EU’s enlargement process towards Serbia

A study on EU’s interests in Serbia

2012-05-30

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Master Thesis

European Studies

Aalborg University

## Acknowledgement

First and foremost I would like to thank my supervisor Mr Wolfgang Zank for his support and guidance throughout the working process. His availability and engagement as a supervisor show great commitment that I am very grateful for.

I would also like to thank my family and friends for encouraging me throughout the writing process.

# Abstract

EUs enlargement process exemplifies the accession of new member states by the EU. It is characterized as a reunification of Europe to help weak countries that suffered from political instability and security in Europe during the Soviet burden. During 1991-1996 all the CEE candidate state countries had signed the Association Agreements for the reason to improve the countries’ political and economical welfare in order to come closer an EU membership. Serbia’s progress towards the EU took radically steps forward after the fall of the communist regime and Serbia as a post-communist state realized the necessity to come closer EU in order to be on good terms with the West. Serbia announced European integration as one of the head priorities on strategies of the Republic. Since then Serbia has worked with implementing reforms and achieve conditionalities on the basis of EU’s structures, mainly the Stabilization and Association Process. After receiving potential candidate status for EU membership by the Thessaloniki Agreement in 2009, Serbia proved this year on March the 1st 2012 that the country is serious with the EU membership.

EUs enlargement process is often considered as EUs foreign policy tool. The main objectives of the EU with the enlargement towards Serbia are peace, economy, stability and development of the Western Balkan region. Because of Serbia’s central position in Europe, instability in the Balkans could cause the threat of a dangerous spillover effect to the EU in the form of disorder, organized crime, mass immigration, drugs. Therefore Serbia has a key role for the EU’s enlargement to the Western Balkans especially from an economic and political viewpoint.

This thesis deals with EUs enlargement process towards Serbia with emphasis on examining why EU wants to grant membership to Serbia. It seeks to examine whether the outcome of the relation between costs and benefits has an impact on EUs intention with enlargement. By exploring EUs enlargement from the eyes of the rationalists I will try to examine if the theory is supported by my empirical findings. Since Serbia just received their candidate status this year, the subject is of great interests as it is a current topic and give a better understanding over EUs intentions with the enlargement.

**Keywords:** Enlargement, European Union, costs/benefits, Serbia, regional cooperation

# Abbreviations

ATM Autonomous Trade Measure

BSEC Black Sea Economic Cooperation

CARDS Community Assistance for Reconstruction Development and Stabilization

CEE Central and Eastern European

CEFTA Central European Trade Agreement

CEI Central European Initiative

CFSP Common Foreign and Security Policy

EC European Commission

ESDP European Security and Defense Policy

EU European Union

EULEX The European Union Rule of Law Mission in Kosovo

EUSR European Union Special Representative

FTA Free Trade Agreement

ICPDR Adriatic and Ionian Cooperation, the Danube Cooperation Process, International Commission for Protection of the Danube River

ICTY International Criminal Tribunal for the former Yugoslavia

KFOR Kosovo Force

NATO North Atlantic Treaty

RCC Regional Cooperation Council

МАRRI Regional Initiative for Migration, Asylum and Refugees

SAA Stabilization and Association Agreement

SAP Stabilization and Association Process

SECI South East European Cooperation Initiative

Table of contents

[Abstract 3](#_Toc326194856)

[Abbreviations 4](#_Toc326194857)

[1. Introduction 6](#_Toc326194858)

[1.1 Problem formulation and hypothesis 6](#_Toc326194859)

[2. Methodology 7](#_Toc326194860)

[2.1 Selection of subject 7](#_Toc326194861)

[2.2 Theories 8](#_Toc326194862)

[2.3 Empirical evidence 8](#_Toc326194863)

[2.4 Analysis 9](#_Toc326194864)

[2.5Limitations 10](#_Toc326194865)

[2.6 Source criticism 10](#_Toc326194866)

[3. Theoretchical Approach 10](#_Toc326194867)

[3.1 Theories 13](#_Toc326194868)

[3.2 The theory on Rationalism 13](#_Toc326194869)

[4. Historical background 17](#_Toc326194870)

[4.1 EU’s enlargement progress towards the Western Balkans and Serbia 19](#_Toc326194871)

[4.2 The European Union as a policy arena 21](#_Toc326194872)

[4.3 EU’s enlargement policy 22](#_Toc326194873)

[5. EU moves closer to Serbia 24](#_Toc326194874)

[5.1 Regional Cooperation in the Western Balkans 24](#_Toc326194875)

[5.2 EU’s role in Kosovo 26](#_Toc326194876)

[5.3 Agreements between EU and Serbia 27](#_Toc326194877)

[5.4 The Stabilization and Association Agreement and Process 28](#_Toc326194878)

[5.5 Conditionalities 30](#_Toc326194879)

[5.6 Serbia’s EU candidate status 32](#_Toc326194880)

[5.7 Investment climate in Serbia 34](#_Toc326194881)

[6. Analysis 35](#_Toc326194882)

[6.1 Is there a *mutual cooperation or steered by own interests*? 35](#_Toc326194883)

[6.2 EU’s enlargement instruments towards Serbia - the intention with enlargement? 37](#_Toc326194884)

[6.3 In what way has EU’s enlargement progress had an impact on Serbia? 39](#_Toc326194885)

[7. Discussion 42](#_Toc326194886)

[8. Conclusion 45](#_Toc326194887)

[Bibliography 48](#_Toc326194888)

# Introduction

The main incentive to study this topic was to gain an understanding on what pushes EU towards Serbia and the Western Balkans. Since EUs enlargement process towards Serbia is a current topic and an ongoing process I wanted to explore what factors could explain the reason behind EUs admission of Serbia as a potential EU member. Especially since it was not long ago that the country suffered from patterns since the communist regime and still today regional issues occurs between countries Kosovo being one example.

The process of EU’s enlargement is characterized by EU’s accession of new member states. One of the main theorists elaborating on the subject of EU’s enlargements towards Balkan is Milada Anna Vachudova who argues with the enlargement of EU comes the pressure on CEE countries to build liberal democratic states. Governments intend to implement domestic reforms and improve foreign policies to meet EU’s requirements regarding political, economic and security.[[1]](#footnote-1) Serbia is an excellent example of how the government has progressed with adapting and implementing EUs reforms and conditionalities in order to receive closer relations with the EU. As the EU is a great power in Europe with influence over; immigration, foreign policy, trade border control, domestic policies – standing outside the EU would lead to an isolated area with lack of economic and political integration and development.

 Serbia is an efficient case to choose as the country and the region has not fulfilled the conditionalities that form the EU, and still EU as showed a great interests in cooperation with both the country and region. It is therefore in my interest to explore what factors explains EUs enlargement towards Serbia. Due to time limit I have chosen to restrict my study to two factors; cost and benefit calculations based on the rationalists theory on enlargement and explore if these can explain EUs enlargement towards Serbia. The political and economic relations to enlargement will be in focus. Security, migration, crime and drugs will not be studied closer than mentioned as factors with influence on enlargement.

## 1.1 Problem formulation and hypothesis

The process of EU’s enlargement is characterized by EU’s accession of new member states. Mlada Anna Vachudova sees the enlargement process as a merit based system applied to all candidate states with the requirement on fulfilling the conditions to become a member state. Depending on every states political and economic situation – this affects the states place in the queue for membership. By implementing the necessary reforms to meet EU’s requirement a state can recover itself and in many cases with EUs financial support. This is the case for Serbia that has a history of a state supporting ethnic cleansing but is today progressing gradually towards EU and recently received an EU candidate status. Given the fact that Serbia as a post-communist states still has been admitted to progress with the adaption of EU reforms and is a potential EU member, I seek to study what factors determines EUs enlargement towards Serbia.

Problem formulation:

**Why does the EU offer membership to Serbia?**

Hypothesis:

**The old member states opted for enlargement because they were of the opinion that they would benefit from it, economical and/or political**

# Methodology

The purpose of this chapter is to outline the specific methods and

Considerations I have chosen to follow in answering my problem formulation.

## 2.1 Selection of subject

Since I had last semester performed my internship at the Swedish trade council in Belgrade I had become interested in the topic of Serbia’s path towards EU as in my internship I had faced many situations on trade relations between Serbia and Sweden that were prolonged because of Serbia standing outside of EU and not sharing same agreements. The sensitive issue between Serbia and Kosovo had a great impact on my choice of subject as I found it interesting that EU has progressed enlargement towards a region where instability still is current. When Serbia received a candidate status this year the topic could not be missed to do research on. However since it is a current topic with not a broad variety of litterature I am quite restricted on studying previous studies on the subject, which is also my strongest argument of having chosen the topic – a contribution to studies made in the field of on EUs enlargement.

## 2.2 Theories

When we speak about EU’s enlargement we must have a clear idea of what enlargement is. In this thesis I aim to study EU’s enlargement towards Serbia. It is therefore important to acknowledge the literature on enlargement. Enlargement is often related to European integration however in this thesis I am to study EUs enlargement by examining how the theoretical literature on enlargement would explain EUs admission of Serbia as a potential member state. I have chosen one main theory that studies cost/benefit outcomes has an influence on EUs decision on enlargement. The theory is rationalism that will also be supported by its systematic theories; neorealism and neolibealism in to get a broader focus on rationalism and explore what main factors can explain EUs performance, If any.

Rationalism is a theory based on the theoretchical assumptions from the two theories; neorealism and neoliberalism. The rationalist theory has a focus on a power-based and interest-based approach of enlargement. The theory argues trade integration and political cooperation are the main incentives to go through with enlargement. Frank Schimmelfennig describes international institutions to share characteristics of materialism, egoism, individualism and instrumentalism. He would describe EU as the intervening tool between actors’ material interests and the material environment as well as the collective outcome. In an institution the distribution of power and wealth is in the centre, with the lack of a hierarchical structure. Therefore member states make up for an anarchical environment with material conditions in focus with the enlargement of the institution. The rationalists argue it is in the nature of actors to act egoistically on their self-interests and act for the reason after what maximizes their own welfare. [[2]](#footnote-2) It is in my interest to study whether the empirical findings support my hypothesis and theory or f the theory has a negative outcome on explaining the empirical part.

## 2.3 Empirical evidence

In this study I have used qualitative text analysis. A qualitative text analytical method has been conducted prior to a quantitative content analytical method since the material we find most important for our thesis have been chosen and intensely read through as one unit, than studying a large amount of analytical unities as the method in the quantitative method signify. Because this is a current EU related subject I have in my empirical part examined most of the material provided from the EUs webportail in order to receive objective information without influences from personal opinion. I have however examined academic literature on enlargement over time in order to get as much information and discussions as possible from different scholar.

