



WESTERN BALKANS AND THE EUROPEAN UNION. LESSONS FROM PAST ENLARGEMENTS, CHALLENGES TO FURTHER INTEGRATIONS

**Vesselin Mintchev
Nikolay Nenovsky
Xavier Richet**

editors

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KEYNOTE SPEECHES

THE WESTERN BALKANS IN THE EU: WILL THE "WHEN" BE REDUCED TO AN "IF"?

*Lyubomir Kyuchukov*¹

The Balkans, South-Eastern Europe, the Western Balkans

Where is *The Balkans*? Until recently such a question would have sounded rather stupid. At the beginning of the 1990s however, as a result of the wars in Yugoslavia and due to a skillful political invention Western Balkans (but not Eastern Balkans) appeared on the map and even the Balkan Range after which the peninsula is named, is no longer on the Balkans – belonging now to South-Eastern Europe. The political logic of this renaming was obvious: to detach the belligerent part of the peninsula from the more stable one. Bulgaria and Romania profited from this approach which made their accession to the EU and their NATO membership possible. But has not the unification of Europe resulted in a new cleavage and isn't it high time to erase any division lines?

Perhaps the most relevant reference on geopolitical allegiances in the region lies in the South-East European Cooperation Process (SEECP), the all-inclusive regional structure. It currently incorporates 12 member-states, assumed to cover Southeastern Europe: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, FYROM (officially recognized by Bulgaria under its constitutional name: Republic of Macedonia), Moldova, Montenegro, Romania, Serbia, Slovenia, Turkey. This does not entirely coincide with the traditional notion about the Balkans: Moldova has never been considered part of the region, while Slovenia, who recently joined SEECP, definitely prefers to be viewed as a Central-European country. And there is one country missing – Kosovo, still not recognized by 5 EU member-states, and – even more important from a regional point of view – not recognized by 4 states from the region: Serbia, Greece, Romania, Bosnia and Herzegovina. So when we are talking about the accession of the Western Balkans to the EU we have in mind five countries (Croatia being already a member-state): Albania, Bosnia and Herzegovina, Republic of Macedonia, Montenegro and Serbia, plus the special case of Kosovo.

¹ *Lyubomir Kyuchukov is Director of Economics and International Relations Institute, Sofia, Former Deputy Foreign Minister and Ambassador of Bulgaria to London.*

The “We-Approach”

A quarter of a century after the fall of the Berlin Wall the continent still seems to remain divided. The euphoria of the post-Cold War unification of Europe and the accession of Eastern European countries to the EU has to a large extent dismantled state borders, but it turned out that mental restraints stay rather intact. On both sides. And we still tend to think and speak about each other in terms of the East and the West. The “us-them” relationship (us, the East vs them, the West and vice versa; us, the capitals vs them, Brussels, etc.) is misleading and even counterproductive. In fact it always implies: us, the good ones, vs them, the not-so-good ones (to put it mildly). A more union-like approach in the political and public mindset could be healthy and might save a lot of misunderstandings and mutual disappointments in the future. This certainly applies to enlargement and to Western Balkans countries accession to the EU. So whenever I say “EU” I mean “us”, not “them”, and whenever I speak about the Balkans I mean “us” as well.

The Balkans in the 21st Century

The disintegration of former Yugoslavia made the existing ethnic and religious dividing lines in the region much more visible, underlining the lack of concurrence between ethnic spaces and state borders, or, to use a different formula, the existence of large minorities in practically all Balkan states. The attitudes towards national, ethnic, religious minorities in each country is crucial for the future stability of the region. The latter might easily turn into a zone of instability, new nationalisms and awakened revanchisms. Actually, this is the case in the whole of Europe. But while in the Western part of the continent nationalisms manifest themselves either as xenophobia at an individual or a group level, or as separatism - at regional level (a kind of “social” nationalism, a revolt of the wealthy regions, reluctant to pay the price for the crisis), on the Balkans it simply remains the traditional “ethnic” nationalism.

Another characteristic feature of the region is the existence of specific ethno-national axes: Romania - Moldova; Bulgaria - Macedonia; Greece - Cyprus; Turkey – Northern Cyprus; Serbia – Republika Špska in Bosnia and Herzegovina; Albania - Kosovo. Taking into account the predominant tendency in the region to directly translate history into politics, their existence often generates tensions and conflicts rather than serving as a bridge to stability and good-neighbourly relations. From that point of view the consolidation of statehood in some of the most fragile states in the regional architecture through EU integration is in the interests of both the Balkans and Europe.

Engagement Has Taken Place, Wedding is Still Uncertain

The EU has enlarged, almost doubling in numbers to the current 28 member-states. And some more are on the road to accession. In fact all the countries from the

Western Balkans, Turkey included, have their European aspirations and perspectives and stand at different stages of dialogue or negotiations with the EU. These are the sober facts. Romantics and excitement have gone, love is fading, everything has turned into a routine. In politics this is not necessarily bad. It means that realism and pragmatism are prevailing. This also means facing, and hopefully dealing with the challenges and resolving the problems. But it will be disastrous for those engaged if the question "When?" would be reduced to an "If".

The EU is everything that a Western Balkan country would strive for. For the countries of the region EU membership equals to peace (we should not forget the post-Yugoslavian wars), it brings security and stability – both national and regional. It means values and integration. And, most important, it means hopes and chances for a decent and prosperous live.

From a regional perspective the full integration of the countries of South-Eastern Europe to the EU seems to be the only long-term solution for centuries-old rivalries, ethnic, religious, political, cultural tensions and conflicts, nationalisms and territorial clashes, dissolving all these into a larger entity, where even state borders are irrelevant.

EU enlargement is not a concession of the older member-states to the poorer East. All available data confirm that enlargement was mutually beneficial. And geopolitically the EU cannot pretend to be an authentic global player while putting up with a messy European backyard.

The 3D Syndrome – Diversion of the Dominant Drive

Diversion of the Dominant Drive in the EU – from enlargement to internal arrangements, is characteristic for the attitudes prevailing in Brussels and in a number of European capitals. The crisis has contributed to this transformation. Having to face economic difficulties, political tensions and social unrest, sometimes it seems rather tempting to blame external factors for all the problems (Bulgaria and Romania serving as a handy populist safety valve to this end).

The heated debate on the future of Europe (more integration, moving towards "United States of Europe" or more national state, keeping the current EU frame or even sliding back to an "enlarged and enriched" common market) inevitably contributed to moving enlargement down on the priority list. Deepening the integration seems logical and necessary, but this should not degrade completing the unification of the continent to a secondary issue.

The Process and the Act – Negotiations and Accession

The process of accession is at least as important as the act and the fact of becoming an EU member. During the negotiation process acceding countries are expected to engage into, and complete the required reforms, to cover the accession criteria, to align their political, economic and legal systems with the EU ones. But mostly the process of accession means public efforts and engagement.

Most of the countries of the Western Balkans, with the exception of Albania, face a very complex task. They have to bring two contradictory processes to a strategic union: the “border-building”, i.e. affirming their newly-acquired statehood; and the “border-pulling down”, i.e. integrating into the EU, transferring a substantial part of their sometimes still immature sovereignty to the EU institutions.

Turkey should not be forgotten when we speak about the Balkans and their EU future. The EU enlargement is a political process and negotiations are a political instrument. But that is the end of the similarity as far as the negotiations with Turkey and with the Western Balkans countries are concerned: in the first case we are playing a strategy game, while in the second we perform a technocratic exercise. The enlargement, by Turkey (and Ukraine for that matter) has to do with delimiting the European political space to the South-East (respectively to the East), i.e. it draws the limits of EU expansion. The accession of these two countries will also mean that it will not only require their abiding to the *acquis communautaire*: taking into account the human factor, and the economic potential, political weight and cultural and religious traditions, it will also mean that the EU will have to adapt to its prospective new members. Certainly a more strategic thinking towards the Western Balkans will be helpful, too.

The Geopolitical Context

Under the pressure of the revolution in technology, information and communication, the protective shield of national states cracked down. All of a sudden people and nations felt unprotected. The sense of vulnerability increases their fears of the other, of the different one, urges them to seek security and protection at a lower, sub-state level – the one of commonness in religion, ethnicity or group interests. Fragmentation – of both states and societies, turned out to be the other face of globalisation. Regionalization and integration – these are the obvious responses to both globalisation and fragmentation, especially for the smaller countries, which cannot cope alone with the challenges of the global world.

The region has always been a point of intersection of outside interests, a consumer of foreign policies and pressures, rather than a generator and promoter of regional positions and interests. As of today these interests are concentrated in two main spheres – security and energy. These are the fields of the renewed rivalry, following the post-Cold-War inertia, between USA and Russia for influence and domination in

the region – despite the new geopolitical orientation of the local countries, including NATO and EU membership for many of them.

Globalisation has deepened the existing cultural and civilisation differences and drawn new geopolitical faults and division lines in the region: between Europe and Asia; between East and West; between Christianity and Islam; between young and old, etc. The Balkans are unsafely close to major international war zones (Middle East, Iraq, Syria, Afghanistan) and to numerous focal points and frozen conflicts in the post-Soviet space (not just Ukraine, but also Abkhazia, South Ossetia, Transnistria, Nagorno-Karabakh). The existence of large Islamic groups in most of the countries in the region could also attract the attention of radical Islamists, especially of the Islamic State, thus jeopardising the stability and security of not just the Balkans, but of entire Europe.

The “New” Cold War – an Anachronism by Default

The developments in Ukraine have brought back the notion and the fears of a new Cold War, thus accentuating the risks for the Balkans with their long record of confrontations and conflicts. But the mere notion of the Cold War is outdated and irrelevant. This was a characteristic of the bi-polar world and the ideological confrontation. After the short spell of time when we all lived under the illusion of a mono-centric world (the single centre included) we suddenly realised that today's world is much more complex. It is a multi-polar one, with at least half a dozen of emerging centres of gravity – none of them in the Euro-Atlantic political space. The new geopolitical divides, especially the rising of the radical Islam, might easily put NATO and Russia on the same side of the barricade in mid-term perspective.

The Alternatives: More EU or Consolidated Amorphousness

Integration or nationalisms: these are the two possible variants for the future for the region and this is the choice – and the responsibility, of the EU.

Consolidated amorphousness of the Balkans and regional instability is the rather disturbing alternative to EU membership for the Western Balkans. Questioning or even postponing the EU perspective for these countries could dry up the impetus for reforms and leave local nations frustrated and isolated, facing their internal divisions and regional rivalries – at a rather low level of national stability and regional security. Without a tangible EU accession looming for all the Western Balkans countries, the region also faces the challenge to be torn apart by different geo-political pressures and interests. It risks turning into either a buffer-zone or a front-zone between the East and the West, between Europe and Asia, between Christianity and Islam.

The time component should also be taken into consideration – a too long delay might be counterproductive for the accession process itself and for both Europe and the

South-Eastern European countries. From geopolitical point of view there is no real alternative to EU membership for the Western Balkans – unless the EU itself does not make such an alternative a viable option by lack of decisiveness and political leadership.

More EU on the Balkans is still a doable perspective. It will bring in the sense of belonging, of being a part of a larger entity, which is of paramount importance for the stability in the region. It just requires a more coherent approach and strategic vision.

The developments in both the EU and the Balkans have often been described as standing at a cross-road. The notion of a crossroad is a positive one, it offers alternatives and a choice – much better than the “No Road Ahead” sign.

SOME LESSONS FROM NEW EU MEMBER STATES FOR CANDIDATE COUNTRIES

Károly Attila Soós¹

1. EU Accession – a Lengthy and Not Easy Process

A basic requirement of EU accession for a former communist country is the establishment of a market-based economic system. This means **liberalisation** on the one hand and **institution building** on the other. The European Bank for Reconstruction and Development (EBRD) created a system of indicators (**transition indicators**) for measuring the degree of implementation of this task. The implementation of liberalisation is measured with the following indicators:

- Large scale privatisation;
- Small scale privatisation;
- Price liberalisation;
- Liberalisation of the trade & foreign exchange system.

Liberalisation is not an easy task. E.g., large-scale privatisation – the privatisation of large companies – requires the formation of a tendering system, the granting of privatisation loans, a legal framework for foreign investments, etc. However, institution building is even more difficult. EBRD's transition indicators specify this task with the following indicators:

- Enterprise restructuring;
- Drawing up and applying modern competition policy;
- Banking reform & interest rate liberalisation;

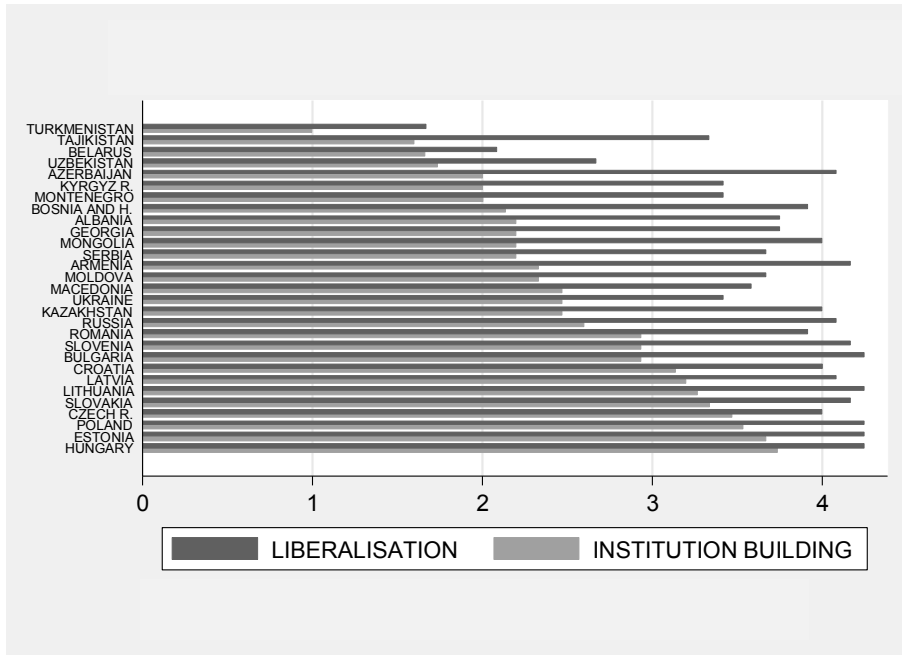
¹ *Károly Attila Soós is senior research fellow in Institute of Economics CERS HAS, Budapest, e-mail: soos@econ.core.hu.*

- Establishing securities markets & non-bank financial institutions;
- Overall infrastructure reform.

Institution building means not only working out complicated legal rules and norms but also deploying civil servants, judges, etc. able to apply those rules and norms. Those countries that had had relatively developed capitalist systems before the communist period could more readily and faster cope with these tasks. The geographic closeness to advanced west European countries was also an advantage. In the former communist world, central European and Baltic countries had the best performance on this account, and they became the first new EU members (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia in 2004, Bulgaria and Romania in 2007 and Croatia in 2013). At the other extreme, institution building has caused the biggest difficulties to those former Soviet republics that had the longest period under communist rule (Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan; Caucasus countries: Armenia, Azerbaijan and Georgia; in Eastern Europe Belarus) but Russia, Ukraine and Moldova performed somewhat better. Balkan countries have mostly fared in-between, which means that EU accession requires further efforts from them in this field. These relative performances can be observed in Graph 1, which also shows that in the field of the easier liberalisation differences between these groups of countries have not been particularly important.

Graph 1

Average 'liberalisation' and 'institution building' transition indicators in 2007



Source: Own calculations based on the web page of the EBRD.

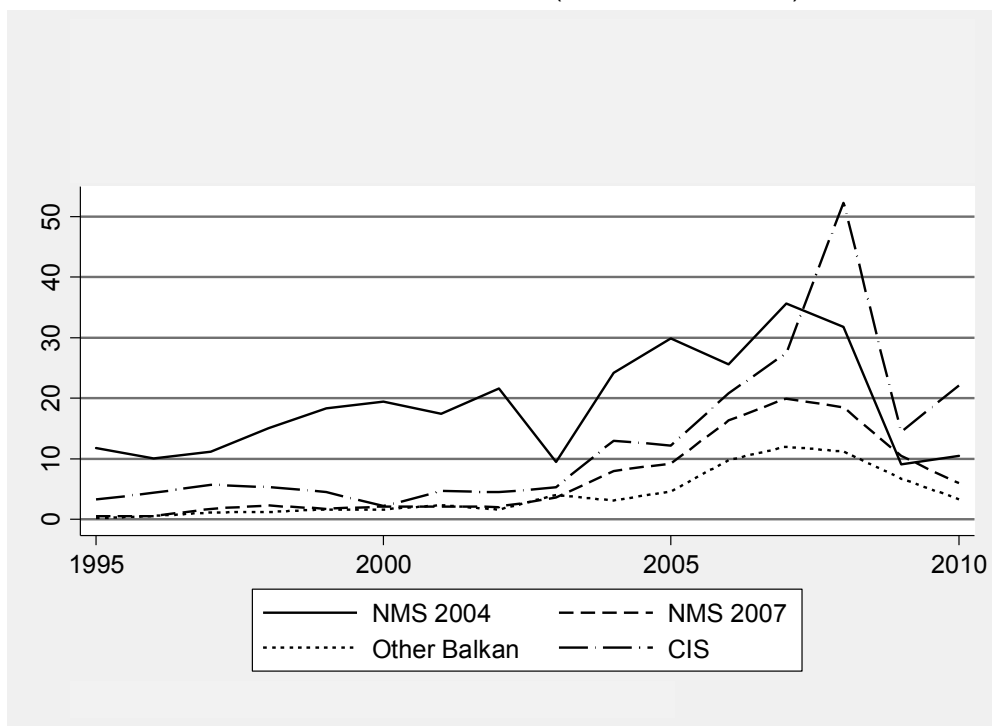
Remark: Minimum value of the indicators (for the case of no progress) is 1; maximum possible is 4.3.

Of course, besides transition to a market-based economy, future EU members also have to gradually introduce the EU's *acquis communautaire* into their juridical system. Indeed, the *acquis* gives their market economy in many respects a somewhat particular, European shape. But in the framework of this paper we will not discuss issues related with the *acquis*.

Besides the difficult nature of institution building, another aspect of the slowness of EU accession is the gradual character of those changes of the real economy related to EU accession. An important example is the inflow of foreign direct investments, whose growth (until the break of the trend in 2008-2009) was gradual not only in Balkan and CIS countries but also in the new EU member states. I.e., the accession of the latter, partly in 2004, partly in 2007, did not entail any jump in FDI inflow which continued to grow gradually, see Graph 2.

Graph 2

Net FDI inflow into new EU member countries of 2004, those of 2007, other Balkan countries and CIS countries (data in current US\$)

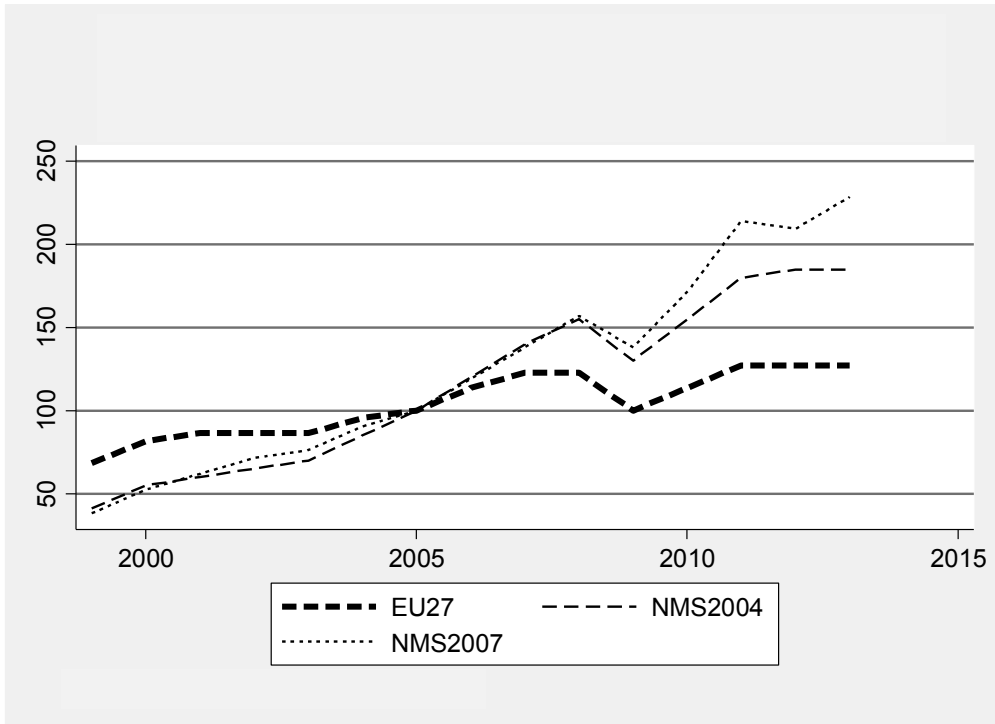


Source: Own calculations based on the web page of the EBRD.

The participation of the new member states in the trade within the EU also increased gradually, without any jump in the years of accessions, see Graph 3.

Graph 3

Exports to EU27 by EU27, by new member states of 2004 and those of 2007 (data in current €, 2005=100)



Source: Own calculations based on Eurostat.

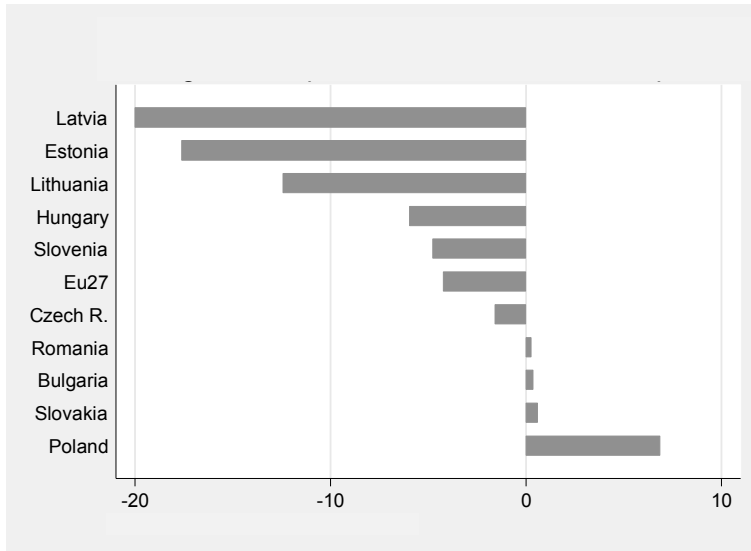
2. The 10 CEE New Member States in the Great Recession

The “great recession” arrived to emerging markets in general and to EU new member states in particular only in late 2008, i.e. with a certain delay. This unusual delay can be explained by the fact that during the boom preceding the bust emerging markets, including central European former communist countries, avoided some such dangerous developments that had been associated with past emerging market booms. Thus, capital inflows arrived mostly in forms less prone to sudden reversal. Much of them were foreign direct investment, and besides that, private debt inflow was extensively mediated by the local subsidiaries of foreign banks with long-term interest in the region. Financial sectors were healthy, unlike, e.g., in some Asian countries before the Asian crisis a decade earlier (Berglöf, 2009, p. 9-10). Lots of articles (e.g., Becker et al., 2010, Drahekoupil and Myant, 2010, Koyama, 2010) have discussed the impacts of the “great recession” on the new member states. We will only deal here in short with the issue: what particularities of the individual new member states seemed to strengthen the short-term negative impact of the “great recession” in late 2008 and 2009, and what particularities of the countries have entailed stronger longer term negative impact on them in 2010-2013.

As concerns the short term, the development of GDP and industrial production of the countries in 2008-2009 is displayed in Graphs 4 and 5, respectively.

Graph 4

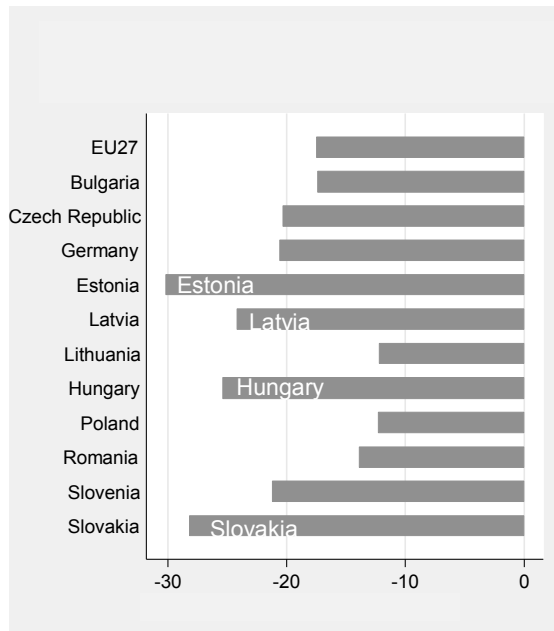
GDP growth/drop between 2007 and 2009 (%)



Source: Own calculation based on Eurostat.

