

Political and Economic Governance in the Balkans vs Eastern Europe

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7. POLITICAL AND ECONOMIC GOVERNANCE IN THE BALKANS VS EASTERN EUROPE

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Introduction

This chapter seeks to compare the quality of governance of the non-EU member states of the Western Balkans (hereafter known simply as the Balkans) and of Eastern Europe, namely Georgia, Moldova and Ukraine, which share Association Agreements with the EU, including Deep and Comprehensive Free Trade Areas (hereafter the 'DCFTA states'). Both groups of states aspire to full membership of the EU. While the EU differentiates between the two groups, acknowledging the

'European [i.e. EU membership] perspectives' of the former, but not of the latter, the commitments to adopt or approximate to EU law and policies made by both groups have much in common. This makes comparisons between the Balkans and the DCFTA states both feasible and politically significant.

These comparisons are facilitated by numerous sources, qualitative assessments and formal rankings or ratings. Particular use is made of two sources: on the one hand the regular annual reports on the Balkans and Turkey prepared by the EU institutions, and on the other the three 'Handbooks' on Georgia, Moldova and Ukraine published by CEPS and its partners (see list of references).

Overall, these assessments reveal that the political and economic governance in the two groups is comparable, even when taking into account the wide range of ratings seen within each of the two groups between their respective states.

Concretely, the EU has now established what independent observers can recognise as a three-tier graduation of accession prospects for the Balkans and Turkey. In February 2018, the European Commission proposed that 2025 be viewed as a feasible accession date for Serbia and Montenegro, which signalled these two countries as the Balkan front-runners, or tier one, even if the EU Council has not endorsed this date. A second tier was established by the Council in June 2018, when 2019 was signalled as a possible, conditional date for opening accession negotiations with Albania and Macedonia. The third tier then consists of Bosnia and Kosovo, which have no dated prospects, and Turkey, whose negotiations are deemed to be at a standstill. By comparison, combining both political and economic indicators, Georgia is comparable but slightly more advanced than the Balkan tier-one states, while Moldova and Ukraine are roughly comparable to the Balkan tier-two states, and ahead of the tier-three states. This is the broad picture, which is of evident political significance, although there is room for debate about the many indicators used in this paper, justifying more nuance in finer-grained conclusions.

The overall picture calls into question the objectivity of the EU in extending membership perspectives to the Balkans as a group, while denying it to the DCFTA states as a group. It also calls for a more careful consideration of the common assumption that the incentive of membership determines the effectiveness of reform processes and the extent of convergence of these neighbouring states on EU values and laws. It further questions the pertinence of the EU's neighbourhood policy which, it has been argued, has become obsolete.¹ At the end of this chapter, we develop three options for how the EU might respond to this state of affairs.

¹ See Steven Blockmans, *The Obsolescence of the European Neighbourhood Policy*, CEPS, Brussels, 2017.

Political governance

The political geography of the EU's immediate vicinity features three groups of countries that in official EU doctrine differ with regard to their EU integration prospects. The Balkans are by far the most privileged group that received the conditional promise of EU membership as early as 2000. Three of the Eastern Partnership (EaP) countries (Georgia, Moldova, and Ukraine, but not Armenia, Azerbaijan and Belarus) come next, having taken up the EU's offer of deep and comprehensive free trade and close political association, which nevertheless falls short of full EU membership. The countries from the Middle East and North Africa (MENA) are in third place with a lower likelihood of achieving as advanced a degree of EU integration as the eastern neighbours, owing to various domestic and regional obstacles, or lack of interest on the part of the countries concerned.

The EaP neighbours are thus in a middle category, but are themselves now split between countries that harbour EU accession aspirations and have signed advanced association agreements with the EU, and those unwilling or unable to undertake such close contractual commitments with the EU. The EaP countries are also 'European' states, which if democratic are eligible to apply for full EU membership according to Article 49 of the Treaty, unlike the southern neighbours.

The EU membership perspective has been considered the strongest external driver of domestic political change in countries surrounding the EU. Scholars have argued that the quality of democratic governance in the wider neighbourhood strongly correlates with the strength of the incentives offered by Brussels (Boerzel and Schimmelfennig, 2017). Countries that enjoy a credible prospect of EU accession experience more sweeping democratic change. It has been argued that countries that have association and partnership agreements with the EU are not undergoing the same degree and pace of democratic improvement as the EU accession candidates (Boerzel and Schimmelfennig, 2017). These arguments now seem to warrant some qualification, however.

A closer look at the political governance map of the EU's neighbourhood in 2018 reveals a much more plural environment; one that defies both the regional divisions drawn by the EU's official

enlargement and neighbourhood policies and scholarly expectations that the EU membership prospect generates political change unequivocally. A key point here has to be the credibility of the membership perspective. Almost two decades after the EU extended the membership prospect to the Balkans, accession is still not in sight, even for the front-runners of the region. After more than a decade since the EU launched the ENP, the political realities are quite mixed, with frontrunners and less advanced states in each region challenging attempts at regional stereotyping – see Table 7.1.

Table 7.1 Democracy scores in the EU neighbourhood

| | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 | 2018 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | |
| Albania | 7.25 | 7.5 | 7.55 | 7.25 | 6.7 | 6.95 | 7.1 |
| Croatia | 9.1 | 8.85 | 8.5 | 8.4 | 8.45 | 8.4 | 8.4 |
| Bosnia and Herzegovina | 6.8 | 6.7 | 6.5 | 6.4 | 6.35 | 6.3 | 6.1 |
| Kosovo | | | 6.95 | 6.7 | 6.6 | 6.65 | 6.5 |
| Macedonia | 7.55 | 7.75 | 7.95 | 7.6 | 7.2 | 6.65 | 6.5 |
| Montenegro | 7.4 | 7.85 | 7.8 | 7.6 | 7.9 | 7.85 | 7.6 |
| Serbia | 7.4 | 7.75 | 8 | 8.05 | 7.95 | 7.85 | 7.7 |
| Western Balkans | 7.58 | 7.73 | 7.61 | 7.43 | 7.31 | 7.24 | 7.13 |
| | | | | | | | |
| Turkey | 7.05 | 7.05 | 7.65 | 7.65 | 7.55 | 7.25 | 5.6 |
| | | | | | | | |
| Armenia | 5.2 | 6 | 4.92 | 5.25 | 5.35 | 5.23 | 5.1 |
| Azerbaijan | 3.8 | 3.8 | 3.92 | 4.02 | 3.92 | 3.48 | 3.4 |
| Belarus | 3.97 | 3.93 | 4.08 | 3.93 | 3.93 | 3.93 | 4.3 |
| Georgia | 6.1 | 6.85 | 6.05 | 6.15 | 6.5 | 6.7 | 6.8 |
| Moldova | 5.4 | 6.85 | 6.65 | 7.05 | 7.15 | 6.7 | 6.2 |
| Ukraine | 7.1 | 7.35 | 7 | 6.1 | 6.1 | 6.75 | 6.9 |
| Eastern neighbourhood | 5.26 | 5.80 | 5.44 | 5.42 | 5.49 | 5.47 | 5.45 |
| | | | | | | | |
| Algeria | 4.23 | 4.27 | 4.37 | 4.3 | 4.8 | 4.8 | 4.8 |
| Egypt | 4.12 | 4.4 | 4.22 | 4.08 | 4.92 | 3.93 | 3.7 |
| Jordan | 4.1 | 3.98 | 4.02 | 3.92 | 4.1 | 4.03 | 4.4 |
| Lebanon | 5.6 | 6.25 | 6.25 | 6.15 | 6 | 5.7 | 4.9 |
| Libya | 3 | 2.98 | 3.2 | 3.1 | 4.13 | 2.38 | 2.6 |
| Morocco | 4.48 | 4.4 | 4.05 | 3.9 | 4 | 3.83 | 3.8 |
| Syria | 3 | 2.6 | 3.23 | 3.18 | 2.03 | 1.7 | 1.8 |
| Tunisia | 3.83 | 3.95 | 3.78 | 3.85 | 5.8 | 6.3 | 6.5 |
| Southern neighbourhood | 4.05 | 4.10 | 4.14 | 4.06 | 4.47 | 4.08 | 4.06 |

Note: These results are broadly consistent with those from another frequently quoted source, Freedom House.

