

# EU's Lack of Political Will to Seriously Engage Is at the Core of Its Failure in Bosnia

Bodo Weber, a Senior Associate of the Democratization Policy Council concentrating on the Western Balkans, German and European foreign and security policy, transatlantic relations, Ukraine and Turkey, told European Western Balkans that with 2018 being an election year in Bosnia, a very small window of time remains to implement reforms

**A** number of analysts and EU officials warn about growing Russian influence in the Western Balkans. Russia is blamed for encouraging Bosnian Serbs to seek independence, attempting to divert Montenegro from NATO accession, and developing an anti-Western narrative through cooperation with various nationalist parties, to name a few often-mentioned examples. Do you find Russian influence in the region to be substantial? How far could it evolve?

My DPC colleagues and I have been warning about Russian influence in the region for almost a decade. The influence has been substantial, but I would add that it has been limited in scope. This self-restraint of Russian influence did not change much over the years despite the EU not heeding the warnings and not taking any action to contain it, although it seems to have made a complete U-turn and is now actively drawing attention to Russian meddling in the Western Balkans.

## Germany's Role

Moscow has never shown any genuine strategic interest in the region. What we see is an instrumental use, or rather misuse, of traditional links and ideological fragments such as pan-Slavic solidarity, brotherhood and unity and a kind of nostalgic historical relationship with Russia to gain influence among primarily Serb nationalists. We could say that Russia's role in the region has been defined by its rationale for meddling – to act as a spoiler. By spoiling Western – primarily the EU's – policies in the region, it attempts to enhance its own influence. The West has made this possible by creating a vacuum over the last ten years through its weak performance in the Western Balkans since 2005 when the US handed over Western leadership in the region to the EU

The EU has muddled through in the region without the sufficient political will needed to transform it. The Western Balkans has never been a priority for the EU in comparison with other EU problems such as the Euro-crisis. The EU has

remained on a kind of enlargement autopilot in the region for many years. It did not finish the job the US started in the post-war period – i.e. post-war reconstruction and creation of a conducive



environment for sustainable democratization. Instead, Russia took advantage of the vacuum that occurred when Western leadership that got transferred to the EU never came – and jumped into. That became evident when Moscow started supporting the one man in the region who first identified and exploited that vacuum – Republika Srpska leader Milorad Dodik. By supporting him, Russia does not actually back the RS or Bosnian Serbs as such, but rather advances Dodik's own spoiler role.

**Since its beginning, the Berlin process has reflected Germany's commitment to supporting the EU's integration of the Western Balkans 6. Could you please elaborate on the state of Germany's leading role at this moment?**

As the most influential member state, Germany, to some extent, seized leadership within the EU and pushed it towards more engagement in the Western Balkans. That didn't start only with the Berlin process which began in 2014, but already in 2011 Germany's leadership led to EU engagement with the Serbia-Kosovo dispute, moved on to the dialogue in 2012 and then in 2014 it spearheaded, together with Britain, the German-British initiative for Bosnia and Herzegovina. I would say that it was somewhat natural for Germany to seize leadership, because many other larger EU countries, such as France and Italy, had lost interest in the Western Balkans. The UK had shown a strong interest in the region over the last half a decade, but its distancing from the EU prevented London

from turning it into any form of leadership role and from creating coalitions of member states to shift EU policies. German leadership has always been a kind of reactive leadership, meaning that it has always reacted to crises, as opposed to acting on its own initiative. For example, the Serbia-Kosovo dialogue was the result of conflict in the north of Kosovo in summer 2011 during which Serb nationalists shot at German KFOR soldiers, while the German-British initiative for Bosnia and Herzegovina was the result of violent social unrest which erupted in February 2014. At the same time, we should keep in mind Merkel's role. Her party was very reluctant to support EU enlargement. And although Merkel's own policy was mixed, I would argue that it produced some good results. To continue the policy of enlargement vis-a-vis a very skeptical party, Merkel pushed hard for the strengthening of conditionality. Although very often perceived as maintaining a double standard and much criticized in the Balkans, it meant that the EU started to use the main tool of its accession policy as an external instrument of democratization – the strongest instrument of external democracy promotion the EU possesses, but perpetually refuses to accept as such. However, at least two of the initiatives, the Serbia-Kosovo dialogue and the German-British initiative for Bosnia and Herzegovina (later called the EU Bosnia and Herzegovina Initiative), currently are in serious crisis. Germany has partially lost track of their objectives and needs to rededicate itself to demonstrating its commitment to the process and to a strategic approach. Additionally, Germany will hold parliamentary elections in September, so we will see if Merkel will continue in her role as German Chancellor. At the same time, there is the Berlin Process. There have been many regional co-operation initiatives over the last 15 years that achieved very little because there was no readiness in the region to accept their goals and objectives. Despite that negative assessment, I think that the Berlin Process has actually succeeded in creating some readiness for co-operation among prime ministers, governments and presidents despite all

this new cross-fire in the public spheres. When it comes to the core issues of transportation or internet connectivity, there has been some momentum. Still, results are limited compared to what initially had been announced and planned. Nevertheless, it seems that the Berlin Process can produce those results that were realistic from the beginning. Apart from those practical projects, expectations for cooperation in the region were, as usual, completely overblown from the very beginning.

