Kosovo and the changes in the EU of 2014
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Introduction

2014 marked an extraordinary moment in the development of the European Union, with huge changes, which will in great measure determine the mid-term future of the EU. The first changes were those at the political level. The elections for members of the European Parliament have already brought a change in the appearance of this EU institution. A number of MEPs who were focused on enlargement in the past are no longer part of the new European Parliament. Meanwhile there has been a growth in the number of those who are sceptical about the enlargement of the EU. Likewise, new European Parliament commissions and delegations have been formed. Changes in the European Commission composition followed after these elections. Following consultation with member states, the new President, with a five-year term, and the College of Commissioners, will set out a new action plan and the priorities for the next five years. From the make-up of this Commission and the allocation of resources it will be possible to identify key EU policies. Meanwhile, a new President of the Council of the European Union has been elected with a mandate till 2017.

These changes will also have an impact on the EU’s approach to the policy of enlargement in general and in the Western Balkans in particular. Until now the EU has seen Kosovo as an issue related to the policy of enlargement, but also as an issue of joint foreign and security policy. With the end of the Stabilisation and Association negotiations, a natural evolution would be Kosovo’s progress to candidate status. However, many challenges remain for this, the most significant of which is the lack of recognition by some EU member states. Over the next five years it is expected that there will be a continuation of a certain lack of clarity and certainty in the EU’s attitude to Kosovo in the efforts to achieve the aims of helping Kosovo’s development on the one hand and, on the other, maintaining minimal consensus between member states regarding Kosovo.

Can we expect that over these five years there will be a dramatic change in the EU in formally opening the doors for the integration of Kosovo, or that the EU will continue with improvisations because Kosovo cannot be treated as a sovereign and independent state? Dramatic changes, which would be one way to describe recognition from all member states, will come only from a significant commitment from the main political actors in the EU. However, at the same time, there is the question of whether such commitment is possible at a time when EU enlargement is not expected to be one of the priorities of the new structures of EU leadership.
The beginning of the implementation of the financial framework for 2014-2020 marks another change in the life of the EU. The EU budget for 2014 is the first to be set in this financial context while this framework has changed the budget priorities. From this framework there has once again been an allocation of a considerable sum for the EU enlargement process, including for development aid to Kosovo. However, it is expected that the Balkan countries will focus their state policies as well as the strategy for using these resources in accordance with EU priorities, always within the 2020 strategy, which is implemented through the European semester.

Does Kosovo have the administrative capacity to use the resources which are at its disposal from the EU? And will it have sufficient projects? This is a key question given that resources in the form of direct financial aid will continue to reduce, while there will be ever more financing of projects considered to be good by the tough criteria of the EU.

2014 was also a year of changes in the region and in the relationships between the European Union and various countries in the region. Serbia began membership negotiations, while Albania received candidate status in June. Kosovo concluded negotiations for the Stabilisation and Association Agreement and initialled its text in summer 2014. All of these achievements were thanks to improvements in regional collaboration. Challenges in the coming period will be to increase regional collaboration, which is a condition arising from the Stabilisation and Association process, and to make use of the vision of EU membership as an incentive for regional collaboration. This will be particularly important for the normalisation of the relationship between Kosovo and Serbia. How much can Serbia progress in the process of membership negotiations if she has no further progress in the process of normalising relationships with Kosovo, which will lead to some kind of recognition before Serbia’s accession to the EU?

2014 also brought dramatic changes in international relations in relation to Europe. With its policy on Ukraine, Russia caused significant damage to its relationships with the EU and NATO, undoing the great progress made during twenty years of partnership. The partnership between Russia and the West was also key in the international community’s policy towards the Balkans. Given the considerable influence that Russia has in the Balkans, particularly with Serbia and the ethnic groups of Republika Srpska in Bosnia and Herzegovina, the escalation of the relationship between Moscow and Brussels could have consequences in the Balkans too.
A positive change which took place in the EU in 2014 was coming out of recession and the beginning of an economic growth. Though still symbolic, the growth cannot be considered sustainable yet. If this becomes reflected in the reduction of unemployment in some EU countries then it might also have the effect of reducing resistance to European Union enlargement. An easing of this kind would create more opportunity for the continuation of the enlargement process.

Over the rest of this study we will attempt to set out in more detail the challenges mentioned above and, in particular, how Kosovo might face them.
I. The new composition of the European Parliament and Kosovo – there is no doubt about support

On 25 May the European electoral process concluded in the 28 member states. 751 MEPs were elected to represent citizens in this EU institution for a five-year term. These elections demonstrated the EU’s new reality and their results were evidence of the great differences which exist not only in the positions of the member states, but also between their societies themselves, as well as their political orientation. The results of the elections were analysed in a range of ways: in some places they were called the ‘continuation of European policy’, in other places as ‘the complete lack of voter interest in Europe’ and in some countries considered to be very important they were described as ‘a political earthquake’.

The European elections should be seen through two prisms: one being the joint European point of view, and the other a national lens. Such an approach is essential in analysis of their results in order to understand the extent of the influence on EU policies in the future, and in particular the attitude to enlargement.

Seen through the eyes of the leaders of EU institutions, i.e. through the Brussels prism, the elections can be seen to be extremely positive. First, for the first time in these elections, there was an end to the trend of declining voter turn-out. On the other hand, voter turnout demonstrated a significant difference in the interest in these elections and in general for the EU and general European subjects shown by voters in different EU countries. Leaving aside Belgium and Luxemburg, where turnout was 90%, a gap can be seen between the new members from Eastern Europe and the ‘old’ members (voter turnout was high in Italy, Germany, Belgium and France, but very low in Slovakia, Slovenia, and Croatia) of Western Europe. In the majority of old member states, turnout was above the EU average, while the new member states had less than 25%, with the smallest being seen in Slovakia where only 13% of citizens with the right to vote turned out to do so.

