

The Maastricht Treaty and the accession of the Western Balkans.

Reflections at its 30th anniversary over the coherence in the EU integration processes.

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Abstract

At its 30th anniversary, the Maastricht Treaty remains a milestone in the history and practice of the European Union. This referring to the adhesion process, since the set of conditions that a country must accomplish have been settled and derived by the treaty, but also for the fact that now, after 20 years of entering in force, the Euro, the Union currency, has performed and faced different consecutive challenges, thus becoming observable concerning its effects and role, and as a consequence, its theoretical and practical validity.

But there is yet a vast area, in the center of Europe, that is still dragging on its calvary of adhesion, that of the Western Balkans. At this point, considering the processes that the countries of this area have been going through, by pursuing the adhesion path, the analysis of the dominating factors that have determined the trajectory of their EU membership, becomes essential.

The paper questions and analyses the validity of the Maastricht Treaty and subsequent criteria for the adhesion of the Western Balkan countries, as well as highlights on the 'ad-hoc' criteria and evaluations often applied during the process and their consequences in terms of the attitudes of the Balkan populations and their determination toward the EU and the Western Balkans adhesion.

Keywords: Maastricht Treaty; Western Balkans; Eu adhesion; EU enlargement; economic structure; economic and political reforms of WB countries

The signing of the Treaty on European Union in Maastricht on 7 February 1992, in the presence of the President of the European Parliament, Egon Klepsch, initiated the foundation of the Union as founded on 3 pillars: the European Communities (first pillar), the Common Foreign and Security Affairs (CFSP) (second pillar) and Justice and Home Affairs (JHA) (the third).

The Treaty introduced new terms, policies, practices and finally, ways of living and of conceiving individual freedoms, rights and duties, within a great mechanism which in turn develops a new habitat and aims to create a new society.

The treaty led to the introduction of European citizenship, allowing citizens to reside and move freely between member states, established a common foreign and security policy with the aim of “safeguarding common values, fundamental interests and the independence of the Union” and developed close cooperation in justice and home affairs to ensure the security of European citizens.¹

Signed by 12 countries - Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain and the United Kingdom – it was followed by its ratification by the Parliaments in each country, in some cases holding referendums. The Maastricht Treaty officially entered into force on 1st of November 1993 and the European Union was officially established; since then, 16 other countries have joined the EU and adopted the rules set out in the Maastricht Treaty or subsequent treaties.

The Maastricht Treaty marked the creation of a single European currency: the Euro². It also established the European Central Bank (ECB) with the aim of maintaining price stability, i.e. safeguarding the value of the euro, phasing in the Euro and implementing a single monetary policy, and created the European System of Central Banks³.

The treaty was preceded by continuous exhibitions of points of view and prospected scenarios on how the economic cooperation in Europe was going to be enhanced⁴. European leaders introduced a single currency in 1986 and they suggested and agreed upon to a three-stage transition process in 1989⁵. According to the same, the time spans of the different stages of the Treaty implementation were established, where Phase 1 was going to have a time span of 1/07.1990-31.12.1993, which biggest aim and outcome was going to be the introduction of the free movement of capital between the Member States; Phase 2 extend through 01.01.1994-12.31.1998 with the aim of assuring greater cooperation between national central banks and greater alignment of Member States' economic policies and Phase 3, the longest one starting at 1.01.1999 up today.

By introducing the criteria that countries must meet to join the euro, the treaty also established rules on how the euro works in practice.⁶ This included specifying what a country must do to join the euro area.

¹ Treaty on European Union, *Official Journal of the European Communities*, 1992

² Abbey, Michael H., and Nicholas Bromfield. "A Practitioner's Guide to the Maastricht Treaty." *Mich. J. Int'l L.* 15 (1993): 1329.

³ Smits, René. "The European Central Bank: Institutional Aspects." *International & Comparative Law Quarterly* 45.2 (1996): 319-342.

⁴ Kaminski, Bartłomiej. *The Europe agreements and transition: Unique returns from integrating into the European Union*. na, 1989.

