

# The Noah-Joker Effect

## How to turn the Balkans into an EU foreign policy success

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In the award-winning film *The Defiant Ones*, black convict Noah Cullen (played by Sidney Poitier) and white convict Joker Jackson (played by Tony Curtis) are planning an escape from prison. However, they are bound together by an unbreakable iron chain. With each man literally stuck with the other, the key theme of the movie is whether the two can overcome their mutual dislike and suspicion in pursuit of a common objective.

The position of the six Western Balkan states today is strangely reminiscent of that cinematic scenario. Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Montenegro and Serbia are all trying to escape from a disastrous post-communist transition that has given them two decades of political tension and economic isolation. Each would prefer to find its way without paying much attention to the parallel struggles of its neighbours. The European Commission also tells them that enlargement is an individual rather than a collective enterprise. It is “a regatta, not a convoy”, as former Croatian President Stipe Mesic put it. Those countries that believe that they are ahead of their neighbours resent the very notion of a linkage, for fear that it will slow them down.

As far as the core challenge of accession is concerned –adapting national laws and institutions to the European *acquis* – it is undoubtedly true that every applicant rows his own boat. However, the history of enlargement also shows that countries rarely advance all by themselves. From the days when Ireland, the United Kingdom and Denmark acceded together in 1973 to the Iberian enlargement with both Portugal and Spain in 1985, countries have tended to join the EU in groups. This was most obvious in the big bang enlargement in 2004, when 10 countries acceded at the same time.

This means that countries can either advance together or hold each other back (Ireland had to wait for the French to make up their mind on the United Kingdom). The Noah-Joker effect can be a positive linkage, with the more advanced country pulling forward the weaker, or a negative one.

A perfect recent illustration of the power of positive linkage is the recent visa liberalisation process for the Western Balkans. The decision to launch the process was triggered by the Serbian presidential elections in early 2008 when current President Boris Tadic faced the

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nationalist Tomislav Nikolic; and Serbia was the first country to receive a visa roadmap three days before the equally important parliamentary elections in May 2008. These were political decisions motivated by concern for Serbia. It was a powerful, timely and above all effective demonstration of EU soft power and it achieved its aims: the pro-European reformers won. Most importantly, the concern for Serbia of big European countries also helped its Balkan neighbours: once the visa dialogue was started with Serbia, it could not be denied to its neighbours. Once Serbia had a roadmap, its neighbours received roadmaps within one month. What ensued was a race in which progress was measured by national achievements ... but the fact that all countries participated in the same race together was a major reason explaining why all succeeded in the end. It would certainly have been harder to make the case for a visa liberalisation process for Albania or Bosnia on their own.

The logic of merit meant that the same criteria were applied to all; but the fact that there was a group made it easier to make objective assessments. It was possible to compare performance. This did not undermine reforms, on the contrary. While initially some Bosnian leaders thought the process would take many years and in the end Bosnia would get visa-free travel regardless of its performance the incentives changed dramatically once Bosnian leaders realised that what counted was meeting the conditions. Serbia's, Montenegro's and Macedonia's success also demonstrated that the goal was within reach: suddenly both Albania and Bosnia carried out difficult and expensive reforms.

This is not the only way regional linkages can work. The bilateral linkage between neighbours Bosnia and Serbia is a good example of the Noah-Joker effect. Here too progress and stagnation can reinforce each other. Leaders in Banja Luka and Sarajevo agree on little, but neither wants Bosnia to fall behind Serbia on the road to the EU. As long as Serbia is stuck, this is not a major concern. Once Serbia advances, the equation changes. On the other hand, there are those in the EU who worry about the impact on stability in Bosnia in case Serbia makes rapid progress all on its own and leaves Bosnia behind. Thus the best for both countries is to pull each other along and make progress in parallel. As one country advances, it becomes easier to reform in the other.

A similar dynamic can be seen in Macedonia. Since 2005, when it was awarded official candidate status (the only one of this group of six) Macedonia has been a front runner in the Western Balkans. It was the star pupil in the visa liberalisation process. In 2009 it was the first to get the official endorsement of the European Commission to start accession talks. None of its peers is as close to this.