The other positive element arising from the European election results is the fact that more than 80% of the MEPs who won seats in the European Parliament are from pro-European

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1 The French Prime Minister, Manuel Valls, used the term ‘political earthquake’ to describe the results of the European elections in France, where the National Front, an extreme right party, won.
2 In the 1979 elections, voter turnout across the EU was 61% and has fallen each time until the turnout of 43% in the 2009 elections. Even though the increase was only 0.09%, the 2014 elections with a turnout of 43.09% at least stopped the declining trend.
3 In Belgium and Luxemburg there is a legal requirement to vote and this is not only a civic, but also a legal obligation. Failing to vote is penalised with a fine. Voter turnout is therefore always high.
parties. Four or five of the first political groups, going by the number of seats in the new European Parliament come from centrist parties (whether from the right or the left) meaning that the existence of the European Union is not in doubt, and nor is its policy of enlargement. Given this fact, it is plausible that Kosovo will continue to benefit from the support of the European Parliament for the next five years.

The extreme left parties are not against the EU and enlargement. They simply speak out against the restrictive measures which the EU imposes on member states to secure fiscal discipline which they see as a threat to social rights. Despite the marked increase in their numbers, the parties of the extreme right will not, with the number of voters they have (less than 20%) be able to have a role in the decision-making processes of the European Parliament.

In the previous European Parliament, the greatest opposition to the inclusion of Kosovo in the enlargement process or for visa liberalisation came from some extreme right MEPs. They will have as little impact now, as they did not have much impact in the past, even though their number has increased.

However, when it comes to the question of the recognition of Kosovo’s status, opposition comes not from political complexion, but from the nationality of the MEPs. Thus MEPs from countries which have not recognised Kosovo as a country are expected to continue in their position while their countries themselves maintain the same position. Given that the decisions – or, to be more precise, the resolutions - of the European Parliament are made by majority vote it seems that there is enough of a majority to ensure that the European Parliament will continue to support Kosovo’s statehood and, as it has done in the past, will ask states who have not recognised Kosovo to do so.

If we analyse the list of MEPs who were successful in being elected to the European Parliament we can see that we no longer have some veterans who were strong supporters of EU enlargement and also of Kosovo, such as Doris Pack from Germany, Hannes Swoboda from Austria, and Jelko Kacin from Slovenia. But some others are left, such as Ulrike Lunacek from Austria, Eduard Kukan from Slovakia, Tanja Fajon and Ivo Vajgl from Slovenia while the MEPs from Croatia such as Tonino Picula, Davor Ivo Shtir and Andrej Plenković are expected to be a powerful voice in favour of Kosovo and the whole Balkan region. Majority of these

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4 According to election results, the seats in the new European Parliament are divided between the following groups: 1) the European People’s Party, EPP, remains the first (220 seats), followed by: 2) the Progressive Alliance of Socialists and Democrats S&D (191), 3) the European Conservatives and Reformists Group (70), 4) the Alliance of Liberals and Democrats for Europe (68), 5) the European United Left / Nordic Green Left GUE/NGL (52), 6) the Greens/European Free Alliance (50), 7) the Europe of freedom and direct democracy Group, EFD, (48 places), and 8) the non-attached members (52).
MEPs sit at the European Parliament’s delegation for relations with Kosovo.

Seen overall, there is no change expected in the approach of the European Parliament towards either Kosovo or the Western Balkans region. Meanwhile, delegations for the region and joint inter-parliamentary delegations from the national parliaments of countries in the region have been created. Likewise, it is expected that this European Parliament will nominate a special rapporteur for each country in the Western Balkans who will closely follow their development and progress, as well as drafting annual reports which will be approved in the form of resolutions. Despite some changes in the Parliament’s composition, a range of diplomats and parliamentarians in Brussels expect the European Parliament to continue to represent a strong voice in favour of the process of enlargement and of the countries of the Balkans region.

\*From discussions by the authors with various diplomats from EU member states and former and new MEPs\*
II. The impact of the election results in the attitude of member states

We will briefly consider whether the results of the European Parliamentary elections should be analysed solely on the basis of the constellation of forces in this parliament and we conclude that given their numbers, the forces of the extreme right will not have an impact on the development of the EU. The greatest negative impact, which will no doubt have consequences on the enlargement policy of the EU, is the earthquake caused by the victory of the extreme right in countries such as France, Great Britain and Denmark.

The parties who won most votes in these countries in the European elections have so far not managed to have a powerful voice in national institutions\(^6\). However, the centrist parties fear the trend of growing support for these parties. Therefore, instead of fighting against their arguments, they have decided to address these arguments because of their assessment that they have had an effect on the electorate. This has already made some government structures in France and Great Britain more sceptical about the process of enlargement and to oppose the transfer of more competences to the institutions of the EU.

Given that in the process of EU enlargement in the future all decisions will have to be approved by consensus of the 28 member states, the growth of Euroscepticism in any member state will have consequences for this process.

In their campaigns, the far right in these countries mainly used populist slogans, feeding bad feeling against foreigners whether those from third countries or citizens of EU countries coming from the poorest member states. Even though the European Commission has often proved with concrete data that it an unfounded belief that after the enlargement process there has been a massive influx of unemployed workers from the East coming to the West (and that this has been to the detriment of the inhabitants of rich countries), the propaganda has had a significant impact on public opinion.