Graph 5

The collapse (change) of total industrial production between Feb 2008 and Feb 2009 (%)

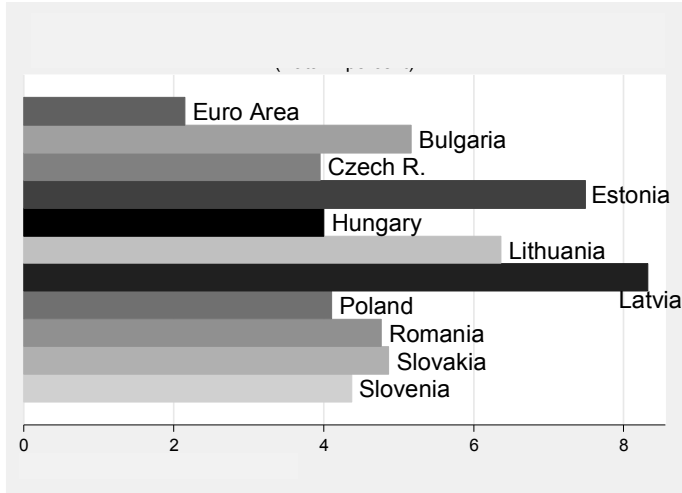


Source: Own calculations based on Eurostat.

Taking both GDP and industrial output developments into consideration, it seems that the largest short-term losses were endured by the three Baltic states and Hungary and Slovakia. Searching for the explanation of this observation, first we can notice the very rapid economic growth of the Baltic countries in the previous period (Graph 6).

Graph 6

Average GDP growth rates between 1998-2007 (data in %)

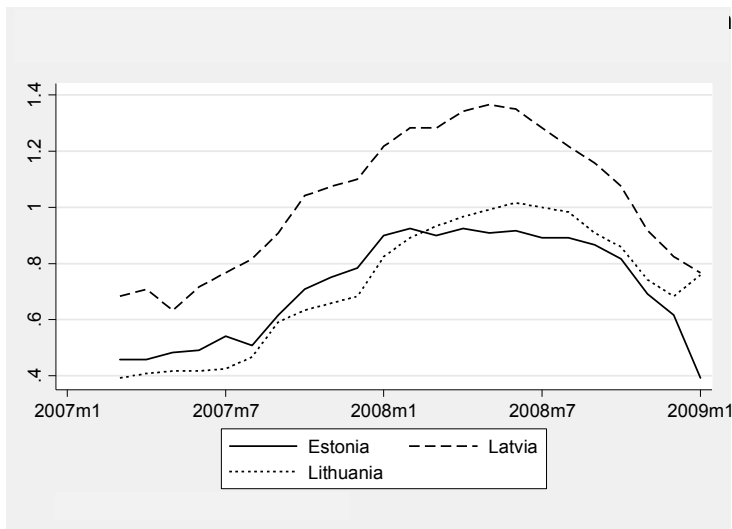


Source: Own calculations based on Eurostat.

This growth led to overheating, which was well reflected by the acceleration of their inflation in 2007-2008, just before the great recession reached them (Graph 7).

Graph 7

Monthly HICP inflation rates in % (12-month moving averages) in Estonia, Latvia and Lithuania

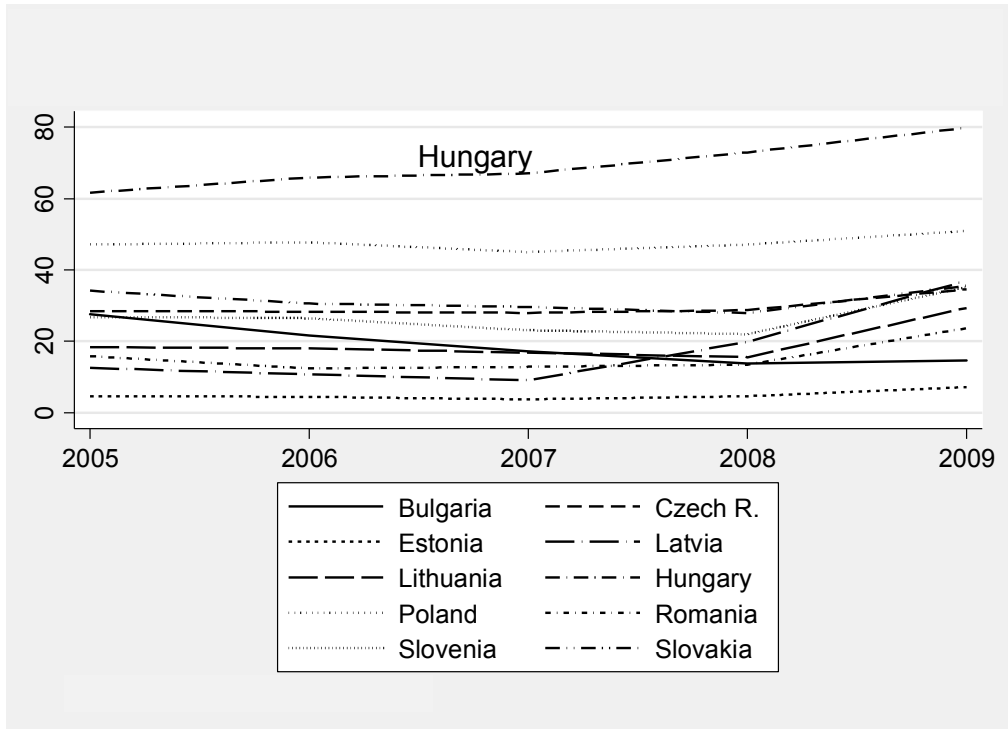


Source: Own calculations based on Eurostat.

The overheating also entailed a rapid growth of the Baltic countries' foreign debt (see the large size of the part of their current account deficits not covered by foreign direct investment in Graph 8). With this, their formal (Estonia and Lithuania) or pseudo (Latvia) currency boards' sustainability became doubtful, and their protection was costly in terms of output (and employment, consumption, etc.).

Graph 8

General government consolidated gross debt in % of GDP



Source: European Commission Ameco.

The reason why Slovakia was – and one of the reasons why Hungary was – among those losing most in 2008-2009 was their strong dependence on engineering industries, basically the automotive industry. The automotive industry accounted for 17% of Slovakia's total GDP in 2010, the vast majority of which was destined for export (Automotive 2012). In Slovakia the decline of manufacturing production in 2009 was „led unsurprisingly by the car industry, which had previously been the growth motor” (Hugh, 2009). Hungary also had a somewhat similar dependence on the automotive industry (see Graph 8, where the different scaling shows that output oscillation in this sector was significantly bigger in Hungary than in Germany) and some other sub-sectors of engineering.

However, Hungary also had other weaknesses, which contributed to its bad performance in 2009 but which also hindered its longer-term growth after 2009.

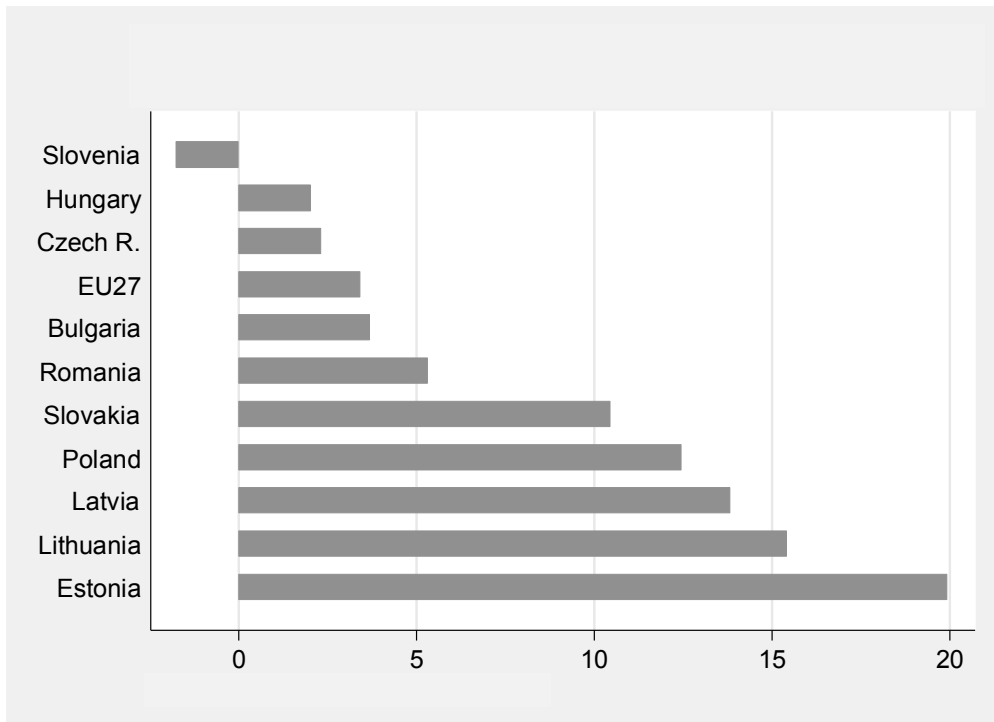
Namely, Hungary's public debt increased rapidly before the great recession, and when the latter arrived, its ability to service the already rather high debt (see Graph 8) became doubtful, triggering tough austerity policies.

A further weakness of Hungary that has caused difficulties both in 2009 and later has been the high share of borrowing in 2004-2008, both by households and companies, in foreign currencies, mostly in Swiss francs. With the strong depreciation of the Hungarian forint in late 2008 and early 2009, servicing the debt became difficult for lots of borrowers, which also caused troubles to the banks. Before the crisis, at the end of 2007, the share of foreign currency loans granted by Hungarian banks in the GDP was 43.2%, much higher than in any other new member state having freely floating national currency.²

Taking these weaknesses into consideration, Hungary's continuing very slow GDP growth in the years after 2009 (see Graph 9) is hardly surprising.

Graph 9

GDP growth/drop between 2009 and 2013 (%)



Source: Own calculations based on Eurostat.

² The share of foreign currency loans in total bank loans was 54.3% in Romania, not much lower than the 57.1% in Hungary (Darvas and Pisani-Ferry, 2008, p. 3). However, the total sum of loans granted by Romanian banks was rather modest, only 34.7 of the GDP, whereas in Hungary the latter figure was 75.7; this is why the high share of foreign currency loans could cause serious problems.

As the graph shows it, in the 2010-2013 period, when crisis countries of 2008-2009 (with Hungary's exception) re-started their former rapid growth, Slovenia became a loser, and an even bigger one than Hungary. The main cause of its negative GDP growth was its severe banking crisis, which, according to the OECD, was driven by excessive risk taking, weak corporate governance of its banks and insufficiently effective supervision tools (OECD, 2013). Slovenia's largest banks were kept in majority public ownership; foreign banks as owners had a lower share (34%) than in any other new member state (in each one more than 60%, Darvas and Pisani-Ferry, 2008). In those other countries, foreign owners more or less saved banks from political mismanagement and corrupt lending practices.

In summary we can state that overheating before the crisis (in the Baltic countries) and strong dependence on the demand for important export goods (in Slovakia and Hungary) caused only short-term difficulties, whereas extensive borrowing by firms and households in foreign currencies and high public debt (in Hungary) and publicly owned banks' political mismanagement (in Slovenia) entailed longer lasting misery in economic growth.

3. Openness and Labour Skill Level – the Importance of Education and Training

Under the conditions of international openness, there is a danger of “skimming off” of higher skilled labour. We can distinguish two kinds of skimming off.

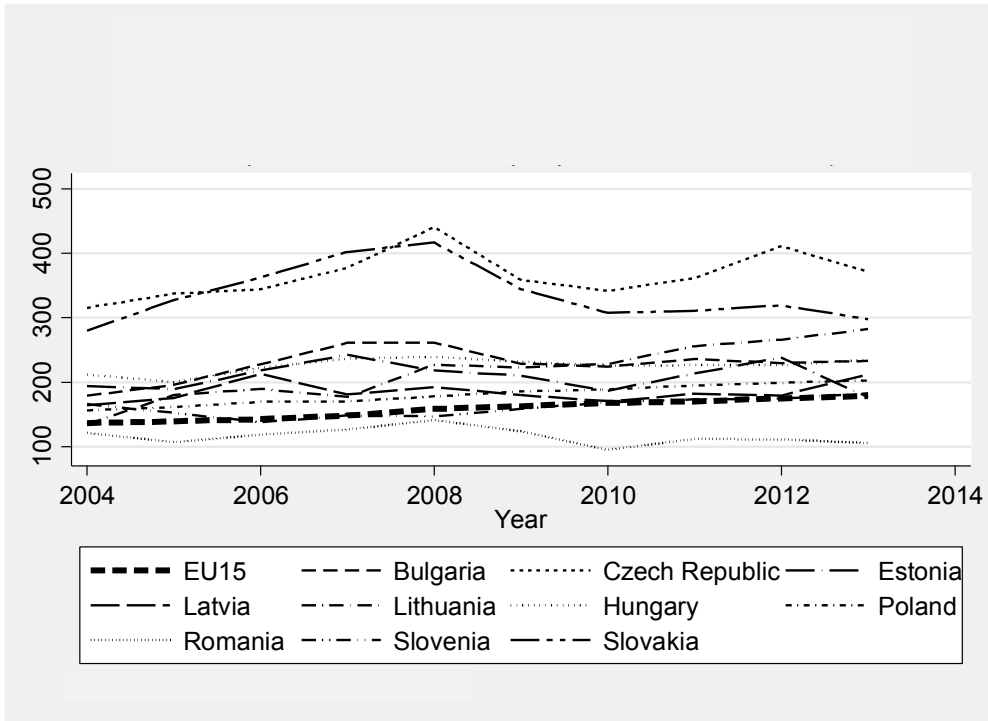
- In emerging market countries in general and in EU NMS in particular foreign investors employ relatively high-skilled labour in above average share. This phenomenon was observed by two Hungarian economists a long time ago (Kertesi and Köllő, 2000). More recently Maskin (2014) has dealt with it.
- The free movement of people within the EU entails that many more or less high-skilled people move from NMS to more advanced old member states for work.

The consequence of both kinds of skilled labour skimming off is scarcity of such labour for domestically owned companies. This is unfavourable. As Maskin (2014) underlies, the employment of low-skilled labour requires the work of higher skilled workers; the basic relationship between various skill levels is complementarity. Thus, the scarcity of skilled labour entails difficulties in the employment of low-skilled workers, it may entail higher level of unemployment of the latter.

The relative unemployment of unskilled people (the unemployment rate of low-skilled people in percent of the overall unemployment rate) seems to support these views, see Graph 10: this indicator is higher in all new member states, except in Romania and Slovenia than the average of the old EU member states (EU15).

Graph 10

The relative unemployment rate of low-skilled people: EU15 and new member states (unemployment rate of people with ISCED 2 level in % of the u.r. people of all ISCED levels)



Source: Own calculation based on Eurostat.

The high unemployment of low-skilled workers is not only a waste of economic resources; it also entails enhanced social inequalities. The rational way of treatment of the skilled labour skimming off problem is the increase of skilled labour supply, i.e. better schooling and vocational training.

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ECONOMY, GOVERNANCE

STATE PLACE IN ECONOMY: FROM CAPTURED STATE TO NORMAL STATE AND BACK. SOME EVIDENCE FROM THE BALKAN COUNTRIES (1990-2013)

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I. Introduction

In the past quarter of a century since the fall of communism, not only the evolution of the state and its functions, but also the ideas about the state, has gone through serious transformations at several stages. From a total presence of the state in the economy, from “everything is state”, through the years of communism, there was an attempt of its radical reduction. In the transition period liberal economists have tried to promote the idea of minimal participation of the government in the economy. But in reality, all controversies concerned not only the ideas or good models of development, but primarily the domination of vested interests and battle for economic power. The interests struggle was served by economic discourse and different ideologies. The structure and dynamics of the public and private debt give us a clear empirical illustration for this process.

The paper aims to trace the main trends in the state place in the economy and debts development in the Balkan countries in the period 1990-2013, attempting to concept their evolution. Two groups of countries are analyzed: on the one hand Bulgaria and Romania (EU members since 2007), and on the other – Albania, Serbia and Macedonia (currently at different stages of negotiations for EU accession). Defining these two groups gives us an opportunity to investigate the impact of the EU membership and the whole pre-accession process on the behaviour of the economic agents, and particularly on the government functions.

In short, the place of state is determined by the crash of economic ideas (economic ideology) in respect to the government functions. But, behind the ideas, the state role could be considered as outcome of the battle of private and group interests (internal or

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external for the different countries), showing the state capture and crony transition. Thus analytically we define two processes (process of capturing and process of normalisation), existing to a great extent together, but each dominating the other in a certain period (with some cyclic recurrence). What is it about?

During *the first period*, which has started after the break of the planned economy (and in some sense prepared in the already falling planned economy), we call a “period of captured state”, characterizes with primitive accumulation of capital and property. In this period we observed conversion of power resources from the old administrative system into money and capital, typical for the capitalist economy. The forms of this conversion varied a lot. They concerned the different privatization mechanisms (auctions, vouchers sales to foreigners...), clear or ambiguous appropriation of public property (“input – output draining”), different manners of depreciation and transfer of assets and liabilities, etc. In this large scale process the state was a leading transmission mechanism. It served the interests of the different groups, mostly the old nomenclature, as well as some newly established groups. In this period the ideas of private property, privatization, free prices, as a whole the liberal ideas of pure market, have been adopted and widespread.

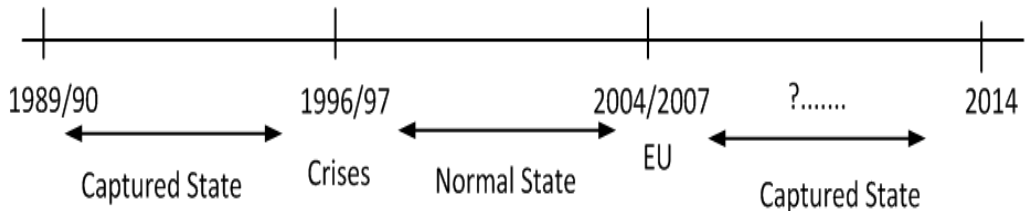
A logical end of this dynamics was the giant public debt, followed by financial and bank crisis, inflation and hyperinflation, etc. This dynamics with no exceptions and with certain specifics was present in all former communist countries. In most countries the crisis of the mentioned crony period has occurred in 1996 and 1997.

Right after the crisis when the redistribution has approached the end (second half of 1990s), the *second period* has started. It was a period of certain normalization, when naturally or purposefully appeared groups of interests, trying to stop the crony processes, and to restore state general functions. In other words, different mechanisms of liberating the state from the groups and establishing a “normal state” emerged. In this moment combating the debts and fiscal orthodoxy has turned not only into political priorities but also into firm economic principles.

The mentioned state normalization has happened via *two main mechanisms*. The first mechanism had an internally national dimension, and consisted of the choosing and imposing certain monetary regime (money is a central economic and social institution). There were two types of monetary reforms, monetary anchors – (i) oriented externally monetary regime (Abramovich’s reform, Currency Board in Bulgaria, introducing Euro in Montenegro), and (ii) internally monetary regime (inflation targeting in Romania, Albania, Macedonia). The second main mechanism of limiting the state capture was the EU anchor (civilization and geopolitical choice of accession to EU). In the case of Bulgaria and Romania, we observed two sub-stages in the chronology – pre-accession and real EU membership. Furthermore, we could suppose, and the facts confirm, that the real membership weakens the general functions of the state, and the latter becomes again an object for serving different group interests (the mechanisms will be explained below). During the whole post communist period the aforementioned chronology is presented at the Chart 1.

Chart 1

Chronology of Transition and Role of the State



Further, the structure of the paper is following the chronology of the transition: first we outline the first years of transition, the state capturing, and the 90s crisis (part II), then we present the two main anchors of stabilization – monetary regime and EU membership (part III). The paper ends with conclusions.

II. Captured state, dominating during (1990 – 1996/1997)

Today, with time, 25 years after the crisis of the socialist economies on the Balkans, the main specifics of the first 7-8 years become more and more clear. At that time they have not been visible because of the strong emotions and the extremely dynamic environment, masking and making them hard to see. The enthusiasm and disappointments have quickly alternated, but as a whole the general feeling moved to something new, in particular to an economic and social system, which was expected to give its fruits sooner or later.

It is clear that the first years have been characterised with a primitive accumulation of capital and property, mass redistribution and formation of a new capitalist class. Processes of a primitive accumulation of capital, well described by Karl Marx (in chapter 24 of his *Capital*), as well as by Evgueni Preobrajenski (primitive socialist accumulation), were non-market by nature. They were political and administrative processes, leading to a mass conversion of power resources and power positions of the old nomenclature communist and close to them groups into monetary and property capital. Some researchers interpreted the crash of communist system as deliberately planned by the communist elites, who realizing the outliving of the old administrative system, looked for ways to convert in the new system (Bunich, 2006). The words of János Kornai, who describes the elites and players in the transition, are eloquent:

“Birds sit in the tree. A gun fired. They all rise in the air, and then land again. Each bird may be on a different branch, but the whole flock is back again sitting in the tree” (Kornai, 2002).

Of course, one can argue on the reasons for the extremely corrupt and crony model of the planned system breaking. The arguments are endless by nature. However, one thing is clear – in the giant process of redistribution of resources and wealth the state (government) has played a leading key role. Due to its hypertrophy during the socialism and its place in the planned economy, the state has been an ideal and the only mechanism of the mentioned mass redistribution and accumulation of capital. The mechanisms of privatization and robbery of the state enterprises have been analyzed extensively in the literature (Volkov, 2005; Bundjulov and Chalukov, 2008). We could point out the example of “input – output” privatization, where enterprises were drained at the entry and exit, and the losses were concentrated in the enterprise itself; later they have been socialized (Antonov, 1995). Attempting to summarize this period (from the end of the totalitarian system to the crisis in the second half of 1990s), economists usually talk about “privatized state”, “private state”, “*crony state*”, etc. The literature on this period often uses terms like crony transition, cronyism, “grabbing hand”, etc.

During this phase of post communist transformation the public and quasi-public debts have increased like a snowball (in most of the countries high foreign debts have existed as heritage, except in Romania). The budget deficits have increased substantially. On the other hand, the banking system and the monetary authority (Central Bank) became a logical transmission mechanism. The losses have been generated not only in the public sector but also in the banks, which accumulated significant amount of non-collectable claims. As a whole, everything has gone to the Central Bank, which socializes the losses and thefts by monetizing them, i.e. it increased the monetary supply. The bandit privatization has logically led to accumulating public debts. While the redistribution has run at full speed, the disorganisation and declines of production has been impressive (see Graph 1).

From the position of time, we can state that there was a lack of reforms at all, although some of the politicians believed that they made reforms. What’s more, the public was involved in numerous theoretical disputes with policymakers and politicians. But in reality, this has been a period of battle of different types of vested interests. Entirely in the Marxist logic (and contrary to the views of Keynes), the ideas and theoretical models of reforms have served private and group interests. Although the economic literature argued about the sequencing of different stages of reforms (liberalization, restructuring, labour market, institutional building, etc.), these theoretical discussions had accessory character or aimed to divert the attention from the real essence – redistribution. Logically the redistribution processes triggered by different interested groups led to severe financial and bank crises and hyperinflations.

Of course, the economic problems were accompanied also by the specific political situation of different countries. For example, the financial crisis in Yugoslavia and Montenegro has concerned the processes of their political collapse (Mladenovic and Petrovic, 2000; Fabris and al, 2004; Schobert, 2003). In Albania, for example, the 1997 crisis concerned the unbelievable increase and respective crash of the financial pyramids later. In the emergence of these pyramids the main political and economic figures were involved (Jarvis, 2000).

In Bulgaria the crisis in the late 1996 and early 1997 was one of the deepest in the Eastern Europe, characterised with the enormous losses of income and wealth. It led to a demonstrative radical change of the monetary regime and to the practical refusal of the monetary policy (Berlemann and Nenovsky, 2004). In 1997 the crisis in Romania also occurred, where the political power has been replaced like in Bulgaria – right-oriented politicians have come to power, supported by the international financial organizations and foreign capitals (Nenovsky et al., 2012).

As mentioned, the ideas have served the interests. In the Central European countries (Poland, Czech Republic, Slovakia and Hungary) and the Baltic states (Estonia, Latvia and Lithuania) the ideas of fast privatization, price liberalization, and as a whole “shock therapy” have been imposed almost monopolistically in the economy.

At the same time, in the Balkan countries there was a strong resistance, even rejection of these ideas. It was interesting that refusal of the liberal ideas (dominating mostly in the neoclassical school in the developed countries) came not from the complexity of the transition, from its evolutionary and institutional dimensions (as we understand them today), but rather from the retrograde Marxism, which deliberately or naively defended its ideas and theoretical concepts. Most economists from the Balkan countries have defended the role of the state (government) and have justified the socialization of the losses and the accumulation of debts. This has perfectly fitted in the interests of the groups, which have “drained” and privatized the state property.

And while the first group of countries made many key liberal reformers (L. Balcerowicz, L. Bokros, V. Klaus, M. Laar, and others), the Balkans missed such and opportunities. Indicative for that was the refusal to adopt the radical liberal reform project in Bulgaria, suggested by the US Chamber of Commerce (known as the project Rahn-Utt, 1990), in which a lot of Bulgarian economists participated (mostly of the Bulgarian Communist Party). The project, by the way, proposed the introduction of the Currency Board (or free banking based on basket of goods!).

