

**The impact of Stabilisation and Association Process in Western Balkans  
2000-2006:  
Perspectives from Albania and the State Union of Serbia and Montenegro**

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### **Abstract**

History, identity, nationalism, and the challenges of transition are the components that have influenced the formation of Balkan societies after the fall of the communist regime. Considering the consequences of the Yugoslav wars, inter-ethnic tensions, difficulties for democratization, and challenges for reforms, the early 2000s have been difficult for the region. However, it is this period that will coincide with the opening of the European perspective, where, as an initial step, the introduction of the Stabilization and Association Process in 1999 as an alternative that would strengthen the region's relations with the EU and would affect stability, reconciliation, and co-operation between Western Balkan countries. A year later, at the Zagreb Summit, EU and Balkan leaders would decide to pave the way towards transformations according to European standards, launching efforts to increase regional interaction and strengthen ties with the EU. Although facing different challenges, influenced by history during the communist or transitional period, the countries of the Western Balkans presented similar problems, such as weak democracy, neglect of human rights, politicization of public administration, or lack of efficiency of the justice system. The opening of the European perspective with the Stabilization and Association Process in 1999 would bring a continuous transformation in Western Balkans impacting the strengthening of democracy, the reform of public administration and the justice system, the transition towards a market economy or the functioning of civil society, while the most difficult period 2000-2006 would mark essential progress in laying the foundations of the states of the region according to European standards. These transformations will be examined in the regional perspective, but focusing on the case of Albania and the State Union of Serbia and Montenegro.

*Keywords:* Stabilisation Association Process, Zagreb Summit, Albania, State Union of Serbia and Montenegro

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### **Introduction**

The relations between the EU and the Western Balkans extend to aspects of political, economic, social, and cultural cooperation with the aim of strengthening regional stability and security. Since the early 2000s until today, when the Western Balkans are on the verge of EU membership, many initiatives for democratization, improvement of the justice system, stability, cooperation, and regional reconciliation have come as part of EU projects and investments, starting from the Stabilization and Association Agreement, to the granting of candidate status, and until the opening of accession negotiations. With the opening of an EU membership perspective by the European Council in Thessaloniki in 2003, the question of which of these countries may or may not, yet, enjoy visa-free travel became a political issue of regional concern (Flessenkemper & Bütow, 2011, p.162). This approach would demonstrate that the barriers of communication between the EU and the region were shrinking during this process of integration.

Since the decisions of the Zagreb Summit to undertake democratizing reforms in the region and facilitate its rapprochement with the EU, the European perspective for the Balkans has influenced important positive transformations towards democracy, freedoms and human rights, decentralization in governance, and the guarantee of freedom of action for civil society. The year 1999 marked the initial step in building solid relations between the EU and the Western Balkans, with the criteria for the Stabilization and Association Agreement for the region being defined. The focus of this research will be precisely the period from the beginning of the 2000s until 2006, examining the progress in democratization, legal reforms, and the economy according to the requirements of the European Union, focusing on the case of Albania and the State Union of Serbia and Montenegro.

### **Methodology**

This research will be based on the analysis of the political and economic approach of the European Union towards the Western Balkans in the early 2000s, referring to the Stabilization and Association Process (1999), the Zagreb Summit (2000), and the Thessaloniki Summit (2003).

The research focus of this study will be an analysis of the dynamics and transformative role of the implementation of the Stabilisation and Association Process in the Western Balkans in the period 2000-2006. After the adoption of the plan, as regards the possible start of negotiations with the individual countries for SAAs, the Commission reported first on the feasibility of the opening of such negotiations in the case of FYROM and then on the case of Albania (European Commission, 1999). This is because these two countries were not affected by the kind of inter-ethnic violence that accompanied the breakup of Yugoslavia.

However, the perspective in this study will be the study of the two countries, Albania and the State Union of Serbia and Montenegro. The reason for choosing this period is to highlight in which areas the Stabilisation and Association Process has had an impact on the Western Balkans, taking into account governance, human rights, the justice system, and economic prosperity. Meanwhile, the comparison between Albania and the State Union of Serbia and Montenegro aims to simultaneously reveal the priority issues of the two states,

where it is necessary to undertake initiatives or transformative reforms according to the prerogatives of the process. The choice of these two states also coincides with the need to compare two countries with different historical pasts, a Serbia that emerged from the violent Yugoslav conflicts in 2000, and on the other hand, an Albania that had gone through difficult years of transition, including the civil unrest of 1997.

By highlighting the criteria set by the EU for reforms in the Balkans, the annual reports of the EU for Southeast Europe, for Albania, and the Union State of Serbia and Montenegro will be examined to understand the progress of reforms and the specific problems of the countries.

