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Serbia's Road to EU Membership: Policy lessons from two decades of Eastern Enlargements

Master's thesis in European Studies

Supervisor: Michael J. Geary

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Abstract

EU enlargement is a rigorous but equitable process based on established criteria supplemented by a rich background of policy lessons learned from past experiences. The so-called "big bang" enlargement in 2004, followed by the accession of Bulgaria and Romania in 2007, and Croatia in 2013, offer such valuable lessons that allow to better support the efforts to strengthen the Union's enlargement policy, and to move forward with the accession process of the Western Balkans. Thus, this thesis analyses the policy lessons learned from past Eastern enlargements, and how they are shaping the pre-accession process of Serbia. To address the research question, the thesis relies on an evidence-based policy-learning across three policy domains: the economic and monetary policy, social policy and employment, and the rule of law policy.

The thesis concludes that the longer-term nature of the challenges faced by the new Member States, that integrated the EU during previous Eastern enlargements, underline the need to reaffirm the strong focus on the principle of "fundamentals first" in the context of Serbia's accession process. Building on the consequences of corruption in the public administrations, weak democracies, and lack of rule of law in previous Eastern enlargements, Serbia's accession process is and must be characterised by more rigorous conditionalities. This has manifested through more extensive monitoring, the introduction of interim benchmarks, and preventive and remedial sanctions. Finally, the analysis finds that the policy lessons from persistent economic and social challenges, notably high unemployment rates and low economic convergence in past Eastern enlargements, have resulted in a necessity for a more gradual integration into selected EU policies in the context of the Serbian pre-accession process.

Sammendrag

Utvidelsen av den Europeiske Union er en streng, men rettferdig prosess som bygger på etablerte kriterier og omfattende policy-læring fra tidligere EU-utvidelser. Den såkalte «big bang»-utvidelsen i 2004, fulgt av Bulgaria og Romanias innlemmelse i 2007, og Kroatias tilslutning i 2013, har gitt verdifull læring som bidrar til å forbedre Unionens utvidelsespolitikk og støtte Vest-Balkans tilslutningsprosess. Derav setter denne oppgaven søkelys på policy-læring fra tidligere EU utvidelser mot øst, og hvordan denne læringen har formet tiltredelsesprosessen til Serbia. For å besvare problemstillingen tar oppgaven for seg erfaringsbasert policy-læring på tvers av tre politiske domener: økonomisk politikk, sosialpolitikk, samt demokrati- og rettspolitikk.

Oppgaven konkluderer med at de langvarige konsekvensene av utfordringene nye EU-medlemsland har støtt på under tidligere østlige utvidelser, understreker betydningen av å prioritere demokratiske prinsipper i forhandlingene om Serbias tilslutning til EU. Analysen tar utgangspunkt i hvordan korrupsjon, rettsstatens kvalitet, og demokratiske standarder påvirket tidligere utvidelser. Derfor kjennetegnes Serbias tiltrædelsesprosess av strengere betingelser, som inkluderer omfattende overvåkning, implementering av foreløpige kriterier, og forebyggende samt korrigerende sanksjoner. Videre viser analysen at de politiske erfaringene fra langvarige økonomiske og sosiale utfordringer, spesielt høye arbeidsledighetsrater og lav økonomisk konvergens i tidligere utvidelser, nødvendiggjør en mer gradvis integrering av utvalgte EU-policies i Serbias utvidelsesprosess.

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List of Abbreviations

AA	Association Agreements
Acquis	Acquis Communautaire
CARDS	The programme of Community Assistance for Reconstruction, Development and Stabilisation
CEE	Central and Eastern Europe
CEFTA	Central European Free Trade Agreement
CPI	Corruption Perceptions Index
CVM	Cooperation and Verification Mechanism
EBRD	European Bank for Reconstruction and Development
EES	European Employment Strategy
EIB	European Investment Bank
EU	European Union
EMU	Economic and Monetary Union
ENP	European Neighbourhood Policy
EPSR	European Pillar of Social Rights
ERM	The Exchange Rate Mechanism
ESF	European Social Fund
ESRP	Employment and Social Reform Programmes
FDI	Foreign Direct Investment
FIDESZ	Hungarian Civic Alliance
GDP	Gross Domestic Product
HDZ	Croatian Democratic Union
ICTY	International Criminal Tribunal for the former Yugoslavia
IFI	International Financial Institutions
IMF	International Monetary Fund
IPA	Instruments for Pre-Accession
ISPA	Instrument for Structural Policies for Pre-Accession
JHA	Justice and Home Affairs
NATO	North Atlantic Treaty Organization
OMC	Open Method of Coordination
PiS	Law and Justice Party
SAA	Stabilisation and Association Agreement
SAP	Stabilisation and Association Process
SAPARD	Special Accession Programme for Agriculture and Rural Development
SGP	Stability and Growth Pact
SMER	Direction – Social Democracy
TFEU	The Treaty on the Functioning of the European Union
TA	Transitional Arrangements
US	United States

1 Introduction

"From the experience of the past we derive instructive lessons for the future."

- John Quincy Adams (March 4, 1825)

Since 1957, the European Union (EU) has been shaped through a series of enlargements, each characterised by unique challenges and valuable lessons, which have prompted constitutional changes and influenced the trajectory of European integration (Kerikmäe & Roots, 2013, p. 60). Furthermore, EU enlargement constitutes a pivotal tool for fostering long-term stability, peace, and prosperity across the continent. Membership in the EU represents a geostrategic investment towards achieving a robust, stable, and cohesive Europe, grounded in shared values and common goals (European Commission, 2023a, p. 2). The enlargement policy facilitates the integration of diverse countries under a unified regulatory and democratic framework, thereby enhancing regional unity and economic cooperation among Member States.

Confronted with the massive war along its borders, the EU is navigating an entirely new strategic environment (Casier, 2023, p. 31). The EU's response to the war in Ukraine has shown how important the Eastern dimension of external policy is for the EU and that this Easternisation of the EU has occurred precisely in the wake of the 2004 enlargement (Dubský, Kočí & Votoupalová, 2024). Consequently, the EU has resuscitated its enlargement policy to promote long-term stability and reconciliation in the Western Balkans, however; the societal and political structures in the region are largely influenced by either war or post-war conflicts and by the resulting nationalism (Dionysiou, 2023, p. 8). This has led to new debates on how the EU needs to reform its enlargement policy before proceeding to avoid causing paralysis in the EU's decision-making process.

The policy learning from the past enlargements, specifically the Eastern enlargements, has lent impetus to the efforts to move forward with the accession process of the Western Balkans, some of which have been pending EU membership for over two decades (Braniff, 2011, p. 11). Serbia, for instance, initiated efforts to align with EU standards during the Thessaloniki summit in June 2003. However, following the 2004 EU enlargement, Serbia was incorporated into the European Neighbourhood Policy (ENP), which aims to foster closer ties between the EU and its neighbouring countries (European Commission, n.d:a). A feasibility study conducted in April 2005 paved the way for Serbia to begin preparation for negotiations (Samardžić, 2015, p. 142). Despite substantial efforts by various governments to adhere to EU criteria, a European Partnership for Serbia was not formalized until 2008, outlining critical steps towards its application for EU membership, which was officially submitted in 2009. By March 2012, Serbia had been awarded the status of an EU candidate. Subsequently, in September 2013, the Stabilisation and Association Agreement (SAA) with the European Union took effect (European Commission, n.d:a). Nevertheless, Serbia's progression towards EU integration and membership continues to be impeded by internal challenges. Accordingly, incorporating Serbia inevitably requires the EU to reform itself and critically reassess its approach to enlargement through institutional reflexivity and policy learning.

The European Commission evaluates enlargement as a strict but fair process built on established criteria and lessons learned from the past (European Commission, 2015a, p. 2). Accordingly, the EU spent much of the previous decade committed to substantial internal reforms and the adoption of new treaties to facilitate the accession of new member states (Bergmann, Svendsen & Martinez, 2023, p. 3). This, however, must be contextualized, and to do so, we need to dwell on the development of the EU's enlargement policy, specifically, from the inception of the Eastern enlargements. Since 2004, the EU has admitted 13 new Member States¹, 11 of which were post-communist countries that had gained independence from Soviet hegemony or Yugoslavia between 1989 and 1991 (Epstein & Jacoby, 2014, p. 1). After the fall of communism, nearly every country in Central and Eastern Europe (CEE) pivoted towards the West, aspiring to join the EU and the North Atlantic Treaty Organization (NATO). The EU's allure came from its combination of stability, prosperity, security, and personal freedoms (Grabbe, 2014, p. 1). The EU offered a fast track to this form of government by providing models for new policies and institutions, alongside profound political engagement, trade, investment, and financial assistance. In comparison, the United States (US) functioned as an important source of inspiration and support for post-communist transition, specifically by offering access to NATO membership (Grabbe, 2014, p. 1). Nevertheless, the EU had the deepest impact on domestic policies, institutions, and expectations of the societies transitioning from communism after 1989, unravelling social norms, identity formation, and material incentives.

The "big bang" enlargement of 2004, followed by the accession of Romania and Bulgaria in 2007, has profoundly altered the way the EU operates. The historic enlargement of the EU from fifteen to twenty-seven members represents the culmination of a prolonged accession process leading that reunified a continent once divided for half a century by the Iron Curtain and the Cold War (EUR-LEX, 2007). Furthermore, evidence indicates that the EU has coped well with its growing membership, with the 2004 enlargement notably benefiting all member states. Conversely, the 2013 enlargement was a historic moment in many senses: Croatia was the second ex-Yugoslav country to join and the first that had been deeply embroiled in the terrible wars of the 1990s (Grabbe, 2014, p. 2). The focus of these past enlargements was mainly on the core requirements for EU membership, the so-called Copenhagen criteria. Negotiations are conditional on compliance with the three accession criteria, including: (1) democracy, (2) market economy, and (3) *Acquis Communautaire (Acquis)* (Breuss, 2002, p. 245). Put differently, Grabbe (2014, p. 2) argues that the Copenhagen criteria emphasize the ability to take on the obligations of membership and to ensure that the countries can participate in a common market, a shared budget, and EU policies.

However, the limits of EU influence on political culture during the past enlargements of 2004 and 2007 are now becoming evident. Notably, in Hungary, Poland, Bulgaria, and Romania, there has been a regression from several EU-inspired accession reforms alongside the rise of populist xenophobic politics (Grabbe, 2014, p.2). The reforms they had to go through to switch from a planned Soviet-like economy to a West-like market

¹ On 1st of May 2004, ten new countries joined the EU – referred to as the "big bang" enlargement. Eight Central and Eastern European countries: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia. Two Mediterranean countries: Cyprus and Malta. On January 1st, 2007, two additional Central and Eastern European Countries became members of the EU: Bulgaria and Romania. Lastly, on July 1st, 2013, Croatia, the second former Yugoslavian country, accessed the EU (European Commission, n.d:b)

economy were extremely disruptive for some socio-economic groups. However, the promise that membership would come when the CEE countries fulfilled the Copenhagen Criteria was important in their domestic politics (Baldwin & Wyplosz, 2022, p. 22). Ultimately, the EU Eastern enlargement in 2004, followed by the accession of Bulgaria and Romania in 2007 and Croatia in 2013, represents a significant advancement in the process of European integration, serving as a catalyst for economic and political transformations. Nevertheless, in each round of enlargement, the EU has refined its approach to accession, drawing on valuable lessons to enhance the process for subsequent enlargement (Vachudova, 2014, p. 124). Accordingly, in addressing the accession of the Western Balkans, the EU Member States and institutions have leveraged the policy learning from the Eastern EU enlargements of 2004, 2007, and 2013.

In this context, enlargement emerges as a strategic imperative, demonstrating greater efficacy than alternatives like the ENP; however, it also presents substantial opportunities for enhancement (Anghel & Jones, 2024, p. 5). Consequently, the main objective of the thesis is how policy learning from the past Eastern enlargements has shaped the accession process of the Western Balkans, specifically the accession process of Serbia. Serbia is the largest country in the Western Balkans, and its significance to the EU is multifaceted. Serbia contributes to migration controls and strategic economic cooperation. However, the relations between Serbia and the EU have passed through troubled times (Barber, 2024). Serbia, the front runner in the EU accession process, holds the key to providing peace and stability to the entire region. However, the conflicts experienced in Serbia are diverse in nature, with hostilities ranging from local to national, from ethnic to political, and from intra-state to inter-state (Becker, 2020, p. 10). These conflicts continue to have significant legacies, as they are ethnically charged and growing regional conflicts that are difficult to control (Braniff, 2011, p. 10). Furthermore, within the framework of the EU accession process, Serbia has failed to control corruption yet managed to advance along the path to EU integration (Soyaltin-Colella, 2023, p. 1311). Moreover, the Western Balkans have recently become a battleground for geopolitical rivalry among Western nations, Russia, and China. Nevertheless, Serbia is distinguished in its region for exhibiting deficiencies akin to those the EU has criticised in Hungary, the Union's most errant member (Barber, 2024). Similar to Orbán, Serbian president Vučić adopted a form of strongman rule imbued with cultural conservatism while seeking to leverage its relationships with Russia and China to exert pressure on the EU.

Nevertheless, a significant turning point in Serbia's accession efforts was marked by Kosovo's unilateral declaration of independence in 2008 and its subsequent international recognitions (Samardžić, 2015, p. 152). Since then, all central measures adopted in Serbia's accession process have had one principal object: a gradual renunciation of Kosovo. However, Serbian nationalism played a pivotal role in the Yugoslav Wars of the 1990s and continues to significantly impact regional power dynamics (Barber, 2024). This sense of nationalism makes Serbia less inclined to settle disputes with Kosovo. Furthermore, Becker (2020, p. 9) argues that should the EU fail to facilitate a lasting peace agreement between Serbia and Kosovo, it risks undermining its credibility within the Western Balkans and diminishing its influence in the enlargement process.

Following these justifications, Serbia is selected as the object of this study. Considering the policy lessons from past Eastern enlargements, this thesis analyses how the policy lessons are shaping the pre-accession process of Serbia. The central question that will guide the research is the following:

What policy lessons has the EU learned within the domains of economic, social, and judicial policies in the interval between the 2004 enlargement and the accession of Croatia in 2013, and to what extent are these lessons shaping the pre-accession process of Serbia?

The prospect of EU membership exerts a profound transformative influence on Serbia, promoting substantial changes in democratic, political, economic, and societal dimensions (European Commission, 2015a, p. 2). Therefore, this thesis examines the role of policy learning within three specific policy domains: economic and monetary policy, social policy and employment, and the rule of law, which are guided by the principle of EU conditionality. Addressing these fundamental policies is key to meeting the Copenhagen membership criteria. The rule of law is a fundamental value on which the EU is founded and is at the heart of the accession process (European Commission, 2015a, p. 5). Reforms in this policy domain are particularly important in the context of Serbia, where authoritarian tendencies and nationalist sentiments obstruct the advancement of democracy. Furthermore, significant anti-corruption reforms are crucial to Serbia's pre-accession process. Robust anti-corruption reforms will secure democratic institutions, stimulate economic growth, and significantly improve the socio-economic conditions for the citizens of the region (European Commission, 2015a, p. 9). Furthermore, the rule of law and economic development can be seen as two sides of the same coin. Strengthening the rule of law increases legal certainty, encourages and protects investment, and contributes significantly to supporting economic development and competitiveness (European Commission, 2015a, p. 5). Simultaneously, economic policy reforms are crucial to ensure the alignment of the new member states with common aims and responsibilities to have a functioning market economy and the ability to cope with the competitive pressure of the EU market. Lastly, Milotoy (2020) states that robust social policy reforms can reduce disparities in wealth, education, and labour markets. Such reforms are likely to strengthen Serbia's labour force, which will positively impact economic growth within both Serbia and the EU.

In the existing scholarly literature on the EU's enlargement of the Western Balkans, few assess the individual countries of the region. The Western Balkans share historical, cultural, and geopolitical ties. However, in terms of ethnicity, religion, historical trajectories, political systems, economic development, and their paths to EU membership, the countries are significantly diverse (Bagheri, 2022, p. 105). Thus, analysing how lessons from the respective policies in past Eastern enlargements have shaped the pre-accession process of Serbia, can provide insight into the rationale behind past policy implementations, the policy's effects, and how the policy could apply in the current enlargement process of Serbia. This understanding is crucial for devising strategies that prevent potential paralysis in the EU's decision-making once Serbia potentially obtains its EU membership.

1.1 Literature Review

In general, a significant amount of research on policy learning from past Eastern enlargements between 2004-2014 targets conditionality (Hill & Vanhoonacker, 2023; Börzel et al., 2017; Cemalović, 2020; Papakostas, 2012). For instance, not every country that joined in the 2004 enlargement implemented the membership conditions to the same standard. The strategic requirements favouring enlargement and resolving the

exclusion predicament trumped the consistent application of conditionality (Hill et al., 2023, p. 296; Gateva, 2015). Furthermore, Papakostas (2012, p. 226) explains that the EU's supranational instruments lacked effective benchmarks for assessing Member States or instruments for securing and promoting implementation. Barrilon (2020), for his part, argues that the case of Hungary demonstrates the EU's lack of leverage after a country's accession, specifically in context of the rule of law.

Regarding the social and economic policy domains, Sedelmeier (2014) highlights issues with migration and high unemployment rates from the new Member States. The issues have certainly become much more salient since the 2007 enlargement. Firstly, the sizeable income differentials which existed in the pre-enlargement period sparked concerns about significant mobility flows from CEE countries (D'Auria, McMorrow & Pichelmann, 2008; Lammers; 2004; Vargas-Silva, 2011). Discrimination and inequality among minorities were also significant issues in the social and economic policies of previous Eastern enlargements (Tomić, Rubil, Nestić, & Stubbs; Vasilescu, 2019; Cameron, 2004). The scholarly literature on the economic and monetary policy mainly examines the pressure on new member states, economic stagnation, and changing labour market patterns after the 2004 enlargement (Dandashly & Verdun, 2018; Vachudova, 2014) The level of wealth in the ten new member states was far below the EU average, especially in Latvia. Nonetheless, for several years, after the transition to market economy, many of the CEECs saw considerably higher growth rates than the EU average (Thomsen, 2004, p. 26). This resulted in some new member states to the second stage of EMU integration, participation in ERM II². The countries which accede to the EU commit themselves to adopting the euro at a later date. There is no "opting out" (Rempesberger, 2001, p. 4). However, fiscal consolidation has been a challenge for most of the new Member States, particularly Poland and Hungary. Moreover, some of the new member struggled with low economic growth and high external imbalances which resulted in investment suffering after the financial crisis in 2009 (Dandashly & Verdun, 2018; Andor, 2019; Radulescu, 2017). Furthermore, International Monetary Fund. European Dept. (2017) argues that the detrimental impacts of inadequate checks and balances and corruption, particularly in the economic sector, significantly affected Hungary, Poland, and Romania during the Eastern enlargements.