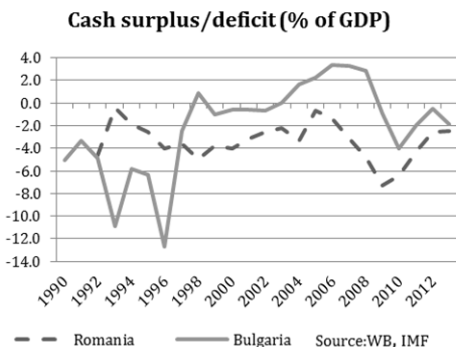
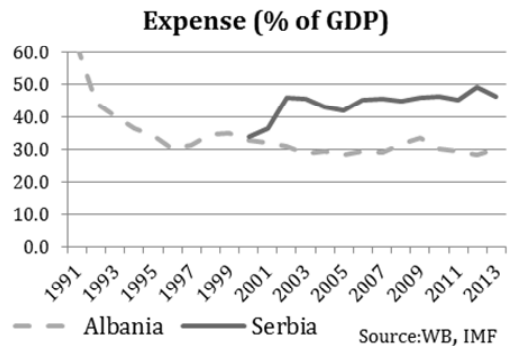
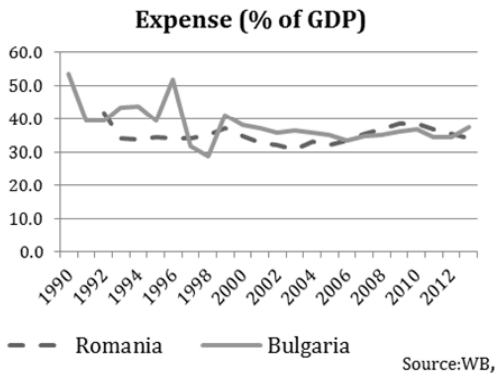
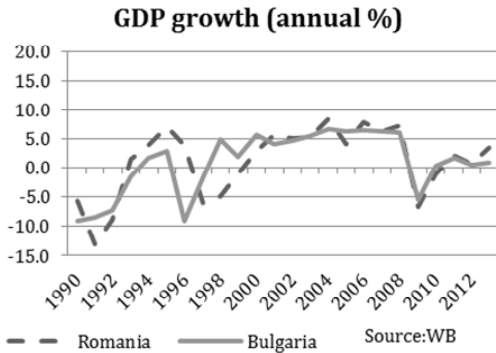
Following the model (illustrated at the chart2), in the period till 1996/1997 (i.e. the period of primitive accumulation of capital, described above) the leading group interests targeted the state (at this period the external interest groups for the countries have yet a subordinate impact). Capturing the state, they needed such type of economic policy, which would allow a *bigger discretion* and opportunity for redistribution in their favour. Such discretion concerned fiscal policy, privatization mechanisms, exchange rate determination, refinancing by the Central Banks, etc.

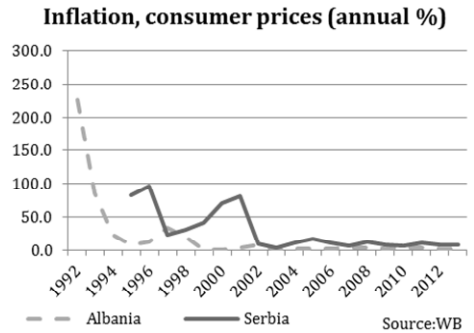
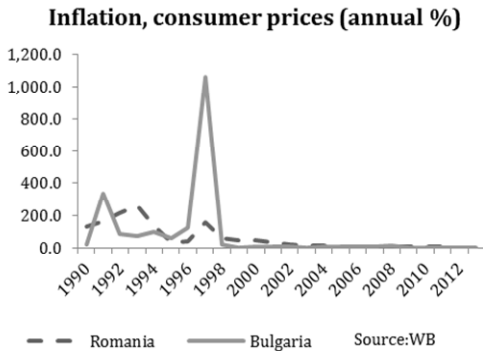
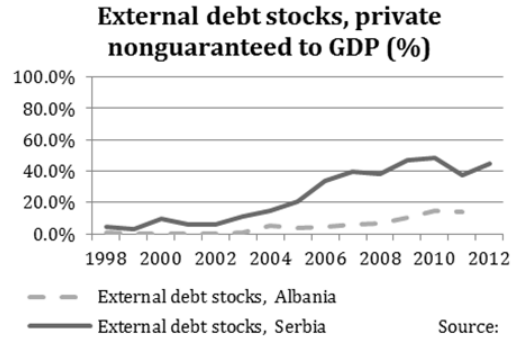
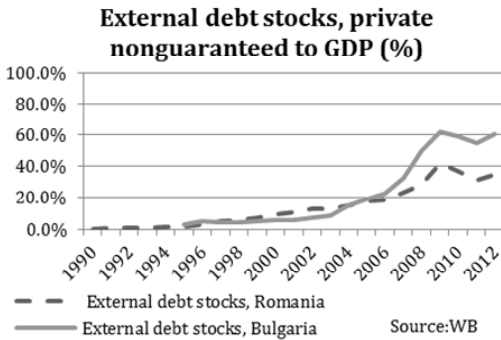
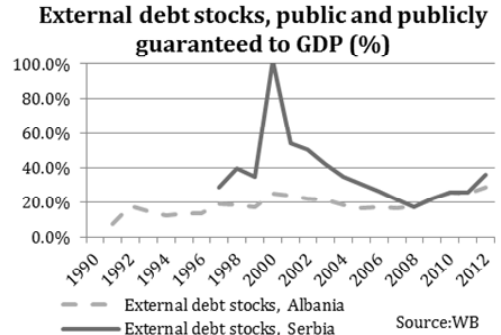
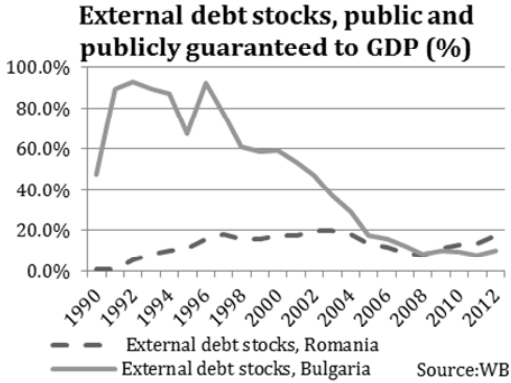
Thus, the next step was mobilization of an economic discourse for the purposes of justifying this type of discretionary state policy. Economic discourse consists of certain economic theories and models. As mentioned above, there is a variety of theories and ideas, in which the understanding of active state role (a mixture of Marxism and Keynesianism) were leading. Liberal and purely market ideas had a place as far as they were propagandized by external intellectuals or those associating with the Western community.

A group of macroeconomic indicators (economic growth, budget deficit/surplus, public expenditures, public and private debt, inflation) (see graph 1) presents the general dynamics in the first period of transition. The periods for the analysed groups of countries are 1990 – 1996/1997 for Bulgaria and Romania, and 1990 – 1999/2000 for Albania and Serbia (Yugoslavia has gone through crisis in the early 1990s, particularly 1991-1993, which could not be seen on the graphs).

Graph 1

Macroeconomic Indicators (group 1)





The period of captured state has logically exhausted. This has happened partly by natural reasons (crisis and inflation have cleared the debts), but also as a result of the appearance of anchors, institutional mechanisms, which have managed to breaking of the bad dynamics. The interests have changed, the economic ideas have changed.

III. Normal state: use of two mechanisms and ideas for anchors (1996/1997 – 2005/2007)

The crises from the end of the 1990s, which have been a logical end of the accumulation and monetisation of losses, as well as the mass redistribution of property and resources, required a radical change not only of the model of economic policy, but also of the economic discourse. The main groups and individuals more and more desired stability of the system, visible and understandable policy rules, and lack of policy discretion (which have been compromised in the first period). The new system has been eased also by the fact that the accumulated debts have been cleared by the hyperinflation, depreciation of the national currency and financial bankruptcies. In the next period, two mechanisms and ideas for anchors were used for stabilization and normal functioning of the state (government).

The first one, a consensus has been build concerning the necessity of a priority stabilization of the monetary and financial system (the mechanisms of forming this consensus are analyzed form political economy point of view in Nenovsky and Rizopoulos, 2003, 2004). Thus, the monetary regime and money stabilization have become leading anchors for the state normalization and the breaking off from the predatory hands of the national private groups.

The second mechanism, which has appeared almost simultaneously for Bulgaria and Romania, was the start of the negotiations for the EU membership. This mechanism was an external stabilizing and normalizing anchor. This type of geopolitical anchor to a different extent is still present in all Balkan countries.

The hypothesis that the state dynamics of the Balkan countries (and as a whole the Eastern European countries) can be explained with the interaction of the above mentioned two anchors, in particular the movement of the “privatised state” towards a “normal state”, and vice versa, has been studied in the economic literature (Nenovsky and Ialnazov, 2011; Nenovsky and Villieu, 2011).

In short, a social anchor is an institution, social regulation, focal point, which coordinates and stabilizes the expectations, interests, ideas, and the behavior of the leading social groups and individuals as a whole. Its function is not only to increase the social cooperation, to form trust, but also to reduce the uncertainty, and as a result – the transaction costs. By its nature the anchors can be internal for certain social community (in this case country), as well as external for it. They could appear spontaneously, as a result of a continuous interaction between the actors, as well as a result of a powerful and single forcing.

In the concrete case we deal with two anchors (monetary regime and EU integration), which complement or contradict each other in different time periods.

1. First Anchor – Monetary Regime

Money, as well-known, is a leading and systemic economic and social institution. Monetary instability and stability is always accompanied by social instability and stability.

In the beginning of the changes two groups of countries could be outlined, which have chosen respectively fixed or floating exchange rate, i.e. external or internal monetary anchor. As a whole the reforms in the countries with fixed or close to fixed exchange rates have turned out successful, and the economies of these countries have managed in one way or the other to minimize the crony processes (Balcerowicz, 1995, Nenovsky, 2009; Vucheva, 2012). Later, after the crisis in the end of 1990s, these countries (Poland, Czech Republic, Hungary, Slovakia) moved to inflation targeting and relatively floating exchange rates.

On the hand, in the beginning of the transition, the Balkan countries chose a floating exchange rate, maintained discretionally by the Central Bank (in this period monetary targeting was mainly used, normally monetary base). This led to a mass speculation on the exchange market, and general instability. Exchange rate and inflation have been used as mechanisms of redistribution and enrichment. The mentioned crises have put an end to the floating exchange rates. Conservative, externally oriented monetary regime has been adopted. This regime has been dominated mostly by the external players for the different countries, mostly the external creditors (also initiators of the monetary regime change).

The mentioned externally oriented and static type of monetary regime includes the Currency Boards in Bulgaria (1997) and Bosnia and Herzegovina (1997) (see Hanke, 2012, Kovacjovic, 2003). Here is also the introduction of the mark and later the euro as official currency in Montenegro (1999/2001) and Kosovo (1999/2001). It includes also de facto maintaining a fixed exchange rate in Romania (after 1996/1997) and Albania (after the fall of the financial pyramids in 2000) (Sevic ed., 2002; Fabris and al., 2004; Frommel and Schobert, 2006; Jarvis, 2000).

Following the same logic of monetary change or appearance of monetary anchor after a crisis, could be pointed out the monetary reform in Yugoslavia. Then, after a continuous hyperinflation, reformer Dragomir Abramovich (former employee of the World Bank and an American citizen) has introduced a parallel monetary unit – *new dinar* following the NEP example in the Soviet Russia, fixed to the German mark in an exchange of one to one the new dinar has circulated simultaneously with the old one (Rostovsky, 1995; Mladenovic and Petrovic, 2000).

As a whole, the restrictive and conservative monetary regimes have created hard budget constraints, and have been accompanied by low budget deficits, even budget surpluses (in case of Bulgaria). With almost complete refusal from the conducting the monetary policy and performing the function of a Lender of Last Resort, the most of the countries have considered that the presence of foreign banks and attraction of foreign capitals were crucial for their development. This penetration of foreign banks

has become a fact and the explanations for that were not only technical but also political and economic ones (for example, domination of foreign creditors, see Nenovsky and Rizopoulos, 2003).

Following the model, presented on *chart 2* (and if we illustrate with Bulgaria), in this second period the foreign players (mostly creditors) dominated, and in coalition with the local creditors they have imposed a model of economic policy favourable to them. This model of policy included stable money, small government, lack of discretion, as well as accelerated privatization. The Currency Board and restrictive fiscal policy have been perfect instruments for this purpose. The fast and radical change of the economic discourse has also occurred. The liberal theories (mostly the Austrian school), the principles of monetarism and supply side economics (Laffer curve, flat tax), etc., have become firm theoretical elements of the economic education, economic publications, and economic talks in general. Each deviation from this type of talks has been rejected and ridiculed.

2. Second Anchor – European Union

The decision of the leading European countries (mostly Germany and France) on EU expansion at the Balkans was the second anchor, geopolitical in its nature. It has helped normalizing the state, liberating it from the vested interests. In late 1990s the accession started for Bulgaria and Romania, for the others was ongoing process in different stages (Macedonia, Albania, Serbia etc). EU membership became general project, a principal national goal. By its nature the project of pre-accession was related with hard budget constraints, including fulfilment of a number of indicators of economic, institutional and legal convergence. It consisted of opening and closing of a number of chapters (35 in total) on the main topics of the membership, and reaching *acquis communautaires*.

All in all, EU as an external anchor has not only a disciplinary effect, but also a credibility effect. These two effects, together with the discipline and trust in the stable money (monetary regime), led to a significant decrease of the cronyism and a fast normalization of the state. To a great extent the state had restored its general functions.

However, the history does not end here. In Bulgaria and Romania (most probably in the other Balkan countries as well, including Serbia and Albania) this successful stage has been relatively short. It has continued during the pre-accession period, till 2004/2007. With the full membership of Bulgaria and Romania in the EU, things have changed towards bad. Since then we have had all reasons to state that there are trends towards a new privatization and state capture. How did this happen? The answer is in the dynamic interaction between the two mentioned anchors – monetary and European.

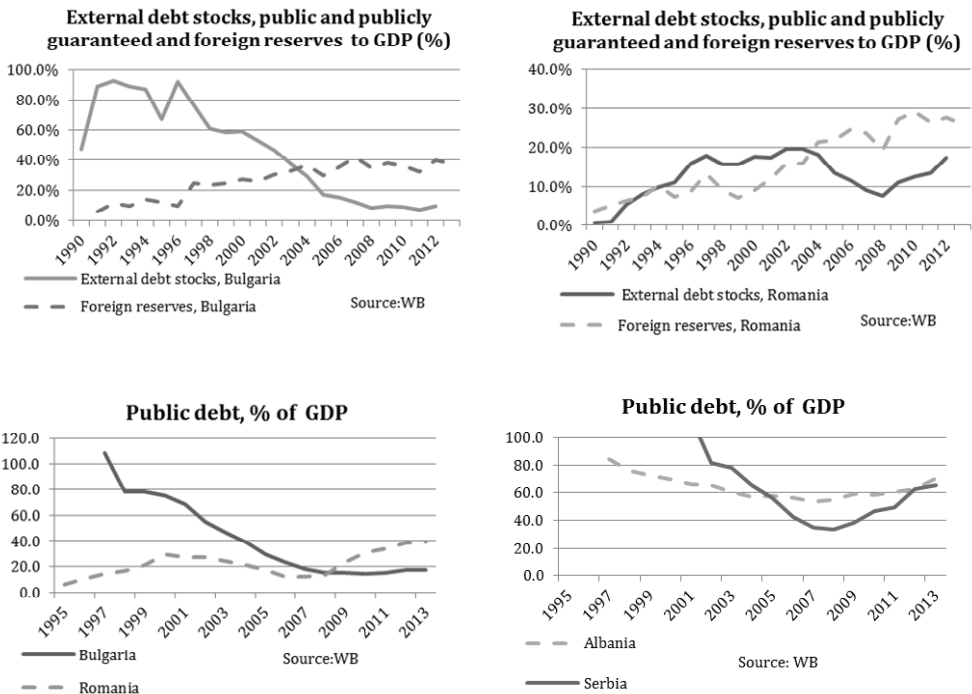
3. Interaction between Two Anchors, from Compatibility to Conflict

In short, after the accession to EU in 2007, the disciplinary effect of the European anchor has been undermined. EU membership has created many guarantee and “insurance” mechanisms, leading to risk under pricing and provoking a moral hazard behavior. The capital flows and the EU funds have become into sources of fast enrichment and in the best case have gone to consumption. Lending increased rapidly. As it is known, this is incompatible with the functioning of a hard monetary regime and fixed exchange rate (it leads to a exchange rate crisis). Debts have started again to gather substantially, in Bulgaria – more the private debt, and in Romania – the public debt. Bad loans also have exploded (see graphs 2).

The literature has a detailed discussion of the mechanisms of the moral hazard and its specifics in Bulgaria and Romania (Nenovsky and Villieu, 2011; Nenovsky and all, 2012; Nenovsky and Karpouzanov, 2014). What is important here is the fact that the redistribution processes and the corruption have increased again, processes noticed by many researchers. With some certainty, the practice in Bulgaria and Romania showed a new stage of state capture. This stage is specific also of the other former communist countries, now EU members. Some of the mentioned trends are illustrated on Graph 2 (Macroeconomic Indicators – graphs 2).

Graph 2

Macroeconomic Indicators (group 2)



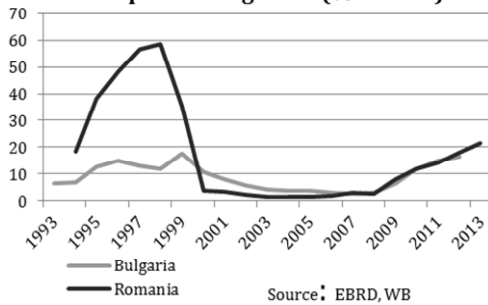
External debt stocks, public and publicly guaranteed and foreign reserves to GDP (%)



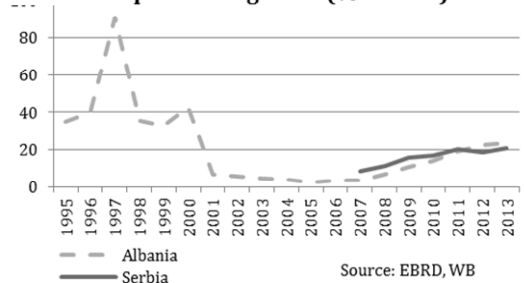
External debt stocks, public and publicly guaranteed and foreign reserves to GDP (%)



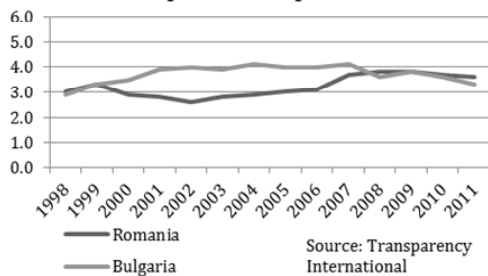
Non-performing loans (% of total)



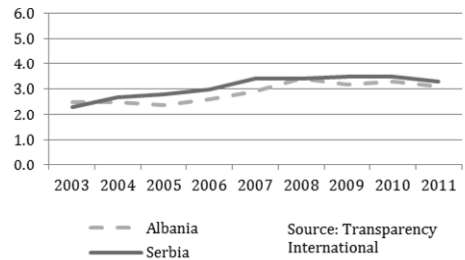
Non-performing loans (% of total)



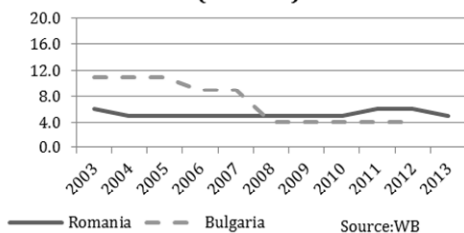
Corruption Perceptions Index



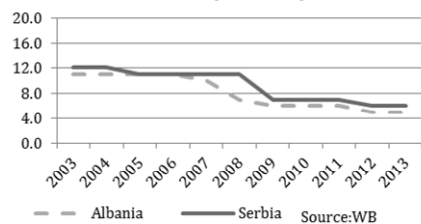
Corruption Perceptions Index



Start-up procedures to register a business (number)



Start-up procedures to register a business (number)



IV. Conclusion

The transition from 1990 till today can be defined in two major stages. The first stage was primitive accumulation of capital and property, “privatized state” and economic discourse, legitimizing the leading interests and policies. Accumulation of debts and losses has led to the crisis in the late 1990s. Debts have been cleared, redistribution has been at its end, and the foreign players have become stronger.

The second stage has begun – *de*-privatization of the state. A need for a new type of policy has appeared, based on clearly defined policy rules, and restricted government. The hard monetary regimes have been leading mechanisms. Liberal ideas (monetarism, conservative finances, pure market, etc.) have imposed quickly. At the same time second geopolitical anchor has appeared – the anticipated EU membership. As a whole, the pre-accession processes have had a strong disciplinary and credibility impact on the national economies (Bulgaria, Romania, and Serbia and Albania today).

The full membership of Bulgaria and Romania has almost coincided with the beginning of the current crisis. At the Balkans this crisis has been part of the European one, but has had its specifics. They were mostly related to the increase of the moral hazard processes, increase of corruption and the speculative increase of consumption. Old and newly formed groups again have captured economic policy tools. As mentioned, these processes add to the general logic of losing the efficiency of the European anchor and its exhaustion.

The evolution of the economic discourse is interesting. In the beginning (and still) the crisis has been interpreted either from *liberal positions* (government and bureaucrats influence in the Central Banks’s policy caused speculative bubbles and time inconsistency policy) or from *financial* position (lack of or bad regulation of financial markets).

With time and deepening of the problems, things however change. To take Bulgaria. The crisis of the one of largest banks (Corporate Commercial Bank, symbol of cronyism) has led to a fast aggravation of the public finances (from almost a surplus to a 3.7% planned deficit in 2014), logically have led to a turn of the economic discourse. Now the state is again captured by group interests. These groups more and more need a discretionary economic policy, i.e. an active policy instruments to serve them. There are more and more talks about the important role of the state and the needs for stimulating national economy.

Finally, we will mention again the importance of having in mind here, that a discretionary fiscal and monetary policy, carried out by “normal” state and Central Bank, is one story. However, when this discretion and active policy is implemented by the state and Central Bank, privatized by and subordinated to the private and group interest, is an entirely different story. The reasoning and the conclusions should be different.

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LA PLACE DE L'ENTREPRISE SOCIALE DANS LES BALKANS ET EN POLOGNE – QUELLE RECONNAISSANCE DE L'ÉCONOMIE SOCIALE DANS LES STRATÉGIES NATIONALES?

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L'économie sociale (et solidaire), s'élabore dans le cadre d'un pluralisme politico-culturel et n'a pas de définition consensuelle. Elle recouvre diverses formes organisationnelles, comme les coopératives, les mutuelles ou les associations. Des initiatives économiques et sociales spontanées et une multitude de principes, comme la solidarité, la réciprocité ou la démocratie, permettent également de la caractériser. De plus, le substantif «solidaire», habituellement utilisé en France, ne l'accompagne pas toujours. La dynamique de l'*économie sociale*, terme que nous retiendrons ici, s'inscrit dans un mouvement plus large de «prolifération du social» dont Callon (2007) souligne qu'il constitue l'une des composantes du nouveau régime d'innovation. Si cette prolifération du social peut être vue comme une forme d'encastrement du social dans l'économique, conduisant à une «resocialisation de l'économie», elle peut aussi être l'expression d'une banalisation du social et de son instrumentalisation (Draperi, 2011). Dans une perspective plus restreinte, *l'entreprise sociale* est quant à elle analysée soit comme une résurgence de l'entreprise collective, soit comme une tentative opportuniste d'extension des marchés traditionnels des firmes à des nouvelles niches («marché des pauvres»).

La reconnaissance politique de l'économie sociale était faible durant la transition dans les Balkans et en Pologne, en dehors du mouvement coopératif qui subsistait, mais qui était amené à chercher des voies d'adaptation dans les conditions de l'économie du marché. En revanche, plusieurs documents stratégiques témoignent actuellement d'une volonté pour sa reconnaissance. Ce regain d'intérêt se manifeste par l'édition de documents cadres sur l'économie sociale qui visent à spécifier la notion, à l'introduire dans le champ administratif et politique, et à créer un «environnement propice» pour son développement. A ce titre, nous pouvons citer la Conception nationale pour l'économie sociale bulgare de 2011, des avis du Conseil économique et social bulgare, édités entre 2011 et 2014, la Déclaration de Belgrade, de mars

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2014, qui ressemble plusieurs acteurs de la société civile des pays des Balkans de l'Ouest autour de la promotion de l'économie sociale, la stratégie croate de 2011 et la stratégie polonaise de 2014.

