

*Aleksandar Stojkov**
*Fatmir Besimi***

SEIZING THE EU INTEGRATION IN A NEW GEOPOLITICAL ERA

Abstract.....	1	III. <i>The EU Integration of Western Balkans: Navigating between the Enlargement and the Commitment Fatigue.....</i>	4
I. <i>Introduction.....</i>	1	IV. <i>Reshaped Global Context and the New Momentum.....</i>	8
II. <i>Literature review.....</i>	2	V. <i>Conclusions.....</i>	10

-Abstract-

The reshaped geopolitical context has reenergized the enthusiasm on the future round of EU enlargement. The new four-pillar Growth Plan for Western Balkans already sent a very powerful message that the enlargement is back on the agenda. Our study underscores the economic advantages of the EU enlargement for the region. The European single market, the deepening financial integration, and the legal, institutional and policy convergence have been found to contribute to growth acceleration and income convergence in Europe. The EU accession talks would focus the minds and resources of political elites on the specific conditions that the country needs to fulfil for the successful completion of individual chapters in the negotiation process. Staying in the European waiting room for too long would only promote euroscepticism and Euro-fatigue in the Western Balkans.

Key words: enlargement; deepening; geoeconomic fragmentation.

I. INTRODUCTION

The prevailing discourse and communication today on the European Union's (EU) enlargement primarily gravitate around politics. The political aspects are even more important in light of the contemporary global and regional geostrategic turmoil, such as the Russian invasion in Ukraine and the Israeli-Palestinian conflict in Gaza. Nevertheless, a more comprehensive assessment of the rationale for the next round of EU enlargement must also include the economic and social implications for the European continent.

The EU, as an inter-generational political and peace project, is built upon an economic union. From the European Coal and Steel Community to the creation of a single currency monetary union, European countries have always been strongly motivated by their economic interests. It would be a reductionist perspective to focus solely on the economic aspects. These countries also share common values and a similar urge for peace, democracy, security, and human rights. Nowadays,

* Aleksandar Stojkov, Full Professor, Ss. Cyril and Methodius University in Skopje, Iustinianus Primus Faculty of Law, e-mail: a.stojkov@pf.ukim.edu.mk

** Fatmir Besimi, Southeast European University in Tetovo, e-mail: f.besimi@seeu.edu.mk

the 27 member states represent a diverse set of cultures, languages, and history, united in providing better living conditions for the citizens thereof.

Economists have always been inspired by the foundations and implications of this grand European integration project. Numerous studies and analyses have underscored its transformative power on society and the economy. The Union is a very interesting case for testing the propositions of the competing theories of trade, financial integration, growth, and development. The European single market, the unprecedented financial integration, and the legal, institutional and policy convergence have been found to contribute to growth acceleration and income convergence in Europe.

Upon the outbreak of the war in Ukraine, there is growing consensus that now is the right time for EU enlargement, as well as for the Western Balkans to get close to and access the Union. With European Parliament elections approaching, which are to be held in 2024, it is increasingly likely that further enlargement will be a top priority on the agenda. The statements and those who stand for further integration and EU enlargement are becoming increasingly prevalent.

Our central research objective is to explore the impact of the EU enlargement on the economic convergence of Western Balkans towards the EU. The more specific research questions are: (1) to explore whether there is a more viable alternative to the EU integration prospects; (2) to investigate what the benefits of a prospective EU membership for Western Balkan countries are; and (3) to evaluate to what extent the current geopolitical momentum is conducive to the EU integration process.

The structure of the paper is as follows. In the next section, we will investigate the relevant academic literature on the costs and benefits of European enlargement. The third section examines the arguments in favor of the enlargement and the commitment fatigue in the EU accession process. The next section elaborates the radically reshaped global and regional context as well as the favorable geopolitical momentum. The final section conveys the main policy recommendations.

II. LITERATURE REVIEW

The relevant academic literature primarily underscores the advantages of the European enlargement process. The previous rounds of EU enlargements have reaffirmed the transformative power of the EU integration in fostering socio-economic development, political stability, and democratic consolidation among the new EU member states (e.g., Börzel and Lebanidze, 2017; Kaeding et al. 2024). Emerging Europe reaped the benefits of international financial integration over the past decades by reforming and democratizing. They attracted sizeable foreign capital inflows and achieved high growth rates. The channel to high growth in these countries was, primarily, through making possible the pursuit of investment opportunities that would otherwise remain unfunded; in turn, this seems to be intimately linked to the opportunities created by EU membership (e.g., Prasad, Rajan, and Subramanian, 2007). The EU-related reform experiences of Bulgaria, Romania, and Croatia reveal that the largest institutional progress is observed during the EU negotiations' period: from the start of the EU negotiations to the entry into the European Union. The largest progress during the EU negotiations' period is related to the: control of corruption, regulatory quality, and government effectiveness. Progress continues throughout the early years of EU membership in the areas of political stability, regulatory quality, and rule of law.