As a consequence of these elections, it is certainly expected that some member states’ policies will change and that new alliances will form within the EU. Great Britain and the Netherlands have already made it clear that they will insist on strengthening the roles of member states as part of the principle of subsidiarity in the EU. They are calling for action

\(^6\) As an example, see the case of UKIP in Great Britain. In the European elections they won the most seats in the European Parliament (24 of the 73 seats allocated to the United Kingdom) but so far in their history they haven’t won a single seat in the British Parliament.
to be taken at a European level only when it is judged that it is truly not possible to achieve 
success by working at a national level. There will thus be even more calls not to continue 
with the intensification of the internal integration of the EU. There may also be calls to 
cancel certain policies which have so far been seen as the greatest achievements of the EU. 
There is an idea that even the regime of free movement without borders between member 
states could be changed, and border control strengthened. Changes in the member states 
will also have consequences for the future development at a European level, and this will 
also be reflected in the process of enlargement.
III. The new European Commission – enlargement continues but is not a priority

One of the most important changes in the EU, which determines the direction of action over the next five years, is the creation of a new College in the European Commission. Even though it is normal that every five years, after the European elections, a college is formed, this year the EU found itself at a significant turning point. The main member states are interested in seeing that the priorities for the future work of the Commission should be fields with a direct impact on their economies and standard of living, and less on those that are political.

The priorities for action are thus expected to be employment, economic growth, strengthening of fiscal stability, reducing emigration, and growth in competition, as well as investment in scientific research, energy and digital agenda. The process of enlargement is no longer mentioned as a priority and the very need for a Commissioner in charge of enlargement process has been questioned frequently. The new President of the European Commission, Jean Claude Juncker, decided only in the end to charge the Commissioner for Neighbourhood Policy with the enlargement negotiations. The very naming of this mandate into “Commissioner for Neighbourhood Policy and Enlargement Negotiations” shows that enlargement is not a priority.

Juncker has repeatedly stated that there will be no EU enlargement during his mandate. “Following the extensive enlargement of the Union in the last decade, the next five years will be a period of consolidation, with no further enlargement taking place during our mandate. You will be responsible for continuing ongoing enlargement negotiations, notably with the Western Balkans”.

All this does not mean that the EU has given up on the process of enlargement and that there will be no work. The Commission will continue the process of negotiations with candidate states, but always insisting on the principle that they are ‘open-ended’ and that

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7 Jean Claude Juncker, the President-elect of the European Commission for the 2014-2019 mandate, has created his team, which pending the confirmations of the European Parliament, should start its mandate on 1 November, 2014.
8 The main candidates for president of the European Parliament, Jean Claude Juncker and Martin Schulz, are agreed that the EU should focus on internal stability, while over the next five years there should be a break in the process of enlargement given that it is not expected that any state will become a member in the period between 2014 and 2019.
9 “Mission letter” which the President-elect of the European Commission sends to each commissioner explaining what is expected of them during their mandate. In this case, see the letter sent to Johannes Hahn, on 10 September, 2014, available at: http://ec.europa.eu/about/juncker-commission/docs/hahn_en.pdf
there are no foregone conclusions. The European Commission will continue observation of candidate and potential candidate states; it will report on their progress in meeting European standards, and will approve these annual progress reports and make them public in the autumn. These progress reports will remain as the main documents which will show the level of readiness of the candidate countries and potential candidates for integration in the EU.

It is expected that the EU’s monitoring will be even more focused in the future, moving ever further away from a focus on political developments in order to be concentrated more on the rule of law, the fight against corruption and on the economy. The European Commission will also implement a new approach towards helping countries in the region to match their strategy for economic development and investment with those of the EU. The European Commission will be the main interlocutor over the next five years with countries included in the enlargement process, but decisions will be taken at the level of member states, who will work increasingly according to national priorities rather than joint European objectives. In such a context, it is not to be expected that there will be any increase in the power of the European Commission to overcome any obstacles encountered in the enlargement process, as we have seen in the past in the case of Kosovo because of the lack of recognition from five member states, or in the case of Macedonia, which has not managed to start negotiations for membership even though the Commission has, for five years in a row, reported that the country had fulfilled all conditions.

It is expected that the European Commission will, albeit with reduced structural capacity, be a supporter of the enlargement process, but tangible actions will depend on the attitude of member states, who want to increase their role in this process over that of the European Commission.

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10 The term ‘open-ended’ is used particularly of the negotiations with Turkey, meaning that even if it fulfils all criteria, automatic membership is not guaranteed. In countries such as France there might be a referendum organised for the acceptance of each new state into the EU.
IV. Kosovo in foreign policy and security – will there be a focus beyond the dialogue with Serbia?

As before, in the next five years Kosovo will be included in the European Union’s policies on EU enlargement, but also in joint foreign policy and security. Although the European Union will continue to have the main role in issues to do with bringing Kosovo’s legal framework in line with European laws, technical and financial assistance, as part of pre-accession programmes and in monitoring in a range of fields, it will be the European External Action Service (EEAS\textsuperscript{11}) who has the policy area of the relationship between Kosovo and the European Union. Depending on the future composition of the College of commissioners, the EU’s engagement in Kosovo and about Kosovo will thus be divided between the High Representative for Foreign Policy and Security and the commissioner responsible for the EU’s enlargement portfolio, among others.

In the last five years the European Union has had the dialogue between Kosovo and Serbia\textsuperscript{12} as one of its main priorities within its joint foreign policy, and this dialogue has been personally mediated by Catherine Ashton, the EU High Representative for Foreign Policy and Security. Brussels diplomats who do not deny the success of this dialogue in decreasing tension in the relationship between Kosovo and Serbia, nevertheless accept that there are many other things which have been overshadowed by the dialogue.

It is difficult to predict what the focus of the EU in foreign policy will be between now and 2020. However, it is expected that the focus will be increasingly on other areas of the world, while Kosovo will be seen more through the integration process, as much as the EU’s legal possibilities allow, and it will as little as possible be a theme of the EU’s foreign policy.