### Small Window of Time for Reforms

**Your report on the EU's new Bosnia and Herzegovina Initiative was recently published. The Initiative, as you explained, did indeed unblock the stalled EU integration process of the country (SAA entered into force, membership application was submitted, Reform Agenda was agreed). Still, progress in terms of socio-economic reforms foreseen by the Initiative is limited, and the sustainability of these reforms is questionable. What are the greatest obstacles impeding socio-economic development of the country and what do you see as potential solutions/breakthroughs?**

First of all, one needs to remember the starting point of the initiative. From 2009, up until 2014, there was no meaningful EU Bosnia and Herzegovina policy because of a strong political divide between Germany and Great Britain. Germany leaned more towards leaving Bosnia and Herzegovina to Bosnians, while the UK wanted a more serious engagement in the country, but was not in a position to lobby the whole of the EU. The result was that the EU was blocked in Bosnia and Herzegovina. This was a period when public attention in the West and in the EU on Bosnia and Herzegovina was very low. Then, after many years, the February 2014 violent social protests brought media and public attention back to the forefront. The protests demonstrated that something was deeply wrong and could no longer be ignored. This prodded Germany to join together with the UK and develop a joint initiative, ostensibly based on some form of compromise between them. Though for those of us at the Democratization Policy Council who had followed both EU member states' policies more closely than most, it looked like a British surrender to the German position. The new joint approach was based on several core ideas. On the one hand was the insistence that previous conditionality had included 'intractable issues' that because they were too politically sensitive should be addressed at a later stage in Bosnia and Herzegovina's EU integration process. This argument related to the

Sejdic-Finci ruling of the ECHR. On the other, and given that the focus of citizens' protests in 2014 was on socio-economic demands, they decided to focus on socio-economic issues. While Berlin and London did indeed have a point in their proposed re-focusing of the EU's policy towards Bosnia and Herzegovina,



the starting point of the new initiative also included a marked hypocrisy. It was not because the Sejdic-Finci condition had been completely intractable that its non-implementation blocked the country's EU integration path for so many years. It was the EU's constant backing down in the face of domestic reform resistance out of political weakness – the lack of political will to seriously engage in Bosnia and Herzegovina that lay at the core of its failure in the country. The EU had taught political elites in Bosnia and Herzegovina that if they postpone and ultimately resist reform conditions, the EU will ultimately back down. Also, as the two years since the start of the new EU Bosnia and Herzegovina Initiative has already demonstrated, structural socio-economic reforms in the country are far from being politically non-sensitive issues. On the contrary, they touch precisely upon the patronage system, the core of the dysfunctional Bosnian state, which in reality functions only for political elites as the basis for their access to public resources. The structural reforms as laid down in the so-called Reform Agenda, the cornerstone of the EU Bosnia and Herzegovina Initiative, if fully implemented, would seriously undermine, if not completely destroy, the country's patronage system. This setting of the EU's current Initiative has exposed to the light of day a specific political dynamic in Bosnia and Herzegovina. On the one hand, the new EU approach has indeed set into motion a certain reform momentum based on cooperation across the executive branch at the various governance levels unseen in a decade. In addition, Bosnia and Herzegovina's EU integration process has been unblocked. On the other, when it comes to the substance and sustainability of initiated reforms under the Reform Agenda, none of the approved reform measures have so far reached the level of full implementation. Most structural reforms remain at an early, if not preparatory stage, while there have been numerous

delays due to political infighting and reform resistance on the side of the political elites. With 2018 being an election year, a very small window of time remains to implement reforms, while many objectively can no longer be implemented within the 2015-18 timeframe of the Reform Agenda.

On the international side, the performance of the actors involved – the EU and the international financial institutions (IFIs – primarily the IMF and the World Bank) – has developed in opposite directions. The IFIs, especially the IMF, has moved towards applying extraordinary tough and strict financial conditionality based on a new credit arrangement in support of the Reform Agenda. Their approach is responsible for most of the progress achieved. Thus, for example, the IMF managed to force the Dodik regime in the RS, after many months of resistance, to accept external screening and restructuring of the entity's most important six domestic banks. For years, the banks formed the financial backbone of Dodik's "economic policy," the main instruments to control the private sector. Backing down to IMF pressure following the threatened collapse of the entire system already forced the RS government to accept the liquidation of one of the banks, Banka Srpska. While the IFIs have thus moved towards a toughening of conditionality, the EU over the last two years has fallen back to its old habit of compromising over its own conditions in a bid to keep the "process" alive. Brussels tried to water down conditionality contained in the original German-British initiative or to hollow out the substance of conditions – even trying to drop conditions entirely in certain instances. Against that background, Bosnia and Herzegovina moved forward the three steps in the EU integration process foreseen in the Initiative as a reward for its reform policy – the latest step having been the September 2016 EU Council's referral of the country's membership application to the Commission in order to prepare an Opinion. At the same time, the issue of full implementation of the structural socio-economic reforms contained in the Reform Agenda and their sustainability remains an open question. This means that despite all the setbacks and delays, the EU Bosnia and Herzegovina Initiative still has a chance to be a success. But this will demand more political will on the part of the EU and a commitment to adopt the IFIs policy of strict conditionality. Failure to successfully implement the Reform Agenda in full could result in negative economic and social effects which has the very real potential to lead to renewed violent social unrest.