FROM THE STABILITY PACT FOR SOUTH EASTERN EUROPE TO THE REGIONAL COOPERATION COUNCIL (RCC)

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Introduction

In South Eastern Europe (SEE), apart from a tradition of conflict, there is also a tradition of regional cooperation. During the 1990s, despite violent national conflicts, a large number of initiatives aimed at encouraging regional cooperation were developed (Kut and Şirin 2002). Most of these were initiated by extra Balkan powers. Some of these initiatives, however, like the South East European Cooperation Process (SEECP), were put forward by countries in the region (Anastasakis 2002, 34).

This article intends to look at the role of the EU during the post-cold war period as an external factor encouraging regional cooperation in SEE in order to create circumstances that would not only promote peace, but would also broaden the economic interdependence among the countries of the region. The first part looks at the EU’s involvement in the formation of the Stability Pact for SEE (1999-2008) and explores the degree to which the Stability Pact contributed to the strengthening of regional cooperation. The Stability Pact as well as the Stabilisation and Association Process (SAP) are considered as clear manifestations of a new kind of asymmetrical inter-regionalism between the EU and other countries: the cooperative hegemony approach. This involves the use of soft power through engagement in cooperative arrangements linked to a long-term strategy. The second part of the paper examines the extent to which the EU–SEE relationship under the framework of the new emerging cooperation scheme, the Regional Cooperation Council (RCC) - which has replaced in 2008 the Stability Pact - should be perceived.

Following the end of the war in 1999, the international community decided to become more actively involved in SEE area, not only aiming to promote political and economic stability, but for exploiting various opportunities. The result of this decision was the establishment of the Stability Pact for SEE.

At the same time the EU formulated a comprehensive policy: The Stabilisation and Association Process (SAp). This EU regional approach actually defined a new region which was called ‘Western Balkans’.

The Stability Pact for South Eastern Europe

The Stability Pact’s and the SAp’s main objective was to promote regional cooperation and improve the region’s relations with the EU. Both, however, should be considered as clear examples of asymmetrical inter-regionalism. Asymmetry in between EU and West stems from differences mainly in two areas: (a) in the economic field from the growing gap in economic prosperity, from trade imbalances in favour of EU, from the dependence in foreign direct investment (FDI) flows from the EU and from the huge inflows of development aid from the EU to the other regions (Tzifakis and Huliaras, 2007), (b) in the political field, from the provision of security by the side of EU to SEE, from imposing EU political conditionality (positive and negative), from EU police presence and from EU exerting political influence in the region.

Behind EU strategy was laying both organizational and political motives. As Nicole – Alecu de Flers and Elfriede Regelsberger observe ‘the first related to the fact that the management of the CFSP, and in particular the dialogue commitments (both the group-to-group structures and the other numerous regular meetings with individual third countries), had reached its limits…. The other line of reasoning had to do with the EU’s explicit desire to see intra-regional cooperation emerge as a key feature of the ‘new Europe’ ’” (Flers de and Regelsberger 2005, 323). Instead of the ‘indivisible’ national sovereignty, which was the cause of war, the SEE countries and especially the Western Balkan states should transfer a part of their sovereignty to regional and European institutions (Minic 2000, 282). The reality of the asymmetric dependence has undoubtedly undermined the EU’s inclination to pursue a liberal inter-regional arrangement in terms of two ‘equal’ regions (See diagram 1).
For the EU as a global actor with ‘soft power’, the cooperative hegemony approach is an appropriate tool to explain EU inter-regionalism towards the Western Balkans, given EU strength in areas such as economy, provision of security, promotion of democracy and good governance through positive and negative conditionality. The cooperative hegemony approach involves the use of soft power through engagement in cooperative arrangements linked to a long-term strategy (Pedersen 2002). Implicit in the strategy is the notion that states have freedom to devise strategies, to incorporate new ideas and then to revise strategies. Under cooperative hegemony, institutions and ideas are combined to offer a framework through which a regional order is constructed (Farrell 2004, 7) (See diagram 2).