L'objectif de ce travail est d'esquisser les grandes lignes de la vision de l'économie sociale, véhiculée dans ces cadres stratégiques, et des attentes envers celle-ci. La notion d'«entreprise sociale» constitue le fil conducteur dans la majorité de ces sources dédiées à l'économie sociale. En effet, nous pouvons retenir trois points importants dans les documents stratégiques. D'abord, la définition de l'économie sociale recouvre celle de l'entreprise sociale, caractérisée de manière hybride avec des références à la fois aux approches américaine et européenne (I). Elle concerne avant tout les organisations qui, peu importe leur forme juridique, sont créées afin de remplir des objectifs sociaux et qui réinvestissent les bénéfices à cette fin. Deuxièmement, conformément aux objectifs prévus dans les documents cadres de l'Union Européenne, les stratégies nationales visent la spécification sectorielle de l'économie sociale (II). Il s'agit d'une spécification qui va au-delà de l'objectif de délimitation statistique des entreprises sociales, voulue par l'UE. Elle renvoie à des questions liées à la place de l'entreprise sociale «entre Etat et marché» et à l'adéquation entre les contours voulus du secteur et la réalité des structures existantes. Troisièmement, un objectif ambitieux est exprimé, qui est de présenter une nouvelle solution aux problèmes sociaux à travers le développement de l'économie sociale. Il se heurte néanmoins à une conception très limitative du social qui s'adresse principalement aux groupes vulnérables et aux personnes handicapées (III).

I. Une définition de l'économie sociale à travers l'entreprise sociale: une double référence aux modèles européen et américain de l'entreprise sociale

Il existe une multitude d'approches de l'entreprise sociale fondées sur un «faisceau d'indices» permettant de la caractériser. Nous nous intéresserons ici aux références qui se trouvent dans les cadres stratégiques pour l'économie sociale. La plupart des définitions semblent être calquées sur celle proposée par la Commission Européenne dans son Initiative pour l'Entreprenariat Social. Les "entreprises sociales", sont celles *pour lesquelles l'objectif social ou sociétal d'intérêt commun est la raison d'être de l'action commerciale, qui se traduit souvent par un haut niveau d'innovation sociale, dont les bénéfices sont principalement réinvestis dans la réalisation de cet objet social, et dont le mode d'organisation ou le système de propriété reflète la mission, s'appuyant sur des principes démocratiques ou participatifs, ou visant à la justice sociale, par exemple un éventail réduit de salaires* (COM/2011/682/2).

Dans les cadres stratégiques pour l'économie sociale, nous retrouvons néanmoins des références à la fois au modèle américain et au modèle européen de l'entreprise sociale, dont les différences sont détaillées par Defourny et Nyssens (2011). Cette notion, relativement récente, renvoi dans l'approche américaine aux organisations de type «NPO» ou plus récemment aux organisations faisant du «social business» et elle se généralise en Europe en venant se greffer sur les organisations de l'économie

sociale qui sont historiquement les coopératives, les mutuelles et les associations (Bassetti et Petrella, 2010).

Les points communs qui peuvent être trouvés entre les approches de l'entreprise sociale européennes et américaines, ainsi qu'entre les courants en leur sein, sont le détachement par rapport au statut des entités et l'intérêt pour la mission sociale qu'ils exercent. C'est l'approche qui se reflète par exemple dans la définition de l'économie sociale de 2011 dans la conception nationale bulgare: *«terme générique qui désigne des personnes physiques ou morales, associations de bénévoles ou d'autres entités organisées, exerçant une activité commerciale d'intérêt public, qui réinvestissent les bénéfices à des fins sociales»*. La définition polonaise se présente de manière similaire: *«L'économie sociale est le domaine d'activité civique, qui à travers les activités économiques et les activités d'intérêt public sert: l'intégration professionnelle et sociale des personnes à risque d'exclusion sociale, la création d'emplois, la fourniture de services sociaux d'intérêt général et le développement local»*.

Nous constatons l'absence notable de références aux principes de gestion démocratique, qui sont pourtant présents dans la définition de la Commission Européenne. En effet, les principales différences entre l'approche américaine et l'approche européenne, semblent résider dans le degré d'attachement aux principes de « démocratie économique », à savoir les dynamiques collectives et participatives dans la gestion des entreprises sociales. Dans l'approche américaine, elles sont prises en compte *a minima*, alors que dans l'approche européenne elles constituent des critères d'identification des organisations de l'économie sociale. Le critère de gestion démocratique dans la définition polonaise de l'entrepreneuriat social nous donne une illustration de la prise en compte ambiguë des deux approches: *«l'activité est gérée selon des principes démocratiques, ou au moins prévoit la consultation des employés et d'autres parties prenantes, et un éventail des salaires encadré»*.

La conception bulgare reconnaît aussi de manière ambiguë les principes de gouvernance collective, caractéristiques de l'approche européenne. Elle fait référence aux principes typiques de gestion des organisations de l'économie sociale, comme la règle «une personne, une voix». Cette règle, selon laquelle les membres ont le même droit de vote aux assemblées générales, quel que soit leur apport au fonctionnement de l'entreprise, est fondamentale pour caractériser le mode de gestion démocratique et collectif des organisations de l'économie sociale. Néanmoins, ailleurs la conception affirme que les entreprises sociales sont gérées «comme un business, dont une partie des ressources sont destinées à des fins sociales ou environnementales». Aussi, le texte ne pose pas le critère de la «lucrativité limitée» qui est caractéristique pour l'approche européenne, mais une «lucrativité au service de la finalité sociale» typique pour l'approche américaine (Bassetti et Petrella, 2010).

Dans les pays des Balkans de l'Ouest, comme en Bulgarie et en Pologne, l'économie sociale est également entendue à travers la notion centrale d'entreprise sociale. La «Déclaration de Belgrade sur le développement de l'entrepreneuriat social dans les Balkans de l'Ouest et de la Turquie» de mars 2014 reprend mot pour mot la définition de la Commission Européenne de l'entreprise sociale, figurant dans l'Initiative pour l'entrepreneuriat social. Les notions «économie sociale», «entrepreneuriat social» et

«entreprises sociale» sont utilisées de manière interchangeable. La notion d'«entreprenariat social», qui renvoie à l'approche américaine du «social business» est celle dont la présence est la plus vive.

Ce double renvoi aux approches européennes et américaines de l'entreprise sociale que nous constatons dans les définitions proposées en référence à l'économie sociale n'est pas étonnant. En effet, le modèle américain de l'entreprise sociale se rapproche du modèle des organisations NPO (non-profit organisations), alors que le modèle européenne se réfère aux organisations de l'économie sociale, qui sont historiquement les coopératives, les mutuelles et les associations (*ibidem*). C'est le modèle «NPO» qui a été soutenu durant la transition en tant que mécanisme de prise en charge des problématiques sociales qui se sont proliférées avec l'affaiblissement des systèmes de protection sociale. Il est néanmoins possible d'observer un affaiblissement de l'attrait pour le modèle NPO au profit du modèle européen, l'Union Européenne étant devenue le principal bailleur de fonds (Wygansky, 2007).

II. Une volonté de spécification sectorielle de l'économie sociale

Une deuxième spécificité des stratégies nationales est la volonté de constitution d'un «secteur» de l'économie sociale. Il s'agit, au-delà de la volonté de délimitation statistique et comptable des organisations de l'économie sociale conformément aux recommandations de l'UE, de savoir en quoi consiste ce secteur. Dans les stratégies étudiées, l'économie sociale est le plus souvent représentée comme un secteur «entre le marché et l'Etat» qui assure un «équilibre du marché et du social». D'abord, ainsi défini, ce «secteur» peut être mis en rapport avec une conception du rôle «entre le marché et l'Etat» assumé par les organisations qui composent le tiers secteur, à savoir, les organisations non-lucratives (NPO) et non-gouvernementales (NGO). L'accent étant mis sur leurs capacités de se démarquer notamment de l'Etat et aussi du marché, ces notions et ces formes organisationnelles ont été adoptées avec facilité durant la transition. Cela a conduit à l'exclusion de structures comme les coopératives de l'idée de tiers secteur, la capacité de celles-ci de se démarquer de l'Etat et des activités lucratives, n'étant pas considérée comme assez convaincante (*ibidem*). Néanmoins, cette vision est devenue aujourd'hui insuffisante, car non-conforme à la tendance européenne de développement de formes hybrides entre le tiers secteur et l'économie sociale classique, dont les coopératives sont des composantes principales. Cette tendance d'hybridation a été observée dans un avis du Conseil économique et social bulgare «L'économie sociale, possibilités de développement en Bulgarie». Cette convergence du tiers secteur et de l'économie sociale «classique» se fait sur le plan conceptuel en passant d'un secteur qui se définit de manière négative par rapport à l'Etat ou au marché (*ibidem*), vers un modèle souhaitant combiner à l'équilibre l'efficacité économique et la prise en charge des services d'intérêt général. C'est le rôle attribué à l'entreprise sociale qui désigne à la fois cette approche même – le modèle de prestation de services d'intérêt général dans le domaine social, financés par des activités économiques, et la forme organisationnelle qui lui correspond.

Dans la stratégie polonaise, la spécification sectorielle est en voie d'être actée sur le plan juridique. Elle se fera par le biais d'une future loi qui va déterminer les droits et les obligations des entreprises sociales, qui permettra de mieux cibler le soutien qui leur sera accordé par l'Etat, en prévision de la nouvelle période de programmation financière des fonds européens 2014-2020. La stratégie polonaise est extrêmement précise, établissant un «cahier de charges» auquel doit correspondre une structure caractérisée comme une entreprise sociale, celle-ci étant considérée comme l'unité de base de l'économie sociale. Elle prévoit un nombre minimal de personnes des groupes cibles qui doivent y être employées, des types de services sociaux proposés, un seuil d'affectation des bénéficiaires, un plafond des rémunérations, une obligation minimale de consultation des membres. En même temps, la stratégie reconnaît que de multiples entités font partie de l'économie sociale, dont les organisations de réinsertion, des organisations non gouvernementales, des coopératives, des entités de la sphère économique ayant des activités d'intérêt général et aussi des organisations et initiatives non-formelles qui ont émergé sans formes juridique. On voit ainsi d'un côté des entités qui côtoient différents secteurs de l'économie et de l'autre, une volonté de spécifier un secteur de l'économie sociale à travers des critères très précis. Ce même constat est valable dans le cas bulgare, car la base de données des entreprises sociales établie recouvre des types d'organisations plus variés que la définition proposée du secteur de l'économie sociale dans la conception nationale.

Cependant, les organisations visées par cette volonté de faire converger différents modèles économiques et sociaux n'émergeront pas *ex nihilo*. Les pratiques encouragées aboutiront plutôt à une mutation des modèles et des méthodes des organisations déjà existants et d'une reconfiguration des différents types d'organisations qui composent l'économie sociale. Pour cette raison, il ne s'agirait pas d'un nouveau secteur, mais plutôt d'une redéfinition de lignes des statuts et des activités des structures existantes. L'approche de l'entreprise sociale se superpose ainsi aux cadres préexistants. La conception bulgare prévoit déjà cette hypothèse dans la mesure où elle note d'un côté la difficulté de créations d'entreprises sociales et de l'autre «la possibilité évidente dans le contexte bulgare d'utiliser la capacité des organisations sans but lucratif pour l'intégration des personnes et groupes vulnérables».

Le rapport de l'agence statistique serbe sur l'impact des entreprises sociales de 2014 nous fournit une autre illustration de la manière dont les contours visés de l'entreprise sociale s'articulent avec les objectifs exprimés par les structures existantes. En effet, en Serbie, la majeure partie de ces structures sont les coopératives et les objectifs qu'elles expriment sont l'émancipation économique (economic empowerment) et l'emploi qui deviennent ainsi la préoccupation majeure des structures de l'économie sociale (61% des objectifs). Les objectifs d'assistance dite socio-humanitaire (selon la nomenclature de l'enquête) exprimées notamment par les associations et par les structures d'intégration des personnes handicapées recouvrent une part bien plus faible des objectifs exprimés (15%). Il est intéressant de voir comment cette tendance s'articule avec les axes présents dans les programmes européens à destination de groupes et des services sociaux ciblées, et à quelles évolutions du secteur cela est susceptible de conduire. A l'inverse, en Croatie, une carence d'organisations qui se

rapprochent par leurs caractéristiques aux objectifs de développement économique et d'emploi a été relevée (Vidović, 2012).

III. Des objectifs ambitieux – une conception restreinte du social

L'entreprise sociale semble constituer un modèle attrayant en tant que pourvoyeur de services publics, censé remédier à la défaillance du secteur public. L'encouragement de l'entreprise sociale, qui reflète une approche limitative de l'économie sociale (Bassetti et Petrella, 2010), permet de reconnaître des acteurs marchands et non-marchands comme des pourvoyeurs de services sociaux aptes et légitimes. Il s'agit d'une approche fragile comme que le montrent les critiques de ce modèle même de la part des organisations internationales (UNRISD, Sarwar, 2013; OCDE, Mendell, 2009).

Les différentes stratégies étudiées ont les mêmes objectifs, focalisés sur le rôle de l'économie sociale pour un modèle de développement social inclusif. Les administrations responsables de l'économie sociale sont les Ministères de l'emploi et de l'action sociale (Bulgarie, Pologne), l'Unité pour l'inclusion sociale et la réduction de la pauvreté du gouvernement de Serbie, ou encore le Bureau gouvernemental pour la coopération avec les ONGs en Croatie, qui a été chargée en 2006 du développement d'une stratégie de l'économie sociale et de l'entreprenariat non-lucrative. Concernant les problématiques auxquelles doit faire face l'entreprise sociale, en Serbie et en Croatie, nous retrouvons des approches et problématiques très similaires à celles rencontrées en Pologne et en Bulgarie. La pauvreté et les inégalités, les problèmes d'exclusion sociale et d'emploi sont mises en avant. Il est intéressant de noter en ce sens la mention de la loi sur la protection sociale parmi les lois qui concernent l'économie sociale en Serbie, qui est en ce sens significative (agence statistique serbe, rapport sur l'impact des entreprises sociales en Serbie, 2014).

Parmi les programmes opérationnels financés par l'Union Européenne, l'économie sociale est incluse en premier lieu dans les programmes de développement des ressources humaines et du capital social. Concrètement, les cibles de ces priorités sont les personnes et les groupes vulnérables, autrement dit ceux qui sont susceptibles d'être exclus du marché. Le social est ainsi entendu comme l'inclusion de groupes vulnérables et aussi la recherche d'un nouveau modèle de prestation de services sociaux. Or, l'économie sociale étant pluridimensionnelle, il est envisageable de l'inclure dans d'autres programmes sectoriels comme le développement rural, l'éducation, l'environnement. D'autant plus que ces secteurs correspondent à la répartition des structures considérées comme des entreprises sociales par type d'activités dans les bases de données (voir par exemple la base de données bulgare ou le rapport de l'agence statistique serbe).

Cette vision limitative du social a été remarquée dans un rapport de l'OCDE sur l'économie sociale en Pologne (Mendell, 2009). Le rapport de l'OCDE recommande ainsi de traduire les politiques de promotion de l'économie sociale à une plus grande échelle, comme l'éducation, l'environnement, les stratégies concernant le marché du travail. L'OCDE recommande ainsi d'entreprendre une réévaluation de la notion

d'économie sociale, qui permettrait de mieux prendre en compte son caractère multisectoriel plutôt que de se cantonner à une vision limitée aux entreprises d'intégration par le travail et d'enlever ainsi le risque de stigmatisation de groupes sociaux vulnérables.

La capacité même des entreprises sociales à délivrer les biens et les services sociaux de manière satisfaisante a été également mise en cause. Le modèle des entreprises sociales en tant que prestataires de services sociaux se heurte à trois problématiques principales, à savoir la capacité d'engager leur responsabilité en cas de défaillances, le risque d'exclusion de certains publics du service, la capacité de s'adapter aux aléas du marché. Cette critique est présentée en détail par l'UNRISD (Sarwar, 2013).

Les acteurs de la société civile, en chef de file de la promotion de l'économie sociale sont eux-mêmes conscients des limites de cette approche du social. Nous pouvons citer un événement qui s'est tenu à Zagreb en 2012 intitulé «Le rôle des organisations de la société civile pour la promotion de l'entrepreneuriat social». Le rapport de cette table ronde rend compte que les acteurs de la société civile ont conscience que la conception de l'économie sociale dépasse la sphère de l'entrepreneuriat social et des organisations non-gouvernementales.

L'adoption d'une vision intersectorielle de l'économie sociale semble ainsi souhaitable. Cela s'avère néanmoins difficile. En effet, les initiatives s'apparentant à l'entrepreneuriat social peinent à atteindre l'autonomie dans le marché. Ce phénomène les rend davantage dépendantes vis-à-vis des bailleurs de fonds, tels que l'Etat (Vidović, 2012), puis, du fait de la rareté de ses financements, l'Union Européenne. De plus, la reconnaissance de l'économie sociale reste très faible dans de nombreux secteurs, comme l'agriculture, en raison notamment de sa méconnaissance par les politiques publiques les concernant. Enfin, des expériences spécifiques, comme l'autogestion en Serbie et en Croatie, susceptibles d'encourager le développement d'une économie sociale autonome, n'ont pas pu être mis en valeur durant la transition. Il est néanmoins intéressant de noter que la stratégie polonaise a pris soin d'encourager les recherches sur l'histoire des pratiques sociales et solidaires.

Se trouvant ainsi dépourvues d'une base de soutien plus large au niveau national, les entreprises sociales et a fortiori l'économie sociale, voient leurs fondements se limiter aux politiques véhiculées par l'Union Européenne. Ces dernières, déployées notamment le cadre de la stratégie Europe 2020, ont une vision restreinte de l'économie sociale cantonnée pour le moment à l'inclusion sociale. Cette approche est loin de refléter tout le potentiel de l'économie sociale qui est à rechercher dans de multiples secteurs et modèles économiques.

Conclusion

Dans les pays des Balkans, membres récents de l'Union Européenne, comme la Bulgarie et la Croatie, ainsi que dans les pays candidats, comme la Serbie, les travaux des administrations et de la société civile sur l'économie sociale, témoignent

d'un renouveau de l'intérêt pour ce domaine. En dehors des Balkans, parmi les pays d'Europe Centrale et Orientale, la Pologne s'est montré depuis une dizaine d'année particulièrement volontariste dans la promotion de l'économie sociale. Très récemment, les pays membres récents de l'UE se sont dotés de stratégies nationales de reconnaissance de l'économie sociale, préconisées par l'UE dans le cadre de la stratégie Europe 2020. La notion d'«entreprise sociale» est le fil conducteur dans ces stratégies. Comme l'économie sociale recouvre des activités économiques et entrepreneuriales à caractère social, la notion d'entreprise sociale apparait alors comme tautologique. La notion d'entreprise sociale traduit selon nous une approche limitative de l'économie sociale, associée principalement à la mise à disposition de biens sociaux et à l'inclusion sociale.

Les pays des Balkans, et plus généralement les pays d'Europe centrale et orientale, constituent un terrain d'étude privilégié et peu étudié pour suivre les approches émergentes de l'économie sociale autour desquels l'intérêt se focalise, en particulier l'entreprise sociale. La reconnaissance de l'économie sociale se déroule au confluent de diverses approches qui s'importent des Etats-Unis et d'Europe, ainsi que sous l'impact de facteurs politiques notamment l'adhésion à l'Union Européenne, sociopolitiques à travers le rôle de la société civile, et socioéconomiques à savoir la recherche de nouveaux modèles sociaux et de manières d'entreprendre.

Nous avons ainsi vu une introduction de l'économie sociale au sein des stratégies nationales des pays étudiés, qui recouvre des aspects similaires. Cependant, les pays d'Europe centrale et orientale présentent des héritages spécifiques comme le montrent des travaux d'économie institutionnelle. Nous pouvons citer l'expérience serbe dans l'autogestion, contrairement à la Bulgarie, ou encore la présence en Pologne de «Solidarnost», dont des anciens membres sont très impliqués dans le développement de l'économie sociale. Cela permet d'avancer l'hypothèse d'une convergence des approches de l'économie sociale malgré des trajectoires socioéconomiques différentes. Il serait dès lors pertinent d'étudier les interactions entre formes héritées et formes émergentes d'économie sociale.

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ECONOMIES ET PERSPECTIVES POUR LES PAYS DES BALKANS DANS L'UE

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Introduction

Ce papier se consacre quant à lui aux critères auxquels les pays des Balkans sont confrontés, ainsi que le degré de préparation des pays des Balkans occidentaux à accepter l'aide externe prévue. Nous verrons les concepts de la capacité d'absorption (par rapport aux pays candidats et candidats potentiels), et la capacité d'intégration (liées à l'UE elle-même). A cet effet, les programmes de préadhésion sont conçus pour tous les pays des Balkans occidentaux (Albanie, Bosnie-Herzégovine, la Croatie, la Serbie, y compris le Kosovo sous la Résolution 1244 du Conseil de sécurité, le Monténégro et la Macédoine), qui mettent l'accent sur l'apport d'une aide financière et technique dans la préparation à l'adhésion. Cela contribuera à aider les pays à ajuster et adapter leurs institutions aux normes européennes afin d'être en mesure de remplir les obligations de l'adhésion future. L'aide se voit être en facteur clé dans la stratégie de préadhésion aux pays candidats et candidats potentiels. La tâche principale de cette section est de montrer l'importance d'établir un système efficace dans toutes les structures de gouvernance, dont les pays auront la responsabilité en ce qui concerne la planification et l'utilisation de l'aide de préadhésion. Egalement, nous tenteront de répondre aux différentes questions: les économies issues de l'Ex-Yougoslavie peuvent-elles constituer entre elles une zone régionale de libre échange, ou est ce que l'intégration à l'UE sera-t-elle mise en avant plan? L'idée d'une région balkanique où les pays coopèrent de plus en plus étroitement est sans aucun doute, non seulement un préalable mais facilitera aussi l'intégration européenne. L'ALECE est considéré comme une bonne étape préparatoire à l'adhésion à l'UE pour ces membres dont le résultat de changement de direction en termes d'échanges commerciaux ne sera livré prochainement.

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La politique de conditionnalité de l'Union européenne

Alors que les pays des Balkans occidentaux se rapprochent de la pleine appartenance à l'Union européenne (UE) et essayent de trouver un moyen de sortir du "labyrinthe" qui est devant eux, la question de conditionnalité devient un sujet très intéressant et important.

Au sens large, la conditionnalité peut être définie comme "l'utilisation des instruments de politique utilisés par un acteur en vue d'assurer l'acceptation et d'autres intervenants formé à l'action". Cela implique que la conditionnalité comprend (au moins) deux partenaires. Comme les partenaires sont généralement le gouvernement d'un ou plusieurs pays et des organisations/institutions internationales, nous pouvons dire que la conditionnalité est un commun accord selon laquelle le gouvernement d'un pays prend, ou doit prendre certaines mesures, et en revanche, une organisation internationale offre une aide (financière ou technique). La conditionnalité comprend la liaison des avantages que l'Etat veut avec l'accomplissement de certaines conditions.

Les partenaires ou plutôt le sujet et l'objet de conditionnement dans une relation inégale, sont deux coté opposés, les conditionneurs et les conditionnés. Les premiers doivent formuler certaines conditions, tandis que les autres doivent les accomplir. L'Union européenne utilise deux principaux types de conditionnement. Le premier est lié à ses efforts pour aider les pays en développement (en fait les anciennes colonies des États membres) et représente essentiellement l'aide au développement comprenant des accords commerciaux non-politiques. En plus de conditionnalité de l'aide, l'UE (à savoir la Communauté européenne, nom d'avant le traité de Maastricht) a établi dès le départ, la conditionnalité d'adhésion. Ses racines peuvent être trouvées même dans le Traité de Rome en 1957 dans son l'article 2377, où il est explicite que seuls les Etats européens peuvent devenir membres (bien que la question de savoir où sont les frontières de l'Europe et quels pays peuvent être considérés aujourd'hui en Europe est sujet "chaud"), et signifie implicitement qu'ils doivent être démocratiques. La première extension (Grande-Bretagne, Irlande et Danemark) n'était pas fondée sur aucune sorte de conditionnalité. Durant les premières décennies de la Guerre froide, l'admissibilité à l'adhésion en général n'est pas remise en question, car il était impensable d'accepter un des pays qui étaient derrière le "rideau de fer". D'autres pays d'Europe occidentale ont été soit indifférents ou non démocratiques, et donc, inadéquates. La première déclaration publique sur la démocratie comme les conditions politiques a émergé, en 1962 (le cas d'Espagne, en soulignant le fait que l'adhésion est subordonnée au respect des droits humains et la préservation de la démocratie.