The review of the enlargement-related academic literature underscores many other advantages. Transformational power. European integration is an important political driver that influences all aspects of decision-making in the Western Balkans (UNRISD, 2020). The preparation for the EU accession involves two complementary, mutually reinforcing processes. The first one is to prepare

the country for accession in a legalistic sense, that is, by transposition of the EU's *acquis* into national legislation. The second – and more complex – process is to increase country's capacity to pursue accelerated growth, inclusive prosperity and sustainable development, which resonates with the vision and system of values of the EU itself. Therefore, the processes of institutional development and of economic growth are interlinked: growth is conditioned by institutions, but also growth is necessary for institutional development.

Stability anchor. The EU is perceived as a political union with a functioning market economy, a high living standard, and effective institutions (Taylor, 2013). The EU has been praised for serving as a stability anchor for its member states. Heldt, Ríos Camacho, and Mueller (2024) argue that EU institutions were successfully empowered during disruptive circumstances to serve better supranational interests. Koch, Keijzer, and Friesen (2024) refer to this phenomenon as a successful policy entrepreneurship of the European Commission.

Single market and economies of scale. The EU, through its Single Market, has provided a platform for trade integration, reducing tariffs, and non-tariff barriers. Studies have shown that increased trade among member states can stimulate growth and convergence (e.g., Stojčić, Vojinić, and Aralica, 2018). European integration also allows firms to access a larger customer base and achieve economies of scale (e.g., Rapacki and Próchniak, 2009). Research, however, also highlights the potential risk of market diversion, where trade would shift from more to less efficient producers because of preferential treatment.

Single European Currency and Schengen agreement. The adoption of a common currency (Euro) and the removal of internal borders (Schengen) further facilitates trade. Studies have suggested these developments can enhance economic growth, though they also underscore the importance of economic and institutional readiness for these steps.

Financial Integration. European integration has promoted financial openness, with a higher degree of capital account liberalization. The literature points to an increase in net international capital inflows, including Foreign Direct Investment (FDI) and portfolio investment inflows, promoting investment and growth in the region (e.g., Bruno et al. 2021).

Solidarity and Cohesion Funds. The EU provides structural and investment funds to new EU member states and Instrument for Pre-Accession (IPA) funds for candidate countries. Research suggests these funds play a key role in reducing regional disparities, supporting infrastructure development, and stimulating economic growth (e.g., Bachtler and Begg, 2017).

Institutional Integration. The process of transposing *acquis communautaire* into national laws facilitates institutional convergence. Studies have found improvements in rule of law, political stability, regulatory quality, control of corruption, voice and accountability, and government effectiveness following EU accession (e.g., Campos et al. 2021).

However, the literature also cautions that the effectiveness of European integration as a transformative force can be influenced by a range of factors, including the initial conditions in individual countries, the pace and depth of their integration process, and their capacity to implement and enforce structural and institutional reforms. It also highlights the importance of addressing potential negative side effects, such as economic and social disparities, and ensuring that the benefits of integration are broadly shared.

One of the most interesting findings in the literature are those of Campos et al. (2021; 2022). Their analysis leads to the central conclusion that membership in the EU has large and positive economic benefits. Unsurprisingly, there is considerable heterogeneity across countries. They estimate that without European integration, per capita incomes would have been, on average, approximately 10% lower in the first ten years after joining the EU. An important follow-up question has been

promoted by O'Brennan (2014), investigating whether it is possible to repeat the success of the eastern EU enlargement in the Western Balkans.

III. THE EU INTEGRATION OF WESTERN BALKANS: NAVIGATING BETWEEN THE ENLARGEMENT AND THE COMMITMENT FATIGUE

The prolonged European integration of Western Balkans could be conceptualized as a consequence of the enlargement fatigue on the EU side and as both a cause and consequence of the commitment fatigue on the Western Balkans' side. Belloni and Brunazzo (2017) highlight that staying in the European waiting room for too long promotes euroscepticism and Euro-fatigue in the Western Balkans.

i. The Enlargement Fatigue

The enlargement fatigue, a concept drawn from various bodies of literature, suggests that Europeans are somewhat exhausted of the continuous enlargement of the EU, a sentiment that holds implications for the pace and magnitude of future expansions. The relevance and importance of understanding this issue are underscored by recent events such as Brexit and the Russian invasion of Ukraine. These instances have shaped the attitudes and perspectives of Europeans towards enlargement, generating a need for extensive study. Another clear indication of the enlargement fatigue is the moderate support for enlargement by the citizens of the EU, as measured by occasional Eurobarometer surveys. Eurobarometer (2023) indicate that 53% of the respondents were in favor of a future enlargement with considerable cross-country deviation (from 29% in Austria to 77% in Latvia).

There are numerous reasons behind the enlargement fatigue. The disappointment from the democratic backsliding in some new EU member states has fueled skepticism regarding the transformational role of the EU integration. The European Commission, for instance, has initiated infringement proceedings against countries where there are concerns about the rule of law. Additionally, the European Parliament has been vocal in condemning such actions and advocating for measures to address democratic backsliding.

