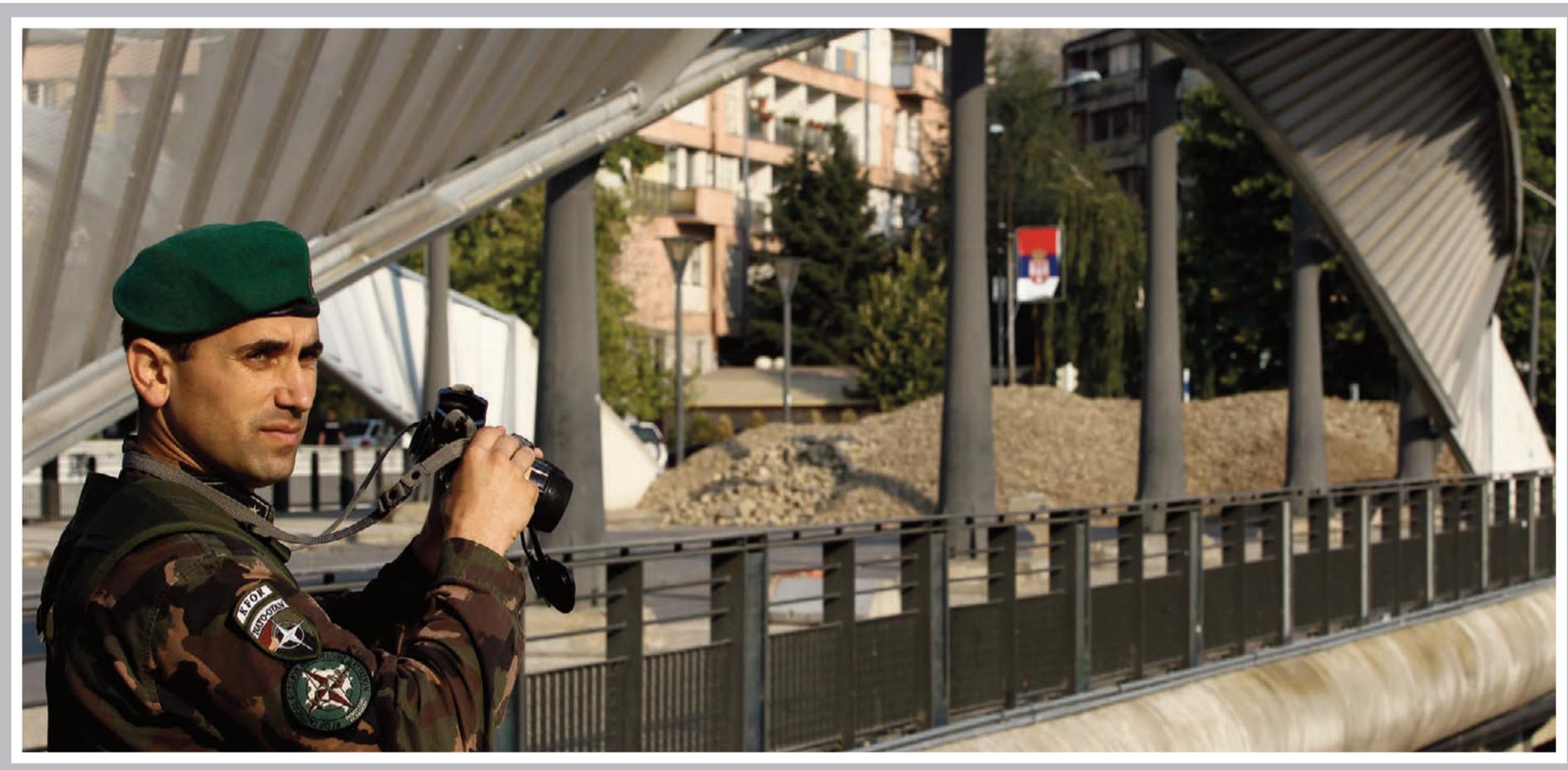




South Eastern Europe in 2012- contrasts in troubled waters

Hido Biscevic is Secretary-General of the Regional Co-operation Council.