Au début, la conditionnalité (politique et économique ultérieure) était liée à la nécessité pour l'UE (alors la Communauté économique européenne) de définir sa position par rapport aux certains des pays européens et de la Turquie, avec qui l'UE voulait établir des relations plus étroites qui pourraient mener à l'adhésion. Cette question est devenue importante lorsque ces pays ont commencé la transition vers une société démocratique. Cependant, malgré l'importance qui a été donnée au respect de la démocratie, la Commission européenne a commencé beaucoup plus à

se soucier des capacités administratives et économiques des candidats, ce qui entraîne l'ajout de conditions intermédiaires pour l'adhésion. En outre, le cas de la Grèce, a apporté une nouvelle condition: "Dans le cas de la Grèce, est apparu dans une première version des conditions, les relations de bon voisinage, même si cela est moins vrai. La Commission et le Conseil ont déclarés que l'adhésion de la Grèce ne doit pas gâcher les relations communautaires avec la Turquie. La Grèce a répondu que ça n'interfererait pas avec le renforcement des liens avec la Turquie".

La chute inattendue de l'Union soviétique et du communisme en Europe de l'Est a été le véritable tournant pour l'UE, mais aussi pour sa politique d'élargissement et de conditionnement. Un grand nombre d'Etats étaient candidats pour devenir membres. Bien qu'il n'était pas difficile d'étendre l'Union aux pays de la zone de libre-échange européenne (European Free Trade Association – EFTA), la mauvaise expérience qui impliquait le doute sur le traité de Maastricht, les écarts par rapport au texte original ont conduit les responsables de la Commission d'imposer une nouvelle conditionnalité – les pays candidats devaient accepter l'intégralité des acquis communautaires. Un problème clé était la mise en œuvre des dispositions du traité de Maastricht sur la politique étrangère et de sécurité commune, en particulier le développement d'une politique de défense commune. Cependant, sans difficultés majeures, les pays de l'AELE ont rejoint l'UE le 1 janvier 1995. L'élargissement à l'Europe centrale et orientale a été plus controversé.

En imposant la conditionnalité économique et politique, l'Union avait espéré être en mesure d'encourager les réformes nécessaires et douloureuses, en transformant à long terme l'Europe centrale et orientale pour parvenir à la stabilité en Europe. En outre, des exigences plus strictes pour l'adhésion ont plus assuré les États membres que le renforcement institutionnel (approfondissement) ne sera pas menacé. Par conséquent, en juin 1993 à Copenhague, le Conseil européen a ouvert la voie à l'élargissement à l'Europe centrale et orientale, et a accepté la position de la Commission sur les conditions d'adhésion. Ces conditions sont les célèbres critères de Copenhague.

La prolongation du processus de l'élargissement vers "l'Est", les États membres de l'Union ont acheté du temps supplémentaire pour leurs ajustements nécessaires. L'importance des critères de Copenhague est encore soulignée par le Conseil européen réuni à Luxembourg, en 1997. Puis il a souligné que leur accomplissement n'est pas seulement une condition préalable à l'adhésion, mais aussi ouvert des négociations sur l'adhésion. Le critère de conditionnement est enfin devenu fermement enraciné dans l'architecture juridique de l'Union.

La capacité d'intégration et de l'absorption

La capacité d'absorption est le degré de compétence de l'Etat à utiliser efficacement les fonds mis à disposition par l'Union. Il faut, d'une part, avoir des capacités d'absorption du système institutionnel de gouvernement capable de gérer les fonds, mais aussi la capacité d'utiliser les fonds concernés. L'utilisation réussie des fonds

dépend de nombreux facteurs interdépendants. Tous ces pays doivent mettre l'accent sur la bonne gouvernance, l'amélioration de l'État de droit, l'accélération des réformes économiques et le renforcement de leurs capacités à adopter et à mettre en œuvre l'acquis.

Une étude de l'Institut européen de Roumanie, sur les trois principaux facteurs dans la détermination de la capacité d'absorption des institutions de l'Etat souligne:

- La capacité macro-économique d'absorption. Cette capacité est définie et mesurée par rapport à la valeur de leur PIB. Le règlement du Conseil no.1260/1999 indique que le montant annuel que les États peuvent obtenir auprès du Fonds structurel et de cohésion, ne devrait pas dépasser 4% de leur PIB.
- La capacité financière d'absorption. C'est la capacité des autorités centrales et locales aux programmes de cofinancements de l'aide de l'UE et des projets, leur capacité à planifier et à garantir la contribution de longue date au budget de l'Etat et la capacité de collecter auprès des différents partenaires impliqués dans le programme ou projet.
- La capacité d'absorption administrative. La capacité des autorités centrales et locales pour la préparation en temps opportun des plans, programmes et projets, et la possibilité de choisir le meilleur, l'institution des tâches administratives et les exigences de déclaration, et enfin, de financer et de superviser le processus de mise en œuvre, en évitant toutes irrégularités.

Selon les auteurs Mojmir Mrak et Peter Wostner (Mrak, Stanovnik, Stiblar, 2004), les facteurs clés liés à la capacité d'absorption des pays membres dans l'utilisation des fonds de l'UE, sont divisés en quatre groupes principaux: réels, financiers, programmatiques et administratives.

La capacité réelle d'absorption dépend de deux facteurs:

- Les besoins réels en conformité avec ces objectifs et des obligations internationales, sans tenir compte des limites financières de l'exercice;
- La disponibilité des facteurs de production nécessaires pour identifier, organiser et mettre en œuvre des projets et programmes. Pour répondre aux exigences ci-dessus il n'est pas suffisant de fournir seulement des ressources financières mais aussi des facteurs pertinents de production. En plus, il est nécessaire de fournir des ressources en personnel.

La capacité d'absorption financière peut être divisée en:

- La capacité de cofinancement des bénéficiaires de l'aide étrangère et des fonds. Les utilisateurs de l'aide au développement de l'UE devraient fournir une partie des fonds qui sont prescrits par les règles relatives aux aides d'État. Cela induit deux types de problèmes: le premier est de savoir comment fournir des ressources

suffisantes, et l'autre est un problème de liquidité causée par les exigences du préfinancement.

- La capacité de cofinancement public du côté des Etats membres. En plus des bénéficiaires du financement, il est nécessaire d'ajouter la partie appropriée du public (Etat) des fonds pour les fonds de cofinancement de l'Union. Les États membres incluent dans leurs budgets (ou par d'autres institutions publiques) les fonds qui permettront d'absorption du montant total des fonds disponibles dans le budget de l'Union.

Capacité du programme/projet d'absorption pris en compte:

- L'importance de la stratégie et la base du programme (national et européen), en fonction des besoins réels. Il est important que l'État membre définisse correctement la stratégie de développement, non seulement au niveau national mais aussi au niveau local/régional. Dans ce cas, la stratégie transversale est importante, et elle constitue une préparation essentielle des programmes stratégiques pour chaque zone ou secteur. Les états membres doivent être conscients des priorités pour chaque région, en tenant compte des différents montants des fonds disponibles.
- La pertinence des instruments spécifiques de mise en œuvre. Sur la base de la documentation du programme bien préparé, il est également possible de préparer de bons instruments de mise en œuvre, bien que ce ne soit pas toujours le cas. Il se peut qu'une seule condition spécifique visé à l'appel d'offres (par exemple le niveau trop élevé de l'éducation), en dépit de l'intention véritable et le respect du programme, puisse changer complètement l'intérêt pour l'utilisation des ressources disponibles. Les instruments doivent donc être définis pour permettre la mise en œuvre au plus grand nombre de potentiels, des projets de haute qualité et des programmes, en tenant compte des critères objectifs et des instruments d'intervention publique. Le problème potentiel est non seulement dans les instruments de mise en œuvre, mais aussi dans la disponibilité et la qualité des informations sur les instruments ou les appels d'offres publics, le contenu de la documentation requise, et de l'information en temps opportun et des délais raisonnables pour l'application, la mise en œuvre, etc. Les outils doivent être appliquées assez rapidement, clairement et d'une manière transparente afin que les entrepreneurs sélectionnés pour les projets/programmes puissent assurer leur mise en œuvre de haute qualité.
- La préparation de la documentation du projet. Surtout quand il s'agit de projet d'investissement, il est nécessaire de préparer une documentation complète et avoir toutes les autorisations nécessaires avant l'affectation et l'utilisation des ressources. Ce processus peut prendre plusieurs années pour de grands projets, mais dure généralement deux ans. Cela peut être une contribution importante pour accroître la capacité d'absorption.

La capacité d'absorption administrative:

- La capacité de préparer et de mettre en œuvre la partie administrative du travail de la requérante. Dans ce cas, il est important que le niveau de la charge administrative soit compatible avec les avantages escomptés pour les requérantes et distribué correctement à travers les différentes phases du projet. Vaste charge administrative pour les demandeurs, dans la mesure où ils ne sont pas sûrs qu'ils pourront utiliser les fonds, ils pourraient refuser de nombreux utilisateurs potentiels.
- Une capacité de gestion de l'administration publique. En plus de satisfaire aux critères précédents, il y a la mise en œuvre de procédures complexes au niveau des États, des sous-traitants lorsque le projet/programme soumet leurs comptes aux institutions appropriés. A partir de ce moment commence à fonctionner le système de contrôle, la nécessité d'une bonne documentation et des demandes de paiement, ce qui est la phase finale de demande de remboursement de la Commission. S'il n'y a pas d'irrégularités dans les procédures diligentées, l'Etat va enfin recevoir les fonds alloués par le budget de l'Union.

Bien que la division ci-dessus était pour les membres de l'UE, ces facteurs s'appliquent également aux pays candidats et candidats potentiels, mais le poids réel de la politique économique est beaucoup plus grande dans le cas de État membre. Les raisons sont différentes. Premièrement, les pays membres ont un plus grand accès aux fonds. Par conséquent, si vous ne les utilisez pas, la perte d'opportunité est beaucoup plus élevée que dans les pays candidats. Deuxièmement, les États membres effectuent des paiements au budget de l'UE (représentant 1.2% de son PIB). Au cas où ils ne réussissent pas à les utiliser, il est possible que de facto ils deviennent des contributeurs nets au budget de l'UE. La situation est différente avec les pays candidats (ou candidats potentielles). Ils ne paient rien, et ils ont la capacité de déficit (jusqu'à 4% du PIB), ce qui signifie qu'ils ne peuvent pas être des contributeurs nets au budget de l'UE.

Capacité d'intégration de l'Union européenne

Le Conseil européen en 1993, lors du Sommet de Copenhague, a conclu que la capacité de l'Union à assimiler de nouveaux membres, doit soutenir l'élan de l'intégration européenne, l'intérêt et l'importance générale de l'Union et les pays candidats. Le concept de capacité d'absorption de l'Union a été pris en considération à chaque nouvelle expansion et l'approfondissement de l'Union. Comme présenté dans le Document de stratégie de la Commission en 2005 et approuvé par le Conseil européen de juin 2006, le rythme de l'élargissement doit tenir compte de la capacité d'absorption de l'UE. Le concept de capacité d'absorption, qui est devenu des plus importants, a été rebaptisé «capacité d'intégration " de l'Union comme quelque chose de plus précis et plus opérationnels.

Un aperçu plus détaillé des capacités d'intégration apparaissent dans le document de la Commission "Stratégie d'élargissement et principaux défis 2006-2007", y compris un rapport spécial sur la capacité de l'Union à intégrer de nouveaux membres. La commission sous un nouveau terme fait référence à la capacité de l'UE à absorber de nouveaux membres. La capacité d'absorption et d'intégration est un de base et, surtout, le concept fonctionnel de l'Union. L'approche présentée dans ce document est basée sur trois éléments clés:

- Assurer la capacité de l'UE à soutenir l'élan de l'intégration européenne. L'Union européenne est capable de recevoir de nouveaux membres? Sa capacité d'intégration indique si l'UE peut accepter de nouveaux membres à un moment donné ou une période de temps sans compromettre les objectifs politiques et économiques définis par les traités. L'UE peut réussir à recevoir le nouveau pays dans l'hypothèse d'avancement de son propre développement et les capacités des pays candidats à respecter leurs obligations en tant qu'États membres.
- Veiller à ce que les pays candidats remplissent les conditions strictes. Sont-ils bien préparés à l'adhésion à l'UE? Pour le candidat la Commission exige le respect de conditions strictes, un plus grand contrôle, ainsi que l'aide au cours des négociations d'adhésion.
- Une meilleure communication. Les citoyens de l'Union sont prêts à recevoir les nouveaux membres? Ils devraient être prêts pour la poursuite de l'élargissement, avec une meilleure compréhension des opportunités et la compréhension des problématiques. Cela permettra d'accroître la légitimité démocratique du processus au niveau de la perception du public.

L'Union devrait veiller à ce que ses institutions continuent à fonctionner efficacement, à réaliser sa politique et à fixer des objectifs et que son budget soit adapté aux objectifs et ressources financières. Une telle répartition de la capacité d'intégration de l'Union européenne doit être considérée comme une obligation et la tâche que l'Union doit satisfaire, et non comme une menace potentielle pour le candidat. Il faudra plus d'ajustements techniques à sa structure afin d'accepter de nouveaux membres. Bien que dans la réalité, l'Union s'ajustait en permanence en conformité avec les nouveaux défis (dans la lutte contre le terrorisme, les questions liées à l'énergie, la mondialisation, et ainsi de suite). Dans ce processus, l'élargissement progressif et successif, peut être bénéfique même si la dernière vague de l'année 2013 a représenté un test important pour la capacité globale de l'Union. Cependant, la capacité d'intégration, c'est-à-dire la capacité de l'Union à assimiler de nouveaux membres, n'est pas un critère d'adhésion. Toutefois, il est important d'envisager sérieusement la capacité d'intégration afin d'assurer le succès de l'élargissement. L'entretien de ces installations est donc dans l'intérêt de l'Union et les pays candidats.

L'adhésion des Balkans occidentaux conduirait à la propagation de la démocratie, la prospérité à travers le continent. Sur le plan économique, cela se traduirait par l'afflux de main-d'œuvre jeune dans une économie européenne plutôt vieillissante et le développement des relations interpersonnelles fondées sur la tolérance mutuelle. Par conséquent, les nouveaux membres ne devraient pas être considérés uniquement

comme des fardeaux que l'Union doit "absorber", mais pour leur nouvelle valeur – tant en termes quantitatifs et qualitatifs. Le prochain élargissement fera de l'UE un espace plus fort, plus concurrentielle et plus tolérante à l'encontre du reste du monde.

Programmes de l'UE de préadhésion destinés aux Balkans occidentaux

L'Union européenne prévoit l'aide financière et technique pour les pays candidats et candidats potentiels, afin de soutenir leurs efforts visant à renforcer les réformes politiques, économiques et institutionnelles. La création et l'utilisation des fonds de préadhésion dont l'objectif principal est d'aider ces pays dans l'adaptation des normes de l'UE et remplir les conditions nécessaires, et aussi de les préparer à l'utilisation efficace des fonds structurels et de cohésion quand ils deviendront membres à part entière de l'Union. Le total de l'aide financière destinée aux pays des Balkans occidentaux entre 2000-2006 s'élevait à 5.1 milliards d'euros, dans le cadre de la fourniture d'aide utilisée jusqu'à présent sous différentes formes et instruments. Tous les programmes représente une suite à la réussite des programmes qui ont été utilisés comme une aide pour l'accès d'Europe centrale et orientale (PECO), notamment les programmes PHARE, SAPARD (réformes structurelles dans l'agriculture) et l'ISPA (protection de l'environnement et des infrastructures de transport). Avec tout ces pays l'Union européenne avait signé des accords bilatéraux, qui étaient plus complètes que tous les précédents traités d'adhésion. Tous les pays de la CEE ont obtenu le statut de candidat et ont énoncé les principes de base du développement des relations avec l'Union – la promotion de la démocratie, primauté des droits de l'homme le respect et les droits des minorités, l'économie de marché, les dispositions sur la libre circulation des marchandises, et la constitution progressive d'une zone de libre-échange.

Ces principes sont conservés dans le cas des Balkans occidentaux, et au lieu des accords européens, on a vu entrer en vigueur l'accord d'association de la prochaine génération – l'accord de stabilisation et d'association. Les pays des Balkans occidentaux n'ont pas seulement eu la possibilité d'obtenir le statut de candidat (actuellement la Serbie, la Macédoine, le Monténégro et l'Irlande), mais également l'état de candidats potentiels a été introduit (Albanie et Bosnie-Herzégovine) pour les pays qui ne remplissent pas les conditions nécessaires au lancement des négociations d'adhésion. Les instruments de préadhésion pour aider ces pays ont commencé à être utilisés à la fin des années 90 et ont été destinés à la fois à renforcer les institutions et les investissements dans les pays bénéficiaires.

Le renforcement des institutions

Le renforcement des institutions est un processus visant à aider les pays bénéficiaires à développer les structures, les stratégies, les ressources humaines et les compétences de gestion nécessaires pour renforcer leurs capacités économiques, sociales et administratives. Des ressources importantes sont prévues à cet effet, et

pour la plupart, ont été utilisés et mis en œuvre au moyen d'instruments TAIEX, Twinning et Twinning Light. Cette aide est spécifiquement liée à la mise en œuvre de la législation de l'UE pour préparer la participation dans les politiques de l'UE. Dans le cadre du renforcement des institutions, les Balkans occidentaux avaient des instruments d'aide disponibles qui comprenait le transfert de savoir-faire et des investissements directs.

Le programme Twinning a été lancé en mai 1998 comme l'un des principaux instruments de soutien à la préadhésion au développement institutionnel. Twinning joue un rôle clé dans le renforcement de la capacité administrative des nouveaux États membres, qui sont financés par la Facilité de transition. Il était disponible dans les pays candidats et depuis le sommet européen de Thessalonique en 2003, aux d'autres pays des Balkans occidentaux, candidats potentiels. De 2003 à 2005 il y avait 40 de "jumelage". Les experts et les conseillers des États membres de l'UE s'installent pendant un certain temps dans les pays bénéficiaires du programme, pour transférer l'expérience de gestion et la connaissance et renforcer leurs compétences managériales.

Twinning vise à aider les pays bénéficiaires à développer l'administration publique moderne et efficace avec les structures, les ressources humaines et les compétences de gestion qui sont nécessaires pour mettre en œuvre l'acquis communautaire selon les mêmes normes que dans les États membres. Twinning offre le cadre de l'administration publique et des organisations semi-publiques dans les pays bénéficiaires afin de coopérer avec ses partenaires dans les États membres de l'UE. Ils développent et mettent ce programme en œuvre ensemble. Le projet Twinning est conçu pour fournir des résultats précis et garantis, et l'objectif est l'amélioration de la coopération en générale. Les parties se mettent d'accord à l'avance sur un programme de travail détaillé afin d'être en mesure d'atteindre l'objectif pour les domaines prioritaires de l'acquis. Donc, les projets Twinning nécessitent des experts de l'Union, connu sous le nom de conseiller résident de Twinning (CRT) dans les pays candidats et candidats potentiels pour des projets spécifiques. Les Conseillers résidents sont mis à disposition pour une période d'un an pour travailler sur un projet dans le ministère de tutelle du bénéficiaire. En plus de conseiller permanent pour un objectif ils utilisent divers moyens, comme l'aide technique à court terme, la formation, des services de traduction et interprétariat et d'aide spécialisés IT.

Les projets donnent des résultats concrets dans les domaines de l'application de la législation des pays bénéficiaires sur la base des domaines prioritaires identifiés dans les rapports sur la surveillance et des rapports réguliers sur l'élargissement. Twinning non seulement fournit une aide technique et administrative, mais aide aussi à construire des relations durables entre les actuels et futurs États membres, et sensibilise tous les pays bénéficiaires aux différentes pratiques au sein de l'UE.

TAIEX (Technical Aide Information Exchange)

Programme TAIEX, un instrument d'aide technique et échange d'informations, est fondée en 1996. Ce programme offre une gestion centralisée à court terme d'aide

technique aux pays candidats dans le domaine de rapprochement, l'application et l'exécution de l'acquis communautaire et le rapprochement de la législation nationale avec l'acquis, et de construire l'infrastructure administrative nécessaire. Comme les Twinning, TAIEX est après la réunion à Thessalonique en 2003 devenu accessible pour les Balkans occidentaux. Le rôle principal de TAIEX est la médiation entre les experts qui fournissent une aide directe aux utilisateurs d'intervention. Les experts participant à ce programme sont exclusivement des États membres de l'Union européenne. Ils sont pour la plupart des représentants des administrations des États membres de l'UE et les institutions de l'UE, mais il pourrait y avoir des experts de différentes universités et du secteur privé (TAIEX a une base de données d'experts spéciale, où peuvent s'inscrire tous les experts intéressés, qui n'est disponible que pour les représentants des États membres). Le programme TAIEX fournit la transparence et un flux continu d'informations entre les experts de l'UE et les fonctionnaires du pays qui est dans le processus et la création d'échange d'informations sur l'aide disponible et les progrès dans l'alignement de sa législation de chaque pays, fournissant ainsi une idée précise sur le niveau de conformité à la loi, et au niveau de développement des institutions.

TAIEX est le rôle du chanel – demandes directes d'aide – et un intermédiaire – le transfert de l'expérience de la Commission et les pays membres de l'UE vers les pays dans le processus d'adhésion à l'UE. La coordination de l'TAIEX est centralisée – ministères TAIEX de communication des représentants avec la coordinatrice nationale et décentralisée - à travers la demande de fournir une aide directe, en indiquant les représentants des institutions intéressées des pays bénéficiaires. Services que le TAIEX a été fournis jusqu'à présent sont sous la forme de séminaires, ateliers, visites d'experts et d'études, formation, suivi et analyse, des services de base de données et de traduction. Les utilisateurs du programme TAIEX sont des secteurs privés et publics avec un rôle de transmission et d'application de la législation de l'UE dans les pays bénéficiaires (les fonctionnaires employés aux niveaux central, régional et local, les membres et les employés dans les services professionnels au sein du parlement, les entreprises et les associations professionnelles, partenaires sociaux, et des représentants des syndicats, le pouvoir judiciaire et les traducteurs). Les bénéficiaires peuvent être des individus TAIEX ou des entreprises individuelles. La plupart des aides TAIEX répondent aux demandes présentées conformément aux priorités établies par la Commission. TAIEX est financée par le Phare et CARDS.

Twinning léger

Twinning léger est introduit en 2001 comme un appui au programme supplémentaire pour le renforcement des institutions, afin de combler l'écart entre le soutien à court terme et à long terme d'experts des États membres, fournis par le TAIEX et Twinning. Twinning léger est un outil flexible pour des tâches à moyen terme avec lequel les fonctionnaires fournissant une aide technique pour des missions pouvant aller jusqu'à six mois avec possibilité de prolongation, mais limitée. Ces fonctionnaires n'ont pas besoin d'être installés en permanence dans le pays bénéficiaire, par opposition aux conseillers résidents de Twinning. Les procédures de leurs tâches sont simplifiées

(formes des tâches similaires à celles utilisées dans le Twinning) et sont destinées à des actions spécifiques dans l'adoption de l'acquis.

Investissements (PHARE, ISPA, SAPARD, CARDS)

Les programmes d'aide à la préadhésion de l'UE visant à fournir une aide financière et technique aux pays des Balkans occidentaux en vue de la pleine adhésion, se composent des programmes de préadhésion PHARE, ISPA, SAPARD et CARDS. Les fonds de ces programmes sont destinés à préparer les futurs membres à l'utilisation des fonds de cohésion et structurels visant à assurer un développement économique et sociale équilibré dans toute l'Union. Cependant, tous les pays ne pourraient pas utiliser chacune de ces programmes. Pour l'ISPA et SAPARD est nécessaire le statut de candidat, l'éligibilité et la réalisation de progrès dans le processus de stabilisation et d'association, alors qu'il était en mesure d'utiliser ces programmes en 2005 et 2006. Depuis 2007 ainsi, tous ces programmes ont été remplacés par le dernier instrument d'aide de préadhésion, l'IAP (Instrument d'aide de préadhésion).

PHARE (Pologne Hongrie Aide pour la reconstruction de l'économie)

PHARE a été lancé en 1989, par le règlement de Conseil en° 3906/89 et était initialement destiné à aider la Pologne et la Hongrie, et plus tard étendu à d'autres pays d'Europe centrale et orientale (République tchèque, Estonie, Hongrie, Lettonie, Lituanie, Pologne, Slovaquie, Slovénie, puis le pays candidats Bulgarie et la Roumanie), en vue d'aider à la transition économique et politique dans ces pays.

Après la réunion du Conseil européen de Copenhague en 1993 et l'invitation vers les pays candidats à une demande d'adhésion de l'UE, le soutien du programme PHARE a été redirigé pour l'expansion du marché et le soutien à l'investissement dans les infrastructures. La préadhésion PHARE est entièrement réalisée en 1997 en réponse au lancement du processus de l'élargissement de la réunion du Conseil européen à Luxembourg. Les Fonds de ce programme ont été depuis complètement concentré sur les priorités de préadhésion, souligné dans les pays candidats d'adhésion. Depuis 2000, la majorité des pays des Balkans occidentaux (Albanie, Bosnie-Herzégovine, Croatie, Macédoine) sont devenus bénéficiaires du programme PHARE. PHARE est principalement destiné à aider à la reconstruction économique et le financement des investissements, en particulier dans les domaines des infrastructures, développement du secteur privé et le soutien aux entreprises, renforcement de la cohésion économique et sociale, la restructuration industrielle, et l'aide à la construction des institutions de l'administration publique et le renforcement de la capacité administrative des pays à se préparer à l'utilisation des fonds structurels après l'adhésion.