Source: Bertelsmann Stiftung, Democracy Status.

One of the most pronounced tendencies is the steady decline in political governance standards in all the countries to which the EU has extended a membership perspective. Turkey's democratic backsliding is the most spectacular, but the Balkan accession

candidates also appear to be profoundly affected by a democratic malaise that promises to prolong if not completely derail their EU membership trajectory. The frontrunners in the region by political criteria – Serbia and Montenegro – are not spared the regional trend, even though their decline is less steep compared to the other Balkan states, Albania, Bosnia and Herzegovina, Kosovo and Macedonia. Very recent developments in Macedonia suggest an improvement in political governance, which remains to be confirmed in new data.

Against this negative trend, the recent democratic gains among the EaP frontrunners between 2012 and 2016 may be puzzling for scholars. However, these were years when the DCFTA agreements were being concluded, and this was an incentive that carried some weight. The three DCFTA countries – Georgia, Ukraine and Moldova – have not only improved the quality of their democratic governance in that period but have also caught up and overtaken the Balkan laggards. They have also widened the gap between frontrunners and less advanced states within the EaP group and have effectively detached themselves from the other eastern neighbours. Of the non-DCFTA countries, Azerbaijan and Belarus have remained authoritarian regimes, on a par with the average of the southern neighbourhood throughout the last decade. Only Armenia saw a new burst of democratic activism, in April 2018.

The relatively positive quality of democracy in the DCFTA countries is impressive against the background of general authoritarianism in the EU's borderlands and heightened geopolitical tensions in the eastern neighbourhood during this period. Not only has Russia sought to actively derail these countries' pro-Western trajectories by imposing costs on their pro-EU policies, but EU-Russian relations have also taken a distinctly antagonistic turn with the mutual imposition of quid-pro-quo sanctions and a return to open confrontation over various crises in the common neighbourhood.

One of the main manifestations of poor governance across the wider neighbourhood has been widespread corruption and impunity for officeholders. Weak rule of law and inefficient law enforcement institutions have been commonplace in nearly all neighbouring states and have allowed incumbents to act with impunity while in office. Control of corruption has thus proven

difficult, yet the evidence from both regions shows that Georgia distinguishes itself not only from its DCFTA partners, but also from all the Balkan states, including even the Balkan EU member states, by achieving ratings closer to the average of OECD and EU countries. On the other hand, Moldova and Ukraine are ranked below the least performing Balkan states on this count (see Tables 7.2 and 7.3 with consistent findings from two different sources).

Table 7.2 Corruption rankings out of 180 countries worldwide, 2017

| | |
|------------|-----|
| Croatia | 57 |
| Bulgaria | 71 |
| | |
| Montenegro | 64 |
| Serbia | 77 |
| Kosovo | 85 |
| Bosnia | 91 |
| Albania | 91 |
| Macedonia | 107 |
| | |
| Turkey | 81 |
| | |
| Georgia | 46 |
| Moldova | 122 |
| Ukraine | 130 |

Source: Transparency International.

Table 7.3 World Bank's Enterprise Survey – corruption ratings

| | Bribery incidents ¹ | Bribery depth ² | Gifts to tax officials ³ | Gifts for government contracts ⁴ | Gifts for construction contracts ⁵ | Gifts to officials ⁶ | Corruption constraint ⁷ |
|---------------------|--------------------------------|----------------------------|-------------------------------------|---|---|---------------------------------|------------------------------------|
| OECD | 2 | 1 | 1 | 11 | 2 | 8 | 11 |
| Bulgaria | n.a. | n.a. | 6 | 28 | 17 | n.a. | n.a. |
| Serbia | n.a. | n.a. | 7 | 40 | 16 | n.a. | n.a. |
| Albania | n.a. | n.a. | 18 | 34 | 38 | n.a. | n.a. |
| East-Central Europe | 17 | 14 | 13 | 26 | 25 | 20 | 22 |
| Georgia | 2 | 1 | 0 | 1 | 12 | 2 | 3 |
| Moldova | 31 | 22 | 14 | 11 | 49 | 16 | 38 |
| Ukraine | 50 | 45 | 50 | 99 | 73 | 73 | 38 |

¹ Bribery incidence - % of firms experiencing at least one bribe request. ² Bribery depth - % of public transactions where bribe requested.

³ % of firms expected to give gifts in meetings with tax officials.

⁴ % of firms expected to give gifts to secure government contracts.

⁵ % of firms expected to give gifts to get a construction contract.

⁶ % of firms expected to give gifts to public officials to get things done.

⁷ % of firms identify corruption as a major constraint.

Source: OECD (2016), based on WB Enterprise Surveys conducted in Georgia, Moldova and Ukraine in 2013.

A similar but somewhat different picture emerges from rule of law rankings in Table 7.4. Here again, Georgia is way ahead of all the Western Balkan states and ranks among the EU member states of the Balkan region (similar to Croatia, and much better than Bulgaria). The two other DCFTA states, Moldova and Ukraine, are ranked close to Serbia, which on this count, however, is not the regional front-runner.

Table 7.4 Rule of law rankings

| | |
|------------|-----|
| Croatia | 35 |
| Bulgaria | 55 |
| | |
| Montenegro | - |
| Serbia | 76 |
| Kosovo | - |
| Bosnia | 56 |
| Albania | 68 |
| Macedonia | 57 |
| | |
| Turkey | 101 |
| | |
| Georgia | 38 |
| Moldova | 78 |
| Ukraine | 77 |

Source: World Justice Project, Rule of Law Index, 2017-2018.

These developments challenge the dominant assumption in policy circles and academia alike that a credible EU membership perspective consistently generates a domestic environment conducive to democratic change. The EU accession prospect has not spurred a robust democratisation dynamic in the Western Balkan countries, which after initial gains on political rights and civil liberties in the early 2000s have regressed over the last decade in every aspect of democracy. The reasons for that are well known. On the EU side, interest in the stability of the region has trumped concerns about growing authoritarian tendencies there (BiEPAG,

2017; Richter, 2012). Most of the EU's accession leverage has gone on pressuring Balkan strongmen to deliver on security by de-escalating latent conflicts and moving towards a normalisation of neighbourly relations (Vachudova, 2014) and cooperating with EU governments on migration and counter-terrorism issues (Bechev, 2016). Thus, Brussels has insisted on advances in the normalisation of relations between Belgrade and Pristina in the framework of EU-facilitated High-Level Dialogue between the two parties, putting aside questions of democracy and rule of law. Similarly, the cooperation of the Balkan governments was instrumental for the closure of the so-called Balkan migrant route in 2016, thus bolstering EU border security and avoiding criticism of domestic political governance issues.