The Copenhagen criteria established in 1993 did not address corruption (Papakostas, 2012). Consequently, in the wake of the EU enlargements in 2004 and notably 2007, justice reforms and anticorruption policies, were primarily seen as having been carried out too rapidly and without adequate preparation (Balfour & Stratulat, 2012; Kmezić, 2015; Börzel et al., 2017). Bechev (2020, p. 3) claims that the fight against corruption and the overhaul of the judicial systems in Bulgaria and Romania have only delivered partial results. Hence, Vachudova (2014) argues that the Cooperation and Verification Mechanism (CVM) was established upon accession of Romania and Bulgaria to the EU in 2007 to remedy certain shortcomings that existed in both countries, in the areas of judicial reform and the fight against corruption, and, concerning Bulgaria, the fight against organised crime (Gallagher, 2009; Wahl, 2023). The existing literature specifies that policy learning from the 2004 and 2007 enlargements have led the EU to conclude that conditionality should be applied more strictly in the subsequent enlargements (Hill et al., 2023, p. 296; Gateva, 2015). Furthermore, scholars argue that for future

² **ERM II:** ERM II provides the framework to manage the exchange rates between EU currencies and ensures stability. Successful participation in ERM II is one of the convergence criteria, and an important milestone towards adopting the euro (European Commission, n.d:c).

enlargements, the EU should prioritize a "fundamentals first" approach, emphasizing policies regarding the rule of law, safeguarding fundamental human rights, strengthening public administration capacity, and enhancing economic governance.

The academic literature on the accession process of Croatia mainly emphasizes 3 lessons: (1) the necessity of an increased focus on the rule of law and anticorruption reforms. (2) the need to tackle bilateral disputes at an early stage of the accession process, and (3), the importance of completing economic and structural reforms prior to enlargement (Kmezić, 2015; Hill et al., 2023). Nevertheless, much of the examined scholarly literature on past Eastern enlargement focuses on the flaws and deficiencies. Conversely, various academics assert that the main effects of Eastern enlargement on the EU – in terms of the functioning of decision-making and compliance with EU law – have not been negative (Braniff, 2009). For instance, Sedelmeier (2014) states that the impact of enlargement on the decision-making capacity of the EU finds no evidence that the decision-making machinery has become paralysed. Wallace (2007) and Sedelmeier (2014) suggest that past enlargements have not impaired the EU's ability to devise new policies, nor its conflict-solving capacity. In essence, the academic publications assert that functioning of the EU post-enlargement is signified by gradual adaptation rather than complete transformation.

The Renewed Consensus on Enlargement – Serbia path to EU membership

Various academic scholars argue that the enlargement of 2004 strongly inspired in launching ENP. Tulmets (2007) explains that the ENP builds upon existing contractual instruments for enhancing political dialogue, trade relations, financial assistance, and cooperation on Justice and Home Affairs (JHA). However, the context of EU enlargement and the Neighbourhood policy is not the same: The ENP does not offer any perspective for accession (Tulmets, 2007). Pollack (2009) & Melo (2014) argue that the idea of a single set of standards and procedures that could be applied across the board to the entire neighbourhood has proven unworkable for the EU. Nevertheless, Elbasani (2008) states that the SAP has borrowed most of its instruments from the 2004 enlargement framework.

The effectiveness of the ENP and the diffusion of the EU's impact beyond candidate and potential candidate countries have expanded the debate on the mechanisms and effectiveness of the EU's influence (Laursen, 2013). Thus, recent literature emphasizes the importance of EU enlargement towards the Western Balkan (Hill et al., 2023; Becker, 2020; Cemalović, 2020). There is a consensus in the revised literature that the biggest hurdle on Serbia's path to the EU is its non-recognition of Kosovo's statehood. More than that, tensions between Serbia and Kosovo have recently increased (Nezirović, Živko, Durmišević & Hodžić, 2022, p. 43). For instance, Cucić (2023) states that, only in the case of Serbia, numerous obstacles to becoming an EU member state show that it is not sufficiently prepared for that role. These obstacles are clearly defined in chapters dedicated to Judiciary and fundamental rights, and Justice, Freedom, and Security.

Conversely, Serbia still requires ambitious economic reforms. Hence, economic publications on the accession of Serbia concentrate more on structural policies that improve budget, growth, and labour market flexibility through the Stabilisation and Association Process (SAP) and IPA III (Lilyanova & Svášek, 2018; Uvalić, 2019). Academic literature on the social policy and employment in Serbia's accession process is

primarily focused on labour law, specifically on equality and anti-discrimination of minorities. Essentially, the existing literature emphasizes monitoring mechanisms and re-focus the use of the IPA mechanisms (Mišćević & Mrak, 2017). This allows the EU to move towards more targeted assistance and ensuring efficiency. Nevertheless, there is a joint agreement among the reviewed literature that in this accession process, there are no guarantees, and there are many obstacles, both objective and political (Laursen, 2013; Teokarevic, 2011; Hill et al., 2023). It is already clear that Serbia has an even longer and more difficult path to accession than previous Eastern enlargements.

This dissertation will predominantly align with the arguments presented by Hill et al., (2023), by drawing on the objective of conditionality in the EU accession process. It will also employ on the arguments made by Balfour et al., (2012), Sedelmeier (2014), Kmezić (2015), Gateva (2015), Hill et al., (2023), and Kmezić & Bieber (2017). While several of these publications draw lines between policy learning from past enlargements and the current accession process of the Western Balkans, few, if any, have conducted a comprehensive policy discourse analysis of policy change and continuity in the accession process of Serbia. Furthermore, none have explicitly examined the policy learning from past Eastern enlargements in social policy, monetary and fiscal policy, and judiciary and fundamental rights policy collectively, nor have they explored how these lessons are implemented in Serbia's path to EU membership. This study will contribute to filling this gap in the literature by performing a policy discourse analysis that focuses on evidence-based policy-learning of policy change and continuity, drawing on both qualitative and quantitative data to analyse the policy learning. It also aims at identifying to what extent this policy learning is shaping the accession process for Serbia.

1.2 Methodology

To analyse how policy learning from the past is shaping Serbia's pre-accession process, a deeper understanding of the root causes of economic, social, and judicial challenges experienced in previous Eastern enlargements is crucial. Accordingly, the methodology of this thesis is predicated on a policy discourse analysis that focuses on evidence-based policy-learning within the EU's enlargement framework, particularly concerning conditionality and policies in the economic, social, and judicial domain. Moreover, evidence-based policy-learning is a valuable tool to improve policymaking in the pre-accession process of Serbia. Hence, drawing on lessons from previous Eastern enlargements, this thesis aims to analyse the effectiveness of policies implemented to address challenges encountered during and subsequent to these enlargements. Given the importance of assessing policy learning in EU enlargements within a broad and dynamic context, this analysis employs a three-dimensional approach for each Eastern enlargement from the 2004 expansion to the accession of Croatia in 2013. This approach specifically addresses (a) the challenges encountered, (b) the lessons derived, and (c) the changes or continuity in EU policy with respect to Serbia's pre-accession process.

The aforementioned three-dimensional approach will be systematically implemented across the following chapters of the *acquis*, each representing one policy domain: Chapter 17: *Economic and Monetary policy*, and Chapter 19: *Social Policy and Employment*. Both chapters are covered in cluster 3 in the revised enlargement methodology: *Competitiveness and inclusive growth* (European Commission, 2022). Furthermore, the thesis will analyse policy learning in Chapter 23: *Judiciary and*

Fundamental Rights, and Chapter 24: *Justice, Freedom, and Security*. The chapters belong to cluster 1 in the revised enlargement methodology (European Commission, 2022). The segmentation of chapters 23 and 24 is relatively recent, prompted by Croatia's accession, which necessitated a reorganisation of the EU acquis chapters. Hence, this thesis will merge Chapters 23 and 24 into a single chapter in Section 2 as the components of Chapter 23 and Chapter 24 were outlined in one chapter in the 2004/2007 enlargement of the EU.

Empirically, by focusing on policy reforms in Serbia, and relating this case to the broader context of European integration and enlargement, this thesis contributes to an understanding of contemporary politics in Southeast Europe and the EU. However, it is important to consider that the pre-accession process of Serbia is dynamic and currently subject to various internal and external factors that shape its pace, direction, and outcomes over time. Hence, the analysis of Serbia's accession process will be based on its current stage in the pre-accession process.

The thesis will be an empirical analysis examining primarily qualitative data to address the research questions. Quantitative data, presented as statistics, will complement and expand on the qualitative data, offering a more comprehensive understanding of the policy learning, and how these lessons contribute to political developments in the pre-accession process of Serbia. Furthermore, a range of primary sources will be examined, considering the limitations in terms of data availability. Primarily, official EU documents from the commission, these reports provide an in-depth analysis of Communication on EU Enlargement policy. This first-hand literature is crucial for analysing the policy learning. Parliamentary debates and press releases from European institutions, along with newspaper articles primarily about Serbia, will enrich the analysis further. Simultaneously, a significant part of this thesis will build on secondary sources in the form of academic articles and books, primarily in examining challenges and policy-learning in the interval between the 2004 and 2007 accession of the EU10³ and EU2, and the accession of Croatia in 2013.

The thesis is structured into six chapters. The introductory chapter establishes the relevance of the research and previous literature on policy learning in the EU enlargement process. Additionally, the chapter has presented the method, objective, and the research question. After the introductory chapter, chapter two presents the policy lessons in the chosen policy domains in the interval between the 2004 enlargement and the accession of Croatia in 2013. This chapter will predominantly focus on the first section of the research question. Thus, the chapter will analyse the challenges encountered and the lessons derived from the previous Eastern enlargements. Chapter three analyses the objective of conditionality in the accession process and further elaborates upon the revised enlargement methodology. Moreover, chapters four and five will elaborate upon the second part of the research question: to what extent are these lessons shaping the pre-accession process of Serbia. To clarify, chapters four and five will address the selected policy domains from the same cluster in the acquis. The focus in these chapters is very much on the renewed consensus on enlargement, and an analysis

³ This dissertation refers to the member states that joined the EU in the "big bang" 2004 enlargement as the EU10. The EU2 indicates Bulgaria and Romania who attained their EU membership in 2007. EU15 addresses the "old" member states: Belgium Denmark, Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Spain, the United Kingdom, and Sweden.

of compliance. This subsequently leads to a concluding chapter, which is followed by limitations of the study.

2 Lessons from the Eastern EU Enlargements in Perspective

This chapter aims to present and examine the social, economic, and judicial challenges encountered during the accession processes from the 2004 EU enlargement to the accession of Croatia in 2013. It will further elaborate upon the policy lessons that the EU has discerned from these challenges across the aforementioned policy domains. Accordingly, this chapter addresses the first part of the research question. To recapitulate, the first section of the research question asks what policy lessons the EU has learned within the domains of economic, social, and judicial policies in the interval between the 2004 enlargement and the accession of Croatia in 2013.

The analysis is structured in a chronological sequence of enlargements and unfolds how the EU has progressively refined its accession strategy. The structure of the chapter is aligned with the order of the chapters of the Acquis. Specifically, section 2.1 analyses Chapter 17: Economic and Monetary Policy. Secondly, section 2.2 illustrates and examines Chapter 19: Social Policy and Employment. Thirdly, section 2.3 evaluates chapters 23 and 24: Rule of Law. This systematic approach not only illustrates the evolution of EU policies but also ensures a comprehensive understanding of the accession dynamics of the previous Eastern enlargements.

2.1 Economic and Monetary Policy

The Treaty on the Functioning of the European Union (2012, p. 96) lays down the structural, procedural, and financial foundations of EU policies, including those related to economic and monetary policy. Through this policy, the EU closely coordinates the economic policies of its aspiring member states within the internal market and aligns them with the common objectives of the single currency. In accordance with the TFEU - particularly Article 119 - chapter 17: Economic and monetary policy is addressed in the Acquis Communautaire (European Commission, n.d:d): *The acquis in the area of economic and monetary policy contains specific rules requiring the independence of central banks in Member States, prohibiting direct financing of the public sector by the central banks and prohibiting privileged access of the public sector to financial institutions.*

2004 Enlargement of the European Union: EU10

The EU, currently encompassing 450 million inhabitants, holds an economy approximately equivalent in scale to those of the US and China (Bergmann et al., 2023, p. 3). This underscores the success of the 2004 enlargement, which contributed substantially to the unification of Europe, notably through the integration of the single market and the expansion of the EMU. Hence, Braniff (2009, p. 547) argues that some lessons learned from previous accessions must be based on positive experiences. For instance, Bergmann et al. (2023, p. 14) state that contributing to the significant economic growth was the adoption of sound economic policies, including a deep

economic reform in 1990–91; the rapid establishment of political and economic institutions, efficient restructuring of foreign debt, and a transparent privatisation process.

The onset of economic growth and competitiveness in some CEE countries can also be linked to the signing of the Central European Free Trade Agreement (CEFTA) in 1992. The old framework of the Southeastern trade agreement is argued to enable its members to enter the EU more easily and thus served as an instrument of EU accession for Hungary, Poland, Slovakia, and Czech Republic (Krizmanić, 2007). Furthermore, the enhanced pre-accession strategy launched in 1997, complemented by the Agenda 2000⁴, and four financial assistance instruments⁵—the Phare programme, the Instrument for Structural Policies for Pre-Accession (ISPA), the Special Accession Programme for Agriculture and Rural Development (SAPARD), and the Community Assistance for Reconstruction, Development, and Stabilisation (CARDS) programme—substantially facilitated economic growth in the economically lagging CEE countries during their pre-accession process to the EU (Koeth, 2014, p. 3). Consequently, the fifth round of EU enlargement demonstrated the effectiveness of EU structural funds in promoting economic convergence among the CEE countries. Notably, Poland is often cited as an exemplar of economic success within the EU, having achieved substantial economic growth since its accession in 2004. According to Statista Search Department (2024), the country's gross domestic product (GDP) grew nearly eightfold between 1990 and 2018.

After accession, New Member States need to comply with set criteria to join the ERM II and achieve the convergence criteria necessary to adopt the euro. However, the decision regarding the timing of adoption is often treated as a domestic matter (Dandashly & Verdun, 2018, p. 386). Slovenia successfully adopted the euro on January 1, 2007, fulfilling all official criteria for entry into EMU as the first new Member State from the 2004 enlargement (Páleník & Šikulová, 2007, p. 22). Latvia, despite facing a substantial financial downturn from the financial crisis, adopted the euro in 2014. Conversely, Hungary, characterized as a strong candidate during its pre-accession process, was severely impacted by the financial crisis and has yet to meet the Maastricht criteria (Páleník & Šikulová, 2007, p. 22). The contrasting experiences of Hungary and Latvia with the ERM II and their subsequent accession to the EMU offer valuable lessons for future enlargements. Successful integration into the EMU and the adoption of the common currency are fundamentally dependent upon the rigorous implementation of the Maastricht criteria, political stability, and the commitment of national governments to undertake economic reforms. This principle was illustrated by the the strong commitment of Latvia to adopt the common currency. Conversely, the regress of economic reforms in Hungary was significantly influenced by domestic factors. Specifically, the deteriorating fiscal conditions and political issues between 2002 and 2006 undermined the credibility of the Hungarian government, ultimately leading to the abandonment of its objective to adopt the euro by 2010 (Dandashly & Verdun, 2018, p. 393). Furthermore, the parliamentary elections of 2010 and 2014, resulting in victories for the Hungarian Civic

⁴ **Agenda 2000**: Agenda 2000, included the financial perspective for 2000-2006, aiming to secure the necessary resources to finance the enlargement of the CEECs who were poorer and more agrarian than the average EU incumbent nation (Delasnerie, 2023).

⁵ **Phare Programme**: was a structural fund designed to support institution building measures and associated investment in candidate countries. **ISPA**: aimed to enhance economic and social cohesion in the applicant countries by dealing with large-scale environmental and transport infrastructure projects in candidate countries. **SAPARD**: supported agricultural and rural development in candidate countries. **CARDS**: aimed to support the participation of the Western Balkans in the SAP (European Commission, n.d.:e).

Alliance (FIDESZ), led to an escalation in populist campaigning, thereby complicating the consistent pursuit of policies aimed at adopting the euro.

Building on this evidence, Latvia also demonstrated a notably more effective utilization of the EU's financial support following the fiscal shock from the financial downturn in 2009, in comparison to Hungary. Both Member States received significant multilateral financial assistance through the balance of payments programme, with Latvia allocated €7.5 billion and Hungary €20 billion (European Commission, n.d:f). The reform programme in Latvia successfully enabled both external and internal adjustments, thereby stabilising the economy, and restoring economic policy credibility (European Commission, n.d:g). Conversely, Hungary encountered less success due to its vulnerability to fluctuations in global and regional financial markets. Austers (2014, p. 229) argues that this distinction can largely be attributed to Latvia's determination to overcome economic hardships after the financial crisis in a decisive manner to restore competitiveness and market confidence through severe comprehensive austerity measures.

In recent times, Hungary has increasingly relied on the EU cohesion funds⁶ due to rising inflation, slow economic growth, and growing budget and trade deficits (European Commission, 2023b, p. 35). This dependence can largely be attributed to incomplete judicial reforms and ongoing political instability (International Monetary Fund. European Dept., 2017, p 64). Notably, the Hungarian populist party, FIDESZ, regards the state and the economy as mechanisms for advancing party-political interests. Furthermore, concerns remain about judicial independence, the anticorruption framework, and the quality of law-making, which have an additional bearing on the business environment in Hungary (European Commission, 2023b, p. 6). Put differently, Hungary exemplifies how deficient reforms of the judicial systems and political instability can trigger a decline in their functioning market economy as corruption reduces transparency and distorts the operation of a Single European Market (Rose, 2008, p. 260). These issues underscore the urgent necessity for stricter measures to prevent and control conflicts of interest and corruption. Thus, the European Commission (2023b, p. 10) states that conditionality, in the form of incentives for reforms, must be applied more rigorously to enhance the quality and transparency of decision-making processes and to ensure a more systematic involvement of stakeholders.

