement. Although conditions varied from country to country, all struggled with the transition from communism to capitalism and from dictatorship to democracy.”\(^{84}\)The enlargement to those aspiring countries was not going to happened

\(^{82}\) Ibid
\(^{84}\) Dinan, 2004, p. 274
simultaneously. Each one of them had to fulfill the EU requirements including the implementation of the *aquis*, which came to be the second in importance after having a functional democracy. The adaption of *aquis* means to adapt, implement and enforce EU rules in various areas such as in the marketing of food products, environment, working conditions, transport safety, nuclear safety, control of production processes, and consumer information; as well as showing considerable infrastructure investment. The agreement between the EU and those associated countries covered areas such as political dialog, trade related issues, legal approximation and other different areas of cooperation. The agreement also aimed to create free trade between EU and the aspiring countries over a maximum period lasting ten years.\(^{85}\)

Besides meeting the basic Copenhagen Conditions, for the Central and Eastern European countries the EU set the ‘good neighbourliness’ policy, which requires the countries to cooperate with neighbors, in particular to settle their disputes peacefully or if necessary to take them to the International Court of Justice (ICJ). The Commission requested that before the accession, all the countries undergoing border issues should make every effort to resolve them among themselves or through a mediator. The good neighborliness policy has been carefully observed in a number of occasions during the dissolution of communist regimes and the reconstruction of many Central and Eastern European countries. For instance, in 1992 the breakup of Czech Republic and Slovakia was observed and it was ensured that it happened peacefully. Both countries separated and resolved their issues according to the EU’s arrangements. Also, in 1993 Slovakia and Hungary were pushed to take their issue over the region of Gabcikovo to the ICJ. \(^{86}\) The policy has been a very useful

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\(^{86}\) Smith, Karen E, 2003, p. 118
tool in encouraging the Central and Eastern European countries to reach bilateral boarder agreements.

In its 2000 report of the Central and Eastern European candidates, the Commission pointed out the areas in need of assistance of each one of the countries. The Accession Partnership, which was first decided in 1998 for Central and Eastern European countries responded to the areas in need by bringing them at various forms of EU support within a single framework. The Accession partnership for each country points out main concerns about a particular reform or area that needs further improvement in order for a country to prepare for accession. It also reminds the candidate countries of the main EU tools and financial resources available for the succeeding candidate, even maximizing them in order to target the objectives. While the candidate countries prepare to become members, the EU leaders frequently hold longs discussions about how to deal with the new enlargement and in particular about the decision-making rules, administrative practices, and the countries that indeed need considerable investment. As a result of enlargement the EU becomes different with an increased number of representatives in each one of the EU’s main institutions and with a broader range and depth of underlying diversities, where there are more languages to deal with; especially when there is a big number of countries entering at the same time, as it happened in 2004 with the enlargement to ten new members.

From 2000 to 2006 the EU more than doubled its pre-accession assistance to the ten candidate countries of Central and Eastern Europe, providing for them 3.120 million euros yearly through the Phare Program and two other pre-accession programs, SAPARD and ISPA. After the aspiring countries receive the candidate status the EU conducts accession negotiations individually.

87 “Enlargement of the European Union: A historical opportunity,” 2011
with each one of them pointing out the progress made by candidates and underlining further requirements to be met. During the negotiations 31 chapters of the *acquis* are in details examined. Negotiations are opened with each aspiring country chapter by chapter, where each chapter is concerned about a specific area. For instance chapter one of the *acquis* has to do with “free movements of goods,” chapter to “free movements of people” and so on. The EU leaders view each applicant country differently, because of its economic importance, size and location. Among the ten candidate countries, Hungary and Czech Republic were the first ones to start early accessions. They were centrally located, relatively well developed economically, and culturally adjusted to the Western Europe. When the negotiations for each candidate are concluded on all chapters, the outcomes of the negotiations are incorporated in draft accession treaty. Which is then handed over first to the EU Council and then to the EU Parliament for approval. After those two institutions approve it, then it needs the ratification of all member states and each candidate country. Once the ratification process ends and the treaty becomes effective, the applicant country can join the EU.

Because the largest enlargement ever was approaching the EU with thirteen candidate countries of Central and Eastern Europe getting ready to join it, in 2003 the Nice Treaty was enforced. Its main purpose was to complete the task started by the Amsterdam Treaty, which was to reform the EU institutions by making them more accountable and more democratic so they can run efficiently after the EU is enlarged. The Nice Treaty made the European Parliament more powerful and effective by increasing its members, however, the number of European Commission

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88 Ibid, p. 13
89 Dinan, 2004, p. 276
was reduced by limiting it to only one commissioner per state, making seats available for the new commissioners of the new members. In addition in 2003-2004 the member states drafted an EU constitution for the first time in EU’s history in order to address further institutional problems expected with the 2004 enlargement.  

From 1999 to 2004 no countries were added to the EU. The road towards EU membership have become very long and difficult, with additional conditions added to the membership requirements almost each time a country wished to join the EU. The accession negotiations for ten countries of Central and Eastern Europe took altogether about one decade. Finally, in 2004 the EU welcomed the ten new member states, the fifth enlargement, bringing the number of EU member states from fifteen to twenty five. For Bulgaria and Romania, the process took until 2007, whereas even though Turkey started the pre-accession negotiations at about the same time as the other twelve candidates, it never reached its way to the EU. The outcome of the long and historical process joined the two parts of the continent together, the West and East. In addition Enlargement brings with it great political and economic benefits, some of those benefits include;

- The addition of about 100 million people, in boosting economies, to the EU’s common market of some 370 million will increase economic growth and create job opportunities in new EU states and in the old ones.
- The broadening of the area of peace, stability and prosperity in the continent of Europe will improve the security of all its peoples.

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As the new member states adapt and implement EU policies for the fight against crimes, drugs and illegal immigrants and for the safety of the environment, the quality of live for all European citizens will improve.

Widening contributes to and strengthens EU’s role in world affairs in foreign and security policy, trade policy, as well as to the other areas of global governance.93

For the new EU member states, the ideas was not only to become part of political Europe with harmonized rules and ideologies, but there was a large economic motivation of joining a group of wealthy nations. Besides attracting foreign direct investment through their low price level, the poorer countries of the Union benefit from the structural funds such as European Social Funds and European Regional Development Fund where are financed by the richer member states.94

The EU membership requirements for Central and Eastern European countries push, encourage and assiste the leaders of those countries to carry out social, economic and political reforms needed to meet accession criteria and to contribute to the development of their countries. Some of the main EU membership benefits for the former Soviet Bloc countries are;

- The establishment of stable democracies and peaceful integration of minorities into societies.
- Advanced economic reforms, which have led to economic growth and job opportunities for the citizens of those countries.
- Increased trade between the EU and the new member states, (17 billion euros in 2000), the EU became the main economic partner for those countries.

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94 Bjarnason, 2010 p. 60
• Fostered peace and stability and the establishment of the good neighbor policy.\textsuperscript{95}

The EU has a long history of successful enlargements that indeed have unified Europe. It has indeed become a model for other regions of the world as it shows how its democratic states can successfully pool political and economic resources in the common interest. As Gunter Verheugen, one of the European Commission’s member responsible for the enlargement, puts it;

\textit{Enlargement is both an historic opportunity and an obligation for the European Union and is one of our highest priorities. Our success in concluding this crucial undertaking, On which we have embarked together with the candidate countries, will depend on the vitality and rigour of our collective efforts, and on engaging the support of the population, both in the candidate countries and in the current EU Member States. Enlargement must be duly prepared, and can be successful only if it has democratic support while much progress has already been achieved, very considerable and determined efforts are still required to bring the progress to its conclusion. But the way ahead is clear. The process has become irreversible and the benefits of enlargement are already visible.}\textsuperscript{96}

\textbf{Western Balkans and the European Union}

The Union is committed to continue its next expansion in the Western Balkan countries. After the disintegration of former Yugoslavia in the 1990’s, the European Union decided to open its doors to Western Balkan countries. At the end of the Balkan wars, Western Balkan’s democratization and reconstruction became one of the major concerns for the EU leaders. Even though most of the Eastern European countries had been dominated by communism and its

\textsuperscript{95} Ibid.,
\textsuperscript{96} Ibid., p. 2
aftermath legacies, Western Balkans have suffered the most and remain the poorest in Europe. The post-communist transformation in other Eastern European countries has caused less conflicts than in Western Balkans. The disintegration of Yugoslavia resulted in ethnic cleansing and in major devastating wars which took place in Croatia from 1991-1992, in Bosnia and Herzegovina from 1992-1995 and in Kosova 1998-1999. Those ethnic wars were fought mostly over the regions complex ethnic geography and part of it was caused by Serbian President Slobodan Milosevic’s will to create a “Greater Serbia.” The Balkan wars have left behind unresolved border issues, economic devastation, and political instability in many parts of the region. Today more than a decade after the ethnic wars, the region is still developing by undertaking the necessary reforms in order to accomplish their goal of one day becoming EU members.  

The Western Balkans is made up of former Yugoslav republics, plus Albania. The Socialist Federation of Yugoslavia was created after World War I in 1918, and from late 1940 to 1980 it was ruled by the communist leader Marshal Tito. After Tito’s death in late 1980, Slobodan Milosevic become the leader of the federation, under him the state soon started to unravel. Former Yugoslavia comprised of six countries, including Croatia, Macedonia, Montenegro, Bosnia and Herzegovina, Slovenia, Serbia and the provinces of Kosovo and Vojvodina. Yugoslavia was made up of a complex of different ethnic and religious groups, where the main religions were Catholicism, Islam, Orthodox, and Christianity. The main group of people were of

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the Slavic race, which are a linguistic body of people originating from Indo-European roots and it included Serbs, Slovaks, Croats, Macedonians, and Montenegrins.99

Throughout the years, all these former Yugoslavian counties and provinces became independent, except the province of Vojvodina. Some of them were able to achieve their independence peacefully; while others could not do so without first getting involved in the most catastrophic wars. Two of former Yugoslavian republics, Slovenia and Croatia are already EU member states, Macedonia, Montenegro and Serbia are currently EU accession candidates and there are also three EU potential candidates, which include Albania, Bosnia and Herzegovina and Kosovo.100 The first former Yugoslavian republics to separate from the Yugoslavian federation and to declare their independence were Croatia and Slovenia, which with international support were able to become independent in 1991. Then it took until 2008 until the last former Yugoslavian country, Kosovo became independent.101 Unlike in the Balkan wars, most of the time state dissolution and creation of new counties does not lead to ethnic conflicts, rather the outcome would be a victory of one side or a peaceful settlement, where the conflicting parties arrange shared power.

European Union responded to the world during the crises in Yugoslavia by proclaiming that the wars going on in the former Yugoslavia were a European problem that can be handled by the EU. However, from late 1980’s to mid-1999 the Western Balkans were involved in the most disastrous wars. The genocides that took place in the 20th century in the region were not seen anywhere in the word since WWII. As Rober H. Hyden describes it, “the collapse of former

101 Bieber, Florian, “The Western Balkans after the ICJ’s opinion,” Ed, by Rupnik 2011, p. 135
Yugoslavia has been accompanied with violence that shocked the word, particularly because it happened in Europe, albeit in Balkans.” The Balkans experienced about a decade of “Serbian sponsored wars.” While the other ethnicities of former Yugoslavia sought independence and tried to defend themselves, Serbian military mercilessly slaughtered, tortured and raped civilians. The ethnic cleansing policy or the genocide was planned and performed by the Serbian politicians and military who aimed to create a “Greater Serbia,” or a large Serbian nations dominated by Serbian culture, religion and language. Evidence shows that among the miserable civilian massacres, Serbian military have also used rape camps as a “weapon of war” where large number of non-Serbian young girls and women were raped and tortured. About 20,000 non-Serbian females were raped and tortured only during the war in Bosnia and Herzegovina.