⁵ "Five things you need to know about the Maastricht Treaty." *ECB publications*.

⁶ Grieco, Joseph M. "The Maastricht Treaty, Economic and Monetary Union and the neo-realist research programme." *Review of International Studies* 21.1 (1995): 21-40.

Pursuing this purpose, the convergence criteria were later established⁷, in order is to ensure that price stability in the euro area is maintained even when new countries join the currency, by supervising Inflation, the Public Debt Levels, the Interest rates and Exchange Rates.

Referring these criteria, the average inflation rate of a country should not exceed the inflation rate of the three best performing EU Member States by more than 1.5 percentage points during a one-year observation period.

At the same time, a country's annual fiscal deficit should not exceed 3% of gross domestic product (GDP), and overall public debt should not exceed 60% of GDP.

A country's long-term interest rate should not exceed that of the three best performing Member States by more than 2 percentage points during a one-year observation period meanwhile the Exchange rate criteria demands a country to maintain a stable exchange rate in so that it remains within the fluctuation margins envisaged by the exchange rate mechanism (ERM II) for at least as in the previous two years.

Since the signing of the Maastricht Treaty, European countries have become closer together, while some policy areas such as economic and fiscal policies remain at the national level.

In 1997, the Stability and Growth Pact was agreed to ensure that countries follow sound fiscal policies while the European Stability Mechanism was set up to provide financial assistance to euro area countries facing or at risk of serious problems of financing.

Consequently, the Single Supervisory Mechanism and the Single Resolution Board were created after the financial crisis to make the European banking system safer, as well as to increase financial integration and stability.

Adhesion through differentiation

If accountability imposes on an actor the obligation to explain and justify its conduct, and on the forum the right to evaluate and judge, in the context of EU foreign policy, a differentiated structure may have to justify its conduct before the institutions of the EU and, occasionally, to European citizens.

Legitimacy is linked to accountability, since it depends in part on the proper functioning of accountability mechanisms⁸, but differentiated cooperation causes a discrepancy between those who make decisions and those who are influenced by it, since it is

⁷ Lastra, Rosa M. "The Evolution of the European Central Bank." *Fordham Int'l LJ* 35 (2011): 1260.

⁸ Bovens, Mark. "Two Concepts of Accountability: Accountability as a Virtue and as a Mechanism." *Accountability and European governance*. Routledge, 2014. 28-49.

more developed at the interstate level (rather than of the EU), the member states, as they act on behalf of the EU, must justify their actions to the institutions of the union.

EU legitimacy is also linked to its ability to provide effective problem solving, and therefore to its effectiveness.

In the case of the Western Balkans, there has been a broad convergence in differentiation.⁹

The wars in the former Yugoslavia during the 1990s led the EU strategy towards the Western Balkans to follow two closely related objectives, namely to ensure stability and economic development in the region and gradually integrate the Western Balkan countries in the European Union. The EU approach was the Stabilization and Association Process (1999), followed by the Thessaloniki Declaration of 2003, where the EU commits itself to the European integration of the Western Balkans and the initiation of the high-level dialogue between Pristina and Belgrade, in 2011, aiming at normalizing relations between Serbia and Kosovo.

At the same time, the multiple crises in the EU and the different positions among EU countries on issues ranging from the future of enlargement to the status of Kosovo have often weakened the Union's approach towards the region and the influence of the EU. However, thanks to various forms of differentiated cooperation between EU Member States, it advanced the EU's strategic objectives in the Western Balkans¹⁰, seeking to strengthen stability and promote reforms¹¹ on the road to enlargement.

Western Balkans Accession BE

The Balkans, which has always been a region where influences, pressures and conflicts between East and West, have seen them as a scene of conflict and territories to be controlled.

In their aspiration for EU membership and in reference to the trajectories and processes of the individual countries, which go on in the last two decades, they live their belonging to Europe in a continuous paradox.