The chapter begins with a historical background on Serbia’s path towards developing relations with the EU. This gives a brief overview in order to understand the country’s background and progress towards liberality. The political and economic developments are addressed. The following chapter will explore EUs approach to the Central European Countries and its progress towards the Balkans and Serbia. The background with EUs intentions with approaching the Western Balkans will be presented. This gives the reader an overview on the development of the relations between the EU and Serbia to better understand the criteria on the enlargement policy that follows after. Given that enlargement policy is often recognized as EUs foreign policy tool it will be examined what it obliges on the applicant country. The next chapter covers agreements and cooperation that has brought EU closer to Serbia. Regional cooperation which is one of Serbia’s main instruments to achieve the conditionalities is discussed. The Kosovo issue with Serbia that slows down the enlargement process of Serbia is presented from EUs perspective, what role EU has in Kosovo. These previous chapters discuss the progress of EU and Serbia’s relations and cooperation that today has led to Serbia’s candidate status. The last chapter before the analysis will discuss Serbia’s candidate status and also what makes Serbia an interesting market to get an understanding over how EUs trade agreements benefits the country.

## 2.4 Analysis

In order to approach the problem formulation in this thesis; *why does the EU offer membership to Serbia?*  In the analysis I make use of my theory together with the empirical evidence. I will discuss whether the empirical evidence and the chosen theory support my hypothesis; *the old member states opted for enlargement because they were of the opinion that they would benefit from it, economical and/or political.* The chapter will begin with an analysis over EUs development of its relations with Serbia over time for the reason to explore the question; *is it a mutual cooperation or steered by own interests*? The next step will be to examine EU’s enlargement instruments towards Serbia in order to get a better understanding over the question*; what impact does EU want to proceed in Serbia?* Further on the chapter will study the outcome of EUs enlargement towards Serbia in order to understand the question; *in what way has EU’s enlargement process had an impact on Serbia?*  With these questions in mind I intend to examine in the discussion part, if my theory applied on the empirical evidence does support my hypothesis and answers my problem formulation or if it proves different.

## 2.5Limitations

 One of the limitations for my subjects has been the access to updated information on EUs enlargement relations with Serbia on the EU’s webportail that has been my main source as it is difficult to get access to current data on this topic form objective sites. The information is not very frequent which limits my possibility to use the necessity information required.

Another limitation is the academic literature on EU as an institution. An overview of the institution would give a deeper understanding on the drafting of the different agreements on enlargement and what factors can explain EUs rules on the agreements. This would complement to the theoretchical discussion on enlargement from EUs own perspective

## 2.6 Source criticism

As for the academic literature in this thesis I am content as I have covered a broad range of scholars and theoretchical discussions on enlargement. But as a mentioned in the previous chapter, the restricted and “old” information on the EUs webpage.

# Theoretchical Approach

When we speak about EU’s enlargement we must have a clear idea of what enlargement is. In this thesis I aim to study EU’s enlargement towards Serbia. Following I will explore theoretchical approaches on enlargement.

The process of EU’s enlargement is characterized by EU’s accession of new member states. One of the main theorists elaborating on the subject of EU’s enlargements towards Balkan is Milada Anna Vachudova who argues with the enlargement of EU comes the pressure on CEE countries to build liberal democratic states. Governments intend to implement domestic reforms and improve foreign policies to meet EU’s requirements regarding political, economic and security. This means the CEE countries must have a trust in EU’s incentive for the CEE countries to progress to a membership.[[3]](#footnote-3) Vachudova argues with EU membership comes benefits and if countries stand outside enlargement, with exclusion come costs – this give countries great encouragement to work towards achieving EU’s requirements’ for a membership. EU’s enlargement is described as developed into a political integration with grown influence over areas such as immigration, foreign policy, border control and not only economic integration. With a political and economic integration comes; free trade, free movement of capital, free movement of ideas, elimination of non tariff barriers to trade, monetary integration, stability, democratic improvements, etc. The disadvantage is reduction of political autonomy because of trade openness, adjustment costs, increase in right-wing politics etc. As neighboring countries often have closer trading relations this makes political integration more attractive and EU - enlargement brings them access to new export markets. Inflows of foreign direct investment, political improvement but most importantly helps changing weak states from planned to market economies.[[4]](#footnote-4)

Vachudova sees the enlargement process as a merit based system applied to all candidate states with the requirement on fulfilling the conditions to become a member state. Depending on every states political and economic situation – this affects the states place in the queue for membership. By implementing the necessary reforms to meet EU’s requirement a state can recover itself Vachudova argues.[[5]](#footnote-5) This is the case for Serbia that has a history of a state supporting ethnic cleansing but is today progressing gradually towards EU and recently received an EU candidate status. Vachudova further argues that candidate states with implemented reforms as an effort to qualify for EU membership gain significant economic benefits with better state regulation of market, improved business environment, greater opportunities of domestic and foreign investment as well as trade.[[6]](#footnote-6) On the other hand one of the domestic reactions on implemented EU reforms in the state can be growing nationalist parties that see EU membership as a threat to the nation. But also a decreased political competition can happen as the political parties easily can move the focus to EU’s political issues and demands that they have in common.

 It is argued by Vachudova that EU has great benefits on enlargement as a power-relationship is created with the required conditionalities. The candidate states she believes become to be depended on EU and not the other way around.[[7]](#footnote-7) As an international actor EU has been recognized with great potential to influence the Western Balkans. Through promotion of ethnic reconciliation and supporting economic and democratic reforms in the region, the EU has made large changes and improvements. By offering long-term strategies in the region focused on humanitarian aid, economic assistance, market access and political support - the countries are given a prospect of EU membership. As a result of setting the targets for the Balkans - EU are given the power to influence the domestic politics of the countries. The applicants are here obliged to liberalize democracies and change to market economies in the process of attaining an EU membership.[[8]](#footnote-8)

Jan Zielonka argues in his article *plurilateral governance* …… that enlargement has not only a widening affect on EU but also characterizes a legal, political, economic and cultural diversity.[[9]](#footnote-9) New member states of EU compared to the old ones have today different reforms and political priorities with stability as one of the main concerns for EU to strengthen. This since there are new agreements to follow and many of the new member states mainly in Eastern Europe are still fragile from the communist regime they were hit by. Despite the huge democratic progress of CEE countries the last decades, there are still milestones to reach and improve their legal, economic and administrative structures that still today are undeveloped.[[10]](#footnote-10) For the new members’ to progress towards the same level as the old members it is argued that this will foremost be ensured through policies focused on market, stability and institutions.[[11]](#footnote-11)

By Schimmelfennig and Sedelmeier the enlargement of the EU is described as a central political process on EU’s agenda that has influence on both the EU as an institutions and its international relations. It is in EU’s power to set up the political shape of the member governments by the major policies the community represents, which give the memberstates the power to influence on the domestic politics in the non-memberstates which also Vachudova argues for as the memberstates form the EU.[[12]](#footnote-12) Schimmelfenning and Sedelmeier argue the main features of enlargement are; the pre-accession process, substantive policies and also the outcome of the impact of enlargement on the two actors; the EU and the accession countries. Enlargement is explained as “a structure of organizational rules and norms”[[13]](#footnote-13) that are set in motion before EU membership and continues after new members’ entry to the institutional organization. We can see this in Serbia for example with the implementation of reforms on EU’s request and how they achieved the required conditionalities of EU to receive an EU candidate status. Organizational rules and norms are often implemented as constitutional framework in new member states for the reason to achieve in Europe’s case – the conditionalities to receive a candidate status.

One scholar often described with a federalist approach on enlargement is Jean Monnet who believes the relations between people and their common interests are the key to the unification of Europe and its relations outside. Monnet was convinced that enlargement of EU would be most effective with a supranational body with the ability to implement binding reforms and decisions’ on states. Montesquieu and the theorist Jean-Jacques Rousseau both considers federalism as a system for small states to use in order to compete against larger states.[[14]](#footnote-14) In this federal system the economic cooperation among states that is influenced by enlargement is a result of political integration. One of the key thinkers of federalism - Altiero Spinelli argues that the end result of creating a federal state is what matters and not the process to reach the end. This is one of the main criticisms against the theory as it does not put focus on the processes and strategies to reach this end result. Spinelli believes in a federal Europe with a common identity and institutions that would make peace among the people in Europe.[[15]](#footnote-15) Scholars do agree on the vision of cooperation in many areas through various nations governments however argue a too supranational EU would intrude on the states and threat their democratic rights.

Enlargement is as discussed in this chapter a process of the widening of EU that has an impact on not only the institution and member states but also the non-members politically, economical and socially. This means an outcome of cost or/and benefits for the actors, and EU can choose to open up doors for the involved actors or choose to exclude. Since my main focus in this project is EU’s enlargement towards Serbia I must stress what factors could explain; why EU wants to grant Serbia EU membership. What would EU gain with accepting Serbia?

## 3.1 Theories

One theory that puts weight on cost/benefit relations of enlargement is the theory of rationalism. This is also my main theory in this project. In the following chapter I will address this theory and explore the key ideas towards enlargement. I will also discuss two systematic theories of rationalism; neorealism and neoliberalsm and their different viewpoints on enlargement and discuss where the constructivist would stand on the question of enlargement.

## 3.2 The theory on Rationalism

Rationalism is a theory based on the theorethical assumptions from the two theories; neorealism and neoliberalism. The rationalist theory has a focus on a power-based and interest-based approach of enlargement. The theory argues trade integration and political cooperation are the main incentives to go through with enlargement. Frank Schimmelfennig describes international institutions to share characteristics of materialism, egoism, individualism and instrumentalism. He would describe EU as the intervening tool between actors’ material interests and the material environment as well as the collective outcome. In an institution the distribution of power and wealth is in the centre, with the lack of a hierarchical structure. Therefore member states make up for an anarchical environment with material conditions in focus with the enlargement of the institution. The rationalists argue it is in the nature of actors to act egoistically on their self-interests and act for the reason after what maximizes their own welfare. As for the actors relations to eachother the theory argues they perform enlargement through an objective approach and therefore do not put pressure on differences between individuals of the states.[[16]](#footnote-16)

Rationalism believes institutions have the power to help states with effectiveness by recommending options regarding their cost-benefit results. It is in the interest of the institutions to help reducing problems and costs that could rise with the enlargement. With enlargement of an institution come a growth of membership and also the size of the organization changes. This approach the rationalism corresponds to as a club theory. In this club which is seen as a voluntary group, members share mutual benefits despite the fact that if enlargement leads to crowding of members - the goods that the club offers do not promise equal distribution among memberstates. An international institution that can relate to the club theory would only expand if the cost of crowding is equivalent to the contributions of the members. This structure has impact on both members and non-members of the institution in a cost/benefit outcome.

