

## **CROATIA AND THE EUROPEAN UNION: challenges and contradictions**

**Paul Stubbs, GASPP and SEERC**

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### **INTRODUCTION**

Whilst there are many similarities between the experience of Croatia and other countries in South-Eastern Europe regarding the process and practice of rapprochement with, and integration into, the European Union, there are also many specificities. Any discussion of the similarities and specificities, particularly in the context of a framework which looks at the prospects for accession of the countries of the 'Western Balkans', has to be placed in the context of the strong political interpolation within Croatia that it is quintessentially a 'European' and not a 'Balkan' country. Notwithstanding the dramatic changes in Croatian politics since the defeat of the nationalists in January 2000, and Prime Minister Račan's statement that Croatia is, in part at least, Balkan, as well as Middle European, Mediterranean, and so on, the dominant commonsense remains framed within this construction.

Certainly, then, from a mainstream Croatian perspective, the Greek Presidency of the European Union will not be remembered so fondly for its 'Western Balkans' agenda. Rather, emphasis will be on the fact that it was during the Greek term, on 21 February 2003, that Croatia, having signed a Stabilisation and Association Agreement at the Zagreb summit in October 2001, became only the second post-Yugoslav country, after Slovenia, to submit a formal application for membership under the slogan 'Re:member Croatia'. The left of centre coalition Government's 'road map' goal is to 'catch up' with Romania and Bulgaria and join the European Union in 2007. Recently, in discussions with his Greek counterpart, Croatian Foreign Minister Picula appeared perfectly willing to accept that 2009 is a more realistic and attainable date.

Currently, public opinion appears strongly in favour of EU membership. Prevailing intellectual discourse no longer talks of *whether* but *when* Croatia will join, with a series of conferences, seminars, books and monographs all framed in terms of 'Croatia's Accession to the EU' (cf. Ott et al, 2002). A conference focusing on the Western Balkans is less resonant with this discourse. This is subtly but clearly expressed in the now famous statement from Croatian President Stipe Mesić in Ohrid in June 2003, when he suggested that the leaders of all the states in the region confirmed an 'individual approach' to membership, subsequently echoed at the time of the Thessaloniki summit by Chris Patten from the side of the EU.

Mesić's notion that the process for the post-Yugoslav countries, minus Slovenia, plus Albania, should be 'not a convoy but a regatta', did not preclude elements of regional co-operation since "each country for itself is a

small market, but if we co-operate, we have a serious market". However, the clear suggestion was that this co-operation should be primarily economic rather than political, much less ideational, in a country where former President Franjo Tudjman left a legacy of forbidding any reformulation of a 'Balkan federation' in the Constitution. In this text, rather than focus on the minutiae of Croatia's path to European integration, I provide something of a 'report card' on key dynamics in Croatian society, economics and politics, relevant to the process of European integration.

### **Economic Criteria**

In terms of economic performance, Croatia stands apart from its neighbours and fellow potential member states, with *per capita* GDP now standing at 4,625 USD (UNDP Human Development Report, 1993), reaching almost 30% of the current EU average (Uvalić, 2003), twice that of Turkey and between three and four times as high as all other countries in the region, including Bulgaria and Romania. Notwithstanding war damage and destruction, inflation has been low since a macro-economic reform programme kicked in as early as 1994, and has been combined with steady growth for much of this period, except for 1999, and sustained growth since 2000.

On the debit side, imports have continued to outstrip exports, by a considerable margin. Even though Croatia enjoys favourable conditions, exports to the EU from Croatia increased only 2.2% from 2001 to 2002, whilst imports increased by 14.5%, leaving a trade deficit with the EU of some 3.4 billion USD (Bartlett, 2003). Trade with its immediate neighbours in the Western Balkans has followed similar patterns with imports growing faster than exports, although Croatia still enjoys significant balance of trade surpluses with Bosnia-Herzegovina and Serbia-Montenegro. Trade in this region has been governed by individual free-trade agreements, promoted by the SAA process, and there is the possibility of the establishment of a South-East European Free Trade Area, a SEFTA, like that of CEFTA which Croatia joined in April 2003, albeit belatedly since CEFTA will end with the EU accession of some of its members in May 2004. There is also increasing concern regarding a spiralling public debt.