Nevertheless, the shifting dynamics within the EU have shaped the approach to enlargement throughout the past two decades of Eastern Enlargements. For instance, the financial crisis from 2009 has profoundly altered the EU's enlargement policy. Poland was not alone in witnessing rapid economic growth following its transition to a market economy. Other new member states, such as Slovakia, Latvia, and Estonia, similarly experienced substantial economic growth following their EU accession. As identified by Thomsen (2004), the level of wealth in the ten new member states was significantly below the EU average. At the point of its accession in 2004, Latvia recorded the lowest GDP per capita among the accession countries, approximately 55% beneath the average of the EU15. Nevertheless, following accession, Latvia experienced robust growth during its economic catch-up period; the average annual growth rate between 2004 and 2007 was 10.3% (Cepilovs & Muižniece, 2016, p. 14). Latvia's account deficits remained high throughout the convergence period, exceeding 20% of GDP by 2007 (Deroose, Flores,

⁶ Cohesion policy funds include the European Regional Development Fund, the Cohesion Fund, European Social Fund, and the Youth Employment Initiative (European Commission, 2023, p. 35).

Giudice, & Turrini, 2010, p. 3). Nevertheless, the rapid integration benefitting the old and the new EU Member States, has concurrently exposed vulnerabilities arising from weak institutions, structural rigidities, weak productivity growth, and insufficient policies to address asset price booms. These vulnerabilities were further magnified by the financial crisis. Latvia's economic reforms, facilitated by the EU's technical and financial assistance prior to its accession, coupled with the EU's investment in Latvian infrastructure, were proven to be inadequate when confronted with the financial crisis of 2009 (Cepilovs & Muižniece, 2016, p. 20). While Poland managed to escape the financial downturn in 2009, the Baltic States, among others, experienced a double-digit contraction (Andor, 2019, p. 19). This evidence casts doubt on the absolute success of the EU10 integration, as it revealed significant shortcomings in the reforms implemented by CEE countries prior to their EU accession (Laeven, Igan, Claessens, & Dell'Ariccia, 2010, p. 1). Consequently, a valuable policy lesson derived from Latvia's experience highlights the imperative to undertake substantial structural reforms prior to joining the EU. These reforms are essential to sustain the swift convergence of incomes and to mitigate the escalating macroeconomic and financial imbalances that culminated in a pronounced boom-bust cycle.

The financial crisis of 2009 also highlighted significant vulnerabilities in the EU's regulatory framework, underscoring deficiencies in macroeconomic policies as well as in the regulation and supervision of banking and non-banking institutions (Laeven, Igan, Claessens, & Dell'Ariccia, 2010, p. 1). Consequently, this has prompted concerns regarding the EU's capacity to manage further enlargement. An enlarged EU also carries more weight when addressing issues of global importance, such as an international financial crisis (European Commission, 2008, p. 2). Essentially, the financial crisis underscored the necessity of a more profound integration within the EU as the financial downturn emphasized the asymmetry between the centralized monetary union and decentralized fiscal policy. Thus, an important lesson from the financial crisis, as evidenced by the new member states, was the need to reform the EU's monetary framework to mitigate risks to the single market prior to future enlargements involving weaker economies. In response, economic governance was reformed, notably by reforming the Stability and Growth Pact (SGP), which mandates that EU countries maintain prudent fiscal policies and coordinate their financial strategies (European Commission, n.d:h). Nevertheless, drawing from the lessons learned during the 2004 enlargement, particularly the challenges associated with weak public finances, external imbalances, and financial instability in Hungary and Latvia, it is evident that the EU's enlargement strategy directed towards the Western Balkans must place a greater emphasis on economic governance in the pre-accession process. This necessitates a joint effort to intensify reforms aimed at meeting economic criteria and enhancing competitiveness.

2007 Enlargement of the European Union: EU2

The economic integration of Bulgaria and Romania into the EU has markedly spurred growth and development in these countries over the past two decades. Between 2001 and 2007, GDP per capita in both countries increased at a rate more than five times faster than the average in the Euro Area, primarily due to the pre-accession instruments that enhanced substantial capital inflows with spill-over effects on the labour factor (Radulescu, 2017, p. 9). These instruments were complemented by the substantially enlarged and modern CEFTA that was signed in 2006 (CEFTA, n.d). However, shortly

after EU accession, total factor productivity in Bulgaria and Romania did not improve. This relatively slower development of Bulgaria and Romania compared to the CEE countries was attributed to institutional legacies, initial socioeconomic conditions, and domestic political decisions (Noutcheva and Bechev, 2008, p. 139). For instance, economic convergence in the 2004/2007 enlargement was not necessarily coupled with social convergence. Consequently, great imbalances developed as capital flowed largely from West to East, while workers went mainly from East to West (Andor, 2019, p. 19). Thus, the new member states are faced with an ageing and rapidly shrinking population, with young people migrating in search of work, and the large impact this demographic change has on rural areas (European Commission, 2023:d, p. 1). Drawing from the lessons of the 2004 and 2007 enlargements, it is crucial to address the East-West imbalances and develop new strategies to enhance productivity growth. Enhancing cohesion and convergence through the strategic use of conditionalities is essential to elevate living standards and fortify the economic sphere within the EU.

The Bulgarian and Romanian economies were weaker than the EU10 upon their accession. Despite their efforts, the Balkan Duo remains to be the laggard in terms of development in a period with unprecedented challenges for the EU (Radulescu, 2017). Furthermore, the shortcomings of the structural reforms in the transition years provided ample opportunities for clientelism, state capture, and corruption in Bulgaria and Romania. This was particularly evident in Romania's post-communist privatizations which contributed to the emergence of political and business elites who resisted reforms to the judiciary and protection of property rights (International Monetary Fund. European Dept., 2017, p. 50). Hence, the effectiveness of the EU's transformative power emerged as a prominent debate following the 2007 enlargement. The sense of unfinished transformation has also been at the root of the CVM instituted by the EU (Bechev, 2020, p. 3). This has shaped concerns among EU stakeholders about economic instability and the integration of potentially weaker, more fragmented economies especially those in the Western Balkans, which are perceived as more unstable than Bulgaria and Romania. This raises questions about the EU's capacity for enlargement towards the Western Balkans.

Bulgaria and Romania became members of the EU shortly before the onset of the financial crisis in 2009; in such a short period of time since their accession, neither of the two new member states had managed to rapidly "catch up" economically or socially with their 2004-enlargement counterparts (Andreev, 2009, p. 2). Consequently, akin to the challenges observed during the 2004 enlargement, the financial crisis of 2009 caught both countries in an overheated economic state. It is essential to recognize that the challenges posed by the financial crisis are not unique to new Member States; indeed, several older Member States face comparable challenges. Drawing on lessons from the 2004 and 2007 enlargements, it was observed that technical and financial assistance, delivered under multiple thematic instruments, often resulted in administrative inefficiencies, and lacked coherence (Koeth, 2014, p. 3). The European Commission acknowledged the necessity to strengthen the linkage between financial aid and specific strategic priorities within the enlargement strategy. As noted by the European Commission (n.d:i), the objective was to render the assistance to more strategic, focused, and flexible procedures. Consequently, the four pre-accession assistance instruments were consolidated into one to enhance efficiency and effectiveness.

Bulgaria and Romania, similar to Hungary, continue to strive towards aligning their economic growth and income levels with the EU average. This issue is exemplified by the

findings of Dušek & Galizia (2024), who indicate that the per-capita income levels in CEE countries remain approximately 20% below the EU average. Thus, Member States from the 2004 and 2007 accessions continue to rely heavily on EU funds. Consequently, drawing on lessons from the 2004 and 2007 enlargements, this has led to a policy aiming for a more gradual approach through the framework of the SAP. This strategy offers more financial assistance based on reform progress and designing a sanctions mechanism tailored for new accession conditions (Stanicek & Przetacznik, 2023, p. 3). Furthermore, the EU has increasingly collaborated with the International Financial Institutions (IFI) advisory group during the enlargement process to enhance the capability of new member states to cope with the EU's competition and market forces (European Commission, 2013, p. 4). Webb (2018, p. 136) explains that these actors now play an increased role in monitoring the accession process through their own evaluations and their evaluations also feed back into the EU's own evaluation reports.

Policy learning also became particularly evident following the 2007 enlargement, when the inadequate economic preparation of Bulgaria and Romania, coupled with their insufficient judicial reforms, significantly hindered their ability to meet the criteria of the ERM II. In this context, the establishment of a credible strategy for entry into the EMU may be another important catalyst for the development of these countries. However, Romania has not yet joined the ERM II due to issues regarding the independence of the central bank, the interdiction of monetary financing, and the legal integration of the central bank in the Euro system (Barabaş, 2018, p. 100). Bulgaria, conversely, joined the ERM II in 2020 but was forced to postpone its entry into the Eurozone. Bulgaria falls short of fulfilling all the criteria for joining the Eurozone due to higher inflation than the threshold set in the requirements and the required changes in the judicial system (Huertas & Lyaskova, 2023). Bulgaria's scenario mirrors that of the Baltic States; they were admitted to the ERM II shortly after their accession to the EU in 2004. Despite their speedy inclusion, it took another six years for the Council of the EU to approve Estonia's accession to the Eurozone and a total of 10 years for Lithuania (Huertas & Lyaskova, 2023). To summarise, the corruption in Hungary, Poland, Romania, and Bulgaria violated one of the EU's convergence criteria, which is successful participation in ERM II. Overall, corruption can risk the erosion of trust in institutions and the rule of law, and threaten social cohesion and GDP growth (Fernandes & Jančová, 2023, p. 1). These challenges are not conducive to economic growth and the attraction of foreign investments. Thus, Blomeyer & Sanz (2011) state that the EU should act more rigorously when following-up monitoring and evaluation reports on progress achieved by the candidate countries, in particular regarding administrative and legal reforms, the ability of the pre-accession states to manage European funds and the rule of law in general.

2013 Enlargement of the European Union: Croatia

The changing nature of the enlargement process post-2007 was two-fold: conditions for accession were both evolving and tougher than for previous enlargements; moreover, the EU was less absorbent (Braniff, 2009, p. 560). Conversely, Croatia was the first country to join the EU with the assistance of the SAP. The framework of SAP was enriched by including salient aspects of the enlargement strategies in 2004 and 2007, thereby meeting the the new challenges better (Sanchez-alegre, 2005, p. 7). Furthermore, the SAA focused mostly on trade and related measures, thus allowing Croatia gradually to enter the European market while still profiting from the favourable conditions in the SAP (Schenker, 2008, p. 7). This was a key policy in Croatia's journey

towards EU membership as the IPA funds had built up the capacities of the beneficiaries throughout the accession process, resulting in progressive, positive developments in the region (European Commission, n.d:i). Additionally, Croatia had the same advantage from the enlarged and modern CEFTA as Bulgaria and Romania. Furthermore, through the gradual approach to the internal market, Croatia's GDP per capita increased twofold between 1998 and 2008, and it is estimated at 63.3% of the EU's average, similar to that of Poland (Boutherin, 2013, p. 3). At the same time, it was twice that of Romania and Bulgaria. As of 2007, the IPA replaced the Phare, ISPA, SAPARD, and CARDS programs. The creation of IPA was based on the inefficacy of these former pre-accession instruments. Through the new IPA, structures in Croatia were established first, then accredited, and only then have funds been decentralised, unlike the Phare experience where clear rules and regulations were absent (Blomeyer & Sanz, 2011, p. 52). Moreover, the composition of the foreign direct investment (FDI) in Croatia differed from previous accession rounds, as it assumed a more prominent role in Croatia's accession process.

Croatia joined the EU amidst the global and European economic crisis and continued Eurozone recession, which also hit the Croatian economy hard. Boutherin (2013, p. 3) estimated a recession of 6% in 2009 and 1.8% in 2012. Moreover, the financial crisis emphasised that Croatia's various economic and structural reforms remained largely unfinished (Kmezić, 2015, p. 22). For instance, mass unemployment was a salient issue in Croatia, estimated to be 20.4% in 2012. While a weak labour market and Croatia's own internal recession triggered by EU membership led to lower welfare, incomes, and financial security of Croatian citizens after accession (Kmezić, 2015, p. 22). Moreover, after becoming a member of the EU, Croatia lost the economic benefits of CEFTA, which was its main trade partner at the time. Nevertheless, an important lesson derived from the enlargement of Croatia was that withdrawing from CEFTA and its associated trade benefits upon joining the EU proved challenging for the economies of the new member states, particularly in Croatia, due to its inability to compete within the larger EU single market. (Kmezić, 2015, p. 24). A solution similar to the 2004 enlargement was applied; Croatia was subjected to the Excessive Budget Deficit Procedure of the European Commission (Kmezić, 2015, p. 22). The framework was proven to be an effective instrument to guide and enforce fiscal discipline during Croatia's initial years in the EU. Consequently, Croatia's economy has performed well over recent years, and Croatia proceeded to adopt the euro on 1 January 2023 as the euro area's 20th member (Huertas & Lyaskova, 2023). Croatia's integration into the eurozone in 2023 is supporting investment, exports, and access to finance.

Lastly, judicial quality and efficiency remain a principal challenge in every Eastern EU enlargement in the interval between the 2004 enlargement and the accession of Croatia in 2013. Corruption is also a significant problem in Croatia as it negatively impacts FDI inflows and thus undermines long-term economic growth and further development of society. Kurecic, Kokotovic, & Haluga (2023, p. 3) claim that corruption also has an impact on migration as it causes an increase in economic uncertainty amid lagging levels of economic growth. Meanwhile, migration has a significant impact on the socioeconomic structure in Croatia.

2.2 Social Policy and Employment

Social policy is a principle enshrined in the preamble of the EU Reports Consolidated Version of the Treaty on the Functioning of the European Union (TFEU). Through this policy, the EU aims to promote social progress and enhance the living and working conditions for all within the EU (EUR-lex, n.d.). In accordance with the TFEU - particularly Article 153 – covers chapter 19: Social Policy and Employment in the Acquis (European Commission, n.d:d): *The acquis in the social field includes minimum standards in the areas of labour law, equality, health, and safety at work and anti-discrimination*

2004 Enlargement of the European Union: EU10

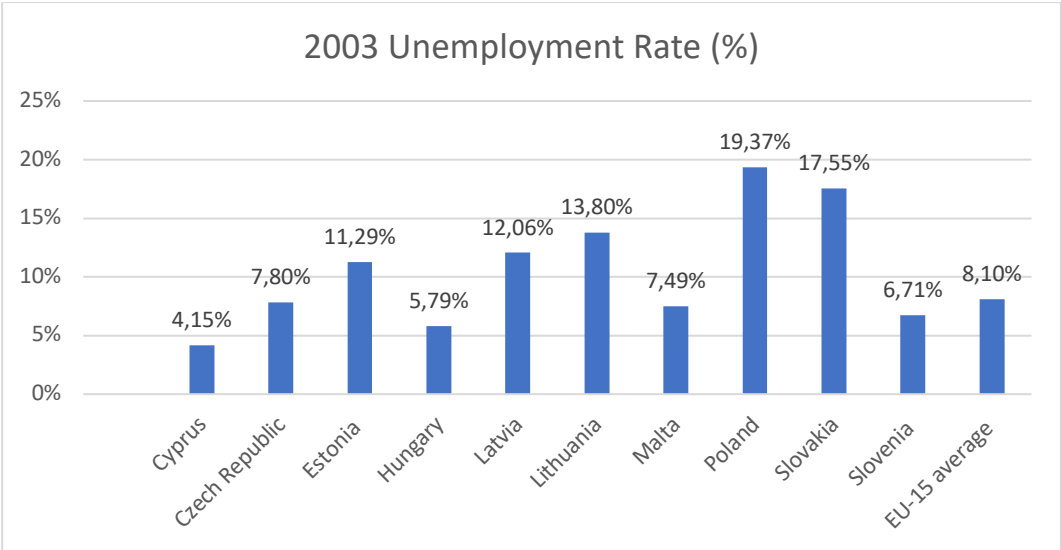
After radically reforming their state-socialist systems, the CEE countries currently embody middle-income capitalist democracies that are integrated into the EU's regional framework and the international political economy (Copeland, 2015, p. 24). Nevertheless, within the CEE countries, the complexity of domestic social structures and the influence of international institutions has varied considerably (Copeland, 2012, p. 42). Consequently, the transition process was predominantly influenced by concerns that disparities within social and labour standards across CEE countries could distort competition and thereby undermine the stability of the Single European Market (Copeland, 2015, p. 26). This is exemplified by the fact that despite progress advances, the Commission still flagged crucial issues such as payments to farmers, especially in Slovakia, Hungary, and Poland (European Commission, 2001, p. 51). Additionally, the Commission emphasised the necessity to ensure the enforcement of occupational health and safety rules and to strengthen labour inspectorates were crucial aspects of the social policy and employment acquis, notably in Latvia, Estonia, Malta, and Poland.

Whilst progress has been made to amend labour law towards alignment with the acquis, the Commission's Monitoring Report issued in 2002 still stated clearly that enhanced efforts on the part of the governments of the new member states required immediate and decisive action on their social policy and employment (European Commission, 2002, p. 19). For instance, the report concluded that Slovenia, the Czech Republic, Poland, and the three Baltic states needed to take immediate and decisive action regarding training requirements and mutual recognition of qualifications for professionals and their labour law (Cameron, 2004, p. 3). Moreover, the EU10, collectively more populous, presented a stark contrast to incumbent member states in terms of economic development and wage levels. Some of these countries were also confronted with high rates of unemployment.

Notably, figure 1 illustrates how the 2003 unemployment rates range from almost 20% unemployment for Poland to the low figure of 4.15 percent in Cyprus, compared to the EU15 average of 8% unemployment in 2003. Among the accession countries, five countries had a double-digit unemployment rate. Specifically, the labour markets in Poland and Slovakia were notably detrimental to the socioeconomic conditions in these countries as they were marked by high unemployment rates, considerable fragmentation, and the absence of comprehensive employment policies. These conditions underscore the still negative impact of weak labour laws, dismissing structural labour reforms, and high productivity growth, resulting in significant socioeconomic challenges (European Commission, 2003). Thus, these challenges indicate that GDP per capita and unemployment rates were significant factors prompting migration in the new Member

States. This is evident in Poland, Slovakia, Latvia, and Lithuania with cumulative outflows between 4% and 5% of their working-age populations (D'Auria, McMorro, & Pichelmann, 2008, p. 4). Hence, an important policy lesson from the past is the use of structural and cohesion funds to limit regional disparities. The migration flows of a predominantly young labour force in the past Eastern enlargements represent a significant policy challenge that influences the associated issues in both recipient and origin countries.

Figure 1: 2003 Unemployment Rates



Source: Author’s own compilation based on data from Macrotrends (2003).

