Editorial

Fast and Furious? A Quick Digest of a Plan for the Accelerated Integration of Candidate Countries into the EU

Over the past years there has been much – mostly loose – talk about the 'accelerated integration' of candidate countries into the EU in order to inject much-needed dynamism into the lethargic accession negotiating process. The European Commission's revised enlargement methodology of February 2020 had flagged the need to identify opportunities for 'phasing-in' the countries of the Western Balkans to individual EU policies,[1] but there was little to no follow-up. It took Russia's full-scale invasion of Ukraine and the subsequent decisions by Member States welcoming the European aspirations of the East European trio for the European Council in June 2022 to reiterate the need to advance ways of 'gradual integration', already during the enlargement process itself, 'in a reversible and merit-based manner'.[2] Since then, there has been a flurry of activity, with the publication of a series of think tank reports, non-papers by Members States, and discussions in various Council working groups.

With its enlargement package of November 2023, the Commission has now proposed a concrete mechanism to operationalize the accelerated integration of pre-accession states.[3] Hidden in a corner of the enlargement package, the mechanism can be found in a 'Growth Plan' which is seemingly only destined for the six countries of the Western Balkans.[4] This raises questions about the strategic objectives, geographical scope and operational logic of the new mechanism in the EU's enlargement policy overall. A quick review reveals that, counterintuitively, the Commission's guide for accelerated integration may slow down the process of accession of aspirant countries.

1 European Commission, *Enhancing the Accession Process – A Credible EU Perspective for the Western Balkans*, COM(2020) 57 final (5 Feb. 2020).
2 European Commission, *2023 Communication on EU Enlargement Policy*, COM(2023) 691 final (8 Nov. 2023).
3 The notion of 'accelerated integration' should not be confused with that of 'differentiated integration', which applies chiefly to existing Member States in search for either 'enhanced cooperation' or opt-outs from policies.
4 European Commission, *New Growth Plan for the Western Balkans*, COM(2023) 691 final (8 Nov. 2023).

'Fast and Furious? A Quick Digest of a Plan for the Accelerated Integration of Candidate Countries into the EU'. *European Foreign Affairs Review* 29, no. 1 (2024): 1–6.

1 OBJECTIVES AND OPERATIONAL LOGIC

The key rationale of the Growth Plan is to provide the Western Balkan six with more opportunities for closer links to the EU Single Market once the necessary level of preparedness has been achieved. Building on the 2020 revised methodology, the Growth Plan introduces a prototype of 'staged accession',[5] without however calling it that. While the Communication does not offer much detail on the conditions that will be used as benchmarks for minimum, intermediate and full access levels, and which quantitative and/or qualitative markers to make this assessment, the Commission is said to be working on refining these aspects.

The Commission has earmarked seven initial priority areas of the Single Market for accelerated integration:

(1) free movement of goods: with participation of all Western Balkan states in the Convention on Common Transit, agreements on conformity assessment for manufactured goods, and new agreements on improved customs and tax cooperation, thus complementing the existing Stabilization and Association Agreements (SAAs);
(2) free movement of some e-commerce related services and mutual recognition of professional skills and qualifications of workers;
(3) access to the Single Euro Payments Area (SEPA) which, if agreed, would substantially reduce the cost of cross-border payments to the benefit of consumers and businesses;
(4) facilitation of road transport, by implementing the relevant *acquis* through the existing Transport Community and, through a separate agreement, granting Western Balkan partners access to the relevant EU information systems;
(5) integration and de-carbonization of energy markets, through the existing Energy Community, which would improve the air, water and soil quality in this badly affected region in Europe;
(6) parts of the Digital Single Market, in synch with developments inside the EU, although largely conditional on amending the SAAs; and
(7) industrial supply chains, by developing strategic partnerships on the supply of critical medicines and raw materials.

