Comments and Analysis on EU’s Conditionality during Its Enlargement

—Case Studies from EU’s Policies in the Balkans

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Abstract: Conditionality is widely applied to the applicant countries by the EU during its Eastern Enlargement. It has played a very important role in enhancing the democratic reform, market economy, legal and law constructions of the applicant countries, thus making those countries reaching EU standards, and being accepted by the EU. In this article, the author summarizes the three fundamental patterns of EU’s conditionality policies, i.e., pattern of positive and negative conditionality, pattern of conditionality-appliance and pattern of technical conditionality by analyzing the EU’s conflict resolution policies in the Balkans. The author also expounds the background of these three patterns and the characteristics of EU external policies, and compares their advantages, disadvantages and prospects.

Key Words: Conditionality Patterns EU Candidates Balkan countries

I. Summarizing the EU’s Conditionality Patterns in the Balkans

The ethnic antagonism and political conflicts in the Balkans (especially in the Western Balkans) have always been troubling the EU whether they were frozen or not. Their potential effects of spillover will threaten the security and stability in the Europe. EU managed to solve those troubles with all kinds of instruments during its Eastern Enlargement, among which the conditionality played a special role and attracted much attention. But what different kinds of conditionality are used? How the conditionality is conducted and the last but not the least is what effects on the Balkan countries the EU can bring by using them? In this article, the author tries to give some suggestions and criticisms by sorting out the categories of conditionality, expounding the background and characteristics of different kinds and comparing their advantages and disadvantages in the international academia for the first time.

Since in the 1990s, EU had initiated a series of instruments and institutions in
the Balkans and the main method is to endow the applicant with EU potential candidates, then implement all kinds of conditionality which based on the Copenhagen Criteria, and let these countries conduct a set of political, economic and legal reforms and constructions. The top prerequisite is that the antagonistic ethnics within each country delegated their individual powers to a single and united authority which laid the foundation for establishing a unified and functional country. The applicant would be well aware of the big carrot and willing to accept the stick to perform relevant reforms. This is the conditionality functions based on the cost-benefit calculations of the logic of rational choice. It is the well recognized research paradigm among most of the Western academia. The EU established closed reforming environment and made the applicant main national strategy and machines operate under the EU standard till they got accession to the EU. In this article, the author provides and summarizes three representative patterns in the international academia for the first time — pattern of positive and negative conditionality, conditionality-compliance pattern and technical conditionality pattern. Also there are other kinds of conditionality, for example, political conditionality, economical conditionality, definite conditionality and ambiguous conditionality and etc. But these three patterns are more relevant to EU’s policy in the Balkan countries than other patterns.

II. Pattern of Positive and Negative Conditionality

Pattern of positive and negative conditionality is widely applied to the Balkan countries by the EU during its Eastern Enlargement. When implementing conditionality in applicant countries, the EU may unilaterally offer benefits, including EU membership, trade preferences or participation in Community programmes or EU agencies, upon condition of the applicant countries’ prior respect for human rights, democracy and the rule of law principles regulated by the Copenhagen Criteria. At the same time, the EU reserved the right to

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unilaterally impose the negative conditionality or withdraw such benefits in the event of the applicant’s breach of norms or regulations. The negative conditionality included autonomous restrictive measures (or sanctions) in the framework of the CFSP in order to uphold respect for human rights, democracy, the rule of law and good governance. Such measures may include diplomatic sanctions; suspension of cooperation with the applicant countries; trade sanctions (general or specific trade sanctions, arms embargoes); financial sanctions (freezing of funds or economic resources, prohibition of financial transactions, restrictions on export credits or investment); flight bans; and restrictions on admission. So on some occasions, this pattern is often called ‘carrot and stick’ policy. In some special cases, this pattern is also named ex-ante conditionality and ex-post conditionality.