La plupart des fonds a été utilisé pour les programmes nationaux convenus avec chaque pays individuellement. Le document "partenariat de préadhésion" et des rapports réguliers donne à l'Union la possibilité d'identifier les faiblesses des pays

candidats dans l'adoption de l'acquis, ou de l'adoption des critères d'adhésion, et des indicateurs permettant de définir les mesures à prendre. Chaque Etat rend son propre programme national pour l'adoption de l'acquis qui définit le calendrier de l'harmonisation des différents domaines et évalue les coûts appropriés. Ca doit être approuvé par l'UE et deviendra la base de la programmation PHARE. Les bénéficiaires du programme PHARE ont été les gouvernements nationaux, les gouvernements régionaux et locaux, des institutions, des universités, des personnes du gouvernement et des personnes physiques et morales des pays bénéficiaires. Environ 70% des sommes provenant du fonds PHARE a été canalisé vers des projets d'investissement nécessaires à la mise en œuvre de l'acquis, et amélioration de la cohésion économique et sociale, et environ 30% des fonds a été destiné au renforcement des institutions et le renforcement de l'administration publique.

ISPA (Instrument structurel de préadhésion)

L'Instrument structurel de préadhésion (ISPA) a été créé par le règlement no. 1267/1999, juin 1999, et a été lancé en 2000, dans la réforme et la réorientation des fonds du programme PHARE. L'objectif était de fournir une aide de démarrage pour le candidat dans le domaine de la cohésion économique et sociale, en particulier dans le transport et la protection de l'environnement.

Les projets pour la construction d'infrastructures dans la plupart des pays inclus l'extension du réseau transeuropéen qui relie le pays candidat avec les corridors de transport clés dans les États membres de l'UE, ainsi que de relier les différents réseaux de transport nationaux. Dans le domaine de la protection de l'environnement, le financement de l'ISPA a investi dans de grands projets, gestion des eaux usées, l'élimination de la gestion des déchets solides et dangereux, l'approvisionnement en eau et de drainage, et d'améliorer la qualité de l'air.

Le programme a donné une aide technique pour choisir, préparer et mettre en œuvre des investissements. Avec ISPA les investissements ont cofinancés jusqu'à 75% des projets d'infrastructure (de 85% dans des cas exceptionnels). ISPA prépare les pays candidats pour l'utilisation du Fonds de cohésion après l'entrée dans l'UE. Au moment de son adhésion, l'État perd la possibilité d'utiliser des fonds ISPA et est transféré au Fonds de cohésion. Les bénéficiaires d'ISPA sont les autorités étatiques, les entreprises publiques et les gouvernements locaux. Dans la Commission européenne c'est la Direction générale de l'élargissement et la Direction générale de la politique régionale qui est en charge pour l'ISPA

SAPARD (programme spécial d'adhésion pour le développement agricole et rural)

L'Instrument SAPARD (programme spécial de préadhésion pour l'agriculture et le développement rural) a été créé par le règlement no. 1268/1999 en 1999, et a lancé en 2000. Dans la réforme et la réorientation des fonds du programme PHARE (comme déjà mentionné pour l'instrument ISPA). SAPARD apporte une aide financière à l'agriculture et développement rural dans les pays candidats afin de leur

permettre de se préparer à utiliser les fonds de la politique agricole commune après l'adhésion à l'UE. SAPARD, sauf pour les investissements primaires dans les infrastructures agricoles et rurales, visant à résoudre l'ajustement structurel dans ces secteurs, pour construire un secteur agricole et agro-alimentaire compétitif et efficace, créer des emplois et des revenus dans les régions moins développées, le renforcement du développement durable dans les zones rurales, et améliorer la qualité de vie des populations rurales. Les projets financés par le fonds SAPARD sont compatibles avec les principes du programme national pour l'adoption de l'acquis, ainsi que les objectifs de la politique agricole commune.

Les utilisateurs finaux des fonds SAPARD sont les fabricants directs. Ils peuvent être de petits entrepreneurs, des infrastructures locales, ou des entrepreneurs privés dans l'agriculture et l'industrie alimentaire. 75% des projets sont financés à partir du programme SAPARD, lorsque les bénéficiaires sont des institutions étatiques et publiques, et à 50% de la valeur quand il s'agit de projets commerciaux. Le reste est à la charge des utilisateurs, qui doivent avoir leurs propres fonds pour démarrer le projet. Pour SAPARD de la Commission Européenne Direction Générale chargée de l'Agriculture (DG Agriculture).

CARDS (Aide communautaire pour la reconstruction, le développement et la stabilisation)

L'Union européenne en 2000 adopte un programme d'assistance technique et financière appelée CARDS (aide communautaire pour la reconstruction, le développement et la stabilisation). L'objectif principal est de soutenir les pays des Balkans occidentaux à participer activement au processus de stabilisation et d'association. Le programme est conçu pour modéliser le programme PHARE, adaptés aux besoins des Balkans occidentaux, et est approuvé pour une période de six ans (2000-2006). CARDS a été représenté depuis la plus grande aide aux Balkans occidentaux. Grâce à ce programme, il a été mis à la disposition de 4.65 milliards d'euros pour cette période. Il est destiné à financer des projets d'investissement et des programmes de renforcement des institutions, sous la forme de subventions. Les fonds sont utilisés pour la préparation, la mise en œuvre, le suivi et l'évaluation des projets qui visent à atteindre quatre objectifs principaux:

1. la reconstruction, la stabilisation démocratique, la réconciliation et le retour des personnes déplacées et des réfugiés;
2. le développement institutionnel et législatif, y compris le respect des normes et des approches de l'Union européenne, afin de faciliter le développement de la démocratie et la primauté du droit, les droits de l'homme, la société civile et des médias, et l'économie;
3. le développement durable économique et social, y compris les réformes structurelles et

4. la promotion des relations et la coopération internationale, régionale et transfrontalière entre les États membres, pays candidats et des Balkans occidentaux.

Tableau 1

L'aide du programme CARDS pour la période 2000-2006 (en millions d'euros). Les données pour 2000 comprennent PHARE et l'Aide et de reconstruction, depuis 2001, relatifs seulement au programme CARDS

Pays	2000	2001	2002	2003	2004	2005	2006	Total
Albanie	33.4	37.5	44.9	46.5	63.5	44.2	45.5	315.5
Bosnie et Herzégovine	90.3	105.2	71.9	63	72	49.4	51	502.8
Croatie (utilise les fond de préadhésion partir de 2005)	16.8	60	59	62	81	-	-	278.8
Macédoine	13	56.2	41.5	43.5	59	45	40	298.2
Serbie et Monténégro	650.5	385.5	351.6	324.3	307.9	282.5	257.5	2559.8
Administration intérimaire des civils	10	24.5	33	32	35	36	35	205.5
Projets régionale	20.2	20	43.5	31.5	23	47.9	43.5	229.6
Autres (jusqu'à 2001 l'aide humanitaire, a partir de 2001 couts administratif)	141.5	118	11	17	22.5	19.7	16.1	345.8
L'assistance macro-financière, les subventions	70	120	100	15	16	33	50	404
Total	1972.6	1683.3	1391.2	1314.7	1237.6	1096.3	5678.6	5140
Croatie, fonds des préadhésion						105	140	245

Source : Commission Européenne.

Le programme CARDS est divisé en deux composantes, nationales et régionales (c.-à-CARDS nationaux et régionaux). Le volet national est conçu pour les utilisateurs de chaque pays individuellement. Il y a six stratégies nationales CARDS pour lesquelles la Commission a préparé des documents stratégiques - plans, aide, soutien des aspects à long terme du processus de stabilisation et d'association. Ces documents sont un programme stratégique national (National Strategy Paper, NSP) et le Programme stratégique régional (document de stratégie régionale, RER). Ce sont des programmes conçus pour une période de trois ans en général. Il présente une base détaillée pour la préparation de projets qui développent les plans d'action annuels de chaque pays individuellement. Afin d'obtenir des résultats significatifs, l'aide est contenu dans trois domaines:

1. la réforme de l'administration publique et le développement institutionnel
2. la reprise économique, la reconstruction et la réforme
3. développement social et société civile.

La réalisation de progrès dans le processus d'intégration, augmente le montant total de l'aide, et accroît ainsi la part des fonds destinés à la construction des institutions nécessaires à la négociation et la mise en œuvre de l'ASA, par rapport aux fonds destinés à la reconstruction des infrastructures.

Les utilisateurs sont des organes gouvernementaux à tous les niveaux, les institutions publiques, des fondations et des ONG dans les Balkans occidentaux. Les entités commerciales ne peuvent pas être bénéficiaires du programme CARDS, mais peuvent soumissionner pour des appels d'offres publics pour l'aide technique, biens et services fournis pendant l'exécution des projets approuvés. En plus de fournir une aide technique et financière, CARDS prépare les pays bénéficiaires à utiliser les fonds structurels de l'UE à l'avenir.

Le volet régional (régional CARDS) est lié à la mise en œuvre de projets communs dans plusieurs pays bénéficiaires dans des domaines sectoriels, lorsque l'action commune peut conduire à de meilleurs résultats. L'objectif de cette stratégie est d'améliorer la coopération régionale et les relations internationales, et la préparation et la mise en œuvre de ces programmes sont gérés de manière centralisée. La composante régionale a quatre domaines prioritaires dans lesquels le financement direct des fonds régional est CARDS. Ces zones sont détaillées dans le Multi, et indiqués ce qui suit:

1. Gestion intégrée des frontières
2. Stabilisation de la démocratie
3. Construction des institutions de l'Etat
4. Renforcement des infrastructures régionales et de l'environnement de développement

La disposition du programme CARDS identifie explicitement les principales conditions pour l'utilisation de cette aide. Ce sont le respect des principes de la démocratie et la primauté du droit et des droits de l'homme et les droits des minorités. En cas de violation de ces principes, le Conseil de l'UE peut décider de mesures spécifiques, même le retrait des fonds. Depuis sa création en 2005, la Direction générale de l'élargissement a été responsable des relations avec les Balkans occidentaux, y compris les relations politiques et le développement et la gestion du programme CARDS. Les utilisateurs de la composante régionale sont tous les pays bénéficiaires de CARDS. Ce volet particulier représente environ 10% des fonds de fonds CARDS.

Tableau 2

Aide par secteurs et par pays en vertu du programme CARDS pour la période 2005-2006 (en millions d'euros)

Secteur	L'assistance régionale	Albanie	Bosnie et Herzégovine	Macédoine	Serbie et Monténégro	Total
Justice et affaires intérieures	5	27	25	17	41	115
La capacité de gestion	20	23	28	24	134	229
Développement économique et social	27	31	37	20	208	323
Environnement,ressources naturelles	3	0	0	3	35	40
La démocratie	0	4	5	2	47	58
Autre	35	4	5	19	75	138

Source : Commission européenne.

Conclusion et l'expérience des anciens pays candidats avec de préadhésion

L'expérience des pays candidats d'Europe centrale et orientale montrent que l'utilisation réussie du programme d'aide de préadhésion dépend largement de la capacité de leur propre pays pour se préparer à une telle aide – institutionnelles, humaines, financières et en termes de préparation stratégique et professionnels du développement économique du pays dans son ensemble. Le programme d'aide de préadhésion dans la période de 2000 à 2003 s'est avéré être un succès partiel dans la réalisation de préparation économique, institutionnel et technique de ces pays à l'adhésion à l'UE. D'une part il y a des exigences très différentes, et d'autre part un temps limité et des ressources limité pour l'aider. Un facteur clé de l'absence de meilleurs résultats a été la réticence des pays bénéficiaires, mais dans une certaine mesure les problèmes rencontrés par la Commission dans l'exécution des projets.

Sans aucune expérience préalable avec les fonds de préadhésion, les membres potentiels entreraient dans l'UE pas prêts pour l'utilisation des ressources financières importantes sur le budget de l'Union. En ce sens, les projets de la cohésion économique et sociale dans le cadre du programme PHARE sont les clés qui permettent le renforcement des institutions et la mise en œuvre de projets pilote d'investissements similaires dans la composante de développement régional de la politique de cohésion de l'Union. Par conséquent, l'objectif principal de renforcement des institutions dans la période de préadhésion a été de fournir l'adoption complète des principes de la politique de cohésion, de sorte que les futurs membres utilisent correctement et efficacement les ressources de l'Union et sans vérification ex-ante et une surveillance continue par la Commission (méthode décentralisée).

Les expériences des candidats récents sont contenues dans les rapports annuels des pays bénéficiaires sur la mise en œuvre des programmes individuels, et les rapports de la Commission sur les progrès réalisés dans l'approche de l'Union européenne. Pour la part de Commission, elle n'a pas d'abord élaboré en temps voulu des détails techniques, qui ont conduit à des retards dans l'exécution du projet. L'inefficacité est influencée par l'inadéquation de certaines méthodes que la Commission a envisagées pour atteindre les objectifs. Par exemple, le renforcement des institutions dans la mise en œuvre du programme, principalement utilisé par le modèle de Twinning. Toutefois, en raison du manque de temps que le personnel local a dû apprendre par des experts étrangers et en raison de changements de personnel, mais aussi le départ de personnel déjà qualifié de la fonction publique, le transfert des connaissances était perdu et le modèle a été assez inefficace. En outre, les efforts des experts internationaux n'ont pas trouvé qu'il était difficile de se concentrer parce qu'il ne savait pas quel corps sera responsable de la mise en œuvre de certaines composantes de la politique de cohésion. Initialement, la Commission a préconisé le renforcement des institutions au niveau régional, et après un an, elle a orienté ses efforts sur le corps au niveau national. En outre, la Commission, pour la mise en œuvre des fonds de préadhésion emprunté son propre personnel mais le nombre était insuffisant. Par exemple, dans le cas de l'ISPA, le lancement des projets a duré à cause d'un manque de personnel responsables de l'évaluation des propositions dans la Commission.

La réticence des pays candidats a été reflétée dans une longue période de temps nécessaire pour une utilisation efficace des systèmes nationaux, et le traitement des demandes de projets et la mise en œuvre des mêmes projets. La dynamique de retrait a été lente au départ. Par exemple, dans le cas de l'ISPA, le délai d'action des premiers travaux au titre des projets approuvés est passé entre 14 et 18 mois et la première année du programme, même si elle n'a pas transféré les fonds dans la première année. Une erreur semblable a caractérisé SAPARD, la lenteur – les fonds contractés à la fin de 2002 s'élevaient à seulement 10% des ressources disponibles à la fin de l'année puis a bondi à 56%. Les limites institutionnelles des pays bénéficiaires sont un problème majeur malgré les efforts de la Commission de les renforcer. Il s'est avéré que les séminaires, les pratiques de jumelage et d'échange d'informations n'étaient pas suffisantes en raison de déficiences structurelles de l'administration public des pays candidats. Il n'y avait aucune coordination systématique entre les nombreux organismes impliqués dans la mise en œuvre des programmes individuels, ainsi que la répartition claire des responsabilités. À la suite de l'organisation interne et de coordination, les politiques étaient incomplètes et l'ensemble du système de mise en œuvre a été lent et inefficace. Ici, nous devrions mettre l'accent sur la question des déficits de capacités en termes de nombre et de l'expertise des employés, engagés par suite de contraintes budgétaires. Le manque de personnel a ralenti la mise en œuvre de programmes et de réduit la qualité des documents de traitement. Le résultat a été la lenteur de décaissement et le faible niveau général de la dépréciation des actifs, et parfois des fonds ont été dirigés vers les projets de contributions douteuses par rapport aux objectifs prévus. Dans les cas des projets de cohésion économique et sociale, les organismes chargés de la politique qui n'existaient pas auparavant ont eu à la fin un manque de capacité et une position de faiblesse au sein des administrations nationales des pays candidats.

Au sein des instances existantes et les départements, dont l'efficacité n'est pas soumise à une vérification de la Commission, il y avait un problème dans l'expertise, niveau insuffisant de vérification de la conformité aux normes requises et les normes de qualité et les processus d'approvisionnement ont été menés sans les modalités et les contrôles. Cela a été très caractéristique dans les projets de grande échelle, comme l'ISPA.

La principale cause de la mauvaise utilisation du programme, cependant, était le manque de ressources pour cofinancement. Ce problème a particulièrement touché les entrepreneurs locaux, gouvernementaux et privés. La plupart d'entre eux ne disposent pas de ressources suffisantes pour cofinancer, même pas le minimum de 25% du coût, les fonds sont versés deux à trois mois après le dépôt d'une demande sur les coûts réels. Les États ont pu opter pour un versement progressif de fonds, ce que la Commission encourageait, mais la question clé de l'État était les prêts des banques commerciales défavorables.

Cependant, le niveau même de l'utilisation des fonds ne donne pas un aperçu complet sur les avantages technique ou économique possibles de ce pays, jusqu'à récemment le candidat, pouvait bénéficier des fonds de préadhésion. La Commission n'a pas établi des critères permettant d'évaluer ces effets.

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PROTECTION OF PROPERTY RIGHTS AND ACCESSION TO EU: COMPARATIVE ANALYSES OF EU MEMBERS AND CANDIDATE COUNTRIES

*Sinisa Zaric*¹

1. Introductory Remarks: Accession of Transition Countries

The transition process was understood as a process of achieving macroeconomic stability (which was the less complicated part of the process), privatization process (shock therapy or gradual changes of the ownership) and liberalization. Having achieved many different results, in Central and Eastern Europe, following sometimes the same guidelines (Pejovich, 2003), many of the scholars such as North (North, 1995), Godoy and Stiglitz (Godoy and Stiglitz, 2006) and experts of the World Bank and other international institutions (Raiser et al, 2001) came to the conclusion that what is shaping the process and creating so different results are not the formulas of successful privatization or macroeconomic stability, but the role of institutions. When speaking on institutions, it is important to understand them in a wider sense: formal, but also informal institutions, trust, reciprocity, economic culture. Thus, the same changes in formal institutions are creating different results in the national economies.

One of the very important lectures that transition countries have learnt is that different institutional environment, specially the structure of informal institutions, are producing different results in implementation of the new formal institutions and rules. The lesson is particularly important when discussing the development of the Western Balkans. Finally, understanding transition as a process of restructuring of the institutional infrastructure is of the vital importance for further development. Shaping the formal institutions and their successful implementation is a very sensitive and long lasting effort in which the rule of law and protection of property rights plays the critical role. Accession to EU is, above all, a harmonization of the institutional infrastructure with the EU system, and a process of fostering the rule of law. If we take Western Balkans countries, and Serbia in particular, into consideration, it could be concluded that the pace of accessions to EU is strongly related to the results of the rule of law and protection of property rights.

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2. The Rule of Law and the Protection of Property Rights as the Key Factors

The discussion on accession is mainly oriented toward the changes of the business environment that would be favorable for economic and social development of the counties candidates. It is widely accepted (Baron, 2010) that business environment could be analyzed by its two sides: market and non-market environment. Transition countries were characterized, due to its central planning tradition, by strong oligopoly structures and absence of free competition. The lack of small and medium enterprises (so-called “socialist black hole”) and strong entry barriers were a subject of urgent changes in creation of the appropriate business environment, particularly its market side. But, as Baron argues, it is important to know that as important is also the creation of the non market environment, with its political, legislative and other components. Removing market entry barriers, pushing the process of creation of competitions, was as important as the rule of law and protection of competition.

In many studies, there are data and results proving the impact of the rule of law and protection of property rights on the economic development. The point is that the economic theory is also recognizing not only the physical capital, and, later, the human capital (Becker, 1994), but social capital as well, as a form of capital. Other approaches are distinguishing natural capital, produced and intangible capital. The later subsumes institutions and social capital (Knowles, 2005). Generally, there is a lack of this, recognized, form of capital in many of the transitional countries (Zaric and Babic, 2012). Creating institutional changes and strengthening the rule of law is, in the same time, investing in intangible capital and pushing the economic development.

The Rule of law as a crucial point for further economic development became a hot topic in economic theory. Daron Acemoglu and his co-authors promoted the issue giving it a strong scientific notion, proving the importance of the rule of law undertaking a number of significant and serious researches. Besides the very well known study “Why Nations Fail?” (Acemoglu and Robinson, 2012), the enlarged team of three (Acemoglu, Gallego and Robinson, 2014) scholars has recently published the results of a huge study named “Institutions, Human Capital and Development”). Analyzing the relationship between institutions, HC and development, using OLS regression, semi-structured models and other techniques, the authors proved that the role of the rule of law has been stronger than the impact of human capital, usually recognized as one of the major forces in economic development.

Property Rights were playing a strong role in the development of the so-called mature economies For the case of the new member states and country candidates, it is important to underline the importance of property rights, but also the limits in their development. PR – the weak point of new member countries, candidate countries and emerging economies. One of the very important issues is the lack of tradition in the recognition and existence of property rights in the post socialist countries, but also in the countries that are not sharing the traditions and notions of the Common law (and that again are the countries in transition). So, there are at least three aspects of the problem:

- a) Bundle of property rights – problems of understanding it and developing the concept.
- b) Problem of protecting it.
- c) Problem for business activities as one of the key elements of the business environment.

For the purpose of this study, the protection of property rights is to be put in the context of the analyses of the institutional development and the rule of law.

In order to analyze the accessions pace to EU, making a comparison of the already achieved results in the institutional development, protection of property rights and the rule of law, several sources, reports and studies were used. The analyses focused on the international reports such as the Global Competitiveness Report (not to forget that Michael Porter and Xavier Sala-i-Martin invested their big knowledge and creativity in designing the GCR), The Human Capital Report (World Economic Forum Team, 2013), The WJP Rule of Law Index 2014 (World Justice Project's Research Team, 2014). The main theoretical and methodological foundation could be found in a number of contributions of Acemoglu and his co-authors. Some of the results are taken from the study (Zaric and Babic, 2014) which focused on the impact of human capital and the rule of law on economic growth, analyzing the case of Serbia and some of the European countries. This study is taking into account figures from 8 European countries, with different levels of economic development, and with a different period of the membership in EU (Among them, Italy and Netherlands being an EU member states from its start). It was necessary in order to prove the Acemoglus conclusion on a wider European plan. However, the strong correlation has been proved. The additional research, focusing on both property rights and the rule of law, has studied four countries, all being a part of the Central and East Europe. The countries were passing their sequences on the way toward the accession with different velocity, becoming member states in different periods (Check Republic, Bulgaria and Croatia), with the exception of Serbia which is a candidate country.

3. Measuring institutional development, the rule of law and protection of property rights: where are we now?

There is an important role of the academic community in the process of creation of the international reports on institutional development and protection of property rights. Besides the fact that the leading persons from the world of science (Hernando De Soto) and the most influential business thinkers (such as Michael Porter) were involved in the creating the reports. Still there are discussions if the results could present a real state of art in some of the fields , like institutional development and the rule of law. The criticism takes place in many of the discussions due to the fact the most of the data are the so-called soft data (opinion-based measures). In this analyses, the importance and validity of the reports is fully accepted having in mind

that the objective is to compare relative positions of the countries and research of the correlation of their rankings.

International property rights index (IPRI) provides better capturing of the relative importance of different aspects of a property (www.ipri.org, Di Lorenzo, De Soto, 2012). It evaluates three main components:

- a) Legal and political environment (LP);
- b) Protection of physical property rights (PP);
- c) Intellectual property rights (IP).

The understanding of protection of property rights (it could be seen from the IPRI components) evolved from a pure protection of ownership. But, concerning the level of the economic development and the the problems of stimulating the entrepreneurial spirit, the main problem from Western Balkan countries remains the second IPRI component , the physical property rights. Special importance of PP (Physical property rights) – LP and IP, possibly, overestimated. This is very important for attracting foreign direct investments (Crnobrnja and FIC, 2014), as well. Strong protection of physical property rights – means more FDI's compared with the countries with low level of LP. When mentioning legal and political component of the Index, besides the other components of LP, the successful control of the corruption is of essential importance for lowering the degree of the informality.

Data on protection of physical PR (clarity and judicial system) are showing the degree of scarcity of the property rights in the Region. Registering property could be easily improved, and some of the countries (such as Republic of Macedonia) made a strong improvement in this direction. But , besides the success in restructuring of the financial systems of most of the countries, the level of property rights protection does not provide easier access to loans. Entrepreneurs from Serbia (and from many of the Balkan countries) have obstacles in order to collateralize their assets to get capital (lawns) for developing businesses. Comparative analyses of four countries takes into consideration data from countries that have experienced different pace and time table in the process of EU accession (enlargement)

Table 1

EU enlargement: four countries accession

Country	Year of EU accession
Czech Republic	2004
Bulgaria	2007
Croatia	2014
Serbia	candidate country (accession in 2020?)

Having in mind the pace of the accession to EU, it is important to see the related ranks and scores from the Global Competitiveness Report on institutions and property rights.