As a result, democratic backsliding in the region has gone unchecked, leaving local leaders to get away with deteriorating media freedom, political control over nominally independent institutions and extreme forms of political graft. In other words, the EU has not consistently applied political pressure to sanction democratic regression in the region but has sent the wrong signal to a Balkan political elite only too ready to cling to power and enjoy the spoils of public office (Pomorska and Noutcheva, 2017). Domestic political actors in the region have used the space offered by the EU's hesitation in applying negative democratic conditionality to block or reverse democratic reform.

On the domestic side, there has been no consistent, robust societal push to dislodge vested interests in the status quo, even though sporadic societal protests have occasionally voiced the public's discontent with the ruling political class. On the whole, Balkan societies have been too preoccupied with economic survival and closing the wounds of the 1990s conflicts to resist the capture of state resources by predatory elites. Furthermore, the EU's democratic credentials have suffered as a result of democratic challenges within the EU. Hungary and Poland's democratic backsliding and the EU's reluctance to stand up for its fundamental political values has shaken the image of the EU as a democracy promoter abroad.

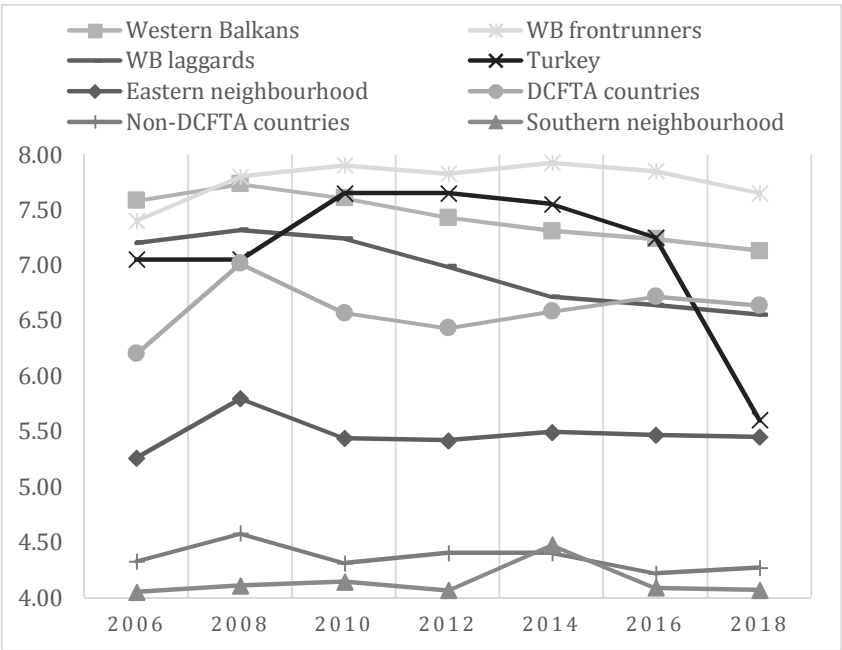
The experience of the three DCFTA countries, however, suggests that a particular constellation of domestic and regional factors can enable a push for democracy from within in the absence

of a strong external 'carrot', even though the process can be fragile and subject to reversal as the democracy data for the last two years indicates – see Figure 7.1. The motivation to proceed on the democracy path in the three DCFTA countries, notwithstanding the weak EU incentives and strong Russian disincentives, is linked to a combination of elite calculations and societal values. At the elite level, the determination to break free from Russia's sphere of influence is amplified by Russia's aggressive strategy in its 'near abroad'. The more Russia multiplies attacks on the statehood and sovereign rights of these countries to determine their future path, the greater the resolve of these states' leadership to pursue a rapprochement with the EU, which goes with embracing EU values (Delcour and Wolczuk, 2015). A similar dynamic can be observed at societal level. In countries such as Georgia and Ukraine – both of which have been the targets of Russian military aggression, societal orientations have turned decidedly away from Russia and in favour of the EU and its softer ways of pursuing the political and economic transformation of the region (Shevel, 2014; Popescu, 2018). Russia has thus had an indirect and unintended positive effect on the democratisation dynamics of the DCFTA countries.

In general, the EU is seen slightly more positively in the eastern neighbourhood (44%) than in the Western Balkans (42%) even though Kosovo (90%) and Albania (81%) are individually the most convinced EU-enthusiasts – see Figure 7.2. The majority of citizens in Georgia (59%) and Macedonia (54%) also view the EU favourably. The most negative perceptions of the EU, however, are paradoxically registered in the Balkan frontrunners, Serbia and Montenegro, where as many as 30 and 22 percent of the population respectively sees the EU in a negative light. Collectively, the EU has a negative image among more citizens of the Balkans (19%) than of the eastern neighbourhood (13%). In both regions, younger cohorts, more educated people and people with higher social status tend to view the EU more positively. In the Balkans, EU membership is most often associated with freedom to study and work in the EU (35%), economic prosperity (31%) and freedom to travel (30%) (Balkan Barometer 2017). In the EaP countries, the EU is clearly associated with the political values it stands for, in particular human rights (77%), rule of law (74%); freedom of speech (74%), democracy (70%), freedom of religion (72%), respect for other cultures and

minorities (67%), freedom of the media (73%) (EU Neighbours East, 2017). Importantly, in the EaP region where the EU is not the only integration alternative, the EU is seen as a more attractive and trustworthy integration project compared to the Russia-led Eurasian Economic Union, even among the members of the latter – see Figure 7.3.

Figure 7.1 Political governance in the Western Balkans and the European neighbourhood



Notes: Rating on a scale of one (the lowest value) to 10 (the highest value).

Western Balkans: Croatia and all candidate and potential candidate countries from the region. Kosovo is included with a separate rating as of 2010 onwards.

WB frontrunners: Serbia and Montenegro.

WB other: Albania, Bosnia and Herzegovina, Kosovo and Macedonia. Kosovo is included with a separate rating as of 2010 onwards.

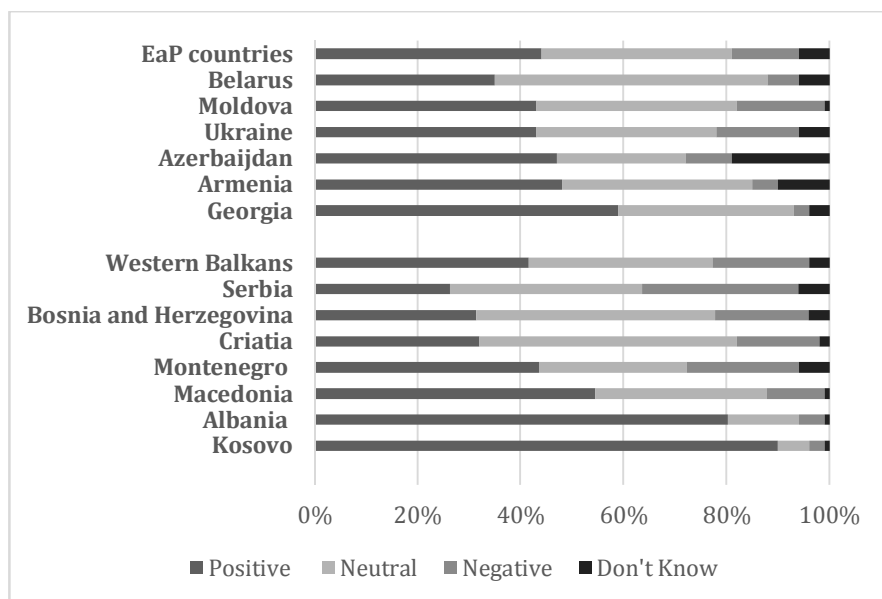
DCFTA countries: Ukraine, Georgia, Moldova.