### **Western Balkans EU perspective in the early 2000s**

The beginnings of the Western Balkan path towards EU integration process are connected with the agreement of Stabilization and Association Process (SAP), an initiative founded by the European Union, with the purpose of facilitating political, economic, and stability in the region. Following the EU Regional Approach for the Western Balkans of 1997, the European Commission set out, in 1999, the rationale for moving to a more ambitious vision for the region's development – the *Stabilisation and Association Process* (European External Action Service, n.d.). In the era of the Yugoslav conflicts' legacy, the Stability Pact was perceived as a contribution towards regional peace and stability as well as a leading transformative instrument in the field of democratization and domestic reforms connected with the rule of law, human rights, and transition towards a fair market economy. EU instruments at their disposal for the achievement of these reforms included assistance programmes for post-conflict rehabilitation and stabilization, technical assistance programmes, and programmes aiming at harmonizing legislation with the EU's *acquis communautaire* (Schenker, 2008, p.1).

Almost one year later, it would be the Zagreb Summit in 2000 that paved the way for further regional cooperation in the Western Balkans with regard to security, stability, development, and free trade, as well as strengthening the relations between the Western Balkans and the European Union. The final declaration of this summit (Consilium Europa, 2000) assumed that the Head States of EU Member States together with those of Western Balkan such as Albania, the Former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Federal Republic of Yugoslavia, Croatia, the foreign Minister of Slovenia as well as special representative of EU to act as Coordinator of Stability Pact in south-Eastern Europe and the High Representative of UN- Secretary General were meeting in Summit with the purpose of discussing the democratic perspective of the region. This process would include reconciliation, regional cooperation, adapting policies of good neighbourhood, weapon control on the regional level, respect for the rights of minorities and territorial integrity, fulfilment of international obligations, and compliance with the Dayton Agreements.

Judging from EU-Western Balkan relations, SAP opened the way for possible EU integration of Western Balkans, after it successfully facilitated the transition to a market economy and provided effects for regional collaboration. While every country marks progress based on its commitment to the process, "Annual Progress Reports" assess the readiness of the Western Balkan countries to move closer to the European Union (European External Action Service, n.d.). Commitment included different perspectives of adaptation within the "EU standards", which during that time highly impacted the consolidation of state institutions and the progress towards democratization and human rights, considering the legacy of authoritarianism that communism had left in the region, and more problematically, the reality of violent conflicts of the Yugoslav wars in countries affected by them.

It is important to understand how SAP has impacted the dynamics of transformation in the respective countries of the Western Balkans from the beginning of the 2000s to continue for nearly a decade, making the agreement to have a crucial role in the preparation of what would mark the start of the EU integration process. The main financial instrument introduced to the region was the so-called *Community Assistance for Reconstruction, Development and Stabilization* (CARDS) programme, which allocated a sum of roughly €4.6 billion for the entire region from 2002 to 2006 (Schenker, 2008, p.2).

Such investment aimed to achieve progress in three main objectives: “(1) reconstruction, democratic stabilization, reconciliation and the return of refugees,(2) institutional and legislative development, including harmonisation with European Union norms and approaches, to underpin democracy and the rule of law, human rights, civil society and the media, and the operation of a free market economy, (3) sustainable economic and social development, including structural reform, (4) promotion of closer relations and regional cooperation among countries and between them, the EU and the candidate countries of central Europe” (Sanchez-Alegre & European Commission, 2005, p.10).

Following the first years of basic strategies, the Stabilisation and Association Pact would be enriched in the Thessaloniki Summit, held on 21<sup>st</sup> June 2003. Here, the EU affirmed its support for the integration of Western Balkan countries into the European Union. In main points, the declaration of the Summit emphasized that the Heads of State of Governments of EU member states, the acceding and candidates states of Western Balkans, in the presence of President of European Parliament, Special Representative of UN in Kosovo, Special Coordinator of the Stability Pact for South-Eastern Europe and the High Representative for Bosnia and Herzegovina agreed on : (1) respect for human and, minority rights, solidarity and market economy based on the shared values of democracy, (2) affirmation of the EU support to the EU perspective of the region, (3) acknowledging that the Stabilization and Association Process would remain the framework for the European perspective of the Western Balkans, (4) supporting the Resolution 1244 of UN Security Council on Kosovo, commitment to Dayton/Paris Agreements and implementation of Ohrid and Belgrade Agreements (European Commission, 2003).

Emphasizing that the Thessaloniki Summit would reaffirm and enrich the agreements of the previous Zagreb Summit, what can be distinguished here is the attention towards the UN Security Council Resolution 1244, namely the issue of stability in Kosovo. The agenda emerging from this summit would determine that the rapprochement of the Western Balkan countries with the EU would go hand in hand with regional cooperation, where the emphasis would be placed on the market economy, infrastructure, and security.

The summit would also reconfirm support for the Stability Pact for South-Eastern Europe in its complementary role to the Stabilisation and Association Process and for other regional co-operation initiatives such as the South-East European Co-operation Process (SEECP), the Adriatic-Ionian Initiative, and the Central European Initiative (European Commission, 2003). Despite the fact that the process treats the issue of the Western Balkans as a “whole region”, countries have differed with regard to the transformations, benefits, and challenges that SAP has introduced.