Each Western Balkan country will be invited to prepare a 'Reform Agenda' based on existing recommendations, including from the enlargement package and the conclusions of ongoing economic and financial dialogues. This Reform Agenda,

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5 *See* M. Mihajlović , S. Blockmans, S. Subotić & M. Emerson, *Template 2.0 for Staged Accession to the EU*, CEPS-CEP (28 Aug. 2023).

which will be assessed and adopted by the Commission, will identify a limited set of priority reforms, broken down into qualitative and quantitative steps which will serve as conditions for receiving financial benefits.

Fuelling the engine for accelerating integration is a NextGenerationEU-type financial instrument which is designed to be 'flexible, adapted to the objective of accelerating fundamental socio-economic reforms (…), while ensuring predictability, transparency, visibility, and accountability of the funds'. Once approved in the context of the mid-term review of the Multiannual Financial Framework of the EU (MFF), the proposed instrument will include extensive *ex ante* rule of law, socio-economic and other reform-based payment conditionality. It will include loyal implementation of the 'normalization' agenda between Serbia and Kosovo as a precondition, and alignment with common foreign and security positions adopted by the EU.

When the Commission deems that conditions are met, this will trigger the release of funds under a new 'Reform and Growth Facility' endowed with EUR six billion (up to EUR two bn in grants and up to EUR four bn in soft loans) for the remainder of the current MFF (2024–2027). The Commission expects that, combined with the funds still available under the Instrument for Pre-Accession (IPA III) for the next four years, the Facility would provide the Western Balkans with 'roughly the same aid intensity per inhabitant as cohesion policy does on average in the EU' and 'help the region to achieve its full potential in terms of economic and social development capacity compared to EU Member States by 2030'.

These claims seem to be a bit of an exaggeration. As independent analysts have pointed out, the key comparator to establish whether a new financial assistance mechanism will lead to economic convergence is how much the neighbouring EU Member States in Southeast Europe will receive in terms of cohesion funding.[6] For example, the 2022 cohesion receipts of Croatia were EUR 1.2 billion. Scaled up for the population size of the Western Balkan six this would give EUR 5.3 billion. The current IPA III amounts to an annual EUR two billion, and the proposed Growth Plan would provide an annual EUR 1.5 billion, totalling EUR 3.5 billion. The new instrument would therefore narrow the gap with the neighbouring candidates but not close it.

It remains to be seen whether or not the EU's new seed money will kickstart reforms and lead to a race to the top between Western Balkan states. As of yet, it is an open question whether the Commission's offer will generate more national political buy-in if the envisaged financial support will only add 75% in additional grants and loans to the existing EU aid, and when financial assistance from rivalling

[6] M. Bonomi & D. Reljić, *The EU and the Western Balkans: So near and Yet so Far. Why the Region Needs Fast-Track Socio-Economic Convergence With the EU*, SWP EconPapers No 53 (2017).

actors like China comes with hardly any strings attached. If and when EU budget support to the governments is spent well then there may, indeed, be a potential for spill-over effects from additional foreign direct investment triggered by reforms in some of the seven initial areas of the Single Market that the European Commission, in regional stakeholder consultations, has prioritized for accelerated integration.

The latter implies alignment with EU *acquis* in each specific area, having the necessary infrastructures and working institutions, especially the main governance mechanisms for managing the Common Regional Market (CRM), and corruption-free absorption capacity by the Western Balkan governments. Opportunities for accelerated integration into parts of the EU's Single Market will therefore only materialize if the Western Balkan six deliver on all those conditions, in particular regional economic integration. As such, the CRM serves as an external laboratory and a way-station for access to *some* sectors of the Single Market. As the Growth Plan aims to ensure a broad level-playing field amongst the Western Balkan states, countries that impede the implementation of the CRM Action Plan will see benefits remain locked in their country envelopes and ultimately redistributed to countries who do what's expected. While this form of negative conditionality does not meet the standard of 'reversibility' asked for by the European Council in June 2022, the own merits-based approach of the Growth Plan's does impose limits to the disbursement of EU financial assistance, and prevents that backsliding in one Western Balkan country does not block access to sectors of the EU Single Market for the other five. This is a welcome innovation to the Commission's pre-accession methodology. However, there are concerns about the potential of the proposed mechanism for accelerated integration slowing down the accession process proper.