Conversely, European social policy is predominantly comprised of market-enabling measures that secure the free movement of workers. Hence, following the EU accession, the unemployment rates decreased substantially due to the increase in labour mobility. Thus, accession to the EU created employment opportunities across the bloc, resulting in large flows of workers from the new member states (Ulceluse & Kahanec, 2022, p. 720). However, the perceived high levels of migration from the new member states in 2004 have been shaping Euroscepticism among EU citizens. Ulceluse & Kahanec (2022, p. 721) state that the main concern was that a migration shock might lead to labour market imbalances by pushing native workers out of their jobs, driving down local wages, and burdening their welfare systems. In response to these complexities, the EU15, mainly in Western and Northern Europe, implemented a series of labour market restrictions known as Transitional Arrangements (TA), to regulate the influx of workers from the EU10 accession countries. Most of the EU-15 countries used the transition periods two, five, or seven years for migration of workers (Grabbe, 2014, p. 12). These measures also encompassed a range of national procedures, including complex application processes, proof of suitability, work permit requirements, and quotas, making it harder to cross their borders (Ulceluse & Kahanec, 2022, p. 720). By phasing the integration of labour markets, TAs provided a buffer that helped existing markets to adjust, limiting potential negative impacts on wages and employment levels. Some scholars also claim that outmigration reduced the excess supply of labour, lowered unemployment, and increased wages in new Member States and led to additional positive effects through remittances

and possibly brain gain (Kahanec, Pytlikova, & Zimmermann, 2016, p. 2). Consequently, the impact of labour mobility has been twofold: many regions within the EU15 have benefited from the influx of skilled labour, as migrant workers significantly contribute to the labour market across both high- and low-skilled occupations.

2007 Enlargement of the European Union: EU2

For the EU15 Member States, some of the same concerns over pressure on labour markets and welfare systems still held or were perhaps more acute in the 2007 enlargement. EU2 economies are far weaker than the EU10 countries, and thus, incentives to migrate were perceived as much higher than before (Fihel, Janicka, Kaczmarczyk, & Nestorowicz, 2015, p. 13). Despite two decades of progress in social policy and employment and good progress in health and safety at work. Bulgarian and Romanian societies are still faced with fundamental challenges. Moreover, minorities, more so than the EU10, significantly influence national political life in Bulgaria and Romania (European Commission, 2001, p. 13). Hence, Bulgaria is still experiencing unbalanced employment growth, specifically for young people, women, disabled and rural populations (Andreev, 2009, p. 3). Meanwhile, Romanian society reflects high poverty, and inequalities continue to rise due to weak labour laws and unequal treatment.

The EU accession process also reflected a turning point in Romanian and Bulgarian migration. Migration from Romania has increased by +162 % between 2007 and 2017, especially among active and qualified people (Vasilescu, 2019, p. 11). While Bulgarian emigration flows grew by over 360% between 2000 and 2016, almost as much in relative terms as Romanian flows, +380% (OECD, 2019). Nevertheless, in contrast to the EU10, more countries used transitional restrictions in 2007 due to Bulgaria and Romania's publicly acclaimed inclinations towards organized crime and corruption as one of the main arguments (Fihel et al., 2015, p. 14). This led to a more staggered migration flow from Bulgaria and Romania. Furthermore, several social failures related to post-enlargement mobility from the 2004 enlargement largely influenced the EU, including the lack of full integration into host labour markets and social institutions, low bargaining power with respect to their employers, and consequently, the possible emergence of a new immigrant underclass (Kahanec et al., 2016 p. 2). Meanwhile, populism gained momentum in European politics during the peak of the financial crisis in 2009, fuelling migration concerns and Euroscepticism among EU citizens (Kmezić, 2015, p. 11). This is exemplified in the actual application of the TA restrictions; these varied in each enlargement. In fact, Drew & Sriskandarajah (2007) state that in countries joining the EU in 2004 only two EU15 member states applied the maximum 7-year period of restrictions; countries that joined the EU in 2007 – nine EU15 member states.

Recent findings from an OECD report indicate that the slow pace of convergence and the significant developmental gap between the Western Balkans and other European regions continue to propel citizens of the Western Balkans to seek employment and educational opportunities abroad (Rantalainen, 2022, p. 3). Put differently, migration trends from East to West remain a substantial obstacle in the enlargement process for the Western Balkans. These developments subsequently emphasize the need for flexibility in labour markets and for Member States to look beyond their own borders when implementing measures that aim to control and influence migration flows (Ulcuse & Kahanec, 2022, p. 722). Policy learning from past Eastern enlargements has provided valuable lessons in addressing social policy and employment challenges in the Western Balkans' accession

process. For instance, key initiatives such as the European Employment Strategy (EES) have fostered a broad network of coordination procedures over two and a half decades. Its milestones include the Lisbon Strategy (2000) and the Open Method of Coordination (OMC), the subsequent Europe 2020 Strategy (2010), and the European Semester, which since 2011 has brought together all the individual strands of social and economic governance (Hacker, 2023, p. 15). Nevertheless, these efforts have primarily established inter-governmental governance structures and non-binding agreements that have had limited short-term effects and modest success in social convergence and harmonizing social policies across new Member States (Hacker, 2023, p. 15). These experiences underscore the need for robust policy interventions from the EU, especially in the context of enlargement towards the Western Balkans, where unemployment, driven by structural issues within the labour market, remains a significant social challenge.

The accession of Bulgaria and Romania to the EU, comparable to the enlargement of 2004, was marked by incomplete structural reforms, resulting in persistent issues such as discrimination and inequality. This situation is underscored by the 2015 country report for Bulgaria, published by the European Commission (2015b, p. 52), which reveals significant concerns regarding social exclusion, unemployment, and poverty. Moreover, according to the Social Justice Index report published in 2019, Bulgaria and Romania continue to exhibit some of the poorest performances within the EU across various dimensions of social policies. The report ranked Romania 39th among the 41 countries, and Bulgaria was ranked 38th; this positioning underscores the urgent need for progressive policy reforms in both countries (Hellmann, Schmidt, Heller, 2019). A prominent challenge in Bulgaria, Romania, and Slovakia, to a lesser extent, is combating discrimination against minorities, notably the Roma communities and the disabled. High levels of the disabled population, the young Roma population, and Roma women are not in education, employment, or training (Vasilescu, 2019, p.7). Based on this study published by the European Parliament (Vasilescu, 2019, p. 29), measures adopted for the inclusion of Roma and disabled people are insufficient to tackle the magnitude of the issues at stake. These categories will continue to face significant marginalisation and are thus more vulnerable to the risk of poverty and social exclusion.

2013 Enlargement of the European Union: Croatia

Similar to the challenges faced by the EU10 and EU2 countries in the previous Eastern enlargements, Croatia also encountered significant challenges in the spheres of employment and social situation. The EU's strategy report, published in 2010, already emphasized the weak transposing labour law directives outside the scope of the Labour Act, and in the fields of anti-discrimination and gender equality (European Commission, 2010, p. 34). Yet, the prominent challenge of unemployment in the Croatian labour market, compounding health and safety of workers remained inadequate after EU accession. Croatia had one of the highest unemployment rates in the EU for both the adult and youth population, with 17.25% unemployment at the time of its accession (Tomić et al., 2019, p. 10). Additionally, Croatia's employment and activity rates were among the lowest in the EU. Consequently, almost a quarter of the Croatian population was at risk of poverty or social exclusion (Tomić et al., 2019, p. 8). To enhance its labour market and economic growth, the Croatian Government has enacted several legislative changes and policy measures, complemented by the EU's financial assistance and reform strategies, resulting in a significant decrease in Croatia's unemployment rate.

Nevertheless, Croatia's long-term challenges in the labour market, notably high unemployment rates, impacted negatively on the social situation, particularly for the younger population. Despite Croatia and the EU's concerted efforts to address these issues, the 2013 EU accession opened the EU labour market for Croatian workers, resulting in massive emigration. Tomić et al. (2019, p. 12) estimated that in the period 2009-2018, more than 230 000 persons emigrated. Migration has been, for years, a way to counter low-paid jobs, unemployment, and poverty. However, the effect of migration on the labour markets of countries of origin is twofold. According to Draženović, Kunovac, & Pripužić (2018, p. 437), emigration typically results in enhanced employment prospects, increased remuneration, and a reduced unemployment rate in the countries of origin. Contrary to these expectations, Croatia's experience deviated significantly after its accession to the EU. The country witnessed substantial migration of its young labour force, precipitating brain drain, and labour shortages in some sectors, particularly within the accommodation and food service activities (Tomić et al., 2019, p. 13). Although migration put significant pressure on wages in Croatia, the adjustment proved insufficient to attract new labour to these sectors.

Moreover, after accession in 2013, Croatia experienced a marked increase in the emigration of its young, tertiary-educated population, who sought further qualification and employment beyond national borders (Hornstein & Taylor, 2018, p. 502). Migration of the relatively younger citizens presents a formidable threat to the socio-economic structure of both Croatia and the EU, especially in terms of the long-term sustainability of social services, including but not limited to public pension and healthcare infrastructure (Draženović et al., 2018, p. 427). In essence, a substantial outflow of the younger population poses a critical risk to the sustainability of essential services by undermining the labour force required to support an aging population. This posed substantial policy challenges, such as brain drain and labour shortages in some sectors, which in turn contributed to deepening regional disparities within the EU (Kmezić, 2015). This will likely necessitate enhanced governmental funding for pension funds in the future, with an anticipated increase in financial allocations essential to maintain an adequate and socially acceptable pension level (Draženović et al., 2018, p. 437). Thus, increasing competitiveness and introducing measures fostering job creation in the region should mitigate migratory pressures from the Western Balkans to the EU. From a policy perspective, an important lesson derived from Croatia's accession in 2013 was, therefore, that the priority for investors should be investments in education, skills, innovation, and applied research (Kmezić, 2020, p. 58). A larger investment in education, innovation, and entrepreneurship can limit the risk that the Western Balkans may never become truly able to withstand the competitive pressure of the EU.

Croatia, similar to Bulgaria, Romania, and Hungary, confronts significant challenges related to inequality and employment discrimination. These countries share analogous difficulties within their labor markets, characterised by notably low employment rates among women, people with disabilities, and the Roma population. According to the 2019 Social Justice Index, Croatia is ranked 31st among 41 countries. Croatia is notably below the average benchmarks set by the EU/OECD, with its standing surpassed only by Hungary (33rd), Romania (35th), and Bulgaria (41st) (Hellmann et al., 2019, p. 76). Despite initiatives such as the EU's Anti-Discrimination Policy, the European Employment Strategy, and the Lisbon Strategy, discrimination remains a persistent challenge. The Race Equality Directive and the broader EU anti-discrimination agenda have equipped

activists with new tools for rhetoric and litigation. However, despite extensive legislation and policy adaptations during their EU accession processes, these countries have been largely unsuccessful in countering the widespread hostility and marginalisation faced by the Roma minority (Hellmann et al., 2019, p. 76). For instance, Croatia has faced substantial criticism for its inadequate measures to combat discrimination against the LGBTI community and individuals with disabilities (Tomić et al., 2019, p. 8). In response, Croatia has enacted a comprehensive suite of anti-discrimination legislation, including the Constitution of the Republic of Croatia, Labour Act, Constitutional Act on Rights of National Minorities, Anti-discrimination Act and Criminal Law Act (Bakalović, Kranjec, Kuharić, Lalić, Zeitoun, Senta, & Vidović, 2012, p. 3). Nevertheless, these legislative advancements have proven insufficient in significantly altering the status quo for minority groups. Therefore, a critical lesson from previous Eastern enlargements is the necessity for more targeted support policies for vulnerable groups, emphasizing strategies such as social investment, active inclusion, or flexicurity. With the potential accession of Western Balkan countries, these issues may become more pronounced. Thus, employing the EU's European Pillar of Social Rights (EPSR) as a normative model for enlargement policy emerges as a derived policy lesson from past Eastern enlargements.

2.3 Rule of Law

The rule of law is a fundamental principle of the EU; this is explicitly outlined at the outset of the Treaty on European Union. The rule of law principle is essential for the functioning of the EU as it ensures that individuals receive equal protection under the law and prevents the arbitrary use of power by governments (European Commission, 2024). Two specific negotiating chapters in the acquis are designed to assist enlargement countries in establishing a society based on the rule of law - Chapter 23: Judiciary and Fundamental Rights and Chapter 24: Justice, Freedom, and Security (European Commission:n.d:d): *EU policies in chapter 23 and 24 aim to maintain and further develop the Union as an area of freedom, security, and justice.*

2004 Enlargement of the European Union: EU10

The issue of adherence to the rule of law within EU Member States has emerged as a prominent issue on the agenda of EU institutions. Moreover, questions about the transformative nature of EU membership have arisen since "backsliding" particularly on democracy and human rights commitments, became a concern in some of the new member states (Hill et al., 2023, p. 283). This development is in response to the unsettling rise of nationalist and populist movements, which are either securing power or enhancing their political stature across Europe. This pattern is evident in various EU Member States such as Italy, France, Finland, and Sweden. Nevertheless, the issue is particularly pronounced in Hungary and Poland, where there is a clear shift towards regimes that identify themselves as 'illiberal democracies' (Bakardjieva Engelbrekt, 2023, p. 178). Consequently, the EU's relations with the wider Eastern neighbourhood have recently been characterised as incoherent – the politics of muddling through (Hill et al., 2023, p. 283).

The fall of the Communist regimes and the wars accompanying the splitting up of Yugoslavia were fertile ground for the development of criminal networks (Nozar, 2012, p. 2). Hence, the EU actively used membership conditionality to influence the candidate countries as it particularly criticized domestic political processes and outcomes and

foreign policy choices and expressed strong preferences for changes (Hill et al., 2023, p. 289). However, after the fifth EU Enlargement was successfully completed, populism surged amidst a backdrop of perceived historical injustice and economic crisis in several new member states. Theuns (2020, p. 2) states that this was particularly evident in Poland under the leadership of the Law and Justice Party (PiS); In Slovakia, following the return of populist leader Robert Fico and his party Direction - Social Democracy (Smer); and notably in Hungary under the Fidesz government led by Viktor Orbán.

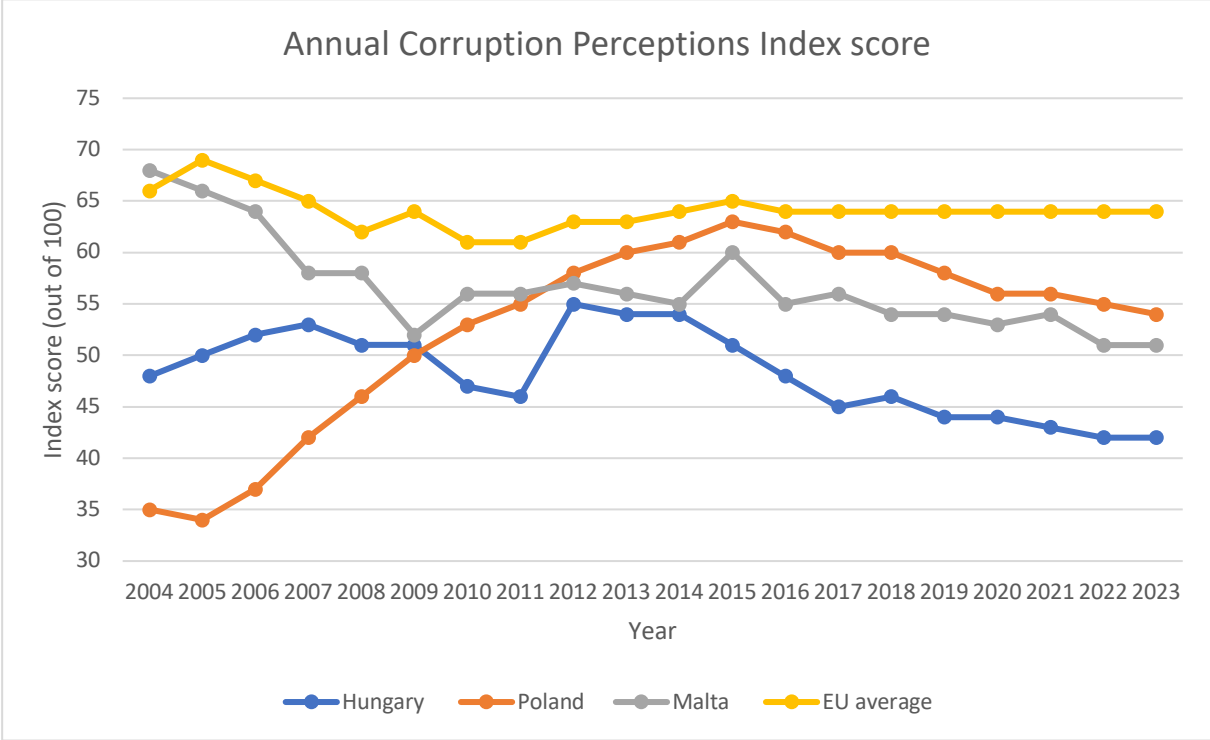
The Hungarian case reveals the weakness of static evaluations of performance and the importance of forward-looking scenario planning. For instance, Hungary was a stable democracy upon entering the EU, yet the Union was unable to prevent its erosion of democratic backsliding. This shift contributed to a notable deterioration in corruption levels and democratic standards within Hungary. Consequently, the member state failed to meet the requisite criteria for classification as a "Free" country in the 2019 iteration of the Freedom in the World Index (Theuns, 2020, p. 141). According to the European Parliament (2024), their latest concerns relate to laws being adopted without sufficient parliamentary scrutiny and public consultation, as well as the abusive invocation of the "state of danger", the misuse of whistleblower protection to undermine LGBTIQ+ rights, and freedom of expression, and the infringement of teachers' social and labour rights (European Parliament, 2024). This development has led to Hungary becoming subject to the initial phase of Article 7 proceedings since 2018, which could entail the suspension of its voting rights. Hegedüs (2023) states that despite the utilization of both the Commission's Rule of Law mechanism and Article 7 against Poland in 2017, the EU has displayed reluctance in undertaking substantive political measures against Hungary, notwithstanding the notably worse rule of law and democracy within the country.

There are various reasons that can be attributed to the democratic decline in the EU; weak accountability and political corruption are the most prominent ones (Lifuka, 2022). Political corruption constitutes a serious threat to the rule of law and undermines trust in public institutions by deepening inequalities and undermining good governance and social justice (Cummings, 2024). Figure 2 illustrates the annual corruption perceptions index score of the worst-performing EU member states that joined during the "big bang" enlargement in 2004. Most significantly, Malta's score, outlined in Figure 2, reveals profound challenges related to corruption. During its accession to the EU in 2004, Malta demonstrated minimal corruption, surpassing the current EU average. Nevertheless, the country has since witnessed a significant regression in its Corruption Perceptions Index score, reaching its lowest CPI score quite recently in 2022. According to Saaed (2021), persistent issues afflicting Malta include the weak rule of law and the commodification of corrupt practices as fundamental to its economic framework.