Macedonia advancing to real talks would be hugely beneficial for the whole region and dispel all fears that enlargement is no longer a key EU agenda. On the other hand, as a result of a Greek veto and the unresolved name dispute, Macedonia also risks becoming an illustration of a serious potential threat, the prospect of a never ending accession process or of an endless blockade due to a bilateral dispute. Instead of serving as a positive example, inspiring reforms in other countries, this has reinforced doubts in Balkan capitals about the seriousness of the EU's enlargement promise.

Finally, the most obvious example of the Noah-Joker effect is the relationship between Kosovo and Serbia. For a long time, both countries' leaders pretended that they could isolate their mutual relations (or non-relations) from their interest in European accession. By now it has become clear to every politician in Belgrade, however, that Serbia will not be able to join the EU without finding a way of settling the Kosovo issue. But the same is true for Kosovo: without a normalisation of relations with Belgrade, Kosovo has no prospect of joining either

NATO or the European Union. Pristina and Belgrade are thus very much like Noah and Joker: united by mutual dislike, they find themselves chained to one another. But what can they, and what can the EU, do about this?

This paper describes the phenomenon of positive and negative linkages in the Western Balkans today. It also looks at the best ways to overcome and even use the Noah-Joker effect for mutual benefit.

### *Enlargement in 100 years?*

A senior EU official working on the Balkans told ESI recently that “I am not sure whether it will take 10 or 100 years for EU accession to be realised. I am selling 10 years, but in my heart of hearts I do not know if it will not be 100.” Another senior European official told us that “the signal from Berlin is clear: after Croatia there should be no more enlargement.”

The fact that this kind of thinking is today widely shared by civil servants who are to make the Balkan’s EU accession happen is worrying. The fact that other politicians and analysts say so openly is even more so. In a recently published collection of essays on *Europe 2030* former German foreign minister Joschka Fischer, although himself a convinced enlargement supporter, presents a grim scenario of a Balkan accession process which will never end: “I doubt that Europe’s malaise can be overcome before 2030 ... Expansion of the EU to include the Balkan states, Turkey and Ukraine should also be ruled out.”<sup>1</sup> In early 2009 on the eve of elections to the European Parliament a party manifesto of the CDU, German Chancellor Angela Merkel’s party, also called for an “enlargement pause”:

“The enlargement of the EU from 15 to 27 members within a few years ... has required great efforts. As a result the CDU prefers a phase of consolidation, during which a consolidation of the European Union’s values and institutions should take priority over further EU enlargement. The only exception to the rule can be for Croatia.”<sup>2</sup>

Then there is the rise in European politics of people like Dutchman Geert Wilders, now part of the parliamentary majority that supports the new Dutch government. Wilders told Euronews in 2009 that “no other country should join Europe. I’m even in favour of Romania and Bulgaria to leave the EU.”<sup>3</sup>

In early 2009, Germany blocked the European Council for three months from asking the Commission to even prepare an opinion (avis) on Montenegro’s application. In June 2010 the Sarajevo EU-Balkan meeting, announced by Spanish Foreign Minister Miguel Angel Moratinos as chair of the rotating EU presidency as “the largest international conference taking place in Bosnia-Herzegovina’s capital since the Stability Pact Summit in 1999,”<sup>4</sup> turned into a flop without any tangible outcomes. It was followed by an article at the end of June 2010 in the Croatian weekly *Nacional* capturing the regional mood:

<sup>1</sup> Joschka Fischer in: Daniel Benjamin (Ed.), *Europe 2030*, Brookings Institution, 2009, p 10.

<sup>2</sup> *EUbusiness*, “Merkel party wants pause in EU enlargement”, 17 March 2009, <http://www.eubusiness.com/news-eu/1237289521.26/>.

<sup>3</sup> *Euronews*, “Geert Wilders: I’m in favour of Romania and Bulgaria leaving the EU”, 6 July 2009, <http://www.euronews.net/2009/07/06/geert-wilders-i-m-in-favour-of-romania-and-bulgaria-leaving-the-eu/>.

<sup>4</sup> *SeeNews*, “Spain organising big EU summit in Sarajevo”, 5 February 2010, <http://www.seenews.com/news/latestnews/spainorganizingbigeusummitinsarajevo-105704304/>.