The war in Bosnia and Herzegovina lasted the longest from all Balkan wars of the 20th century and was the most devastating one. Even though the United Nations peacekeepers were involved in the Bosnian war, from the beginning of the ethnic cleansing, the war there lasted for almost four years and its outcome was catastrophic as roughly 250,000 people died, 200,000 were wounded, including 50,000 children and 1.2 million people had been displaced and there were tens of thousands of rape victims. Also physical and economic losses were severe; the World Bank estimated Bosnia’s destroyed assets at between $15 billion to $20 billion. One might wonder how this terrible catastrophe could take place in Europe in the 1990’s, continued for almost four years and not be ended until 1995. During the war in Bosnia and Herzegovina, massive civilian

104 Rogel, Carole. The breakup of Yugoslavia and the War in Bosnia, Greenwood press 1998, pp.66-68
attacks occurred in regions such as that of Gorazde, Bihac, Zepa, and Strebenica, those genocides were the worst massacre of civilians in Europe since World War II. Even though these enclaves were declared “safe areas” by the UN, on one day about 8,000 Muslims, men and boys were mercilessly killed in Srebrenica by the Serbian forces.\(^\text{105}\)

Furthermore, around 22,000 people were killed during the Croatian independence war and hundred thousand of other were tortured, raped and expelled from their homes.\(^\text{106}\) Eastern Croatia, which is bordered by Serbia and is made up of mixed inhabitants, experienced the most brutal fighting. Vukovar, one of the largest cities of Croatia, with around 40,000 suffered awfully as during the war it was under siege for 77 days and as a result 2,300 people died. Even though the EU tried to end the war through holding meetings with the leaders of the conflicting parties, the Croatian was ended only when the UN special envoy Cyrus Vance got involved.\(^\text{107}\) In 1998 the Serbian military, regardless of some international pressure to stop the genocides in the Balkans, continued their ethnic cleansing in the province of Kosovo. Where, as a result of the genocide by 1999 about 11,000 civilian Kosovar Albanians were killed and around 700,000 were expelled from their homes.\(^\text{108}\) Moreover, Human Rights Watch reported that during the genocide in Kosovo, Serbian military also employed rape as a strategy of ethnic cleansing. During the investigation, the Human Rights watch documented 96 cases of rapes by Serbian forces against the Kosovar Albanian women and believes that there are many more rape cases that were not reported. According to

\(^\text{107}\) Rogel, 1998, p. 25
Regan E. Ralph, Director of the Women’s Rights Division of Human Rights Watch, “Rape was used as an instrument of war in Kosovo, and it should be punished as such. The men who committed these terrible crimes must be brought to justice.” 109 Human Rights Watch report also claims that there were no rape camps in Kosovo set by Serbs and that rape cases were reported in detentions, in the woman’s house, sometimes in front of family members and during fights.110

The Serbian military action in Kosovo ended only when NATO forces took a series of airstrikes lasting for 78 days against Serb military bases in Kosovo. As a result, Serbian President Slobodan Milosevic was convinced to stop the Serb attacks on Kosovars and to withdraw his forces from the province. Furthermore after the bloody war ended, the United Nations took over the situation in Kosovo in order to preserve peace, help the refugees return to their homes and assist in reconstructing the province. Security Council Resolution 1244 authorized the UN body United Nations Mission in Kosovo (UNMIK) to administer the civilians and to assist them in building civil institutions. The Security Council also authorized the Kosovo Force (KFOR) to provide security in Kosovo.111 From 1999 to 2008 Kosovo was able to legitimately establish its institutions. Even though Serbia claimed that Kosovo is a part of Serbia, Kosovars insisted that there is no return to the Serbian authorities. In the meantime the UN Security General Martti Ahtisaari proposed a “surprised independence” for Kosovo as the last alternative. In 2008, nine years after the war, Kosovo became an independent state. 112

110 Ibid.,
112 Ibid., p. 678
The Kosovo war was the last conflict to occur in the Western Balkans and Kosovo was the last former Yugoslavian state to gain its independence. Even though the EU took some steps to reduce the ethnic conflicts in East Central Europe during the 1990’s, it failed to stop or prevent the genocides during the disintegration of Yugoslavia. Article 21(2C) of the Treaty of the European Union states that the EU shall“ preserve peace, prevent conflicts and strengthen international security, in accordance with the purposes and principles of the United Nations Charter, with the principles of the Helsinki Final Act and with the aims of the Charter of Paris, including those relating to external boarder.” However, surprisingly the EU let the Srebrenica massacre happened, where about 8000 men and young boys were killed in one day in front of the eyes of the UN peacekeepers. The most effective tool that the EU offered for promoting ethnic tolerance and reconstruction of the Balkans was the EU membership conditionality, though the conditions took quite some time to fully develop. Many scholars have argued that lack of EU’s effective foreign policy towards the former Yugoslavia has been very costly. As if the EU had established an attractive, intrusive and ambitious EU enlargement plan for the Western Balkan countries starting in 1990, the Union could have prevented some or probably all of violence and economic destruction in the region.

Until 1999 the EU did not have a clear foreign policy for the Western Balkans, but in April of 1999 the European Council proposed a new accession agreement particularity for the Western Balkan countries. Since then the EU has been trying to change the bad image of Western Balkans, which is viewed by the world as the region of instability in the heart of Europe. The most important leaders of the EU have claimed that the Western Balkans are an essential part of Europe and that

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the Union would not be completed until all the countries of the Balkans join it. The International Commission on the Balkans emphasized that their main purpose is to assist the region in transforming itself into a more developed, stable and peaceful region comparable to other developed regions of Europe. The enlargement of the EU towards the Balkan countries is seen as a re-unification of both parts of the continent which share the same traditions, values and principles, but have been separated for many years by the historical misfortune of communism, a wrong that should be righted. In July of 1999 the EU developed the most effective tool for the Balkan countries, the Stabilization and Association Process (SAP), which was strengthened at the Thessaloniki Summit in June 2003. It aims to harness the countries of the region into the EU’s enlargement process while promoting and encouraging democracy and economic development. The SAP has created common social, economic and political goals however, evaluation is performed based on the merits of the country. All the countries of the Western Balkans have signed the Stabilization and Association Agreement (SAA) with the EU. The SAP entails;

- the drafting of stabilization and association agreements, with a view to accession to the European Union once the Copenhagen criteria are fulfilled;
- the development of economic and trade relations with the region and within the region;
- the development of the existing economic and financial aid;
- aid for democratization, civil society, education and the development of institutions;
- cooperation in the field of justice and home affairs;

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Western Balkan countries started benefiting from the SAP soon after they agreed to it. Just in 2001 the EU spent 839 million euros securing their economic and political stabilization. In the same year, the EU also began a new financial assistance program called CARDS—Community Assistance for Reconstruction, Democratization and Stabilization of the Balkan countries. There are five Western Balkan countries that benefited from this program until 2006, including Macedonia, Kosovo, Bosnia and Herzegovina, Croatia and Albania. Beside the CARDS and other financial programs, the SAA promised the liberalization of trade between the EU countries and the aspiring Western Balkan states. Thus promoting and transforming the region’s economies from being close economies for decades during the communist regimes to open economies. Since the end of the Balkan wars, the EU has become the main engine of the Western Balkan counties’ convergence and transition to democracy and market economy. However, given that most of the Balkan countries come from tough communist regimes, the region has been struggling to build effective democratic governments and societies. Communist legacies are the main factors for prolonging the Western Balkan membership in the EU. Also some Western Balkan countries still face unresolved problems relating security, and statehood. The EU is ready for the enlargement to each one of these countries as soon as they fulfil the requirements.

Even though each one of the Western Balkan countries has a very interesting historical background and has been influenced by the accession process in various social, political and economic areas, for the purpose of this research study I will pick to discuss in detail the EU’s

117 Vachudova, Milada Anna, “Strategies for Democratization and European Integration in the Balkans,” Ed... Cremona, 2003 pp. 151-152
influence on the development of two particular Western Balkan countries; namely Albania and Macedonia. The EU’s political and economic criteria inspires and facilitates these two aspiring countries to achieve the necessary reforms for the advancement and modernization of their political and economic systems and to come closer to joining the organization.
Chapter III

The Influence of the EU on the Albanian Development

Albania is one of the Balkan countries believing that integration into the European Union (EU) is a great opportunity for European countries to consolidate their democracies, to enhance economic growth, to promote human rights, to improve relations between countries, to resolve conflicts etc. For many years, Albania has been seeking to join the EU. However, unlike other Balkan countries, which have met the EU requirements and joined the EU years ago (i.e., Greece, Bulgaria, Hungary, Romania, etc.) and many others which are very close to joining the Union (i.e., Macedonia, Montenegro, Serbia), Albania is still far from becoming a member of the EU. Although Albanian hasn’t been able to accomplish its European dream yet, the country has made significant progress during the integration process. But in order to better understand why Albania is not a member of the EU yet and why it is currently at a certain stage of integration, one needs to know first the historical background of the country. Thus, I will provide the necessary background history of Albania to begin with, and then I will discuss its relationship with the European Union in detail from the fall of the Albanian Communist regime in 1991 to 2013. I will also analyze and point out the progress that Albania has made through its integration process, and the most effective tools that the EU uses to assist and encourage Albania in fulfilling the EU membership requirements. In turn, the EU requirements and the country’s desire to join EU have significantly shown positive effects in the country’s social, political and economic development. In addition, I will also discuss some main issues that the country has been dealing with, which have been holding the country back from joining the European family.
Albania is a small Southeastern European Country with a population of 3,020,209.\textsuperscript{118} Albania underwent a brutal communist repression, which lasted for nearly half a century-from 1944 to 1991. Communism in Albania, created by the dictator Enver Hoxha, was the most long-lasting Stalinist regimes in Europe and one of the most repressive in the world. Unlike the adoption of Communism in other Eastern European countries, Communism in Albania was “homegrown” and it was established by Enver Hoxha with some help form Yugoslav Communists.\textsuperscript{119} After many years of foreign occupation and interwar period, the communism impoverished the country further in all aspects to an extreme degree. By the mid-1980s, Albania faced serious problems, which came as a consequence of sharp “economic decline, low productivity, pervasive shortages of basic foodstuffs, an ailing infrastructure, and huge subsidies”.\textsuperscript{120} Because of the above factors (and many others) the communist government started to lose the support of the pro-regime intellectuals, the unanimity system started to break, and finally, also influenced by international factors, the Albanian population found the courage to protest against and overthrow the communist regime.\textsuperscript{121} Given that Albania was economically impoverished and lacked a democratic political culture, the country was considered to be one of the least likely in the region to successfully transition to a prosperous and stable democracy.

Since the fall of Communism, Albania has enjoyed over twenty years of democracy, and although the country has struggled coping with the transition challenges, Albania has made considerable progress toward European integration. Yet, the progress of Albania cannot be assessed or judged objectively without first understanding the peculiar effects of the interwar

\textsuperscript{120} Ibid, p. 23.
period and the nearly half a century of extreme Stalinist regime. The cumulative influence of totalitarianism has been a social, cultural, economic and political environment that has significantly slowed down the process of democratization and has complicated the prospects for consolidation. Even though Albania faced numerous challenges during the transition process, the country has by now considerably improved its image and role in the world, especially in Europe. “Albania has become an important factor of security, peace and stability in the region”.\textsuperscript{122}

Albania’s modern history has been remarkable in the country’s standing in the world and also for its people’s identity and culture. Considering that the Balkans is currently politically unstable for there is considerable risk of possible regional conflict, Albania’s successful transition and democratization is of crucial importance to regional stability and peace.

**Albania’s Journey Towards EU Accession.**

Albania has worked hard toward European Union membership, and although it has not become a member yet, the country has fulfilled many membership requirements, which have indeed contributed to its development. Albania started its first diplomatic relations with the EU right after the collapse of communism in 1991, where the EU integrated Albania into the PHARE aid program. Since then the country has received about 1 billion euro in assistance. In 1992 Albania signed a Trade and Cooperation Agreement and a Declaration on Political Dialogue with the EU. In order to assist Albania with its transition from communism, throughout 1990’s, the EU increased major trade preferences to Albania, which supported bilateral trade and enabled the development of stronger commercial connections.\textsuperscript{123} During this time besides trade benefits,


Albania created strong and friendly relations with the advanced countries of the EU. Albania applied for the EU membership in April 2009 and also became a NATO member in the same year. Albania also ensured Visa liberalization for its citizens to travel to the Schengen area since December 2010. After its 2012 report, the European Commission suggested that Albania be granted EU candidate status, as it had completed key procedures in certain areas.  

The EU’s efforts in assisting the Western Balkan countries to move closer to the EU takes place within the Stabilization Association Process (SAP). In 2003, with the recommendation of the European Commission, the European Council launched negotiations for the Stabilization Association Agreement (SAA) with Albania. In order for a country to start negotiating the SAA, it is required first to show sufficient progress in political and economic reforms, which is then observed and assessed by the EU Commission. In June 2006 EU and Albania concluded the Stabilization and Association Agreement (SAA), which is meant to support the country’s economic transition and to strengthen its integration into the EU single market. The SAA established between the Union and Albania states in its Article I that the EU aims:

1. **To support the efforts of Albania to strengthen democracy and the rule of law.**
2. **To contribute to political, economic, and institutional stability in Albania, as well as to the Stabilization of the region.**
3. **To provide an appropriate framework for political relations between parties.**
4. **To support the efforts of Albania to develop its economic and international cooperation, also through the approximation of its legislation to that of the Community.**

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5. To support the efforts of Albania to complete the transition into a functioning market economy to promote harmonious economic relations and development gradually a free trade area between the community and Albania.