2 DELAYING AND/OR DERAILING TACTIC?

As mentioned in passing, candidate countries are already engaged in several forms of sectoral integration, albeit according to an ad hoc approach when new *acquis* is absorbed in, for instance, the Energy Community, Transport Community and European Common Aviation Area. Developed under the extra-EU 'Berlin Process', the CRM is also based on EU *acquis* and closer association to the Single Market to help the Western Balkans in the accession process. What's more, the EU has already opened its specialized agencies and several EU programmes to candidate country participation, on an individual basis, and often with financial support through the thematic envelopes of the IPA.

Gradual integration into the EU Single Market forms an essential element of each SAA, which provides for 'seamless access to the internal market' for goods originating from a Western Balkan country when it 'achieves the equivalent level of competence through the enforcement of national rules aligned with the acquis applicable to the product'. In the case of the Deep and Comprehensive Free Trade Areas (DCFTAs) with Ukraine, Moldova and Georgia the agreements are much more explicit, with the annexed listing of hundreds of directives and regulations that should be complied with under given time scales.

Negotiating and ratifying amendments and complementing agreements to the SAAs (even updating the annexes of the DCFTAs) risk consuming more time and administrative capacity (of candidate countries *and* the Commission) than anticipated, thereby diverting attention away from conducting actual membership negotiations and decelerating the enlargement momentum needed to meet geo-political ends. But perhaps this is precisely what leaders of enlargement-wary Member States want. Obviously, the advocacy for gradual sectoral integration should not be used as an alternative or compensation for a lack of progress in the formal accession process.

This quick digest of the Growth Plan therefore reveals that the key to the engine for accelerated integration of pre-accession countries is the lure of extra money. Strangely though, the enlargement strategy (nominally only a 'Communication') does not make it clear why the Growth Plan and its embryonic staged accession methodology is not applied to the East European trio, which now have been put on the same footing in the accession process as the Western Balkan six. While the EUR fifty billion Ukraine Facility is destined to apply a similar operational logic as the 'Reform and Growth Facility' for the Western Balkans, a similar mechanism is currently missing for Moldova and Georgia. Arguably, a radically revised IPA will have to designed to replace IPA III when it expires in 2027.

The 2023 enlargement package may well be the most important in years, but it does not redress the larger ills from which the existing accession process suffers, more than seventy veto opportunities for each of the 27 Member States to delay progress, and an erosion of the logic of conditionality to enforce reform on the 'fundamentals' for membership. Both issues were on dramatic display at the December 2023 summit of the European Council, when the Hungarian Prime Minister Viktor Orbán unexpectedly relented on his opposition to open accession negotiations with Ukraine (and by consequence Moldova) after being persuaded by German chancellor Olaf Scholz to leave the room for a coffee, in effect abstaining from the decision after having signalled for weeks that he would block consensus to start membership talks with Kyiv. The news led to celebrations, most spectacularly in Georgia, which received candidate country status. But the European Union will have to deal with the hangover of the highly symbolic move, which only clears the first of the 70+ veto hurdles and came at the cost of Orbán vetoing the mid-term review of the MFF. The 26 Member States who do support the MFF revision, which includes the proposed Ukraine Facility and Growth Plan for the Western Balkans, may well find workarounds if Hungary upholds its veto, but the delay only serves Russia's goal to weaken Ukraine. Also, having succumbed to Orbán's blackmail by releasing a tranche of EUR 10 billion of RRF funding one day before the December summit, the Commission will have to find new ways to limit his ability to thwart the Union's agenda and shore up its own authority in enforcing rule of law standards towards Member States and candidate countries alike. In order not to lose the current enlargement momentum, it is incumbent on the outgoing Commission and incoming Belgian Presidency to use the first half of 2024, before the elections for the European Parliament and the Hungarian Presidency of the Council, to refine the enlargement methodology so that the newly composed EU institutions can swiftly pursue the geopolitical task at hand.

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