“German Chancellor Angela Merkel has put forth a resolute stance in the European Union on the issue of EU enlargement: Croatia will be accepted, and no one else after it. All countries aspiring to membership have discretely been informed of this stance through diplomatic channels ... there will be no further enlargements, at least for the next decade. This will not be because countries aspiring to membership, such as the countries of the former Yugoslavia and Albania, will not be ready, but instead because the European Union has made a firm decision to not accept any new members. And this decision was made at the initiative of Europe's most influential politician, Angela Merkel.”<sup>5</sup>

How seriously should Balkan leaders take such signals? Are concerns based on such statements, exaggerating the normal ups and downs in any enlargement process? Or has EU (and German) policy really changed?

In fact, it is impossible to give a clear answer to this question. There *are* obvious mood swings. In 2002 there were still concerns that the Western Balkans would be included in the European neighbourhood policy; then, in 2003, the Greek government fought for the accession promise made at the Thessaloniki summit. In 2005, following the French and Dutch referenda rejecting the constitutional treaty, things looked even grimmer, leading one expert, Michael Emerson, to predict at the time that while accession treaties have been signed with Bulgaria and Romania, “ratification by the French parliament cannot be taken for granted. For other candidates or would-be candidates, the general message is ‘pause’.”<sup>6</sup> This was followed by candidate status for Macedonia, the opening of accession talks with Croatia, Turkey and most recently Iceland, and of course the accession of both Bulgaria and Romania in 2007, not to mention the visa liberalisation process. 2009 was actually a good year for Balkan enlargement, with supportive EU presidencies and the prospect of real progress as Albania and Serbia submitted their membership applications. This was followed by a disastrous first half in 2010 when again nothing seemed to be moving.

What will 2011 bring? The truth is that, at this moment, nobody can know. The basic reality is that policy makers in accession countries do well to ignore such mood swings. They might take courage from the fact that all previous enlargements also looked impossible at some stage. This was true for the UK, vetoed twice by De Gaulle's France with the argument, made in 1963, of “incompatible cultures”:

“England in effect is insular ... She has in all her doings very marked and very original habits and traditions. In short, the nature, the structure, the very situation (conjuncture) that are England's differ profoundly from those of the continentals.”<sup>7</sup>

At around the same time Italy prevented Austria from signing an association agreement with Brussels. The cause: bilateral disputes over South Tyrol. Austria failed despite support from Germany and a favourable report by the European Commission in June 1964 (at the time there were bomb attacks in Italian South Tyrol by groups who wanted to join Austria). As one historian noted: “It was obvious that the Community would not treat the Austrian case as a political priority.”<sup>8</sup> Only after bilateral negotiations between Austria and Italy over South

<sup>5</sup> Maroje Mihovilovic, “Europe Halts Serbia - Merkel: EU will accept Croatia and no one else”, *Nacional*, no 763, 29 June 2010, <http://www.nacional.hr/en/clanak/50495/merkel-eu-will-accept-croatia-and-no-one-else>.

<sup>6</sup> Michael Emerson, “The Black Sea as Epicentre of the Aftershocks of the EU's Earthquake”, CEPS Policy Brief 79, July 2005, p. 3.

<sup>7</sup> [http://en.wikisource.org/wiki/DeGaulle's\\_Veto\\_on\\_British\\_membership\\_of\\_the\\_EEC](http://en.wikisource.org/wiki/DeGaulle's_Veto_on_British_membership_of_the_EEC).

<sup>8</sup> Rolf Steininger, Gunter Bischof and Michael Gehler (eds), *Austria in the Twentieth Century*, Transaction Publishers, p. 311.

Tyrol removed this obstacle did Austria and the European Economic Community (EEC) sign a free trade agreement in 1973. There are, then, ignoble precedents for the recent Slovenian veto against Croatia and the long-standing Greek veto against Macedonia.

Thus, deciding whether at any given moment the glass is half full or half empty is an intellectual exercise with little value for policy makers. And yet, the regional and European mood matters to both populations and administrators. The key to such moods is no longer words – this is why the Sarajevo meeting in June 2010 with its ritualistic reassertion of a “European perspective” was such a disappointment – but actions.