Feelings of insecurity due to immigration are also regularly stated among the main reasons against future EU enlargements. Immigration can bring about cultural and social changes within communities, leading to feelings of insecurity among some EU citizens who may perceive these changes as threatening to their cultural identity or way of life. This is not a valid argument, as the citizens in the EU candidate and potential candidate countries share common values and views with the citizens in the Union.

The feeling of insecurity is also one of the driving forces of rising populism. The anti-immigration sentiment often intersects with populism, as populist leaders could exploit fears about immigration to mobilize support among their followers. Moreover, right-wing political parties easily capitalize on concerns about globalization, multiculturalism, and perceived threats to national identity. This is the essence of the identity threat argument (e.g., Economides, Featherstone, and Hunter 2024)). Interestingly, Taydas and Kentmen-Cin (2017) find that religious attachment plays a limited role in shaping the public opposition towards new enlightenments.

Deepening instead of enlarging. Deepening focuses on strengthening integration among existing members, whereas enlargement involves expanding the EU by admitting new member states. Both

processes are important for the development and evolution of the European Union. Yet many politicians, academics, and public figures have argued for deepening of the EU before future enlargements take place (Wunsch and Olszewska 2022).

Large EU is becoming difficult to manage. Managing a diversity of 27 or more EU member states can be challenging, especially when it comes to decision-making processes and policy implementation that must accommodate the varying interests and priorities of each member state. It is difficult to comprehend what the optimal size of the European Union is and what the capacity to absorb new member states is (Bourguignon, Demertzis, and Sprenger 2022). The EU's bureaucratic structure, including institutions, agencies, and regulatory bodies, can lead to inefficiencies and administrative burdens, especially when the organization expands to accommodate new EU member states. Streamlining and coordinating these structures could become increasingly challenging as the EU grows in size.

Job losses due to the EU enlargement. Again, this is an argument of questionable validity. Job insecurity could be a potential driving force behind the anti-enlargement sentiment. European companies may seek to take advantage of the lower labor costs in newly admitted EU countries by outsourcing or offshoring production or services. This can result in job losses in higher-wage countries as businesses relocate operations to lower-cost locations. The problem with this argument is that there is already a high degree of trade liberalization and capital account liberalization with the Western Balkans, enabled by the Stabilization and Association Agreements (SSAs). Even well before formal entry, the European capital could move freely towards the Western Balkan countries. Slow macroeconomic convergence. EU enlargement traditionally involves the admission of countries with significantly lower levels of economic development compared to the incumbent member states. This can worsen existing economic disparities within the EU and hinder efforts towards achieving greater macroeconomic convergence among member states. On the contrary, Franks et al. (2018) and Campos et al. (2019) demonstrate that many countries managed to implement real convergence with respect to the "old" EU member states.

ii. *The Commitment Fatigue*

Western Balkan countries have witnessed varying progress in the EU integration and demonstrated volatile commitment to the EU agenda. There are many reasons behind what we label it as slow reform pace or a *commitment fatigue*.

Strong reform-opposing coalitions. There are segments of the business and political elites that strongly oppose the EU accession. They prefer ambiguous laws, no public oversight, reduced transparency and accountability, and generally, an environment that does not align with the governance structures and institutional capabilities within the Union. The vested interests of these business and political 'elites' encourage them to create reform-opposing coalitions and support Euroscepticism.

Meddling by other international players. The prolonged EU integration of Western Balkans has created a maneuver space for other global players to meddle in domestic affairs. These players have their own interests and agendas that are not entirely consistent with the EU aspirations of the Western Balkans.

Unfulfilled promises by the EU toward Western Balkans. The EU was strongly supportive to the enlargement perspective for Western Balkans on the EU-Western Balkans Summit that took place in Thessaloniki (Greece) on June 21, 2003. The heads of states or governments of EU member states, the President of the European Commission and the President of the European Parliament expressed their unequivocal support to the European perspective of the Western Balkan countries.

The intentions were distilled in *The Thessaloniki Agenda for the Western Balkans: Moving towards European Integration*, which was considered a new important step in the favored relationship between the EU and the Western Balkans. 21 years after, there has been some success in terms of speeding up income convergence and obtaining candidate statuses. The argument of “unfulfilled promises” is also of questionable nature, as the promises were not unconditional. The entry requirements for the EU strongly depend on the country’s progress in fulfilment of the Copenhagen criteria.

Low pre-accession assistance (compared to the cohesion policy funds). The EU pre-accession funds are small compared to the EU funds allocated for Cohesion Policy.