Although geographically a central part of it, and with dominant pro-European aspirations, the region finds itself dazed and tired. The long lead times, the repeated deadlines and the postponements not always considered reasonable and justified by the populations of the area, mean that according to the Balkan Barometer, the

⁹ Siddi, Marco, Tyyne Karjalainen, and Juha Jokela. "Differentiated Cooperation in the EU's Foreign and Security Policy: Effectiveness, Accountability, Legitimacy." *The International Spectator* 57.1 (2022): 107-123.

¹⁰ Blaga, Daniela, and Mircea Brie. "Differentiated Integration--From Theory to Practice. Determiners in the Integration Process of the Western Balkans: Ethnicity." *Determiners in the Integration Process of the Western Balkans: Ethnicity* (2013): 173-185.

¹¹ Sela, Ylber. "Visa liberalisation and economic implication for the Western Balkans." *Academicus International Scientific Journal* 4 (2011): 118-129.

expectations of enlargement for 2030 vary from 32% for Serbia up to 42% of the most optimists such as Albania and Bosnia and Herzegovina.

The EU-Balkans meeting in June 2022 sheds light on a fact: the lack of convergence of EU countries regarding accession to the area, cooperation between countries is convenient as an emergency lane in dealing with chain crises.

Therefore, for that part of the region that is not integrated, however, it is not a question of the paths and standards pursued in other cases of integration of Eastern countries and other Balkan countries, which aim to deepen integration and economic and political convergence, but of paths which in many cases are the subject of current geopolitics.

But how coherent and valid are the Maastricht Criteria for Western Balkans membership?

The EU accession criteria have been widely criticized in reference to both CEE countries¹² and the Western Balkans.

First, the criteria for EU membership are vague, numerous and sometimes even contradictory. Secondly, it is the political criteria that are of primary importance.

Thirdly, EU conditionality for WB countries has become stricter than in the case of CEE countries.

The large number of criteria and the absence of weights indicating their relative importance, in some cases vague and imprecise¹³, give much leeway to the political one in deciding whether the accession criteria have been met, particularly as regards the economic conditions and the lack of objectivity of the criteria allows for political maneuvers by the EU.

Failure to meet political conditions has often been used as a general excuse to delay the EU integration of WB countries for other reasons, such as constitutional problems within the EU or the specific objections of an EU member state. Examples abound, from Macedonia's dispute with Greece over its official name and then with the Bulgarian veto for some constitutional changes - the inclusion in the preamble of the Macedonian Constitution of an explicit reference to the Bulgarians as a national group of the country, or the reluctance of the Netherlands to approve the ratification and implementation of the SAA concluded with Serbia. Last, but definitively not least, Serbia's outstanding issues with Bosnia and Herzegovina and Kosovo, which at the time of the opening of negotiations with the EU showed no improvement, reinforcing

¹² Paleta, Tomas. "Maastricht Criteria of... Divergence?." *Review of economic perspectives* 12.2 (2012): 92.

¹³ Soukiazis, Elias, and Vitor Castro. "How the Maastricht criteria and the Stability and Growth Pact affected real convergence in the European Union: A panel data analysis." *Journal of Policy Modeling* 27.3 (2005): 385-399.

once again the dominance of the political criteria and jeopardizing the credibility of the EU institutions in the process of inclusion of the Western Balkans. In fact, it is the political conditions that have blocked a faster progress of most of the WB countries towards the EU, much more than the lack of willingness to meet the other criteria.

However, the Maastricht criteria only become relevant for a country upon EU accession. New EU members are unlikely to join Monetary Union immediately, as has been the case with most new EU member states since EEC¹⁴

The accession of Croatia (ASA 29 April 2001, candidate 2004 and member on 1 July 2013) represented a sort of “alternative route” to fulfilling the Maastricht Treaties to the letter, first aiming for political, legal and administration, but not to the single currency, the Euro. Only on July 12, 2022, the Economic and Financial Affairs Council of the EU formally approved Zagreb’s accession to the Eurozone on January 1, 2023, making the Balkan country the twentieth member. But the public debt, a milestone of the Maastricht agreements for membership from 60% of GDP, also flies here, as in all other Balkan countries from 75-80%.