Whatever the CDU decided or Geert Wilders said in 2009 will be forgotten if Macedonia or Montenegro would start accession talks in 2011. This would demonstrate that progress remains possible. It would energize the whole region. And as for Germany’s supposed new reluctance, it helps recalling that as recently as 2005 the CDU in the German Bundestag was calling on the Red-Green government of the time to offer the Western Balkans a *more* concrete perspective;<sup>9</sup> and that Chancellor Angela Merkel told the Bundestag in December 2009:

“The European Council has announced that the start of accession negotiations with Iceland and with Macedonia will be on the agenda next year.”<sup>10</sup>

It is actions which matter. It is concrete obstacles which are most threatening to progress.

### *The Iceland of the Western Balkans?*

Montenegrin Europeanisers like to compare their country to Iceland, another small maritime state which recently opened accession negotiations. Like Iceland, Montenegro is a tiny country with a small population. But Iceland is rich, does not have to cope with legacies of communism, and has already adopted a large chunk of the EU’s legislation. In addition, unlike Iceland, Montenegro suffers from an image problem in many EU capitals.

Montenegro has never had a change in its rulers in its young democratic history. The Democratic Party of Socialists, the successor to the Montenegrin League of Communists, has been in power ever since the fall of communism. Except for a brief period from September 2006 to February 2008, one single politician, Milo Djukanovic, has been either the country’s president or prime minister. Montenegro still suffers from a reputation as a cigarette smuggling centre during the 1990s, and – more recently – as a hub for doggy Russian capital. Allegations of corruption and links between political elites and organised crime are frequent.

And yet this is a rather distorted picture. Montenegro, after all, also managed to avoid most of the pitfalls its neighbours stumbled into in the past two decades. It has managed its interethnic relations better than any other country in the Western Balkans, despite its thoroughly mixed population. It has – with EU mediation – managed to achieve independence democratically

<sup>9</sup> Antrag der Abgeordneten und der Fraktion der CDU, *Fuer ein staerkeres Engagement der Europaeischen Union auf dem westlichen Balkan*, 25 Januar 2005. Signatories included among others Von und Zu Guttenberg, Schaeuble, Polenz and Merkel.

<sup>10</sup> “Regierungserklärung zu den Ergebnissen des Europäischen Rates sowie zur UN-Klimakonferenz von Bundeskanzlerin Merkel”, 17 December 2009, <http://www.bundesregierung.de/Content/DE/Regierungserklaerung/2009/2009-12-17-merkel-erklaerung-un-klimakonferenz.layoutVariant=Druckansicht.html>.

and peacefully despite strong internal polarisation. It recognised Kosovo as an independent country. Recently Montenegro did well in meeting the criteria for visa liberalisation.

In short, there are few good reasons not to treat Montenegro like its neighbours and offer it what Macedonia was offered in 2009: a promise of opening accession talks. By contrast to Macedonia, Montenegro is not burdened by any similar bilateral dispute with any EU member either.

It would be a huge benefit for EU leverage and credibility in the whole region to see at least one country open accession talks in 2011. This would demonstrate that even after the 2009 economic crisis and the 2010 Euro crisis enlargement is still the only – and a credible – game in town. Unfortunately, there is a risk that the Noah-Joker effect of regional linkage turns into a problem: that in the eyes of some EU countries Montenegro is too small and strategically insignificant (today) to make progress all alone. Based on such thinking the most likely scenario for Montenegro now is that in a few weeks it will get a positive opinion on its application from the European Commission and graduate to become an official candidate, but hedged with further benchmarks before the actual opening of accession talks in 2011. Montenegro would clearly benefit if another country would be on track to start accession talks alongside. This takes us to another small Balkan state and its particular problems.

### *Macedonia and the sound of silence*

It would be foolish to be optimistic that the bilateral conflict between Greece and Macedonia will soon be resolved. It has, in fact, all the characteristics of an unsolvable conflict. At its heart are non-negotiable identity issues. It has festered for two decades. Most outsiders have given up hope and few dare to get involved. Some warn that this could become another unsolvable bilateral dispute, like the disagreements between Spain and the UK over Gibraltar or the disagreements between Spain and Portugal over Olivenza.