6. To foster regional cooperation in all the fields covered by this Agreement.\textsuperscript{125}

As emphasized on the EU membership criteria and on the SAP, democracy, rule of law and human rights are essential for the European Union. The EU is committed to ensure that all human rights, whether they are social, economic, cultural or political are fully respected everywhere, as specified in the Universal Declaration of Human Rights and confirmed by the 1993 World Conference on Human Rights. The EU also seeks to promote the rights of minority, displaced people, women and children.\textsuperscript{126} From 2002, the EU Commission observes closely the political and economic development of the region and submits yearly reports to the Council and Parliament based on the progress achieved by the Western Balkan countries, including Albania.\textsuperscript{127}

**EU’s Principles of Democracy**

The Copenhagen Criteria lists democracy as the first and the most important condition that an EU aspiring country must meet and respect. Membership conditionality is used as the main and the most developing approaches to show the effectiveness of the EU in promoting the reforms toward democracy and market economy in Western Balkans. The EU has been the main and the most influential actor in supporting democratization and providing financial assistance to encourage political change in the Balkans. The importance given to democracy by the EU leaders

\textsuperscript{125} Council of the European Union, “Stabilization and Association Agreement between the European Communities and their Member States, of one part, and the Republic of Albania, of the other part, Brussels, 2006 retrieved on April 10, from \url{http://ec.europa.eu/enlargement/pdf/albania/st08164.06_en.pdf}

\textsuperscript{126} Ibid,

\textsuperscript{127} “EU Delegation to Albania” available at \url{http://eudelegationalbania.wordpress.com/albania-and-eu/}
reflects the idea that it is considered as the main instrument in identifying European political system, and major characteristics for a country that desires to join the EU. Article 6 (1) on the Treaty of the European Union states that “The Union is founded in the principals of liberty, democracy, respect for human rights and fundamental rights, and the rule of law, principals which are common to the Member States.”128 In addition in its Article 11 (1), the Treaty of the EU entails that one of the most important objectives of the EU’s common foreign and security policy should be the development and consolidation of democracy.129

EU leaders believe that EU integration cannot occur with candidates who do not respect democratic principles or hesitate to adequately adapt them. The EU requests high standards of democracy for the countries wishing to join it. From its creation in 1951 only stable democracies have been able to integrate into the EU. The EU leaders believe that democracy is indeed promoted through integration and that for integration to occur democratic governments are needed.130 The process of enlargement, which starts from the time a country meets the pre-accession condition through the membership negotiations, where the candidate adapts the *acquis commun auraire*, has proved to be an effective and unique model for the development of democracy. This model started to develop during the 1990’s when the EU Council set out the membership requirements in Copenhagen for the young democracies of Central and Eastern European countries. The EU Commission plays an important role in measuring the progress of democracy of the aspirant countries through yearly reports. EU’s close observation procedures enable the evaluation of political progress made by candidate countries and encourage politicians to speed up the process

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129 Ibid, p. 14
130 Petrovic, Milenko, *The democratic transition of post-communist Europe: In the shadow of communist differences and uneven Europeanization*, Palgrave Macmillan, 2013, pp. 122-113
of preparing for EU accession and to show better results on the following year’s progress report. The reports also enable the European Council to take the necessary decisions on the conduct of the accession negotiations with the candidates. The EU increases its influence on the countries wishing to join it as it links the progress on accession to progress on meeting membership conditions.

The Influence of the EU on the Democratization Process of Albania

The EU’s Copenhagen political criteria requires the EU aspiring countries to acquire stable institutions guaranteeing democracy, rule of law, human rights, and protection and respect of minorities. In the Thessaloniki Conference in 2003, the enlargement process was considered to be the most effective tool for supporting political and democratic transformation in Albania. Since then the country has moved forward with its new democratic institutions and reforms, which were long impeded by the political legacy of Albanian long lasting and brutal communism. The most important step accomplished by Albania in its efforts to join the EU was the signing of the Stabilization and Association Agreement in 2006 and its entry into force in 2009.

The main goals of this agreement are:

- **To support the effort of Albania to strengthen the democracy and the rule of law.**
- **To contribute to the political, economic and institutional stability, as well as to the stabilization of the region.**
- **To provide an appropriate framework of the political dialogue, allowing the development of close political relations between the Parties.**
- **To support the efforts of Albania to develop its economic and international cooperation, also through the approximation of its legislation to that of the Community.**
To foster regional cooperation in all the fields covered by this agreement.\textsuperscript{131}

According to the EU Commission reports the main challenges still facing the country are respecting full democratic standards, achieving progressive rules and principles comparable to those of EU countries; fighting corruption, fraud and organized crime, improving the implementation of the rule of law through an enhanced judiciary and state administration, and promoting economic growth. However, the framework of the Stabilization and Association process intends to facilitate the Albanian government in addressing these issues through two main instruments, 1) access to frequent political dialogs with the EU leaders regarding further stages in the accession process, 2) financial assistance, provided to Albania through different EU programs. Both of these EU foreign policies are considered major initiatives for Albanian reform development.\textsuperscript{132}

EU’s PHARE and CARDS Financial Assistance to Albania

\textit{We want Albania to be like the whole Europe. European Union has been present in Albania since the early days of transition. It has supported the reform programs of the successive governments aimed at consolidating the rule of law by strengthening the Judicial System and Civil Services, by training the police, helping to create modern and professional state institutions. It has participated in improving the basic infrastructure of the country as well as the population’s living conditions. It has also intervened in a massive}


\textsuperscript{132} Ibid
scale through aid and humanitarian assistance. The grants Albania received between 1991 and 1999 total an amount of one billion euros financed by the Community budget.133

Michel Peretti, Head of European Commission Delegation to Albania.

International assistance and particularly the EU’s, have played a key role in the advancement of democracy, rule of law and economy during the Albanian transition years. The EU assistance to Albania started in 1992 with the PHARE program134 right after the country opened up to the change from a communist regime to the establishment of a democratic government. At the time, Albania needed exclusive international assistance as it remained the poorest in Europe and for almost fifty years had experienced only the power of one party system, and one of the toughest regimes in all communist Europe. The communist regime had totally isolated the country and destroyed the western-educated intellectuals or dissidents.135 There were three PHARE financial programs that one after another supported the development of democratic and economic reforms in Albania, which indeed assisted the country to meet the pre-accession criteria. The PHARE democracy program issued in 1999 supported the introduction of Albanian pluralist democratic procedures and practices and also the rule of law based on the EU’s democratic standards. In particular PHARE democracy contributed to the

1) Acquisition of knowledge and techniques about democratic practices and the rule of law from relevant bodies and professionals in the EC, and

2) The strengthening of local associations and institutions which by their vocation can make a continuing contribution to the promotion of the pluralist democracy.  

In a new democratic country like Albania, the European Community’s goal was to reinforce the freedom of political and economic reforms, which are crucial for the association. Political systems and operative and legitimate public administrations are necessary for successful economic reforms. The PHARE programs, which ended in 2001 when the CARDS assistance program replaced it, funded instruments that promoted the concepts of democracy, strengthened civil society, human rights, rule of law and fundamental freedoms. Through the PHARE programs from 1991 to 2000 the EU provided about 1.2 billion euros to Albania. These EU funds were managed by the Commissions' Directorate General (DG) for External Relations. The following table provides yearly figures for the course of PHARE funding from the EU to Albania.

Starting in 1991 the EU facilitated Albania through other institutions such as ECHD Humanitarian Aid, Food Security (DG DEV), BOP support (DG ECOFIN),OSCE Support to S&A Process, and European Investment Bank. The main areas supported by these EU aid programs are:

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A) **Institutional reform**, which includes strengthening democratic and citizenship practices, restructuring the judicial system, creating an active civil service, collecting key revenues for the state, training police officers and promoting the educational system.

B) **Infrastructure development**, which includes constructing ports and roads, improving water supply and dispersion, building a much better working environment for the public services and protecting the environment.

C) **Food relief and food safety**, in assisting the democratic government cope with the transition, from 1991 to 1992, the EU provide Albania with food aid in an amount of 120 million euros. Food security programs were created to support Albanian structural regulations based on food safety.

D) **Micro-economic support, provided** to Albania in three various procedures, loans through the European Investment Bank, budgetary assistance and fund to the balance of payments.\textsuperscript{138}

In 2000, the EU created a new financial program called “Community Assistance Reconstruction Development and Stabilization” (CARDS) for the Western Balkan countries, including Albania, in order to enable the aspiring countries of the region to participate in the Stabilization and Association Process. CARDS intended to bring a more effective approach to the EU assistance by financing the mechanisms and purposes of the SAP, by providing greater financial resources assigned to the aspiring Balkan countries and by shifting the main areas of funding. It focused on the development of the institutions and reforms that are fundamentally required on the SAP. The EU requires effective implementation of the SAA as a prerequisite for any further evaluation of an aspiring Balkan state’s prospect of accession. Through the CARDS

Source: EU Phare Programme-Fern

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assistance, which was effective until 2006, the EU invested a total of 4.65 billion euros in the development of the Western Balkan countries; concentrating mainly on the subjects that respected the principals of democracy, rule of law, human and minority rights, fundamental freedoms and the application of democratic, economic and institutional reforms. As each country shows more progress toward the accession process, EU assistance focuses more on supporting the institution building and reforms needed to implement the membership requirements of the Stabilization and Association Agreement. There are precondition requirement specified in Article 5 of the CARDS program that a county must meet in order to be eligible for EU assistance.

In 2001, Albania became eligible for the EU’s CARDS financial assistance, where for the period 2001-2006 the country received 278.4 million euros. The EU’s assistance to Albania under the SAP was conditional on further development in meeting the Copenhagen political criteria and showing progress in respecting key areas specified under the European Partnership with Albania. Failure to meet these condition could make the EU restrict its financial support in Albania. The 2001 Albania Country Strategy Paper (CSP) shows a strategic framework of the EU’s fund provided to Albania through the CARDS assistance program. There are six major areas where the EU allocated its assistance:

1) Good Governance and Institution Building, which includes justice and home affairs and received around 40% of the funding. It supported further development of reforms in the policy and judiciary by improving public order, boarder management, fighting

140 Ibid
fraud, corruption and organized crime, and regulating asylum and migration laws. It also supported police assistance mission of the Commission to Albania.

2) **Democratic Stabilization** - about 4% of the CARDS assistance went towards strengthening Albanian civil society and media.

3) **Administrative Capacity Building**, which received nearly 20% of the funding and focused on two important areas, a) overall administrative aptitude was enhanced through the development and improvement of public administration of Albania and its major bodies; b) administrative aptitude was increased in certain areas such as competition and state support, public procurement, customs and taxation.

4) **Economic and Social Development**, which received about 35% of the CARDS assistance and concentrated on local community development, promotion of Albanian higher education system, construction of infrastructure and improvement of investment and trade.

5) **Environment and Social Resources** aimed to improve the monitoring of the pollution indicators, reduce pollution, strengthen the system of environmental monitoring, improve hazardous waste management, provide better management of waste and improve urban and regional planning.

6) **Opening of Community Programs** was issued in 2003 at the Thessaloniki summit by the EU for the Western Balkan countries. In 2004, a Framework Agreement was signed between Albania and the Community, which allowed Albania to participate in Community programs. In 2005, the agreement was ratified by both parties.
Besides the 2001-2006 CARDS assistance, Albania also became a priority country for the European Initiative for Democracy and Human Rights, and also benefited from other aid programs such as 6th Framework Program for Research and Development and the LIFE Environmental Program. 143

The Instrument for Pre-Accession (IPA) in Albania

In order to assist the Western Balkan countries with their path towards joining the EU, in 2007 the European Commission replaced the CARDS program with a more effective fund called the Instrument for Pre-accession Assistance (IPA). 144 Through this program, the EU supports the strategic reforms in the “enlargement countries” with technical and financial aid. It covers not only the candidate countries, but the potential candidates, including Albania as well. The IPA assistance helps the aspiring countries in building up their capacities during the accession process, which influence their development in a positive way. The funds enable the Balkan countries to create and implement democratic political and economic reforms necessary for EU membership. Another IPE advantage is that it prepares the Balkan countries to run programs that enable them to receive exclusive support once they become EU members from funds such as the European Social Fund. The first IPA component, Transition Assistance and Institution Building, ran from 2007 to 2013 and had a budget of about 11.5 billion euros; the second one, Cross-border Cooperation is issued for the period of 2014 to 2020 and runs a budget of 11.7 billion euros. 145

143 European Commission, 2001, pp 7-9
144 European Social Fund, “Albania,” retrieved on April 24, 2014 from http://ec.europa.eu/esf/main.jsp?catId=557&langId=en&preview=cHJldmlld0VtcGxQb3J0YWh
Albania become eligible for both IPA components, which are managed by the EU Delegation in Albania. During the first IPA instrument Albania received about 594 million euros, which includes about 81 million in 2012 and 83 million in 2013. However, as indicated in the graph below, the highest amount allocated to Albania was in 2010 with the enforcement of the Visa Liberalization in the Schengen area for the Albanian citizens. Under the second IPA instrument, Albania participates in the administration and implementation of a number of Western Balkan programs. It also participates in multilateral and transnational programs with the EU member states, such as cross-border cooperation program with Greece, Mediterranean, South East Europe and Adriatic regional program.146

The IPA focuses on:

**Justice / home affairs** – developing Albanian police capacity to fight organized crime and trafficking and control the country's borders. Setting up an independent, efficient and accountable judiciary.

**Public administration reform** – more professional, de-politicized and incorrupt public administration, with transparent, merit-based appointments/promotions.

**Transport** – especially in rural areas: better rural roads, better connected with main national and regional transport routes.

**Environment** – improving conditions in Albanian coastal regions.

Social development – pre-university vocational education & training, and protection of vulnerable groups, especially minorities (Roma, Egyptians).