Non-DCFTA countries: Armenia, Azerbaijan and Belarus.

Southern Neighbourhood: Israel and Palestine are not included in the average score.

Source: Bertelsmann Stiftung Transformation Index, Democracy Status.

Figure 7.2 The EU's image in the Balkans and the Eastern Neighbourhood, 2017



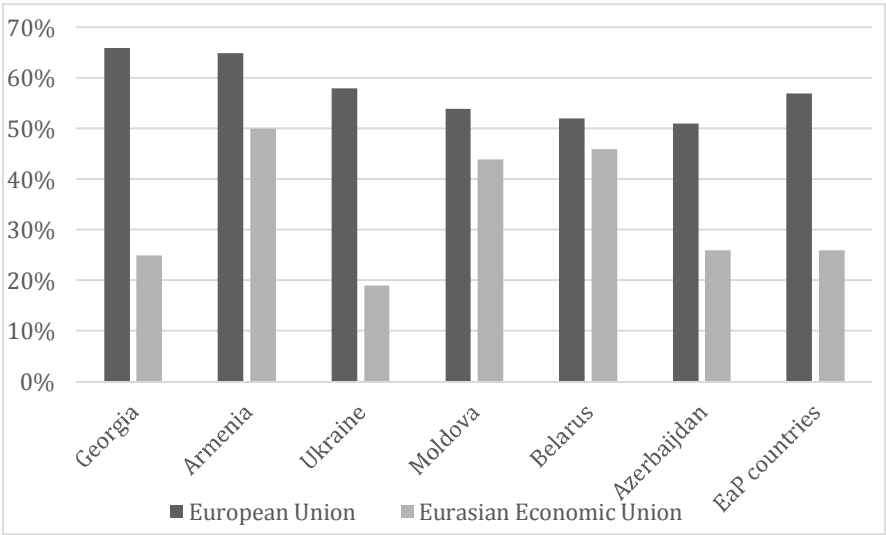
Note: Question posed to Balkan citizens: “Do you think that EU membership would be (is, for Croatia) a good thing, a bad thing, or neither good nor bad?”

Question asked to EaP citizens: “Do you have a very positive, fairly positive, neutral, fairly negative or very negative image of the European Union?”

Sources: Data on the Balkans – Balkan Barometer 2017: Public Opinion Survey, Regional Cooperation Council, 2017.

Data on the EaP countries – EU Neighbours East, Annual Survey Report: Regional Overview, June 2017.

Figure 7.3 Trust in the EU and the EEU in the EaP countries, 2017



Note: Percentages of citizens polled.

Source: EU Neighbours East, Annual Survey Report: Regional Overview, June 2017.

Overall, it can be said that high quality democracy has not taken root anywhere in the two regions where democratic breakthroughs are frequently followed by democratic reversals. The political changes are particularly worrying across all the Balkan countries but are less discouraging in the DCFTA countries. The aim to anchor the political trajectories of the Balkan accession candidates to the EU comes as the region is edging closer to authoritarianism; the challenges to political reform are thus formidable. Political improvements in the eastern neighbourhood are fragile and have occurred in a less favourable geopolitical climate, so they are no less worthy of EU support and encouragement. The moment is thus ripe for the EU to live up to its international reputation of democracy supporter and make a difference where only it can do so.

Economic development and governance

GDP per capita. The gap in GDP per capita between the Balkan economies and the DCFTA economies on the one hand and those of the EU member states on the other is substantial. The present situation is that the average GDP per capita, PPP-adjusted, of the

Balkan states is roughly one-third of the EU 28 average, whereas for the DCFTA economies it is roughly one-fifth.

A key issue for comparison is how far the countries of these regions have progressed in converging to European levels of economic performance since the end of the communist period in or around 1990. Over the period 1990 to 2016 the EU28's average grew 2.6 times. Convergence for the non-EU economies means therefore increasing GDP per capita faster than this reference (see Table 7.5). While data is not available for all economies, it is observed that Albania and Turkey both scored significant catch-up progress, whereas Macedonia and Belarus were roughly stable on this account.

The DCFTA states performed poorly by comparison. There will have been many political and economic reasons for this. One factor stands out, however, namely the relative severity of the post-Soviet versus post-Yugoslavia economic shocks. While Yugoslavia considered itself in political terms to be 'communist' until its disintegration, in reality it had long been experimenting with elements of market economics. Liberalising reforms had already been at work. The immediate post-Yugoslav reality was not one of systemic economic collapse as in the case of the post-Soviet states. The economic losses of the 1990s were thus less, although both regions had to suffer the costs of wars that followed political disintegration.

All three DCFTA states suffered deep economic losses immediately after independence. Ukraine especially has fallen behind compared to the EU and other CIS states (but several of the latter enjoyed petro-state advantages). The poor performance of Ukraine would seem to be explained by an accumulation of factors. Its industrial structure was most vulnerable to the break-up of the Soviet economy, with many crucial supply chain linkages to Russian industry eroded from the onset of independence, and finally destroyed with the conflict that started in 2014. In addition, Ukraine suffered extremely poor economic governance and denial of reform measures at least until the first Maidan of 2006. But serious economic reforms did not really begin until after the second Maidan of 2014, and even these have so far been incomplete, while corruption remains rampant.

Georgia and Moldova also suffered deep economic losses. In Georgia it was not until 2006 that a radical reformist agenda was adopted, and has been broadly sustained since. As a result Georgia has the highest GDP per capita of the three DCFTA states, but this only puts it on a par with the weakest of the Balkans. As for Moldova, a strong pro-European reform agenda was adopted over the past decade, but this has tended to be much less strong in practice than political pronouncements, and the economy remains the poorest in Europe by a significant margin.

For all three DCFTA states the present situation signals a huge underperformance of their economies.

Table 7.5 GDP per capita, ppp, 1990 and 2016 (\$)

| Balkans | 1990 | 2016 | DCFTAs | 1990 | 2016 |
|-----------------------|---------------|---------------|---------------------------|-------------|---------------|
| Albania | 2,722 | 11,540 | Georgia | 5,174 | 10,004 |
| Bosnia | n.a. | 12,172 | Moldova | n.a. | 5,332 |
| Kosovo | n.a. | 10,063 | Ukraine | 6,763 | 8,269 |
| Macedonia | 5,256 | 14,492 | <i>DCFTA average</i> | | 7,868 |
| Montenegro | n.a. | 17,633 | | | |
| Serbia | n.a. | 14,515 | EAEU/other | | |
| <i>Balkan average</i> | | 13,403 | Armenia | 2,418 | 8,832 |
| | | | Azerbaijan | 5,502 | 17,256 |
| Croatia | n.a. | 23,422 | Belarus | 5,399 | 18,060 |
| Turkey | 6,146 | 25,247 | Russia | 8,012 | 24,788 |
| | | | Kazakhstan | 8,435 | 25,285 |
| <i>EU average</i> | 14,994 | 39,610 | <i>EAEU/other average</i> | | 18,844 |

Source: World Bank.

