



# BRIEF POLICY

## ANALYSIS, KOSOVO



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The integration process of Kosovo towards the EU is addressed in this policy analysis, with the special emphasis on the impact that the SAA might have in this context. Kosovo's as well as region's challenges and perspectives will be also examined in this paper.

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# **Kosovo and the Stabilization Association Agreement**

**Perspectives and challenges in the integration process**

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## 1. Introduction

The terms Europe and European have become inseparable part of political discourse and speeches, of various names of non-governmental organizations, business enterprises as well as of various educational institutions. These are often used as synonyms of the future and it clearly represents the desire and need of the Kosovar society to be part of the European Union. Further, even the European Union symbols have been points of reference for creation of state symbols of the Republic of Kosovo, starting from the flag, coat of arms and the anthem. Furthermore, the headquarters of the Kosovo Government is only a few metres away from the EU headquarters in Prishtina. Despite this, the integration process of Kosovo towards the European Union does not depend on political and social aspirations, or from symbolical similarities nor proximity of respective institutions. It is a complicated and complex process that requires commitment and fulfilment of many requirements and meeting of required standards.

The background of establishment and consolidation of the European Union itself is a long and laborious process, and problems, crises and divergences that arise periodically within the European Union member states themselves increasingly invite academic interest. The EU successes in the economic and political field as well as continued enlargement has arisen great interest for membership of the new states.

Thus the South-Eastern Europe states that emerged from the communist regime and most of them emerging from bloody wars remain the last countries from the European continent that are not part of the European Union. Consequences of the communism and destructions from wars made it more difficult and slowed down the transition and advancement process of the Balkan countries in their journey towards the EU. Efforts for integration into the EU from governments of these states during the past decade have been significantly intensified. The main reason that is pushing these governments towards application for membership into the EU is achievement of a high level of democracy, economic gains, and social welfare of a European state. But, often behind this aspiration, benefits of political manipulation are

hidden by the parties and governments of the candidate countries, which use the integration process for certain political goals.

The European Union is present in the region in various forms, strongly supporting the efforts of regional countries regarding the integration into the EU. However, the lack of a consistent policy of the EU vis-à-vis South-Europe or the Western Balkans as is known otherwise, as well as various agreements between the Balkan countries themselves, has created the situation where the integration process depends on both internal and external factors.

Kosovo, as the youngest state in Europe it is also the last as a potential candidate country for membership into the EU as well as in the integration process generally. This is a consequence of many causes: first, due to lack of a status settlement for Kosovo for a long time; then, open contest with Serbia and its influence over the northern part of the country; then non-recognition of Kosovo by five EU member states as well as due to factors such as weak rule of law, high level of corruption, nepotism, organized crime and weak economic development. However, Kosovo has entered into contractual relations with the EU and during recent years it has managed to make important steps in the integration process. One of these achievements is undoubtedly the progress of Kosovo in reaching the Stabilization Association Agreement, as an essential pre-condition in the EU membership process.

In this brief study, the European integration process of Kosovo so far will be discussed, with special emphasis on the influence that the Stabilization Association Process might have in this journey. Which will be the perspective as well as challenges of Kosovo and the region in this process? To what extent will it affect the fulfilment of requirements and approximation of the country towards the EU? These are only some of the core questions we will try to answer in this policy analysis.

## 2. The EU and the enlargement

As noted above, the trajectory of establishment and consolidation of the EU is very long. The journey started with the establishment of the European Community of Coal and Steel in 1951 by six member states including Belgium, Western Germany, Luxembourg, France, Italy and The Netherlands, up to the Maastricht Treaty in 1992 that paved the ground for the European Union, and gave it the economic, political and legal approach. In the subsequent years, the EU did not only add more new treaties that empowered it, but more new member states were added to it too. The European Union is not simply an international organization, where multi-party cooperation takes place among governments of the recognized sovereign states, which delegate to the EU some aspects of decision-making powers, but it, however, is not a unique federal state. Therefore, the European Union is unique in the way it operates as well as a political entity in the history of international relations<sup>1</sup>.

It can be said that one of the most successful policies of the European Union was and remains the enlargement policy. The successes of the EU in its own political and institutions consolidation, as well as with enlargement has attracted the interest of many academic disciplines, by analysing it from economic, political, legal, cultural and social perspective.

### 2.1 Enlargement process and requirements

Continued enlargement of the European Union from 6 founding states to 28 member states today, has created the situation where the membership procedures to the EU have significantly changed compared to the procedures followed at the beginning as a regional organization. EU enlargement initially had the focus of economic dimension, continuing with the political one and then gradually strengthening its institutional and legal foundations.