For academics in the field and beyond, some of the EU criteria are based on a vision of a market economy that exists today only in economics textbooks, while there is an asymmetry between a number of requirements for future EU members and actual practice in current EU Member States.

Some of the EU requirements are also contradictory¹⁵. For example, if the countries of the Western Balkans are to have “a sufficient amount of human and physical capital, including infrastructure, education and research”, they will have to invest more in these sectors, but it will be very difficult to reconcile this with the current calls for a more balanced budget.

Despite such favorable short-term trends, the structure of public expenditure in all WB countries has not changed much, indeed, in the last years of membership extension it has worsened, even though they have successfully implemented price liberalization and opened their economies through profound reforms of the foreign trade regime.

In the meantime, being a passageway, often left to itself or to political compromises, in the efforts of economic structuring, the rule of law and human rights, local solutions to development challenges take over, in many cases eliminating even some successes obtained in the past. Witness the dizzying immigration from the countries of the area to EU countries (700,000 people mobilized from Albania alone, 1/3 of the population

¹⁴ Gros, Daniel. "Understanding the Limitations of Maastricht." *Intereconomics* 54.2 (2019): 72-77.

¹⁵ Sekulić, Tatjana. "Dimensions and Contradictions of the European Integration: Deepening Versus Widening." *The European Union and the Paradox of Enlargement*. Palgrave Macmillan, Cham, 2020. 23-48.

currently living in the country) and the growth of illicit trafficking and crime (in particular from 2014 up to now).

According to Balkan Business Barometer¹⁶, the perception of the business environment and economic trend, indicates the perception that “the economic situation has Deteriorated” has increased and it varies from 31% to 69%, except Kosovo, where the perception is that ‘it has improved’, for 77% of the opinions.

If we analyze the Business Obstacles which include the overall evaluation of the macro-economic situation instability, we note that the perception of instability at a region level has increased with 0,3 points, compared to year 2021. Referring to other indicators that define the market economy, there is a slight increase of positive evaluations when it comes for the legal framework, but all indicators of the efficiency of the economic structure and access indicate a deterioration, such as the Availability of labor (-0,10), Informal economy (+0,20), Organized crime (+0,20) and Political and Social instability (+0,20).

In paradox, due to geo-political reasons, the moment at which the adhesion of the area in EU is being considered with priority, finds the area, referring the aforementioned indicators, probably on the worst status over the 15 last years. Another mismatch of form and content in the best case, but which at the very end, contaminates the spirit and perception of what EU adhesion means to the local populations.

And what’s the most important to this debate, is that both the security pillar, as well as that one of the rule of law and home affairs, are the less considered in terms of adhesion criteria, and the indicators of their accomplishment on a country level, are totally jeopardized.

The most vivid example is Kosovo. The country has positive reports concerning reforms and fulfilling the EU conditions and criteria. But the role of EU as an ‘exporter of good governance’ is deeply questioned considering the EU’s failure to prioritize good governance reforms that have not been implemented sufficiently in Kosovo¹⁷. At the same time, the inconsistency in the positions taken by the EU toward the country in terms of visa liberalization, by postponing this decision year by year, even if the country fulfilled the conditions, and the incapability to connect the EU adhesion process of Serbia with its addressing of the issues with Kosovo, as a tradeoff of blocking the Russian influence into this area, created probably the most dangerous feeder of the incumbent conflict, which smells as military as that one in Ukraine.

¹⁶ <https://www.rcc.int/balkanbarometer/results/1/business>

¹⁷ Gulmez, Didem Buhari, and Bengu Aydin Dikmen. "EU as a Good (Enough) Governance Exporter in Kosovo? Local Views on the Aborted Power Plant Project." *EU Good Governance Promotion in the Age of Democratic Decline*. Palgrave Macmillan, Cham, 2022. 89-109.

The EU's approach in the last two decades has focused on regional economic integration, intensifying economic relations between the countries of the region, trying to achieve a convergence of interests - firstly economic and later also political, resolving territorial disputes and helped countries move closer to the European Union, economic integration itself was relatively successful, especially for the five smallest countries, but it fell short of its broader goals.