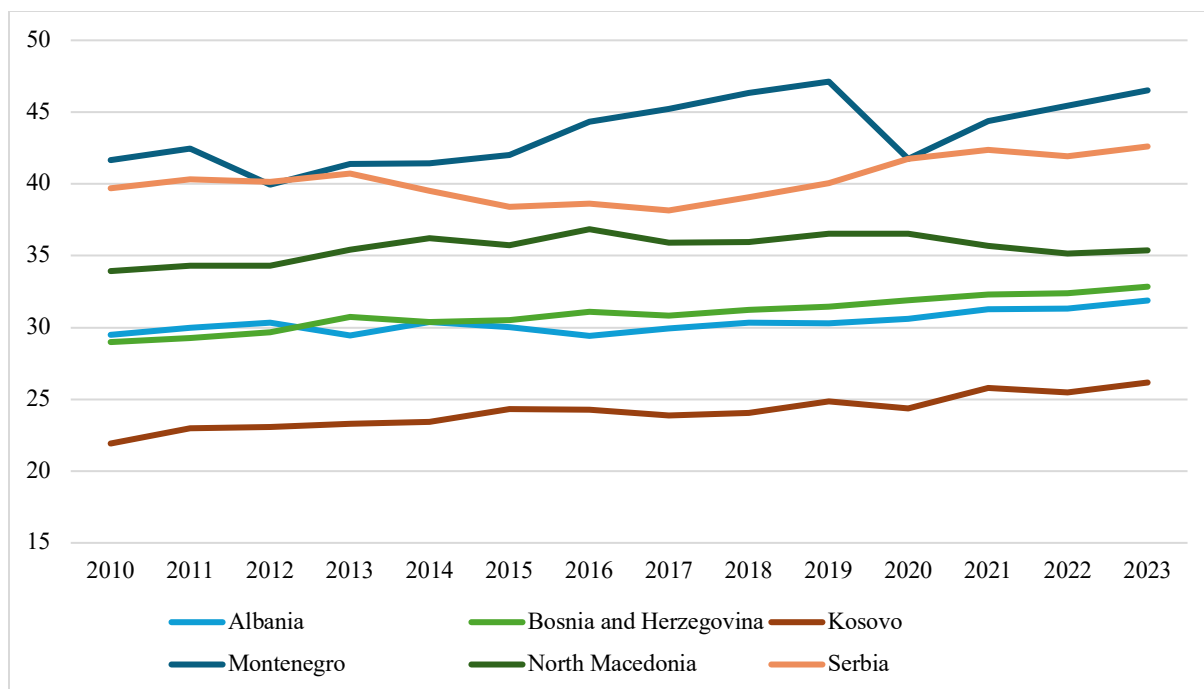
In 2021-2027 EU funds allocated to Cohesion Policy amount to EUR 392 billion. The Cohesion Fund provides support to EU Member States with a Gross National Income per capita below 90% of the EU -27 average. This Fund aims to support the economically less developed Member States, the ultimate goal of which is economic and social cohesion of the EU. The Cohesion Fund will be used for providing financial contributions in the fields of environment and trans-European networks in the area of transport infrastructure. In the period 2021-2027, the Cohesion Fund concerns Bulgaria, the Czech Republic, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovakia, and Slovenia or around 128 million inhabitants of the Union. In the period 2021-2027, EUR 392 billion was made available thereto via this Fund, or as per the rough estimates, approximately EUR 3,000 per capita in these countries (with total population of 128 million inhabitants).

During the same period, Pre-Accession Fund – IPA III (2021-2027) is made available to the candidates or the potential candidate countries, amounting to total of EUR 14.2 billion. The purpose of this Fund, based on the principle of solidarity, is to support the candidate countries in implementing the political, institutional, legal, administrative, social and economic reforms, being required so as to get harmonized with the rules, standards, policies and practices of the European Union, all to the end of further ensuring its stability, security and prosperity. As per the approximate estimates, under IPA III, around EUR 140 per capita are provided for the citizens of Albania, Bosnia and Herzegovina, Kosovo, North Macedonia, Montenegro, Serbia, and Turkey (with a total population of 103 million inhabitants).

To sum up, the difference between the status as an EU candidate country and a member state thereof, is EUR 2,868 per capita, i.e., 21.8 times more resources in favor of the new EU member states ($=3,006/138=21.8$). Such a large support provides stronger financial support for faster convergence of the new EU member states. As presented in Figure 1, this makes the real convergence of Western Balkans a much more difficult task. In wartimes of geopolitical tensions, the EU must also devote not only development finance, but also resources for addressing the security needs of the applicant countries (Karjalainen 2023).

Figure 1. Income convergence in Europe (2010-2023)

Country’s GDP per capita as a share of GDP per capita of EU-27 (current prices, in purchasing power parity terms)



Notes: [1] Gross domestic product per capita, current prices, Purchasing power parity; international dollars. [2] The values for 2023 are estimates. Source: IMF World Economic Outlook database, October 2023.

Large-scale emigration as a peculiar form of EU integration. The opponents of the EU enlargement often cite the EU expansion at the individual level. The liberal policies towards immigration of some EU member states – such as Germany – has allowed many working-age individuals and their families to emigrate. Citizens from Western Balkans desiring to labor and reside within the EU are presently permitted to do so. Hence, those who are in favor of the EU accession can experience the benefits of the EU integration by simply emigrating. The proponents of this argument forget that large-scale emigration has a devastating and profound demographic, socio-economic, and cultural implications for the EU candidate countries.