Likewise, Hungary experienced a drastic fall in its Corruption Perceptions Index (CPI) score within the last decade; Hungary went from its highest score of 55 in 2012 to only 42 out of 100 on the 2022 CPI. This is Hungary's lowest score thus far and is currently well below the EU average. The high level of corruption in Hungary certainly undermines support for democracy and encourages approval of authoritarian rule. This is exemplified by the fact that Hungary's illiberal Prime Minister, Orbán, has implemented reforms to the media, judiciary, and political system which have substantially worsened corruption. Poland, on the other, initially demonstrated a positive trend in fighting corruption until 2015. However, from 2016 onwards, Poland experienced a consequential decline of seven points over the preceding decade, illustrating systematic efforts by the former

ruling populist party, PiS, to consolidate power at the expense of public interest (Cresswell, Myrzabekova, & Prokic, 2024). Particularly, judicial reforms sanctioning political appointments and the implementation of mechanisms to investigate and penalize judges have disrupted the equilibrium of power and undermined the rule of law in Poland.

Figure 2: Annual Corruption Perceptions Index score for Malta, Poland, and Hungary⁷



Source: Author’s own compilation based on data collection from Transparency International

It is thus evident that problems of rule of law deterioration in newly acceded states must be regarded as internal EU concerns as the weakening of checks and balances is undermining the robust anti-corruption measures in the respective country, thereby raising questions about the EU’s capacity to the enlargement of the Western Balkans (Barrilon, 2020). Additionally, Orbán perceives an opportunity for the EU’s mechanisms to be weakened by aligning potential member states, such as Serbia ,that hold similar ideological stances (Schwarzer, 2024). This alignment could potentially compromise the strength of the EU and threaten the integrity of the single market. Put differently, the potential accession of an illiberal democracy like Serbia could severely disrupt the Europeanization of the entire region and compromise the EU's role as a peace-building initiative across Europe (Kolar, 2021, p. 6). Drawing on these experiences, the EU must

⁷ Figures 2, 3, and 4, are designed to compare corruption trends among new member states from previous Eastern enlargements. Notably, Figure 2 is confined to the three worst-performing new member states, a limitation dictated by the scope of the research. The figures utilize a uniform scoring mechanism, the corruption perception index. However, a new method of the CPI score was adopted in 2012. The new method provides the countries with a score from zero to 100, with 0 representing very high levels of perceived corruption and 100 meaning there is no evidence of corruption in the country’s public sector (LandPortal, n.d). Previously, the old methodology measured on a scale from 0 to 10, where 0 represents very high levels of perceived corruption (LandPortal, n.d). To ensure consistency in the analysis, index scores prior to 2012, particularly in Figure 2 and Figure 3, have been adjusted by multiplying them by ten to conform to the new CPI scale. Moreover, the index score representing the EU average from 2004 to 2012 is calculated by the author as data before 2012 was not available.

take proactive measures to foster democratic principles in the candidate countries prior to their accession to ensure the establishment and maintenance of stable democratic regimes. The experience of the 2004 enlargement and the subsequent developments in Poland, Malta, and Hungary have resulted in the application of a more assertive and stringent approach to enlargement (Webb, 2018, p. 130). Based on the developments in particularly Hungary, previous enlargements have been reassessed, and future enlargements reframed. As a direct consequence, there have been increasing demands for more stringent conditionality and tougher enlargement criteria, thereby complicating the accession process for Serbia and its neighbouring countries.

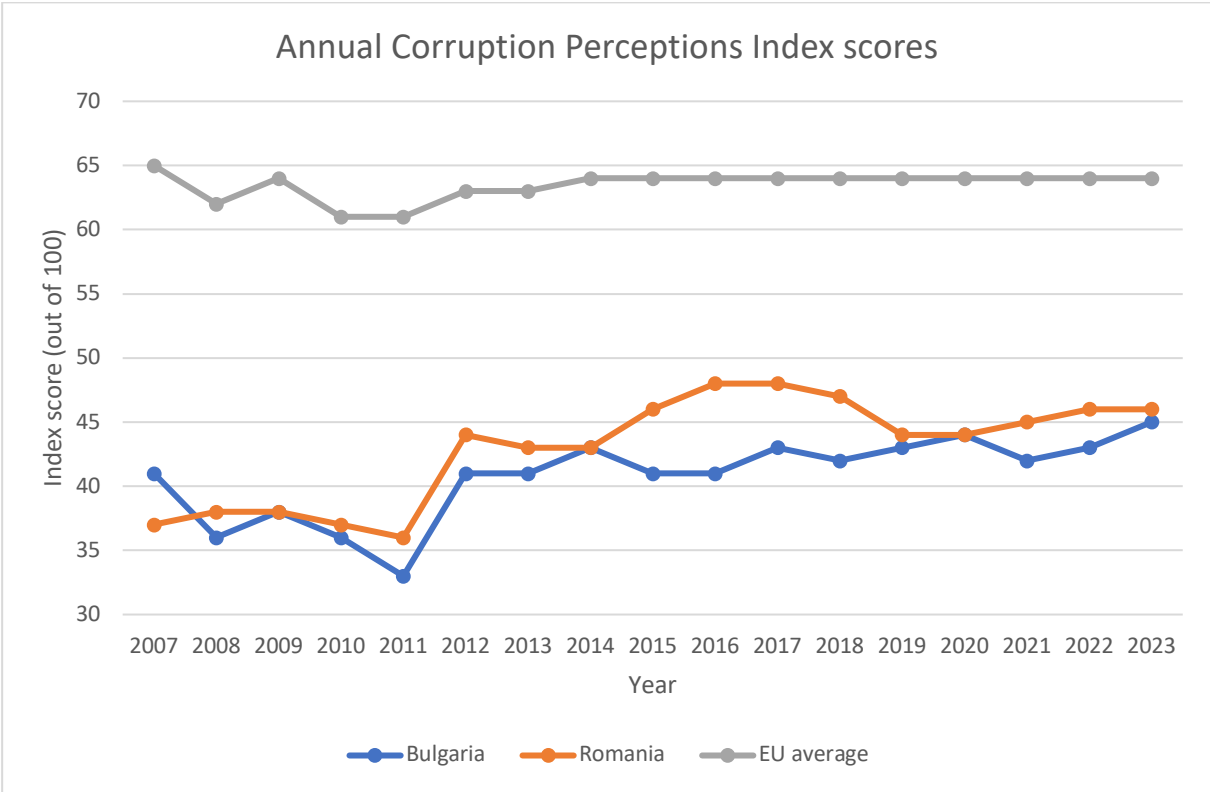
2007 Enlargement of the European Union: EU2

The accession of Bulgaria and Romania in 2007 is widely perceived as having been carried out too quickly and not preceded by adequate preparation, especially regarding justice reforms and anticorruption policies (Balfour et al., 2012, p. 2). Only recently, given the democratic backsliding in Hungary and Poland, have analysts and scholars come to realize that the issues confronting the Balkan duo, Bulgaria, and Romania, were not as exceptional as initially perceived. In contrast, Hill et al. (2023, p. 294) argue that the implications for European security were a determining factor in decisions on the continuation of enlargement process of Bulgaria and Romania. They explain that the neighbours had been key allies in NATO's Kosovo war in 1999, and their stability was seen as a crucial part of the stabilisation of the wider Western Balkan region (Hill et al., 2023, p. 294). Consequently, the inconsistent pursuit of the principle of human rights did not, however, necessarily mean that the EU prioritized its own interests. Hill et al. (2023, p. 431) state that certain inconsistencies in EU decision-making, exemplified by the accession of Bulgaria and Romania may arise from prioritizing other principled concerns, notably concerns regarding political and security instability in the region.

The inconsistent persuasion of the principles of human rights was nonetheless a salient concern subsequent to 2007 enlargement. Immediate issues arose regarding the efficacy of established enlargement procedures, once Bulgaria and Romania showed deficits in governance, substantial levels of corruption, and organized crime post-accession (Gallagher, 2009). These persistent challenges upon their accession prompted the implementation of post-enlargement incentives, notably the CVM, which is a specialised process to monitor both countries post-accession. Concurrently, access to EU funding was made conditional on further advancements in judicial and anti-corruption reforms. However, against the backdrop of the EU's financial crisis in 2009, Bulgaria received attention due to blatant corruption in the allocation of EU funds by certain segments of its state administration (Vachudova, 2009, p. 43). This underscored Bulgaria's inadequate progress in its judicial reform and anticorruption efforts, leading to the decision by the Council to suspend over €500 million in aid to the country (Vachudova, 2009, p. 55). Additionally, instances of petty corruption continued to be prevalent beyond their accession into the EU, particularly within state regulatory bodies such as fiscal authorities, customs, police, and sectors with education or public health where under-table payments were common. These issues raised concerns among certain EU member states regarding Bulgaria and Romania's progress in judiciary reform, corruption, border security, and law enforcement, ultimately resulting in their exclusion from the Schengen Area.

Despite decades of reform and accession preparations, exemplified by Figure 3, the Balkan neighbours, Bulgaria, and Romania, continue to face significant challenges with high levels of corruption. Initially, these countries exhibited promising trends in their anti-corruption efforts. However, the persistent stagnation from 2012 onwards, as presented in figure 3, is indicative of sustained state weaknesses, particularly in addressing corruption. As illustrated in Figure 2 and Figure 3, Bulgaria and Romania are clearly laggards in judicial reform and the fight against corruption when compared to the 2004 EU enlargement and the EU average. The premature closure of chapter 24 for the Balkan neighbours was evidently a misstep. Consequently, drawing on the lessons learned from the enlargement process of Bulgaria and Romania, the EU has decided to implement early and continuous monitoring of the rule of law and corruption in upcoming enlargement negotiations.

Figure 3: Annual Corruption Perceptions Index score for Bulgaria and Romania



Source: Author’s own compilation based on data collection from Transparency International.

2013 Enlargement of the European Union: Croatia

Reflecting upon the 2012 EU Enlargement Strategy, the lessons from the 2007 enlargement of the Balkan duo resulted in substantial enhancements in the accession negotiations with Croatia. Specifically, those covering the judiciary and fundamental rights policies associated with Chapter 23. To meet the closing benchmarks in Chapter 23, Croatia amended its Constitution, enacted laws, regulations, strategies, and action plans, and monitored its implementation to establish a solid track record. The scope of conditionality now extends beyond the initial Copenhagen criteria in content, priority, and

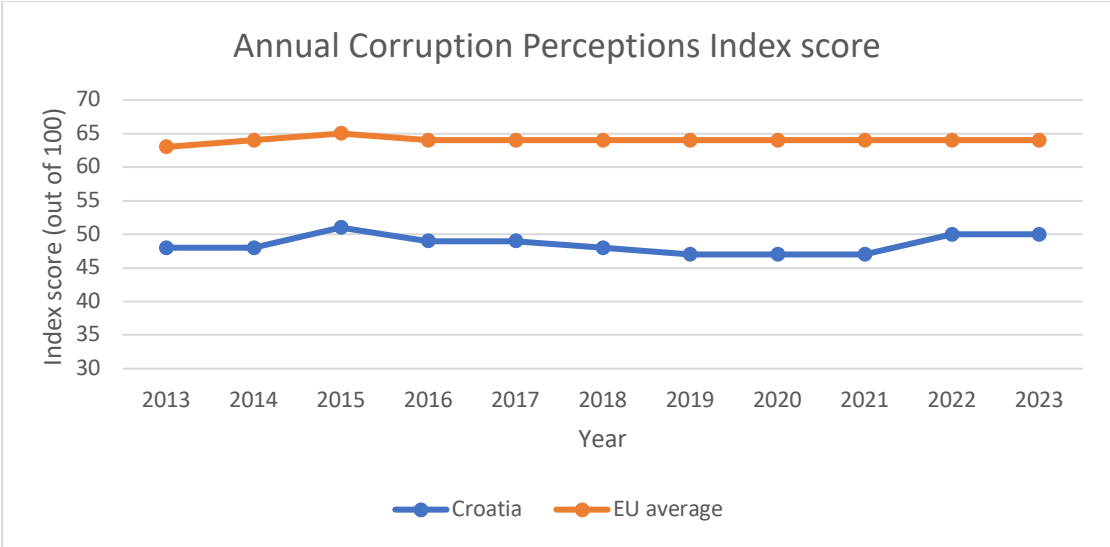
procedures, giving greater focus to the rule of law, independent judiciary, efficient public administration, the fight against corruption and organized crime, civil society development, and media freedom at an early stage of the pre-negotiation stage (Stanicek & Przetacznik, 2023, p. 2). Furthermore, since beginning its negotiations with the EU, Croatia has undertaken substantial reforms in the judicial system, anti-corruption measures, and human rights, aligning with the highest European standards.

Croatia also had to jump through more hurdles in areas such as corruption, judicial reform, and delivering indicted war criminals to the Hague Tribunal than previous Eastern enlargements (Grabbe, 2014, p. 4). The extradition of war criminals was particularly crucial for strengthening EU ties, ensuring accountability, and upholding respect for the rule of law. Described as the most egregious human rights abuses in Europe since the Holocaust, the Yugoslav wars necessitate justice. Consequently, granting amnesties or failing to hold perpetrators accountable would severely undermine the principles of justice and ignore the suffering endured by thousands of victims (Human Rights Watch, 1995). However, trying members of their own forces for war crimes was highly controversial in Croatia, resulting in few war criminals being prosecuted, convicted, or made to serve their full sentences (Human Rights Watch, 1995). Thus, the issue of cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) emerged as a salient issue, nearly jeopardizing Croatia's EU negotiation process in 2009.

In 2013, joining the ranks of Bulgaria and Romania, Croatia became another new EU member state with dysfunctional institutions of liberal democracy (Kolar, 2021, p. 2). This is exemplified by the fact that the inherent weaknesses of Croatia's political system, developed during the transition period of the 1990s, became apparent following its accession to the EU. The ruling right-wing party during the 1990s, the Croatian Democratic Union (HDZ), had adopted illiberal policies that systematically weakened autonomous institutions, retained control over the judiciary, suppressed freedom of expression, and obstructed independent media (Kapidžić, 2020, p. 14). While these practices are somewhat limited in scope, they have not led to an immediate democratic collapse or a shift toward authoritarianism, which is observed in Hungary. However, their cumulative effect has led to persistent democratic backsliding, continually undermining democratic processes by diminishing governmental accountability and reducing electoral competitiveness (Kapidžić, 2020, p. 15). Corruption in the public sector is the most salient issue facing Croatia after the issues with high unemployment rates and discrimination.

Croatia demonstrated that the weak capacity of the state – especially in enforcing the rule of law – limited the transformative effect (Grabbe, 2014, p. 6). This is evident in the continuous problems regarding the rule of law, showcasing structural weaknesses regarding the control of media, the rule of law, and social movements, which seem to confirm worries regarding the ability of new members to sustain change (Woelk, 2019). Furthermore, the substantial problems with systemic corruption among government ministers and officials, as well as the political corruption in Croatia, is exemplified in Table 4. The table documents a modest increase of merely two points in its CPI score over the past decade, which continues to position Croatia substantially below the EU average. As a result, Croatia is consistently classified among the five most corrupt member states in the EU, with only Bulgaria, Romania, Greece, and Hungary registering lower rankings on the CPI.

Figure 4: Annual Corruption Perceptions Index score for Croatia



Source: Author’s own compilation based on based on data collection from Transparency International.

Croatia still has a long way to go to achieve the rule of law, an independent judiciary, and a political leadership with the will to create a more just legal and political system (Kolar, 2021, p. 6). Enhancing the policies regarding the policies in chapter 23 through the implementation of opening benchmarks was an effective measure to prioritise the rule of law in Croatia. Nevertheless, given the continuing challenges faced in chapters 23 and 24 in each easter enlargement wave and the long-term nature of the reforms, an increasing corpus of binding acquis has been taking shape in the enlargement of the Western Balkans (Nozar, 2012). Considering the policy learning from the weak rule of law following the 2004/2007 enlargement and Croatia's accession in 2013, the Commission adopted a new strategy for a credible enlargement perspective for and enhanced EU engagement with the Western Balkans in 2018 (European Commission, 2024, p. 4). The EU enlargement policy towards Serbia generally adheres to the road map of past Eastern enlargements. However, significant modifications have been made, especially in relation to the scope of the criteria and the approaches to the application of conditionality. These adjustments are principally due to the evolving nature of conditionality, reflecting lessons learned, especially concerning the rule of law and anti-corruption efforts, from previous Eastern enlargement waves. As earlier indicated, the revised methodology for enlargement favours a merit-based approach, featuring enhanced political guidance and a concentrated emphasis on crucial reforms, such as the rule of law, fundamental freedoms, and the functionality of democratic institutions (Stanicek & Przetacznik, 2023, p. 3). Chapter 3.2 will provide a comprehensive analysis of the revised enlargement methodology.

3 EU Enlargement and the Effectiveness of Conditionality

EU enlargement consistently relies on fair and rigorous conditionality, which has become a dynamic and long-term tool, increasingly employed as cross-policy leverage in the enlargement policy. In pursuit of addressing the second component of the research question outlined in the introduction; to what extent the policy learning has shaped the accession process for Serbia - this chapter aims to examine the concept of conditionality and its pivotal role within the enlargement strategy towards Serbia. Taking a broad view, lessons from past enlargements, especially concerning the rule of law, have underscored the importance of applying more extensive and consistent conditionality well before accession for successful structural reforms. Hence, section 3.1 will analyse the role of conditionality in the enlargement policy, and the evolution of conditionality in the pre-negotiation stage and negotiation stage. Subsequently, section 3.2 investigates the revised enlargement methodology, the enhanced use of conditionalities have strengthened the hand of the EU in dealing with states that violate its values in a systemic way.

3.1 Conditionality in the Accession Process

Conditionality in the enlargement policy consists of three key elements, including (1) the *Acquis Communautaire*, which are conditions set out by the EU with which the country aspiring to membership needs to comply. (2) an incentive structure, which examines the reward-threat balance; and (3) monitoring (Mătușescu, 2021, p. 34). Conditionality translates the EU's Copenhagen criteria into a sequence of Progress Reports and Association Implementation Reports on integrating the *acquis Communautaire* into national legal orders (Kulms, 2019, p. 286). Building on the analysis detailed in Chapter 2, in the context of the 2004, 2007 and 2013 enlargements, the principle of conditionality was evident in most of the policy areas and fostered significant reforms in terms of political and economic transition. The EU exerted unprecedented pressure on the candidate countries to ensure that their political, economic, and regulatory development converged with the values and norms within the EU (Papakostas, 2012). However, the concern that the EU was too heavy-handed, too dictatorial in imposing its rules and institutions on post-communist members has recently been almost entirely eclipsed by criticism that the EU was not thorough, explicit, and consistent enough in its demands – and not vigilant enough in its enforcement (Vachudova, 2014, p. 124). The lessons from the past have taught the EU that even seemingly trivial issues can evolve into politically sensitive problems, which can add further obstacles to the already difficult accession paths of the Western Balkan countries.