The social conditions in Croatia are, in some ways, less favourable than the broad economic picture. Unemployment continues to be high, with registered unemployment 20.4% in April 2003. Whilst Labour Force Survey figures suggest a lower rate, the long-term nature of unemployment, and high rates of youth unemployment, are particularly worrying (Bejaković, 2003). Absolute poverty levels expressed in terms of a household basket are fairly low, 10% based on the national poverty line and 5% the international line (Zrinščak, 2003), but levels of felt poverty are extremely high. Most significantly, Croatia has high levels of inequality with a Gini coefficient for earnings of 0.35, one of the highest in the region. There is growing disparity between the regions, with Zagreb estimated to have some ten times the wealth of some of the poorest, war-affected areas, compounded by the disparity in levels of human capital.

### **A Consolidated Democracy?**

The political achievements of the last three and a half years have been considerable, notwithstanding the fact that the original coalition of six parties fractured with the social liberals HSLs splitting and most leaving the coalition, and the Istrian party IDS also withdrawing from Government. Crucially, a two thirds majority in Parliament was achieved in order to change the Constitution, reducing the powers of the President and establishing the basis for a genuine Parliamentary democracy.

In addition, the ruling coalition has been more or less successful in challenging the political hegemony of the former ruling party, HDZ, and its deep penetration into public administration, the media, the army, the police, the judiciary, and the economic sector. The establishment of genuine political pluralism, and the beginnings of a notion of an independent civil service, have been difficult to achieve, and still face many obstacles. Nevertheless, when combined with a new and genuine internationalism, welcoming co-operation rather than isolationism, Croatia has traveled a long way towards a consolidated democracy (Zakošek, 2003).

At the national level, the continued presence of the 'radical right' as a viable option remains a major political deficit. Whilst there has been considerable reform of HDZ, it remains to be seen how far this is translated into a different stance to many of the key questions regarding European integration. In a form parallel to economic questions, these deficits are more pronounced in some of the war-affected areas, where an alliance of radical right politicians, war veterans associations, and other groups, continues to operate a hegemonic politics based on authoritarian nationalism.

### **An Expanded Role for Civil Society**

Great strides have also been made in terms of the state's relationship to NGOs, and civil society more generally, since the passing of one of the most repressive NGO Laws in the region in 1997, and a dominant political construction of civil sector NGOs as 'the enemy within' and 'mafia-like organisations' (cf Bagić, 1999). Elements of this change began even before the defeat of HDZ with the establishment of the Office for Co-operation with NGOs (*Ured za udruge* or UzU) in November 1998. With a small staff but dynamic leadership, the UzU gained a reputation for fairness, openness, transparency and extended dialogue with the civil sector. Through extensive consultations, a new Law on associations was passed in January 2002, establishing a supportive enabling environment for NGOs. Perhaps even more importantly, an annual grants competition from 1999 has become one of the most important sources of funding for NGOs, dispersing in 2003 some 17 m. Kuna (c. Euro 2.2 m.) for 442 different projects.

Through the grant making process, NGO projects and programs of diverse profiles have received Government funding, including homosexual rights' campaigns, feminist initiatives against domestic violence, civil service

information points, peace education, reconciliation initiatives, legal aid for refugees, disability self-support groups, drug prevention and rehabilitation programmes, youth camps, second world war veterans' clubs, family centres, and so on.

The inclusiveness of the process has enabled a balanced representation of different ideological and thematic interests around which citizens in Croatia mobilize, although the allocation of funds to sports associations, war veterans from the recent war, and national minorities, not under the control of the UzU, continues to give cause for concern (Škrabalo, 2003). Funding of associations at local level is also much less transparent and often politicised. With the support of lottery funding and the CARDS programme, the UzU has transformed into a semi-independent Foundation for Civil Society Development, committed to playing a greater role in capacity building at local and regional levels.