There is one crucial difference, however: this frozen conflict is likely to keep Macedonia out of both NATO and the EU forever. As the EU noted recently: “Maintaining good neighbourly relations, including a negotiated and mutually acceptable solution on the name issue ... remains essential.”<sup>11</sup> A never-ending stalemate could even threaten one of the most important state-building projects in Europe today.

A case can also be made, however, that now is as good a moment as ever to make progress. This gives current efforts a distinct feeling of being a last chance. Greek prime minister George Papandreou has proven in the past, most spectacularly with Turkey in 1999, that he is capable of taking unpopular decisions if he believes they are in Greece’s long-term interest. In the context of implementing the Ohrid Agreement leaders in Macedonia have also shown courage and determination, which is why Skopje is now ahead of Belgrade. At the same time both countries have red lines. No Macedonian leader will be able to change the name simply in return for the opening of talks, with no guarantee that there will not be more demands later, once a concession is made. No Greek leader can give up on the idea of a change in the name. This means that both Skopje and Athens need a compromise they can defend, because in both countries any deal would be attacked, whatever is agreed.

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<sup>11</sup> General Affairs Council, 7/8 December 2009.

ESI made a proposal recently that takes into account these red lines. According to these ideas, presented since to the main negotiators in both countries as well as to a number of EU foreign ministers and EU officials, Macedonia and Greece first agree on a name, such as “Republic of Macedonia – Vardar”, or something similar, to replace Former Yugoslav Republic of Macedonia (FYROM) wherever the latter is used now: in the EU, in the UN and in other international organizations.

Macedonia then changes its constitution to say that from the moment it becomes a EU member its international name will be this compromise name. In the Macedonian language the country would remain “Republika Makedonija”. Next, Macedonia joins NATO and EU accession talks begin still in 2010.

So what would happen in Athens? The Greek opposition could complain: “You allow Macedonia to join NATO and unblock the EU accession talks without a solution of the name entering into force now.” But Papandreou could respond that this compromise is better than what any other Greek government, including those in which opposition leader Samaras served, have achieved in two decades. First, to have Macedonia join NATO and to see EU enlargement continue is in Athens’ vital interest, economically and politically. Second, he can point to the constitutional amendment. He could even note that those in Greece who want to press for further concessions from Skopje would risk losing everything. He can ask also what the policy of the past two decades has really achieved even for the most radical Greek nationalist.

Reaching such a compromise makes it also unattractive for any future Greek government to use its veto at a later stage in the accession process. Objectively it becomes a Greek interest to see Macedonia join the EU rather sooner, whoever is in power in Athens.

There is one more reason why Greece could accept this: At this moment EU Balkan enlargement is blocked. Serbia is blocked because of Kosovo and ICTY. Bosnia and Kosovo are blocked because they are still protectorates. Turkey is negotiating but moving at snail’s pace because of the Cyprus issue. And Macedonia, the frontrunner among the Balkan states, is blocked because of the name. Some EU member states, eager to postpone the next wave of accession for another generation, hide behind these unresolved issues. The current government in Athens sees that this is not in Greece’s national interest.

How about Skopje? Some there will say that there should never ever be a compromise on the name. Some still believe – ignoring what the European Council has now stated repeatedly – that perhaps the EU will not demand a compromise before opening accession talks.

Here is what the government could tell those who want no concession at all: “First, we get Macedonia into NATO. At a moment when there is growing uncertainty again about the future of the Balkans this is good for investors, for interethnic relations and for Macedonia’s position in the world. Second, we start EU accession talks. This is also good in itself, *even if in the end we decide that we do not want to join*. Since Turkey started accession talks, it has seen its economy grow faster than ever before. The same has been the experience of other countries. Third, when our EU accession talks are completed *the Macedonian public can decide in a referendum* whether it actually wants to join the EU and change its international name or whether it does not want to join and keep the current name. This is a decision that will be taken then, and it is one that the people will make directly once they have a real choice. In the meantime, Macedonia reasserts its position as a frontrunner in the Balkans. In

the very worst case, if a future Greek government or another EU government blocks Macedonia's EU accession, nothing is lost. It is a win-win situation."