To ensure a deep-rooted transformation, a crucial lesson from the past Eastern enlargements is the effectiveness of leverage, primarily in the pre-negotiation stage. The policy learning emphasized the necessity for an extended duration to apply conditionality, notably regarding article 2 TEU, in values such as democracy, respect for human rights,

including rights of minorities, and the rule of law (European Commission, 2024; Papakostas, 2012). Hence, considering the problematic legacy of the past, the instrument for paving Serbia's way towards gradual integration in the EU is the "progressive approximation" of legislation, guided by the principle of conditionality (Kulms, 2019, p. 286). Thus far, the EU's contemporary approach towards the accession of Serbia and the rest of the Western Balkans is more conducive to stabilocratic trends than transformative processes, reflecting its broader stability-democracy dilemma (Petrović, 2022, p. 316). Put differently; the EU is becoming more rigorous in applying conditionality based on the policy learning from past Eastern enlargements. This process is illustrated by establishing additional conditions, particularly in the pre-negotiation and negotiation stages. Gateva (2015, p. 18) notes that while expanding the scope of the conditions for the accession of the Western Balkans, they simultaneously diminished the positivity of the incentive structure, thus making the accession process much more demanding than in past Eastern enlargements.

Table 3.1 *Evolution of pre-negotiation conditionality* offers a systematic summary of the moderations applied to the pre-negotiation process, reflecting the policy learning from the past Eastern enlargements discussed in Chapter 2. The table encompasses the developments of the conditions for applying for membership and the conditions for opening accession negotiations, the changes in the reward–threat balance of the incentive structure, and the transformation of the range and functions of the monitoring instruments.

Notably, there has been a gradual expansion and refinement in the pre-negotiation stage of the first element of EU enlargement conditionality, *conditions*. Table 1 stresses the importance of the Copenhagen political criteria in the pre-negotiation stage. Furthermore, Table 1 illustrates that following the 2004 enlargement, the EU differentiated the candidate countries by introducing additional country-specific conditions. This is evident in the evolving nature of enlargement conditionality, which culminated in the fight against corruption and organized crime. Nevertheless, in the post-accession stage for Bulgaria and Romania, the establishment of the CVM resulted in the imposition of even more stringent country-specific conditions for future enlargements. The pre-negotiation stage was thus marked with a shift towards differentiated and targeted conditionality by introducing country-specific conditions with a list of benchmarks (Gateva, 2015, p. 176). Consequently, the 2004 accession countries signed less stringent agreements than the other Eastern enlargements in 2007 and 2013 and the current accession process of Serbia. In the case of Serbia, setting out country-specific conditions in addition to the political criteria has become the norm rather than the exception (Gateva, 2015, p.175). This is exemplified by the fact that the EU significantly expanded the scope of the conditions for applying for membership by linking the evaluation of the membership applications to the progress in the SAP.

Secondly, after the completion of the fifth, sixth, and seventh enlargements, the EU instituted an additional preliminary stage for new applicants– the category of potential candidate country – thereby extending the structured pathway towards accession. Lastly, removing a timeline or sequence of any future accession marked a radical departure from the EU strategy towards CEE countries, which was focused on timetables and target dates. This is a lesson particularly learned in the 2007 enlargement of Bulgaria and Romania; each candidate country and potential candidate country in the accession process will be assessed on its progress in fulfilling accession criteria. According to

Petrović (2022, pp. 314-315), the absence of membership deadlines arguably represents the policy's chief deficiency due to the EU by allowing the candidates to focus on progressing to distinctive membership stages, rather than seeking after a pre-scheduled EU entry.

The second element of EU enlargement conditionality in the pre-accession stage, *the incentive structure*, has undergone a series of transformations. Initially, the EU's pre-negotiation conditionality employed Association Agreements (AAs) with third countries, and the traditional tools were crucial for initiating the accession process. Therefore, all countries aspiring to join the EU must sign an AA to secure candidate status (Van Elsuwege & Chamon, 2019, p. 9). However, the unique challenges in the Western Balkans necessitated a different approach, leading to the introduction of the SAA in 2013. According to Van Elsuwege & Chamon (2019, p. 27), the SAAs are primarily based on the earlier AAs; however, the SAAs of the Western Balkan countries have a strong regional dimension, notably emphasizing stabilization of the region through cooperation and good neighborly relations. Notwithstanding the generally uniform framework of all SAAs, some noticeable differences can be identified in various peace agreements and considerations of additional political issues (Van Elsuwege & Chamon, 2019, p. 27). Notably, the SAAs with Serbia specifically mandate full cooperation with the ICTY, whereas such a clause was absent in earlier SAAs with Croatia. As discussed in Chapter 2.3, this additional clause was specifically implemented after Croatia failed to cooperate fully with the ICTY in the Hague during its negotiation process.

Regarding threats and financial sanctions, the EU has changed the parameters of the incentive structure by extending the spectrum of threats. For instance, the EU shifted the reward–threat balance from strong positive to weak positive by removing one of the most attractive accession advancement rewards – the credibility of the membership perspective – and introducing preventive and remedial sanctions (Gateva, 2015, p. 175). During the fifth enlargement round, the EU relied only on positive conditionality through financial rewards and accession advancement rewards. Financial sanctions and implicit threats in the case of non-compliance to the criteria were only applied by delaying the receiving of the accession advancement rewards (Gateva, 2015, p. 177). However, as emphasized in Table 1, there was a shift in the accession of Croatia and the ongoing enlargement process for Serbia, and the EU has implemented additional preventive and remedial sanctions. Particularly preventive sanctions in domains of the internal market and JHA, including specific punitive measures such as suspending the application of the AA.

Table 1: Evolution of pre-negotiation conditionality

Elements of EU enlargement conditionality	Fifth enlargement (2004)	Sixth enlargement: (2007)	Seventh enlargement: Croatia (2013)	Current enlargement: Serbia (2024)
I. Conditions				
- Conditions for applying for membership	√	√	√	√
- Conditions for opening accession negotiations	√	√	√	√
- Additional country-specific conditions	-	√	√	√
II. Incentive structure				
1. Rewards				
<i>1.1 Accession advancement rewards</i>	√	√	√	√
- Providing membership perspective	-	-	-	√
- Granting potential candidate status	√	√	√	√
- Signing AA or SAA	√	√	-	-
- Implementing AA or SAA	√	√	√	√
- Granting candidate country status	√	√	√	√
- Credible membership perspective				
- Opening accession negotiations	√	√	√	√
<i>1.2 Financial rewards</i>	-	-	√	√
2. Threats				
<i>2.1 Explicit threats</i>				
- Financial sanctions				
- Preventive and remedial sanctions				
<i>2.2 Implicit threats</i>				

III. Monitoring				
- Progress/regular reports	√	√	√	√

Source: Author's own compilation based on Gateva (2015, p. 179).

Whilst the pre-negotiation process is relatively consistent, the negotiation stage of the accession process is marked by notable structural reforms. These modifications are exemplified in Table 2 *Evolution of negotiation conditionality*. This table addresses the development of opening benchmarks; the increasing number of negotiation chapters; the changes in the reward–threat balance of the incentive structure and the transformation of the range and functions of the monitoring instruments.

The foremost transformation in the negotiation conditionality is evident in the first element addressed in Table 2, *Conditions*. During the negotiation stage of the enlargements in 2004 and 2007, conditions were established solely for closing benchmarks, with no prerequisites for their initiation. The introduction of conditions for opening benchmarks in the negotiation stage occurred subsequently, beginning with the negotiation process in Croatia. An important lesson from the aftermath of the 2004 enlargement was the deficiency of effective benchmarks for assessing member states or instruments for securing and promoting implementation (Papakostas, 2012, p. 226). Furthermore, the 2004 enlargement was characterised by inconsistent conditionality, as not all candidate countries implemented the membership conditions uniformly. For instance, the good neighbourly condition was not enforced with respect to Cyprus (Hill et al., 2023, p. 296). The strategic imperatives favouring enlargement trumped the consistent application of conditionality. Nevertheless, Table 2 illustrates conditionality advancing one step further, with interim benchmarks and disequilibrium clauses in Serbia's accession process.

In addition to the increase in benchmarks, it should also be noted that the list of chapters has grown since the fifth and sixth enlargement from originally 31 chapters to 35 chapters in the accession of particularly Croatia, thus increasing the number of benchmarks to be fulfilled and the possibility of potential suspensions in the process (Hillion, 2010, p. 21). Non-fulfillment of the benchmarks may be sanctioned by the suspension of negotiations in the form of a non-opening of the respective negotiation chapter, or possibly in the reopening of the provisionally closed chapter (Hillion, 2010, p. 201). Moreover, Croatia's negotiation process exemplified the fact that the introduction of opening benchmarks has significant implications on the scope of EU conditionality by establishing a three-step negotiation process that requires a unanimous decision from the member states (Gateva, 2013, p. 50). Member States have repeatedly used their veto power to delay or block the accession or accession negotiations of candidate countries due to bilateral issues, including territorial disputes and minority issues, undermining the credibility and efficiency of the negotiation stage (Buras & Morina, 2023). For instance, bilateral issues and territorial disputes between Croatia and Slovenia caused a delay in Croatia's accession process. Thus, the revised enlargement methodology aims for an early resolution of bilateral issues among the Western Balkan countries before they turn into significant obstacles in accession negotiations.

Regarding element II addressed in Table 2, *incentive structure*, the EU's approach to one of the most attractive rewards – the credibility of the membership perspective – has changed significantly. Nevertheless, as previously stated, the EU enhanced the coherence

of the financial assistance by merging the existing pre-accession programmes under a single framework, allowing the EU better use of the pre-accession funds. Meanwhile, the threats and sanctions are similar to the changes observed during the pre-negotiation stage.

The third element of EU enlargement conditionality in the negotiation stage, *monitoring*, indicates an expansion of the scope and level of detail provided by the Progress Reports. On the one hand, the progress reports are identical to the developments during the pre-negotiation stage, except for a recent cosmetic change to the structure of the Regular Reports by publishing the conclusions in a separate document (Gateva, 2015, p. 184). On the other hand, Table 2 emphasizes a rigorous in its approach toward Croatia and Serbia through interim reports. The publication of separate interim reports in the negotiation stage highlights the growing intensification and high political relevance of the monitoring process, particularly in the most challenging chapters – Justice and Fundamental Rights (Gateva, 2015, p. 182). Moreover, the growing relevance of monitoring reports serves as means for evaluating progress and as instruments for the EU to exert political pressure on the candidate countries.

To summarise, the analysis of the evolution of the EU enlargement conditionality confirms that the pre-negotiation and negotiation stage is characterised by the growing application of differentiated and targeted conditionality (Gateva, 2015, p. 176). Considering the policy learning from past Eastern enlargements, the EU has established firm links between compliance and advancement in Serbia's accession process. This will further be elaborated upon in chapter 3.2, which addresses the revised enlargement methodology.

Table 2: Evolution of negotiation conditionality

Elements of EU enlargement conditionality	Fifth enlargement (2004)	Sixth enlargement (2007)	Seventh enlargement: Croatia (2013)	Current enlargement: Serbia (2024)
I. Conditions				
- Copenhagen Criteria	√	√	√	√
- Opening benchmarks	-	-	√	√
- Interim benchmarks	-	-	-	√
- Closing benchmarks	√	√	√	√
- Negotiation clusters	-	-	-	√
II. Incentive structure				
1. Rewards				
<i>1.1 Accession advancement rewards</i>	√	√	√	√
- Opening chapters	√	√	√	√
- Closing chapters	√	√	-	-
- Credible membership perspective	√	√	√	√
- Completing accession negotiations	√	√	√	√
- Signing accession treaty				
<i>1.2 Financial rewards</i>	√	√	√	√
2. Threats	-	-	√	√
<i>2.1 Explicit threats</i>	√	√	√	√
- Financial sanctions				
- Preventive and remedial sanctions				
<i>2.2 Implicit threats</i>				
III. Monitoring				
- Progress/regular reports	√	√	√	√
- Interim report	-	-	√	√

Source: Author's own compilation based on Gateva (2015, p. 183)

3.2 Revised Enlargement Methodology

The political situation in the Western Balkans is considerably more complex than in previous Eastern enlargements. This complexity is heightened due to the tension between the demands of democracy, accountability, communication, and policy efficacy. This necessitated a strategic adjustment in the Commission's management of enlargement, focusing on continued implementation and monitoring to demonstrate reliability and sustain attractiveness in the face of growing enlargement-sceptic opinions within the EU (Braniff, 2009, p. 558). Simultaneously, politicians in some Western Balkan countries, particularly in Serbia, have fueled Eurosceptic sentiment in the public, which they have used as leverage in negotiations with the EU (Parandii, 2023, p. 16). Put differently, the dynamics of the Western Balkans are far more challenging from an EU conditionality policy standpoint and thus resulted in a measured approach to enlargement post-2013.

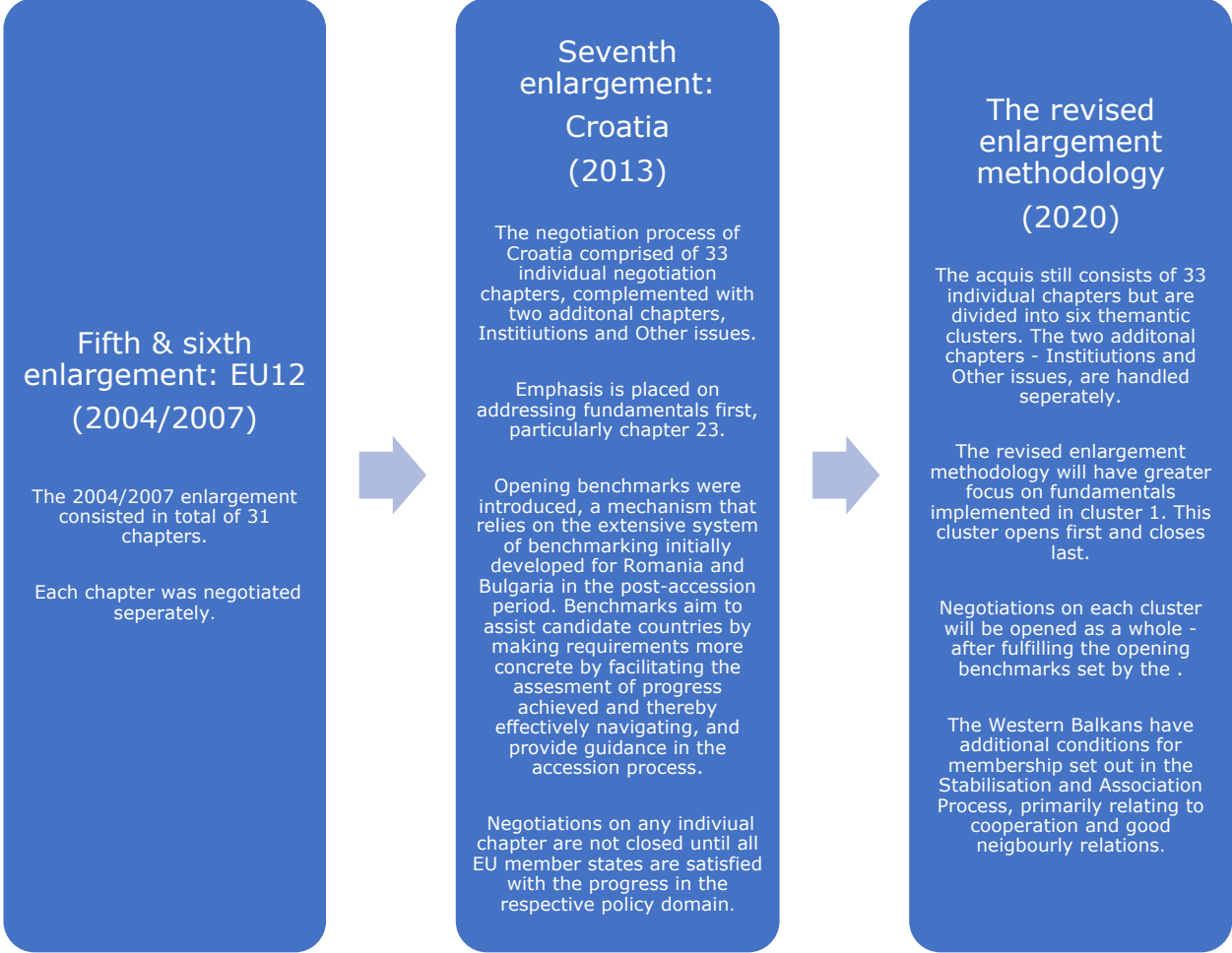
Based on the policy lessons from the past Eastern enlargements, the EU published a revised enlargement methodology in 2020. The enlargement towards the Western Balkans is more credible, predictable, dynamic, and subject to stronger political steering (European Commission, 2020). The enhanced accession methodology offers the candidate countries a more "gradual" or "staged approach", with greater financial assistance for accession countries, conditional on their reform progress and the design of a tailor-made sanction mechanism (Stanicek & Przetacznik, 2023, p. 3). Moreover, the chapters of the *acquis* have been transferred into six clustering chapters (See Appendix 1). The evolution of chapters within the *acquis* is delineated in Table 3. The accession negotiations during the enlargement periods of 2004/2007 were predominantly technical in nature, with the European Commission playing the dominant role in the progressive negotiation of 31 chapters (European Commission, 2020). In contrast, the seventh enlargement wave introduced a revised structure consisting of 35 negotiation chapters, dividing the most difficult chapters into individual chapters to achieve a better balance and enhancing involvement from the Council and member states (Börzel, Fabbrini, Mény, Riekman, & Schimmelfennig, 2023, p.63). However, after the backsliding from achieved political, economic, and social reforms among the new Member States, it became apparent from previous enlargements that the enlargement methodology needed a stronger focus on the core role of fundamental reforms.

Thus, instead of leaving the relevant chapters 23 and 24 until after the more straightforward parts of the negotiations through Cluster 1. The revised enlargement methodology opens this cluster first and closes it last, which puts the fundamentals even more at the core of the accession process (Stanicek & Przetacznik, 2023, p. 3). Dividing the chapters into six clusters will allow for more thorough political discussions on thematic areas and to identify opportunities for early alignment and integration into EU policies (European Commission, 2020). In the case of the Western Balkans, the European Commission (n.d:h) states that additional conditions for membership were set out in the SAP, mainly relating to regional cooperation and good neighbourly relations, for instance, the Ohrid agreement on the path to normalization between Serbia and Kosovo, signed in 2023, is an integral part of the respective EU accession processes.