### **Albania and the SAP Agreement**

A country located in the Western Balkans, but with a different political past compared to the former Yugoslavia, Albania initiated its negotiations with the Stabilization and Association Process in 2003. Despite not being directly affected by the ethnic violence that erupted in the post-1990s Balkans, the country had already experienced civil unrest in 1997,

and even after that, the harsh political climate between the two main party factions prevented the undertaking of necessary reforms. Since 2001, CARDS has maintained the main EU program to provide financial support to Albania, while its implementation began in 2002. The largest financial allocation within this programme remained connected to the area of Justice and Home Affairs (€ 16 million), notably to support the reform of the Albanian police, to improve border management, to strengthen the judicial system and to enhance Albania's capacity to deal with asylum and migration issues (Commission of the European Communities, 2002b, p.31).

The 2002 report issued by the Commission also emphasized the fragile nature of Albanian democracy, where, despite the fact that the adoption of the new Constitution in 1998 was perceived as a step towards democratization, further reforms were necessary with regard to the rule of law, human rights, freedom, and professionalism of media, and the guarantee of free elections. With regard to Albania's Parliamentary Elections of 2001, the report cited that "isolated but serious irregularities were noted by the International Election Observation Mission (cases of ballot box stuffing and use of pre-marked ballots, irregular interventions by the police, inadequate handling by the competent bodies of some key complaints about electoral practice and lack of consistency by the courts when handling complaints)" (Commission of the European Communities, 2002b, p.6).

Following a short period of optimism in 2002, when an agreement was reached between government and opposition to cooperate on issues of major strategic interest for the country, such as European integration and NATO accession, the general situation deteriorated rapidly thereafter (Schenker, 2008, p.4). The internal political rivalry between the ruling party and the opposition contentiously affected the progress with regard to the official ratification of agreements. If we take into consideration that, due to the internal political stalemate, the signing of the national CARDS strategy came almost one year after the funding was ready to be released by the EU, it becomes obvious that there was a gap between the verbal commitment made by the government and the reality of its implementation (Schenker, 2008, p.5).

The problematic political climate of Albania in the early 2000s was also reflected in the Stabilisation and Association Report for Albania in 2004. According to this report, despite some progress in specific areas, many of the recommendations included in the 2003 Stabilisation and Association Process (SAP) report have not been properly implemented" (Commission of the European Communities, 2004a, p.1).

Similar to the 2002 SAP's previous report, the political climate remained the main concern, since the internal rivalry for the leadership of the ruling Socialist Party had delayed the reform programs. As a consequence, many shortcomings identified in the 2001 High Level Steering Group Report, the 2002 and 2003 SAP reports, and in subsequent political dialogue with Albanian authorities were not addressed (Commission of the European Communities, 2004a, p.1).

Political tensions remained reflected in electoral processes where irregularities were observed in the local elections, despite the fact that they were based on the new electoral system. According to OSCE (2004), the elections did not prove to be held according to international standards for democratic elections, and were a missed opportunity for progress towards OSCE commitment. Despite that, both the Socialist and Democratic Parties showed commitment to dialogue during the legal reform; more political will should have been demonstrated during the election process. Problems were also found in the standard of administration commitment towards the SAP reforms, which, according to the report, did not comply with the international standards.

Positive insights were noted in economic development, where, according to the report, the GDP had reached 6.0% in 2003 compared to 4.7 % in 2002. It was further explained that at the end of 2003, inflation reached 3.3%. Despite that, according to the findings, the business

environment was perceived as inadequate, offering little space for further investments (Commission of the European Communities, 2004a). It should be considered that by this time, Albania had been a member of the WTO (since 2000), but many of the international trade standards had not been met. Furthermore, Albania had been also a member of the Council of Europe (CoE) and the OSCE, and participated in all relevant regional initiatives such as the Stability Pact for South Eastern Europe, the South-East European Co-operation Process, the South East European Co-operation Initiative, the Adriatic Ionian Initiative and the Black Sea Economic Co-operation forum (Commission of the European Communities, 2002b, p.12). Nevertheless, it would be SAP engagement that would benefit the ties and standards of international trade dynamics.

Considering the fact that one of the main purposes of SAP was to provide regional stability, development, and cooperation, Albania expanded its trade relations with its Balkan neighbours. The country established bilateral economic Co-operation and Trade Agreements with Croatia, Bulgaria, Greece, Turkey, Slovenia, Italy, and the Former Yugoslav Republic of Macedonia (Commission of the European Communities, 2002b, p.12). Nevertheless, despite its achievement in establishing Free Trade Agreements (FTAs) with countries of the region, Albania remained unable to fully implement all its WTO accession obligations (Commission of the European Communities, 2004a, p.1).

On the other hand, it should be emphasised that the country's relations with its neighbours were perceived as relatively stable during that period, beyond the difficult political climate caused by the conflicts of the former Yugoslavia in Kosovo (1999) and the ethnic clashes in FYROM (2001). Following the Ohrid Agreement OSCE mediation in 2001 to end ethnic clashes between Albanians and Macedonians, political dialogue between Albania and FYROM was relatively productive. Furthermore, relations with the State Union of Serbia and Montenegro (SCG) were reasonable, despite some tension following the signature of an FTA between Albania and UNMIK/Kosovo and declarations by the Albanian and SCG's Parliaments related to Kosovo's future (Commission of the European Communities, 2004a, p.11).