According to the European Union Treaty (known as Maastricht Treaty), every European state may apply for membership if it respects the principles of freedom, democracy, human rights and uni-

versal freedoms, as well as the rule of law. However, the admission may take place only if a country meets all admission requirements, known as Copenhagen Requirements that were set by the European Council in Copenhagen in 1993, including:

- Political requirements; stable institutions that guarantee democracy, rule of law, human rights and respect for and protection of minorities;
- Economic requirements; functioning of the market economy and capacities to face competition and market forces in the EU;
- Capacities to be ready to accept obligations that derive for members, including meeting EU political, economic and monetary objectives.
- Copenhagen Requirements were improved by the European Council in Madrid in 1995, with the approval of the "acquis communautaire" which means the overall European legislation, and its effective implementation through respective administrative and legal structures<sup>2</sup>.

The state that aspires to join the EU, submits the application for membership to the Council, which asks from the Commission to assess the competence of the applicant to meet the admission requirements. If the Commission offers a positive opinion and the Council agrees unanimously, then the negotiations formally start between the candidate country and all member states. Candidate states must meet several requirements before they become EU members. Requirements that must be met include the following: Political and economic dialogue, Regular progress reports, National programme for approval of the European legislation; Participation in programmes, agencies and committees of the EU; Co-funding by international financial institutions; Pre-Accession Assistance; Admission partnerships/European Partnerships and Stabilization Association Agreement<sup>3</sup>.

<sup>1</sup> For more about development of the EU, see; Desmond Dinan: *Ever Closer Union? An Introduction to European Integration*, Macmillan 2005

<sup>2</sup> *Komisioni Evropian: Të kuptuarit e Zgjerimit, Politika e zgjerimit e Bashkimit Evropian, Zyra ndërlidhëse e Komisionit Evropian ne Kosovë 2007*

<sup>3</sup> *Ibid.*

For preparing candidate countries for membership, the Commission, through “monitoring reports” or as are known “progress reports” continuously informs the Council and the Parliament. Monitoring also serves to guide candidate countries regarding their preparatory work.

This also serves as a basis for measures that will be undertaken by the Commission and actions that need to be taken by the applicant country. The path towards the EU is designed so that the states are prepared to harmonise their legislation and meet democratic, political and economic standards. For every agreement, through which a new member is admitted, unanimous approval of all member states is required.

## 2.2 The future of the EU enlargement

EU enlargement happened in several waves and various stages. Thus, December 2002, the European Union took one of the most important steps in the history of the European Integration. It decided to admit by on May 2004, another 10 countries, including Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia. Bulgaria and Romania joined the EU after a longer process on 1 January 2007. While, Croatia joined on 1 July 2013 and thus the number increased to 28 EU member states.

Enlargement process must not be understood simply as a larger geographic expansion and demographic growth but also as a confirmation of peace and democracy as well as wellbeing and cooperation among different nations of Europe. Institutional reform and enlargement are two large challenges not only of the EU but of the states aspiring to join it too. Therefore this requires a longer more complex process of preparing candidate countries and potential countries in order to implement community rules, harmonise laws and meet required requirements of the European Union<sup>4</sup>.

## 3. The EU and integration of the South-Eastern Europe

South-Eastern Europe countries such as Albania, Macedonia, Montenegro, Serbia, Bosnia and Herzegovina and Kosovo are in the integration process and have ahead of them great and serious tasks to successfully conclude the process and become full EU members. Emerging from several decades of communist regime and armed conflicts, this was seen as an unusual challenge that in the region peace is established, democracy is consolidated and economic growth takes place. As a result, the EU has played a very important role in supporting these countries in this journey. Stabilization Association Process started in May 1999, as a long-term commitment of the European Union to assist regional countries in the membership process, including political, financial and human resources aspects.

### 3.1 South-Eastern Europe after Thessaloniki

The European Council, in its meeting of 19-20 June 2003, adopted the document “Thessaloniki Agenda for the Western Balkans: Towards European Integration.” Thessaloniki Agenda was adopted as a joint document of the EU and these countries, where it was noted that the South-Eastern Europe countries, or the Western Balkans as it was called there, could become members of the European Union as soon as they meet the respective requirements, i.e. Copenhagen requirements<sup>5</sup>, confirmed in the conclusions of previous Summits in Feira and Zagreb in 2000. With this, the EU made it clear that the progress in EU integrations will depend from the individual work of the countries that include a broad range of reforms of their economies, democratic standards, human rights, good governance and respect of the rule of law. For this reason, Thessaloniki Summit was an important step in relations with regional countries and at the same time, it opened up a new perspective for these states. Later on, the European Council confirmed several times that the future of the region is in the EU and reiterated its commitment for full and effective support of European perspective for these countries.