In conclusion, despite the enlargement and commitment fatigue, there are numerous potential benefits and rationale for continuing the enlargement process. The EU accession is a merit-based process, conditioned by a country's progress in transposing the EU's body of law (*acquis communautaire*) and in achieving agreed benchmarks for implementation of society-wide policy and institutional reforms. Even if all EU conditions are fully met, the membership status may not be granted. Country's EU accession also depends on overcoming - and ultimately, overturning - the present modest public support for further enlargement of the Union.

It seems that the radically reshaped geopolitical and geoeconomic context is re-energizing the enthusiasm for another round of EU enlargement. The European Union and its member states are reconsidering the strategic importance of the Western Balkan region. In turn, the Western Balkan countries are more aware of the benefits of the EU integration. Their prospective EU membership holds strong transformative power that can be used to implement development-friendly reforms in a more systematic and vigorous way.

IV. RESHAPED GLOBAL CONTEXT AND THE NEW MOMENTUM

i. Reshaped Global Context

The global economy today is characterized by rapid geopolitical fragmentation and growing trade restrictions. There are numerous signs of technological decoupling, evidence of reduced capital flows, cross-border migration restrictions and heightened risk of fragmentation of the international payment system (Aiyar et al. 2023). Additionally, a number of ongoing geopolitical conflicts and tensions are fueling uncertainty: the Russian invasion of Ukraine, the Israeli-Hamas military conflict in Gaza, the dispute between People's Republic of China and Taiwan as well as Serbia-Kosovo tensions.

The world is also witnessing “slowbalization” (or slow globalization). After the 2008 Global Financial Crisis, there has been a slower expansion of cross-border lending and international trade. Slowbalization involves a shift away from the rapid pace of globalization that characterized much of the late 20th and early 21st centuries. It suggests that various factors such as rising protectionism, trade tensions between major economies, nationalist policies, and the localization of production and supply chains are contributing to a slowdown in global economic integration.

The world also witnesses politically supported re-orientation of the net international capital flows and the global supply chains. Reshoring, friend-shoring, and near-shoring are recent phenomena related to shifting business operations away from authoritarian or politically unfriendly states: (1) back to the country of origin; (2) toward geopolitical allies; or (3) toward neighboring countries.

Even though it might be too soon to declare a deglobalization, what we are observing is a policy-driven Geoeconomic Fragmentation. This fragmentation can lead to the formation of distinct economic blocs or spheres of influence, with countries aligning themselves based on shared geopolitical interests rather than purely economic considerations. As elaborated by Aiyar et al. (2023), the cost to global output from trade fragmentation could range from 0.2 percent (in a limited fragmentation scenario) to up to 7 percent of GDP (in a severe fragmentation scenario).

ii. The New Momentum

In May 2023, the President of the European Commission, Ursula Von der Leyen, announced the new plan for getting Western Balkans closer to the European Union, as well as the economic support therefor. This plan may be perceived as a helping hand lent to the Western Balkans. She pointed out at the Global Security Forum in Bratislava that, “[...] we do not only ask our partners to take new steps towards us. We also take a big step towards them. Our shared goal is to speed up their journey towards the EU” (von der Leyen, 2023). It is not necessary to read much between the lines for the clear message Von der Leyen conveyed to both the leaders and the citizens. This is unquestionably a great opportunity which should be taken advantage of, being also an encouraging sign given the specific background in view of divided opinions about joining the EU. The new four-pillar Growth Plan for Western Balkans already sent a very powerful message that the enlargement is back on the agenda (European Commission, 2023). It comes at a difficult time of radical uncertainty and geopolitical complexities. This Growth Plan for Western Balkans envisages to: (1) boost economic integration within the Western Balkans through the Common Regional Market, which could add 10% to their economies; (2) to enhance economic integration with the European Union's Single Market; (3) to accelerate fundamental reforms, aimed at accelerating accession, improving economic growth, and strengthening regional stability; (4) to

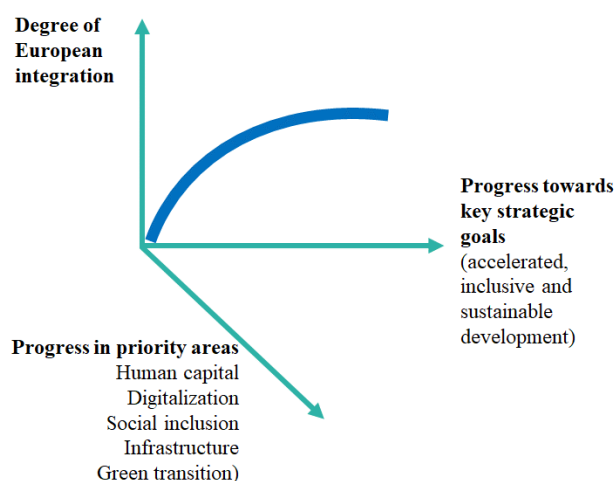
provide increased financial assistance. For illustration, the Reform and Growth Facility for the Western Balkans for the period 2024-2027 pledges an amount of EUR 6 billion in grants and concessional loans. The Western Balkans must seize the unique geopolitical momentum and the renewed enthusiasm for a next round of EU enlargement around 2030. One of the biggest proponents for the next EU enlargement, the European Council President Charles Michel, distinctly elaborated this enthusiasm on August 28, 2023, at the Bled Strategic Forum in Slovenia:

“To be stronger and safer, the EU needs to reinforce our bonds and become more powerful. That’s why it is now time to tackle the challenge of enlargement. Both for us in the EU and for our future member states. Yes, I believe this is how we should now call the countries with confirmed EU perspective, future member states. [...] To be credible, I believe we must talk about timing and homework. And I have a proposal. As we prepare the EU’s next strategic agenda, we must set ourselves a clear goal. I believe we must be ready - on both sides - to enlarge by 2030.” (Michel, 2023).

Fortunately, there is a very strong support in Western Balkans for joining the EU. The EU integration is considered an issue of highest strategic priority, which enjoys broad consensus among political parties and citizens. The prospective EU membership is perceived as a strong impetus for structural and institutional reforms that would contribute to country’s prosperity and sustainable development (e.g., Besimi and Monastiriotis, 2019).

The development model of the EU candidate countries must be geared towards accelerated, inclusive, and sustainable development through a considerable progress in the priority areas such as human capital formation, digitalization, social inclusion, infrastructure investment, etc. As presented in Figure 2, the third dimension – that will reinforce these processes – is the degree of European integration of the society and the economy.

Figure 2. Illustration of a Three-Dimensional Development Model for an EU candidate country



Source: Authors’ own design.

The European Union is not a destination but rather a journey. Democratic consolidation, high observance and protection of rights and rule of law, respect for multi-ethnicity and multiculturalism, freedom of movement of goods, capital and people, peace and security, development and prosperity are the common values that unite 450 million of citizens in 27 countries in a single and pacifistic union, single market, and economic superpower. However, the

EU membership is not a trophy at the end of the race, or as the EU Commissioner, Johannes Hahn, pointed out at the Skopje Economic and Financial Forum (SEFF) in 2023, “The EU is not a cash machine, an ATM. Joining the Union is also joining common values”. “Bringing Europe home before joining the EU” is the axiom arising therefrom, which remarkably captures the essence of the EU integration process – to take actions, while being guided by true values and goals, all to the end of creating a better future. Membership in the European Union is not our destination, but rather an approach to a “common journey” towards a better future, prosperity, and a higher living standard.

V. CONCLUSIONS

Western Balkans must seize the unique geopolitical momentum and the renewed enthusiasm for the next round of EU enlargement around 2030. Opening the EU accession negotiating chapters would be seen as the first important step to create a level of certainty that can guide the country’s short- and medium-term development strategy and have a positive impact on the political and socio-economic situation. The EU accession talks would focus the minds and resources of political elites on the specific conditions that the country needs to fulfill for the successful completion of individual chapters in the negotiation process.

A transformational development pathway (from a middle-income to a high-income economy) requires thinking beyond political cycles and designing coherent, integrated, and coordinated policies for accelerated, inclusive and sustainable growth. The reforms that are beneficial for a country’s prosperity are highly complementary with the EU integration agenda and the United Nations 2030 Agenda for Sustainable Development. Since these two agendas serve as powerful incentives for reforms, the authorities must strive to capitalize on their transformative power. A failure to implement the much-needed reforms – with or without the EU accession – may easily result in disappointment, resentment, and large-scale emigration, particularly of young people.

The approach to EU accession reforms and EU-related policies should include (but not be limited to) designing a clear roadmap, planning the accession dynamics, and focusing on implementation. Clear roadmap. It is of critical importance for the country to have a clear reform roadmap well before the early stage of the EU accession. This roadmap must include a comprehensive estimation of the implications (benefits, costs, and trade-offs) of a wide set of coordinated policy measures with emphasis on their sequencing and optimal pace. The availability of such estimates will equip the policy makers and economic agents with tools for well-informed decisions. This roadmap will also facilitate building a culture of transparency and evidence-based policies, for ex ante planning of the adjustment costs, by both the public and business sector. The timely and well-organized preparations should also increase the absorptive capacity and preparedness of society for the upcoming reforms.

Accession dynamics matters. The accession dynamics specific to each chapter plays a crucial role. The space for maneuver is more significant in those chapters that are more difficult to close. Even before the European Commission completes the clustering of EU negotiating chapters, action plans must be designed.

Implementation is extremely important. Any results in achieving sustainable development rely not only on adopting a legal framework such as the *acquis*, but also on dedicated implementation. The institutional capabilities and resources for implementation continue to be a major obstacle that must be carefully addressed if the Western Balkans are to reap the rewards of European integration.