Compared to the previous SAP Report of 2002, the situation in 2004 appeared slightly improved, specifically with regard to public administration, local governance, and civil society. Thus, the adoption of the law on control of officials' assets in April 2003, the adoption of a new Code of Ethics, and the recovery by the Department of Public Administration (DoPA) of its competence on fixing public administration's salaries were seen as positive reforms in public administration (Commission of the European Communities, 2004a, p.3). With regard to local governance, the decentralization process, although being slowly implemented, granted further autonomy to local administrative units, consequently clarifying the functions of municipalities. The civil society engagement during this time was mainly related to social issues, awareness of local needs, or the fight against trafficking.

Apart from the progress achieved in the areas mentioned above, the report predicted that the justice system in Albania still remained weak and that the recommendations of the SAP report in 2003 were not implemented in a proper manner. The professional capacities of judges, prosecutors, judicial police, and administrative staff remained limited, and infrastructures and equipment were inadequate (Commission of the European Communities, 2004a, p.5). This caused the judicial system to operate poorly and consequently have a non-credible reputation among the public.

The negotiations for the *Stabilisation and Association Agreement* draft began in 2003, and by 2004, agreements were reached in essence. However, in his letter of April 2005 to the former Prime Minister, the Commissioner Rehn made clear that Albania would need to ensure the proper conduct of the 2005 parliamentary elections and tangible achievements on European Partnership priorities in the fields of rule of law, land ownership, human rights, media freedom

and customs before the Commission could recommend the conclusion of the agreement (European Commission, 2005a, p.5).

In October 2005, the Venice Commission Report marked progress regarding the political climate in Albania by assessing the electoral process of the 2005 parliamentary elections and the smooth transfer of power. Parliamentary procedure was improved, the government developed new strategies relevant to Albania's progress towards the EU, and strengthened its Ministry of European Integration (Sanchez-Alegre & European Commission, 2005, p.11). The report also welcomes Albania's progress in recruiting and training public administration employees, as well as improvements in judicial transparency and training of the judiciary, followed by the establishment of the *Legal Reform Commission*. The Ministry of Justice took steps to enhance the training of legal drafters and relations between the institutions involved in the legislative process, and it also issued a manual on law drafting techniques and the legislative process (European Commission, 2005a, p.10).

Other achievements were connected with security, justice, and freedom, since Albania had made its travel documents more secure, improved management and IT for border control, adopted national strategies on migration and asylum, and signed a readmission agreement with the EU (Sanchez-Alegre & European Commission, 2005, p.12). The Report also emphasized Albania's constructive contribution to the Kosovo issue, regional stability, and trade developments. This constituted an example of how the Western Balkans-EU framework of regional reforms and cooperation began to yield the first positive results in the Western Balkans, paving the way for further phases of the integration process.

Beyond the progress achieved, the Venice Commission suggested further improvements, with regard to the de-escalation of the political situation and the improvement of recruitment standards for public administration officials. The commission required the government to ensure adequate resources for the Ministry of European Integration, to clearly divide the political and administrative levels of the public administration, and to improve employment conditions for civil servants (Sanchez-Alegre & European Commission, 2005, p.11). Furthermore, there were requirements for the improvement of prison conditions, media freedom, and acceleration of the implementation of the property restitution law.

As stated above, it would be the outcome of the 2005 Parliamentary Elections that impacted the opinion of the international community with regard to Albania's efficiency in reforms. According to the OSCE Election Mission Report, the 3 July 2005 parliamentary election complied, only in part, with OSCE commitments and other international standards for democratic elections, and marked some progress in the conduct of elections in Albania (OSCE, 2005, p.1). Both Reports from the Venice Commission and the EU Commission suggested an amelioration of the economic performance of the country, while the EU remained Albania's main trade partner. EU exports to Albania grew by 9% from 2003 to 2004, while EU imports from Albania grew by 10.2%, resulting in an increase in Albania's trade deficit with the EU from about EUR 760 million in 2003 to around EUR 820 million in 2004 (European Commission, 2005a, p.5). As a result of the Community's Autonomous Trade Measure, from which Albania had been benefiting since 2000, almost all imports of Albanian origin could enter the EU without additional quantitative tariffs. This could have impacted the economic growth, fiscal consolidation, and the decline of the budget deficit.

Referring again to the Venice Report, improvements were made in tax administration, public financial control, internal audit, and areas related to the internal market by strengthening standardization and certification (Sanchez-Alegre & European Commission, 2005, p.11). Despite that, further requirements were set with regard to improvements in laws for customer protection, market surveillance, guaranteeing fair market competition principles, and macroeconomic statistics.