Agriculture – competitiveness of producers and more capable national policy implementation structures.\textsuperscript{147}

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**Albania IPA Financial Assistance**

\[\text{Transition Assistance and Building} \quad \text{Cross-border Co-operation}\]

Source: European Commission, 2012

**European Union and Albanian Dialogue and Negotiations**

The EU and Albanian political and economic dialogues is essential in that it creates close links of solidarity and new forms of cooperation between the two parties. The European Community established relations with Albania in 1991, right after Albania created a parliamentary republic. EU and Albania have enhanced their cooperation and collaboration mostly through trade and interim agreements, which first started in 1992. Political meetings and negotiations between

the EU and Albanian ministers have been intensive since 2001. Regional integration has made possible for Albania to enter into regional agreements, which helps in improving its regional cooperation through regional institutions and rules. The principles of the agreement on the international relations range from economic to political, as it has generally become a political economy. Through such agreements, Albania has managed to achieve broader social-politic, social-economic and security goals. Some of the advantages of the regional integration include removing all tariffs and other barriers to trade, increasing the free movement of people, goods, capital and labor on the international level, and lowering the possibility of armed conflict in the region.

Since the entry into force of the Stabilization and Association Agreement (SAA), the dialogue and negotiations between EU and Albanian leaders occurs through the joint structures of the SAA. The Stabilization and Association Council’s main function is to administer the application and implementation of the SAA. It meets every year to make general assessment of the implementation of the SAA and reviews any major issue that may affect its application. The Stabilization and Association Parliamentary Committee composes members of the Albanian Parliament and of the European Parliament, and political dialogue at the parliamentary level occurs within its framework. The Visa liberalization dialogue between the EU and Albania has made important progress in Albanian areas of roadmap. The EU Commission consequently came up with a proposal on lifting the visa obligation for the Albanian citizens on May 27, 2010 and it was approved by the European Parliament and Council soon after. In November 2013, a more

148 Johnson, Ailish M. “Albania’s relations with the EU: On the Road to Europe,” Journal of Southern Europe and the Balkans, Volume 3, nr 2, 2001, pp. 173-175
effective tool towards EU-Albania collaboration was established with the launching of the “High Level Dialogue” on key priorities, between the two parties. The High Level Dialogue focuses on the structuring of Albania-EU co-operation and on assisting Albania maintain effort and consensus on EU integration, which increases its chance for further success. The High Level Dialogue takes place between the EU Commissioner for Enlargement and European Neighborhood Policy Stefan Füle and the Albanian Prime Minister Edi Rama. However, independent institutions and the opposition party as well participate actively in the dialogue. During the first High Level Dialogue the leaders examined progress achieved to date regarding reforms against corruption and organized crime, in the rule of law, as well as other democratic actions undertaken by Albania in the past few months and its future plans in each one of the areas.  

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The EU’s Influence on the Economic Development of Albania


Trade plays a crucial role in the EU’s efforts to support the Western Balkan countries in achieving economic prosperity, democratic institutions, peace, stability and freedom, all these essential for their EU membership. Since the fall of the communism in the Western Balkans, the
EU has become the region’s chief trading partner, accounting for nearly 60% of their total trade.\textsuperscript{152} Besides financial and humanitarian assistance, the most effective area of cooperation between EU and Albania is trade relations. The first trade agreement established between Albania and the EU was in 1992, with the entry into force of the Trade and Cooperation Agreement between the two parties. In 1999 their economic cooperation was enhanced when Albania became eligible for Autonomous Trade Preferences from the EU. Since 2000, Albanian products benefit from duty-free access to the EU markets and Albania has profited autonomous trade measures from the EU. The Stabilization and Association Agreement between EU and Albania contributes to the trade relations between the two parties by focusing on liberalization of trade goods, protection of intellectual property and aligning rules of EU practices.\textsuperscript{153} In 2006, the entry into force of the Interim Agreement expanded Albania’s trade with the EU even more. As a result, in 2007 the EU become Albania’s main trade partner, where the country’s trade with the EU reached 74.5% of its total trade.\textsuperscript{154} Development of the market economy through implementation of the EU market principles and liberalizing trade has positively affected and expanded Albania’s trade with the EU countries. The EU still remains the closest and the main trade partner of Albania, representing 94% of its total exports and around 70% of its total imports. Greece and Italy are by far the key trade partners of Albania.\textsuperscript{155} The graph above provided by the European Commission Directorate General for Trade, illustrates the increase in exports and imports between Albania and EU from 2004 to 2013.

\textsuperscript{152} European Commission, “Trade: Countries and Regions, Western Balkans,” retrieved on May, 1, 2014 from \url{http://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans}
\textsuperscript{154} European Commission Enlargement, “EU-Albania Relations,” retrieved on May 1, 2014, from \url{http://ec.europa.eu/enlargement/potential-candidate-countries/albania/eu_albania_relations_en.htm}
Trade plays a very fundamental role in the economic development of a country and economic growth has a direct link with the EU economic accession criteria. An increased trade in goods contributes to Albania’s GDP. As shown in the graph, in 2012 Albania’s exports to the EU were the highest from all years, thus contributing to about 50% in GDP. Albania’s main exports are processed agriculture products, beverages, minerals, metals, and textile and building materials. As a result of intensive trade with the EU countries, before the global financial crises, as shown on the figure below, Albania became one of the fastest growing economies. According the world economic outlook data, during this time the country enjoyed a growth rate of about 6% to 7% yearly, which contributed to the reduction of poverty. Albanian economic growth remains sustained at still about 6% annual growth rate.

![Graph: Growth in Central and Eastern European countries](image)

Source: World Economic Outlook database, International Monetary Fund
Albanian Progress

Albania, persevering with political and economic reforms and already linked to the EU by a Trade and Cooperation Agreement, fully participates in the EU Stabilization and Association Process for the Western Balkan region. This process is bringing very substantial benefits for the country: comprehensive assistance for institution building, infrastructure development, and economic development including for projects with regional dimension, widening trade preferences and political dialogue.  

RT Hon Chris Patten European Commissioner for External Relations.

Enlargement has been one of the EU’s most functional policy tools. The pull of the EU has assisted and encouraged the countries of Central and Eastern Europe transform from totalitarian regimes to functioning democracies. Most recently it has inspired significant reforms in Albania. In general, all European countries benefit from having neighbours that have established stable democratic institutions and prosperous market economies. It is a priority of the EU to ensure a well-managed enlargement process that extends democracy, human rights, rule of law, peace, stability and prosperity all over Europe. After decades of division and conflict this regional organization has peacefully created a more united and prosperous Europe. The EU Commission plays a crucial role in the development of the Western Balkan countries. As it annually reports to the Parliament and the Council on the progress achieved by the Western Balkan countries’ towards the EU integration. It assesses the regions’ efforts in complying with the Copenhagen Criteria and the

conditionality of the Stabilization and Association Process, as well as making further recommendations for future reform development. EU Commission’s annual strategy and progress reports on Albania show that each year the country has made considerable progress and fulfilled many areas of the criteria for membership.

The “Albania: Country Strategy Paper 2007-2013” conducted by the European Commission, emphasizes that after about twenty years of democracy Albania has experienced huge political, institutional and social economic changes, which have indeed changed the country. Its aspiration to one day integrate into the EU and the enormous assistance and encouragement provided to it by the EU member states have transformed Albania from a deeply isolated country, where its constitution denied freedoms and rights and enforced atheism, into a county of political pluralism that has been consolidated. Today, Albania is a democratic country where the rights and freedoms of individuals and minorities are respected and guaranteed; it is a country of full religious freedom and free media. Democracy, human rights and the rule of law are EU’s core values. Albanian economy is already based on free enterprises where about than 85% of its domestic products come from private sectors and as of today per capita income is about 25 times higher than it was in 1992. Albania has also become a key factor of peace, security and stability in the Balkan region. The country’s foreign policy has been achieved through its intensive cooperation and participation in supporting regional and international organizations and programs aiming to build good neighbor relations, as well as to build sincerity, trust, and honesty in the regional and international transaction.157 During the last decade, Albanian economy has been one of the fastest growing economies in Europe. Between 1998 and 2010, it enjoyed an average growth rate of about

6% annually, contributing to rapid poverty reduction. Albanian poverty level fell by more than a half, between 2002 and 2008. As a result, today only 2% of the Albanian population lives in extreme poverty. During the world economic crises, Albania was one of a few country in Europe to maintain economic growth and financial stability.\(^{158}\)

According to the Commission’s reports about Albania, as a potential EU candidate, the country has made progress in the fields of political, economic and legal criteria as it has harmonized its national legislation with the EU standards, coordinated its political structure in alignment with European integration, increased its regional cooperation as well as fulfilled many other membership requirements. In general, Albania has been smoothly implementing its obligations under the Stabilization and Association Agreement (SAA). Last year’s “Albania Progress Report” was part of the 2013 Enlargement Package adapted by the Commission in October. In this report the Commission points out that overall, Albania has shown great progress towards EU integration. Especially, as it has adapted key measures which are important for granting candidate country status. The country took effective steps that indeed improved the effectiveness of prosecutions and investigations in the fight against corruption and organized crime. In 2013 Albania held parliamentary elections that were conducted in a smooth and orderly manner. As a result these achievements, after the assessment of the country the European Commission recommended that Albania be granted EU candidate status.

Political Criteria

According to the Commission’s report, Albania has made further progress in meeting the Copenhagen political criteria for EU membership. During 2013, the government and the opposition had collaborated in adopting a number of crucial legal acts in the Parliament, which include the amended Law on the High Court, the law on Civil Services, and the rules of the Parliament procedure. The report also points out that Albanian government has made significant progress in reforming its public administration, judiciary, improving the fight against corruption, amendments to the Criminal Code addressing human beings trafficking, implementing recommendations against money laundering, increasing seizures of criminal assets, as well as implementing antidiscrimination measures, which enhance protection of human rights. 159 Albania’s effective engagement in regional cooperation still remains crucial for the Balkans and for its EU membership. However, the Commison concludes by indicating that Albania still needs to make additional and persistent efforts necessary to fully satisfy the political criteria. It needs to take further steps regarding democracy and the rule of law as to ensure continuous and closer political dialogue in order to successfully improve and implement reforms. Also, measures to strengthen the judiciary system, fight against organized crime, track record of investigations, convictions, prosecutions and corruption cases need further development. Albania needs to vigorously pursue the reform of public administration, as well as further implement legislative and policy tools concerning human rights. 160


160 Ibid.,
Economic Criteria

When assessing Albanian economic growth, the Commission specifies that the country continues to maintain macroeconomic stability and that it made considerable progress towards achieving a functioning market economy. The Commission claims that Albania is already capable of coping with competitive pressure and market forces within the EU in an average term. It has accelerated structural reforms, which include strengthening the rule of law and property rights, addressing payment arrears, fighting corruption, as well as promoting human capital and developing infrastructure. Furthermore the Commission indicates that Albanian GDP has kept growing due to the fact that in the recent years Albania ensured an increase in its net exports. Even though there was some improvement in the labor market, unemployment remains still high. Albanian banking system needs further progress, while budget deficit and public debt remain still high. Although since democracy in Albanian has been consolidated, the investment and tourism there have grown significantly and Albania has been ranked one of the best places in Europe to invest and visit,\(^\text{161}\) according to the Commission’s report, the county still needs to improve the business and investment environment.\(^\text{162}\) Furthermore, in order for the country to ensure long-term sustainable economic growth, it needs to complement its monetary and stability-oriented fiscal policies with structural reforms.

EU Legislation

The report describes Albania as a potential candidate which has come closer to the EU by making moderate progress in improving its capacity to undertake the membership obligations by


approximating its legislation and principles to the EU. Specifically there is improvement in the areas of freedom, justice and security, as well as public procurement and customs union. However, according to the report, Albania still needs to increase efforts and make further progress in the areas of environment, climate change, energy, intellectual property, law and taxation. Also, continuous efforts are necessary to reinforce the administrative capability for the implementation and enforcement of legislation and to support accountability and transparency.  

Conclusion

Albania’s relations with the EU started in 1991, after the country ended the longest and the most brutal communist regimes in Europe and established a multiparty democracy. Albania’s main goal is to one day become an EU member. The SAA between Albania and the EU entered into force in 2009, under which the country has smoothly implemented the obligations. In 2009 the country took another important step by applying for EU membership. The EU granted free visa for Albanian citizens in 2010 as the county made important progress on fulfilling the conditions on the roadmap of visa liberalization. Since 1991, all successive governments in Albania have been committed to satisfy the economic and political EU criteria for membership, which in turn have significantly contributed to the development of the county. The EU accession process is one of the most fundamental instruments through which the EU affects democratization in Albania. “The prospect of integration with the European Union provides Albania with strong initiatives for continued democratic, economic, and social reforms, and it represents the best prospect for

163 Ibid., p. 18
Albania’s long-term economic and democratic stability.\textsuperscript{165} Throughout the years, the EU has encouraged, pushed and facilitated the Albanian governments in reconstructing and transforming the county. As a result, Albanian democracy and economy have been consolidated and the country is on its right path towards the EU integration. “Important development in the increasing political stability in Albania, have enabled the country to move a closer relationship with the European Union.”\textsuperscript{166} EU economic conditions has enabled Albania to become one of the fastest growing economies in Europe, by liberalize its trade with the most advanced democracies of Europe.