Table 2

GCI 2014: Institutions and Property rights

Country	Global Competitiveness Index		Institutions		Property Rights	
	Rank	Score	Rank	Score	Rank	Score
Serbia	94	3.9	122	3.2	127	3.1
Croatia	77	4.1	87	3.6	92	3.8
Bulgaria	54	4.4	112	3.3	110	3.5
Czech Republic	37	4.5	76	3.8	75	4.0

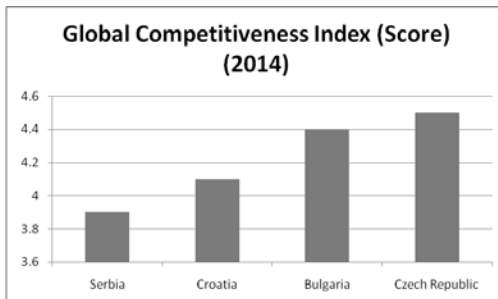
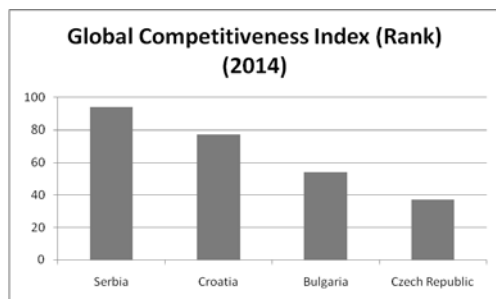
Source: GCI 2014 Global Competitiveness Index, Rank & Score.

Table 2a

Table 2b

GCI Rank

GCI Score



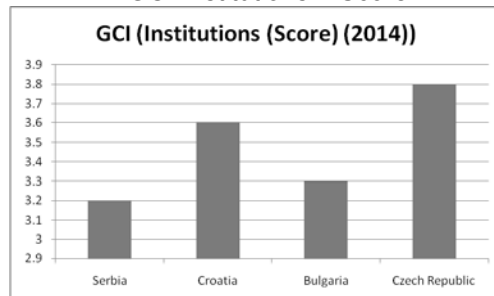
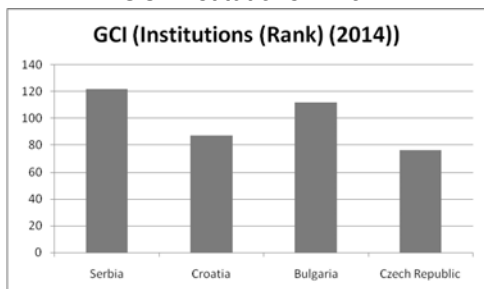
Source: GCI 2014.

Table 2c

Table 2d

GCI Institutions – Rank

GCI Institutions – Score



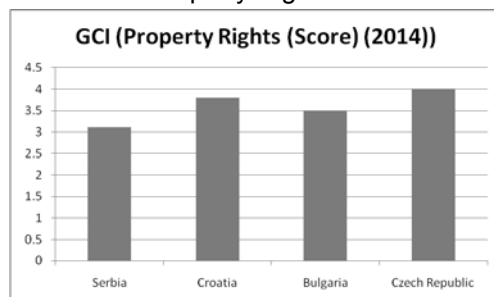
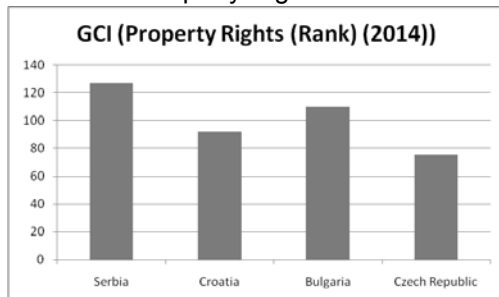
Source: GCI 2014.

Table 2e

Table 2f

GCI Property Rights-Rank

GCI Property Rights-Score



Source: GCI 2014.

Coming back to the rankings of the achieved degree in protecting property rights, besides the overall results, it is important to underline the physical property rights, having in mind the generally pure use of other property rights in creating wealth (the case of intellectual property rights).

Table 3

IPRI Ranking – Overall and PPR

Country	Overall	Physical Property Rights
Serbia	4.4	5.5
Croatia	5.2	5.6
Bulgaria	5.5	6.0
Czech Republic	6.5	6.4

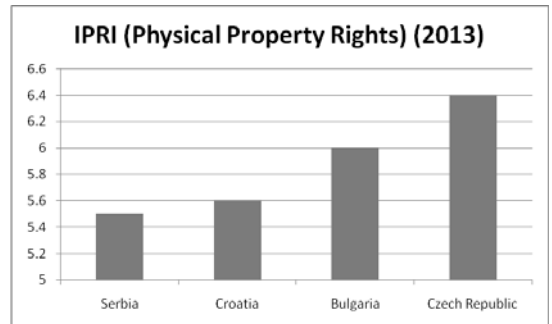
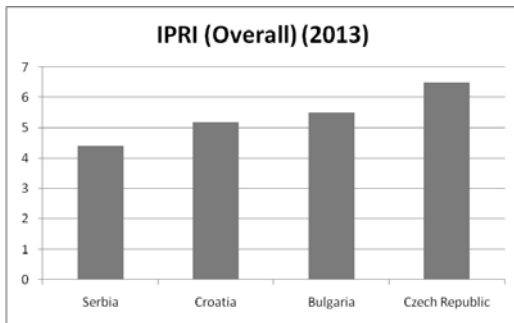
Source: IPRI 2013.

Table 3a

Table 3b

IPRI Overall

IPRI PPR



Source: IPRI 2013.

Table 4

The Rule of Law 2014: Global Rank and Overall

Country	Overall	Global Rank
Serbia	0.51	54
Croatia	0.57	36
Bulgaria	0.53	44
Czech Republic	0.67	23

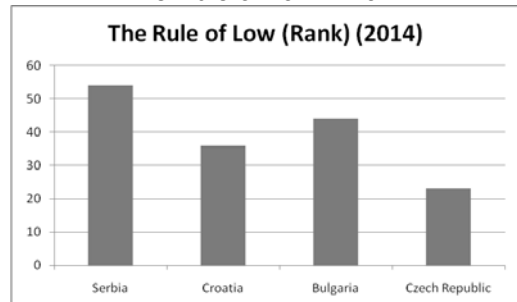
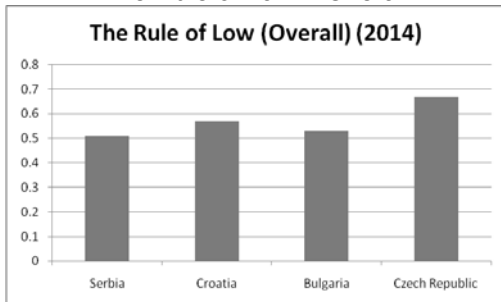
Source: WJP 2014.

Table 4a

Table 4b

The Rule of Law – Overall

The Rule of Law – Rank



Source: WJP 2014.

The Rule of Law index for the countries that the analyses is focused on, shows a slight difference. Namely, according to the WJP 2014, Croatia has a higher rank, concerning the overall index, then Bulgaria. Bulgaria became EU member 7 years before Croatia.

A very important conclusion, that illustrates the rank of the analyzed countries, is their global position. It is shown clearly that the four countries are placed in four quintiles of the global list, concerning IPRI results.

Table 5

IPRI Quintiles position

2 nd Quintile	Check Republic
3 rd Quintile	Bulgaria
4 th Quintile	Croatia
5 th (Bottom 20%)	Serbia

Source: <http://www.propertyrightsalliance.org/userfiles/2013%20International%20Property%20Rights%20Index-PRA.pdf>.

Table 6 shows the values for the Rule of Law Index. The highest values of all three indices were recorded in the cases of the Netherlands and Austria. This can be explained by the institutional stability and continuity in these countries (North, 1990).

Table 6

Index of the rule of law

Country	Overall index of rule of law	Law enforcement	Absence of corruption
Austria	0.82	0.81	0.84
Poland	0.67	0.59	0.66
Croatia	0.57	0.49	0.54
Serbia	0.51	0.45	0.41
Netherlands	0.83	0.82	0.88
Italy	0.63	0.59	0.60
Greece	0.59	0.54	0.56
Bulgaria	0.53	0.47	0.43

Source: WJP 2014.

Table 7 shows the value for the Property Rights Index. The study, whose results are separately monitored by global companies and potential investors, indicates that the overall Property Rights Index rates Serbia as number 107, Croatia as 68, Poland as 44, and Austria occupies number 12 on the list.

Table 7

International Index of Protection of Property Rights

Country	Overall index	Physical Property Rights	Intellectual Property Rights
Austria	7.80	7.40	8.10
Poland	6.20	6.00	6.10
Croatia	5.20	5.60	4.80
Serbia	4.40	5.50	3.40
Netherlands	8.20	7.70	8.30
Italy	6.10	6.10	6.60
Greece	5.40	5.30	5.90
Bulgaria	5.50	6.00	5.70

Source: Di Lorenzo & De Soto 2012.

The study (Zarić, Babić 2014) started from the initial hypothesis H₂: The Rule of Law and GDP/capita ppp are positively correlated. To test the hypothesis, it measured the correlation between the Rule of Law and GDP/capita ppp. Table 8 shows the values of Pearson's correlation coefficient between the Rule of Law Index and GDP.

Table 8

Correlation between index of rule of law and GDP/capita ppp

		Overall index of rule of law	Law enforcement	Absence of corruption	GDP/capita PPP
Overall index of rule of law	Pearson Correlation	1	,993**	,993**	,934**
	Sig. (2-tailed)		,000	,000	,001
	N	8	8	8	8
Law enforcement	Pearson Correlation	,993**	1	,979**	,954**
	Sig. (2-tailed)	,000		,000	,000
	N	8	8	8	8
Absence of corruption	Pearson Correlation	,993**	,979**	1	,935**
	Sig. (2-tailed)	,000	,000		,001
	N	8	8	8	8
GDP/capita PPP	Pearson Correlation	,934**	,954**	,935**	1
	Sig. (2-tailed)	,001	,000	,001	
	N	8	8	8	8

** Significant correlation on the level 0.01 (2-tailed).
Source: Zarić, Babić 2014.

All three variants of the index produced extremely high values of the Pearson coefficient. It is evident that the sub-index of 'Law Enforcement' has a slightly greater impact on GDP than the 'Absence of Corruption'. The study (ibid) continues to test the following hypothesis: *The level of protection of property rights and GDP/capita ppp are positively correlated.* Table 9 measures correlations between the three Property Rights Indices (overall index, physical property rights index, and intellectual property rights index) and GDP. It produced the following values of Pearson coefficient: 0.931, 0.853 and 0.935 respectively (It may be noted that the sub-index of 'Intellectual Property Rights' has a greater impact on GDP growth than the sub-index relating to Physical Property Rights).

Table 9

Correlation between index of property rights protection and GDP/capita ppp

		Overall index	Physical property rights	Intellectual property rights	GDP/capita PPP
Overall index	Pearson Correlation	1	.952**	.962**	.931**
	Sig. (2-tailed)		.000	.000	.001
	N	8	8	8	8
Physical Property Rights	Pearson Correlation	.952**	1	.861**	.853**
	Sig. (2-tailed)	.000		.006	.007
	N	8	8	8	8
Intellectual Property Rights	Pearson Correlation	.962**	.861**	1	.935**
	Sig. (2-tailed)	.000	.006		.001
	N	8	8	8	8
GDP/capita PPP	Pearson Correlation	.931**	.853**	.935**	1
	Sig. (2-tailed)	.001	.007	.001	
	N	8	8	8	8

** Corellation is significant on the level of 0.01 (2-tailed).

Source: Zarić, Babić 2014.

The analysis showed a high degree of correlations between the three observed indices and GDP/capita.

4. The Conclusions

The study (Zaric, Babic 2014) covers European countries with very different paths of institutional development: Serbia and Croatia were part of Yugoslavia, experiencing the period of the development of a self-governing society lasting for more than four decades – the model of a restrictedly modernized society. Austria is a highly ranked country with respect to the degree of protection of property rights, as a country with developed market economy. The Netherlands, an old industrial country with institutions created with the aim of providing conditions for the development and restriction of the royal power, a country whose divergent path, relative to the Spanish (or French) one is also pointed by North. Pearson Correlation coefficient, with an extremely high value, testifies that the development of the countries observed and the level achieved were influenced not only by the factors of development understood in the classical manner, but also by elements of institutional structures and their building. However, the process of building appropriate institutions has been facing a series of obstacles, and this is a very complex process with possible delays.

Concluding the analyses, some important points could be summed:

1. The weak points of the new member states and candidate states are the rule of law and protection of property rights.

2. Wider understanding of property rights via the ruling notion of ownership (due to the systems of socialist economy before) is to be:
 - a) Promoted;
 - b) incorporated in the legislation system. Due to the existing traditions, it does not seem simple.
3. The analyses (using international reports) gives an evidence how far the new member states and a country candidate (Serbia) are in practicing protection of PR and the rule of law (Di Lorenzo and De Soto, 2012).
4. The analyses shows a strong correspondence between the tempo of joining EU and the degree in protecting property rights. It is of special importance for the Serbian case. Namely, due to its historical development and rich tradition, being a strong medieval country, with norms, rules and laws, and playing the role of the "Piemont" in the process of creation of Yugoslavia, Serbia is perceived as a country with institutional capacities. The studies show that these stocks are weak and low, and that the rule of law plays a weak part of the institutional environment of the country.
5. EU has to continue investing into building institutional capacity of the new member states and candidates. According to the data base ISDACON, Serbia gained 119 million eur from IPA for improving the rule of the law, in the period 2007-2008 (http://www.evropa.gov.rs/Evropa/Public_Site/index.aspx). Some 82 million euros were realized. In the same time, other areas for pre-accession funds were enjoying a more voluminous resources (education). But, not only from the research results of Acemogly and other scholars, but from the international reports, we could see that the critical point is the rule of the law and it needs more efforts to invest in improving it.
6. EU has to follow the recommendations of the WB experts that focus on the possibility of investing on social capital (building interpersonal trust, institutional trust and civil engagement).
7. Finally, the important factor of the economic development (whose contribution is stronger then of human capital) is the rule of law. Adding the importance og the protection of physical PR for economic agents in general, and particularly for FDI, this aspects appear is the main in the further development of Western Balkans countries in their way toward EU membership, and in their overall development.

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SOCIO ECONOMIC DEVELOPMENT OF BULGARIA, ROMANIA AND CROATIA IN A GLOBAL CRISIS' CONTEXT: TRENDS AND PERSPECTIVES TO SOCIAL ECONOMY

Tsvetelina Marinova¹

Introduction

The global economic crisis has led to the emergence of complex economic and social issues related to the abrupt decline in production, trade, consumption, high unemployment and indebtedness, poverty and social exclusion. One of the forms for stimulating local economic activity is the social entrepreneurship which makes an important part of the social economy sector. Development of social entrepreneurship creates opportunities for solving problems of vulnerable groups and local communities. Social enterprises and social entrepreneurship are at the core of the Strategy Europe 2020 for smart, sustainable and inclusive growth. They are an integral part of the European social model and contribute to the fulfillment of the strategy's social goals.

The main purpose of the paper is to analyze key trends and to reveal perspectives to social economy development in Bulgaria, Romania, Croatia in the period of global crisis. Social entrepreneurship and social enterprises can contribute to the economic and social development of Bulgaria, Romania and Croatia in the European Union (EU) because they contribute to the solution of key challenges (unemployment, social exclusion and poverty, high social expenditure). Social economy development results in the creation of inclusive economic systems.

In the first part of the paper the main socio economic issues in Bulgaria, Romania and Croatia are revealed in a global crisis context which pose serious risks for the recovery and catching up with the advanced EU Member states.

The second part of the paper focuses on key trends and perspectives to social economy development in the three countries.

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Theoretical framework

Institutions (formal and informal rules and constraints) are key constraints and determinants of economic development. Successful political and economic systems result from flexible institutional structures that are able to adjust to shocks and changes and not from power institutions which play redistributive role (North, 1990).

Political institutions predetermine economic ones (money and market) with which they are constantly interacting. As a result extractive and inclusive institutions are being established.

Development of inclusive political institutions is linked to the existence of various factors² that are to great extent historically predetermined and are changing slowly through time-path dependence (Acemoglu, Robinson, 2013). Inclusive political institutions impose constraints on power execution and they are based on pluralistic distribution of political power in a polity characterized by rule of law. They support inclusive economic institutions, law and order, secure property rights and inclusive market economy. This leads to more equal income distribution, empowers wide part of the polity and creates conditions for political and economic competition. In contrast to inclusive institutions, extractive ones impose a few constraints on the execution of power therefore in practice there are no rules that hinder the use and misuse of power. Extractive economic institutions do not create the necessary stimuli for people to save, invest and create innovation. That's why they are often able provide some fortune in short term but growth is unstable (Acemoglu, Robinson, 2013). As a result they often lead to decline and crises.

On national level governments establish mainly extractive political institutions as well as the conditions for the emergence and development of inclusive economic ones. Social enterprises are a typical example for inclusive economic institutions which represent an integral part of the social economy.³ The most important characteristic of social economy is that it includes the social as well as the economic element inherent to the organizations which exist between the market and the state (Noya and Clarence, 2007, p. 10). Social economy development contributes to the establishment of inclusive economic systems. Social enterprises and organizations posses explicit social dimension instead of rent seeking and its distribution among owners as an ultimate goal (Borzaga and Tortia, 2007, p. 31). Notwithstanding the variety of definitions, social enterprise is in general defined as a new innovative business model that fulfills social and economic goals thus contributing to the labor market integration, social inclusion and economic development. In this respect social entrepreneurship is each activity that is done in a community interest organized by an entrepreneurial strategy and which main aim is not profit maximization but the achievement of certain social and economic goals through the production of goods and services and thus it

² Some extent of centralized order, wide coalitions, civil society institutions.

³ Social economy is a contested conception and there are national differences in the terminology and its use. In continental Europe it encompasses cooperatives, mutual funds and foundations. This concept is related to the French legislative approach for social economy which was primarily employed during the 1970s (Monzon and Chavez, 2012).

provides innovative solutions to social exclusion and unemployment. The inclusive nature of social enterprises and organizations results from the principles of their functioning such as: supremacy of their members over the profit, an autonomous management, democratic process of decision making, superiority of people and labor over the capital in revenue distribution.

Most of the social organizations in Bulgaria, Romania and Croatia have developed through the long tradition of cooperatives and voluntary initiatives before and during the communism period. Currently they are still often linked to the communist era characterized by centralized economy, strong political control and forced collectivism. The transition from planned to market economy has been marked by the efforts to create inclusive market institutions but at the same time social organizations have been slowly developing over that time.

After the collapse of communism Central and Eastern European countries developed different types of market societies and regimes (Bohle, Greskovits, 2012). The Baltic states, Romania and Bulgaria established a neoliberal regime; Poland, the Czech Republic, Hungary, Slovakia and later on Croatia established an embedded neoliberal regime and Slovenia a neocorporatist regime.⁴

In the 1990s the crises and the efforts to integrate into the EU favored the development of democratic market institutions. In the three countries external actors (international organizations) played vital role in regime establishment and local development. During the 1990s, most of the time, Bulgaria and Romania lacked a vision how to cross the bridge between the past and the future, the capacity and even the willingness to follow clear road maps that led to economic and political disorder the establishment of weak state institutions. Low levels of political participation reflected the absence of wide social groups in the Bulgarian and Romanian politics. These countries lagged in the transformation and the weak state legacy and further state weakening in the beginning of 1990s decreased the chances for gradual transition from an old to a new order. In the two countries the neoliberal regime is related to the great degree of social desintegration because of the anarchic priorities and policies. In the beginning of the 1990s nationalism and war weakened seriously the state and institutions in Croatia that reflected its economic and social development.

Since late 1990s Bulgaria and Romania focused on the establishment of more inclusive economic institutions: economic coordination, stability, low taxes and weak welfare state. Croatia chose to provide protection to some social groups and industries.

⁴ This classification is made according to the power and forms by which actors in the transformation used the state authority to establish market economies following neoliberal goals as well as for keeping social cohesion and political legitimacy in the framework of capitalism and democratic or neocorporatist government.

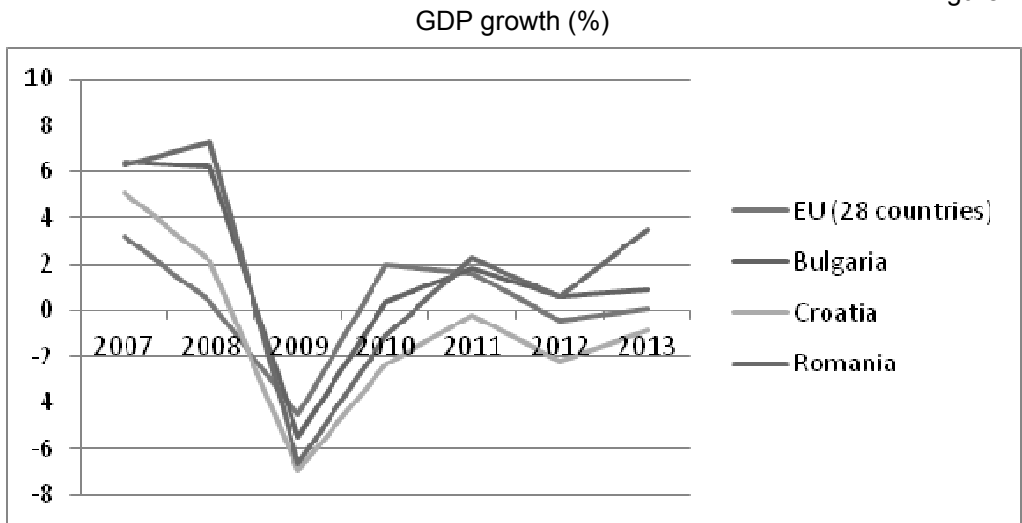
Establishment of inclusive institutions is vital for the development and convergence to the EU.⁵

1. Challenges to the socio economic development of Bulgaria, Romania and Croatia in the period of global crisis

The global economic crisis has had a serious negative impact on the socio economic development of the EU Member States. The external shock together with the concrete internal economic specifics of Bulgaria, Romania and Croatia have contributed to the emergence and deepening of various negative trends such as: high unemployment, high youth unemployment, increase in the share of people at risk of poverty or social exclusion, lagging behind the advanced states in income convergence, rise in the share of long term unemployed.

Croatia recorded the greatest decrease in GDP during the crisis which is comparable to that in the EU-28 – about 7% in 2009. In Romania it was the lowest decline – about 4% in 2009. Economic recovery after 2010 has been slow and fragile. Croatia has been the only country that has recorded a negative GDP growth after 2009, including in 2013. In Bulgaria and Romania economic growth in 2012 and 2013 was higher than the average in the EU-28. Further recovery depends greatly on the economic situation in the EU-28 where their main trading partners are.

Figure 1



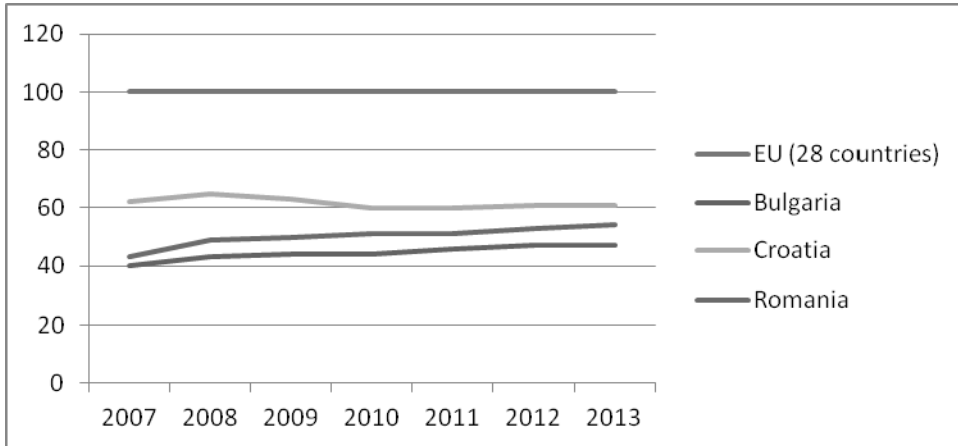
Source: Eurostat.

⁵ The highest degree of inequality in opportunities is observed in the Western Balkans and in Eastern Europe. Economic inclusion is related to the wide access to economic activities. Otherwise people do not have stimuli to look for education, to participate in the working force, to invest or to take part in activities that promote growth and prosperity (EBRD, 2013).

In the period of global crisis income catching up in the three countries has been slowing down. In Croatia the GDP per capita decreased after 2007 as during 2010-2013 it remained at 60% of the EU-28 average. In Bulgaria the income continue to be at the lowest level in the EU-28 and after 2007 it increased from 40 to 47%. During the crisis catching up process has been impeded. In Romania the GDP per capita reached 53% of the EU-28 in 2013 and it was the highest in comparison to Bulgaria and Croatia.