As far as the dialogue is concerned, in the first part of the new mandate of the EU’s institutions, things will certainly be built on the achievements of the dialogue and there will be monitoring of the implementation of the agreements which have been reached so far, and attempts to persuade both sides to new agreements, which will lead to complete integration of relations\textsuperscript{13}. Such expectation from both parties is confirmed by Federica Mogherini, whom

\textsuperscript{11} The EU’s diplomatic service, the European External Action Service – EEAS – was created with the coming into force of the Treaty of Lisbon. At its head is a high representative who is also a member of the European Commission. The diplomatic missions of the EU in countries beyond its territory are formally under this service.

\textsuperscript{12} Because of the lack of recognition of Kosovo as an independent country by five member states, and so as not to treat Kosovo as a state, within the EU this dialogue between Kosovo and Serbia is always called ‘the dialogue between Belgrade and Pristina’.

\textsuperscript{13} From discussions by the authors with diplomats from European Union member states dealing with the issue of Kosovo.
the Council has selected to succeed Baroness Ashton as the High Representative of the European Union for Foreign Affairs and Security Policy. The normalisation of relations has been set as a condition for both sides for progress in the process of European integration. While this remains as a political obligation for Kosovo, for Serbia this condition has also been included in the EU’s negotiating framework in the process of membership negotiations for Serbia\textsuperscript{14}. The very future of the dialogue will in part depend on the future composition of the European Commission and priorities of Ms. Mogherini and the approach she will have towards the process. In the EU, but also in Kosovo and Serbia, it is believed that her personal commitment of the baroness Ashton has had a key impact on the achievement of an agreement. But the future of the dialogue will depend even more than on the name of Lady Ashton’s successor, on the commitment of the key EU member states (especially Germany and the United Kingdom) and the United States of America.

As far as defence and security are concerned, Kosovo will remain a priority for the EU’s external activities, given the investments the EU and its member states have made to date, but also the risk posed by organised crime from Kosovo and the activities in EU territory of organised criminal groups originating from Kosovo. The rising concern inside the EU is the increasing number of Kosovars joining the terrorist groups in Siria and Iraq and the increasing religious extremism in Kosovo. The EU will thus continue to see their external action in Kosovo as an investment in the internal security of the EU. The EU’s engagement in this is expected to continue largely through the presence of the rule of law mission, but it is expected that there will be an increase in direct collaboration between the services of member states and EU institutions with the relevant institutions in Kosovo\textsuperscript{15}. Once the Stabilisation and Association Agreement has come into force it is also expected that Kosovo will support the decisions and statements of the EU on foreign policy, especially in the case of restrictive measures taken again third countries. From a formal point of view, in the working groups and structures of the EU in the future the Political and Security Committee (PSC), which has representation from the 28 member states, will deal on behalf of the EU with aspects of security and foreign policy relating to Kosovo.

Kosovo is expected to be dealt with within the Foreign Policy Committee as well as the Defence and Security Committee, also part of the newly constituted European Parliament.

\textsuperscript{14}All the areas where EU legislation (the acquis communautaire) exists are included in 34 of the total of 35 chapters which the EU negotiates with a candidate country, but at the end all other issues in which any party has an interest are combined in chapter 35, ‘Other issues’. As there is no EU legislation specifically about Kosovo, Serbia’s relationship with Kosovo is included in chapter 35 of the EU’s negotiating framework.

\textsuperscript{15}In the EU they say that there has been progress in the increase in collaboration with the Kosovo Police in investigating organised crime as well as in implementing individual repatriation agreements
The role of these European Parliament committees is also important because of the participation of the European Parliament in making decisions about the allocation of the budget. This will also be the case for the budget for the EULEX mission and of any other EU presence which might end up being in Kosovo.
V. The future EU presence in Kosovo

Since liberation, in 1999, and until 2014, there has been a significant EU presence in Kosovo, albeit one distributed between various international missions. The EU had a liaison Office, and at the beginning had also a Special Representative of the Senior Representative; it led one of the pillars within the UN administration (UNMIK), and EU member states also contributed with soldiers to the KFOR mission which NATO led. EU countries (such as Austria, Finland, Ireland and Sweden) who were not members of NATO also made an extraordinary contribution to this mission. Ever since the declaration of independence, the EU has focused its presence in two ways. One is political, with the opening of the EU Office in Kosovo, whose head is also the EU Special Representative, while the other form is through the mission for the rule of law – EULEX.

Within the EU there is now the idea of constructing an exit strategy and really thinking about the end of the EULEX mandate. This mission has already been the largest and most expensive EU operation in the field of the rule of law and member states are interested in reducing expenditure. However, on the other hand, member states are aware of the security challenges in Kosovo and the shortcomings of the justice system. In partnership with the Kosovo authorities they have therefore decided that there will be a new EULEX mandate until 2016. During the new mandate it is expected that EULEX will focus more on a mentoring and monitoring role, being more often having the role of advisor than of executive competency. However, in some cases it will maintain its executive powers.

There is a previous idea which is expected to be reactivated, of whether NATO could eventually be turned into an EU mission in the field of defence and security. Certainly NATO is expected to insist on the idea of reducing its troops in Kosovo to a minimum. NATO has repeatedly suspended the plans prepared for reducing its presence to about 200 soldiers, insisting that it will not do anything which would be to the detriment of long-term security and stability in Kosovo.

NATO will review its presence in Kosovo this year, depending on the situation on the ground, and on the improvement of the relationship between Kosovo and Serbia, which will also be reflected in the easing of the situation in the north of Kosovo. The possibility has not been ruled out that in the next five years the idea of the NATO military mission being replaced with a similar mission led by the EU – which has developed its defence and security capacity

16 This conclusion is drawn from the draft of EULEX’s strategic review
- could be suggested once again, and might actually be implemented\textsuperscript{17}. Such a scenario did come to pass previously in the case of the international military engagements in Bosnia Herzegovina where the SFOR mission led by NATO was replaced by the EU’s EUFOR mission\textsuperscript{18}. As in the case of Bosnia Herzegovina, the mechanisms of NATO partnership might be found in a similar European Union mission in Kosovo.