Papandreou has taken political risks before to promote the EU integration of the region: in 1999 he changed decades of Greek foreign policy to support, rather than to oppose, Turkey becoming a candidate for EU accession. He put a lot of energy behind the Thessaloniki summit in 2003 to persuade a sceptical EU to give the Balkans a clear perspective. The same team in Athens is now trying to create new momentum in favour of Balkan enlargement again, which they see as a matter of Greek national interest.

The economic crisis has given it additional arguments. First, it can argue that Greece needs to have good relations with all of its neighbours for economic reasons. It cannot afford to alienate either potential tourists or potential markets if it wants to get out of its economic hole. If South East Europe develops, this will also help Greek companies. Second, Greece has seen its European reputation undermined due to economic mismanagement. Any success in foreign policy would restore it as a credible actor in Brussels and in South East Europe.

And what if this year passes without any movement? Papandreou is still popular in Greece, but the impact of the hard economic and social reforms are yet to come. No unpopular Greek government would be able to make any compromise, which still has to be sold to the public. At this moment there are two strong governments, both in Skopje and in Athens. There will not be a better opportunity to resolve this than in the next few weeks. Perhaps not for another decade or more. Perhaps never.

### *A miracle on the Ibar?*

Serbia had long hoped that it might be able to isolate its EU process from its attitude to Kosovo. It has become increasingly clear that it cannot.

Kosovo had long thought that it was enough to focus on recognitions and work on its relations with the US. In fact, two years after independence, with no prospects of earning recognition by all EU members, there is a very real threat that Kosovo will get completely stuck in its isolation and backwardness.

The solution is clear, and there is a growing recognition among some leaders and in Brussels: the Kosovo-Serbia relationship – a classic case of Noah and Joker – can either become an obstacle for both, or it can be of mutual benefit. It is an area where smart diplomacy on the part of the EU can make a major contribution and lead to a much needed demonstration of not only the soft power of the EU but also the advantages of the post-Lisbon structures for foreign policy making. Here is the real test for Brussels and member states whether the EU is now a more effective actor.

In reality there is a triangular relationship, with the EU as the third key player. The EU and Serbia need to find a consensus about what Serbia needs to do on Kosovo for this not becoming a stepping stone on its way towards EU membership. EU and Kosovo need to sort out what the EU expects from Pristina in order for Kosovo to be allowed to advance towards the same goal. Currently neither is clear.

How can this relationship become more fruitful? One obvious fact is that to be an effective interlocutor the EU needs leverage and incentives for both sides. For Serbia this is clear: the

prospect for accession talks, and later membership, have so far provided enough incentives for the Serbian political leadership to react to EU pressure. In order not to weaken this leverage, however, it is now – after Serbia backed down on the UN resolution – crucial to forward Serbia's membership application to the Commission for it to prepare an avis.

What about Kosovo? Let us first look at what has gone right from Pristina's point of view: since early 2008 Kosovo is independent and recognised by a growing number of states and by most of its Balkan neighbours. There has been almost no violence (except one serious incident in Mitrovica right after the declaration of independence). Kosovo Serbs south of the Ibar have not only remained, but have taken part in recent local elections in larger numbers than ever before. The implementation of the Ahtisaari plan – including its provisions of minority rights for Kosovo Serbs – proceeded quite well, even in the absence of a UN resolution backing it up.

But note also what has not been achieved. There is no solution to the Serbian-controlled North: in North Mitrovica and the neighbouring municipalities there is an almost complete absence of the rule of law, as Kosovar courts do not operate and the UNMIK police does not enforce rulings of parallel Serbian courts. There is an ever present danger of provocations and violence. Here the implementation of the Athisaari plan failed.

At the same time, Kosovo remains isolated. It was able to join the World Bank and the IMF, but to join most other institutions will require some support from Serbia or Russia, which is not forthcoming. Recognitions have been forthcoming a lot less rapidly than expected, even after the recent ICJ decision. In many institutions Kosovo is still represented by UNMIK, which is hanging on. Finally, Kosovo is still formally a protectorate, with ultimate authority in international bodies. In terms of visa free travel, prospects for Kosovars to travel visa free to the EU look practically as bleak as in 2008. Moreover, the European Union remains as distant as it has ever been: not being recognised by 27, but only by 22 members, Kosovo is in limbo. In a situation of unchanging economic underdevelopment and weak institutions, the absence of credible EU soft power is all the more problematic.