On April 2, 2014 Stefan Fule, Commissioner for Enlargement and European Neighborhood Policy, appreciated Albania’s sustained commitment to EU-related reforms and pointed out key efforts taken by the government in the fight against corruption and organized crime. Fule also encouraged the government to consolidate and intensify the reform momentum so that Albania moves forward the EU agenda. He also said that he is persuaded that “the country has the capacity to tackle its European integration challenges with determination.”\textsuperscript{167} In order for Albania to move to the next stage and open accession negotiations, it needs to meet further key requirements, with specific focus on the rule of law, fundamental rights and administration reform. It is also important that Albanian political dialogue remains constructive and sustainable in order to ensure successful reforms.

\textsuperscript{165} Embassy of United States Tirana-Albania, Testimony of Deputy Assistant Secretary for European and Eurasian Affairs Philip T. Reeker before the Commission on Security & Cooperation, “Democracy in Albania: The Pace of Progress May 6, 2013.


Chapter IV

The Influence of the EU on the development of Macedonia

The Republic of Macedonia, like many other Western Balkan countries, is eager to obtain full EU membership. It was not until 1995 that the former communist Republic of Macedonia established diplomatic relations with the EU. The country deepened its relationships with the EU in 1997 when it concluded the Cooperation Agreement. In 2001 Macedonia succeeded by establishing the Stabilization and Association Agreement with the EU and in 2005 by obtaining the candidate status for EU membership. The achievement of candidate status brought Macedonia to a higher stage in the process of integration. However, even though in 2013 the EU Commission gave it the fifth positive assessment on the progress towards the EU integration progress, a date for opening accession negotiations with the EU has not been set yet. The main reason impeding Macedonia’s starting of EU accession negotiations is the conflict with Greece over name “Macedonia.” 168

In this chapter I will examine the relations between Macedonia and the EU. I will explain and discuss the county’s relations with the EU from its early stages and the influence of the EU accession process on the democratization of Macedonia. Based on the EU Commission’s progress report, I will then point out the progress made by the county in transforming itself from being a new democracy to a consolidated political and economic system. Furthermore, I will analyze the main factors obstructing Macedonia’s EU integration process.

Macedonia’s relations with the EU

Since it freed itself from the suppression of communism under the Federation of Yugoslavia for about four decades, Macedonia has continuously developed political and economic relations with the EU. The benefits form the bilateral relations have been enormous as Macedonia managed to quickly overthrow the communist legacies and became the first county from the Western Balkans to conclude the Stabilization and Association Agreement with the EU. When setting progress towards EU membership as a standard, Macedonia is much closer to become an EU member than Albania as it already gained candidate status in 2005, applied for full membership in 2008 and became eligible for accession talks in 2009. Macedonia has been benefiting from EU funds since 1996. The country’s democratic projects were funded under the PHARE and CARDS programs. Starting in 2007, with the launching of the Instrument for Pre-accession Assistance (IPA), as a candidate country, Macedonia receives funding from all five components of the IPA. From 2007 to 2013 Macedonia has received a total of about 610 million euros. The EU cooperation and funding has facilitated Macedonia to transform its social, politic and economic reforms, which have indeed contributed to the integration process. The Interim Agreement between the parties that covers trade and trade-related aspects was signed in 2001. The EU continues to be the primary trading partner of Macedonia, accounting for about 60% of the country’s total exports, and more than 48% of imports.

170 European Union, Delegation of the European Union to the Former Yugoslav Republic of Macedonia, “Political & Economic Relations” retrieved on May 20, 2014 from
By 2005, Macedonia had gained the most valuable price of its efforts by receiving status as an EU candidate country for membership. After receiving the status of candidate, Macedonia further intensified its dialogue with EU as the Commission follows the implementation of the Agreement and the progress of recommendations from the Accession Partnership, as well as development towards EU membership criteria. As an EU candidate country, Macedonia also benefits from the EU’s National Program for the Adaption of Acquis Communautaire, whose main purpose is to facilitate Macedonia align its legislation with the EU laws. The EU Commission yearly progress reports assert that Macedonia has made considerable progress in addressing the priorities from the Accession Partnership and in meeting the political criteria. According to the progress reports Macedonia has consolidated its democratic system, settled down political party disputes, strengthened human rights reform, and fights organized crime and corruption. As a result, since 2009 the Commission has recommended the opening of membership negotiations with Macedonia. However the country is not a NATO member yet and cannot became an EU member until it has settled down its long disputes over the name “Macedonia” with Greece. ¹⁷¹

When the Federation of Yugoslavia collapsed and Macedonia gained its independence the new leaders and citizens hoped to catch up quickly with the rest of Europe. However, in reality it was more complicated. Macedonia, like most of other post-communist countries, had been for centuries the backwater of Europe. In the new independent country, political and economic systems had to be reconstructed and consolidated in order for it to begin its integration process. The EU has had positive effects in the country’s transition and democratization process, as it has

¹⁷¹ Ibid.,

provided it with initiatives, such as advice on construction of liberal orders and financial support necessary to create and implement successful reforms and to meet EU standards. This chapter examines the EU financial programs applied to Macedonia throughout the years and the diplomatic relations between the two parties in facilitating the country to meet the membership requirements. Though not under communist regime for as long as Albania, Macedonia as well needed extensive EU financial support for the development of social, political and economic reforms.

**EU’s facilitation in the democratization process of Macedonia**

Macedonia together with Albania and other Balkan countries needed a solid and realistic perspective so they could be motivated to carry out important reforms required by the EU during their accession process. As indicated on the Albanian case study, the list of required reforms or Copenhagen Criteria contains many elements of what is called “state building” which includes democratic and stable institutions, rule of law reforms, functioning of a market economy and respect and protection of minority rights. In order for the aspiring countries to meet these requirements, throughout the years the EU has provided them with aid programs for post-conflict recovery and stabilization, financial assistance programs and other programs which aimed to harmonize legislation with EU’s *acquis communautaire*. The EU has also used the regional cooperation requirement as an instrument to strengthen bilateral relations between the Balkan counties, thus paving the road for the promotion of political and economic development and stability.
In 1996, Macedonia started receiving funds under the EU PHARE program, which was followed by the establishment of the Trade and Cooperation Agreement between the two parties. The agreement was based on the PHARE program and it aimed to promote a wide-range of cooperation between Macedonia and EU and to support the country’s economic development, particularly strengthening the market economy, thus also promoting bilateral relations. As specified in the Albanian case study, the main objective of PHARE was to assist the new democracies of the aspiring Western Balkan countries in promoting social and economic cohesion, which contribute to the development of the country and to their efforts towards meeting the membership criteria. From 1996 to 1999, the PHARE program allocated about 105 million euros to Macedonia in assisting the country’s process of social and economic transformation towards a market economy and in strengthening the institutional and administrative capacity of the country. The main areas supported by the PHARE assistance in Macedonia were:

1. **Enterprises and financial sector**—support was provided to the country in drafting new laws that would make economic and financial legislation compatible with that of the EU countries.

2. **Democracy and civil society**—funding was used to strengthen civil society and social network, making it easier for the NGO’s to develop their activities in helping families

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with disabled children or to help social integration of Roman communities; and also for the development of the independent media.

3. **Public administration reform**-funding was used for the development of judicial administration, civil services system, courts, local government, and public financing.

4. **Social sector**-assistance focused on improving the management capability of the Ministry of Labor and Social Policy, so it can be more accountable to the citizens and to help social welfare centers and social institutions in regulating and modernizing their standards and bringing them closer to the EU principles.

5. **Ministry of environment**-it was assisted on revising and preparing legislation, on concentrating on environmental permitting and enforcement, as well as on preparing strategies on environmental awareness raising, data management and communication.

6. **Agriculture sector**-funding was provided to help the country, on livestock, meet the international standards, specifically in relations to animal identification systems and debates, and to strengthen agriculture institutions, legislation, and to create new policies.175

Besides PHARE assistance, during the 1990s Macedonia also benefited from other EU financial programs such as Reconstruction in Former Yugoslavia Program, which aimed to ease the burden of the Kosovo crises, Cross Border Cooperation program with Greece, focused on infrastructure projects, and the European Community Humanitarian office (ECHO), and it assisted Macedonia in providing emergency aid for the Kosovo refugees. The assistance provided to Macedonia through various EU programs enabled the country to speed up its democratization process and bring it closer to the EU membership.176 As a result, the 1999 EU Commission’s report

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175 Ibid., pp, 100, 102-103
176 Ibid., 101
concluded that “taking into account the political and economic reforms undertaken notably in the Cooperation Agreement and relevant community assistance and after reasonable transition periods, depending on the area concerned, Macedonia could be on line with the requirements of the Stabilization and Association Agreement. On these bases the Commission considered it feasible to envisage the opening of negotiations for such agreement.” 177

The impact of the Stabilization and Association Agreement on the stabilization of Macedonia.

Macedonia, like most of Balkan countries, consists of a large number of ethnic minorities-mostly Albanian-about 25 % of total Macedonian population being ethnic Albanians. The relationship between Macedonian people and ethnic Albanians in Macedonia has been a major concern by the international community, including the EU for many years, as it has always been shaky.178 Article 2 (1A) of the EU emphasis that “the Union is founded on the values of respect for human dignity, freedom, democracy, equality the rule of law, and respect for human rights, including the rights of persons belonging to minorities.”179 Given that most of the former Yugoslavian countries consist of ethnic minorities and that their rights were being denied in most of those countries, in 1993 the Copenhagen European Council committed itself not only to the future enlargement, but also to ensure the respect for and the protection of minorities of the EU aspiring countries. One of the three criteria’s requires a country which wishes to join the EU to ensure “stability of institutions guaranteeing democracy, the rule of law, human rights and respect

177 Ibid., p. 97
178 Bumci, Aldo, Macedonia and the Albanians: the confines of ethic politics, Albanian Institute for International studies, 2001, p.17
for and protection of minorities."\textsuperscript{180} In 2001, in order to stabilize the tensions going on in Macedonia between ethnic Albanians and the Macedonian government, where ethnic Albanians demanded political rights and other rights, the EU signed the Stabilization and Association Agreement (SAA) with Macedonia. Thus making Macedonia the first country in the region to sign this agreement and in return demanding the signing of a peace agreement between Macedonian leaders and Albanian leaders in Macedonia. As the author, Ridvan Peshkopia puts it “the EU offered “carrots” to Macedonians when on April 9, 2001, as the crises was exacerbating, the Union invited Macedonia to sign the Association and Stabilization Agreement, even though the country was far from fulfilling any criteria in both stability and association capacity.”\textsuperscript{181} During the conflict, all international actors, including the EU became very concerned about implementing the “Ohrid Framework Agreement,” which was an agreement aiming to settle disputes between the parties and to guarantee full rights for the ethnic Albanians living in Macedonia. \textsuperscript{182} The SAA also enabled the development of reforms that redefined most of Macedonia’s legislation based on principles of multi-ethnicity, while also restructuring it based on EU standards.

Even though the SAA between Macedonia and EU did not enter into force until 2004, its elements regulating trade and trade matters entered into force in 2001 by the Interim Agreement on Trade and Trade-related issues between Macedonia and EU. Besides allowing the EU to intervene actively in resolving the conflict in Macedonia, by convincing the leaders of the conflicting parties to come to an agreement the SAA also aimed to:

• Provide an appropriate framework for political dialogue, allowing the development of close political relations between the Parties.

• Support the efforts of the former Republic of Yugoslavia to develop its economic and international cooperation, also through the approximation of its legislation to that of the Community.

• Promote harmonious economic relations and develop gradually a free trade between the Community and the former Yugoslav Republic of Macedonia.

• Foster regional cooperation in all the fields covered by this agreement.  

Macedonia’s 2004 Stabilization and Association Report acknowledged the reform efforts made by the country, where it states that the situation in Macedonia was very much improved and there was no sign of conflict. Minority rights and their political participation became one the main political motives for reform. A total of 15 articles and the Preamble of the Macedonian Constitution were amended to promote minority rights. The report also highlights other areas were progress was being made such as transformation of administrative and of security sector, governance, rule of law, as well as regional and international cooperation. However, according to the report Macedonia still needed to enhance its reforms regarding economic development, business climate, and competition and property rights.  

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CARDS Financial Program in Macedonia

One of the main instruments in assisting the Balkan countries, including Macedonia, in meeting the Copenhagen Criteria and the Stabilization and Association Agreement requirements was the Community Assistance for Reconstruction, Development and Stabilization (CARDS) Program. Since its independence, Macedonia has been a beneficiary growing EU financial assistance, however the EU funding increased in volume significantly due to the fact that in 2001 the country was experiencing ethnic conflicts. Thus, assistance was directed to conflict management and minority rights. After the Commission monitored and evaluated the past EU assistance to Macedonia, it came to a conclusion that there was a need to adapt the CARDS instrument to reflect the end of the immediate ethnic conflict period and to better assist the country in meeting the SAP goals. As indicated on table 1 below, from 2001 to 2006 the EU allocated a total of about $298.2 million euros to Macedonia through the CARDS program. Around 57 million have been allocated to Macedonian democracy and the rule of law and for justice and home affairs—an area listed under the political criteria-funding reached more than 60 million euros. 185

As shown on table 1, a large amount of CARDS funding was allocated to Macedonia in 2001 as it addressed the country’s need related to the implementation of the Ohrid Framework Agreement, such as enhancing inter-ethnic relations and supporting the administrative capacity of local municipalities. CARDS also focused on Macedonian reform support and institution-building,

185 Peshkopia, 2014, p. 67
which are fundamental for the successful implementation of the Stabilization and Association Agreements (SAA). Other key objectives of the CARDS program were to:

1. Support the process of integration of Former Yugoslav Republic of Macedonia into EU and other international structures.