Kosovars – both those who are ethnically Albanian and those who are Serb – have shown greater faith in the presence of NATO than in the European Union. The idea that the EU might also take on the leadership of the international military presence in Kosovo will thus not be welcomed with much enthusiasm in Kosovo. In the EU, diplomats say that this can be explained to the people of Kosovo through the process of integration in the EU and their European future. This will certainly depend on the evolution of the role of the Kosovo Security Force.

The EU will continue its political engagement through the European Union Office in Kosovo, which will have the role of managing the EU’s policies on Kosovo, including the resources from the pre-accession instruments

\textsuperscript{17} At the moment this has been mentioned only in internal meetings of EU and NATO institutions; there has never been a concrete proposal for such an idea

\textsuperscript{18} On 2 December 2004 the first NATO peacekeeping mission, SFOR (Stabilising Force) set up in 1995 in Bosnia Herzegovina, was replaced with EUFOR, the first EU mission in this field.
Kosovo’s SAA – the future possibilities for candidate status

The Stabilisation and Association Agreement with which Kosovo and the European Commission successfully concluded their negotiations in May 2014 and initialled in July the same year will certainly change the relationship between Kosovo and the European Union. But only a simple analysis is required to see what distinguishes it from the SAAs with other countries in the region. According to this agreement, there will be regulation of trade with EU countries, the harmonisation of legislation, issues of migration, partnership on money laundering, the fight against terrorism and establishment of joint committees for overseeing the implementation of the agreement, as well as the methodology for resolving any disagreements between the signatory parties.

In great part, the content of the SAA between Kosovo and the EU is similar to that of other countries in the region. But, as EU diplomats say, ‘similar’ does not mean ‘the same’ because this SAA was, because of the situation, supposed to ensure that Kosovo was not treated as a sovereign and independent state, because of the differences which exist between member states about the status of Kosovo.

At first glance the greatest differences are seen in the political part of the agreement. First of all, the form of the agreement is different. The SAA with Kosovo is a ‘European competency’ so, unlike the other SAAs (with Balkan countries) and other association agreements (with other sovereign states) they do not manage to have ‘Kosovo on one side and the EU and its member states on the other’, but just Kosovo and the European Union. These differences can be seen further in the part on political dialogue. While for the countries in the region there is deliberate mention of ‘full integration in the union of democratic countries and gradual advance towards the European Union’, in Kosovo’s case it is expected that there will be this formulation as one of the aims of political dialogue, ‘participation of Kosovo in the international democratic union, if objective conditions allow such a thing.’ In place of ‘advance towards the European Union’ in Kosovo’s case it is expected to say ‘advance towards Kosovo’s European future, in accordance with the European future of the region.

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19 The authors are drawing here on the draft of the Agreement, which was distributed to member states, has been initialled in July 2014, but remains to be signed.
20 The very text of the SAA, Article 3 states: “None of the terms, language or definitions used throughout the text of the SAA, its Annexes or Protocols constitute recognition of Kosovo by the Union as an independent State nor does it constitute recognition by individual Member States of Kosovo in that capacity where they have not taken such a step.”
21 See for example the SAA with the Republic of Albania, the Republic of Serbia or any other country in the Balkans.
and in accordance with Kosovo’s commitments under section 2 of this agreement’. The ‘Kosovo’s commitments’ referred to in the section in question are the continuation of the dialogue with Serbia and the implementation of the obligations which come out of this dialogue.

Even in the part about the ‘European future’ the suggestion of including the phrase ‘the advance towards the European integration of Kosovo’, backed by several state who have strongly supported the independence of Kosovo was not taken on, and the final version instead was left as ‘the advance towards a European future’.

Even though at first sight these seem like only small differences, they have a great political and legal significance. By means of this SAA the EU is committing to helping Kosovo, and it’s known that the aim is that this help will lead to progress towards full integration in the EU, but this political commitment by the EU is not formalised in this agreement.

Kosovo will have many advantages in the development of trade with the EU and will benefit from assistance in the future within this SAA. But through the agreement Kosovo also takes on some obligations, and these will not be easy to meet. Kosovo has therefore been given a period of ten years to meet all its obligations. Meanwhile, five years after the coming into force of the SAA there will be a reevaluation of its implementation to see whether the commitments will be met on schedule. The joint committees which are expected to be formed on the basis of the SAA and which will have regular meetings will make this assessment.

In every country, the SAA has some distinguishing features, and in the case of Kosovo it is unusual in the part stipulating as a condition that it has been confirmed that no serious crime remains unpunished and that Kosovo will accept that also in the future some criminal cases will be prosecuted through international mechanisms.

Those in the European Commission are satisfied with this SAA and say that ‘this is the best that we were able to achieve in the circumstances, bearing in mind that it was necessary to ensure the EU’s neutrality on Kosovo’s status.’

The Kosovan authorities have likewise said that they are happy with the conclusion of the negotiations for the SAA. It is expected that most of all it will bring economic benefits and encourage foreign investment, given the opportunities for opening up the large EU market.

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22 Text of the SAA between Kosovo and the European Union
to Kosovan products. But Kosovo will have to make the most of this SAA, however restricted its political vocabulary might be, to progress as quickly as possible towards candidate status. This will of course depend on Kosovo being recognised by the five EU member states who have not yet done so.
The creation of the new EU seven-year vision marks an important point in the internal developments of the European Union with a significant impact outside the EU. The implementation of the EU’s Multiannual Financial Framework for 2014 to 2020 began this year. After much debate and consultation member states agreed to approve this multiannual financial framework which will be the basis for the approval of the annual EU budgets and for the use of resources from this budget. According to the decisions of the Council, during these seven years the EU will have at its disposal about 1000 billion euros which will be divided into annual budgets.