<sup>4</sup> Francois d’Arcy: *Politikat e Bashkimit Evropian*, Tirane, Papyrus 2007 p.24ff

<sup>5</sup> See; [http://europa.eu.int/comm/external\\_relations/see/gacthess.htm](http://europa.eu.int/comm/external_relations/see/gacthess.htm) (11.11.2013)

### 3.2 Perspective of EU membership

Full membership of Croatia in the EU must be an encouragement for other countries of the Western Balkans to pursue their reforms. On the other hand, visa liberalization (excluding Kosovo) as well as advancement of the status and process of integration demonstrates the progress made in this respect. However, prolongation of the process is a result of the delays or non-fulfilment of the standards, i.e. the conditionality that is posed by the EU<sup>6</sup>.

Fragile rule of law, serious economic and social conditions and meeting European standards related to *acquis communautaire*, in various fields and sectors, will pose some time a real challenge for the governments of these countries, which so far have not demonstrated willingness and serious ability to overcome these obstacles, in order that they open a clear perspective for their countries<sup>7</sup>. Scaled transition from "potential candidate" status to "candidate" and ultimately to "member" is a progressive process and not a single political act or decision. But, this progress will depend also on commitment of the EU to drive these processes forward<sup>8</sup>.

### 4. SAA and Kosovo

The European Union through the European Commission established the Instruments of Pre-Accession Assistance, which Kosovo is a part of. The objective of this mechanism in particular was to assist the strengthening of democratic institutions and implementation of the law, reform public administration, undertake economic reforms, promote respect for human rights, minority and gender equality rights, support development of civil society, strengthen regional cooperation, contribute to sustainable development and reduce poverty. In November 2002, the EU established the Tracking Mechanism of the Stabilisation and Association Process to assist and

support financially the Western Balkans Countries. This support is conditioned with the progress in fulfilment of Copenhagen Requirements, which is assessed through the Progress Report by the European Commission. This, the EU assistance for Kosovo through IPA for the period 2007 to 2009 was 199.1 million Euros<sup>9</sup>.

Since the Thessaloniki Summit, Kosovo is included in the framework of the Stabilization Association Process. Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia are also included in the process. The process is part of EU enlargement policies within preparation of the entire region of the Western Balkans for integration into the EU.

Stabilization Association Process has three objectives:

- Stabilization and rapid transformation into the market economy;
- Driving of the regional cooperation, and
- Perspective of membership into the EU<sup>10</sup>.

The mechanism assists regional countries to build their capacities in order to approve and implement European standards, including international standards as well as *Acquis communautaire*, which means all treaties, regulations and directives approved by the European institutions and decisions of the Court of Justice. Each country moves forward based on the progress made with fulfilment of commitments that derive from the SAP process. Each year, in annual reports, the European Commission assesses preparation of the Western Balkans states for moving closer towards the European Union. The approach of the EU is that enlargement policies are managed carefully and gradually. New enlargements will take place with South-Eastern Europe countries. These countries are at different stages of their journey to Europe. The EU has continuously re-

<sup>6</sup> See; [http://ec.europa.eu/enlargement/the-policy/countries-on-the-road-to-membership/index\\_en.htm](http://ec.europa.eu/enlargement/the-policy/countries-on-the-road-to-membership/index_en.htm) (11.11. 2013)

<sup>7</sup> For an informative and argumentative elaboration of this process, see: Adam Fagan: *Europe's Balkan Dilemma. Paths to Civil Society or State-Building?* I.B.Tauris, London 2010, pp.18-48

<sup>8</sup> An interesting and current analysis is provided by the European Policy Centre, see; Corina Stratulat: *EU enlargement to the Balkans: shaken, not stirred.* EPC, Policy Brief, 4 November 2013

<sup>9</sup> Venera Hajrullahu: *Gjendja aktuale dhe sfidat kryesore për Kosovën drejt rrugës së anëtarësimit në Bashkimin Evropian.* FES-Conference Paper, April 2008 p. 9

<sup>10</sup> [http://eeas.europa.eu/delegations/kosovo/eu\\_kosovo/politica\\_relations/stabilisation\\_and\\_association\\_process/index\\_sq.htm](http://eeas.europa.eu/delegations/kosovo/eu_kosovo/politica_relations/stabilisation_and_association_process/index_sq.htm) (14.11.2013)

confirmed in highest levels its commitment for the European perspective of the South-Eastern Europe, if its meets admission requirements.