Schimmelfenning and Sedelmeier in their article; *Theorizing Enlargement* distinguish three categorical thoughts on the costs/benefits of enlargement regarding the applicants, members and states. The first category regards applicants and members that have - transaction, policy and autonomy costs and benefits*. Transaction costs* come for the member states since additional memberstates would require improvements on the infrastructure of the institution and supplementary languages would need costly communication tools*. Policy costs* signify crowding costs that are the results of enlarged institutions where the members share the goods with the new members through an adoption of domestic policies. However policy-benefits are distributed to both members and admitted applicants. *Autonomy costs* are a result of the shared policy- options between member states and applicants. Member states that already have given up their sovereignty of policy making now share with the new applicant equal decision-making rights. For countries that have been members for a long time this can be difficult to realize as it can happen they in EU feel more “European” than the applicant. In the case of the applicant the greatest cost is the loss of autonomy on policy-making as a member states. However benefits weigh high as with the membership protection of state autonomy is provided by the institution.[[17]](#footnote-17)

The second category describes the cost/benefit result regarding states that rationalistic theories share different opinions on. The two systematic theories in the rationalist perspective; neorealism and neoliberalism have different approaches on the crucial factor of enlargement. In the neorealist analysis power is in focus whereas the neoliberalist argues for the maximum welfare. Enlargement has influence on the internal power distribution in the EU in a neorealist view. With enlargement the memberstates are concerned about the distribution of benefits as it is shared among the memberstates of the institution. It is argued this will have an impact on their future power position as the amount of benefits influences the states gain and loss of power.[[18]](#footnote-18) This has an impact on memberstates decisions on the entry of new member with the enlargement. States that believe enlargement will bring gains will most often be positive to accept the admission.

In a neoliberal analysis the level of interdependence is in focus especially when referring to the Balkans. If a country would be a threat and vulnerable this could bring negative interdependence to the EU and give a negative outcome. With a positive interdependence come economic gains and transactions. Since enlargement move towards states where it can reduce risks and costs and increase benefits, EU seeks to the states where chances of positive interdependence between memberstates and the non-members are higher. This means where the costs are higher EU will be restrained with enlargement. The theory here makes a clear statement that enlargement is based on the material gains and attitudes of the individual member states and not the norms and values of the Union towards enlargement. [[19]](#footnote-19) The theory argues with enlargement states stand under common rules to secure each states national interest and with cooperation comes also benefits. States that are excluded from enlargement risk of high costs. With enlargement the theory also argues stability and peace is spread throughout Europe.[[20]](#footnote-20) . The neoliberalists see institutions in this case EU - as the tool to promote multilateral cooperation, support economic growth and solving regional problems through enlargement. Neorealism on the other hand believes actors tend to concentrate on performing their hegemonic power in order to impose cooperation on weaker states.[[21]](#footnote-21)

The third category regards the material conditions that decide states cost/benefit estimation. The rationalists believe joining an international economic organization can have a positive impact on the changes in the world economy with the mutual cooperation. The economic integration in the institution can result in changes of trade and investment of the excluded actors markets and therefore attract membership. The material conditions are also according to the rationalists influenced by its geographical position. If a state is dependent on the trade cooperation with members of an economic union, a membership would be of interest. This trade relation can also give a stronger demand on enlargement if it is export or capital oriented.[[22]](#footnote-22) The rationalists consider member states are attracted by enlargement for the reason that they believe benefits outweigh the costs. With economic enlargement the theory would argue the EU markets would grow bigger as the new members markets would be new investment opportunities and producers of cheaper products, have low wages and taxes and forgotten natural resources. With political enlargement it can improve on instability that creates organized crime, drugs, migration invasion. With EU’s policies on security and stability enlargement can reach out to the new member states with obliged reforms to be implemented.

According to Dorothee Bohle in the article; A Cold Welcome – The Unequal terms of eastern enlargement, the EU is recognized as the stronger constituent in relation to the CEE countries regarding political and economic sectors which also make the countries depended on the EU as they wish to join the Union. This again implies on EU’s possession of power. She argues further there are great variations in socio-economic structures between EU’s member states and the country’s in the accession process. The Balkan countries are many of them poor and underdeveloped comparing to western European countries such as Germany and United Kingdom. This raises the question of tension between small and large states[[23]](#footnote-23).

Rationalists argue institutions are in the power of distributing restrictions and encouragements to actors but do not have influence on their identities and interests. One theory that contrasts to this is the constructivists’ theory that believes institutions have the power of shaping actors’ interests and identities. With the commitment to institutions actors are provided with the norms and values that form their social roles. The rationalists would here argue that institutions help the actors to pursue their interests in a further efficient way.[[24]](#footnote-24) Member states would favor the kind of enlargement that would maximize their net benefits, this means the individual costs and benefits of the applicants decide their admission of the new members.

With enlargement raises the differences within EU the rationalists argue. The entry of new members brings economic, political and social heritage from historical and current problems of their region. Serbia as an example has struggled with socio-economic developments from the communist society which affects the country’s transformation to become one of the EU members.[[25]](#footnote-25) Therefore it is in the main interest of EU according to the theory that the marginal benefits for admitting members must be higher than the costs. With the conditionalities on the countries to change their political, economic and social structure they in exchange take part of EU’s framework. Through this EU benefits from the economic integration in Serbia’s case without the costs of political integration as the countries are required to implement the domestic changes.[[26]](#footnote-26)

# Historical background

Serbia existed as an alienated state before it was conquered by the Ottoman Turks in 1459, and it took three and a half centuries until a Serbian revolution in 1804 that gradually led to the formation of Serbia in 1878. Later on other states ruled by empires joined the Kingdom of Serbia and it was later on in 1929 named the Kingdom of Yugoslavia. During the World War the Kingdom of Yugoslavia was conquered by troops and Serbia faced two movements; the Soviet power during the communism and the anti-communists Yugoslav Home Army that took action. In 1941 a civil war started between the two moments that continued to 1944 by a communist victory. The communism spread from Montenegro and Serbia to Croatia and Slovenia. Prior the movement to Serbia a policy based on the Soviet model was formed by the communists. This lead to the new constitution of a new state named the Federal People’s Republic of Yugoslavia in 1946 and consisted of Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia.[[27]](#footnote-27)

The Yugoslav communists aspired on maintaining independent power-control over their territory from Stalin which led to a divided Yugoslavia in 1948. This became the obvious starting point of Yugoslavia’s relations with Western state with improved economic standards and by the end of 1950’s travelling abroad was allowed for the citizens of Yugoslavia. The United States supported Yugoslavia with flows of financial aid coming in and gradually the western culture began to be adapted when the Western countries became the priority tourist destination for the Yugoslav in 1960s.[[28]](#footnote-28)

From the closer relations with the western states and their values, western influence on Yugoslavia came to be the start for a movement from communism to socialism by teachings from Karl Marx and Friedrich Engels. With improved standards of living the citizens began initiate the need of reforms on human rights and freedom of speech. However when the dictator of the absolute monarch died in 1980s U.S started to withdraw their aid from the region which gave rise to an economic crisis and a need for a leader that would implement reforms for the transition out of the crisis. 1987 a new leader came into position as the leader of the League of Communists of Serbia – Slobodan Milosevic that give rise to populist policy in Serbia that forced leadership over three regions; Vojvodina, Montenegro and Kosovo. By 1989 Serbia was under control of Milosevic as the Constitution of Socialist Republic of Serbia with power over Vojvodina and Kosovo.[[29]](#footnote-29)

With a growing power of Milosevic a fear spread throughout Yugoslavia and in 1990 the League of Communists of Yugoslavia was ended leading to the independence of Slovenia and Croatia. Even though the leadership of Milosevic was referred as performing under socialism, Serbia never became a liberal democracy during his rule. He was considered as a soft dictator and from an economic perspective during Milosevic’s time the economy of Serbia declined extremely and put the country into a degenerated economic crisis because of international economic sanctions by the UN.[[30]](#footnote-30)

During the rule of Milosevic his uncontrolled use of power for ethnic problems in Kosovo led to bombings by NATO against the former Yugolslavia that estimated to a great loss of Human capital, national wealth – infrastructure, economic infrastructure, non-economic civilian objects. The Yugoslav army and the Serbian police were obliged to leave the territory and Kosovo became under direct control of the UN and NATO. The elections held in 2000 in Serbia gave a result of loss for the Milosevic regime that was forced to resign and this triggered the interest in the west. Zoran Djindjic from a Democratic Party became the first elected democratic Prime Minister of Serbia ever since World War Two who also brought Serbia closer to the West that together with the US gave strong support to this new power. The Criminal Tribunal for the Former Yugoslavia (ICTY) brought Serbia’s relations with the Western countries closer because of mutual positions towards war crimes.[[31]](#footnote-31)

Following two years were marked by oppositions between Serbia’s Prime Minister Djindjic and the president of FRY, but during this period the FRY were announced as Free states and gave Serbia the status of a liberal democracy. After discontented citizens, the victory of Boris Tadic from the Democratic Party in 2004, Serbia started to move to a stabilizing political welfare system in Serbia and improved relations with EU, NATO and the US. Later on in 2006 Montenegro declared independence after a referendum led to a declaration of independence.[[32]](#footnote-32) Since 2004 Boris Tadic has been in power in Serbia and fostered a stable political seen with west European economic reforms implemented and progressed towards the prospect of EU membership since Serbia this year received a EU candidate status.

## 4.1 EU’s enlargement progress towards the Western Balkans and Serbia

In 1957 came the foundation of the EU with the treaties of Rome with 6 member states; Netherlands, West Germany, Luxemburg, Italy, France and Belgium and this became the breakthrough of EU’s enlargement. EU began to grow bigger and the decision making process came to be difficult which brought out the need for a renewed enlargement policy. Since then the EU enlargement has increased to a union of 27 EU member states.[[33]](#footnote-33)

The EU enlargement is characterized as a reunification of Europe to help weak countries that suffered of political instability and security in Europe during the Soviet burden. After the breakdown of the Communist regime the CEE (Centreal Eastern European) countries – have EU membership and NATO as the main foreign policy goal to achieve.[[34]](#footnote-34) The CEE countries were after the cold war offered financial aid through a PHARE programme which works as the main aid- channel for the CEE countries. It was at the Copenhagen Summit in 1993 that the vision of enlargement was opened through an agenda called the ‘Copenhagen Criteria’ set by the member states criteria’ for applying countries to meet in order to move closer to an EU membership. The Copenhagen Criteria was focused on different sectors; political criteria that required stabile institutions’ that guaranteed democracy, rule of law, human rights and the protection of minorities. The economic criteria required a country to perform a functioning market economy strong enough to compete under pressure and with market forces within the EU.[[35]](#footnote-35)

The legal critiera – the *aquis* is the entire body of Community law of EU under which the member country is obliged to take on and harmonize with the national law. The Maastricht Treaty (TEU) – one of the major founding treaties of the European Union was signed in 1992 and created the euro and the pillar structure of the EU. This treaty gives the principle that “any European State may apply to become a member of the Union”[[36]](#footnote-36).