As for the enlargement process, the EU’s commitment to help candidate and potential candidate countries through pre-accession funds is expected to be shown through this multiannual financial framework. These funds are shown in the Multiyear Framework as part of the resources for ‘Global Europe’\(^{23}\). The Director General for Enlargement in the European Commission is working on the allocation of these resources and dedication for each country included in the enlargement process. In general it is expected that somewhere around 20% of the resources dedicated for ‘Global Europe’ will go for IPA. Meanwhile approximately 6% of the EU budget will be allocated to ‘Global Europe’. It is expected that the EU will set aside about 1.5 billion euros each year for IPA.

However, the countries included in the enlargement process, including Kosovo, should make a careful analysis of the way in which the EU will use these resources, and adapt their priorities to the EU’s ‘Europe 2020’ strategy. The European Union has asked for enlargement countries to prepare their national strategies and to follow the EU’s priorities. These are primarily investment in research and development, in environmental protection, sustainable economic growth and job creation.

Success in attracting resources from the EU’s funds in the future will depend on Kosovo’s capacity and the match between its plans and European standards. It is calculated that Kosovo is the country which has benefited most per head of population from the European Union’s financial aid to date. But this has been also a result of humanitarian aid and emergency aid in the post-war period. In the future, resources will, even for Kosovo, be

more for investment and development for environmental protection, and less in the form of humanitarian aid.

The readiness of countries in the region to adapt to the EU is still poor. This was seen in a conference held in London in December 2013 when there was talk of a new approach to investment in the Balkans.

Stefan Fule, the European Commissioner for Enlargement and Neighbourhood Policy for the period 2009-2014, said clearly at that conference that no country in the Western Balkans had a functioning market economy. This status of ‘country with a functioning market economy’ is essential for a country aiming for EU membership. According to Fule, there is high unemployment in the region, external debt is rising, and the situation is fragile in many countries in the region.

In this speech Stefan Fule gave his opinion that the issue of competition is usually hindered by politically-motivated decision-making and needs reforms to be undertaken, especially in public finance, in the labour market institutions and in reducing the administrative barriers to doing business, as a priority in the process of reform. Meanwhile, he sees investments in education, training and research as issues which should be high on the agenda. The Commissioner for Enlargement also drew attention to the rule of law and in particular that legal certainty and the faith of investors are essential for economic reform. He thus also stressed that investments could take place only with the improvement of the climate for potential investors.

The European Commission thus calls for an economic convergence between European Union aspiring states and member states. Aspiring countries are asked to create macroeconomic, fiscal and financial stability. There now exists an annual dialogue related to the macroeconomic and fiscal programmes of aspiring countries, except Kosovo, and the European Commission promises that this process will be accelerated and strengthened.

The European Commission will base the dialogue on the national economic programmes of each country. The results with recommendations on reform will have to be jointly agreed. The recommendations which emerge will depend on the particular features of each country. The European Commission promises technical assistance in partnership with the International Monetary Fund, which will help with the implementation of the recommendations. On the other hand, the European Commission will ask particular countries to compile an action plan related to the management of public finances. Depending on progress made in this
area, opportunities might be opened for support of the budget through IPA instruments (IPA II).

The European Commission also identifies the need for reforms and investments in specific sectors, so that there can be an increase in exports and additional jobs. The European Commission will require these states to report on the plans for structural reform in the sectors of greatest importance such as transport, energy and education. According to the plan this reporting will take place every two years, beginning in 2015.

The document where priorities for short- and medium-term reform will be included will serve as a guide for investors with which they will be clear about where resources could be allocated and where they might benefit most.

The countries of the Western Balkans are economically integrated through CEFTA. It is therefore logical that these countries should all prepare for the process of reforms and their implementation. The 2020 strategy for employment and prosperity in South-Eastern Europe could be a key reference point for the European Commission and international financial institutions.

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24 These European Commission positions were expressed by Stefan Füle, Commissioner for Enlargement and Policy for European Neighbourhood Policy in the ‘Investment in the Western Balkans – a new approach’ conference organised by the European Bank for Reconstruction and Development in London, 24 February 2014.
The national strategy for European integration – Kosovo 2020

Given this, Kosovo has also produced its strategy which focuses on the best possible preparation of Kosovo for European integration and the use of funds in the next seven years. The Republic of Kosovo government has identified five high priority objectives which should be achieved in order that by 2020 Kosovo will be more prepared for integration into the European Union. The national strategy for European integration mentions a list including:

- Effective governance;
- Fighting corruption and organised crime;
- Economic development;
- Stakeholder involvement;
- An improvement in the (contractual) relationship with the European Union.

According to this document, achieving the above priorities will be helped directly by foreign assistance from the donor community. It is said that this assistance has to a great extent supported the development of infrastructure and human capacity in Kosovo.

The Kosovan government considers outside assistance to be a key tool for developing and implementing Kosovo’s strategies and policies. The Kosovan authorities have promised that by 2020 they will effectively manage foreign assistance and will effectively co-ordinate donor support by strengthening the mechanisms for donor co-ordination and development of pan-sectoral strategies.

‘Stronger strategic planning in Kosovo and effective co-ordination of donor support are closely connected with one another and one impacts positively on the other,’ says the document.