Diagram 2

**Asymmetrical Inter-Regionalism**

**Stability Pact/SAP**

**Economic Asymmetries**
1. Trade imbalance
2. Dependence on FDI
3. Development Aid
4. Economic gap

**Cooperative Hegemony**

1. Provision of Security
2. Political Conditionality
3. EU Police Presence
4. Exercising political influence

**Stability Pact SAP SAA**

- Promotion of Regional Cooperation
- Support of FTA/CEFTA
The idea of the Stability Pact for SEE was not new. It had already become an object of the process, when the Royaumont Initiative came along. However, it should be basically charged to Germany, which was the country that suggested it during its EU Presidency in the second half of 1999, as a reaction of the international community to the crisis in Kosovo. Officially, the Stability Pact was adopted in Cologne during the Conference of Ministers on 10 June 1999, in which more than thirty countries and many international organizations took part, such as the UN, the OSCE, the Council of Europe, the International Monetary Fund and the World Bank. The main objective of the Stability Pact was to strengthen the countries of SEE ‘in their efforts to foster peace, democracy, respect for human rights and economic prosperity in order to achieve stability in the whole region’ (Bierman 1999).

The institutions of the Stability Pact corresponded to those of the OSCE which were adopted in Helsinki in 1975. A supervising institution, named the “Regional Table of South Eastern Europe” was established to function as a coordinating mechanism at foreign ministerial level. Under its supervisory function three working tables within whose framework several issues have been distributed, such as democratizing and human rights issues.

The First Table of the Stability Pact intended to reinforce democratic procedures and civil society. Its aim was to create, even in the long term, circumstances able to reject nationalistic perceptions, which were without doubt dominating the region, and to reinforce democratic perceptions.

The Second Table aimed at economic restructuring.

The Third Table dealt with security issues, such as armament control, non-dissemination of weapons and contacts among military staff, reformation of defense and financial issues, humanitarian abrogation of mine-fields, preparation and prevention of catastrophes and issues of defense economy.

It should be seen, therefore, that the Stability Pact was not just a financing organization, but an informal political mechanism and a forum that coordinated actions between recipient and donor countries and international financing organizations. The aim was to form networks among politicians, scientists from many countries in cooperation with member states, international organizations and non-governmental organizations that would be able to contribute all together, in order to achieve the stabilization of the region. For the very first time, such an extended multilateral initiative was developed, in which almost the whole international community participated: countries, international organizations, non-governmental organizations and the private sector.

More specifically, the European Commission proceeded, within the framework of the Stability Pact, in creating the Organization for
Reconstruction of Southeastern Europe, with headquarters in Thessaloniki and in Pristina. Its main aim was to achieve economic reconstruction of the region through realizing a plexus of economic assistance. Within the framework of the Stability Pact, the World Bank presented a Report outlining the strategy to be adopted by the Stability Pact. This strategy indicating that: firstly, the trade of South Eastern European countries should turn even more to the EU, as there was dire necessity to develop inter-regional trade creating a stable, transparent and non-protective environment for attracting FDI; secondly, to reinforce social reforms in order to decrease tensions and to create circumstances for establishing peace and stability; thirdly, to improve the efficiency of governmental structures and to strengthen attempts to combat corruption; and fourthly, to increase investments to infrastructures and to adopt initiatives for the protection of the environment.

The Stability Pact was an important international initiative under the administration of the EU. Among the positive features of the Stability Pact were the density of connections among representatives of civil society in the region and the creation of networks for information exchange. The Agenda for Regional Action for refugee issues (which constituted the first example of real cooperation among the Federal Republic of Yugoslavia, Croatia and Bosnia and Herzegovina), the Memorandum for liberation and facilitation of trade that was signed by seven Balkan countries and Moldova, the Chart for Media and the initiatives for social cohesion, the fight against organized crime and corruption contributed to the promotion of stabilization of the region. But above all, the Stability Pact contributed to the formation of a common approach among the states of the region for confronting their common problems.