During 1991-1996 all the CEE candidate state countries had signed the Association Agreements for the reason to improve the countries’ political and economical welfare in order to come closer an EU membership. For almost a decade the Western Balkans suffered from instability and conflicts and it was in the interest of EU to help improve regional development stability in the region.[[37]](#footnote-37)

In order for a country to become an EU member a pre-accession strategy and the Stabilisation and Association Agreement (SAA) is to be fulfilled. This agreement has a set of rights and obligations that the country needs to respect and reach.[[38]](#footnote-38) In 2000 at the Zagreb Summit the Western Balkans were permitted EU- accession that was based on the Treaty of European Union (TEU) and the Copenhagen Criteria. Through this criterion the countries were agreeing on working toward fulfilling EU’s conditionalities and later on also the SAA and Stabilization and Association Process (SAP) when these agreements were signed. [[39]](#footnote-39)When signing these agreements a binding contract is set between the EU and the future member country. SAP works as a policy-framework for the western Balkans that encourages regional cooperation to improve political stability, security and economic prosperity. This cooperation is based on both the EU-Western Balkans Summits of Zagreb in 2000 and Thessaloniki in 2003 and also stands under the Stabilisation and Association agreement.

The western Balkan region with the progressing EU relations has realized the common challenges they are facing together and the responsibilities towards eachother. With a closer regional cooperation comes a better political understanding, social and economic wealth and with the important influence over trade, energy and transport.[[40]](#footnote-40) Regional cooperation in the western Balkans is a foundation for the creation of a business environment which would attract foreign and direct investments, leading to a better living standard for the population as this would create jobs and encourage individuals to take more initiative for the countries welfare. The decisive objective with the regional cooperation is to create closer relations and reconnect the western Balkans with their neighboring countries, member states of EU and candidate states. A closer connection and cooperation within the western Balkans would lead to a more successful development of stabilisation and security in the region if they work together with EU, as they together will fight against corruption and trans-national organized crime.[[41]](#footnote-41) In Serbia’s case EU’s agreements set out strategies and reforms for Serbia in order to progress closer to the EU. SAP is one of the most important agreements Serbia has signed. With Serbia’s fulfillment of the conditions of SAP the country

Correspond to the European and International standard, and this year March the 1st 2012 gave Serbia their EU candidate status.

## 4.2 The European Union as a policy arena

One of the most important actors to encourage and implement changes in contemporary governments and policy-making in Europe is believed to be the European Union (EU). It has influence on individual European countries meaning both the member states and their neighbors.[[42]](#footnote-42) The numbers of member states of the European Union has increased from a foundation of six countries in 1951 to fifteen 1995 and continued growing to reach twenty-seven member states in 2007. Further enlargement is an ongoing process. Turkey and Croatia are in the accession process and Croatia is cleared for membership tear 2013. Iceland and countries have also been acknowledged as potential candidate states and Serbia recently received their EU candidate status this year. The process of applying to EU is often described as being based on West European experience. This could also mean norms and values. [[43]](#footnote-43)

It is often taken for granted that everything that happens around EU is ruled from Brussels, Strasbourg and Luxemburg through the different institutions that form the EU such as the European Parliament, the European Commission, the European Council, the Council of Europe and the Court of Justice. However the policy-workers who operate the rules and legislation are from the member states and work as national-policy makers that aim to implement EU agreements in to their domestic policies. EU as a policy arena is shaped both by country-defined policies and collective policies which means the process of the EU policy has differences in the outcome because of variations between countries. [[44]](#footnote-44)

## 4.3 EU’s enlargement policy

In the beginning of EU’s establishment EU had rules for the accession of new member states but the process was not based after an enlargement policy. The enlargement policy today is a set of decisions regarding the conditions under which the candidate states can join the EU. [[45]](#footnote-45)EU’s enlargement has a vision of Western Balkans as a transforming region. Through implementation of EU’s enlargement policies the region is promised to change their welfare to self-sufficient democracies, stability, market economies and a peaceful region where countries are in harmony. The enlargement policy is a tool for the countries of Western Balkans to become member states of the EU or assisted on the path to membership. [[46]](#footnote-46)

The European commission has the vision over EU’s enlargement policy to make Europe a safer place through its focus on the rule of law, democracy reforms, and freedom agreements across the candidates. It is argued enlargement makes it possible for Europe to perform and promote their value and interests. One could ask if Europe’s values and interests are referring to the ones of the west European countries as these where the first member states, or do the values and interests change with the time being when CEE (Central European Countries) or South European countries join?

The Treaty of the European Union (article 49) argues any European country is welcome to apply for membership as long as they have democratic values that by the EU are respected and accepted. In order to become a member state the criteria for accession have to be fulfilled that cover following areas; Political, Economic, take on obligations and integrate new members. The countries should have stable institutions that are obliged to work for democracy, human rights, the rule of law and respect and protect minorities. It is essential for the country to already have a functioning market economy and the capability to manage market competition within the EU framework. The country should be prepared to take on the obligations membership requires and be loyal to polices regarding political, economic and the monetary union. For the EU the biggest responsibility is the integration of the new members and decides when they are ready.[[47]](#footnote-47)

The admission into EU begins when a country applies to join the EU. The governments of the member states that are represented in the Council after given an opinion by the Commission, have the authority to decide over the acceptance of the application and recognize the country as a candidate states. The member states have the freedom to deicide over the accession timeframe – when to open for the accession process and to close negotiations with the candidate states and when accession is successfully completed. For the Accession Treaty to be valid all member states have to sign and ratify it and also the candidate state.[[48]](#footnote-48)

When the accession process is put into action the EU and the countries have to be ensured the enlargement will bring benefits mutual to both parts. It is therefore a significant importance that the candidate states demonstrate their potential as a fully integrated member state and adapting the EU’s standards and norms. EU has the role to gradually through stages approve of the achieved process. In order for the countries to prepare for a future membership a pre-accession strategy is performed by EU which included agreements on reforms, rights, obligations to be implemented and performed by the candidates and potential candidate states. EU offers the countries with financial assistance. Example is in the Western Balkans where EU offers trade concessions, contractual relations and economic and financial assistance.

During the accession negotiations the candidates’ ability to implement and perform the obligations of membership are analyzed. It is in the candidates’ control to agree on how and when they are to adopt and implement the EU rules and procedures and EU’s responsibility to guarantee the date of the implementation of the rules. Next step is for the candidate country to be approved. The country submits negotiating a position that is answered by a proposal from the Commission. The council adopts this proposal and together with the EU as one voice allows opening of the negotiations. As soon as the EU agrees to a common position and the candidate states accepts this position – the negotiation process is closed.[[49]](#footnote-49)

When the negotiation process is closed and both the EU and the country are agreed the results are integrated into a draft Accession Treaty that will be signed and ratified only if it is approved by the Commission, the Council and the European Parliament. After this ratification the candidate country becomes an Acceding State entitled with temporary privileges until it becomes an EU member state. After the ratification process is completed and Accession Treaty come into action, the Acceding country is officially a member state of the EU. [[50]](#footnote-50)

# EU moves closer to Serbia

## 5.1 Regional Cooperation in the Western Balkans

For Serbia regional cooperation is one of the fundamentals of their foreign policy and to achieve this Serbia participates in a various amount of regional incentives and processes: South East European Cooperation Process, Stability Pact, – Regional Cooperation Council (RCC), Central European Initiative (CEI), South East European Cooperation Initiative (SECI), Regional Initiative for Migration, Asylum and Refugees (МАRRI), Black Sea Economic Cooperation (BSEC), Adriatic and Ionian Cooperation, the Danube Cooperation Process, International Commission for Protection of the Danube River (ICPDR), the Danube Commission, International Commission for the Sava Region. There are also a numerous amounts of specialized initiatives and centers that are based under the support of South East European Stability Pact.[[51]](#footnote-51)

One of the most important agreements Serbia has signed is the stabilisation and association process (SAP) - EU’s policy framework for the western Balkans that encourages regional cooperation to improve political stability, security and economic prosperity. This cooperation is based on the EU-Western Balkans Summits of Zagreb in 2000 and Thessaloniki in 2003 and also stands under the Stabilisation and Association agreement. The western Balkan region had historically for a long time been struggling with cross-border conflicts but together with the closer relations with EU developing, the countries have now realized the common challenges they are facing together and the responsibilities towards eachother. With a closer regional cooperation comes a better political understanding, social and economic wealth and with the important influence over trade, energy and transport. The regional cooperation also works to improve the relations between the peoples and countries, in other words the cross-border relations.[[52]](#footnote-52)

Through the regional cooperation the western Balkans commit to promote regional trade, create markets for electricity and gas, and improve on infrastructures of transports, energy and telecommunication, but also environment, research technology parliamentary cooperation. Regional cooperation in the western Balkans has also progressed to the right direction by the influence from the stability pact that is in charge for south-eastern Europe. EU has a strong hand in supporting the regional cooperation but as the western Balkans have realized, the action and initiatives have to come from the actual countries in the region.[[53]](#footnote-53)

Regional cooperation in the western Balkans is a foundation for the creation of a business environment which would attract foreign and direct investments, leading to a better living standard for the population as this would create jobs and encourage individuals to take more initiative for the countries welfare. The decisive objective with the regional cooperation is to create closer relations and reconnect the western Balkans with their neighboring countries, member states of EU and candidate states. A closer connection and cooperation within the western Balkans would lead to a more successful development of stabilisation and security in the region if they work together with EU, as they together will fight against corruption and trans-national organized crime. The problem of corruption that the region for a long time has been troubled by prevents legitimate economic growth and also threatens the democratic stability of the region.[[54]](#footnote-54)

Through the Community assistance for reconstruction, development and stabilisation (CARDS programme) EU is providing political support, technical and financial assistance in priority areas to improve the regional cooperation. It is EU commission’s strategy to support regional financial assistance on the region by means of achieving the goals that are set by the stabilization and association process and also the Thessaloniki agenda.[[55]](#footnote-55)

With regional cooperation come improvements on reconciliation, and better neighborly relations that is crucial in order to address bilateral issues and progress on the European integration in overall. Areas such as economic development, organized crime, border management, climate change and environmental pollution are joint problems that the Western Balkans needs to work with together cross-border. As are also security for citizens, energy and transport. There is a Regional Cooperation Council (RCC) with the key role in guiding and supervising regional cooperation by adapting a strategy and work programme with result-oriented activities in focus. The Central Free Trade Agreement (CEFTA) manages the regional free-trade area and the Energy Community works towards integrating a regional energy market into the EU market.[[56]](#footnote-56)

One of the toughest setbacks for the progress of the regional cooperation has been the conflict in Kosovo that has held back EU systems working with integration to EU of western Balkans. Because of differences on attitudes over Kosovo, to hold meetings with regional actors has been difficult, at times even impossible. Therefore it is in the interest of the Commission to come up with a solution that does not stand prejudice to differing positions over the status of Kosovo.[[57]](#footnote-57) In the long run, for Balkan countries to become members of EU, a far greater understanding is crucial to develop cross-border in order to negotiate common concerns and approaches with other member states.