The national strategy for European integration envisages Kosovo being incorporated into IPA funds, and also that co-operation agreements have been initiated with countries of the region, along with appropriate programmes and structures for their implementation. This presupposes an approach to component II of the pre-accession instruments, for which 1.2 million euros were allocated in 2010 and another 1.8 million euros for 2011 and 2012, to help improve cross-border co-operation (CBC). Kosovo now takes part in the joint
implementation of CBC programmes with Albania, Montenegro and Macedonia. Bilateral financial agreements for the implementation of the programmes have been signed, and joint operational structures have been set up with Albania, Macedonia and Montenegro.

Having identified road infrastructure as a key element in the improvement of regional partnership, the Kosovan authorities consider that there is a need for improvement in the physical infrastructure, which needs to reach a level enabling it to compete for access in the most significant regional road corridors and easiest land routes to the EU. There is thus the aim of modernising road and rail infrastructure, linking them with pan-European corridors. One of the highest priorities of the Kosovan government is investment in road infrastructure.

The national strategy for European integration likewise identifies the reduction of non-tax barriers and the removal of technical and administrative barriers as being among the most important elements contributing to regional co-operation. ‘This will contribute to competition in the market and in integration into regional and EU trade’ the document says. Fitting in with EU priorities as part of the Europe 2020 strategy is a challenge even for many member states. They have to sign a partnership agreement with the European Commission without which they cannot receive payment from the European Commission for any structural project.

Even though the Balkan countries are not member states, it is expected that a similar methodology and similar conditions will be followed. Kosovo should take care to prepare projects which are as good and as professional as possible, of interest to a range of participants, and to make sure that they are in accordance with the high standards of the EU for environmental protection.

In addition, in the future Kosovo could benefit from cross-border projects partly financed with EU funding, and eventually from inclusion in the EU macro-regions. However, inclusion of this kind will also depend on political positions. It would be very useful because EU funds could be used for joint projects for each candidate country and member states, such as Italy, Greece and Croatia, and the funds for member states are significantly larger than for candidate countries. There are benefits to be had as part of these strategies, in large projects in the fields of transport, environmental protection, tourism and others.

26 Currently the EU has the Baltic, Danube and Adriatic-Ionian ‘macro-regions’. Since Serbia is, despite not having access to the sea, included in the Adriatic macro-region, the EU is currently considering the possibility of Kosovo and Macedonia also being included in this strategy.

27 The funds allocated by the EU to the newest member state, Croatia, for a year are as large as those for all IPA countries put together. However, member states also pay a contribution to the joint EU budget.
The new international context and Kosovo’s euro-Atlantic future

While the multi-annual plans and strategies of the EU are constructed on the basis of forecasts, and the changes in institutions come in regular cycles, there are often cases of unforeseen events which impose new priorities. Thus 2014 brought dramatic changes in the international context which may have an impact on the policy of the EU and NATO in the Balkans.

The greatest change took place because of the Ukraine crisis and the role of Russia. This caused a setback in the relationship between Russia and the West. Despite almost 20 years of steady progress in the growth of partnership, neither NATO nor the EU see Russia as a partner any longer.

Given that for many years Russia has also had a role in the development of the Balkans, including its role in the Contact Group in Kosovo, and the influence which Russia still has in Serbia and a part of Bosnia Herzegovina, this deterioration in the relationship between Russia and the West could have a future impact on the Balkans. Montenegro and Albania immediately supported and followed the EU decision on restrictive measures against Russia, but Serbia did not.

The new international context will have an impact on Kosovo too. It cannot yet be known if this impact will be positive or negative. On the one hand, Russia’s aggressive behaviour could influence the European Union to be more committed to continuing the process of enlargement in the Balkans and once more to see enlargement as a process which is not purely technical but also geostrategic.

Russia’s policy towards Ukraine is based on what it calls ‘the Kosovo precedent’ asking the question, ‘why was Kosovo able to be independent and not Crimea?’ The most significant EU countries categorically rejected this Russian argument, but some diplomats say privately that such a line of argument has had an effect on countries who haven’t recognised Kosovo in not changing their position. Russia has not recognised Kosovo and nor is it expected that they will do so any time soon; in these circumstances, Kosovo will find it difficult to become a member of the UN and this could impact on the process of the country’s integration in the region.
What is most in Kosovo’s favour is the regional context. The progress of all neighbour states on the road to European integration definitely has an impact on the easing of relationships and the improvement of regional co-operation. This is also true for Serbia, which has started membership negotiations. But in the next five years Kosovo might find itself in a new status quo and with this there could be an increase in the gap between Kosovo and the other countries of the region. Kosovo will be increasingly included in regional fora, especially through the Council for Regional Co-operation. However, this will also depend on Serbia’s position, meaning that every example of participation will be one more confirmation that Kosovo is not the same as other countries.

The change in the circumstances on the international scene will certainly have the effect that the EU and its most significant member states will further reduce their attention on the Balkans and Kosovo and be focused more on other regions of the world, especially on the Caucasus. Alongside this there will be a gradual natural reduction of the involvement of the United States of America which will maintain its political influence, especially in Kosovo, but is itself happy to leave the European Union more room to manoeuvre. The problem will continue to be the fact that the EU will not have the power to exercise political influence, which will ensure rapid change. The EU also frequently operates on the basis of the lower common denominator to ensure consensus, and in practice this is often seen to be the shift from one status quo to another. This will particularly be the case in the efforts to achieve consensus within the EU on considering Kosovo as an independent country, which means recognition from all EU member states. EU institutions do not have the power to force member states to recognise Kosovo, and possibly not even any interest in doing so. And among member states – with the exception of Germany – there is no interest or capacity for working with any greater determination to achieve this. In the next few years there will be an increased interest in Kosovo’s collaboration with other countries, not so much because of Kosovo’s potential to be a factor on the world scene, but more because of the expectation that one day Kosovo will achieve sufficient support to become a member of the UN. Certainly on the international scene Kosovo will continue to face the obstacles of the lack of recognition of its status.
Conclusions

The EU context changed in 2014 and these changes will have a significant impact on its internal development in the next five years. The results of the elections for the European Parliament demonstrated the growth in Eurosceptic forces. Nevertheless, with the number of votes they have these forces will not have a role at the European level in Parliament. However, in some countries, such as Great Britain, France and Denmark, these forces emerged in first place and dramatically changed the perception of them and the centrist parties which have ruled to date. As a result it is expected that some EU countries will have a more reluctant approach to the process of intensifying integration within the EU and expanding to include new member states. Likewise, the results of these elections will increase the opposition to further liberalisation of free movement of people and workers within the EU and in third countries.