It would be the year 2006 that marked Albania's greatest rapprochement with the European Union regarding the Stabilization and Association Agreement. The country signed a Stabilisation and Association Agreement (SAA) with the EU on 12 June 2006 (Directorate-General for Neighbourhood and Enlargement Negotiations, 2006b, p.4). Part of this agreement also consisted of *the Interim Agreement on Trade and Trade Co-operation with the European Union*, which came into force on 1 December 2006. According to this (Directorate-General for Neighbourhood and Enlargement Negotiations 2006a, p.3), it remained necessary to ensure the development of trade links by strengthening and widening the relations established previously, notably by the Agreement between the European Economic Community and the Republic of Albania, on Trade and Commercial and Economic Cooperation (hereinafter referred to as "Agreement on Trade and Commercial and Economic Cooperation"), signed on 11 May 1992, which entered into force on 4 December 1992. Furthermore, Albania adopted a plan to implement the European Partnership priorities in July 2006, and within the same month, the Commission made a proposal to the Council for a mandate to negotiate an EC-Albania visa facilitation agreement (Directorate-General for Neighbourhood and Enlargement Negotiations, 2006b, p.5)

The 2006 Progress Report for Albania noted positive progress towards democracy, the rule of law, respect for human rights, public administration functions, civil society, and trade relations. With regard to democratic governance, the report expressed satisfaction with the increasing active role of parliament in the political sphere. Relations between the parliament and other constitutional bodies, notably the Constitutional Court and the Presidency, and the subsequent interventions of these bodies, were described as appropriate and effective (p.5). Nevertheless, it should be emphasised that the Report remained critical of the political climate, which it considered as the reason responsible for the delay of implementation of reforms, as in the case of the nominations of the members of the Central Electoral Commission according to the OSCE recommendations. From this perspective, the report suggested that Albania still lacked the capacity to find political consensus. Another critical aspect remained connected with the technical and administrative obstacles that prevented transparent and undisputed voting procedures in parliament.

With regard to government, the report explained that a revised national plan has been adopted to implement the European Partnership priorities and the SAA; the plan would form part of a new *National Strategy for Development and Integration* (NSDI) (p.6). Another important step towards the integration process was the establishment of EU integration structures in ministries. Changes were also noted in the functioning organization of ministerial portfolios, where the new restructurings seemed to be better suited to efficiency. The Albanian State Police moved into new Headquarters, separated from the Ministry of Public Order, in an attempt to minimise the risk of political influence (Commission Européenne & Bugnot, 2005, p.4). Nevertheless, the police force remained poorly trained and lacked equipment and necessary infrastructure. In addition, the recruitment process of public servants often remained politicised. The use of instances from the public administration to gain support for the ruling party during the election campaign showed that, despite organizational improvements, the public administration remains deeply vulnerable to political control (Freedom House, 2006, p.3).

During this period, it is worth noting that political influences had a mediatic impact, where, usually, the ruling political forces constantly attempted to influence the narrative of information through economic or political pressures. The 2005 EU Report on Albania suggested that there was a necessity to draft, apply and consolidate a clear media policy, including if necessary legislative change, in order to protect the media from any such pressure (Commission Européenne & Bugnot, 2005, p.2) Similarly, in the progress Report of 2006, attention was drawn to the fact that recruiting and dismissal of public servants often conflicted

with the Civil Service Law. Administrative acts were signed by temporary replacements who had not been officially appointed, and both developments undermined to some extent the legal certainty introduced by the Civil Service Law (Directorate-General for Neighbourhood and Enlargement Negotiations 2006b, p.7).

The active participation of civil society in the public life of the country remained one of the EU priorities in all progress reports. The general results of previous years showed that civil society organizations exist in Albania, which, in most cases, were not subject to any possible political pressure. Despite that, their role remained weak and had no impact on the political and social life of the country. Meanwhile, in the 2005 report of the EU, a special project "Enhancing the role of civil society and the media in the European integration process, and in meeting social challenges" (Commission Européenne & Bugnot, 2005, p.3) was proposed to increase the influence of civil society in decision-making. This project consisted of three components: (I) Support for civil society organisations – capacity-building and their greater involvement in the European policy debate, (II) Support for the Albania media and its involvement in the European policy debate, (III) A funding mechanism for the delivery of social services by civil society (Commission Européenne & Bugnot, 2005, p.3).

Expectations for achievements in the juridical system remained poor, similar to the reports of the previous years. According to (Freedom House, 2006), although Albania had made some progress in improving the organization and transparency of the judicial system, this sector continued to be plagued by low efficiency, political interference, and a sporadically implemented legislative framework (p.4). Transparency had increased with regard to the publication of judicial decisions, but juridical proceedings lacked adequate transparency and time efficiency. The Progress Report (Directorate-General for Neighbourhood and Enlargement Negotiations 2006b) referred to a situation where the new law, intending to eliminate the conflict of interests at the High Council of Justice, required the resignation of its judges. What happened is that the resignation delayed the courts' proceedings for several months, and consequently, the Constitutional Court reversed the decisions for the new law, acknowledging it partly unconstitutional (p.7). This shows that, in terms of governance and the improvement of the political climate, the Stabilization and Association Agreement continued to face slow progress.

In the 2004 Progress Report, corruption remained one of the most problematic issues regarding Albania's progress toward the European perspective. Despite that Albania deserved credits for a number of initiatives, including its generally constructive role in the region, the reduction of smuggling/trafficking in human beings over the Adriatic/Ionian Seas and the initialising of a Community Readmission Agreement; results had fallen short of expectations in the key areas of organised crime, corruption, judicial system and public administration reform (Commission of the European Communities. 2004a, p.1). Corruption itself had already affected different areas of society, including public administration and the judicial system. It was also stated that, according to the 2003 Transparency International Corruption Perceptions Index, Albania had a score of 2.5 out of 10 (where a country free of perceived corruption receives 10 points on the scale), ranking 92nd out of 133 countries (p. 7).