## 5.2 EU’s role in Kosovo

The conflict in Kosovo has been facing a series of civil wars in Western Balkans with brutal violence between different ethnic groups in the region that today has been divided by the wars. After the end of World War two Kosovo turned into an independent province of Serbia in 2008, however even with high EU pressure to settle their relations, still today Serbia refuses to recognize Kosovo’s independence. EU has since 1999 had an integral role in the international role in the work on progress of the future of Kosovo. As the single largest donor - EU has an important position in the reconstruction and development of Kosovo and implements a system of stable institutions and sustainable economic development. Through a European Security and Defense Policy (ESDP) EU performs actions to stabilize Kosovo’s security and wealth but also its European future. EU also guides with recommendations and help on how to achieve the different reforms and targets that are set out to be followed and achieved. There are three main ways the EU is present in Kosovo:

 The European Union Office in Kosovo/European Union Special Representative (EUSR)

 EULEX (The European Union Rule of Law Mission in Kosovo)

 The EU Member State representations (Embassies and Liaison Offices)

The EU office has the role to implement the reforms and framework that have been based on Europe to help Kosovo’s path towards the European Union. A political and technical channel of communication is performed with the Brussels institutions, and by supporting the Government of Kosovo in the political process this gives Europe a crucial role in its presence in Kosovo and the development on respect of human rights and fundamental freedoms. The EULEX is launched under the European Security and Defense Policy and assists the Kosovo authorities to achieve their objectives. EU practices and standards are shared by the EULEX to mentor, monitor and advice the Kosovo Customs colleagues.[[58]](#footnote-58)

From the economic perspective EU is Kosovo’s main trading partner and also foreign investor. The autonomous trade measures that Kosovo received with the independence led to an increased trade with EU. When the EU holds a political dialogue between the EU commission and the government of Kosovo, it is EU’s Stabilization and Association Process that is the main instrument to monitor Kosovo’s reforms and the country’s process to come closer to EU.[[59]](#footnote-59) Serbia that still today has not recognized Kosovo’s 2008 declaration of Independence has strongly shown their opinion by placing roadblocks in north Kosovo that NATOS (North Atlantic Treaty )KFOR (Kosovo Force) have been fighting to remove. The dispute still today continues as a trapped political dispute between Pristina and Belgrade. KFOR also works with the EU to support the stabilization of not only Kosovo but also the region and promote democracy and peace.[[60]](#footnote-60)

## 5.3 Agreements between EU and Serbia

Bilateral agreements represent relations between two sovereign states with cultural, economic or political treaties. With bilateral relations EU intend to create opportunities between and among countries. There are a number of fundamental trade agreements and specific trade policies with EUs trading partner for the promotion of open and fair trade as it is impossible for a one-size-fits-all model on trade agreements. However EU performs the Free Trade Agreements (FTA rules) that commence in the WTO and eliminates import quotas, tariffs and favors most goods and services that are traded between them.[[61]](#footnote-61)

EUs trade relations with the Balkan region plays an important role in the work to promote economic, freedom, peace and stability and the Union is the Western Balkans largest trading partner. All Western Balkans are granted autonomous trade preferences ‘by the EU during the period 2011-2015, without customs duties or limits on quantities of almost all export to EU. With these trade agreements the exports to EU increased radically 2010.[[62]](#footnote-62)

For the EU to establish a free-trade area with the Western Balkans, The Stabilization and Association process was implemented, and came into force with Serbia through an Interim Agreement that was implemented in 2009 in Serbia.[[63]](#footnote-63) This agreement:

“- allows certain provisions of the Stabilisation and Association Agreement (SAA) to be applied before the ratification process has been finalised

- provides for the establishment of a free trade area between the EU and Serbia

- regulates some important aspects of economic life, notably in competition and public support for business (state aid)

- guarantees that the EU market will remain open to most Serbian products as it includes the trade concessions granted to Serbia since 2000”[[64]](#footnote-64)

Serbia had early as in 2004 put in progress a process of European integration of the Republic of Serbia as an resolution on Serbia’s European future and strategies of Serbia to join European Union was passed by the National Assembly of Republic of Serbia. The whole process of Serbia’s European integration was implemented by the adaption of *Serbia’s National Strategy for Accession to the European Union*, outlined all sectors that Serbia was expected to undertake in order to come closer to a European Membership. Since 2004 Serbia has annually drafted action plans for the

Integration to a European partnership and since Serbia signed the SAP agreement the country has joined another level of cooperation and new phase with the EU.[[65]](#footnote-65)

 Another agreement that EU supports with the Western Balkans is The Central European Trade Agreement (CEFTA) that by EU is seen as completing the Stabilization and Association Process and is a single Free Trade Agreement. The Union does also support a system called diagonal cumulation that operates between more than two countries given that Free Trade Agreement is signed. This agreement is set up between the EU, Western Balkans and Turkey, to further develop the regional trade. This system allows any participating country to use originating products from eachother. By joining this agreement Serbia is intending to increase their economic opportunities and deepen their exchange relations to benefit further the regional trade integration. This way Serbia and Western Balkans grow to be more attractive on the EU market and to foreign investors.[[66]](#footnote-66)

## 5.4 The Stabilization and Association Agreement and Process

In order to promote peace, democracy, respect for human rights and economic prospect in the whole region of south-eastern Europe a regional approach was agreed on by the EU. That later on was to become - The Stabilization and Association Agreement (SAA) that was signed by the EU and Serbia on 29th of April in 2008. It embodies commitment to political, economic, trade and human rights reforms in Serbia with regional cooperation to be the cornerstone of the policy.[[67]](#footnote-67) The agreement allows Serbia to continue growing closer to EU and its Member states and further strengthen their relations. By signing the agreement EU accepted Serbia to integrate into the mainstream of EU: s politics and economy and based on the Treaty on European Union, accepted Serbia as a potential candidate for EU membership. By this, Serbia was accepted to move closer to the EU.[[68]](#footnote-68)

The SAA is a foundation for the implementation of the accession process, Stabilization and Association Process (SAP). The Council of Europe recognized the SAP as a framework for the European integration of the Western Balkan countries towards the future accession. [[69]](#footnote-69) There are three main aims of the Stabilization and Association process; to stabilize the countries and encourage their gradually transition to a market economy, further the regional cooperation and also work towards eventual EU membership. Examples of core factors of the agreement are; trade concessions, economic and financial assistance, but also assistance for reconstruction, development and stabilization. To regulate EUs financial assistance the Council of EU adopted the *Community Assistance for Reconstruction Development and Stabilization (CARDS)* that was conditioned both by the Copenhagen Criteria and the Councils requirements that have become several billion Euros worth of assistance to the participating states.[[70]](#footnote-70)

SAA is an agreement that allows EU to help each country with reforms according to the EU models, solve problems, and encourage the implementation. For the country to be a potential member of EU, the agreement works as a measurement for EU to prospect future accession.[[71]](#footnote-71) SAAs structure and benchmarks work as a framework for the foundation of EU’s enlargement policy towards each country, with trade liberalization as a key component of the SAP.

 European Union has given Serbia approval of integration into the political and economic process of Europe as Serbia has received candidate status based on the Treaty of European Union for EU membership, by fulfilling the criteria’ and conditions. This fulfillment led to a successful implementation of the Stabilization and Association Agreement by Serbia, not to mention positive influence on the regional cooperation in the Western Balkan area.[[72]](#footnote-72)

The Western Balkans includes in a system of trade preferences established by the European Union’s trade measures (ATMs) that influences the SAP enlargement through the SAA. With the trade provisions that stand under the preferences, Serbia has a duty-free access to the Union’s market. This includes agricultural products, no quantitative restrictions apart from specific fishery products, baby-beef and wine. With Serbia signing the SAA, EU imports from Serbia have extensively increased and led to a growing economy.[[73]](#footnote-73) In Serbia over 50% of the total export goes to the EU and investments in the country stands for over 2 billion euro’s since year 2000. In Serbia the EU is the biggest donor and implements most financial support for political and economic reforms.[[74]](#footnote-74)

Only after achieving a successful democratic transition in the region, negotiations of the EU accession process would proceed, as Serbia successively are transforming into. Kosovo that declared their independence in 2008 are not able to initiate with the SAP as an independent state as it is not still recognized as an independent state by a number of EU member states. They have therefore the SAA in force. However EU has a decision on keeping Kosovo on the path towards EU membership and has reinforced policy-making relations within EU’s SAP framework. [[75]](#footnote-75)

## 5.5 Conditionalities

For a European country to apply for EU membership there are obliged conditions to respect and fulfill in order to become a member of the Union. By applying for EU membership a long and thorough process is initiated based on the conditions set by The Treaty on European Union, (article 6, article 49). Once an application is submitted to the Council the European Commission presents a formal opinion that is directed to the applicant country. The timeline of the application process grounds on the country’s individual progress of achieving the conditionalities of EU. For the application to be approved there are a core of criteria, *the Copenhagen criteria that* the applicant country must attain.[[76]](#footnote-76)

There are three main criteria’ that a candidate country is required to have in order to apply:

* “stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities;
* a functioning market economy, as well as the ability to cope with the pressure of competition and the market forces at work inside the Union;
* the ability to assume the obligations of membership, in particular adherence to the objectives of political, economic and monetary union.”[[77]](#footnote-77)

These rules from the Copenhagen criteria identify the readiness of a country and its qualification to join the Union. By fulfilling these criteria the next step is to adapt the framework EU represents. The EU legislation is to be implemented into the national legislation of the candidate country and more importantly enforced by the suitable administrative and judicial structures. This means that the candidate country would hereinafter have EUs legislation imprinted in their national judicial framework. The European countries progress does not only base on technical progress but the political development of the member countries has a crucial importance towards the process of enlargement.[[78]](#footnote-78) The conditionalities to be adapted by the applying European country are under article 6 and article 49 of The Treaty on European Union and can be found below:

Article 6

“1.   The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.

2.   The Union shall respect fundamental rights, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms signed in Rome on 4 November 1950 and as they result from the constitutional traditions common to the Member States, as general principles of Community law.

3.   The Union shall respect the national identities of its Member States.

4.   The Union shall provide itself with the means necessary to attain its objectives and carry through its policies.”[[79]](#footnote-79)

Article 49

“Any European State which respects the principles set out in Article 6(1) may apply to become a member of the Union. It shall address its application to the Council, which shall act unanimously after consulting the Commission and after receiving the assent of the European Parliament, which shall act by an absolute majority of its component members.

The conditions of admission and the adjustments to the Treaties on which the Union is founded, which such admission entails, shall be the subject of an agreement between the Member States and the Applicant State. This agreement shall be submitted for ratification by all the contracting States in accordance with their respective constitutional requirements.”[[80]](#footnote-80)

Only when all conditions at all required stages have been met the process of accession will proceed successively. Conditionalities are one of the core factors of the European Union’s Foreign Policy and fundamental for the enlargement process. Conditionalities’ have shown to influence EUs relations with Central and Eastern European countries (CEEs) by great success of economic and democratic reforms in this region.[[81]](#footnote-81) Serbia has granted accession talks from EU after receiving a candidate status for future EU membership. This means that only when the accession process is considered closed and ratified, will Serbia receive EU membership.