However, despite a significant attempt to promote regional cooperation in SEE through the Stability Pact this enterprise was not entirely successful because:

Firstly, most of the regional cooperation, apart from the South Eastern Europe Cooperation Process (SEECP), could not be considered to have as an ‘cause’ the economic factors that defined the new wave of regional cooperation - their raison d’être was the ‘imposition’ of cooperation by extra-regional powers aiming to create circumstances which would not worsen the situation, but would create efficient stabilizing conditions as well as re-establish communication lanes (inter-governmental or not).

Secondly, there were many initiatives with different compositions and objectives, while a large number of countries, institutions and international organisations were involved in several undertakings. It was highly doubtful that so many institutions, international organizations and countries could possibly be coordinated successfully without a concentrated conduction, which many were reluctant to accept anyway.
Thirdly, the economic results were poor. Even though, within the framework of the Stability Pact, a Comprehension Memorandum signed on June 2001 for liberalizing and facilitating trade in South Eastern European countries as well as Moldova, Bulgaria and Romania with the commitment to contract bilateral agreements for constituting a Free Trade Area (so that all countries would be covered at a time when the break-up of the Republic of Yugoslavia was making the constitution of a multilateral Free Trade Area well nigh impossible), inter-regional trade continued to be limited, as was the rate of growth of Foreign Direct Investments.

Fourthly, cooperation in low-politics issues did not spill over into developing cooperation policy. Economic cooperation on its own could not lead to regional cooperation in SEE. If it was not combined with the necessary political will or the establishment of appropriate political circumstances to create an environment of political cooperation, rather than disagreement, it could not develop.

Fifthly, the inception was too wide and ambitious in scope, creating from the outset high expectations which were not entirely fulfilled.

From Asymmetrical Inter-regionalism Towards a Dependencia Sub-regionalism: The Regional Cooperation Council as a Mechanism of SEECP Transformation

The development of an inter-regional relationship of the EU with another region could accelerate the process of regionalism in that region. Heiner Hänggi calls this phenomenon ‘regionalism through inter-regionalism’ (Hänggi 2003). It is necessary however, that one of the partners be more regionally integrated - as is the case of the EU - than the other, for it is in the response to this external other that the impetus for integration is to be found (Doidge 2007, 239). For example, the cooperation between ASEAN countries and the EU could create conditions for the acceleration of the process of integration inside ASEAN. Inter-regionalism, however could create also sub-regionalism. In other words the development of an inter-regional relationship where the EU acts as an external factor of cooperation could promote either regional cooperation schemes linked closely to a wider regional area like the EU or sub-regionalism cooperation (Tsardanidis 2005, 95). In other words region-building, leading to such inter-regional relationships, is creating its own dynamic of more sub-region-building (Bøås, Machand and Shaw 2005, 168).¹

EU through its relations with its neighbours ‘produces’ two categories of sub-regionalism which form a ‘necklace’ of groupings around the EU.

The first one reflects the role of the EU acting as an external factor for creating sub-regional co-operations schemes. Othon Anastasakis calls it ‘sub-regionalism from outside’, a form of cooperation that is defined, assisted and controlled from outside the region itself (Anastasakis 2008, 37). EU does not participate itself in the sub-regional cooperation but it is the main promoter.
The second category refers to the process of EU strengthening its relations with its neighbour states through the creation of sub-regional partnerships. In such a scheme EU and its individual member states are participating on a differentiated basis. A clear example of the second category is the creation of the Regional Cooperation Council (RCC). Thus, the whole process of RCC should not be considered as a type of inter-regionalism, but as a process of ‘sub-regionalism through inter-regionalism’ which could be named dependencia sub-regionalism (see diagram 3). In concrete terms, the EU is presenting a carrot and stick policy by offering the benefits of closer economic and political ties in exchange for progress by its neighbourhood partners in political and economic reform as well as for the acceleration of regional cooperation (Farell, 2004:25-26). Therefore, as has been mentioned above the general method involved in the foreign policy towards Near Abroad is as Björn Hettne calls “a soft form of imperialism a (asymmetric partnership) based on conditionalities, the prize ranging from assistance to full membership” (Hettne 2004, 11).