First of all, regional economic integration as fostered and induced by EU policies, has been hindered by Serbia, which however has zealously joined the 'Open Balkan', considering this one as an initiative that puts it in a dominant position due to its Trade Balance, also offering to the country a 'run away' in the 'addressing of the dialogue with Kosovo'. A real challenge and compromise to the modalities and objectives of the Berlin Process, launched in 2014 by the Merkel government, and which included all the countries of the region.

The creation of "ante-chamber" processes and statuses such as France's proposed revision of the accession criteria (May 2022)¹⁸, as well as the risk of affecting the perseverance of candidate countries in pursuing the EU integration agenda, gives a message which jeopardizes the set of fragile geo-political balances that have been created during the history of more than two decades of the Balkans - EU.

Russia's military attack on Ukraine and the war in progress risks irreparably shifting the conflict precisely to the Balkan area, where, at crucial moments in European history, it has always been possible not to see one's interests reachable through an alliance, the governing elites of the countries, have turned, through blatant or hidden alliances, to the other side, and the 20th century has found the atmosphere more turned towards the East. Not to add macro-strategies on human resources, raw resources and in particular those of energy, by interest groups in the area, to which the Ukrainian War has removed the veil.

The second and third dimensions of the treaties, those concerning security policies and the rule of law and home affairs, mark a qualitative shortcoming not as regards the efforts of the populations to strengthen the economy and endure reforms, but rather in the fact that the latter or they have only proved good on paper, widening the gap between the public (citizens) and governance, particularly in the reporting dimension, but the air today suffers in terms of government effectiveness, quality of elected officials, the judiciary and corruption.

¹⁸ Tulun, Teoman Ertuğrul. "Macron's Proposal of Creating European Political Community And The NATO's Guardian Angel Wings." (2022).

What to expect from and for the Western Balkan front?

The annual Summit UE-Western Balkan held at the begging of December 2022 in Tirana, alongside folkloristic shows melted with modernity, as a metaphor of the identity and esprit of the area, marked a single turnaround in the process, that of the harmonization of the roaming tariffs for the communication between EU countries and the Western Balkan¹⁹.

It also witnessed the already intended position of the Russian allies in the area, that of Serbia, which by the statements of its president, as well as that of the representant of the Federation of Bosnia and Herzegovina, made clear their disagreement concerning the sanctions against Russia, claiming that they were going to refuse their application. Considering that the main purpose of this summit was that of keeping the area under the EU fold, the call to 'decide on which side to stay' of the EU highest representant, under the promise of an accelerated EU integration, still does not clarify or guaranties positive results and progress.

Apparently, the result of continuous hesitations, change of hands and lack of foresight regarding the EU membership of an area as important for geo-politics, as unstable in its tendencies and reactions to political pressures and maneuvers.

The landscape speaks for itself:

Albania signed the Stabilization and Association Agreement on June 12, 2006 ---- opening of negotiations July 19, 2022

North Macedonia signed the SAA on 9th April 2001---- opening of negotiations 19th July 2022

Montenegro signed the SAA on October 15, 2007----already adopted the Euro in 1999, opening of negotiations June 29, 2012 – on June 30, 2020 the EU opens the last chapter, that of "Competitiveness"

Serbia signed the SAA on April 29, 2008----- opening of negotiations June 28, 2013.

According to the evaluation of the progress of the process with reference to the report for the opening of the negotiations at the time, it was highlighted that 'Significant Efforts Necessary is made in the Rule of Law and Human Rights, Security, Financial Controls and the Environment. Relations with Kosovo are always unchangeable.'

Bosnia and Herzegovina signed the SAA on 16 June 2009, applied for membership on 15.02.2016.

Kosovo signed the SAA on 19 April 2016.

¹⁹ <https://www.bloomberg.com/news/articles/2022-12-05/eu-zeros-in-on-the-balkans-as-its-popularity-there-starts-to-ebb>

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