## 5.6 Serbia’s EU candidate status

It was on the 12th of June 2006 that the EU Council recognized Republic of Serbia as a legal successor of the State Union and was ready for discussions on future relations. At this time the Government of Serbia announced European integration as one of the head priorities on strategies of the Republic. Since then Serbia has worked with implementing reforms and achieve conditionalities on the basis of EU’s structures. On December 22 in 2009 Serbia applied for EU membership and was later on confirmed as a potential candidate for EU membership by the Thessaloniki Agreement and it was stated by the European Council” that the future of the Western Balkans lies in The European Union”[[82]](#footnote-82) One of the fundamental elements in SAP was the cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) for Serbia and the regional cooperation that Serbia has worked efficiently with to meet. Serbia had as demanded by the EU cooperated with the Hague tribunal and also strengthen the rule of law and improved the respect of Human rights. This showed Serbia’s progress towards the right direction and closer to the EU.[[83]](#footnote-83)

Since 2003 political meetings at a ministerial level have been held between the European Commission and the Serbian authorities on the process and progress of the country’s implementation of the conditionalities. The results have been a closer cooperation with the EU and created further agreements between the two. However It was when Serbia adopted the National Programme for the Integration of Serbia into the EU in 2008 (between 2008-2012) and also a Action Plan, that Serbia made enormous progress in achieving reforms and conditionalities based on European Commission’s agenda.[[84]](#footnote-84) Serbia has showed a strong commitment on its focus towards EU membership by a change to a far more effective legislative process with EU standard in the Parliament.

Looking at Serbia from a political perspective it is considered as a parliamentary democracy with a constitutional and governmental structure that agrees with the European principles and standards. One of the strongest changes in Serbia has been their progress with the rule of law, fight against corruption, and organized crime with legal and institutional framework implemented that has brought the country closer to EU and a candidate status. This was best illustrated by the arrests of war criminals Radovan Karadzic, Ratko Mladic and Goran Hadzic who were transferred to the Hague tribunal. [[85]](#footnote-85)

From an economic perspective Serbia has progressed a macroeconomic stability with performance of economic operators that make decisions on a level of predictability. This has strengthened the financial structure towards liberalization and privatization of trade and prices, and a more market oriented economy driven by exports and investments. Serbia has through this reached a high level of economic integration with the EU.[[86]](#footnote-86)

Over the last ten years Serbia has successively progressed with accomplishing the criteria’s set by the Copenhagen European Council related to the human rights, stability, democracy, the rule of law as well as the respect for and protection of minorities. With Serbia’s fulfillment of the conditions of SAP the country corresponds to the European and International standard, and this on March the 1st 2012 gave Serbia their EU candidate status. The decision by the European Council was based on the conclusions than Serbia has throughout the years been committed and achieved not only the conditionalities but implemented agreements and dialogues with Kosovo. Serbia has furthered the regional cooperation and has had an active relation with EU’s EULEX AND UN’s KFOR.[[87]](#footnote-87) With Serbia’s strive to an EU membership the country wishes to further EU’s system as functional, sustainable and efficient by the process of accession that would give a strong drive to Serbia to complete and advance political and economic reforms. What is next on the timeline and required by Serbia is their fights against corruption and improving on their relations with Kosovo. An EU Entry is however far ahead in the future as Serbia’s issues with Kosovo still are an ongoing process.

## 5.7 Investment climate in Serbia

Serbia has always had a western oriented character mostly developed during the 1990s when the Westernization was initiated by the western business norms and values were adapted. Decades of cooperation with Western economies during the 1990s has improved the Serbian labor by advancing their know-how and adopted fast knowledge in both manufacturing and management. Since the economic reforms in 2001 Serbia has developed into one of the central investment location in CEE. This has progressed Serbia’s economy to a great extent. Foreign direct investments are one of the strongest economic inflows that generate the Serbian economy and have strengthened through improvements by the government of Serbia. The country has enlarged into an attractive environment for investors seeking efficiency in areas such as low taxes and production costs and Serbia has one on Europe’s lowest employment salaries. The country offers the second lowest corporate profit tax rate in Europe and the legislation that domestic and foreign investors stand under signify rights and responsibilities and full legal security and protection of rights acquired.[[88]](#footnote-88)

The SAA that Serbia has joined allows free-of-customs exports to the EU market and imports are based on the Interim Trade Agreement as a part of the SAA that signifies certain abolishment of import customs duties. The country has relations and cooperation with most of the institutions and organizations. For instance it is a member of the International Monetary Fund (IMF), the World Bank (WB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Council of Europe, the Partnership for Peace that have a crucial role of the European and international market and stability.[[89]](#footnote-89)

Serbia has market sectors that have the ability to complete with the bigger EU and international markets for the lowest costs in Europe. [[90]](#footnote-90) The key sectors of the Serbian market are, the construction industry, food industry, automotive, electronics, ICT – information and communication technology and textile with the most successful stories of Serbia. Serbia’s geographical position and logistic base give close connections to the outside of EU by the by the bordering line with Hungary. This give companies that are interested in locating in Serbia the efficiency for trade relations with EU, SEE or middle Eastern Countries. As a member of the Central European Free Trade Agreement (CEFTA) that integrates the Western Balkans into the global trading environment, encompasses Serbia a free trade area of 29 million people and bond to a region with one of the highest growth rates in Europe.[[91]](#footnote-91) As a country outside the Commonwealth of Independent States, Serbia is the only country together with Russia to enjoy a Free Trade Agreement that give rise to the economic growth of the country.[[92]](#footnote-92)

# Analysis

In order to approach the problem formulation in this thesis; *why does the EU offer membership to Serbia?*  In the analysis I make use of my theory together with the empirical evidence. I will discuss whether the empirical evidence and the chosen theory support my hypothesis; *the old member states opted for enlargement because they were of the opinion that they would benefit from it, economical and/or political.* The chapter will begin with an analysis over EUs development of the relations with Serbia over time for the reason to explore the question; *is it a mutual cooperation or steered by own interests*? The next step will be to examine EU’s enlargement instruments towards Serbia in order to get a better understanding over the question*; what impact does EU want to proceed in Serbia?* Further on the chapter will study the outcome of EUs enlargement towards Serbia in order to understand the question; *in what way has EU’s enlargement process had an impact on Serbia?*  With these questions in mind I intend to examine in the discussion part, if my theory applied on the empirical evidence does support my hypothesis and answers my problem formulation or if it proves different.

## 6.1 Is there a *mutual cooperation or steered by own interests*?

The starting point of Serbia and Western Balkans relations with the west was when western values of human rights and freedom of speech reached the region through Karl Marx and Friedrich which gives a notion of European influence on the region in early stages. In the chapter of *historical background* of Serbia I presented Serbia’s very unstable climate under the communism and its movement to socialism when Serbia was under the ruling of Milosevic, considered as a soft dictator. It was when the first Democratic Party came to the power with Zoran Djindjic that Serbia began to move towards a liberal democracy and improved their relations with EU, US and NATO. The actors supported to foster Serbia to a stable welfare with financial aid and helped remove the patterns from the war crimes. This movement of Serbia towards implementing liberal reforms agrees with Milada Anna Vachudova discussion as I presented in the theoretchical chapter where she argues states that wish to move closer to EU are pressured to implement the reforms that are required in order to achieve a liberal democratic state approved by the EU. Serbia realized in order to be on good terms with the west it was required to become a state that shared same values and structure and proved their progress of implementing democratic reforms. This was also the case since EU showed a stronger support for Serbia’s transition.

The period of 1990-1993 shows the CEE country’s need for a closer relationship with the EU as the region was suffering with post-communist states and wanted to develop deeper relations with the EU. The reason was to adapt political and economic reforms and grow the welfare system. This I believe corresponds to one of the main incentives of the EU with its enlargement policy - to help the Western Balkans towards a self-sufficient democracy and progress stability, market economy, stability and peace. However since it is the reforms of the EU that are desired to be applied domestically this also signify EU’s influence over the domestic politics and policies over the Western Balkans, and signifies the neorealist view - power in focus.

The neorealist view on enlargement argues it is performed through its own interests of the actors. This can explain Serbia’s approach to the EU during the 1990s the – the Balkan region was intending to establish closer relations with the EU. Serbia believed cooperation with the EU would improve on their own welfare systems through the key tools of the EU – the liberal and democratic reforms on political, economic, and social improvements. The rationalists would answer from EUs perspective that it helped Serbia to grow towards a liberal democratic state with the intention to reduce the problems of costs/rises benefits that comes with enlargement of the EU. I can see EU pressuring Serbia with reforms on stability of the region, for the reason that instability in the Western Balkans is a risk that can spread a negative spill-over effect towards the EU and therefore be a threat. The neoliberalist would argue Serbia as a fragile state with unstable relations with Kosovo can be a threat to instability and bring negative interdepenece to the EU. However the theory argues enlargement moves towards states that give implications of reduced costs and higher benefits. This means that EU sees Serbia as a positive interdependence relation as the relations between two actors has moved towards the membership accession process of Serbia. Because norms and values are not of importance according to rationalists’ actors perform on the basis of their own interest.

Serbia aiming towards a better welfare system through Western European political and economic reforms shows the relations between EU and Serbia is mutual to an extent but their own interests’ way higher as has been discussed. Serbia has agreed on EU’s agreements, reforms and conditionalities but still has not created peace with Kosovo on the demand by EU. This shows that the national interest weigh heavier because EU has sated the EU membership process will prolonged if peace is not established between Serbia and Kosovo. Serbia is still not willing to cooperate with EU on this question. I believe EU does not stress peace on the Kosovo conflict only for the stability in the Western Balkans but also because of higher cost of instability.

## 6.2 EU’s enlargement instruments towards Serbia - the intention with enlargement?

The main objectives of EU with the enlargement towards Serbia are peace, economy, stability and development of the Western Balkan region. Because of its central position in Europe, instability in the Balkans would cause the threat of a dangerous spillover effect to the EU in the form of disorder, organized crime, mass immigration, drugs etc. Therefore Serbia has a key role for the EU’s enlargement to the Western Balkans especially from an economic and political viewpoint.

 The EU is therefore determined to contribute of the region’s stabilization especially after the tragic period of the early 1990s. The Copenhagen Criteria is set criteria for the application countries to meet and the legal criteria – the aquis is obliged to the member to harmonize with the national law. Schimmelfennigs assumption that institutions work as intervening tools between actors, and the distribution of power and wealth is in focus can be applied on EUs influence over the domestic policies of the member states. That the legal criteria – the aquais is a must for the member state to harmonize with its domestic national law reveals EU’s power influence, the member states domestic politics must perform on the basis of EU’s legalization. If the rationalist theory would step in here it would argue EU as an anarchical environment has material conditions in focus - and performs on its self-interests in order to maximize the benefits of enlargement.