Areas of regional cooperation include, among else: political cooperation, trade and investment, free trade (CEFTA), investment climate, small and medium enterprises, development of infrastructure, energy, transport, environment, education, safety and freedom of movement, integrated border management and control, fight against cross-border crime and corruption, etc.

#### 4.1 SAA, Opportunity and Challenge

Stabilization Association Agreement is a two-way process and a regional process, through which relations are established among countries of the South-Eastern Europe and the EU, and at the same time, cooperation is encouraged among regional countries. Stabilization Association Agreement Tracking Mechanism (SAATM) is the basis for a regular dialogue between the EU and Kosovo authorities on EU issues<sup>11</sup>. In addition, a new structure of sectorial working groups was established under the SAATM umbrella in the areas of good governance, economy, internal market, innovation, infrastructure and agriculture.

In this sense, "The Action Plan is used to plan activities of the Government: in relation to political agenda of the Government and its priorities, legislative agenda of the Government (laws, sub-legal acts, decisions and other legal acts) and of the Parliament, employment plan required for implementation of the European integration agenda and implementation of harmonised legal acts, plan for institutional building and training of personnel (needs for general and specific trainings), and plan for investments, especially with regard to construction (advancement) of the IT network in relation to Acquis"<sup>12</sup>.

As of 2008 European Partnership Action Plan envisions initiation of the reforms in the public administration – reforms which would be based on three documents: 1. Report on situation of the Public Administration in Kosovo, 2. The Strategy for the Reform of Public Administration in Kosovo, and 3. Action Plan of the Public Administra-

tion Reform in Kosovo. This plan envisions that public administration is professional, has an organization structure, quality management, effective transparent communication with citizens, etc. Since 2010 the Ministry of European Integration has launched and operated an electronic system for monitoring and reporting regarding EPAP. "During 2011 the system has used for compilation of reports quarterly reports from each institution in charge on concrete actions taken with EPAP 2010 and EPAP 2011. The same system will be used during 2012 for monitoring the implementation of the EPAP and for monitoring the implementation of the recommendations from the Dialogue of Stabilization Association Process"<sup>13</sup>. EPAP report for 2012 notes that there is a lot of work ahead in the sector of public administration reform as well as in that of the rule of law<sup>14</sup>. In October 2012, Kosovo received the Feasibility Study for Stabilization Association Agreement between the European Union and Kosovo. This study contains short-term and mid-term recommendations as well as priorities that pertain to political, economic and administrative requirements, as well as the work that is ahead for our institutions regarding meeting these requirements. "Political requirements include: public administration reform, human rights, minority protection, etc. Economic requirements include: improvement of business environment, creation of jobs, development of local economy, etc. According to the European Commission, the Republic of Kosovo is very willing to open negotiations for Stabilization Association Agreement, but only if Kosovo undertakes envisioned recommendations and priorities such as: rule of law, public administration, human rights, minority protection and trade."<sup>15</sup>

In October this year, the negotiations on the Stabilization Association Agreement were opened between the European Union and Kosovo. The goal of the Agreement is to provide a political and legal framework to regulate the approximation and admission process of Kosovo towards the European Union. In this regard, on 27 February, the Government of the Republic of Kosovo

<sup>11</sup> Hajrullahu op.cit., p.8-10.

<sup>12</sup> Qeveria e Kosovës. *Plani i Veprimt të Partneritetit Evropian 2008*. Prishtinë, July 2008. p. 10

<sup>13</sup> Qeveria e Kosovës. *Plani i Veprimt të Partneritetit Evropian 2012*. Prishtinë, December 2011.p. 7

<sup>14</sup> Ibid, p.8

<sup>15</sup> Alising Lyon. *Prezentimi i Raportit të Fizibilitetit. Projekti i BE për komuna më të fuqishme, Komisioni Evropian në Kosovë, Prishtinë, October 2012*



has established a negotiation team that is led by the Ministry of European Integration organized in 3 working groups, including; working group on trade issues; working group on approximation of legislation, and the working group for cooperation policies. Negotiations will take place, and now have formally started as per negotiating chapters, and initially the chapters on issues of freedom of goods will be negotiated, then harmonization of the legislation, and lastly cooperation policies. These negotiations will present a new challenge as well as a good opportunity for the government of the country to deepen reform agenda and to approximate Kosovo to the integration process. But, the Kosovo Government must cooperate with the civil society, and business and academic communities in order to find the most appropriate models of implementation.