United Nations Development Programme (UNDP) Human Development Index. Most of the countries from the two regions belong to the group of countries with “high human development” as measured by UNDP’s Human Development Index, which takes into account not only the economic level of a nation, but also the health dimension assessed by life expectancy at birth, and the education dimension assessed by years of schooling – see Table 7.6. Montenegro distinguishes itself here with “very high human development”, outperforming EU member states Romania and Bulgaria, whereas Moldova is at the bottom with “medium human

development". Georgia ranks close to a Balkan front-runner, Serbia, while Ukraine ranks close to a Balkan laggard, Bosnia.

Table 7.6 Human Development Index, 2015

| | HDI | Ranking |
|------------------------------------|-------|---------|
| Very High Human Development | | |
| Croatia | 0.827 | 45 |
| Montenegro | 0.807 | 48 |
| Romania | 0.802 | 50 |
| | | |
| High Human Development | | |
| Belarus | 0.796 | 52 |
| Bulgaria | 0.794 | 56 |
| Serbia | 0.776 | 66 |
| Georgia | 0.769 | 70 |
| Turkey | 0.767 | 71 |
| Albania | 0.764 | 75 |
| Azerbaijan | 0.759 | 78 |
| Bosnia and Herzegovina | 0.750 | 81 |
| Armenia | 0.743 | 84 |
| Ukraine | 0.743 | 84 |
| | | |
| Medium Human Development | | |
| Moldova | 0.699 | 107 |

Source: UNDP, Human Development Report, 2016. No data available on Macedonia and Kosovo.

It is notable that the ranking of the Balkan and DCFTA states is more similar according to this Human Development Index than according to GDP per capita data. This suggests that human capital levels have proved much more resilient than the macroeconomy, as the relatively high educational achievements of the Soviet Union could be carried over into the independent states to a higher degree than their economic structures.

European Bank for Reconstruction and Development (EBRD) Transition indicators. Given that both regions have had to make a difficult transition from socialist to market economies, the EBRD has developed a comprehensive set of transition indicators to measure how successful this process has been. The results are given in Table 7.7, for several groups of countries: the Balkan non-member states,

the three DCFTA states, the two strongest performing South Mediterranean states, and for reference, selected EU 'new' member states.

The averages of the non-EU Balkans and DCFTA states are virtually the same, ranking 5.04 for the DCFTAs, which is slightly better than the 4.99 for the six Balkan states. However, the Balkan average is weighed down by the worst-performing Kosovo, which is a special case since it does not have the full attributes of statehood. Excluding Kosovo, the five Balkan states score 5.13, slightly above the DCFTAs.

Both groups have quite a wide dispersion of performance. The best performing state is again Georgia, scoring 5.41, slightly ahead of the best performing Balkan states – Montenegro at 5.38, Serbia at 5.36, and Macedonia at 5.26.

The two less well-performing DCFTA states, Moldova and Ukraine, score close to or a bit better than the less well performing Balkan states (Albania and Bosnia), and much better than Kosovo.

Comparisons may also be made with the EU's 'new' member states, among which Estonia is the best performer, and Croatia and Bulgaria the poorest performers. For their part Georgia, Montenegro, Serbia and Macedonia are ranked a little behind Bulgaria. The two best performing Mediterranean states, Morocco and Tunisia, are ranked in the same league as the weakest performing Balkan and DCFTA states.

The overall message from this mass of transition indicators from the EBRD is that the Balkans and DCFTA states are comparable on average. More precisely the best of the DCFTAs (Georgia) is comparable to the best of the Balkans, and the other DCFTAs states (Moldova and Ukraine) are comparable to middle-ranking Balkan states.

Table 7.7 EBRD transition indicators, 2017

| | Competitive | Well-governed | Green | Inclusive | Resilient | Integrated | Total |
|-------------------|--------------------|----------------------|--------------|------------------|------------------|-------------------|--------------|
| Estonia | 7.58 | 7.58 | 6.44 | 7.30 | 8.19 | 7.77 | 7.47 |
| Croatia | 5.75 | 5.14 | 6.03 | 6.03 | 6.61 | 6.85 | 6.06 |
| Bulgaria | 5.96 | 4.69 | 5.82 | 5.33 | 6.54 | 6.86 | 5.86 |
| | | | | | | | |
| Montenegro | 4.89 | 5.12 | 5.15 | 5.62 | 5.93 | 5.59 | 5.38 |
| Serbia | 4.94 | 4.39 | 5.77 | 5.16 | 5.55 | 6.39 | 5.36 |
| Macedonia | 5.39 | 5.20 | 4.91 | 4.72 | 5.31 | 6.04 | 5.26 |
| Albania | 4.41 | 4.31 | 4.85 | 5.11 | 4.86 | 5.76 | 4.88 |
| Bosnia-H | 4.74 | 3.66 | 4.85 | 4.83 | 5.35 | 5.47 | 4.81 |
| Kosovo | 3.37 | 3.73 | 3.80 | 4.70 | 5.09 | 4.89 | 4.26 |
| | | | | | | | |
| Georgia | 4.54 | 5.98 | 4.58 | 5.14 | 5.71 | 6.54 | 5.41 |
| Ukraine | 4.68 | 3.58 | 5.54 | 5.88 | 4.60 | 5.04 | 4.88 |
| Moldova | 4.87 | 3.94 | 4.14 | 5.19 | 5.27 | 5.64 | 4.84 |
| | | | | | | | |
| Morocco | 3.98 | 4.35 | 5.47 | 4.16 | 6.06 | 5.45 | 4.91 |
| Tunisia | 3.94 | 4.33 | 4.78 | 4.72 | 4.75 | 4.70 | 4.53 |

Note: The six EBRD transition indicators are composed of the following sub-components:

Competitive: Market structures for competition and business standards and capacity to add value and innovate.

Well-governed: National-level governance and corporate-level governance.

Green: Mitigation of climate change, adaptation to climate change, and other environmental areas.

Inclusive: Gender equality, regional disparities, and opportunities for young people.

Resilient: Financial stability, and resilient energy sector.

Integrated: Openness to foreign trade, investment and finance, and domestic and cross-border infrastructure.

Source: EBRD Transition Report, 2017-18.

World Bank, Ease of Doing Business. The conditions for doing business in both regions are improving, with Georgia and Macedonia catching up with the developed economies and earning a place among the top performers in the World Bank Ease of Doing Business ranking – see Table 7.8.¹ Yet improvement is not uniform – the Ukrainian and the Bosnian economies are the worst in the two regions in terms of regulatory environment and hardly an attractive place to stimulate investment and local business initiative.

Table 7.8 Ease of Doing Business ranking, 2017

| Economy | Rank |
|------------------------|-------------|
| Georgia | 9 |
| Macedonia | 11 |
| Russian Federation | 35 |
| Belarus | 38 |
| Kosovo | 40 |
| Montenegro | 42 |
| Serbia | 43 |
| Moldova | 44 |
| Romania | 45 |
| Armenia | 47 |
| Bulgaria | 50 |
| Croatia | 51 |
| Azerbaijan | 57 |
| Turkey | 60 |
| Albania | 65 |
| Ukraine | 76 |
| Bosnia and Herzegovina | 86 |

Legend: Economies are ranked on their ease of doing business, from 1-190. A high ease of doing business ranking means the regulatory environment is more conducive to the start-up and operation of a local firm.

Source: World Bank.

¹ We must express some reservations with regard to this source, however. For example, the high ranking of Macedonia seems anomalous since most of the components (not shown here) of the survey are much less favourable than the overall ranking in Table 7.8.

Financial-economic ratings. There are several reputed international rating agencies (Moody's, Standard and Poor, Fitch), which rate states according to their credit worthiness, relying on a mix of financial and macroeconomic criteria, including political assessments that may affect credit worthiness. Since the assessments supplied by the several rating agencies are largely convergent, we present here only the current ratings of one of them – Moody's.