The Stabilization and Association process (SAP) and agreement (SAA) that Serbia has signed and fulfilled can in many aspects be treated as the most crucial agreement to put into practice from the EUs perspective. With the agreement EUs power over the states is easily exposed as it works as a pre-accession agreement and puts pressure on the state. The states are willing to cooperate with the EU, and EU has the power to help the states by as the rationalists would argue - recommending and guiding the states with options regarding the cost/benefits that enlargement would bring. In Serbia’s case the country has fulfilled the SAP by implementing the economic, political, social that were required. The rationalists argue it is in the actors’ nature to perform on their self-interests and with the enlargement process of the EU towards Serbia – the EU has realized its own values and norms in a form of economic and political reforms in Serbia. From the cost/benefit calculation Serbia has both gained and lost in this cooperation. Serbia has moved towards a greater liberal democracy with a political and economic framework that is today more acceptable by the Western Europe as can be seen with the granted EU candidate status.

The cooperation on the EU market is growing rapidly. However with taking comes also giving and with the implementation of EUs legislation and judicial framework - Serbia does not have as strong sovereignty. In order for the country to harmonize with the EU - the country’s performance in the enlargement process has a strong influence from the EU’s directives. As it is in the EU’s interest to minimize the costs of enlargement, the institution uses agreements and conditions as power tools on Serbia in order to influence the domestic politics. This way EU does not have to have to do the hard work and instead Serbia has to prove their willingness to entry the EU. However thinking of Serbia as a post-communist state and having improved the welfare of the country through EUs enlargement instruments with great success could be an indication for a greater beneficial outcome than cost on EUs enlargement. When signing these agreements a binding contract is set between the EU and the future member country.

The CEFTA agreement as a complementary agreement to SAP, strengthens EUs enlargement obligations that the applicant country has to fulfill, but also allows the countries’ to take greater part of the benefits that come with fulfilling EU’s conditions. With the enlargement conditions that the different agreements represent the national legislation will incorporate into EU’s and form a new legislation that Serbia today are obliged to follow in order to receive a EU membership. This means that the applicant country is govern by the legislation of the EU and do not have the autonomy to steer over the country’s political framework. It raises the question whether EU by its enlargements is aiming towards becoming a greater power of Europe by enticing with its liberal enlargement tools towards countries that are standing outside of the EU that reaches out to the international arena. The political and economic integration of EU has an important influence on economy, stability, border-control, migration, foreign policy. By standing outside of EU these factors could be threatened because the biggest countries of Europe with the greatest economies and political influence in Europe are already member states of the EU. As an intervening tool between actors as the rationalist call the EU - the EU uses its enlargement instruments on the applicant countries in order to shape them after EUs framework, based on interests according to the rationalists. The constructivist theory would contrast to this and argues by applying EUs enlargement instruments on Serbia, EU has the power to shape both the country’s interests and identity. This means that the constructivists believe EUs values and norms influence and create a new identity of the applicant country. Serbia has proved to be one of the examples and has shaped its domestic politics after what EU requires. It raises the question this involves only the judicial and legislative framework or also influences and shapes the populations identities?

By granting Serbia candidate status - the EU enlargement instruments’ are considered efficient from the EU’s perspective as Serbia has proven to grow to a potential member state. Schimmelfennig and Sedelmeiers assumption on the autonomous costs of enlargement relates to the sovereignty loss that comes with fulfilling EU’s regulations. Enlargement might be considered as a voluntary option to some scholars but as I mentioned earlier, EU has a great power and influence over Europe in the sectors of economic, political, geopolitical, social etc and as the rationalists argue – the benefits for EU membership weigh higher than standing outside. The neoliberalists on the other hand would argue EUs enlargement instruments are obliged to be implemented for the reason of a maximized welfare and not focused on power as the neorealists.

By the different policy instruments, political and economic reforms that the EU has structured for Serbia to adapt and implement, the EU and Europe as a whole support the region’s progress towards EU. From the neorealist perspective this would signify a power performance by the EU because of pressure put on Serbia to fulfill the conditionalities. These pressures in turn will spillover on and a number of other regional partners in the Western Balkans to solve their bilateral issues and find a mutual solution.

## 6.3 In what way has EU’s enlargement progress had an impact on Serbia?

By becoming a candidate state or potential candidate, EU allows these states to take part in community programs of the European Community that work towards progressing and improving integration, cooperation and policy development of the countries. From the application of Serbia towards a EU member ship the government of Serbia promised to have European integration as one of the main focus on the national agenda. It has been proved in several ways and the most decisive and determined results are Serbia’s candidate status that the country received this year. After implementing reforms, conditionalities and fulfilling the agreements the EU necessitated - Serbia was granted EU candidate status which has resulted in closer relations with the institution. The adaption and implementation of the national programme of EU for Serbia’s enlargement progress has the strongest impact on granting Serbia candidate status. As it is in EUs regulation – that an applicant country should harmonize its national plan with EUs rules and regulations - this indicates on EU’s strong influence, especially in Serbia that has applied EUs framework on the domestic policies. Again, this agrees with the rationalists thinking of power and interests based actions. As a candidate state Serbia works active with the process of implementing and achieving political, economic and social reforms. This is a crucial step for Serbia to put focus on in order to strengthen the country’s democracy and reconciliation.

The rationalists believe the main incentives with EUs enlargement are trade integration and political cooperation. By the empirical evidence that I have presented in the empirical chapter it can be discovered that Serbia’s progress with EUs enlargement is with political and economic integration that has been showed strongest development. Serbia has progressed with fighting against corruption, organized crime, and the crucial step that EU demanded - the arrests of the war criminals Radovan Karadzic, Ratko Mladic and Goran Hadzic and also Milosevic that is facing trials today.

From an economic perspective by granting Serbia candidate status the country has reached a high level of economic growth through a strengthened financial structure by the liberalization and privatization of trade and prizes. Serbia has progressed the competing on European markets through agreements such as CEFTA. By establishing a market oriented economy the exports and investments are growing in the country.

Analyzing from a neoliberal perspective the theory describes EU and Serbia’s relations as positive interdependence – a mutual cooperation with economic gains and transactions. Serbia has advanced from being infected by the communist regime in an isolated region to great success of political and economic integration and considered as a liberal democratic country by the EU. EU’s enlargement process towards Serbia would be explained by the neoliberalists to be based on cost/benefit calculations as the rationalists believe is the key for enlargement. As EU has granted Serbia a candidate status it means the benefits of Serbia being closer to EU weigh higher than the costs, this because the theory argues EU only has intentions of enlargements towards states where the costs are lower than benefits. Enlargement would be restrained in the areas where the costs of member ship would be higher than the profit. However the neoliberal theory argues it is the member states attitudes that steer enlargement and not the norms and values of the EU. This is a sensitive position as it is a close line between the questions of what EU represent, an institution with its own individual identity and attitude or is it an institution representing an identity that is based on the attitudes of the member states? As EU consists of countries with variety of historical background, culture, religions, financial and political condition, geographic position in relation to the EU – it is difficult to argue that the EU has one identity, but at the same time the member countries are in many ways steered by the EU and therefore makes the neoliberal statement very weak. Given that the national plan that the member states perform enlargement through is in many cases based on EUs legislation and judicial framework - makes the enlargement influenced by EUs norms and values.

Serbia’s regional cooperation as their foreign policy tool has proved successful progress towards closer cooperation with EU, given that EUs enlargement instruments stresses the importance of regional cooperation in the Western Balkans to improve political and economic stability and growth. Neoliberalists would argue EUs role in encouraging regional cooperation in the Western Balkans would symbolize the key actor for promoting multilateral cooperation, economic growth and by stressing enlargement towards Serbia - the regional problems would with EUs support have a greater possibility to be solved. The rationalists believe the enlargement’s relations to cost/ benefits of material conditions is from an economic perspective determined by the state’s trade relations with other states. In Serbia’s case the EU is the most important trading which creates a dependent relation to EUs trade for the reason the benefits outweigh the costs. This gives EU a power position as the trade cooperation is a crucial factor for Serbia’s growth and welfare.

The club theory argues institutions are voluntary groups for states to enter where members share mutual benefits. This would not describe the EU as an institution because choosing to stand outside the EU would mean exclusion from the most crucial market than generates the economic growth of not only Europe but also influences the world market and a underdeveloped political integration as interaction with member states of the EU would be minimized since the member states performance is to a part based on EUs framework.

The own interests of EU could explain EUs enlargement towards Serbia with the powerinfluence over the domestic policies of Serbia and through this way influence the wealfare and stability of not only Serbia but the region. However for Serbia’s part the enlargement with the candidate status has made it possible to take part of a new arena that the country before was restricted to play on. Serbia’s progress on liberalizing their market has made the country to a crucial actor in the Western Balkans for the EU in a form of a central investment location for foreign direct investors. Foreign investments have generated the Serbian economy radically with great inflows since the adaption of the SAP when the government made improvements. By fulfilling the conditionalities of the EU and receive candidate status, this proved that Serbia changed their political, economic and social structure to EU’s and in exchange get the ticket to enter EU’s arena.

The member states of the EU benefits from this enlargement with the economic and political integration in Serbia - as the rationalists argue is the main incentive with EUs enlargement. Serbia offers the EU a labor market with one of Europe’s lowest taxes, wages and production costs that is a great benefit of EU and the legislation that the trade relations with Serbia signify are harmonized with EUs rules. These two integrations; political and economic in Serbia through enlargement determines EU’s benefits with the enlargement are way larger than the costs when it comes to power influence. EU both steers the domestic policies on Serbia’s economic framework and also the political by demanding reforms to be followed and implemented. This way EU benefits from the economic integration without the costs of political integration as it is Serbia that is obliged to implement the required domestic changes.

# Discussion

With previous questions kept in my mind and examined I now in this chapter intend to discuss whether the empirical evidence and the chosen theory support my hypothesis; *the old member states opted for enlargement because they were of the opinion that they would benefit from it, economical and/or political.*

EUs enlargement process exemplifies the accession of new member states by the EU. Serbia’s progress towards the EU took radically steps forward after the fall of the communist regime and Serbia as a post-communist state realized the necessity to come closer EU in order to be on good terms with the West. Serbia needed to move away from the communist patterns that still hunted the state by corruption, instability, crimes, and economic downfall, and therefore took actions on becoming a liberalized democratic state. EU saw Serbia and the Western Balkans instability as a potential threat towards the EU especially after Milosevic ruling and began mutual progress with political and economic reforms on the country. These were intended to improve the Western Balkans in areas such as self-sufficient democracies, market economy, political stability and peace. Both the EU and Serbia’s performance was based on their own interests as the rationalists would argue. Serbia wanted to develop into a state that represented EUs framework –a liberal democracy to gain access to EUs structure and market. EU wanted to create stability in the Western Balkans for its own safety.