Although the sentiment about joining the EU has varied throughout the years, the destination has remained the same over the past thirty years. Policy discussions are becoming increasingly geared towards accelerating the EU integration process, i.e., improving the economic performance, the social conditions, providing an efficient legal system, and promoting regional cooperation and connectivity. The three-year period that followed, i.e., multiple and overlapping crises, was not a challenge that policy makers, companies and citizens could neglect. Commitment to transparent, broad discussion and a holistic approach in the creation of new ideas and instructions about acting thereupon, has become a necessity.

The EU integration of Western Balkans is a ‘win-win’ game for both parties. On one hand, the EU would fulfill the dream of a truly united Europe, ensure prosperity on the continent, strengthens security and peace, and become a truly borderless union. On the other hand, the Western Balkans would improve rule of law and good governance, increase trade and financial integration, speed up income convergence, and strengthen democratic consolidation.

From an EU’s perspective, a closed-club strategy is not an optimal one. Even countries that were not strongly supportive of enlargement – such as Finland and Sweden - have markedly changed their sentiment. The citizens of the EU member states understand the new realities and the need for political and economic unity. Enlargement of the EU strengthens security and stability in Europe by promoting democratic governance, rule of law, and respect for human rights among member states. By offering membership prospects to countries in Eastern Europe, the EU signals its commitment to supporting their sovereignty, territorial integrity, and democratic development. In foreseeable future, there is no viable alternative to the EU integration for the Western Balkans. A prolonged EU integration would only result in a widening income gap between the EU member states and the aspiring countries. This would fuel large-scale emigration of both skilled and non-skilled individuals and their entire families. Net emigration would continue even in the scenario of an EU expansion, but it is expected to be of a smaller magnitude, as living standards would rise faster.

Opening access to conditional pre-accession funds and expertise will enable, and require, elites to tackle a number of persistent problems. There is a strong expectation that international trade integration and net inflows of Foreign Direct Investment (friend-shoring, in particular) would increase with the expectation of significantly reduced political risk, easier access to the common market and an improved regulatory framework.

The resulting consolidation of democracy and accelerated economic development over time would contribute to a reduction in socio-economic and regional inequalities. In a mirror image of dynamics expected in a pessimistic scenario of no integration, there is a widespread view that the EU integration would contribute to accelerated economic growth, inclusive prosperity, and sustainable development of the Western Balkans.

Obtaining a date for the opening of EU accession negotiations is seen as first important step to create a level of certainty that can guide countries’ short- and mid-term development strategy and have a positive impact on the political and socio-economic situation. Despite the lack of strong commitment on the next EU enlargement wave, Western Balkans must continue to implement development-friendly institutional and structural reforms.

References:

1. Aiyar, Shekhar; Jiaqian Chen; Christian Ebeke; Roberto Garcia-Saltos; Tryggvi Gudmundsson; Anna Ilyina; Alvar Kangur; Tansaya Kunaratskul; Sergio Rodriguez; Michele Ruta; Tatjana Schulze; Gabriel Soderberg; Juan P Trevino. 2023. *Geoeconomic Fragmentation and the Future of Multilateralism*. Staff Discussion Note, SDN/ 2023/001. Washington DC: The International Monetary Fund.
2. Bachtler, John, and Iain Begg. 2017. "Cohesion policy after Brexit: The economic, social, and institutional challenges." *Journal of Social Policy* 46 (4): 745–763. <http://eprints.lse.ac.uk/83499/>
3. Belloni, Roberto, and Marco Brunazzo. 2017. "After 'Brexit': The Western Balkans in the European Waiting Room." *European Review of International Studies* 4 (1): 21–38.
4. Besimi, Fatmir and Vassilis Monastiriotis. 2019. "The Role of EU Integration in Accelerating Structural Reforms in the Western Balkans: Evidence, Theory and Policy", LEQS Paper No. 140, January 2019, London School of Economics.
5. Börzel, Tanja A., and Bidzina Lebanidze. 2017. "'The Transformative Power of Europe' beyond Enlargement: The EU's Performance in Promoting Democracy in Its Neighbourhood." *East European Politics* 33 (1): 17–35. <https://doi.org/10.1080/21599165.2017.1280473>.
6. Bourguignon, Jiffer, Maria Demertzis, and Ekaterina Sprenger. 2022. "EU Enlargement: Expanding the Union and Its Potential." *Intereconomics* 57 (4): 205–8. <https://doi.org/10.1007/s10272-022-1063-4>.
7. Bruno, Randolph, Nauro Campos, and Saul Estrin. 2021. "The Effect on Foreign Direct Investment of Membership in the European Union." *Journal of Common Market Studies* 59 (4): 802-821. <https://onlinelibrary.wiley.com/doi/10.1111/jcms.13131>.
8. Campos, Nauro F., Fabrizio Coricelli, and Emanuelle Franceschi. 2022. "Institutional integration and productivity growth: Evidence from the 1995 enlargement of the European Union", *European Economic Review* 142 <https://doi.org/10.1016/j.euroecorev.2021.104014>.
9. Campos, Nauro F., Fabrizio Coricelli, and Luigi Moretti. 2019. "Institutional Integration and Economic Growth in Europe." *Journal of Monetary Economics* 103 (May): 88-104. <https://doi.org/10.1016/j.jmoneco.2018.08.001>.
10. Crespo Cuaresma, Jesus, Elke Loichinger, and Gallina A. Vincelette. 2016. "Aging and Income Convergence in Europe: A Survey of the Literature and Insights from a Demographic Projection Exercise." *Economic Systems* 40 (1): 4–17. <https://doi.org/10.1016/j.ecosys.2015.07.003>.
11. Dabrowski, Marek and Yana Myachenkova. 2018. "The Western Balkans on the Road to the European Union.", Policy Contribution, Issue no 4, Bruegel, Brussels, February 2018.
12. Dootalieva, Ayana and Nick Cohen. 2022. *European integration and disintegration : essays from the next generation of Europe's thinkers*. New York: Routledge, 2022
13. Economides, Spyros, Kevin Featherstone, and Tom Hunter. 2024. "The Changing Discourses of EU Enlargement: A Longitudinal Analysis of National Parliamentary Debates." *Journal of Common Market Studies* 62 (1): 168-185. <https://doi.org/10.1111/jcms.13484>.
14. Eurobarometer. 2023. *Public opinion in the European Union*. Standard Eurobarometer no 99. Spring 2023. Brussels: European Commission.
15. European Commission. 2023. *Regulation proposal for Reform and Growth Facility Western Balkans*. Brussels: Directorate-General for Neighbourhood and Enlargement Negotiations. 7 November 2023.
16. Franks, Jeffrey, Bergljot Barkbu, Rodolphe Blavy, William Oman, and Hanni Schoelermann. 2018. "Economic Convergence in the Euro Area: Coming Together or Drifting Apart?", IMF Working paper WP/18/10. Washington DC: The International Monetary Fund.
17. Heldt, Eugenia C., Elena Ríos Camacho, and Tony Mueller. 2024. "In Europe We Trust: Selecting and Empowering EU Institutions in Disruptive Circumstances." *Journal of European Integration* 46 (2): 235–55. <https://doi.org/10.1080/07036337.2023.2272037>.