This pattern is much relevant to the pillarization of the EU’s institutions. When the conflicts erupted in the Balkans in the 1990s, The EU hammered out a series of methods of conflict resolution, but the EU seldom had coherent instruments and institutions. The first pillar—the Community and the second pillar—the CFSP (Common Foreign and Security Policy) shared the responsibility. Due to different functions and mechanisms between the two pillars, their behaviors in conflicts differed. The first pillar embodied the EU’s soft power which focused more on the long-term, nonmilitary manners. At the same time, the second pillar weighed more on forcible manners. To some extent, the Community pillar took the positive conditionality, for example, the economic assistance, trade preference, political dialogue etc. The CFSP pillar exerted the negative conditionality which paid more attention to the practicability and short-term outcome, for example, sending the rapid reaction force and peacekeeping force to interfere in the conflicts and maintain peace, or other measures mentioned above. Negative conditionality tried to rebuild the peace as quickly as possible. The EU did both simultaneously not only because of its three-pillar structure established by the Treaty of European Union, but also showed that it wanted to

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foster the democratic atmosphere in gradual manners but if needed, used coercive and effective manners.\(^3\)

The positive and negative conditionality played a very big role in the Central and Eastern European countries when they sought to integrate into the EU. It accelerated the democratic reforms, the construction of market economy and the formation of normative and regulations effectively. Due to the positive and negative manners, the applicant only maneuvered under the umbrella of the EU. All of the national machines and fundamental strategy stepped forward strictly based on the EU’s standards.

However, the shortcoming of the positive and negative conditionality is obvious. When any leaks occurred between the two pillars, it will cause the conflict resolution plan out of function. Especially in the Balkan region, considering the complexities of these countries’ statehood, positive and negative methods could not solve all the problems within one country – the Serbia and Montenegro is exactly the case.

The Serb and Montenegrin within the Republic of Serbia and Montenegro came to conflicts in 2003. The EU interfered in this conflict in time. High Representative of EU’s CFSP- Javier Solana brokered the Belgrade Agreement and signed it between the two ethnics on February 4, 2003. The agreement framework has committed the signatories to introduce a constitution which set up a functional federal country by pooling ethnic rights as a means to overcome inequality, and a structural reform designed to end inter-ethnic tensions. The Belgrade Agreement established a federal level of governance or quasi-federal structure.\(^4\) It had a unicameral parliament, a president elected by parliament, a court, a council of five ministers and a common army led by the three presidents (of the two republics and of the State Union). There existed a system of rotation between representatives of the two republics within the federal executive (including foreign representation). The five ministers were respectively responsible for foreign affairs, defense, human and minority rights, international economic policy, and internal economic policy. All other competences rested with the two republics, including economic and monetary

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policy (hence the retention of separate currencies), trade and customs, policing. To achieve such objectives, the main tasks included revision of the two republics’ constitutions, establishing a State Union court and parliament (through agreed electoral rules) and especially empowering the state-level court to prosecute the war criminals, and the creation of appropriate mechanisms to ensure the financial sustainability of the federal level, strengthening State Union administrative capacity, particularly in terms of institutions dealing with the EU integration and coordinating and harmonizing the two republics’ fiscal and transport policies, and most importantly their trade and customs regimes.

At the same time, Javier Solana imposed its negative conditionality which emphasized that if State Union did not meet the demand of the constitutional links between two actors, the EU would withdraw all kinds of assistances and the future membership. The European Community made the positive conditionality which mainly included the Stabilization and Association Process, the Stability Pact for Southeastern Europe and other instruments through which the EU made the annual progress report about the concrete economic integration, political cohesion and reform, and gave some relevant supports and assistances. Positive conditionality was not directly relevant to the survival of the State Union, and focused instead on the Copenhagen criteria. This showed that at the first stage, the EU had done an excellent job. It stabilized the situation. But as the situation went on, when the EU’s instruments touched the core interests in politics and economy gradually, the conditionality mechanism showed its weakness. The Belgrade Agreement granted the absolute equal status in the new political structure without considering the different sizes and history traditions between the two Republics. Many federalists and pragmatists in Serbia believed that the State Union entrenched in law Montenegro’s de facto independence, granted it disproportionate powers relative to its size, and complicated federal decision-making thus hindering reform. At the same time, in the long history, Montenegrin formed the identity and traditions different from Serbian. Although they enjoyed a long friendly history within one state or republic, the issue of the inequality between the two republics of FRY proved to be a matter of growing concern for many Montenegrins. The most difficult one is at the economic level. Montenegrin government has since 1998 de facto