 I would argue EUs enlargement policy and Serbia’s use of regional cooperation as a foreign policy-tool has been one of the strongest contributions towards EUs enlargement towards Serbia. In the agreement of the Stabilization and Association Process that Serbia signed, regional cooperation is a key factor in order to improve on political stability, security and economic prosperity. By strengthening reforms on areas that EU sees as a threat or comes to their benefit - the EU has the advantage to form the enlargement policy after their interests on the basis that it is a mutual agreement within the institution. The rationalist theory has proven to support the empirical evidence on EUs enlargement towards Serbia to an extent; it determines EUs intentions are mainly based on their own benefits of the outcome which signifies the cost/benefit relation of the rationalists. EU predicts stability in the region to be improved through membership since Serbia will by then have fulfilled the requirements, one of them – peace with Kosovo that still today Serbia does not agree with. Serbia’s obstinacy on the Kosovo issue shows that the country’s own interests weigh higher than the enlargement process. This is one of the main questions that will prolong Serbia’s accession process towards an EU membership. The rationalists would argue EU as an institution recommends and provides Serbia with the right tools to achieve the best cost/benefit results as the focus lays in helping reducing problems and costs that could occur with enlargement.

 From the neoliberal perspective where the welfare of the actors is in focus the relationship between EU and Serbia is explained as positive interdependence. EU seeks to Serbia because it believes the economic gains and transactions are bigger than the costs. This would signify a positive interdependence. The rationalists would explain EUs enlargement towards Serbia that it gives EU the opportunity to grow bigger because the admission of new member states would give new market opportunities with the low costs in the Serbia. Serbia as a market has proven to be one of the most important actors in the CEE area as the country has a very centralized position on the map. From an economic perspective by joining CEFTA and furthered trade agreements Serbia has developed to become one of the strongest economies in the region through foreign direct investments that generate the Serbian economy. The labor market in Serbia offers one of the lowest taxes, production costs and wages in Europe that for EU is of great benefit. By encouraging enlargement towards Serbia it gives EU access to a great investment opportunity on a market that is important for the Western Balkans and also is the bridge towards the rest of Europe.

The political aspect with enlargement is the instability between Serbia and neighboring countries. Serbia and Kosovo’s conflict that still has not found its peace is seen as a potential threat against the West and EU. If the instability between the two countries rises, this could result in a spill-over effect throughout the region and towards the EU. Therefore it lays in the EUs interests to cooperate with the Western Balkans and Serbia. This is performed by stressing the EU enlargement progress for the reason to create a stabilized Europe. However with EU enlargement the EU can be analyzed to have the intention to become a great power in Europe that countries are forced to join as standing outside would equal exclusion and high costs. By pressuring countries to adapt the enlargement policy in order to gain access to political, economic and social strategies and markets that the countries are dependent on – creates a power relationship between the EU and the country.

 Serbia’s main interests of the EU is its access to the EU market that is the biggest trading partner and crucial for the country’s welfare as the economic growth has showed great progress after Serbia’s adaption of SAP and fulfilling the conditionalities. EUs important impact on the Western Balkans and the rest of Europe can therefore raise the question if EUs framework could become a European legislation that countries feel obliged to adapt in order to not risk the costs of exclusion in the form of; corruption, immigration, organized crime, drugs, economic downfall etc.

During the accession process for Serbia the EU offers financial assistance in a form of trade concessions, contractual relations and financial assistance in order to help the country’s process towards fulfilling the requirements of an EU membership. From a rationalists perspective this would be explained by EU performing on its own interests. By helping Serbia financially to overcome the obstacles to achieve the conditions – EU ‘s path towards the integration in Serbia and Western Balkans takes a turn over in relation to how slow the process would be without this help and a radical development is here welcome to o take place.

 From Serbia’s perspective a closer relationship with EU would equal improvements on economic, political and social areas however a diminished sovereignty – that Schimmelfenning and Sedelmeier describe as the autonomy costs of enlargement. With an EU membership of Serbia the EU has a stronger impact on Serbia’s domestic policies than the country itself. As an applicant the scholars argue the autonomy costs is the greatest loss, but with the calculations of costs and benefits – Serbia is provided with protection by the EU that helps improve on the stabilization and security of the state. By stressing the implementation of the SAP in Serbia and fulfilling the conditionalities – that Serbia has achieved, the EU has showed the power it has to influence on Serbia’s domestic policies. As the SAP is formed particularly for the Western Balkans this indicates EU is shaping the region after what the institution believes gives the best outcome, based on its own interests. Because EU is Serbia’s most important trade relation the country has a dependent relation to the institution which gives the EU a stronger power over Serbia’s performance on the European market. By applying and implementing reforms for a functioning market economy and the capability to manage market competition within the EU framework, Serbia by receiving the candidate status has proven to become a potential EU member state.

The rationalists argue EUs enlargement is based on the institution’s material interests, as in enlargement would be progressed where the outcome would be higher benefits than costs. The individual material interests are in the centre of the enlargement process. According to the neorealists where EU benefits most power- enlargement would be performed. On the other hand the neoliberalists would argue the welfare of EU is in focus and determines where the enlargement would be performed. Enlargement towards Serbia has showed EU performs its interests based on the relations between cost and benefits. Also through power in the country in the form of influencing Serbia’s domestic policies, and welfare is also achieved by the move of Serbia towards a liberal democracy.

 EU sees Serbia as an important actor in the Western Balkans and as discussed in this chapter both from economic gains and poltical in a form of stability. By exploring my hypothesis based on rationalism; *the old member states opted for enlargement because they were of the opinion that they would benefit from it, economical and/or political*,the development of my thesis showed that the empirical evidence confirms my hypothesis. EU wants to grant Serbia EU membership because of political and economic factors benefits. With the enlargement towards Serbia, EU aims to reduce the threat of a spill-over effect of the instability in the region, especially between Serbia and Kosovo towards the EU. The institution has a great power over the domestic policies in Serbia and being Serbia’s main trade relation creates a dependent relation of Serbia towards EU, for the EUs benefit.

 What makes the theory of rationalism weak is that it argues the enlargement is performed only through material interests. Individual interests steer the actors’ performance with enlargement. However EU as an institution does not only represent individual member states, but also a collective unit that by agreements go through with the enlargement process. How would the theory stand on what steer the material interests? What are the interests shaped by? Are there different national identities in EU? Or one collective identity in the EU that shapes the material interests? The theory supports to describe why EU wants progress enlargement towards Serbia due to benefits in political and economic gains, however fails on explaining what the interests are formed by.

# Conclusion

The results in this thesis are presented and discussed through the approach of EU’s enlargement process towards Serbia. EUs enlargement process exemplifies the accession of new member states by the EU. The rationalists would explain EUs enlargement from a political and economic integration. Serbia is considered as an opportunity for EU to grow bigger because the admission of new member states would give new market opportunities with the low costs in the Serbia. The enlargement is based on a cost/benefit calculation by the theory that argues enlargement is best performed where the benefits are higher than the costs. Serbia as a competing market has proven to be one of the most important actors in the CEE area as the country has a very centralized position on the map. Serbia has developed into one of the strongest economies in the region through foreign direct investments that generate the Serbian economy. The labor market in Serbia offers one of the lowest taxes, production costs and wages in Europe that for EU is of great benefit. By encouraging enlargement towards Serbia it gives EU access to a great investment opportunity on a market with higher benefits than costs and EU the power to influence on the country’s domestic policies through the SAP and conditionalities. EU being Serbia’s main trading partner support the enlargement from both the Serbian side and EU side.

The political aspect with enlargement is the instability between Serbia and neighboring countries. Serbia and Kosovo’s conflict that still has not found its peace is seen as a potential threat against the West and EU and is the main conditionality for Serbia to achieve today as a candidate country. If the instability between the two countries rises, this could result in a spill-over effect throughout the region and towards the EU. Therefore it lays in the EUs interests to cooperate with the Western Balkans and Serbia. This is performed by stressing the EU enlargement progress for the reason to create a stabilized Europe. By pressuring countries to adapt the enlargement policy in order to gain access to political, economic and social strategies and markets that the countries are dependent on – this creates a power relationship between the EU and the country.

The costs of exclusion in the form of; corruption, immigration, organized crime, drugs, economic downfall etc weigh higher than joining the EU, and therefore pushes the country to proceed with the enlargement process. Serbia’s perspective on a closer relationship with EU would equal improvements on economic, political and social areas however a diminished sovereignty – which is discovered to be the greatest cost as a member state. With an EU membership of Serbia the EU would have a stronger impact on Serbia’s domestic policies than the country itself, through the EU reforms implemented. Nevertheless the finding in this thesis show the calculations of costs and benefits for EU’s admission of Serbia expose EUs interests in Serbia’s membership. It exposes greater benefits for the EU than costs.

 From the economic and political integration point of view in Serbia, the EU has so far made enormously proceedings by granting Serbia a candidate status. Serbia has progressed with fulfilling the agreements and criteria through the SAP that were required to implement EUs framework in Serbia. However Serbia still has a long path to follow towards an EU member ship. One of the most important conditionalities, Serbia’s relations with Kosovo is being neglected by Serbia and for EU the this conflict is one of the driving forces behind EUs enlargement towards Serbia. The stability in the Western Balkans together with the economic gains are the main keys for EU to grant Serbia a EU membership.

The future of Serbia is in the EU the empirical evidence discloses, as a key player between the Western Balkans and the EU - both from a political and economic perspective. As Serbia is a candidate state this give EU the privilege to structure the domestic politics and policies of Serbia after what the EU believes the state should achieve in order to come closer a EU membership. However Serbia has not showed approval on all of EUs requirements and especially the Kosovo question has a great impact on the success of progress of EUs enlargement of Serbia.

I would have had great interest to study my subject from several aspects, but due to time restraint it restricted my work. A security aspect of Serbia in relation to EUs enlargement would have been interesting in order to better understand Serbia’s role in the EU and the effects if the country stands outside the EU. This would be complementary to my study that has the focus more on the different the economic and political outcome. Given that the empirical findings in this thesis discovered Serbia’s relation to instability in the region stresses EUs enlargement towards Serbia, it would be interesting to study EUs enlargement relation between the political and economic gains of enlargement with the element of security. By opposing the two areas against eachother (political and economy regarded as one) it could be studied what factors are most important, stability or economic and political gains?

The question whether Serbia is ready for EU member ship is also an interesting field to study as the country still has conditionalities to fulfill. Another perspective is Turkey’s process towards the EU. By performing a comparative study, the two countries; Serbia and Turkey’s readiness for an EU membership can be studied. It is a very interesting topic for the reason that Serbia recently received EU candidate status and by comparing the two cases study it could be studied which country is predicted to come closer a membership.

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