2. Consolidate democratic institutions and democratic principles and promote the application of the rule of law and good governance.

3. Support the establishment of a functioning market economy which is capable of delivering sustainable economic growth, fostering trade and generating employment.

4. Support the development of social cohesion and social justice while promoting inter-ethnic integration.

5. Encourage regional cooperation.  \(^{186}\)

Table 1. CARDS Programme Allocation for 2000-2006, in € millions

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>33.4</td>
<td>37.5</td>
<td>44.9</td>
<td>46.5</td>
<td>63.5</td>
<td>44.2</td>
<td>45.5</td>
<td>315.5</td>
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<tr>
<td>Bosnia and Herzegovina</td>
<td>90.3</td>
<td>105.2</td>
<td>71.9</td>
<td>63.0</td>
<td>72.0</td>
<td>49.4</td>
<td>51.0</td>
<td>502.8</td>
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<tr>
<td>Croatia</td>
<td>16.8</td>
<td>60.0</td>
<td>59.0</td>
<td>62.0</td>
<td>81.0</td>
<td>-</td>
<td>-</td>
<td>278.8</td>
</tr>
<tr>
<td>FYR Macedonia</td>
<td>13.0</td>
<td>56.2</td>
<td>41.5</td>
<td>43.5</td>
<td>59.0</td>
<td>45.0</td>
<td>40.0</td>
<td>298.2</td>
</tr>
<tr>
<td>Serbia and Montenegro (a)</td>
<td>650.3</td>
<td>385.5</td>
<td>351.6</td>
<td>324.3</td>
<td>307.9</td>
<td>282.5</td>
<td>257.5</td>
<td>2559.8</td>
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<tr>
<td>Interim Civilian Administrations</td>
<td>10.0</td>
<td>24.5</td>
<td>33.0</td>
<td>32.0</td>
<td>35.0</td>
<td>36.0</td>
<td>35.0</td>
<td>128.5</td>
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<tr>
<td>Regional Western Balkans</td>
<td>20.2</td>
<td>20.0</td>
<td>43.5</td>
<td>31.5</td>
<td>23.0</td>
<td>47.9</td>
<td>43.50</td>
<td>229.6</td>
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<tr>
<td>Other (b)</td>
<td>141.5</td>
<td>118.0</td>
<td>11.0</td>
<td>17.0</td>
<td>22.5</td>
<td>19.7</td>
<td>16.1</td>
<td>345.8</td>
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<td>Macro Financial Assistance (Grants) (c)</td>
<td>70.0</td>
<td>120.0</td>
<td>100.0</td>
<td>15.0</td>
<td>16.0</td>
<td>33.0</td>
<td>50.0</td>
<td>404.0</td>
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<tr>
<td>TOTAL Western Balkans</td>
<td>1045.7</td>
<td>926.9</td>
<td>756.4</td>
<td>634.8</td>
<td>679.9</td>
<td>557.7</td>
<td>538.6</td>
<td>5130.2</td>
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<tr>
<td>Croatia, Pre-Accession 2005-6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>105</td>
<td>140</td>
<td>245</td>
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TOTAL including Croatia
2005-6

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<td>5385</td>
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**Note 1:** Figures include assistance from Phare and Obnova where relevant in 2000, and from CARDS 2001 and onwards.

**Note 2:** 2005 budget implementation: Re-use of recoveries from 2004/5, i.e. above budget allocation 2005: 6m for the former Yugoslav Republic of Macedonia, 7.5m for regional programme.

a) Includes the Republic of Serbia, the Republic of Montenegro and the province Kosovo, which is currently under UN administration. Amounts for Serbia in 2002-03 include assistance from Regional Programme for Integrated Border Management destined for the whole of FRY/Serbia and Montenegro. In 2004, 8 Mio. € for that purpose is shown under the regional programme.

b) Until 2001 (incl.): Humanitarian aid, Specific Measures, Rapid Intervention Operations, EIDHR and CFSP. From 2001 (incl.): Administrative costs and the Western Balkans’ contribution to the European Training Foundation.

Source: European Commission 2006

**Macedonia’s process towards achieving EU county candidate status**

The CARDS program enabled Macedonia to successfully implement the SAA and to open the country’s pathway for the next step on the rapprochement process, which is the application for membership. After the submission of the application for membership by a country, based on the Commissions progress reports, the EU Council decides whether or not to grant the applicant country candidate status. The approval is an essential political gesture as it enables the applicant country to use EU assistance in all areas related to the ability of the state to undertake obligation of membership, such as in preparing for the implementation of structural funds. Macedonia submitted its EU membership application in March 2004. After the Commission monitored developments in all areas in Macedonia in its SAA progress report it concluded that the country is well on its way to fulfil the political criteria. The EU accession process has turned the country into a functioning democracy, with established institutions that in general guarantee the rule of law and the respect for fundamental rights. Progress was also made in the implementation of the Ohrid Agreement. Since its entry into force, human rights were respected; Albanians have been gradually integrating into Macedonian political, social and economic structures. The rights of other small
minorities, such as Bosniaks, Serbs, Turks, and Vlachs, were sufficiently respected and protected as well.187

According to the report, all Macedonian political parties had demonstrated solid commitment and significant efforts in reform development, which has shown an integrated multi-ethnic society and the stabilization of the county, as well as creating a positive environment for integration with the EU. Macedonia had also made crucial efforts in aligning its legislation with EU rules, in particular in the areas of domestic market and trade. In addition, the country showed that it had taken necessary steps towards building a functioning market economy. However, much needed to be done to enable Macedonia to handle competitive pressure and market forces within the EU. For the country to reach higher economic growth, it needed to improve its business climate so it could become more attractive to the investors. When presenting the report, Olli Rehn, Commissioner for Enlargement, said: "Only a few years after a major security crisis, the former Yugoslav Republic of Macedonia today is a stable democracy and a functioning multi-ethnic state. This is a remarkable achievement. The country has also made important progress towards European integration. The Commission welcomes this progress and recommends that the Council should grant candidate status to the country."188 As a result in 2005, Macedonia achieved the goal it had been longing for, which was gaining EU candidate country status. From 2006, the country has been assessed through candidate country progress report.189 The EU candidate status is a

189 Llievski, Zoran & Taleski, Dane, “Was the EU’s role conflict management in Macedonia a success?” ed.....Hughes, James, EU Conflict Management, Routledge, 2013. P. 86
political recognition, which strengthens the relationship between the country and the EU on its way towards gaining membership.

**Accession Partnership with Macedonia**

The EU established its partnership, which is a bilateral agreement between the EU and an aspiring country, with each one of the aspiring Western Balkan countries within the framework of the Stabilization and Association Process. The partnerships outline the priority action and the financial structure projected to support the prosperity and stability of the region, so these countries can transform themselves, as well as move forward with their EU integration process. Once a country is recognized as an EU candidate country, it starts benefiting from the accession partnership, which defines the framework of the accession process as follows:

1. **Key priority areas in which candidate countries need to make progress, i.e. priorities identified in the European Commission’s opinion on application for European Union membership.**

2. **Pre-accession assistance.**\(^{190}\)

In addition, the candidate countries establish a national program that aims to adapt the *acquis*, whose framework provides a timetable for driving the partnership into effect. The *acquis* consists of 35 chapters—each one of them covering a particular policy area, designed to fully assist candidate countries for the EU membership. The chapters cover key aspects of EU policy, such as free movement of workers, capital, goods, fundamental rights, as well as economic, foreign and

regional policy. In addition to the adaption of the *acquis*, the candidate countries also launch effective plans to strengthen their administrative and judicial abilities. In 2005 the EU adopted “The Accession Partnership” with Macedonia, which aims to further support Macedonian democratization and assist the country in preparing for future membership. The main purpose of the Accession Partnership is to identify the priority areas in Macedonia that require reforms and efforts. It also provides a basis for targeting the EU’s funds to the country. The Accession Partnership identifies political and economic priority areas which require progress during the accession process by Macedonia in preparation for the opening of negotiations. There were eight priorities that needed to be addressed by the Macedonian government in 1 to 2 years, which include accurate implementation of all obligations carried out under the SAA, reform of public administration and judiciary, improvement in the political dialogue between parties and elections, adaption of the law on anti-corruption and police, as well as improving means supporting business environment and employment policy. Macedonia needed to meet all these key requirements in order for it to show its readiness to assume accession negotiations. The Commission then yearly evaluates the key priorities and presents a report to the Council on Macedonia’s achievements.

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191 EU information Center, Negotiating Chapters, “35 steps Towards European Union,” p.6 printed and published by the EU information center in Belgrade, January 2004.
Pre-Accession Assistance (IPA) and its contribution to democracy, rule of law, human rights and economic development in Macedonia.

Macedonia has received EU financial assistance from its early relations with the organization, which indeed enabled it to speed up its democratization process, show impressive progress reports and come closer to fully fulfil the accession criteria. The Accession Partnership serves as a guide to determine the various areas where funds are distributed, which are based on the identified priorities. EU’s most recent financial assistance for the candidate countries, including Macedonia, and potential candidates, is the “Instrument for Pre-Accession Assistance (IPA),” which was available for the periods 2007-2013. The IPA II came into effect on March 2014 and runs until 2020. The IPA is significantly important as it serves as an EU instrument in supporting reforms in the aspiring countries with financial and technical aid.

EU’s IPA funds are designed to assist the countries in building up their capacities during the accession process, which result in progressive, positive development in the aspiring countries. In particular, the IPA aims to support institution building and the rule of law; administrative and economic reforms; human rights, and social development; regional and cross border cooperation; reconciliation and reconstruction. Through IPA I, from 2007 to 2013, the EU contributed about 11.5 billion euros to the Western Balkan. IPA II, which will continue working on the results already achieved, will dedicate around 11.7 billion euros to the region from 2014 to 2020. Countries that benefit from IPA are Albania, Bosnia, Macedonia, Kosovo, Iceland, Montenegro, Turkey and Serbia. The IPA funds assist the beneficiaries to develop political and economic reforms, which prepare them to meet the membership requirements. Those reforms should lead to

further development of the countries, where the citizens would be provided with better opportunities. However, the IPA assistance is conditional on the beneficiary countries abiding by key mechanisms that direct their relations with the EU, specifically the full development and implementation of required reforms.

All beneficiary candidate and non-candidate countries, including Macedonia are required to fulfill the Copenhagen Criteria and the priorities identified by the Accession Partnership. If they fail to meet these obligations, the Council may suspend or limit the IPA assistance to them. In order for the IPA to be more targeted, effective and show coherent action, the EU set up five components for it, where the funding priorities are defined based on the needs of the recipient country. The first two components apply to all beneficiary countries, while the remaining components are to assist only the candidate countries. The five IPA components include the following:

1. the “support for transition and institution-building” component, aimed at financing capacity-building and institution-building;
2. the “cross-border cooperation” component, aimed at supporting the beneficiary countries in the area of cross-border cooperation between themselves, with the EU Member States or within the framework of cross-border or inter-regional actions.
3. the “regional development” component, aimed at supporting the countries’ preparations for the implementation of the Community’s cohesion policy, and in particular for the European Regional Development Fund and the Cohesion Fund;
4. the “human resources development” component, which concerns preparation for participation in cohesion policy and the European Social Fund;
5. the “rural development” component, which concerns preparation for the common agricultural policy and related policies and for the European Agricultural Fund for Rural Development (EAFRD).194

The IPA assistance replaced EU’s previous financial instruments, where only the CARDS alone allocated around 57 million euros to democracy, the rule of law, human rights, and for justice and home affairs in Macedonia. Under the IPA program the assistance provided to Macedonia has significantly increased. As a candidate country, Macedonia is eligible for all five components of the IPA. The IPA is a very important and effective financial program as it assists Macedonia in carrying out key reforms, which are a requirement for the membership criteria and also essential for the political, economic and social development of the county. The assistance provided to Macedonia allow the county to complete accession related reforms, and helps it in implementing reforms in a quicker and much more effective way than they would have been possible otherwise.195

**The Pre-accession assistance in Macedonia focuses on:**

- Public administration reform
- Justice, home affairs and fundamental rights
- Private sector development
- Agriculture and rural development
- Transport
- Environment and climate change
- Social development196

As indicated on the table below, for the period 2007-2013 the IPA allocated more than 622 million euros to Macedonia through its five components. The IPA’s total amount has been distributed to all five components, however the biggest share, of about 243 million euros, falls under **Component I-Transition and Institution Building**. This component is the most important as it promotes the political and economic criteria by enhancing good governance and the rule of law. There are seven areas in Macedonia that fall under the political criteria and that were supported by the Transition and Institution component. These areas include, reformation of democracy and fundamental rights; implementation of public administration reform; establishment of a more functioning and modern administrative court, strengthening the judiciary branch; creation of an integrated border management; implementation the police reform strategy; promotion of reforms related to economic growth, and the promotion of the participation of civil sector in decision making process.