All of this also means that Kosovars continue to look to the US for guidance. The EU does not offer Kosovo what it can offer Serbia – a step by step progress towards candidate status and eventual EU membership. So far it was not even able to give Kosovo a normal visa roadmap, in principle an issue independent of status. Instead the new priority is the fight against corruption. This is still in the hands of foreigners working in the protectorate structures (international prosecutors) who are fighting their biggest battles with other outsiders (recently, amazingly, including the US embassy). This is not a good signal to civil society, nor does it suggest good prospects for positive steps towards the rule of law.

In short, the situation in Kosovo is far from stable: the poorest country in Europe, with the highest unemployment, a growing population, the least ability to travel legally, without a credible EU perspective, trying to build – according to the Ahtisaari plan – a model multiethnic society (with seats set aside in parliament plus quotas for minorities in all institutions, non-nationalist state symbols, etc.): a success for this project can hardly be taken for granted.

There are two big policy questions for Kosovo: first, assuming that the EU will continue to be divided on the status issue for the foreseeable future, what can Europeanisation achieve in the Balkan country most in need of institutional reforms? And second, what does the EU's

sharply reduced leverage mean for its efforts to get Serbia and Kosovo to meet and discuss their problems?

Currently, Pristina politicians have few incentives to make any, even the smallest, practical concessions. The natural way forward would be to find ways to develop a status-neutral EU accession process. Some people in the Commission are trying to work on this, but without political commitment they will not get far. The alternative is not promising: Kosovo remains isolated, excluded from the Europeanisation process that is open to all of its neighbours, and the EU's leverage in Pristina will further diminish. In such circumstances, the talks between Serbia and Kosovo would be certain to fail.

### *Conclusion*

So far we have not discussed Bosnia and Albania, but the same principles apply. If Macedonia and Montenegro move ahead, this would have a huge effect on Tirana's polarised political scene. It would increase EU leverage and strengthen pro-EU forces in society. If Serbia makes progress, this is the best incentive for Bosnia. The key principle which worked well in the visa liberalisation process, is to treat countries fairly – i.e. in the same manner across the region.

The arguments for the EU and the US to be involved in the Balkans during the last two decades were usually negative: images of atrocities and anarchy, fears of further chaos, talk about failed states. Some still try this rhetoric today to mobilise interest, but it does not work well anymore. Serbia will not resort to violent means in its struggle over Kosovo. Macedonia is not going to implode in civil war if it does not start accession talks in 2011. Kosovo will not expel its Serb citizens if it does not get a visa roadmap. Even in Bosnia, the country which some analysts portray as at serious risk of disintegration, nobody actually expects a return to armed conflict. The actions of the US and the UK, most worried about retaining OHR, speak a clear language, as neither has troops left in Bosnia.

Of course, it would be foolish to become complacent. If the region does get trapped, it is possible to conjure alternative scenarios that will work to the detriment of European interests in the Balkans.

On the other hand, the most important reason for the EU to be involved in the Balkans today is a positive one. Today it is the only region in the world where the EU is the undisputed hegemonic outside power, not challenged – once it makes up its own mind – by either the US or Russia. It is also a region where European tools needed for impact are already in place. Stabilising the Balkans does not require increasing defence spending or the deployment of special forces; it does not require coercion or bribery. The key to success is smart diplomacy and a wise use of soft power.

It is in the Balkans therefore that the EU can prove the usefulness of the Lisbon reforms for more effective foreign policy in the future. During the 1990s the Balkans became a laboratory for other interventions elsewhere. Even in recent years EU initiatives here have served as models: the EU visa roadmap process, after working well, is now adapted to the conditions of the Eastern Partnership region. The prospect of post-conflict multiethnic democracies forging a lasting democratic peace is a bold vision, but one the EU is fully capable, if it so chooses, to advance.

Of course, failure to stabilise the Balkans would undermine any claims that the EU is able, after Lisbon, to shape even its most immediate neighbourhood and advance its values. However, the best case for involvement in the Balkans today is not the threat of failure but the lure of success. Being linked together by ever stronger bonds must not be a problem for the states of the Western Balkans once there is no longer any need to plan an escape from a common European home.