18. Kaeding, Michael, Johannes Pollak, and Paul Schmidt. 2024. *Enlargement and the Future of Europe - Views from the Capitals*. Berlin: Springer.
19. Karjalainen, Tyyne. 2023. "EU Enlargement in Wartime Europe: Three Dimensions and Scenarios." *Contemporary Social Science*, 18 (5): 637-656. doi: 10.1080/21582041.2023.2289661.
20. Koch, Svea, Niels Keijzer, and Ina Friesen. 2024. "COVID-19 as a Critical Juncture for EU Development Policy? Assessing the Introduction and Evolution of 'Team Europe.'" *Journal of European Integration* 0 (0): 1–21. <https://doi.org/10.1080/07036337.2023.2299928>.
21. Michel, Charles. 2023. Speech by President Charles Michel at the Bled Strategic Forum. 28 August 2023. <https://www.consilium.europa.eu/en/press/press-releases/2023/08/28/speech-by-president-charles-michel-at-the-bled-strategic-forum/>
22. O'Brennan, John. 2014. "On the Slow Train to Nowhere? The European Union, Enlargement Fatigue, and the Western Balkans." *European Foreign Affairs Review* 19 (2): 221-241.
23. Prasad, Eswar S., Raghuram G. Rajan, and Arvind Subramanian. 2007. "Foreign Capital and Economic Growth." *Brookings Papers on Economic Activity* 1: 153-209.
24. Rapacki, Ryszard and Mariusz Próchniak. 2009. *The EU Enlargement and Economic Growth in the CEE New Member Countries*. Economic Papers 367, March 2009. Brussels: European Commission.
25. Stojčić, Nebojša, Perica Vojinić, and Zoran Aralica. 2018. "Trade Liberalization and Export Transformation in New EU Member States." *Structural Change and Economic Dynamics* 47 (December): 114–26. <https://doi.org/10.1016/j.strueco.2018.08.004>.
26. Taydas, Zeynep, and Cigdem Kentmen-Cin. 2017. "Who Is Afraid of EU Enlargement? A Multilevel Comparative Analysis." *Political Research Quarterly* 70 (3): 604-617.
27. Taylor, Andrew J. 2013. "The European Union and State Building in the Western Balkans." *Politics and Governance* 1 (2): 183-195. <https://doi.org/10.17645/pag.v1i2.99>.
28. UNRISD. 2020. *The Western Balkans, EU Accession, and the 2030 Agenda for Sustainable Development: Opportunities for Transformation*. Geneva: United Nations Research Institute for Social Development.
29. von der Leyen, Ursula. 2023. *Keynote speech by President von der Leyen at the GLOBSEC 2023 Bratislava Forum*. Retrieved from https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2993
30. Wunsch, Natasha, and Nicole Olszewska. 2022. "From Projection to Introspection: Enlargement Discourses since the 'Big Bang' Accession." *Journal of European Integration* 44 (7): 919–39. <https://doi.org/10.1080/07036337.2022.2085261>.