Unlike the previous years, the 2006 Freedom House report for Albania noted progress in the fight against corruption. First, the victory of the DP-led coalition on an anticorruption platform injected much-needed energy into the efforts of the executive to combat corruption; secondly, the adoption of the Law on the Prevention of Conflicts of Interest and a detailed schedule for its implementation and civil society monitoring increased expectations that the war on corruption would show results soon (Freedom House, 2006, p.4).

## **EU and SAA in the State Union of Serbia and Montenegro**

The Stabilisation and Association Agenda, which would focus on the Western Balkans, aimed to treat the region as a whole, composed of individual states, which faced different political, economic, and social challenges. Nevertheless, the perspective towards this region had an inclusive approach, which was reflected since the Zagreb Summit in 2000 and was convincingly reaffirmed at the Thessaloniki Summit, declaring that “the future of the Balkans is within the European Union” (European Commission, 2003). Thus, the new republics emerging from the breakup of Yugoslavia were now offered the opportunity for a European perspective, a perspective that not only aims at membership in a future as described by the Thessaloniki Summit, but at the same time at fulfilling the standards according to EU requirements, political and economic stability, as well as regional reconciliation and cooperation.

Serbia – along with 5 other Western Balkans countries – was identified as a potential candidate for EU membership during the Thessaloniki European Council summit in 2003 (European Commission, n.d). The Stabilisation and Association Agreement between Serbia and the European Union was signed in Luxembourg in 2001, although it should be borne in mind that even before the signing of the agreement, the country had developed active relations with the EU, benefiting from projects and grants reserved for the Western Balkans. These developments, similar to the case of Albania as discussed previously, were connected to democratisation, the rule of law, administrative reforms, and the active participation of civil society in political life.

According to the first annual report for *Stabilisation and Association process for South East Europe*, “during 2001, a full-fledged strong commitment to reform, and some real progress, was evident in the Federal Republic of Yugoslavia (Republic of Serbia, Kosovo and the Republic of Montenegro)’ (Commission of the European Communities, 2002a, p.20). It further addressed that the political reform were positive and that the new government was demonstrating serious political will towards democratic transformation and that the better results were expected from Montenegro, considering it had a democratic government, since three years, According to Freedom House’s latest comparative survey of Eastern and Central Europe, *Nations in Transit 2002*, Serbia achieved the most significant improvement in democratization, rule of law, and economic liberalization of any of the 27 former Communist countries (Freedom House, 2002, p.7).

Nevertheless, in the case of FRY, the historical and political past must be taken into account, especially regarding the status of Kosovo, where the EU insisted that “a high degree of trust between the leaders of the region was necessary before the international community could tackle an issue like the future status of Kosovo and similarly deepening the reconciliation between Zagreb and Belgrade is an essential element in the stability of the region (Commission of the European Communities, 2002a, p. 11). They also addressed the political developments in Kosovo, stating that progress on the issue was achieved, with continuing international efforts to build democracy and the rule of law, and political change in the form of the development of a Constitutional Framework and the successful elections to the new provisional institutions of self-government (p.20).

The Kosovo inter-ethnic violence in March 2004 demonstrated that the achieved peace was still fragile. In this way, the EU considered including Kosovo in the Stabilization and Association Process with the purpose of ensuring stability, democracy, and the rule of law in a multi-ethnic Kosovo. In the light of further developments and of a thorough assessment of the causes and consequences of recent events, the elements of the proposal related to Kosovo had to be adapted later on in consultation with the United Nations Interim Administration Mission

in Kosovo and other actors of the wider international community (Commission of the European Communities, 2004b, p.2).

Cooperation between the FRY and the EU would be carried out through the European Partnership, a complementary instrument of the Stabilization and Association Process, established at the EU-Western Balkans Thessaloniki Summit (2003). The objective of the European partnership was to provide a general reference framework for: (a) the priority areas for reform where efforts were required; which were identified according to the country's needs and involve the adoption and implementation of appropriate legislation; (b) guidelines for financial assistance for action in the priority areas; (c) the principles and conditions governing the implementation of the Partnership (European Union, 2008).

European Partnership would focus on the priorities that required immediate transformative reforms within FRY. The European Partnership priorities had to form the basis for programming of the financial resources making up Community assistance, which would continue to be the assistance provided for under existing financial instrument(s), in particular Council Regulation (EC) No 2666/2000 of 5 December 2000 (CARDS) (Commission of the European Communities, 2004b, p.2). In case of Serbia the priorities were divided within these categories “(a) The key priorities were short-term priorities which related to compliance with the Stabilisation and Association Agreement (SAA) and interim agreement, full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), constructive cooperation on questions concerning Kosovo... (b)The political criteria concerned democracy and the rule of law...(c) The economic criteria included applying a stable and viable budgetary policy; the reform of public finance management; a stable monetary policy... (d)European standards were connected to certain aspects of the Community acquis, i.e., the internal market, and to Community sectoral policies and the area of justice, freedom and security” (European Union, 2008). Similar priorities were required for Kosovo as well.