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IPA financial framework for Macedonia distributed through the five components for the period 2007-2013.

<table>
<thead>
<tr>
<th>IPA Component</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>41,641,613</td>
<td>41,122,001</td>
<td>39,310,500</td>
<td>36,917,068</td>
<td>28,803,410</td>
<td>28,207,479</td>
<td>27,941,228</td>
<td>243,943,299</td>
</tr>
<tr>
<td>II</td>
<td>4,158,387</td>
<td>4,077,999</td>
<td>4,371,501</td>
<td>4,467,526</td>
<td>5,124,876</td>
<td>5,183,375</td>
<td>5,243,041</td>
<td>32,626,703</td>
</tr>
<tr>
<td>III</td>
<td>7,400,000</td>
<td>12,300,000</td>
<td>20,800,000</td>
<td>28,400,000</td>
<td>39,300,000</td>
<td>42,300,000</td>
<td>51,800,000</td>
<td>203,800,000</td>
</tr>
<tr>
<td>IV</td>
<td>3,200,000</td>
<td>6,000,000</td>
<td>7,100,000</td>
<td>8,400,000</td>
<td>8,600,000</td>
<td>10,380,000</td>
<td>11,200,000</td>
<td>55,080,000</td>
</tr>
<tr>
<td>V</td>
<td>2,100,000</td>
<td>6,700,000</td>
<td>10,200,000</td>
<td>12,500,000</td>
<td>16,000,000</td>
<td>19,000,000</td>
<td>21,028,000</td>
<td>87,528,000</td>
</tr>
<tr>
<td>Total</td>
<td>55,500,000</td>
<td>70,200,000</td>
<td>81,782,001</td>
<td>91,684,594</td>
<td>98,023,286</td>
<td>105,070,952</td>
<td>117,212,269</td>
<td>622,478,002</td>
</tr>
</tbody>
</table>


The impact of IPA-Component II-Cross- border cooperation in Macedonia

The cross-board cooperation is one of the most important EU’s integration instruments. The main purpose of the program is to support development in the cross-border zones, by encouraging cooperative activities and cross-border plans, which promote the interconnection and the image of the region; positively influence the social and economic condition of the citizens; and improve the management of natural resources. The EU supports cross-border cooperation and bilateral agreements in the Western Balkans through the IPA’s programs and policies. The IPA Component II-cross-border cooperation, provided Macedonia with about 33 million euros in developing its relations with its neighbors. The implementation of Component II is essential for Macedonia as it assists the country in the development of the bordering area and in resolving its
border issues with its neighbors such as Albania and Bulgaria as well as improving political relations with Greece. As a result, under the IPA component II, Macedonia has maintained good relations with its neighbors through the implementation of the cross-border programs with Albania, Bulgaria, Greece and Kosovo.\textsuperscript{198} The programs enabled Macedonia to further deepen good neighbor policies and increase trade with its neighbors. However, the development of cross-border cooperation program with Greece is more challenging. Even though there have been established social and economic projects between the two countries, the political issue regarding the name “Macedonia” still remains an obstacle in building long term sustainable partnerships, thus making their relations fragile. Regional cooperation is a crucial element of the stabilization and association process, which guides the Western Balkan countries towards EU membership. Therefore, until the name issue is resolved, Macedonia is not considered as a country that has fully satisfied membership requirements.

\textbf{IPA Component III-Regional Development}

For the period 2007-2013, the Regional Development program allocated around 203 million euros in Macedonia by financing the followings areas:

- \textit{transport infrastructure, in particular interconnection and interoperability between national networks, and between national and trans-European networks};
- \textit{environment measures related to waste management, water supply, urban waste water and air quality; rehabilitation of contaminated sites and land; areas related to sustainable energy};

operations which enhance regional competitiveness and a productive environment, and encourage creation and safeguarding of sustainable employment.

In order for the Component III to be more effective and meet the priorities in Macedonia, an operative structure as a collection of bodies was established, which includes the head of Operating Structure, a department within the Ministry of Finance called the Central Financing and Contracting Department (CFCD); departments within the Ministries of Environment, Communication and Transport and the Project Implementation Unit (PIU) within the State Roads Agency. All these institutions together act collectively and they are responsible for the management and implementation of the Operational Program for Regional Development (OPRD). The Regional Development program in Macedonia allocated the biggest support to the transport sector, where about 60% of its total funds focused on the reconstruction and modernization of major highways and roads, which are significantly essential for the social and economic development of the country.

IPA Component IV-Human Resources development in Macedonia

The IPA human resources development component allocated more than 55 million euros in Macedonia for the period 2007-2013. Its main objective is to increase the development of human resources, especially by improving the quality and quantity of human capital, which leads to more and better employment opportunities, and increased development and higher international competitiveness of the country. The other important aim of the program is to facilitate the “country to develop and enhance the administrative capacity for management, implementation, monitoring,
and control of European social fund.” The human resources component in Macedonia identifies four specific priorities to be approached:

1. Employment—the goal is to attract and retain more people in the employment sector by improving and modernizing the Employment Agency services and to develop and implement methods that enhance the labor market functioning.

2. Education and training—the main purpose is to increase investment in human capital thus promoting education and training. The improvement and modernization of education and training provides population with knowledge and skills necessary to meet the labor market needs. The program also aims to provide ethnic communities with education opportunities.

3. Social inclusion—the aim is to promote the inclusion labor market which favors integration of disadvantaged people by training the staff involved in this field and by strengthening the ability of civil society such as NGO’s and social partners to provide assistance to social inclusion.

4. Technical assistance—the main goal is to facilitate Macedonia in achieving proper implementation, monitoring, assessment and management of the European Social Funds.

The Human Resources Development overall strategy is to facilitate Macedonia in policy development and in the implementation and management of the EU’s Cohesion Policy. The main

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objectives of the Cohesion policy are to increase economic growth and to encourage the innovation and creation of a bigger and better labor market.

IPA Component V-Rural Development in Macedonia

For the period 2007-2013, the EU allocated a total amount of about 87 million euros to the Macedonian rural area through the rural development component. The program is administrated by the Macedonian Ministry of Agriculture, Forestry and Water Economy. The overall objective of Component V in Macedonia is to strengthen the development of rural area and agriculture sector and to support the implementation of the Common Agriculture Policy in compliance with EU standards, as well as to promote economic growth in rural areas. This component aims to promote the market effectiveness, quality and health standards and to create new and better employment opportunities in the rural areas. According to statistics about half of the population in Macedonia lives in rural area, thus rural area development is significantly important. Agriculture plays an essential role in terms of employment and economic growth in the country. The assistance provided to the agricultural sector focuses in reconstruction and upgrading of the sector, therefore opening new job opportunities, boosting economic growth and increasing competitiveness of the country in the region.\(^{201}\) According to the framework of the component the principle areas programed under the agriculture and rural development program concern the following:

1. To increase market productivity and to assist Macedonia in implementing the EU standards related to environmental protection, occupancy safety, animal welfare as well as public health, animal and plant health.

2. To support the country in further development of rural economy through building various enterprises in the rural area.

3. To introduce and strengthen measures for the implementation of agri-environmental policies and rural development strategies. 202

The rural development component has significantly transformed the rural area in Macedonia and according to reports agriculture has become one of the country’s most productive industries. The agriculture sector is on its way of modernization and the county is gradually coming closer to the implementation of EU acquis concerning Common Agriculture policy and relevant standards.

The Instrument for Pre-accession Assistance (2014-2020)

The IPA I ended in December 2013 and it was replaced in March 2014 by IPA II, which runs until 2020. IPA II is EU’s main financial instrument for facilitating the beneficiary countries in implementing reforms related to EU membership. For the period 2014-2020, IPA II has a budget of 11.7 billion euros 203 and it aims to pursue four key objectives, including 1) assistance for more and better political reforms, 2) assistance for social, economic and territorial development, 3) support to strengthen the capacity of the countries to fulfil the requirements stemming from membership in the EU by promoting progressive alignment with the EU acquis, and 4) support to strengthen territorial cooperation and regional integration. In order to increase the influence of the

202 Ibid
financial assistance provided by the EU for the 2013-2020 period, funding will focus on areas where investment and progressive reforms are most needed to meet the requirements, therefore resulting in progressive, positive developments in the EU aspiring countries. *Macedonia: Country Strategy Paper* lists the key priorities for IPA II for the period 2014-2020 to support the county on its way to EU accession. IPA II in Macedonia targets reforms within the framework of pre-defined sectors by IPA I. These sectors cover areas associated to the accession criteria such as democracy and governance, rule of law and fundamental rights, growth and competitiveness.  

The National Strategy for the EU integration shows a general overview for integration of Macedonia into the EU. The National Program for the Adaption of the Acquis (NPAA) is the main national document reflecting the major priorities of the Union’s integration process. The NPAA consists of important plans that harmonize Macedonian legislation with the EU legislation and the necessary institutional structures for the implementation of the legislation. It also identifies a number of measures, in short and long term, to be taken by the Macedonian government regarding the political, economic and policy criteria for the EU membership. These measures are related to public governance, economic development, rule of law, human rights, environment, agriculture, transport, employment and social policy. In order to address the issues related to the areas listed, the EU established relevant national strategies, indicating the policy objectives, available budget and action plans. These strategies include Public Administration reform Strategy, (2010-15); National Action Plan for Implementation of the Penitentiary system reforms, (09-2014); National Strategy for Agriculture and Rural Development (2007-13); Strategy of the Reform of the Criminal Legislation (2007-2011); National Strategy for Poverty Reduction and Social Inclusion, (2010-2014).

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2020); National Transport Strategy, National Employment Strategy, (2007-17) and National
Strategy for Sustainable Development (2008-20). Each one of these strategies are planned to
finance and develop a particular sector bringing it up to the same level as those in the EU countries.

Macedonian progress as a result of EU financial and technical assistance.

The Former Yugoslav Republic of Macedonia Country Strategy Paper 2014-2020,
indicates that since the county became independent in 1991, it has experienced a significant
transformation process towards a functioning democracy and a market economy. Since 2001,
Macedonian government has been working intensively on consolidating the democracy,
establishing a functioning market economy and meeting EU’s membership criteria. The encourage
and push for economic reforms related to the accession criteria, free trade agreements with EU and
other countries and regional integration has a positive effect in the development of the country. As
a result, the Macedonian GDP grew from 3.8 billion in 2001 to 7.8 billion by 2011. Today,
Macedonia is a member of the Central European Free Trade Agreement (CEFTA), World Trade
Organization (WTO), International Monetary Fund (IMF), and World Bank (WB). 205 The 2013
Macedonia Progress Report emphasizes that the county continues to adequately fulfill the political
and economic criteria. Macedonia was the first county in the region to sign the Stabilization and
Association Agreement with EU and it has managed to gain its candidate status since 2005. Visa
liberalization for Macedonian citizens to travel to the Schengen areas has been in force since 2009.
The decision to grant free visa for the Macedonian citizens was based on substantial progress in
reforms intended to align with acquis of the EU in the areas of freedom, justice and security.
Macedonia has been sufficiently implementing its commitments under the SAA with the EU.

205 Ibid.,
Political and economic dialogue between the country and the EU takes place regularly under the SAA structure. As a result of all these achievements and others, starting in its 2009 Macedonia Progress Report, the EU “Commission made recommendations to the Council to open negotiation with the country and to move to the second phrase of SAA implementations. These recommendations were reiterated in 2010, 2011, 2012, and 2013. The Council has not decided yet on the Commission’s proposals.” Macedoniam also participates in a number profitable EU programs such as, The Seventh Research Framework Program, Customs 2013, The Intelligence Energy Europe Program, Europe for Citizens, Competitiveness for Innovation Program, Fiscalis 2013, Culture and Progress Program. Macedonia also participates in a number profitable EU programs such as the Seventh Research Framework Program, Customs 2013, The Intelligence Energy Europe Program, and Europe for Citizens, Competitiveness for Innovation Program, Fiscalis 2013, Culture and Progress Program.