**Diagram 3**

**Subregional ‘necklace’ area**

1. *Trade Imbalance*
2. *Dependence on FDI*
3. *Development Aid*
4. *Economic gap*

**Economic Asymmetries**

**Dependencia Sub-Regionalism through Inter-regionalism**

**Political Asymmetries**

1. *Provision of Security*
2. *Political Conditionality*
3. *EU Police presence*
4. *Exercising political influence*

**Sub-regional ‘necklace’ area**

- Promoting Sub-Regional Cooperation Schemes
  - CEFTA 2006
  - SEECP
  - Agadir Process
- Promoting SubRegional Partnerships
  - RCC
  - UfM
  - New Northern Dimension
  - Eastern Partnership
The Objectives of RCC

Following a wide consultation process with countries of SEE, the Stability Pact’s highest decision-making body – the Regional Table in Belgrade in May 2006 – took the decision on the transformation of the Stability Pact into the RCC. The RCC was founded in February 2008. The Council is connected with the South East European Cooperation Process (SEECP) as an implementation of the principle of local ownership. Local ownership suggests the reinforcement of regional and local cooperation which in the case of SEE is SEECP, so that the region will be able of handling its own problems. Practically, this means that SEE countries will have to accept that the promotion of regional cooperation lies first and foremost in their hands. At the end of this process of enhancing regional ownership and streamlining the task forces and initiatives established under the auspices of the Stability Pact, the leadership and management of many processes has passed into the hands of regional bodies, several of which have been created for this specific task.

The tasks of the RCC are defined as follows: to sustain focused regional co-operation in SEE through a regionally-owned and -led framework; to provide political guidance to and receive substantive input from relevant task forces and initiatives active in specific thematic areas of regional cooperation; to promote European and Euro-Atlantic integration; and to provide guidance to the Secretariat of the RCC and its Secretary General.

The main duties of the RCC are:

Firstly, handling and coordinating the programmes that are funded by international donors. Six basic fields of action have already been designed, which refer to economic and social development, infrastructure, justice and Home Affairs, security co-operation, building human capital and Parliamentary Co-operation. Social cohesion and gender mainstreaming will also be given due attention. Particular emphasis is placed on the role of civil society actors in regional cooperation. These processes constitute the backbone of regional co-operation. Furthermore, most of these activities and initiatives already benefit from regional ownership, and are designed to meet the priorities for cross-border co-operation identified by the region itself. While they used to co-operate within the framework of the Stability Pact, they now have moved under the RCC umbrella. These activities will build on recent achievements such as the creation of a regional free trade arrangement (CEFTA), the establishment of an Energy Community for South-East Europe, the signing of a European Common Aviation Area agreement, as well as on other ongoing regional cooperation activities.
Secondly, supervising, coordinating and implementing the political decisions of the SEECP that deal with matters of regional cooperation in SEE.

Thirdly, supporting and preparing the summit conferences and Assemblies of Ministers of SEECP. In other words, without official declaration, the RCC will act as Secretariat of the SEECP.

Fourthly, organizing high level meetings among all SEE countries, the Troika of the EU and the countries that will contribute to the budget of the RCC.

Therefore, the establishment of the RCC can reasonably be seen as a conscious effort, at least from the side of the EU, to institutionalise regional cooperation without the old framework of carrots and sticks, i.e., of positive and negative incentives or conditionality (Monastiriotis 2008, 21). On the other hand, the RCC’s structures, such as its Secretariat, could provide the SEECP with the operational capacity it lacks (Rotta 2008, 67).

The potential dynamism of SEECP in full cooperation with the RCC (especially after the admission of Bulgaria and Romania as full members of the EU) could be considered as an attempt of creating a new sub regional cooperation scheme through an inter-regional process between the EU and the Western Balkans. This means that the Balkan sub-system will be prominent as an ‘autonomous geopolitical region’, with the SEECP as a leading actor and with certain needs and interests which will have to be fulfilled eventually within the EU’s boundaries when all the Western Balkan countries would be full members of the EU, (Develic 2007, 20). SEECP would become the EU’s ‘SEE Dimension’, similar to the existing Northern Dimension (Delevic 2008, 52). Then SEECP members could work closely with one other to promote their joint interests within the EU (Svilanovic 2008, 96).