Although similar problems with democracy, human rights, the rule of law, and administrative reform appeared in the Balkans, some differences were noted. In the case of Albania, in addition to the lack of adequate training, one of the main problems regarding the recruitment of public employees remained their politicization. In the case of Serbia, the 2004 European Commission Report proposed the following changes in the Public Administration Reform (Commission of the European Communities, 2004b, pp. 7,14).

- *In Serbia:* Necessity to adopt a comprehensive strategy on reform, which would include calendars of actions, special focus on civil service pay system and human resource management; strengthening the capacity of public administration at the governmental and local levels, through establishing a centralised payroll system; strengthening the economic policy-making process.
- *In Montenegro:* Particular focus on the adaptation and implementation of Civil Service Law; development of training to assure professionalism; strengthening of the statistical service and management of human resources.

In November 2004, the EU adopted a "two-track mechanism" to guide Serbia and Montenegro's road towards EU membership. It recognized the different political and economic realities in the two republics, but still insisted on the country's eventual membership as a single state (Freedom House, 2004). This indicated that, although in a state union, the two states faced different political and economic challenges. The European Commission approved the Feasibility Report on Serbia and Montenegro in 2005, relevant to the preparations for negotiating the Stabilisation Association Agreement. In this respect, the Commission pointed out that over the coming months, in line with the European Partnership, the authorities had to make further significant progress concerning a number of areas, notably cooperation with the UN International Criminal Tribunal for the former Yugoslavia (ICTY), constitutional issues, the functioning of democratic institutions, public administration reform and the development

of administrative capacity, judicial reform and the fight against organised crime and corruption (European Commission, 2005b, p.4).

What became evident in this report is the fact that EU authorities were requiring further progress in democracy and the rule of law, while also pointing out the conflict between the interpretations of the Constitution and the functions of the State-Union institutions. This was the case of the State Union Court, which, according to the same report, "had started working, although its capacity continued to be limited and the agreement on the scope of its powers remained largely untested" (p.9).

Another challenge presented by the report remained the issue of the media and civil society. According to Freedom House (2004), foreign and domestic nongovernmental organizations enjoyed the freedom to pursue their activities, and laws were being drafted to codify relations between trade unions and the government. This was a result of developments and democratic processes that had gripped the country since 2001, many of which coincided with initiatives undertaken by the European Union. On the other hand, the European Commission report (2005) noted that "there had recently been a worsening of relations with the civil sector and the media both of whom were raising the issue of war crimes, and in particular the Srebrenica massacre; this attitude on the part of the Government reflected a continued failure to appreciate the role that civil society and the media played in a democratic society and worrying tendencies towards political interference in their work (p.12).

A similar situation was noted in the Freedom House Report 2006, which stressed that further democratisation of Serbia and Montenegro remained essential. Explaining that the transition to democracy in Serbia was extremely difficult due to the presence of populist nationalist sentiment, which continued to be fuelled by the status of Kosovo after 1999, all of this contributed to the slowdown of reforms and transformations. According to Stjepanovic et al. (2006), Serbia's constitutional environment remained problematic, with the dysfunctional State Union – whose charter was frequently violated by both member states and the authoritarian Serbian Constitution of 1990 – still in effect, without any clear prospect for change.

On the other hand, the domestic political situation appeared complicated, with President Boris Tadic of the Democratic Party sharing power with Vojislav Kostunica of the Democratic Party of Serbia, while such a political cohabitation was not a previous experience in Serbian politics. Another concern was related to the new legislation for NGOs, proposed by the government in 2005 with the purpose of regulating their activities. According to the report, this law was considered less restrictive compared to the current laws of the socialist period. Nevertheless, the report expressed concern about the introduction of VAT, which could probably constitute a financial burden for their activity.

In the report issued by the European Commission a year earlier, the legal system was perceived to be weak due to the constitutional and legal uncertainty, corruption, and politicization of the administration of justice (European Commission, 2005b). Slow work resulting in backlogs, with some court cases taking more than 10 years, continued to be a serious problem. The key issue remained an apparent lack of political will to engage in substantial reform until after the referendum (European Commission, 2005b, p.10). Progress was noted in the case of the adaptation of the New Rules of Procedure in 2005. The new rules reinforced the role of the parliamentary committees in law-making, with a view to increasing the efficiency of Parliament's work and also strengthening parliamentary control over the Government and the role of the Committee for European Integration European Commission, 2005b, p.10). The Commission's specific request was to guarantee a fair and democratic referendum in cooperation with the EU, applying international democratic standards, also articulated in the Constitution.