A Hungarian NATO peacekeeper holds binoculars on the main bridge of the ethnically divided town of Mitrovica, KOSOVO. | EPA/VALDRIN XHEMAJ

By Hido Biscevic

WESTERN BALKANS - With every turn of the year over the recent period it has repeatedly become routine to draw a scoreboard of developments in South East Europe, in particular its core area of Western Balkans, by using a convenient term – contrast. No exemption this year, as successes are again followed by failures and achievements by stagnations.

Indeed, the year that is getting to a close was broadly characterized by tremendous contrasts, whilst the year ahead is most likely to continue the trend.

Illustrations are easy to find. The South East Europe scoreboard for 2011 marks, for example, a remarkable success of Croatia completing its long EU accession negotiations with full membership only a step away, thus changing the strategic map of the region. In a contrasting manner, other aspiring countries are set for additional check-ups, prolonging a strategic impasse in parts of the region. Serbia has been offered an additional time to prove its true European capacity as well as a general political and social consensus over the goal. Montenegro will have to be ready by the next summer if it is to continue on the EU path. The Former Yugoslav Republic of Macedonia is still no closer to the EU. Albania, Bosnia and Herzegovina, Kosovo – one can only lament and hope for the better, relying on the persistency of Stefan Fule and his team – at no easy times for them either – whilst urging political leaders in the

region to respond with urgency and vision before the region slips even lower down the agenda of the remaining interested friends and partners.

The contrast is obvious – the region is moving towards the European and Euro-Atlantic integration, with Croatia confirming to the region and to the EU that it is worthy of the membership even at the most difficult period for the Union itself. But the strategic picture remains incomplete. Moreover, with several frustrating trouble spots in the region, from northern Kosovo to a range of destabilizing issues in Bosnia and Herzegovina, even the peace may not be considered completed yet. Indeed, the waters are still troubled. The biggest political challenge in 2012 for the region, but also for Europe and beyond, will be to avoid strategic imbalances and, more challenging, not to allow cementing a protracted strategic vacuum in this corner of Europe.

In this sense, the EU enlargement dynamics will continue to be of crucial, if not historical importance. Again, Brussels will be appraised to keep the engine of enlargement running; the region will be urged to resolve its residual open issues. Anything else, after Croatia's accession, may only be an invitation for the Balkans to become, sooner or later, a trump card in a broader geopolitical trade-offs. The global crisis will continue to shape and design the international relations, options and models may differ from today's ones; the times of post-Wall honeymoons may well be expiring, while new alliances, new divisions

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may be in the offing. History teaches that such a course is not the best one for the Balkans. There is yet another contrast and another kind of troubled water – economy. The region in general is witnessing the harshest economic slowdown in decades, spiralling towards a protracted recession, whilst some economies are propelling in an unprecedented way. Turkey is telling a different story than the neighbouring Greece, but almost no other economy in the region – Croatia, Serbia, Bosnia and Herzegovina, The Former Yugoslav Republic of Macedonia, etc. – is spared from a syndrome of deep structural weakness in a long run or from a lack of investment to rewind production. These countries are forced to choose between the austerity strangling consumption and suffocating production. With the European economic crisis most probably to remain a prolonged one, and with the economies in the region deeply linked and dependent on flows within the EU markets, in 2012 the economic check-up in South East Europe will have to tackle the very sustainability of many of regional economies. Against the backdrop of unavoidable social consequences and with a

handful of unresolved political issues simmering across the region, it will be of a paramount importance to invest, politically and financially, to avoid that Balkans slips away from political to security challenge again.

And it is not so much about the money, Greenfields or Instrument for Pre-accession Assistance (IPA). First and foremost, it is about the investment into a political stability and economic recovery through preservation of the enlargement dynamics and full consolidation of regional cooperation. The aim is to avoid unproductive loss of time and recycled “blame games” across the border, and respond to the crisis with a number of strategically important “jump start” trans-national projects of a New Deal type: infrastructure building, rehabilitation and modernization of transport sector, waterways, etc. In general, broadly unused natural potentials and geo-economic position of South East Europe between the EU, Russia and Asia markets continue to be the most potent answers to the current economic slowdown and looming depression. And, they may as well be the best answers to other possible slowdowns, after Croatia joins the European Union.