#### 4.2 Integration with many unknowns

Kosovo, due to unresolved political and legal status for a long period of time, and due to other circumstances such as non-recognition by five EU member states and its relations with Serbia, was the latest to start the integration process compared to other South-Eastern Europe countries. The agreement concluded in April with Belgrade for normalization of relations, mitigation of position of five EU countries that have not recognized Kosovo and added commitment of the government has created the situation where progress is made in this regard recently. But, as it was noted earlier, Kosovo compared to other Balkan countries is still far in the process. Thus, Kosovo is the only country that has not benefited from the visa liberalization, even though it has been negotiating this issue with the EU since January 2012.

On the other hand, the EU presence in Kosovo in various forms since the end of the war has created the situation where Kosovo is one of the largest beneficiaries of financial support and technical assistance per capita. From 1999 to 2007, the EU has spent about two billion Euros for Kosovo and since 2008, more than 65 million Euros a year through IPA funds<sup>16</sup>. It seems this support was not enough to grow economic development and strengthen the rule of law, which are two areas where Kosovo faces serious stagna-

tions in meeting the requirements for approximation and admission into the EU. As a result, there are researchers who claim that the conditionality policy of the EU did not prove to be very efficient since it did not achieve the expected results<sup>17</sup>.

But the integration process depends largely on the very level of democracy of aspiring countries, political stability, as well as from the commitment of governments and political elites to use this process to push forward this process irrespective of their party interest and fight for power. Civil society and academic world can provide a valuable contribution in this regard.

#### 5. Conclusions and recommendations

The European Union is an important player in the region and the largest donor to Kosovo, which allocates more funds for Kosovo per capita than in every other country in the world, but the integration process of Kosovo has not delivered very positive results. Reasons for this are external, due to incoherent and inefficient policies of the EU itself towards the Balkans and Kosovo, but to a larger extent, due to inability of the national governments to meet the required standards. In this brief policy analysis of the integration process of South-Eastern Europe towards the EU, the trajectory of the process was described as well as challenges that emerge during this very complex process. The progresses as well as stagnations were elaborated since the Thessaloniki Summit and onwards.

Also, it was noted that integration process of Kosovo was delayed compared to other regional countries, and that a larger cooperation is required not only with EU institutions but with those of the Balkans as well. Within regional cooperation, countries need to promote specific objectives and initiatives in line with Thessaloniki Agenda in the area of liberalization of regional trade, visa-free and freedom of movement in the region, collection of small arms, development of transport, creation of regional markets of energy and gas, development of energy and telecommunication infrastructure, environment protection and water management, research and develop-

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<sup>16</sup> Fagan *op.cit.*, p.161

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<sup>17</sup> *Ibid*, p. 190ff.

ment, cross-border and parliamentary cooperation.

In this study, the emphasis is put particularly on negotiation of Kosovo for concluding the Stabilization Association Agreement and the impact it might have on European integrations as a result. Since it is still early to predict consequences of the process, the SAA was analysed here from the angle of potential challenges as well as opportunities that the agreement provides for the country. Conditionality policy implies that the EU measures will be implemented progressively and will depend upon the progress made in Kosovo.

As a result, it is recommended:

- That the Kosovo Government is strongly committed to meeting set objectives in certain fields, such as public administration, strengthening of the rule of law, combating corruption and organized crime, creating a better business and free trade environment, etc.
- It is required that in cooperation with business sectors, chambers of commerce and academic circles economic calculations pertaining to the SAA are completed, as well as measures that need to be taken in this context.
- Considerably increase the coordination between government and non-governmental institutions, in order that the reached agreements are implemented better and as soon as possible.
- Accountability of respective institutions for concluding and implementing agreement chapters must be at a higher level.
- Increase absorbing capacities for EU IPA funds and to use those funds to achieve sustainable results.
- The SAA to serve for acceleration of the visa liberalization process for Kosovo.
- And ultimately, the SAA not to be only a formal agreement, but a next step in Kosovo's journey towards the EU, by demonstrating political will and commitment to meet the European requirements and standards in the process.

The views presented in this paper are personal views of the author and do not necessarily represent those of Konrad Adenauer Foundation.

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