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1. The detailed information is provided by Nathalie Tocci, *The EU and Conflict Resolution: Promoting Peace in the Backyard*.
carried out its own economic policy independent of the federal government. By 2000 the two republics developed different trade policies, and instituted customs controls on their administrative border. Further reason for the increasing divergence between the two economies included, disproportion in economic strength - a ratio of 17:1, different economic structures: the protectionism in Serbia and open up policy in Montenegro. The EU had trouble to integrate the state function into one center. Different pillars had different decision-making procedures which further damaged the effectiveness. Under the second pillar of the CFSP, the EU launched the crisis management, but it needed to the consensus of the ambassadors from EU members under the Politics and Security Committee of European Council. It would like to use the Joint Action. Under the first pillar of Community, it made an initiative to the European Council, then relative agencies and actors, Directorate-Generals of External Relations, Directorate-General of Development & Humanitarian Aid and others to perform the plan. The decision bodies of the two pillars had their different considerations. The exchange and coordination capacity between them were fairly weak. Their decisions to the Serbia and Montenegro were divided and beyond subordination, and hardly enjoyed the unanimous action. The CFSP allowed the Serbia and Montenegro to access to the EU under the loose federal system conditions, and the Community emphasized that the EU must be a full functional state. Their standards were different. This led to the distractions of Serbia and Montenegro’s state decision-making. Finally, the Montenegro made the choice to independence. EU’s conditionality is failure.

III. Pattern of Conditionality-Compliance

The pattern of conditionality-compliance is another representative during EU’s enlargement to the Balkan countries. Its operational logic is relatively the same as the pattern of positive and negative conditionality, which is, firstly granting the applicant the EU candidates, then letting it accept EU’s conditionality-for example, conduct the political, economical and legal reforms. Under this framework, the different ethnics within one country would conduct cost-benefit calculations to decide whether to receive the conditionality or not. But how the EU knows whether these countries complied the conditionality or not? EU would make some appraisal (annual report or feasibility report) to test appliance or breach. Then EU decided to push or stop the reform process of the Balkan countries.
There is a common characteristic in most of the Balkan countries. They are the weak functional state. The central government, which was dominated by two or more ethnic groups, has no way to form a unitary authority, and each ethnic group carried out its political and economical policy relatively independently. The EU’s objective was to establish a single functional framework under which united different ethnic groups to a single core, enhanced the pace of functional state, alleviated the antagonism, and got access to the EU as soon as possible. The key of this pattern is the cost-benefit calculation. The Balkan countries would make cost-benefit calculations between becoming an EU member and keeping the current status because the EU membership brought economic and political benefits in the long run but incurs compliance costs which the antagonistic groups must offer essential powers and interests to one center in the short run. If the long-term benefits which the EU membership brought were more than the conditionality-complied costs, the ethnic groups would choose to accept the EU’s institutional model. If the long-term benefits which the EU membership brought were less than the conditionality-complied costs, the ethnic groups will choose to refuse to the EU’s conditions. If the long-term benefits which the EU membership brings are equal or hard to calculate in the short time to the conditionality-complied costs, the ethnic groups would accept the institutional model but made little progress.\footnote{Gergana Noutcheva, \textit{EU Conditionality and Balkan Compliance: Does Sovereignty Matter?}\textit{ Doctoral Dissertation, 2006, University of Pittsburgh.}}

The EU took for granted that if its institutional model such as democracy, freedom, human rights, and minority rights transported to the Balkan countries, it would affect and change the structures of conflicts between different countries and different ethnicities. The integration experience is a successful model. Just based on the experience, the EU wanted to establish an institutional framework and change antagonism between different ethnic groups.

Comparing to the positive and negative conditionality, this pattern was more flexible and predictable. It took more considerations for the applicant countries. The outcome testified that, this pattern had its advantage and disadvantage. Gergana Noutcheva expounds profoundly in her doctoral dissertation that, the EU political and economic conditions varied for different countries, and the level of intrusion in the domestic institutional setting and policy mix differed...
too. In Serbia and Montenegro, ethnic antinomy was very severe and old path could not be changed easily under the EU framework, so its arrangement was failure. In Macedonia, it was willing to accept because of the importance it attached to international recognition. Recognition was bound up with the question of identity, and for Macedonia, whose legitimacy as a nation-state date largely from the establishment of the Yugoslav Socialist Republic of Macedonia, recognition had been critical to consolidating a fragile sense of national identity, and thus led to the antagonism between Macedonian ethnic and Albanian ethnic not so severe. In Bosnia and Herzegovina, it laid on the between, and changed very slowly. The antagonism between Serbian ethnic, Croatian ethnic and Muslim ethnic had a long history. The institutional arrangement alleviated this tension and was conducive to the settlement. How to share the interests is still a big challenge, so it made little progress. In sum, EU’s conditionality-compliance pattern is not always successful.