In the next five years some dramatic developments may occur in the EU. There has been a warning that there could be a referendum organised in Britain on the country’s exit from the EU, while this year there will also be the referendum on Scottish independence. Depending on the result, these developments may present the EU with a precedent which has not been experienced in its history to date.

In 2014 the EU also chose the heads of its institutions such as the European Commission, the Parliament and the Council. This then results in the allocation of posts within the College of the European Commission. The first Commission after Barroso will have priorities which are different from the last ten years. The growth in competition in global trade, stabilisation in economic growth and the creation of jobs, the growth in energy supply security and better control of the EU’s external borders – all will be priorities in the future.

In the new EU context it is expected that officially the EU enlargement process will continue and that the EU will reconfirm its commitment to this process. However, it is expected that there will be increased reluctance in some member states, and this will have an impact on the process in which all decisions in the Council are approved by consensus of all 28 member states. Nevertheless it is realistic to expect that in the next five years no new country will honestly be ready to become a member of the EU. Nor is it expected that there will be any pressure from the EU to accelerate the process. There is expected to be a reduction of capacity of the European Commission and designate the neighbourhood policy, which this turn round stands before enlargement in the naming.
The beginning of the implementation of the EU’s multi-annual financial framework has also marked a new phase for the future of the EU. These resources will be used to achieve the aims of the ‘Europe 2020’ strategy and the conditions for member states to benefit from joint funds will be simplified but, on the other hand, more demanding.

This multi-annual financial framework is also expected to demonstrate the EU’s commitment to help candidate countries and potential candidates through pre-accession funds but the countries of the region, including Kosovo, are expected to adapt their projects to the EU’s aims. More resources will be dedicated to development projects and less for humanitarian aid or institutional development. The battle against corruption and offering proof of this, along with respect for environmental protection and the rules and standards of the EU will be one of the main conditions for using the resources which the EU is expected to allocate to Kosovo and countries included in the enlargement process in the next five years.

The European Union will continue its work in strengthening its role on the world stage, but foreign policy will continue to be identified more with the national policies of the large member states than with the structures of European institutions in Brussels.

In general the enlargement process will not come to a stop as much as slow down. But the incentive for this process will not come so much from Brussels and the EU; there will need to be more commitment from the governments of the countries of the region if they want to push through the route to EU integration through reforms and meeting the criteria which have been set.
Recommendations

The European Union must continue the process of enlargement with the countries of the Western Balkans, because, as has been accepted several times in the EU, there is no substitute for this process for the creation of long-term peace and stability in the region. The European Union, all its institutions and its member states must fight the arguments of the Eurosceptics and the parties of the extreme right, fighting myths with facts and not attempting to address their concerns. The facts demonstrate that the enlargement process has brought benefits for the citizens of new member states and that this has not been to the detriment of the old countries.

In the composition of the new institutions, especially in the European Commission, there must be sufficient capacity in human and financial resources to continue the process of enlargement.

The successor to Catherine Ashton, Federica Mogherini, at the head of the EU’s foreign policy must continue her personal commitment to the process of normalising relationships between Kosovo and Serbia. At the same time this person must work for the recognition of Kosovo by all member states so that the EU, at least in the case of Kosovo, can speak with a common voice on this key issue for its joint foreign policy. This will also increase the EU’s credibility in the world.

The countries of the Balkans should not be discouraged by some of the developments in the EU and in the reduction of interest in the enlargement process. This is a long-term process and its aim is achievable. Even en route to its aim it is useful to each candidate country because each gradually changes for the better.

The countries of the region should take seriously the requests of the EU and address them, especially in the case of justice reform and the battle against organised crime and corruption.

Kosovo and the countries of the region should understand the situation within the EU. They should do this not to blame the EU for failure in some processes but so that through concrete actions they can give them more arguments to promote the enlargement process in the EU.

The countries of the region should have as few problems as possible between themselves so that these can’t be used by some groups sceptical about enlargement, which will not want
their EU membership in such conditions, and will slow down the process even further. In the case of Serbia and Kosovo this would be solved most easily with mutual recognition which should occur in the next five years.

In the case of Kosovo, the EU should overcome its divisions on status. While it is essential that the process should continue despite the differences between member states on Kosovo’s independence, finding a formula to continue the process without requiring Kosovo to be treated as a sovereign state only postpones the solving of the problem, and does not allow Kosovo a formal route to integration.

Kosovo and other countries in the region need to prepare seriously for how to use the resources from the Instruments of Pre-Accession (IPA). Without serious projects and skilled and professional administration, a significant sum of money will remain unused.

Kosovo must have a national five-year strategy for European integration, which will be implemented irrespective of who is in power at any given time.

Kosovo must increase its diplomatic engagement through contact with EU member states because the process of European integration does not depend only on co-operation with the EU’s institutions in Brussels.
Does Kosovo have the administrative capacity to use the resources which are at its disposal from the EU? And will it have sufficient projects? This is a key question given that resources in the form of direct financial aid will continue to reduce, while there will be ever more financing of projects considered to be good by the tough criteria of the EU.