### **Co-operation with the ICTY**

Croatia's co-operation with the International Criminal Tribunal for the Former Yugoslavia in the Hague has been one of the most controversial aspects of formal politics since the year 2000, in terms of splits within the ruling coalition and, indeed, in terms of public opinion. Overall, co-operation has improved over time, although the case of General Bobetko until his death and, even more so, the case of General Ante Gotovina, still on the run and believed by some in the international community to still be in Croatia, have strained the relationship between the Government, the Office of the Chief Prosecutor, and several EU member states still to ratify Croatia's SAP.

In the context of considerable improvement still to be made in judicial reform, it is worth bearing in mind that, unusually for a 'victorious' state, there have been trials and guilty verdicts passed on Croatian soldiers for crimes committed in Croatia. The recent case regarding killings in the town of Gospić is the most important example which, although the trial needed to be moved in order to ensure justice, did not provoke any massive backlash in terms of organised protests.

More generally, a recognition of the extent of Croatian army involvement in the war in Bosnia-Herzegovina, and the considerable efforts which have been made to cut off support for Croatian para-state bodies in the Bosnian Federation, does indicate a far more nuanced regional approach from the current Government than its predecessors. Relations with Serbia and Montenegro have also improved considerably, suggesting the possibility of a longer-term political rapprochement, symbolised by the recent apologies by the respective presidents during President Mesić's visit to Belgrade.

### **Refugee Return**

Seen by many external commentators as 'Croatia's litmuss test' (ECRE, 2001), the issue of the return of refugees, primarily those of Serbian origin who fled in 1995, receives much less attention inside Croatia. Notwithstanding

occasional symbolic statements, as in Prime Minister Račan's recent appeal to all who fled Croatia to return, there remains a sharp contrast between the energy invested in European integration, through the Ministry of European integration, and that focused on refugee return, through the Office for Displaced Persons and Refugees in the Ministry of Reconstruction. The change in Croatia's demographic structure is clear from the delayed results of the 2001 census in terms of ethnic breakdown, with between 150,000 and 200,000 fewer persons of Serbian origin compared to 1991, as well as perhaps as many as 120,000 Bosnian Croats who have received Croatian citizenship and settled in Croatia. In addition, the return of internally displaced persons, at their height over 220,000, has now been essentially solved.

Certainly the signing of the SAA appeared to speed up what had, hitherto, been a very slow process of ensuring the removal of all legal obstacles to return. The issue of tenancy rights, however, and the provision of alternative accommodation, remain only partially resolved. In any case, the judicial system is inefficient and unable to process claims quickly. In addition, administrative delays, especially at local level, combined with a lack of serious economic prospects, have continued to obstruct the process. It remains to be seen whether this issue will become more significant in the process of negotiation around Croatia's membership application.

### **Conclusions: from a community of interests to a community of values?**

Questions of Croatia's future EU membership raise significant issues not so much about 'where' Croatia sits geographically but rather 'what' Croatia stands for geo-politically, in terms of its embracing of European ideals and values. In this sense, the danger of a 'Europeanisation from above', unless matched by a 'Europeanisation from below', will be felt in terms of an appeal to narrow interests rather than to processes of social cohesion, integration, reconciliation, and tolerance. Whilst it may be naïve to consider Croatia as a 'bridge' between the EU and the Western Balkans, this could be the role which it is asked to perform in the future. In this sense, the Thessaloniki summit and the Greek presidency marked the firm end of clientelistic relations between some post-Yugoslav countries and some EU member states acting bilaterally. Perhaps it may also mean the end of a crude 'either/or' political frame for Croatia vis a vis its neighbours, either total separation through its uniquely European identity or re-integration into a disastrous Balkan Federation. Elections due to be held in November 2003 will give some indication of the possibilities of the consolidation of a moderate mainstream agenda as opposed to the continuation of polarised value systems in this regard.

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