The SEECP prominence as an ‘autonomous geopolitical region’ has not only emerged because of the existing serious problems to the stability which the region confronts or to the geo-economic role which SEECP was asked to play in the region for the delivery of the energy resources from Central Asia and the Upper Caucasus to Western Europe. It shouldbe mainly attributed to the regional consciousness which developed in the region throughout the last two centuries. A clear sense that the countries of the SEE belong to a region which has obtained a ‘regional identity’ (Hurrell 1995, 41). This ‘regional identity’, despite the differentiations and the rivalry between the states of the region, has many common elements which make SEECP capable of becoming the most important forum of regional cooperation in SEE (Tsardanidis 2003, 318-319).
The question, however, of whether this regional consciousness is enough to make SEERC an effective regional cooperation scheme linked with the EU through RCC remains to be seen. The unstable situation in Kosovo, Serbia, Bosnia Herzegovina and FYROM are problems that without doubt undermining RCC vitality and the EU’s project for the Western Balkans.7 Another danger for RCC is to become a technical-bureaucratic body, leaving no space for non-state actors and for policy entrepreneurship (Solioz and Stubbs 2009, 8).

**Conclusions**

The article by proposing a typology of inter-regionalism attempted to examine the dynamics of EU relations with the SEE. The analysis found out that the EU as an external actor has contributed in various ways to the development of initiatives for the strengthening of regional cooperation in the SEE. The creation of the Stability Pact in 1999 gave the EU the opportunity (due to its role in the management and the implementation of the Stability Pact), to promote regional cooperation, especially in the commercial, in the economic and human security sectors with some success. This was achieved mainly because the EU by adopting a cooperative hegemony approach was able to exert influence and impose conditions in dealing with the SEE countries.

The establishment of the SAp which was initiated back in 1999 and took its final shape in 2003 with the Thessaloniki Agenda, gave a new boost to regional cooperation.

The EU relations with the Western Balkans since 2008 has started to change direction. From asymmetrical inter-regionalism are moving towards dependencia sub-regionalism. The formation in 2008 of the RCC (successor of the Stability Pact for the SEE) with the encouragement of and at the urging of the EU, through the implementation of the principle of regional ownership, is expected to strengthen the SEECP, the sub-regional forum in which all the states of the region participate. As a consequence SEECP could emergence as the leading regional cooperation scheme of the SEE echoing the voice of the region in the EU. Therefore, as Stevens Blockman argues ‘there is currently a real imperative to move the region as a whole from the stage of international protectorates and weak states to the stage of accession to the EU and NATO’ (Blockmans 2007, 335). However, the process of sub-regionalism - what we call dependencia sub-regionalism- is something intrinsically one-sided in the relationship between the EU and its regional partners, as the rules and conditions of the regional cooperation are essentially set by the EU (Lehne 2004, 115).

The case of RCC/SEECP is not unique in EU relations with its neighbours. The EU is developing close economic and political inter-regional links
with non-member states or potential member states, as is the case of the Western Balkans and thus a ‘necklace’ of sub-regional cooperation groups and partnerships are being created in the periphery of the EU closely linked with the EU on a diffused, ‘soft’, elastic and differentiated basis. In the South the EU has long supported South-South economic integration and successfully assisted Egypt, Jordan, Morocco and Tunisia to conclude the Agadir Regional Free Trade Agreement that was signed on 25 February 2004. The EU also together with its Mediterranean countries has set up the UfM. In the North, the Northern Dimension exists, meanwhile in the East Europe and Caucasus the Eastern Europe Partnership (EaP) was created in 2009. These sub-regional groupings might become a proper tool of accommodating states which, first are unable or not reluctant to accept the conditionality - positive and negative - that comes with ENP, second are not satisfied with a bilateral only cooperation with the EU and finally, countries, like Belarus, for which the prospect of a bilateral cooperation with the EU is totally unwelcomed by the public opinion of some of the EU member. On the other hand, this process might lead towards a kind of division of labour in the EU foreign policy activities, strengthening mainly the big member states of the EU. For example France and Spain could formulate to a great extent EU’s policy towards the Mediterranean area, Germany and Poland towards the Eastern Europe, undermining by this way the role of the EU institutions and mechanisms as well as the interests of the smaller member states.