The highest ratings carry the A or coveted AAA rating, which only the strongest market economies are granted, and which means that they are considered risk-free for an investor in their bonds. None of the Balkan and DCFTA states achieve this rating.

All of those in the B or C categories are considered risky or speculative investment prospects, with the graduations indicated in Table 9. Two states are in the best of the 'speculative' ratings, Serbia and Georgia, with Georgia one notch higher than Serbia. Montenegro and Albania are the best of the next 'highly speculative' category, followed by Bosnia and Moldova. Finally, Ukraine alone is in the 'extremely speculative' category, meaning that investors must beware of a serious risk of losing their investments.

Overall, this is a further instance in which Georgia scores on a par or even slightly ahead of the best of the Balkans, while Moldova is on a par with the weaker of the Balkans, with Ukraine's current financial difficulties putting it in a category below.

Table 7.9 Credit ratings of Balkan and DCFTA states

| | | |
|------------|-----|-----------------------|
| Serbia | Ba3 | Speculative |
| Montenegro | B1 | Highly speculative |
| Albania | B1 | Highly speculative |
| Bosnia | B3 | Highly speculative |
| | | |
| Georgia | Ba2 | Speculative |
| Moldova | B3 | Highly speculative |
| Ukraine | Ca | Extremely speculative |

Note: The letters A, B and C are in declining order of quality, as are the numbers 1, 2 and 3.

Source: Moody's.

Economic governance according to EU standards. Since all the Balkan and DCFTA states aspire to full EU membership, it is logical that all have made commitments to comply with EU regulations and standards. While the two groups differ in terms of the EU's willingness (or not) to acknowledge their membership perspectives, in practice both groups are engaged in similar programmes of progressive compliance with the EU *acquis*. For accession candidates the process is structured around 'chapters', which take EU policies block by block. However, it is largely the same 'chapters' that are found in the DCFTA agreements, and the EU's regular progress reports for the Balkans, Turkey and the DCFTA states largely cover the same ground. This means that there is a well-structured basis for comparison between all individual states and the two groups.

The Commission facilitates this task through the methodology they have adopted for distilling the essence of this very complex material in summary 'coded language'. Each chapter in their assessments concludes with a grading of three degrees of preparedness for EU membership, with 'some', 'moderate', or 'good' levels of preparedness. As explained in Annex A, we translate these grades into numerical terms: 1, 2 or 3, which permits summation and comparison.

For the DCFTA states the Commission and the EEAS make comparable but briefer assessments on the essential issues of substance, namely how far the EU *acquis* has been legislatively approximated and how far effectively implemented, but abstains from the 'coded language' summaries. The work carried out for the three Handbooks and notably their forthcoming second editions (see references), does permit comparability of these findings with the Balkans, however. In particular, the Handbooks provide a more detailed monitoring of implementation of the EU *acquis*. This has made it possible for the authors to apply numerical ratings on the same scale as for the Balkans.

The detailed ratings for 20 economic chapters of common applicability to both groups are set out in Annex Table A.2, together with more details on the methodology used. The summary results for the economic chapters are given in Annex Table A.1 and Figure 4, which may be read alongside the political ratings.

In the economic rankings Georgia ranks with or above the highest performers of the Balkans (Montenegro, Serbia and Macedonia), whereas Moldova and Ukraine rank ahead of Albania, and probably Bosnia for which EU has not published full data. The high rating for Georgia is explained by its top marks for several chapters: anti-corruption, openness of goods and services markets, and quality of customs services and public procurement.

Common instruments of economic policy. In practice the EU has been applying an increasing number of common instruments of economic policy to both the Balkans and DCFTA states, despite the political (or rhetorical) differentiation between the two groups on account of the membership perspectives categorisation. There has been an ‘under the political radar’ convergence in actual EU policies towards the two groups (i.e. the many rather technical measures are not promoted together as a strategy). The Association Agreements and DCFTAs have operationally raised Georgia, Moldova and Ukraine into much the same category as the Balkans, while the enlargement process for the Balkans has itself not advanced.

As listed in Table 7.10, and elaborated more fully elsewhere (Emerson, 2018), the basis for this commonality has been the creation of deep free trade areas of somewhat different content with the EU: thus the Stabilisation and Association Agreements (SAAs) with the Balkans, the customs union with Turkey and the DCFTAs for Georgia, Moldova and Ukraine. The core tariff-free trade elements are being complemented by the pan-Euro-Mediterranean (PEM) Convention for common rules of origin and diagonal cumulation of value added, common product standards, specific blocks of sectoral policies, including for energy and transport, financial and investment mechanisms (EIB, EBRD, EU budget), etc.

Table 7.10 Instruments of EU economic policy used in the Balkans, Turkey and DCFTA states

- Deep FTAs – various form, SAA, Customs Union, DCFTA
- Pan Euro-Med Convention for Preferential Rules of Origin and Diagonal Cumulation (PEM)
- European Standards Organisations (CEN, CENELEC, ETSI)
- Sanitary and Phytosanitary Regulations (SPS)
- European Accreditation, Multilateral Agreements (EA-MLA)
- Agreements for Conformity Assessment and Analysis (ACAA)
- European Association of National Metrology Institutes (Euramet)
- Union Customs Code (UCC)
- Common Transit Convention
- New Computerised Transit System (NCTS)
- Authorised Economic Operators (AEO)
- Shared Border Crossing Points
- Energy Community Treaty
- Central and South Eastern European Connectivity network (CESEC)
- European Network of transmission System Operators for Electricity (ENTSOE)
- Transport Community Treaty
- Pan-European Corridors
- Trans-European Transport network (TEN-T)
- European Civil Aviation Agreement (ECAA)
- Civil Aviation Agreements (CAA)
- Agencies of the EU – e.g. European Environmental Agency
- Programmes of the EU – e.g. Horizon 2020, Erasmus+
- Visa-free travel
- European Investment Bank (EIB)
- European Bank for Reconstruction and Development (EBRD)
- EU Budget grants

Comprehensive comparisons and policy implications

When putting together the findings on both political and economic governance, an overall pattern emerges. The two groups, the Balkan and DCFTA states, are comparable, with differentiations within each of the two groups, however. As regards the Balkans the EU has now in June 2018 established for policy purposes what may be described as a three-tier system. Serbia and Montenegro were already established as frontrunners given their accession negotiations already underway (tier one), while Albania and Macedonia are now out in a tier two with the conditional possibility of opening accession negotiations in 2019, which leaves Bosnia and Kosovo in a tier 3 with no dates suggested for the opening of accession negotiations. This three-tier structure provides a more precise structure for making comparisons with the DCFTA states.