The year 2006 would bring important changes in the Western Balkans, following Montenegro's decision to secede from the State Union, in a referendum held on 21 May 2006. Also in the same year, the status talks on Kosovo began. In October 2006, the European Parliament reaffirmed its support for the accession of the Western Balkan countries to the EU. Some of the issues addressed to the International Community became (Eörsi, 2006):

- (1) offering better incentives and perspectives to the region;
- (2) recognizing the efforts and achievements made so far by the countries of the region in their effort to establish democracy, the rule of law, the respect of human rights, and good governance, as well as their fight against corruption, organized crime, and trafficking;
- (3) liberalising its visa regime towards Western Balkan countries, by bringing in zero cost visas and allowing in a first instance their citizens to travel to the ten new EU member states, welcoming at the same time the European Council conclusions of 15-16 June 2006, to the effect that negotiation mandates for visa facilitation and readmission agreements will be adopted as soon as possible;
- (4) encouraging university exchanges and favour accession to the Bologna Process for all Western Balkan countries.

The assembly also gave priority to the issue of Kosovo and regional cooperation in the Balkans, calling on the countries of the Balkans to: (I) pursue their efforts in complying with all the obligations and commitments set out by the Council of Europe for its member states in terms of democracy, the rule of law and respect of human rights and pursue the full implementation of the Standards for Kosovo; (II) endeavour to create all the preconditions conducive to the signature of the Stabilization and Association Agreement (SAA) with the European Union in the nearest possible future for the countries not having signed a SAA so far; (III) prove credibility in their endeavor to condemn war crimes and in providing tangible proof of their co-operation with the ICTY; (IV) join the Central European Free Trade Agreement (CEFTA), if they have not done so yet, in order to start economic co-operation among themselves (Eörsi, 2006). These developments would have a positive impact on the further integration process, which would include the application for EU candidate status.

**Table 1: Transformation Priorities in comparison**

<b>Priorities</b>	<b>Progress</b>	
	<b>Albania</b>	<b>Union of Serbia and Montenegro</b>
<b>Democratisation</b>	Gradual achievements	Significant achievements in 2002. Montenegro is showing better insights.
<b>Juridical System</b>	Gradual achievements, but scepticism remained in public opinion	Improvements were achieved, but there was a conflict between the interpretations of the Constitution and the functions of the State-Union institutions.
<b>Reform in public administration</b>	Satisfactory, but there is a necessity to fight	Progress achieved, but special focus on the civil service pay system and

	corruption and prevent nepotism.	human resource management; (Serbia)  Particular focus on the adaptation and implementation of the Civil Service Law (Montenegro).
<b>Fight against corruption</b>	Gradual progress remains the main concern in SAP implementation.	Gradual progress.
<b>Standards of elections</b>	Progress was gradual; the 2006 election process brought positive insights.	Progress was achieved, but the political climate in 2005 became complex.
<b>Economic development</b>	Growth of Imports and Exports to and from the EU	Growth of regional and international trade.
<b>Media</b>	Progress achieved, but commercialism influence remained problematic	Progress has been achieved, but problems are connected with nationalist sentiment rhetoric.
<b>Civil society</b>	Usually not a subject of pressure, but with no role due to lack of funds. EU financing contributed to its rise in impact.	Few restrictions compared to the socialist period, but burdens are connected with financing.

Source: the author

### Conclusions and Further Research

Relations between the EU and the Balkan countries had a positive impact on progress towards democracy and important reforms such as justice, public administration, and decentralization of government. The Stabilization and Association Agreement constituted the first step taken towards the integration process, where the focus from the EU side had been precisely to ensure democracy, the rule of law, regional stability, and the transition to a market economy. In Albania, the main challenges of the period 2002-2006 were a consequence of the harsh political climate, the lack of efficiency and politicization of public administration, and the weak reputation of the justice system. From 2002 to 2006, according to the Progress reports from the EU and Freedom House, the country made progress specifically in democratic processes, decentralization of local government, and improvement of recruitment and training of employees in the civil administration.

In the case of Albania, the Stabilization and Association Agreement has influenced the strengthening of the domestic economy and regional and international trade. As for the political aspects, the reforms undertaken in the administration, justice, and police system have reflected the standards set by the agreement. Although the country had moved in the spirit of reforms,

its implementation remained hostage to corruption and nepotism, reducing public trust. The role of civil society, although remaining weak, has been improving during the period 2000-2006 as a result of the cooperation of NGOs with EU institutions and the fact that the Stabilization and Association Agreement also aimed at integration and cooperation with international organizations in the Western Balkans region.

With regard to the State Union of Serbia and Montenegro, problems with democratization, public administration, and the justice system remained; what was more evident was the interpretation of the Constitution and the functioning of state Union institutions. The problems with democratization remained closely linked to the nationalist rhetoric, often complicating the process of democratisation, freedom of speech, and the activity of NGOs. One of the main achievements is that during this period, the EU was interested in mediating and ensuring a lasting peace and stability in Kosovo. As for the economy, the EU grants and the development of trade relations with the EU had a positive impact on the Balkans by reducing the budget deficit and improving conditions in agriculture and infrastructure.

An interesting perspective would be a comparative study of North Macedonia (then the Former Yugoslav Republic of Macedonia) and its approach to the Stabilization and Association Agreement. FYROM signed the agreement in 2001 (European Council, 2010), becoming the second country, after Croatia, to do so that year. Of interest is the role of the EU in guaranteeing minority rights in FYROM, the influence of the EU and OSCE in ending the ethnic clashes between the Albanian and Macedonian parties in 2001, and the recommendations for resolving the name dispute with Greece.

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