To summarise, Table 3 identifies how the Directorate-General for Neighbourhood and Enlargement (DG Enlargement) has changed the sequence of the negotiations and priorities in the *acquis* from technical and financial assistance in the 2004/2007

enlargement to focusing on reforms of the judiciary and law enforcement from the beginning of the enlargement of the Western Balkans.

Table 3: The evolution of the Acquis Communautaire



Source: Author’s own compilation based on European Commission (w.d:l)

Each change in the evolution of the acquis introduced additional criteria and a more complex process compared to the previous enlargement methodologies. Specifically, during Croatia's accession, existing EU member states leveraged the influence afforded by the EU to achieve specific national goals in the accession process of candidate members of the EU (Hill et al., 2023, p. 99). The Slovenia-Croatia border dispute was the first bilateral dispute among the countries of the former Yugoslavia that had a disruptive impact on the EU enlargement process (Kmezić, 2015, p. 20). Despite the Copenhagen criteria not addressing bilateral disputes, EU member states have become significantly more attentive to unresolved territorial issues, particularly following the EU’s reactive involvement in the Slovenia-Croatia dispute, which compromised the credibility of the entire accession process.

Evidently, territorial disputes and the treatment of minorities raised during the negotiation process with Slovenia could not be part of any future negotiations. In terms

of Serbia, numerous issues are raised that can potentially escalate during the negotiations stage, yet the most prominent issue is the ongoing tensions between Serbia and Kosovo. Most of these disputes are included in the SAP framework in the domain of regional cooperation and good neighbourly relations. However, due to the extent of the bilateral disputes between Serbia and Kosovo, the Ohrid Agreement was formally included in Serbia's EU accession negotiations under Chapter 35. European Western Balkans (2024) explains that this chapter is designated for issues that do not align with other specific negotiation categories.

Since 2021, the EU negotiations with Serbia have been conducted in line with the new EU enlargement methodology. To date, Serbia opened 22 out of 35 chapters have of the acquis, including all chapters under Cluster 1 on the fundamentals of the process and Cluster 4 on green agenda (European Commission, 2021, p. 7) (see appendix 2). This approach offers Serbia an enhanced avenue for gradual integration into selected EU policies; the accession process envisages duty-free access to EU markets, assistance for economic development and investment packages, and participation in a wide range of EU projects (Parandii, 2023, p. 8). The methodology was introduced to replace the transactional nature of previous strategies, aiming to secure irreversible reforms by prioritising the early advantages and responsibilities associated with EU membership. Despite these efforts, the anticipated transformative effect of EU integration has yet to be fully realized in Serbia. For instance, Serbia has diverged from the EU's foreign policy direction as it built closer relations with China and Russia (Parandii, 2023). This alignment has shaped public perception in Serbia, leading to a view of China and Russia as the primary investors in the national economy. This perception has further contributed to Euroscepticism among the Serbian population.

4 The Regional Competitiveness and Inclusive Growth Strategy in Serbia

Chapters 4 and 5 will delve deeper into the second facet of the research question by analysing how policy learning from previous enlargements has shaped the pre-accession trajectory of Serbia within the social, economic, and judicial policy domains. These policy domains are categorised into two clusters in the revised enlargement methodology. Consequently, Chapter 4 will scrutinize Cluster 3. Chapter 4.1 aims to delineate chapter 17 in the *acquis*, which encompasses economic and monetary policy. This chapter opened in 2018 in Serbia's accession process. Furthermore, chapter 4.2 will outline chapter 19 in the *acquis*, which covers social policy and employment. This chapter has not yet been opened in Serbia's accession process.

4.1 Economic and Monetary Policy

The need to bring Serbia closer to the EU and to accelerate its accession process, based on EU-related reforms in the country, has never been more apparent than it is today. For instance, despite the EU being Serbia's most important trading partner, China has significantly expanded its economic presence in the country through the Belt and Road Initiative (Parandii, 2023, p. 8). Moreover, Serbia is more vulnerable to economic fluctuations than the EU member states (Ármás, 2023, p. 115). Exacerbated by high energy and food prices leading to a significant increase in inflation, which has impacted export-import trade and diminished consumer and investor confidence.

It is imperative to emphasize robust economic convergence to ensure long-term economic stability and diminish Serbia's dependence on EU funds post-accession. This lesson is primarily gleaned from the experiences of Hungary, Bulgaria, and Romania upon their accession to the EU. Thus, considering these lessons, the Growth Plan for the Western Balkans has outlined enhancing economic integration through a gradual approach (European Commission, n.d:j). This strategy grants full access to the pre-accession assistance instruments, and EU funds to promote a competitive economy and accelerate the essential socioeconomic and fundamental reforms within Serbia, thus facilitating a smoother path towards integration (European Commission, n.d:j). Furthermore, the coordination of the EU's Independent Fiscal Institutions with the EU intensified following the financial crisis in 2009.

In the context of Serbia's accession, its biggest problem and macroeconomic risk is the balance of payment deficit. Thus, the IFI advisory group on enlargement evaluations has emphasized Serbia's critical necessity of reducing Serbia's public debt and national deficit (Webb, 2018, p. 136). Nevertheless, requiring Serbia to undertake significant public administration reforms while reducing public spending has limited its capacity for substantial administrative reforms (Webb, 2018, p. 137). Consequently, the EU has supplemented this with additional funding through IPA to help address these financial shortfalls. The European Commission (n.d:i) reports that from 2007 to 2013, the IPA was endowed with a budget of €11.5 billion, of which approximately €1.2 billion was allocated

to Serbia. Following this, the successor program, IPA II, received a budget allocation of €12.8 billion for 2014-2020, with Serbia benefiting from approximately €1.4 billion (European Commission, n.d:i). For the current multiannual financial framework covering 2021-2027, the budget for IPA III has been set at €14.2 billion for the current beneficiaries⁸.

The modifications implemented in the programming process for IPA III correspond with the revised enlargement methodology, which aims to enhance both the instrument's performance-based nature and its delivery efficiency (European Commission, 2021, p. 2). Consequently, IPA III is organized around the priorities of the enlargement process according to five thematic windows⁹, which mirror the clusters of the negotiating chapters per the revised enlargement methodology. Initially, the focus will be on strengthening the rule of law, enhancing competition law, and improving business regulations. Addressing corruption and misdirection of public funds at an early stage in the negotiations is a lesson underscored by the difficulties encountered in effectively implementing transparency measures in the distribution of public funds in Hungary, Malta, Poland, Romania, Bulgaria, and Croatia. The harmonisation of policies to combat corruption would directly enhance Serbia's attractiveness to foreign investors, consequently leading to an increase in foreign direct investment inflows (Hajdini, Collaku & Merovci, 2023, p. 139). However, the social transformation in Serbia brought about by the Yugoslav wars led to the development of an illiberal economy (Kmezić & Bieber, 2017, p. 76). For instance, Kulms (2019, p. 300) argues that members of the business elite managed to increase their control over resources, undermining judicial independence, resulting in foreign investors being more cautious when deciding on investments.

The illiberal economy in Serbia also invariably reflects the country's overall level of socioeconomic development and growing levels of unemployment and thus inequality (Kmezić & Bieber, 2017, p. 83). Meanwhile, labour market shortages and the current market conditions contribute to the decline in FDI inflow into Serbia (Ármás, 2023, p. 115). Consequently, greater economic convergence still requires investments in the modernisation of the economies, and in infrastructure (European Commission, n.d:i). For instance, an important lesson from each Eastern enlargement in the past was the great imbalances developed due to the substantial migration flows towards the west. In this context, infrastructure investments are essential to boost investments. To reinforce the governance of its economic and structural policies, the EU invested massively via its Cohesion Policy, which is delivered through three funds: the European Regional Development Fund (ERDF), the Cohesion Fund, the European Social Fund (ESF)(European Commission, n.d:m). Furthermore, the IPA III Programming Framework is also closely aligned with the flagship initiative, the Economic and Investment Plan for the Western Balkans (European Commission, n.d:i). The Western Balkans Investment Framework has been established with the International Financial Institutions (IFI) whereby the EU's assistance programme co-finances investments with the European

⁸ The current beneficiaries are Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, Serbia, and Turkey (European Commission, n.d:i).

⁹ **Window 1:** Rule of Law, fundamental rights and democracy; **Window 2:** Good governance, EU acquis alignment, good neighbourly relations, and strategic communication; **Window 3:** Green agenda and sustainable connectivity; **Window 4:** Competitiveness and inclusive growth; **Window 5:** Territorial and cross-border cooperation (European Commission, n.d:i).

Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).

Lastly, Serbia is classified as moderately prepared to establish a market economy system. Nonetheless, due to the underdevelopment of its private sector, particularly within state-owned enterprises, there is an increased emphasis on enhancing regional trade and financial integration through the CEFTA framework (Kmezić, 2015, p. 10). Nevertheless, lessons drawn from Croatia's accession to the European Union underscore the necessity for augmented support for economies following their departure from the CEFTA. Additionally, the current approach to enlargement suggests that the Western Balkan countries will likely accede to the Union at different times, based on their pre-accession performance. This situation implies that these countries will confront similar challenges in adopting the EU trade regime while preserving economic relationships within the regional market (Kmezić, 2015, p. 24). Ultimately, the development of CEFTA is supposed to lay the foundation for creating a Regional Economic Area (Muš, 2018). This strategy is intended to increase trade and investment before accession, thereby boosting the economic development of the Western Balkans and accelerating economic integration. Nevertheless, in the context of Serbia's accession to the EU, the preceding instruments oriented around EU directives are deemed particularly crucial because of their direct alignment with EU conditionality.

4.2 Social Policy and Employment

The East-West divide is often observed through the lens of controversies around labour mobility (Andor, 2019, p. 21). This is evident in every Eastern enlargement following the 2004/2007 enlargement, Croatia's accession in 2013, and the current enlargement towards the Western Balkans. In the previous Eastern enlargements, high unemployment rates were significant push factors for migration towards the west. Despite Serbia performing comparatively well compared to the other Western Balkans countries with an unemployment rate of 9.47 percent, this is still high by EU standards, with an average of 6% (Statista Research Department, 2024). Furthermore, the domestic conditions in Serbia are less favourable than in the post-communist countries that joined in 2004 and 2007. The state of democracy, economic development, and state capacity were and still are generally more problematic, not least due to the legacies of the violent break-up of Yugoslavia (Sedelmeier, 2014). This instability has raised new concerns about social, economic, and territorial cohesion throughout the EU, particularly regarding labour migration.

The migration of young labour forces from Croatia, and to a lesser extent, the new member states that acceded to the EU in 2004 and 2007 has underscored significant policy challenges, such as brain drain and labour shortages in certain sectors due to substantial outflows of migrants. The experiences from previous enlargements to the east further demonstrate that disparities in income levels may persist for an extended period, even amidst conditions of free trade and unrestricted labour mobility, thereby exacerbating regional disparities within the EU. Consequently, adopting the EPSR as a normative model for the enlargement policy, to foster a more socially inclusive EU, reflects a policy lesson derived from previous Eastern enlargements (European Commission, 2021). Furthermore, despite initiatives starting in the late 1990s under the Regional Approach for the Western Balkans to promote reforms in social sectors, Serbia

has still not succeeded in transforming its deficient social protection, healthcare, education, and employment systems to provide a more comprehensive set of social rights (Braniff, 2009; FE Stiftung, 2020). Recognising the severe social challenges facing Serbia and the wider Western Balkans, the Commission announced a “new reinforced social dimension” to its enlargement policy in 2018 (FE Stiftung, 2020, p. 2). This revised strategy will prioritise employment and social reforms through intensified monitoring of cohesion funds, particularly within the context of socioeconomic reform programmes.

As of the present date, Chapter 19: Social Policy and Employment in the *acquis* remains unopened in Serbia’s EU accession negotiations. Nonetheless, the EU has initiated a series of dialogues with the Serbian Government to promote social and economic reforms. In support of these social reforms, the EU has allocated financial resources through the IPA to counteract the depletion of human capital, addressing potential westward migration and disinvestment in the health and education sectors (Andor, 2019, p. 21). Under the new social framework, Serbia has joined the European Social Fund+ (ESF+), which aims to improve labour laws for health and safety at work, employment, social inclusion, and social protection. The ESF+ is a combination of four EU funds, with a budget of €142.7 billion for the period 2021–2027, serving as a critical instrument, and supporting the EPSR (European Commission, n.d:k). The most recent addition to the IPA is the NextGeneration EU support package, which addresses the pandemic and its consequences. Furthermore, the EU funds have facilitated the advancement of reforms specified in the Employment and Social Reform Programmes (ESRP) (FE Stiftung, 2020, p. 3). Lastly, The EU prioritises youth, education, and innovation in Serbia, facilitating access to essential frameworks including the Programme for Employment and Social Innovation, the EU Health Programme, and the Erasmus+ programme.

Besides upholding the right to free movement and ensuring equal treatment in its mobile labour market, the EU must continue addressing the unequal conditions minorities face and foster their integration. Regarding Serbia, political conditionality has been a feature of relationships with the EU. In the late 1990s, the EU launched the Regional Approach for the Western Balkans, political conditionality focused on encouraging reforms in the political area, including efforts towards interethnic reconciliation (Braniff, 2009, p. 554). Nevertheless, discrimination and unequal treatment of minorities, specifically disabled people, and Roma communities, were significant challenges in previous Eastern enlargements and remain among the most critical social challenges in Serbia that confront the EU today (Andor, 2019, p. 21). In response to these concerns, the EU launched “EU Support to Roma Inclusion - Strengthening Local Communities Towards Roma Inclusion” programme through the IPA in 2016 (European Commission, 2023c). The programme is designed to enhance the socio-economic status of the Roma population in local Serbian communities and implement key strategic measures from the Strategy for Social Inclusion of Roma for the period 2016-2025.

5 The EU Rule of Law Initiative in Serbia

Chapter 5 extends the analysis presented in Chapter 4, which aimed to examine how lessons from previous EU enlargements have shaped Serbia's pre-accession trajectory. Furthermore, Chapter 5 will elaborate on the fundamentals of EU enlargement. These fundamentals form Cluster 1, assuming a pivotal role in the pre-accession process and determining the overall pace of Serbia's negotiations with the EU. Negotiations of chapters 23 and 24 encompass an extensive range of aspects related to the rule of law, including internal security, fundamental rights, and the fight against corruption and organised crime. Chapter 23 primarily explores matters related to the judiciary, while Chapter 24 deals explicitly with the subjects associated with organised crime - consequently, section 5.1 analyses Chapter 23 – Judiciary and Fundamental Rights. Section 5.2 will discuss Chapter 24 - Justice, Freedom, and Security.

5.1 Judiciary and Fundamental Rights

The primary distinction between the previous Eastern enlargements and the ongoing enlargement towards the Western Balkans revolves around unity and solidarity. In 2004, the objective was to reunite a continent fragmented by centuries of conflict and division, the contemporary aim is to unite the EU by strengthening its sovereignty, influence, and integration (EUR-lex, 2007). Nevertheless, the discourse surrounding the EU enlargement of the Western Balkans has been predominantly shaped by resistance to enlargement, primarily due to the new democratic deficit the EU is currently facing. The objectives of opposition to the enlargement towards the Western Balkans are threefold. First, it became evident that postponing negotiations on politically sensitive and challenging chapters, particularly those concerning the judiciary, had adverse effects shortly after accession, as exemplified by the cases of Bulgaria and Romania (Mišćević & Mrak, 2017, p. 191). Second, the surge of populism, nationalism, and the discourse surrounding European integration amidst the financial crisis has led to internal fragmentation and disintegration, obstructing further enlargement (Economides, 2020, p. 1). Third, the enlargement of the Western Balkans reflects the intricate political reality of the region after the wars of the 1990s in the former Yugoslavia. Milacic (2022, p. 1483) argues that in Serbia, a strong ethno-nationalist mobilisation and subsequent wars in Croatia, BiH, and Kosovo enabled Serbian strongman Slobodan Milošević to create a competitive authoritarianism regime. Nevertheless, despite Serbia's engagement with the EU's rule of law promotion mechanisms under the SAP for more than two decades, there has been a noticeable decline in the observance of the rule of law in the country over the past decade.

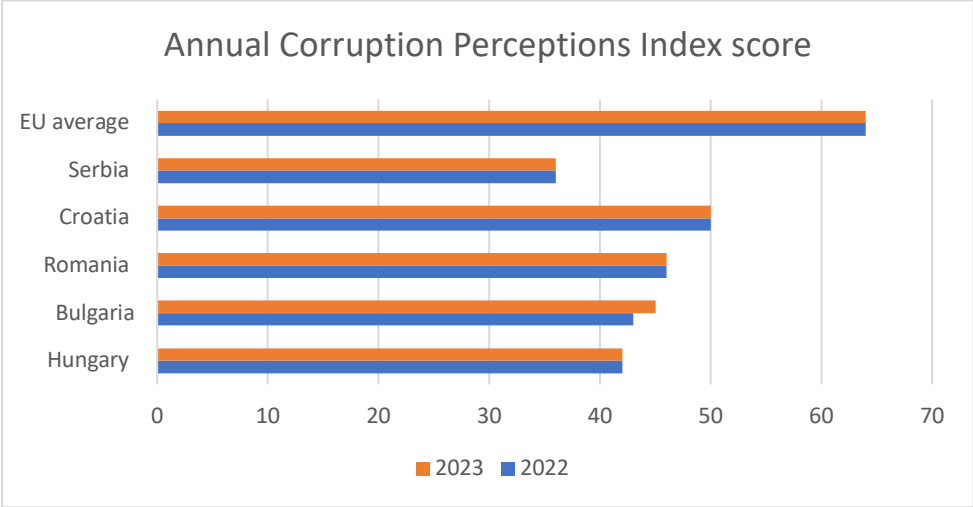
During the preparations for the 2004 enlargement, the EU operated under the assumption that governance improvement was a linear and irreversible process. The belief was that once a country had been adjudged prepared for membership, it would persist as a well-functioning democracy equipped with robust institutional checks and balances and an independent judiciary capable of adequately enforcing EU law (Grabbe, 2023). However, Hungary and Poland were considered consolidated liberal democracies

until the rise of Fidesz and PiS, respectively. Since these parties came to power, both countries have experienced significant democratic backsliding (Holesch & Kyriazi, 2022, p. 3). The democratic regressions and rule of law violations in Hungary and Poland have been indirectly attributed to the shortcomings of the Copenhagen Criteria. Considering the Eastern enlargement of 2004/2007, coupled with the evolving political attitudes of some member states, adherence to the rule of law, particularly the safeguarding of fundamental rights, became a prerequisite for the legitimacy of any further enlargement into the Western Balkans.