Political Criteria

This section discusses the progress made my Macedonia towards meeting the EU political criteria, which requires stable institutions guaranteeing democracy, rule of law, human rights, and respect for and protection of minorities. It also covers areas such as regional cooperation, stable relations with enlargement countries with EU member states, and compliance with international obligations, including cooperation with the International Criminal Tribunal for the Former Yugoslavia. The High Level Accession Dialogue, which was launched in March 2012 between

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207 Ibid.,
Macedonia and EU Commission continues to effectively drive reforms and contribute to progress in many key political areas. Some of these areas include reforming public administration, strengthening the rule of law and fundamental rights, protecting freedom of expression on the media, supporting the electoral reform and developing the market economy. According to the Commission’s yearly progress reports on Macedonia, the country continues to successfully fulfil the political critical for EU membership. The 2013 Macedonian Municipal elections were observed and evaluated by the OSCE/ODIHR as proficiently and efficiently held. The Government coalition continues to be stable and there is effective dialogue and cooperation between the coalition parties. The government also continues its commitments to the EU accession process mostly through the High Level Accession Dialogue and the implementation of the reforms required for EU membership.208

Macedonia’s 2013 progress report underlines the progress that the country made by completing its bulk of judicial reforms. Progress was made on fighting corruption with the establishment of inclusive data on the anti-corruption enforcement track-record. The legal framework in the area of the fight against organized crime has been in place with the establishment of a new law on Criminal Procedures, which entered into force at the end of 2013. The report shows that slight progress was made on freedom of expression by media and Commission recommends further progress. Improvements were shown regarding the administrative procedures with new policies setting out the main objectives of the new laws. The State Audit Office has as well been regularly supporting the public administration reforms, which indeed have improved the lives of the citizens. Work has also continued on the new legislative framework regarding public employment concerns and protection. Citizen’s rights have been protected by the Office of

208 Ibid., pp. 5-9
Ombudsman as this office only in 2012 has taken care of about 5220 complaints most of them regarding pensions and disability insurance and consumer, property and social rights. The Macedonian government has made significant progress in implementing the second strategy (2012-17) and action plan related to cooperation with civil society organizations. Considerable progress was made in regional cooperation as the county intensively participates in all regional initiatives and generally maintains good relations with other enlargement countries. The County also continues to effectively cooperate with the International Criminal Tribunal for the Former Yugoslavia (ICTFY). 209

Economic Criteria

According to Commission’s 2013 progress report, Macedonian economy continues to be well advanced and in many areas it has shown repaid progress towards transforming into a functioning market economy. The economic development is significantly essential for Macedonia as the Copenhagen economic criteria requires the countries seeking to gain EU membership to develop a functioning market economy and to be able to cope with competitive pressure and market forces within the EU. Even though in 2012 the Macedonian economic activity stagnated, in 2013 economic growth resumed, GDP growth reached almost 4.00%, compared to that of a year earlier. The Pre-accession Economic Program covering the period 2013-2015 was submitted during the first half of 2013. 210 The program is important as it outlines the main economic, fiscal and structural strategies as well as planned reform measures. According to the report, like in every other democratic county, the Macedonian economy is for the most part driven by the private sector, with a limited role of state. For the year 2013, there was an increase in the private ownership.

209 Ibid., pp. 10-13
210 Ibid., pp. 14-19
Progress was made in improving the business environment with the government’s simplification of business registration and operation, as it established mechanisms such as one-stop shop system for domestic and foreign investors. The country’s legal system for a functioning market economy was strengthened for the most part and the fiscal sector remains stable. As of 2013, Macedonian trade integration with the EU countries was more advanced as about 73% of the country’s exports were destined to the EU, compared to around 65% in 2012.\footnote{Ibid., pp. 20-21} In the recent decades, as Macedonia worked towards reaching the economic criteria, it significantly showed economic development and growth, which have indeed positively influenced the lives of its citizens.

EU legislation.

The institutional criteria consists of a number of policies and measures that establish the acquis of the EU, which a candidate county, like Macedonia must adapt, implement and enforce before gaining membership. This requires the candidate country to build administrative capability to transform the European Community legislation into its national law, as well as to be able to implement it and to efficiently enforce it through its appropriate governmental institutions.\footnote{European Commission, “Economic and Financial Affairs,” retrieved on June 22, 2014 from http://ec.europa.eu/economy_finance/international/enlargement/criteria/index_en.htm} This section discusses Macedonia’s capability to take on EU obligations for membership, ‘that is the acquis as expressed in Treaties, the secondary legislation and the policies of the Union.’\footnote{Former Yugoslav Republic of Macedonia, 2013 Progress Report.} It also talks about Macedonia’s administrative ability to adapt the acquis, which consists of 33 chapters. According to the Commission’s report Macedonia has taken further progressive steps to improve its capability to take on obligations for membership. In general, the country has already succeeded in achieving a high level of alignment with the acquis, which enables it to move on to the next step
in the accession process. Macedonia continues to maintain deep and close cooperation with EU leaders in all areas of the acquis, focusing on the administrative ability and coordination instruments within the country’s administration system to ensure effective implementation. Macedonia also is doing well on fulfilling its obligations under the SAA. The report shows that the county has achieved a significant level of legislative alignment with the acquis in the areas of justice and home affairs, external boarders and Schengen, capital movement, company law and postal services.

However, the report points out that on public administration reforms, more efforts are need to be taken for the proper implementation of principles of transparency, equitable representation and merits. Also on social policy and employment, the enforcement of effective policies on those areas is needed to attain an inclusive and successful labor market. The EU continues to encourage Macedonia to complete the required reforms intended to improve the rule of law, promote the independence of the judiciary, protect freedom of expression, strengthen ant-corruption effort and improve minority rights.

**Macedonia’s obstruction to start accession negotiations.**

The name dispute with Greece, which dates back since 1991 when Macedonia became independent from the Former Yugoslavia continues to impede the county from succeeding on its way towards EU integration. Greece continuously insists that the use of “Macedonia” should refer only to its on province of the same name and though the years has pressed Macedonia to adapt “The Former Yugoslav Republic of Macedonia” as its international name.\(^{214}\) “Greece alleged that

Macedonia has no right to call itself because Macedonia has been, still is, a region of Greece."^215 Meanwhile Macedonia, refuses make changes to the name of its republic, claiming that after its independence it was recognized by a dozen countries. However, it was not until 1993 that Macedonia became a United Nations member as Macedonia.^216 EU leaders repeatedly encourage Macedonia to come up with a solution regarding the name issue. As Commissioner Fule puts it “good neighbourly relations remain an essential part of the enlargement process, and working out compromises on contested issues is the best way to enhance regional cooperation”^217 Although efforts have been taken by the international community including the UN in relation to the name issue, it remains unresolved. According to the 2013 Macedonia progress report, formal talks over the name issue between the leaders of both parties were led by the UN’s Secretary General’s Personal Envoy Mathew Nimetz in the capitals of both conflicting countries and in New York in September of last year. However, until today no progress has been made on resolving the name issue. Macedonia’s road to EU membership has been hampered by the continuing conflict over its name.

**Conclusion**

For about ten years now Macedonia is a candidate country for EU membership, however it has not started the accession negotiations yet. The country’s endeavors to join the big family of the EU and the financial assistance allocated to it have been continuous throughout the years, as a result significant political and economic transformations have taken place. The accession towards the EU also promoted minority rights in Macedonia and enabled the country to settle a major ethnic

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^216 Ibid.,
conflict in 2001; where the “Macedonian state recognized Albanian as a second national language, agreed to a stronger representation of Albanians in public positions and to decentralization reforms. As a result of this achievement and the promotion and strengthening of other key reforms necessary for the accession, the county became the first one in Western Balkans to sign the Stabilization and Association Agreement with the EU. Moreover, Macedonia has reached a high level of harmonization of its legislation with EU acquis. Its relations with the EU are vigorous and well developed, internal structure for promoting the accession process is well administered and functioning. Macedonia’s fulfilment of Copenhagen Criteria for membership and its willingness to open negotiations for accession, have been confirmed by the Commission in five consecutive progress reports. The EU Parliament continuously calls upon the EU Council to approve a decision to open negotiations for accession. However, because of “Macedonia” name dispute with Greece, setting a date to start accession negotiations has been constantly delayed. In February 2014, Commissioner Stefan Fule said “I strongly believe that the opening of accession negotiations would consolidate the necessary reforms and ensure their sustainability. I am grateful for the European Parliament's continued support for the Commission's recommendation. Without a clear European Union prospect there are serious risks of backsliding.” It remains that only progress on the name issue can keep hopes alive for Macedonian EU members.

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Chapter V

Conclusion of the thesis

The EU is a regional organization aiming to achieve peace and prosperity in the entire European continent. From its creation the EU has managed to bring under the same umbrella 28 European countries. The prospect of Western Balkan countries joining the EU was first expressed in 2000 at the European Council in Feria, where the EU “recognized the countries as potential candidates for EU membership.”\textsuperscript{220} The EU’s efforts in assisting the Western Balkan countries with their reforms and to move closer to the EU takes place within the SAP. However, even though the countries of the region have been largely transformed, Western Balkans remain with the fewest states being EU members; with only Croatia, a post-communist country, gaining membership in 2013.\textsuperscript{221} The main reason why most of the Western Balkan countries are not part of the EU yet is first related to their communist legacies and second to the EU’s tougher membership conditions set for Eastern European countries.

\textit{The conditions set at Copenhagen in 1993 go beyond those for any previous applicant, stating that not only do prospective members have to take on the ‘obligations of membership’- i.e. the acquis communautaire- but they also have to have ‘a functioning market economy’, and ‘the capacity to cope with competitive pressure and market forces within the EU,’ as well as ‘stability}

of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities.’

In addition to the Copenhagen Criteria, the Western Balkan countries are also required to meet the Stabilization and Association process obligations, which include “full cooperation with the ICTY, respect for human and minority rights, the creation of real opportunities for refugees and internally displaced persons to return and visible commitment to regional cooperation.” The accession toward the EU requires the fulfilment of all the above conditions before an aspiring country can become eligible for full EU membership. When aspiring countries go through the accession process the outcome is always positive, as they also receive tremendous EU funding intended to facilitate them in meeting the membership criteria. “Aid and technical assistance belong to the mechanisms of Europeanization that the EU uses in transferring the applicant countries’ principles, norms and rules, as well as in shaping their institutional and administrative structures.” EU’s technical and financial assistance has been offered since 1990’s through a number of different instruments for the reconstruction, development and transformation of Western Balkan countries.

Over the last decades, the EU has shown that regional integration is an effective way to achieve peace, prosperity, and security even in the less industrialized states of Europe such as those of Western Balkans. “The preparation of the countries of the Western Balkans for integration into European structures is a major priority of the European Union. The unification of Europe will not

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224 Ibid., p. 113
225 Ibid., p. 80

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be complete until these countries join the European Union.”\textsuperscript{226} The EU is considered the most influential and successful international actor in promoting democracy and economic development in post-communist countries. Since the collapse of communist regimes, the EU accession process has greatly contributed to the development of Western Balkan countries. As a result, most of these countries, including Albania and Macedonia, have transformed; as they have made real progress in building democratic institutions, improving economic development and promoting regional cooperation. “The prospect of accession and full integration of the Western Balkan countries in the EU have played an important role in political, economic and social stabilization by softening the effects of internal conflict and systematic transformations.”\textsuperscript{227} The membership incentives together with conditionality have also played an important role in ethnic and minority issues in Estonia, Latvia, Macedonia, Romania and Slovakia.\textsuperscript{228} The accession process has brought the Western Balkan countries closer to joining the EU and today they are at different stages of integration.

This thesis showed that the EU membership criteria positively influence social, political, cultural and economic development in the aspiring countries, particularly in Albania and Macedonia. Both countries have been greatly influenced by the membership criteria. However, Macedonia is ahead of Albania in the EU integration process as it has been a candidate county since 2005. Whereas Albania is accepted to become a candidate soon, possibly during 2014. Macedonia become the first country in the Western Balkans to sign the SAA and applied for EU membership in 2004. As these aspiring countries meet the requirements, they reconstruct and transform their political and economic developments. Though Albania did not sign the SAA with

\begin{footnotes}[226] Commission of the European Communities, 2003. \\
\textsuperscript{227} Sela & Shabani, 2011, p. 37 \\
\textsuperscript{228} Braniff, 2011, p. 4 \end{footnotes}
the EU until 2003 and it applied for EU membership in 2009. As required by the EU membership standards, Albania maintains good relations with all of its neighbors as well as with EU states and other world countries. However, Macedonia has been in conflict with Greece over its name issue since it became independent in 1991 and the country needs to resolve this issue in order to join the EU.

Since 1990’s, Albania and Macedonia have been positively affected by the EU accession process as their democracies and economies have been consolidated and they are on the right path to joining the EU. The EU’s influence in the democratization of Albania and Macedonia was noticed during the establishment of constitutional reforms in both countries. Even though the EU did not impose a real conditionality in Albania, it supported the country in establishing a democratic constitution that would meet the EU conditionality during the accession process and would show progress toward further integration, leading to eventual membership to the Union.\textsuperscript{229} However, after the ethnic conflict that occurred in Macedonia in 2001, the EU become very interested in constitutional reforms in the country. The EU played “sticks” as it required amendment to constitution favoring minority rights and transforming Macedonia into a stable democracy and “carrots” as it offered the country the signing of the SAA and financial assistance through the CARDS program.\textsuperscript{230}

EU’s political and economic conditionality together with financial resources has positively influenced democratic institutions and policies in Albania and Macedonia. According to the country strategy papers and progress reports, both of the countries have shown progress in advancing their democratic institutions, which guarantee free and fair elections, the rule of law,

\begin{footnotesize}
\begin{enumerate}
\item Peshkopia, Ridvan, 2014, p. 45
\item Ibid., p. 80-85
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fight against organized crime and corruption, protection of minority rights, particularly for Roma population, regional cooperation and trade liberalization. Nevertheless, neither Albania nor Macedonia are capable of accomplishing the big dream of becoming part of the European family any time soon because they have not been able to fully meet the EU membership criteria. The two countries, with the technical and financial assistance of the EU, are continuously working on various political, economic and other issues, which have been impeding their journey to the EU.
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