**IV. Pattern of Technical Conditionality**

The pattern of technical conditionality is from the hypothesis of functionalism in the European integration, i.e. ‘Form follows functions’. The technical nature of EU conditionality is mainly in reference to the obligations embedded in the adoption of the *acquis communautaire*. The EU emphasized that the objectivity of conditionality, applied equally to all candidates at all times. A theoretically technical bureaucracy, the EU commission, is moreover entrusted with the task of implementing conditionality by abiding to ‘objective’ and ‘non-political’ standards. For conditionality to be taken seriously by the recipient party, it requires an aura of technicality and objectivity. This allows for the specification of clear and measurable benchmarks, for the effective monitoring of compliance, for a detached appraisal of performance and for an ‘objective’ decision to proceed with the successive steps in the accession process. In other words, perceived ‘objectivity’ allows for a game of mutual trust and dependable expectations between Western Balkan countries and the EU. Technical conditionality also encourages the de-politicization of sensitive political issues.

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(3) Ben Rosamond, *Theories of European Integration*, New York: St. Martin Press, 2000, p.34.
The EU exerted definite and immediate influence on the Western Balkan countries based on the technical conditionality, from which it can assure the transparency and legitimacy of the EU’s policy. Also it can make the conditionality understandable and operational without any ambiguities. This is consistent with EU’s regulatory nature. Regulation emphasized the decree and rules should be specific and obvious, abiding by the law, and its technical nature. When negotiated with the Western Balkan countries on the accession, the EU was always insisting the objectivity of the conditionality equal to all the applicant.

However, as the introduction of more and more technical conditionality, EU’s justification and objectivity also were challenged due to different interests considerations from different EU members. For example, the Greece, Austria and France just had their different views and strategic considerations about the Balkan countries’ accession. Greece once came into conflicts with Macedonia. In order to solve the dispute, Greek government supported the accession of Macedonia. In 2003, When Greece acted as the EU’s rotating Presidency, it conducted the accession negotiation with Macedonia. Because of the close trade links between Austria and Croatia, when acting as the EU Presidency in 2006, Austria also accelerated the accession negotiations. Italy, concerning its adjacent to the Balkan, spared no efforts to support the stability and reform, and insisted on the EU’s enlargement to the Western Balkan. On the contrary, as the accelerator of EU integration, France objected to the fast enlargement to this region which would strike the agriculture and employment in France. The Great Britain, taking account of the budget, was reluctant to give more assistance to the ‘poor countries’ in the Balkans. Since there were different interests and considerations from EU member states, and European Council’s intergovernmental decision-making, the Balkan countries didn’t receive the same conditionality. The EU politics was also a factor to influence the conditionality. The French and Netherland’s veto to the EU draft constitution slowed down the pace of the Balkan countries’ accession. The EU summit in 2006 increased and enhanced the accession conditionality which really different from the previous statements.

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In essence, technical conditionality was the outcome of politicization. Despite EU insisted on the objectivity of the conditionality, it still was a manner of EU’s pursuit for some ‘normative value’ such as peace, democracy and human rights. For example, as the basic and top standard, the Copenhagen Criteria is just a political conditionality. The Acquis Communautaire which has the strong technical nature, was neglected during the accession negotiations, instead, the Copenhagen Criteria was upgraded to the ‘objective standard’. This led to the confusion of the technical and political criteria.

To be frank, from the experience and history of the EU’s enlargement, I argue that the technical conditionality is neither ‘technical’ nor ‘objective’, and to some extent, it has become a self-praised slogan. The EU’s appraisal to the applicant was filled with ‘discriminative’. Both the Luxembourg Resolution of European Council in 1997 (which the EU only launched the accession negotiation with six advanced countries and didn’t negotiate with other six following countries based on one standard) and the Helsinki Resolution of European Council in 2000 (the EU began to negotiate with the Southeastern European countries over the accession, but this action aroused the dissatisfactions from the six following Central Eastern European countries. Under the pressure the EU committed to negotiation with them. However, the process just kicked off, the EU heard the complaints from the six advanced Central Eastern European Countries) had showed that the outcomes neither unanimous nor objective.\(^1\)

\[V.\text{Comments and Analysis on Three Patterns and its Future}\]

There are the following common characteristics among the three patterns of conditionality.