There are various reasons why EU has started to promote more dependencia subregionalism rather than asymmetrical interregionalism. Among these reasons are the following: First, bilateral links like the ENP or interregionalism like the EMP, neither specified clearly their identity nor met the expectations they had raised. Second, for the EU is an attractive option to develop its links with some of its unstable neighbours through encouraging the so called local ownership under the umbrella of dependencia sub-regionalism in an effort from one hand to increase economic interdependence between them and on the other to decrease tensions in the Western Balkans, the Caucasus and the Mediterranean regions. Third, these sub-regional groupings might become a proper tool for accommodating states which, are unable or are reluctant to accept the conditionality - positive and negative - that comes with ENP; are not satisfied with a bilateral cooperation and for which the prospect of a bilateral cooperation with the EU is totally unwelcomed by the public opinion of some of the EU members, as the case of Belarus proves. Finally, dependencia sub-regionalism for some EU member states might give the opportunity to Europeanize their national priorities and strategies towards the EU neighbour regions and create a dialectical relationship entailing the
acceptance of national foreign policy positions into those of the EU institutions in an attempt to formulate a kind of division of labour in the field EU foreign policy.

Furthermore, the collective European response to the Western Balkans has been examined primarily by the European institutions as well as by the member states by concerns over their likely effects on Europe itself, rather than as part of a regional solution. As Helge Hveem has noticed the dynamism in the contemporary interregional relations may probably be interpreted along two dimensions: The first is related to hegemony and sees interregional activism as an expression of the hegemon’s strategy and the second as a response to it by other actors (Hveem 2003:97). In cases of asymmetrical relationships interregionalism may generate unintended collective identity-building. This may be the case, as Jürgen Rüland points out, as if the relationship is perceived by one side as a device in the hands of the other to establish or consolidate superiority. Such perceptions, which tend to denounce the behaviour of the superior organisation in terms of paternalism or even neo-colonialism, inevitably produce backlashes by encouraging the weaker organisation to develop its own set of collective symbols and mythology in explicit opposition to the other side (Rüland 2001:9).

Notes

1 The term ‘subregionalism’ has been adopted in order to distinguish the higher levels of regionalism like the EU from the lower levels of micro-regionalism (‘sub-subregionalism’ or , in certain cases, ‘sub-states regionalism’) promoted by national and subnational actors (Hook and Kearns 1999, 6) Sub-regionalism could intensify also the interactions among nodes (states or parts of states) that transcend national borders within and beyond a macroregion (Mittleman 2001, 214).

2 Since 2003, the European Commission has pointed out that the Western Balkan countries will have to be gradually encouraged to take upon themselves the regional cooperation through initiatives, such as SEECP.

3 The members of the RCC are Participating States of the South East European Co-operation Process (SEECP), the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo in accordance with United Nations Security Council Resolution 1244, the European Union (EU), represented by the Troika, consisting of the EU Presidency, the European Commission and the Council Secretariat, as well as those donor countries, international organisations and international financial institutions substantially and actively engaged in support of regional co-operation in South Eastern Europe.

4 From a conflict prevention and confidence building initiative in South Eastern Europe to a regionally-owned Regional Co-operation Council. See http://www.stabili-
This, however, does not concern all South Eastern countries, for example Romania and Croatia. Maria Todorova believes that ‘the attempts to hypostatize a Balkan identity have historically been noble but utopian political exercises, like a movement toward a Balkan federation, doomed from the outset by internal opposition but, more significantly, by outside forces’ (Todorova 2004,183). Furthermore, others support the view that in the Balkans the local actors and societies ‘have a different sense of regional belonging and regional identity, and a different geographical definition of the region to which they belong (Anastasakis 2008, 43).

The shifting discourses and conflict among the various ethnopolitical groups have created cycles of crises that have, in neo-Gramscian terms, undermined the formation of a historic bloc, and thus the EU’s hegemonic project remains open-ended (Türkes and Gökgöz 2006, 688).

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