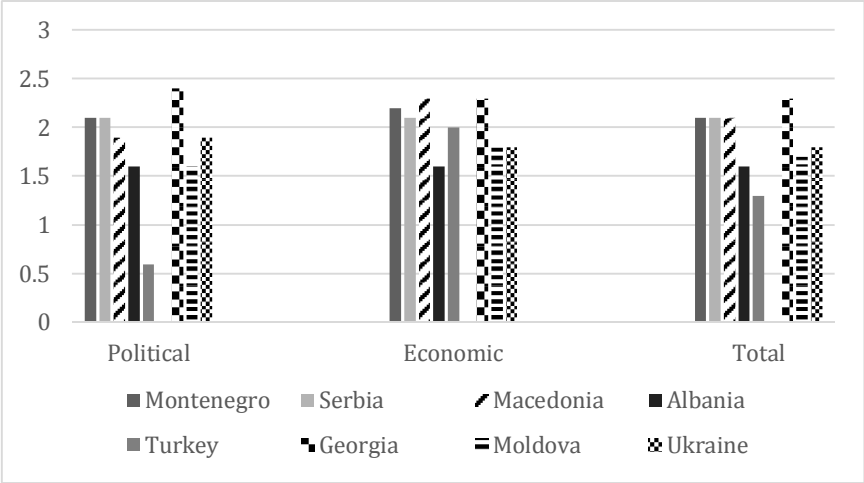
More precisely, on the *political criteria*, Georgia scores the highest rating ahead of the Balkan tier-one frontrunners (Montenegro and Serbia). While the quality of its democracy is not outstanding, its anti-corruption policy has been uniquely successful, and this weighs in the overall political rating. They are followed by Macedonia and Albania as tier-two Balkan states, comparably, alongside Ukraine and Moldova. Turkey now comes last by a substantial margin because of its departure from basic democratic norms in recent years. Regarding societal perceptions, the DCFTA states view the EU more favourably than do the Balkans on average, especially Georgia by a large margin, and much more so than for Serbia, Bosnia and even member state Croatia. The EU is also much more favourably viewed by Georgia and Ukraine than the Eurasian Economic Union, but only a little more so in the case of Moldova (see Figures 7.2 and 7.3 above).

On the *economic governance criteria* Georgia again has the highest rating, in this case alongside Macedonia, followed by Montenegro and Serbia. Turkey scores relatively well here too. Moldova and Ukraine are ahead of Albania and Bosnia as weaker performing Balkan states. On the other hand, the macroeconomic performances of the DCFTA states, measured in GDP per capita, are still way behind the Balkans. Their relatively favourable governance

ratings, if sustained, should lead to a macroeconomic catch-up in due course.

In Figure 7.4 below, we combine the political and the economic governance ratings, with both aggregates given equal weight. The leader is Georgia, ahead of the three most-advanced Balkan states (Montenegro, Serbia of tier one, and Macedonia of tier two). Moldova and Ukraine come next, scoring above tier-two Albania, and well above tier-three Turkey. Note that Bosnia and Kosovo have not been included in these aggregate data. The data for Bosnia are incomplete, but together with Kosovo, the country would most probably feature in tier three. Thus, while the best-performing DCFTA state (Georgia) is ranked above the tier-one Balkan states, Moldova and Ukraine are comparable to the tier-two Balkan states, and well ahead of the tier-three Balkan states.

Figure 7.4 Political and economic governance ratings



Source: Own calculations. See Annex A for methodology and Annex Table A.7.1 for data.

There are policy implications for the EU to consider in light of these findings, which have so far not been put together with such a striking result.

The overarching issue is what to do now that two groups of EU neighbours, the Balkans and DCFTA states, share five very important characteristics:

- Direct neighbourhood/proximity to the EU;
- Common objective of full membership of the EU;
- Entitlement as European democracies to apply for EU membership (Article 49 of the Lisbon Treaty)
- Progressive adoption of the EU's political and economic norms and standards, and
- Comparability of political and economic governance performance.

How should this anomaly be viewed and handled looking forward? There are several conceivable ways in which the EU could treat the Balkans and DCFTA states in a fairer and more equal manner.

Firstly, *one approach* might see the EU become more consistent in its political stances towards the Balkan and DCFTA states. Concretely this could mean extending the 'membership perspective' ranking to Georgia, given its relatively favourable performance, and as an incentive to the other DCFTAs. In addition to the standard (Article 49) argument, the geopolitical case in favour of this approach has been enhanced by the realities of Russia's multiple interventions all over Europe, including but going way beyond what it terms its 'near-abroad'. The AA/DCFTA process is a bulwark against Russian aggression in the overlapping neighbourhoods, but it needs strengthening. The EU aims to boost the resilience of the political regimes of its close partners and neighbours through its foreign and security policy. In the absence of a membership perspective the states feel condemned to live in limbo between the EU and Russia, which makes them vulnerable to de-stabilisation.

Strong as this enhanced geopolitical argument may be, the objections to further EU enlargement even into the Balkans have also strengthened. In the view of some member states, EU enlargement has already gone far enough. While the Commission recently made a political gesture towards Serbia and Montenegro citing 2025 as a possible accession date for accession, this was not taken up by the foreign ministers' Council in its detailed conclusions on the Western Balkans and Turkey of 26 June 2018, which were endorsed by the European Council on 29 June. Albania

and Macedonia did receive some conditional encouragement, since the Council's conclusions "sets out the path towards the opening of accession negotiations in 2019". Turkey's accession process is said to have "effectively come to a standstill". The spoken and unspoken objections to further enlargement now run deep. In his speech to the European Parliament in April 2018, President Macron argued that there should be no more enlargement before institutional reforms in the EU itself. The rise of authoritarian populism in some new member states (namely Hungary and Poland) is a warning that even full EU membership is no longer the guarantee of liberal political values once supposed. There are also many vulnerable democracies among the would-be member states, and the EU itself is in a fragile state, including some old member states (as Brexit and Italian populism etc. demonstrate).

Another, *second approach* would therefore be to recognise that since even the existing membership perspectives for the Balkans have ceased to be fully credible, the case for extending application of the concept does not make sense. Elements of political discourse have become obsolete, but the perceived political costs of changing rhetorical doctrine (about membership perspectives, for example) deter any change, either to renounce the membership perspective for the Balkans, or to extend it to the DCFTAs. At the same time, however, the concrete policies of the EU are increasingly being applied equally to both the Balkans and the DCFTAs and bring both groups into closer functional integration with the EU (as illustrated in Table 10). The EU institutions are at work below the radar of high politics, yet with much substance. Implicitly, the DCFTA states are being invited to observe that concretely their group is being treated on a par with the Balkans, and each state of either group has an open road to advance as far and fast as they wish, only falling short of full membership for the time being. In particular, they are being invited to set aside their focus on the membership perspective question, since this is not now of operational significance. Further, they are invited not to view the refusal of a membership perspective as disinterest, but just the reality that the EU has to first work out some very substantial challenges for its own future. The advantage of this approach is that it is actually working in practice to a useful degree.

Nevertheless, this second approach has its weakness. It does not appear to be a strategy and is not presented as one. It is also very

difficult to communicate – all too nuanced and complicated. It leaves the field wide open for populist arguments that have no place for such complications. It also carries a higher risk of reversal and backsliding of the reform trajectories of the front-running states.

In a *third approach*, the process could be given more strategic content and profile. But how could this be done? One idea would be to consolidate the many existing instruments (as in Table 10) into an extended, more standardised and institutionalised system, which would be given a name such as a Wider European Economic Area, or Space, or Community, for example. The system would have privileged access to the EU institutions and would be profiled as a distinct tier to European integration. This would connect with the current renewal of interest in the longstanding debate about multi-tier or multi-speed Europe. This debate can focus either on developing a more restricted top-tier group, or on a wider outer-level group, or both. Today the focus is mostly on the top-tier questions, which is proving to be extremely difficult to implement, including in the sectors already subject to selective membership (the euro, Schengen, and defence). Yet the question of an outer tier is growing in pertinence, not only for the Balkan and DCFTA states, but also for Turkey and in due course, Brexit-UK. There will be predictable resistances to a common institutionalisation, as various neighbouring states give priority to their bilateral relationships with the EU, and try to cut their own special deals. When it comes down to practical instruments of cooperation, however, these naturally become highly standardised. And the EU institutions are very wary about making special deals with one state that will be used as a precedent in negotiations with others. So for reasons of both administrative and legal simplicity, and also of political negotiation, there is a case for rationalisation and some kind of soft institutionalisation, with degrees of flexibility. The clinching argument is the current strategic context, with the EU and wider space of European values being under serious threat from within and outside. The EU thus needs to get its act together more decisively in its neighbourhood.