The first changes were already introduced in Croatia in 2005. The Negotiating Framework adopted by EU ministers thus included two specific rule of law chapters, Chapters 23 and 24. Through the introduction of these chapters, requirements for establishing a particular model of judicial governance intensified. Nevertheless, the accession of Croatia still underscored the imperative to prioritise good governance criteria, notably by enhancing the rule of law, fostering an independent judiciary, and ensuring an efficient public administration in the negotiation processes of Serbia (Lukic, 2018, p. 19). Furthermore, Schwarzer (2024) states that EU enlargement is currently regarded as a crucial geopolitical tool for stabilizing the EU’s neighbouring regions and countering the rising influence of authoritarian powers like Russia and China.

The comparison of CPI scores, as presented in Figure 6, delineates significant differentials between Serbia and the four EU member states ranking lowest in corruption perception. Despite Hungary experiencing the highest corruption levels within the EU, it maintains a six-point lead over Serbia, notwithstanding the notable decline in its CPI score over the previous decade. Bulgaria and Romania are only marginally ahead of Hungary in their CPI scores by three and four points, respectively. In contrast, Croatia demonstrates a markedly higher CPI score than Serbia. Nevertheless, the countries remain well beneath the EU’s average CPI. According to Parandii (2023, p. 14), Serbia still lacks a stable rule of law due to its political instability, compounded by considerable challenges connected to lack of judicial independence, unresolved war crimes issues, shrinking media freedom, and corruption.

Figure 5: CPI scores for Serbia and the four worst performing EU member states



Source: Author’s own compilation based on based on data collection from Transparency International.

Serbia has adopted the Action Plans to address shortcomings and prioritise issues to align existing legislation and practice with EU standards. However, in recent years, the progress of the country has been worryingly slow. This can be attributable to Serbia's increasingly partocratic regimes. Furthermore, this regime has shifted the whole power towards the executive branch of government and, more precisely, to a handful of high-ranking political figures. This effectively brings into question the ability of the judiciary to hold the executive accountable (Kmezić & Bieber, 2017, p. 45). In Serbia, despite numerous indictments for alleged criminal affairs, no member of the former or present political or economic elite has thus far been held accountable by the judiciary.

Consequently, drawing from the lessons derived from past Eastern enlargements and recognizing the intricate structural challenges prevailing in Serbia, the EU prioritises the fulfilment of interim benchmarks before obtaining the closing benchmark (Lukic, 2018, p. 18). In conjunction with the implementation of interim benchmarks, the "overall balance clause" is integrated into Serbia's accession process as an additional safeguard. Functioning akin to a sanction, this clause stipulates that if advancements in Chapters 23 and 24 in the overall progress are significantly insufficient, negotiations on other chapters may be suspended or decelerated until equilibrium is attained (Nozar, 2012, p. 4). Lastly, Serbia is obligated to submit semi-annual reports to the Council of Ministers by the European Commission regarding its progress achieved within Chapters 23 and 24 (Lukic, 2018, p. 19). Additionally, this reporting requirement extends to Chapter 35, addressing the matter of normalizing relations between Belgrade and Pristina in the case of Serbia.

5.2 Justice, Freedom and Security

EU policies delineated in Chapter 24 are dedicated to upholding the EU as an area of freedom, security, and justice. Accordingly, this chapter's key focus encompasses border control, visa regulations, external migration, asylum procedures, police cooperation, and the prevention of organised crime and terrorism (Lukic, 2018, p. 101). Furthermore, the most intricate component of the EU's Chapter 24 policies is the Schengen acquis, which facilitates the removal of internal border controls within the EU. Nevertheless, for new Member States, extensive elements of the Schengen acquis are applied after a distinct Council decision, which is determined after accession.

Past Eastern enlargements have provided valuable lessons into justice, freedom, and security policies, focusing on the rule of law. Captured states, characterised by high levels of corruption, organized crime, and weak administrative capacity within law enforcement agencies, have consistently impeded efforts to reform freedom and security policies (Nozar, 2012, p. 2). These challenges present significant issues for legal communities like the EU, whose members are highly interdependent and are at the mercy of each other in compliance with common rules and regulations (Fruzsina, 2023, p. 143). The experiences of Bulgaria and Romania serve as notable examples in this regard. The Schengen area and the European arrest warrant rely on mutual trust among Member States' legal systems. Consequently, abolishing national borders and delegating external border controls challenge the long-established conceptions of sovereignty, territoriality, and security (Fruzsina, 2023, p. 141). Nevertheless, the substantial challenges encountered by Bulgaria and Romania, characterised by pronounced levels of corruption and weak administrative capacity within law enforcement agencies, led Austria

and the Netherlands to veto their accession to the Schengen area. Fruzsina (2023, p. 142) argues that their primary concerns revolved around unregulated immigration and transnational criminal activity.

Concerns over weak internal security in the context of Serbia's accession include organised crime, trafficking, and migration, prompting Member States to prioritize stronger border controls (Grabbe, 2014, p. 15). An important lesson drawn from the accession of Bulgaria and Romania is the influence of reports detailing legal uncertainty, corruption, and escalating poverty in the Western Balkans on public perceptions within EU member states. Since the 2004 enlargement, there has been a downward trend in public support for future enlargements of the EU, which has affected internal decision-making related to Serbia's accession process (Börzel et al., 2023, p. 60). Despite the necessity for aspiring members to meet political conditions, the EU lacks a democratic framework to guide candidate countries and often delegates this responsibility to the Council of Europe (Grabbe, 2014, p. 7). In past Eastern enlargements, particularly regarding the most sensitive and challenging aspects of democratic transition, such as corruption and organized crime, the EU has consistently upheld a neutral stance on the policies countries should adopt.

The framework of Chapter 24 has undergone significant expansion by implementing interim benchmarks. Serbia, for example, is subjected to 44 interim benchmarks outlined within the negotiation framework for Chapter 24 (Lukic, 2018, p. 106). Furthermore, there is a growing emphasis on ensuring efficient and continuous monitoring for the implementation of measures contained in the Chapter 24 Action Plan. Serbia faces intensified requirements right from the outset, compared to Croatia. While Croatia has a singular clear benchmark, Serbia's, albeit similarly structured, encompasses much more comprehensive content (Lukic, 2018, p. 101). Consequently, Serbia needs to be adequately equipped to implement the growing framework of common rules (Lukic, 2018, p. 101). This necessitates a robust and seamlessly integrated administrative capacity within law enforcement agencies and other pertinent bodies, which must attain the necessary standards.

Strengthening the rule of law transcends mere institutional considerations; it entails a profound and enduring societal transformation (European Commission, 2021, p. 10). Thus, in assisting Serbia with its rule of law reforms, the financial assistance under IPA III is better targeted at earlier stages of the accession process. As outlined in Chapter 4.1, IPA III aligns with the clusters of negotiating chapters, prioritising assistance for fundamental democratic principles and the rule of law. Furthermore, Kolaković-Bojović & Turanjanin (2018, p. 128) argue that recommendations given in both screening reports compel Serbian authorities to draft, adopt, and implement detailed action plans. These documents should serve as a "reform road map" laying the groundwork for the adoption and implementation of dedicated strategic documents across relevant domains concerning Justice, Freedom, and Security policies.

6 Conclusions

This thesis was motivated by a wish to gain a greater insight into the enlargement process towards the Western Balkans, with a specific focus on Serbia, based on policy learning from previous Eastern enlargements. To do this, an extensive analysis of both primary and secondary sources, along with quantitative and qualitative data, has been conducted to identify the policy lessons derived from two decades of Eastern enlargement and to evaluate the extent to which this policy learning is shaping the accession process for Serbia. The qualitative data, including official EU documents, press releases, newspaper articles, and opinion pieces, together with scholarly literature, has examined the policy learning from each Eastern enlargement of the EU - starting with the "big bang" in 2004 to the accession of Croatia in 2013. The quantitative material focused statistics on (1) unemployment, and (2) annual corruption index score; this complemented the qualitative data by comparing unemployment and corruption trends from two decades of Eastern enlargements. The thesis has been focused on evidence-based policy-learning within the EU's enlargement framework, particularly concerning conditionality and policies in the economic, social, and judicial domains to answer the research questions: What policy lessons has the EU learned within the domains of economic, social, and judicial policies in the interval between the 2004 enlargement and the accession of Croatia in 2013, and to what extent are these lessons shaping the pre-accession process of Serbia?

The thesis has adopted a chronological approach to each enlargement, resulting in a thorough analysis of the progression of conditionality within the enlargement policy. For instance, the Copenhagen criteria persistently served as the primary benchmark for each enlargement. Nevertheless, each Eastern enlargement have provided valuable policy learning due to their unique differences, and an all-time high when Bulgaria and Romania joined (Börzel et al., 2023, p. 20). The distinct characteristics can be attributed to the differing stages of European integration and priorities of the new Member States. Nevertheless, it is evident that fundamental challenges remain in each previous Eastern enlargement, with new Member States remaining economically weak, and in some cases, progress towards "good governance" has stalled or gone backwards (Börzel et al., 2023, p. 25) These lessons have facilitated an innovative policy adaptation and systematic evolution in the EU's enlargement strategy of Serbia. The primary shift in EU enlargement objectives is notably on the "fundamentals first". Thus, the accession process for Serbia is structured to prioritise addressing issues related to the rule of law, fundamental rights, and the strengthening of democratic institutions.

Furthermore, based on the policy lessons from the "safeguard clauses" implemented against Romania and Bulgaria after entry negotiations concluded, the EU has introduced a new sanctions regime encompassing an extended scope of conditionality (Pridham, 2007, p. 1). Thus, the accession process for the Western Balkans is characterised by more rigorous conditionality. This has manifested through more extensive monitoring and the introduction of additional benchmarks and preventive and remedial sanctions. Consequently, Serbia is subject to intensified pressure to demonstrate progress in the initial stages of the pre-accession phase.

One of Serbia's objectives in pursuing EU membership is to enhance its economic state and the social welfare of its population. However, this necessitates a significant wave of reforms and a substantial increase in foreign investment. A critical lesson from past Eastern enlargements is that such reforms entail considerable social costs, including substantial migration flows (Börzel et al., 2023, p. 29). For instance, in countries that joined the EU in 2004, such as Bulgaria, Lithuania, and Latvia, demographic declines since 1990 exceed 20% of the total population, with more than 10% in Hungary and Romania (Börzel et al., 2023, p. 30). Hence, the persistent socioeconomic issues from the past led the EU to adopt a more gradual approach in Serbia's pre-accession process, which focuses more on economic governance. Parandii (2023, p. 20) states that the gradual approach may also be effective in preserving Serbian support for EU integration despite the extended duration of the membership process.

Based on these findings, some conclusions can be drawn to answer the second part of the research question: To what extent are these lessons shaping the pre-accession process of Serbia? First, each Eastern enlargement of the EU - starting with the "big bang" in 2004 to the accession of Croatia in 2013 - demonstrated certain similarities and distinct characteristics. These distinct characteristics have provided valuable lessons for the enlargement of Serbia. However, there is no standard enlargement pattern that can be "copied" or blindly imitated (Inotai, 2012, p. 69). Each potential Member State requires a careful elaboration of the integration strategy based on its historical, political, economic, and societal background. Furthermore, enlargement policy can be a powerful tool for political, economic, and societal transformation in Serbia; however, this is contingent upon the scrupulous application of conditions and sufficient commitment from both Serbia and the EU. (De Groot, 2012, p. 1). According to the president of the European Council, Michel (2024), that means that candidate countries, must make the necessary reforms and solve all bilateral disputes. For the EU, it means reforming their programmes, budgets, and decision-making.

Nevertheless, the enlargement of Serbia will be challenging for all parts of Europe as Serbia represents a transitional region with no clear goal or end point. Serbia is between democracy and authoritarianism, market and state-controlled economy, capitalist wilderness, and socialist legacy. Serbia reflects many global dilemmas and tensions surrounding democracy and its decline from a micro perspective (Kmezić & Bieber, 2017, p. 5). Furthermore, the credibility of EU membership, which previously served as a significant catalyst for democratic reforms, institutional change, and policy adaptations in the candidate countries during the 2004/2007 Eastern enlargement, lost its credibility (Börzel et al., 2023, p. 15). This is particularly evident in Serbia, which has diverged from the EU's foreign policy direction by building closer relations with China. Additionally, even before the war in Ukraine, Russia was already shaping Serbian politics through historical ties, close political relations, and energy supplies (Parandii, 2023, p. 9). Evidently, the extensive range of additional conditions and comparatively weaker incentives have somewhat diminished the appeal of EU integration and the EU's ability to act as a stabilising force for lasting peace and transformation in Serbia. Consequently, Parandii (2023, p. 19) argues that the EU should consider measures to ensure Serbia's accession process is mutually beneficial.

6.1 Limitations of the Study

Various factors limit this study. Firstly, this dissertation aimed to identify the lessons learned from past enlargements in the economic, social, and judicial policy domains. Hence, an essential element to identify these lessons is elaborating upon the challenges. Nevertheless, due to constraints in word count and the defined scope of this thesis, a comprehensive analysis of the measures implemented in each domain subsequently to each enlargement was beyond the feasible limits of this study. Restricting the analysis to a single enlargement or policy domain could have narrowed the research scope, thereby enabling a more thorough analysis of each lesson and its influence on Serbia's accession process. Nevertheless, it is important to note that the domains analysed in this thesis are significantly interrelated, influencing each other profoundly. Moreover, each enlargement wave provided a valuable lesson for the current accession process for Serbia, thus by analysing each accession round, the dissertation offers a comprehensible yet extensive overview of the policy learning from past Eastern enlargements and how they have shaped the accession process for Serbia. Nevertheless, future scholars could improve this research by narrowing the study to one enlargement round, country, or policy domain.

Secondly, the pre-accession process of Serbia is dynamic and is currently subject to various internal and external factors that shape its pace, direction, and outcomes over time. Put differently, the pre-accession is still changing, and one of the examined chapters of the Acquis: Social Policy and Employment, has not yet been opened. Some policy learning from the past might be applied differently depending on how Serbia's accession process progresses.

Lastly, many challenges identified in this dissertation, such as high unemployment rates, economic deficiencies, and high levels of corruption, were already evident in the "old" member states, particularly in Greece, Italy, and Portugal. It should be noted that some of these "old" Member States were hit harder by the financial crisis in 2009 than the new Member States. Additionally, Spain and Greece are experiencing higher unemployment rates than the new Member States. Furthermore, factors such as globalisation, changing political landscape, and international crises, which also have significantly impacted the EU's enlargement policy and the Western Balkans were not elaborated upon in this thesis. These issues became particularly salient after the 2009 financial crisis. Despite this not being relevant to the research question, as this thesis aimed to extract lessons from previous Eastern enlargements, future scholars could strengthen this research by examining the impact of these factors on the EU and its enlargement policy.

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Appendices

Appendix 1: Negotiation Clusters

Appendix 2: Negotiation chapters – Serbia

Appendix 1: Negotiation Clusters

Cluster 1 – Fundamentals	Chapter 5 – Public procurement Chapter 18 – Statistics Chapter 23 – Judiciary and fundamental rights Chapter 24 – Justice, freedom and security Chapter 32 – Financial control
Cluster 2 - Internal market	Chapter 1 – Free movement of goods Chapter 2 – Freedom of movement for workers Chapter 3 – Right of establishment and freedom to provide services Chapter 4 – Free movement of capital Chapter 6 – Company law Chapter 7 – Intellectual property law Chapter 8 – Competition Chapter 9 – Financial services Chapter 28 – Consumer and health protection
Cluster 3 – Competitiveness and inclusive growth	Chapter 10 – Digital transformation and media Chapter 16 – Taxation Chapter 17 – Economic and monetary policy Chapter 19 – Social policy and employment Chapter 20 – Enterprise and industrial policy Chapter 25 - Science and research Chapter 26 – Education and culture Chapter 29 – Customs union
Cluster 4 – Green agenda and sustainable connectivity	Chapter 14 – Transport policy Chapter 15 – Energy Chapter 21 – Trans-European networks Chapter 27 – Environment and climate change
Cluster 5 – Resources, agriculture, and cohesion	Chapter 11 – Agriculture and rural development Chapter 12 – Food safety, veterinary and phytosanitary policy Chapter 13 – Fisheries and aquaculture Chapter 22 – Regional policy and coordination of structural instruments

	Chapter 33 – Financial and budgetary provisions
Cluster 6 – External relations	Chapter 30 – External relations Chapter 31 – Foreign, security and defence policy
Not part of a Cluster:	Chapter 34 – Institutions Chapter 35 –Other Issues

Source: Author´s own compilation based on European Commission (2022, p. 2).

Appendix 2: Negotiation chapters – Serbia

Clusters	Chapters	State of play in EU-Serbia
1. Fundamentals	23 - Judiciary and fundamental rights	23 – <i>Opened</i>
	24 - Justice, Freedom and Security	24 – <i>Opened</i>
	5 - Public procurement	5 – <i>Opened</i>
	18 - Statistics	18 – <i>Opened</i>
	32 - Financial control	32 – <i>Opened</i>
2. Internal Market	1 - Free movement of goods	1 –
	2 - Freedom of movement for workers	2 –
	3 - Right of establishment and freedom to provide services	3 –
	4 - Free movement of capital	4 – <i>Opened</i>
	6 - Company law	6 – <i>Opened</i>
	7 - Intellectual property law	7 – <i>Opened</i>
	8 - Competition policy	8 –
	9 - Financial services	9 – <i>Opened</i>
	28 - Consumer and health protection	28 –
3. Competitiveness and inclusive growth	10 - Information society and media	10 –
	16 - Taxation	16 –
	17 - Economic and monetary policy	17 – <i>Opened</i>
	19 - Social policy and employment	19 –
	20 - Enterprise and industrial policy	20 – <i>Opened</i>
	25 - Science and research	25 – <i>Closed</i>

	26 - Education and culture 29 - Customs union	26 - <i>Closed</i> 29 - <i>Opened</i>
4. Green agenda and sustainable connectivity	14 - Transport policy 15 - Energy 21 - Trans-European networks 27 - Environment and climate change	14 - 15 - 21 - 27 -
5. Resources, agriculture and cohesion	11 - Agriculture and rural development 12 - Food safety, veterinary and phytosanitary policy 13 - Fisheries 22 - Regional policy & coordination of structural instruments 33 - Financial & budgetary provisions	11 - 12 - 13 - <i>Opened</i> 22 - 33 - <i>Opened</i>
6. External relations	30 - External relations 31 - Foreign, security & defence policy	30 - <i>Opened</i> 31 -
	34 - Institutions <i>(Chapter without screening)</i> 35 - Other issues	-- 35 - <i>Opened</i>

Source: Author's own compilation based on European Commission (2021, pp. 7-8)



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