(1) The main paradigm is rational choice. By giving the applicant candidate status and some kinds of assistance, the EU let the Balkan countries step on the accession road, and made these countries understand and choose the benefits and conditionality by cost-benefit calculations. Although this theoretical


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paradigm has very strong explanatory power the shortcoming is also obvious. In order to establish the conditions for better conducting the rational choice the EU emphasized the closedness, objectivity and fairness of conditionality. When there is some trouble in one tache, its ability to self-remedy is relatively low. For example, the first pattern lacked the coordination mechanism between the negative conditionality and positive conditionality and led to the failure of the EU’s state-building policy to Serbia and Montenegro. The second pattern didn’t take full account of the most important variable—the degree of seriousness of the ethnic antagonism with which different countries had different outcomes of calculation. Some countries carried out EU’s conditionality, and the others didn’t. The third pattern is that when technical conditionality is attached more and more annexations, the justification disappeared. The conditionality faced frustrations and even failure.

EU’s conditionality policy in the Balkan testified the shortcoming of rational choice paradigm. It is not scientific and reasonable just based on the cost-benefit calculations. In order to explain the motivation of political behavior, it is not sufficient to only depict the facts objectively and explain the observed tactical behavior with rational reflection on the situation. The researchers should pay further more attention to the identity and normative, for example, social learning by which the exchange and consultation also play an important role in increasing the understanding to the facts and enhancing the new cooperation. The real political interaction is not just based on the rational cost-benefit calculation which comes from the rational person’s hypothesis and it’s an ideal model but not the political reality.

(2) The ‘top-down method’ of three patterns of conditionality—despite the EU tried to deny the tharth. In practice this Europeanization simply from the EU is widely applied to the applicant. More and more scholars doubted and challenged this point and manner, and called on the EU pay more attention to the ‘bottom-up’ method, and even the adequate interactions between the EU and

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the applicant. If the EU insisted on this approach, the conditionality would enjoy more doubts and oppositions.

(3) The coercive characteristic of these patterns — i.e. if comply then give benefits, and if not, then stop or withdraw benefits. Due to its coercive nature, it increasingly aroused the doubt about the legitimacy of EU conditionality and the interference in the applicant internal affairs. Concerning the legitimacy, how the EU judged the applicant disobedience to the conditionality? What should the applicant do to meet the EU’s criteria? Does it have a definite standard? When the EU used its carrot and stick policy, what it just based on? In practice, the implementation of the conditionality was just based on the impression. Conditionality faced another trouble which was to interfere in the country’s affairs and not to respect the sovereignty. In the Balkan countries, the EU utterly let the countries change their constitutions, governmental institutional structure and the legal foundations, etc. If the EU wanted to implement these measures fluently, it should win the identity from the applicant countries.

(4) The strong mutual complementarities between the three patterns—on most occasions, they cooperated with each other. Because they were all built on the rational choice paradigm, it laid the foundations for exchanging with each other. For example, in Serbia and Montenegro, by endowing the candidate status, the EU imposed the positive and negative conditionality, and at the same time, the pattern of conditionality-compliance was also applied to let the two ethnic groups to make cost-benefit calculations. During the implementation, technical conditionality was imposed on this state union.

Then, how to overcome the shortcomings? I argue that, making the three patterns complementary is a good choice, nayever the final choice is to solve them institutionally.

Concerning the first pattern, the answer is that the EU should establish a single conflict resolution framework, rather than let the two pillars share the responsibility. It is fortunate that, the EU began to take seriously with this

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matter and the new constitution draft provided a new framework, i.e. under the framework of the Union’s External Action, integrating the relevant instruments and institutions between the two pillars, to establish a united conflict resolution mechanism. As the simplified Lisbon Treaty is to be passed, this question would like to be solved.

Concerning the second pattern, accompanying with the cost-benefit calculations, the EU should broaden the normative instruments, introduce the social learning process and enhance the mutual exchange and understanding between decision-makers and policy-absorber. That is to say, EU must make his policy more democratic, transparent, and interactive.

The improvement of the third pattern lied in what extent regulatory entity the EU could develop. At the level of governance, it’s a possible solution to use the open method coordination (OMC) to make the technical conditionality more objective. Cultivating the grassroots and civil society of the Balkan countries and letting them participate in the Europeanization process, improving the legitimacy of decision-making process, and lessening the negative impact of political elements are good alternatives. But it’s a long journey, and also a big challenge for EU governance in the future. Both the politician and elites in EU and the people in the Balkans should have more patience.

Reference:


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