Such important changes to the EU's current enlargement and neighbourhood doctrines would encounter resistance for sure, given the huge political investments that have been made in the status quo. This status quo is obsolescent, however. As shown

above, the actual policies of the EU towards the Balkans and DCFTA states have been evolving more than the outmoded rhetorical doctrines and now converge in content, but so far ‘under the radar’ of high politics. This convergence could be strengthened and given more explicit strategic articulation.

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Annex A. Methodologies

The purpose of Tables A7.1 and A7.2 in this Annex is to compare the respective governance performance of the Balkans, Turkey and the three states of Eastern Europe that have Association Agreements and DCFTAs with the EU (Georgia, Moldova and Ukraine). The data in the tables are derived from the sources indicated below, which provide a substantial basis for comparisons, supplemented by qualitative judgements. The list of policies detailed in Table A7.2 are a large selection of chapter headings in the three Handbooks on Georgia, Moldova and Ukraine, excluding chapters that are not relevant for the present purpose. There is corresponding material in the Commission's 2018 Communication on EU Enlargement Policy.

For the Balkans and Turkey, the large majority of chapters in the Commission's 2018 Communication allow for simple translation of the standardised wording used in the Commission's summary assessments into the numerical ratings given in the table. However, the Commission abstains from using this summary wording for the political chapters. Yet the descriptive material provided allows such ratings to be estimated, especially since other sources have developed numerical ratings that have been factored in to the judgements made by the authors in Tables A7.1 and A7.2. These other sources include Freedom House, Bertelsmann Stiftung, EBRD, Transparency International, and the World Justice Project.

For the DCFTA states, the materials assembled in the 2nd editions of the Handbooks allow comparable ratings to be made (by the authors). The Commission publishes annual implementation reports on these agreements, but makes no summary assessments in the same manner as for the Balkans and Turkey. The political reasoning of the Commission is that these three states are not granted by the EU the status of 'membership perspectives', but this does not invalidate the assessments made (by the authors) since the content and normative basis of the DCFTAs is so similar, indeed often identical, to the chapters of accession negotiations.

Table A7.1 Summary political and economic governance ratings

| | Political | Economic | Total |
|------------|------------------|-----------------|--------------|
| Montenegro | 2.1 | 2.2 | 2.1 |
| Serbia | 2.1 | 2.1 | 2.1 |
| Macedonia | 1.9 | 2.3 | 2.1 |
| Albania | 1.6 | 1.6 | 1.6 |
| Turkey | 0.6 | 2.0 | 1.3 |
| Georgia | 2.4 | 2.3 | 2.3 |
| Moldova | 1.6 | 1.8 | 1.7 |
| Ukraine | 1.9 | 1.8 | 1.8 |

Note: The political rating averages the ratings for the five chapters, and the economic rating for the twenty chapters listed in Annex Table A.7.2.

Table A7.2 Comparative ratings of political and economic governance of the Balkans and DCFTA states

| | Montene. | Serbia | Macedon | Albania | Turkey | Georgia | Moldova | Ukraine |
|--|------------|------------|------------|-------------|-------------|-------------|------------|------------|
| Political principles, the rule of law | | | | | | | | |
| Political institutions | 2.5 | 2.5 | 2 | 2 | 0.5 | 2 | 1.5 | 2 |
| Human rights | 1.5 | 1.5 | 1.5 | 1.5 | 0.5 | 1.5 | 2 | 2 |
| Rule of law | 2 | 1 | 1.5 | 1 | 0.5 | 1.5 | 1 | 1.5 |
| Anti-corruption | 1.5 | 1.5 | 1 | 1 | 1 | 3 | 0.5 | 0.5 |
| Visa regime, movement of people | 1 | 2 | 1.5 | 1 | 0 | 1.5 | 1.5 | 1.5 |
| | 8.5 | 8.5 | 7.5 | 6.5 | 2.5 | 9.5 | 6.5 | 7.5 |
| Deep & Comprehensive Free Trade | | | | | | | | |
| Market access | 2 | 2 | 2 | 1.5 | 3 | 3 | 2 | 1.5 |
| Customs services | 2 | 3 | 3 | 2 | 3 | 3 | 2 | 1 |
| Technical standards (TBT) | 2 | 1.5 | 2 | 1.5 | 3 | 2 | 2 | 2 |
| Food safety (SPS) | 2 | 2 | 3 | 1 | 1 | 1 | 2 | 1.5 |
| Services | 2 | 2 | 2 | 2 | 0.5 | 3 | 1 | 1.5 |
| Public procurement | 2 | 2 | 2 | 1 | 2 | 3 | 2 | 2 |
| Intellectual property rights (IPR) | 3 | 3 | 2 | 1 | 3 | 2.5 | 1.5 | 1 |
| Competition policy | 2 | 1.5 | 2 | 1.5 | 1 | 2 | 2 | 1.5 |
| Statistics | 2 | 2 | 2 | 2 | 2 | 2 | 1.5 | 2 |
| | 19 | 19 | 20 | 13.5 | 18.5 | 21.5 | 16 | 14 |

| Economic Cooperation | | | | | | | | |
|-----------------------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Macroeconomics | 2 | 2 | 3 | 2 | 2.5 | 2.5 | 1.5 | 1.5 |
| Financial services | 2 | 2 | 2 | 2 | 3 | 2 | 1.5 | 1.5 |
| Transport | 2 | 2.5 | 2 | 1 | 2 | 2 | 1 | 1 |
| Energy | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Environment | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1.5 |
| Digital (ICT) | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 |
| Consumer protection | 2 | 2 | 2 | 0.5 | 3 | 1 | 1 | 1.5 |
| Company law | 3 | 3 | 3 | 2 | 3 | 1.5 | 1.5 | 2.5 |
| Agriculture | 2 | 1 | 2 | 1 | 1 | 1 | 1 | 1.5 |
| Employment, social policy | 1 | 2 | 2 | 1 | 1 | 2 | 2 | 1.5 |
| Education, culture | 3 | 3 | 2 | 2 | 2 | 2.5 | 1.5 | 2.5 |
| Civil society | 1 | 0 | 2 | 1 | 0.5 | 3 | 3 | 2.5 |
| | 24 | 22.5 | 25 | 17.5 | 22 | 23.5 | 20 | 21.5 |

Notes: Numerical ratings for the Balkans and Turkey relate to degrees of 'preparation for EU membership' (Commission terminology). 0 = no preparation; 0.5 = early preparation, 1 = some preparation, 2 = moderate preparation, 3 = good preparation.

For the DCFTA states the same numerical ratings are used to assess degrees of achievement in terms of meeting the EU *acquis*, norms and standards contained in the Agreements, which are largely the same as in the 'chapters' of EU accession negotiations, referring to the same EU *acquis*.

Sources: For the Balkans and Turkey, European Commission, 2018 Communication on EU Enlargement Policy, 17 April 2018. For the DCFTA states, GE, MD, UA, Handbooks, 2nd editions.