Figure 2

GDP per capita at PPP (EU-28=100)

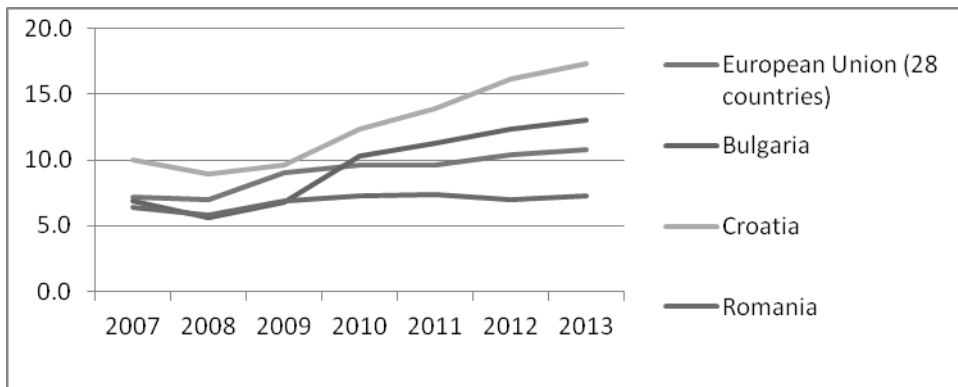


Source: Eurostat.

There is an upward trend in the unemployment rate in the three countries as well as in the EU-28. The most significant increase in unemployment was recorded in Croatia as it was 10% in 2007 and went up to 18% in 2013. The lowest rate was registered in Romania as it was 6% in 2007 and 8% in 2013. In Bulgaria the unemployment rate increased substantially after 2009 as it reached 13% in 2013.

Figure 3

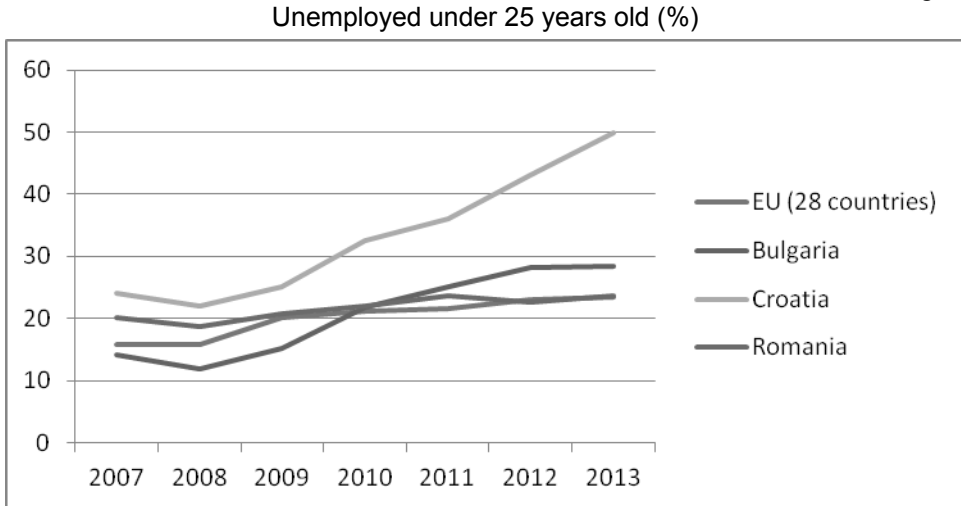
Unemployment rate (%)



Source: Eurostat.

In the crisis, one of the most affected groups has been the young people. In the EU-28 youth unemployment rate increased from 15.7% in 2007 to 23.5% in 2013. In Croatia in 2007 the unemployed youth represent 24% and in 2013 was 50%. In Romania youth unemployment was 20.1% in 2007 and in the crisis it reached 23.6%. In Bulgaria the share of young people outside the labor market in 2007 was 14.1% and in 2013 it went up to 28.4% and its higher than that in the EU-28.

Figure 4



Source: Eurostat.

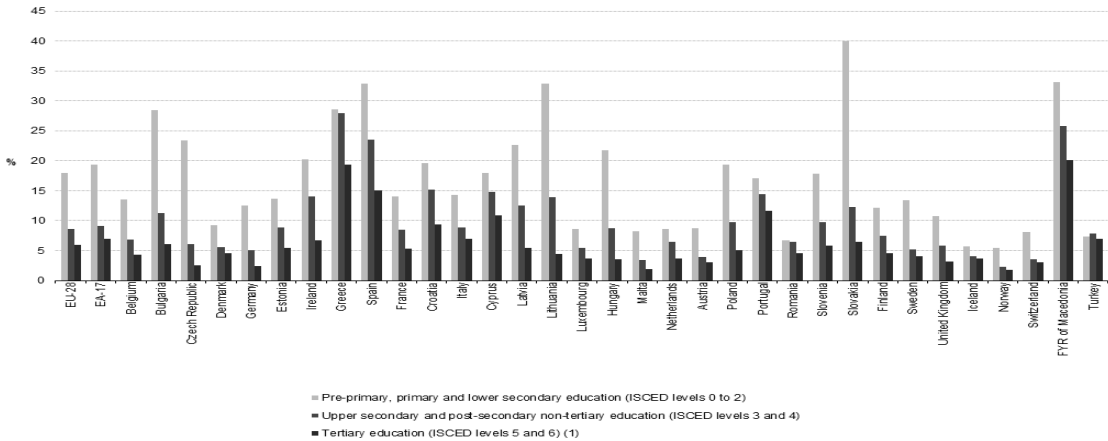
In Bulgaria the share of unemployed people with primary and secondary education is the highest in comparison with the other two countries. In 2013 it was about 30% while in Croatia it was about 20% and in Romania about 8%. On EU-28 level it was under 20%. The unemployed people with tertiary education were 7% in Bulgaria and about 6% in the EU-28. People with lower level of education have been mostly affected by the crisis in the EU-28 and in the three countries.

Another negative trend in the crisis is the increase in the rate of long term unemployment. In Croatia the rate of long term unemployed is the highest among the three countries and it is comparable to that in Spain and Greece. In the EU-28 it was about 5%, in Croatia it was about 11%, in Bulgaria about 7% and in Romania 3% from the unemployed people.

The increase of long term unemployment rate leads to a rise in the risk of poverty and social exclusion. The long term unemployed could hardly enter the labor market because the time spent outside often leads to disqualification and loss of work discipline, lack of willingness for economic activity. In Bulgaria, the share of people at risk of poverty and social exclusion decreased in the years after 2007 to 2009 from 60 to 45.2%. During the crisis this share reached 50% in 2012 and it is the highest in the EU-28. In Romania this share was 43% from the population. Croatia recorded about 33% of its population being at risk of poverty and in the EU-28 it was 25%.

Figure 5

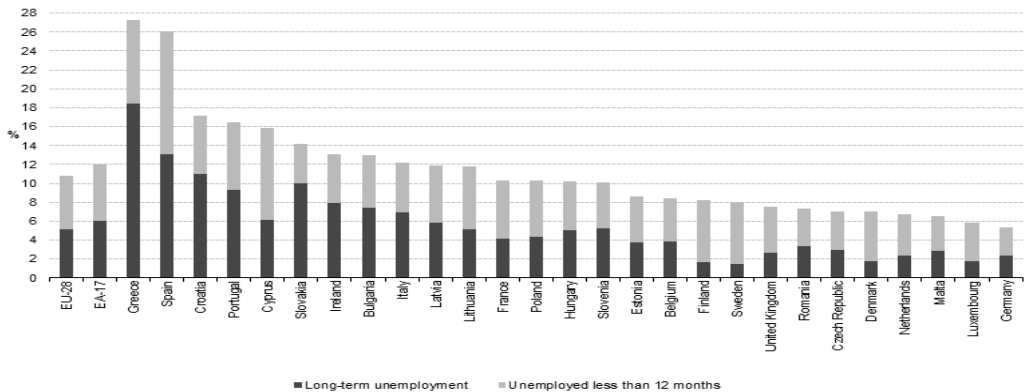
Unemployment rates by level of educational attainment (%)



Source: Eurostat.

Figure 6

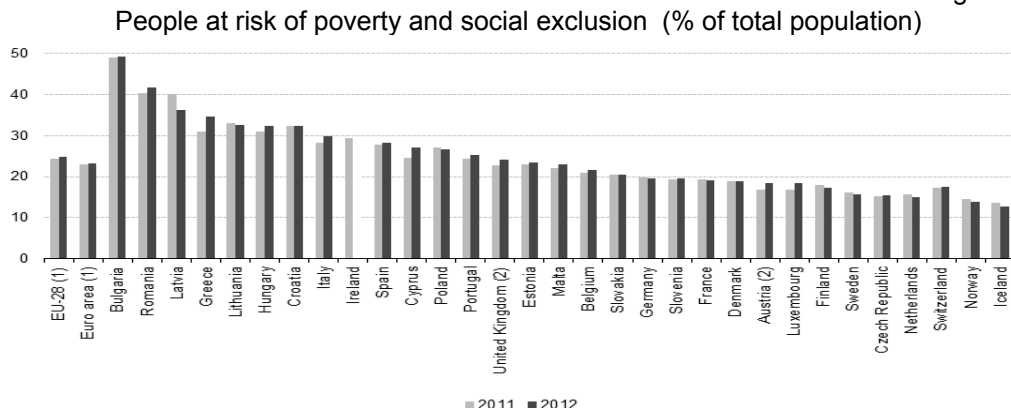
Unemployment rates by duration, 2013 (%)



Source: Eurostat.

It is also interesting to look at the share of people at risk of poverty after social transfers. After EU accession in Bulgaria and Romania their share decreased until 2010 and later in 2012 it increased to 23%. In Croatia their share was the lowest among the three countries reaching about 20%. Social transfers have risen in the crisis but at the same time the share of poor people have increased, therefore notwithstanding social transfers the welfare effect has been weak. In the same time the increase in social costs raised risks to government budgetary positions and weakened them. In Bulgaria social expenditure in 2011 were 17.7% of GDP, in Romania 16.3% and in Croatia 20.6% of GDP. As a result fiscal deficits grew up.

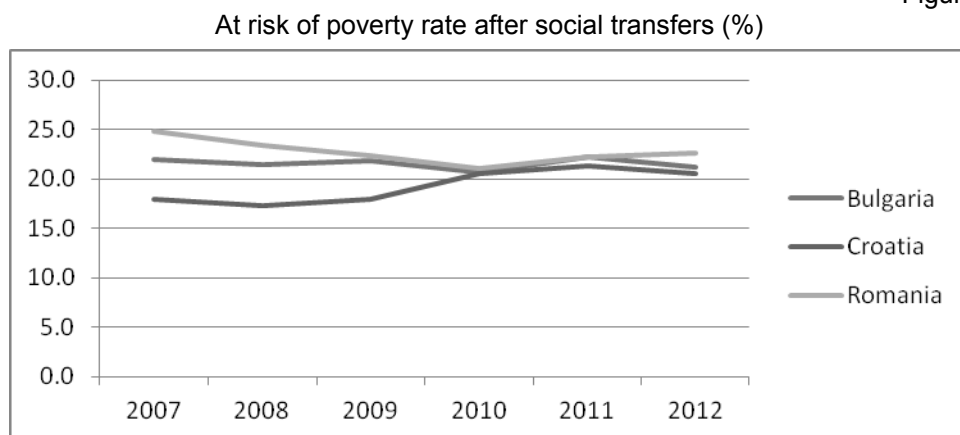
Figure 7



(1) Estimated data, 2012
 (2) Break in time series, 2012
 IE: data not available, 2012

Source: Eurostat.

Figure 8



Source: Eurostat.

There exists a great extent of vulnerability of people and labor market during the crisis and there is a necessity to search for new solutions of unemployment, poverty and social exclusion. These solutions are related primarily to the development of more inclusive institutions and organizations.

2. Trends and perspectives in the development of social economy in Bulgaria, Romania and Croatia

The challenges of the socio economic development of the countries in the period of global economic crisis cannot be overcome only by the intervention of the government

and the market. The growing social expenditures led to deterioration of the sustainability of the state budget positions. In the same time social transfers are not enough and the bigger part of the people remain poor. On one hand, the growing redistribution by the budget has negative results for the development of the economies as it is often connected to political decisions that are in favor of and under the pressure of different groups of society. On the other hand, the market features strong competition and constant struggle among its actors for resources and profit. In this context the organizations of the social economy are becoming an effective solution to some of the key socio economic challenges.⁶

Main subject of the social economy in Bulgaria are cooperatives.⁷ They have over 120 years of history in the country.⁸ In Bulgaria there are about 2000 cooperatives that have 0.5 million members and provide over 50 000 work places. More than 50% of the disabled people in Bulgaria are working in them.

The biggest cooperatives in Bulgaria are:

- Central Cooperative Union (CCU) that unites the consumption cooperatives; it has 155 000 members and over 10 300 employed in 808 cooperatives and 34 regional cooperative unions.⁹
- National Union of the agricultural cooperatives unites the agricultural cooperatives for production and services. The active 903 agricultural cooperatives were created in the period 1992-1994 after the liquidation of the up to then working collective production structure. They have 240 000 members and over 16 000 constantly employed that tilt over 7 million acres and produce the bigger part of the quantity of the cereal production in the country.
- National Union of Labor-productive cooperatives unites small and medium cooperative enterprises for the production of industrial goods and provision of services with over 20 000 members. They employ about 15 000 people, including about 11 000 disabled people.
- National Union of Cooperatives of Disabled people.

⁶ The social enterprises in Bulgaria are operating in different sectors and the biggest are: delivery of social services; finding work of the disabled people; intermediation in job seeking of the unemployed; provision of health services; educational activity, etc.

⁷ The cooperative is an association of individuals with variable capital and number of members who operate to achieve their economic, social and cultural interest (article 1 from the Cooperative law). Every member has one vote, regardless the share contribution. (article 19 from Cooperative Law).

⁸ The first Bulgarian cooperative law was adopted in 1907. It gave a strong impulse to the creation of the cooperatives in the country and it defined the socio economic characteristics of the Bulgarian cooperatives. The rules of the first Bulgarian cooperative were created in 1890 in the village of Mirkovo, Pirdop district by two public figures Todor Vlaykov and Todor Yonchev and had entirely European character.

⁹ The member organizations of the Central Cooperative Union have various economic (essential goods trade, bread-making, agriculture, acquisition), social and public activities in over 3000 settlements all over the country.

In Bulgaria, there are 400 educational organizations, 4000 cultural organizations and more than 630 private organizations providing social services.

According to the European Commission between 2 and 5% of the population is employed in social organizations in Bulgaria. In Romania its share is smaller – under 2% and in Croatia it is over 2%. In Europe the greatest share of the population employed in social organizations is in Sweden and Norway – more than 11%.

The vision and priorities for the social economy development in Bulgaria are defined in the National concept for social economy adopted in 2011 in a global crisis context and being EU level priority. The concept includes criteria for the identification of enterprises and organizations in the sector of social economy in order to create a stimulating environment for social enterprises (access to financing, tax relief, etc.). Other strategic documents related to the social economy development are: National Youth Strategy 2010-2020; National Strategy for Poverty Reduction and Social Inclusion, Disabled People Employment Strategy 2011-2020.

One of the biggest challenges to social enterprises in Bulgaria and in Europe is their funding. The European Social Fund supports projects for the development of social enterprises. In the framework of the operational program "Human resources development" there are calls for projects in this area. It promotes new forms of social enterprises including protected workshops, community and voluntary initiatives contributing to the development of social capital.

In recent years new forms of social initiatives have emerged (ISEDENET, 2012):

- Childcare Cooperative – searching a solution to the lack of enough places in the kinder gardens in Sofia, 7 parents are taking a day off each week in order to take care for their children in a rented small apartment. In this way they reconcile their jobs with family care. They organize also courses, meetings, events part of which bring them profit.
- Chovekolyubie Association – a social enterprise based in Pazardjik providing services to people with mental problems.
- Cultural centre – Red House Centre. This project is oriented to supporting artists and their initiatives. The profit of the NGO is used for funding similar activities.

Notwithstanding the emergence of many social organizations and enterprises recently, the development of the sector of social economy in Bulgaria, is lagging behind that in Europe. In the period of transition and European integration the establishment of inclusive institutions have slowed down and social desintegration and social gaps have deepened. The current crisis offers opportunities for changing the model of socio economic development and for the promotion of social cohesion.

Associations and their different forms have a long tradition in Romania.¹⁰ In the period 2010-2012 all key indicators regarding the social economy organizations recorded an upward trend: the number of organizations increased in 2012 by 25.62% in comparison with 2010, their assets rose by 40.32%, their revenue increased by 59.27% and the number of employees by 30.35%. This trend has been clearly expressed during the period of current global crisis. In 2012 the social economy sector in Romania included 39 347 active organizations possessing assets of RON 13,917,508 and gathered revenue of RON 12,298,111 with 131,127 employees. The gross added value of social economy in the national economy in 2012 was 1.9% in comparison to 1.3% in 2011. The social economy sector provided jobs to 1.9% of the working population in 2012, in 2011 it was 1.75%, in 2010 it amounted to 1.7%. In 2012 data also encompasses trading companies owned by civil society organizations. The contribution of the sector to the state budget was 4.18% in 2012 and 3.04% in 2011.

In recent years associations and foundations represent the greatest part of the social economy organizations. In 2012 they represented 85% from the total number of these organizations, 52% of their assets, 63% of their revenue and 59% of the employed people. In 2012 there were 4058 associations and foundations with business activity forming 12.1% of total number of active associations and foundations. In 2011 and 2012 more than 50% of the associations and foundations with business activity were market producers.

Cooperatives in Romania represented 2 238 in 2012 and their assets were RON 1 222 805 and 31 428 employed people. In 2012 cooperatives were 6% of the whole number of organizations possessing 8% of all the assets providing job to 24% of the whole number of employed in the social economy sector. From 2238 cooperatives 42% were consumer cooperatives, 38% craft cooperatives, 16% agricultural cooperatives, 4% credit cooperatives.

In 2012 the share of people employed in trade companies was 13%. Their number was 682.

There were 2845 registered credit unions in Romania in 2012 as the active ones were 2767 and 2569 were workers' credit unions, 198 credit unions of pensioners. Credit unions accumulated assets of RON 3,624,190 in 2012 (increasing by 7.31% in comparison with 2011), with revenue of RON 589,143 (rising by 4.06% in comparison with 2011) and an increase in the number of employed people being 5,403 (5increasing by 1.31% in comparison with 2011) (Bama, 2014).

The social economy sector is still relatively weak developed in Romania despite the upward trend during the last years.

¹⁰ Cooperative system in Romania dates to 150 years ago. The first association of cooperatives was one of the founders of the International Cooperative Movement in 1985 which nowadays still exists.

Cooperatives in Croatia¹¹ had been eliminated in the beginning of the 1990s. In the period 1991-1995, during the war, civil society development was hindered and there was a massive intervention of foreign humanitarian organization in the country. In the 90-ties political environment was unfavorable for civil society development – lack of partnership between civil society organizations and the state. The Law on associations adopted in 1997 regulated the transformation of a social organization into an association. After the year 2000 national governments have focused more on civil society development and therefore on the establishment of inclusive institutions and organizations. In 2003 the National Foundation for Civil Society Development was established. In 2009 the Council for Civil Society Development was found.

The main strategic documents in Croatia regarding the social economy are: National Strategy for Creation of Stimulating Environment for Civil Society Development; Strategy for social entrepreneurship development; Law on financial transactions and accounting of nonprofit organizations.

In 1990 in Croatia existed 12 associations and in 2012 their number increased to 49 004 and in 2013 they were about 50 000. The number of employed people there was hardly reaching 9757.

After the year 2000 there has been observed a slow increase in new cooperatives – cooperatives in new industries such as renewable energy and it is due to the government policy and special funding programs. In 2011 cooperatives¹² were 2060 and the employed people 4246. In 2012 their number decreased to 1069 and in 2013 they were 1131 which employed 2682 people. The Law on Cooperatives was adopted in 2011.

Currently, in Europe there are about 2 million social enterprises that employed more than 14.5 million people representing about 6.5% of all the employees. Cooperatives are over 160 000 and offer job to 5 400 000 European citizens. In a global crisis context the main trends in Europe and in the world are related to the necessity of new initiatives, solutions, projects in the area of social and solidarity economy. Among the new types of activities of civil society are the various practices of social money and social finance, of local and regional money, of different types of nonmonetary and barter systems, time banks (where labor is exchanged), of collective credit and clearing systems, etc.¹³ Community currencies serve as a medium of exchange which is specific to a local economy and their creators are often social enterprises (European Commission, 2013). They are accepted voluntarily by people and are based on mutual

¹¹ During the 19th and 20th century civil initiatives established foundations for cultural and educational goals as well as foundations of rich industrialists. i.e. Juraj Dobrila, Pietro Ciscutti, Mijo Mirković etc.

¹² In the beginning of the 20th century there were more than 1500 active cooperatives with about 250 000 members most of which agricultural. Between the two world wars Croatia was characterized by successful development of cooperatives and cooperative associations. After the Second World War the environment was destructive for them and their principles had not been implemented. In the 70ties and 80ties the acceptance and turning to democratic principles of cooperatives had been back. The number of cooperatives increased and above all of agricultural ones.

¹³ Such practices exist in the Netherlands, Great Britain, Italy, Switzerland, France, Japan, Brazil. Recently various initiatives have emerged in Spain, Greece, Portugal and outside Europe (in Tunisia – time banking initiated by the World bank).

confidence.¹⁴ Civil money are emitted by civil movement, cooperative, association or other but is not based on profit making. Their use accelerates the development of local economy and it provides opportunity to local producers and consumers to limit their credit dependence on the banking system and interest rates. These systems create social capital, mutual aid, confidence, solidarity that contribute to the increase of welfare and provide opportunities for the emergence of new ideas and projects. Citizens are integrated to their territories, low levels of unemployment and crime exists, etc. In this context Bulgaria, Romania and Croatia are lagging behind these trends. Civil society development and its initiatives could be triggered by a relevant institutional environment and through keeping the principles on which inclusive economic systems exist.

Conclusion

In Bulgaria, Romania and Croatia development of social economy results from the constant interaction among the forms of social enterprises and organizations in which they exist, the national context and country's history, therefore they are linked to path dependence.

Key trends in the social economy development in the three countries:

- Weakly developed sector of social economy despite the long traditions in cooperative movements;
- Social entrepreneurship and social enterprises still represent an unused business model;
- There is a lack of favourable legal framework for social enterprises and organizations;
- Limited access to funding from credit institutions;
- During the crisis the most dynamic development of the sector of social economy has been observed in Romania;
- In Bulgaria there is a lack of data and analyses on social economy.

Perspectives for further development:

¹⁴ Such an example is the Bristol pound created in 2012. It was launched by the Bristol Pound Community Interest Company in partnership with other local institutions including Bristol Credit Union and Bristol Council and it is a social enterprise. This is the first local currency in Great Britain in which some local taxes can be paid.

- Necessity for the establishment of clear and long term political strategy for social economy and the adoption of legal framework for promoting social economy and inclusive institutions;
- Social economy will contribute to reduce social expenditure and can become an important source of revenue for the state budget;
- Further development of civil society and its initiatives will promote local economies and social capital.

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**MACROECONOMIC PERFORMANCE,
INSTITUTIONAL ENVIRONMENT**

TRADE, FDI AND MULTINATIONAL NETWORKS IN THE BALKAN REGION: THE CASE OF THE AUTOMOTIVE INDUSTRY

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1. Introduction

The aim of this paper is to describe the role of the Balkan region into the European automotive industry over the last decade. Our definition of Balkans is largely a working one, including countries at different levels of economic and technological development, and belonging to different stages of institutional integration into the EU. The common traits are their belonging to a region that emerged as a new location for car assembling and production, partly building on their previous production capacity (such as in Romania, Slovenia and Serbia).

We focus on this particular sector because it is the first sector in Europe for investment, growth and employment. It is a highly oligopolistic sector with 3-4 EU companies among the 12 biggest world carmakers, and it is central in the process of economic integration between 'old' and 'new' Europe. Many European leading producers (Renault, VW, FIAT) have had a crucial role in the economic transformation of local economies through their multinational activity in the form of foreign direct investments (FDI) in the region, since before the accession of new member states.

Auto production is one of the most geographically fragmented activities in the manufacturing sector, with production processes split into different phases carried out in different countries.⁴ This is due to a variety of reasons: first, declining transport costs over time have progressively increased the benefits of production fragmentation. Second, it is convenient for Original Equipment Manufacturers (OEMs) to design and assemble vehicles near the final markets, while sourcing auto parts from suppliers in

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⁴ A phenomenon usually referred to in the literature as international production fragmentation, a term first introduced by Arndt and Kierzkowski (2001).

low-cost locations (Bailey et al., 2010). Third, reducing vertical integration may increase the economies of specialisation. Fourth, integrating a geographically fragmented production may increase the relational power specific to MNCs (Ietto Gillies, 2012). Finally, the auto industry has been forced to adopt new sourcing strategies given the increase in non-mechanical or non-traditional inputs in modern cars, that is, computer and electronic equipment. As a result, the level of outsourcing has dramatically increased to an average of 70-75% of the value of a new car being contributed by parts suppliers (OECD, 2007). Therefore, OEMs play a central role in coordinating production networks (Dicken, 2003), while first-tier suppliers acquired an important role over the last decade as systems integrators, and lower tier suppliers (parts producers) were located in a variety of countries, among which a number of emerging economies in Asia and in Central and Eastern Europe (Rhys, 2004; Noble, 2006; Lefilleur, 2008). Although the automotive sector is often described as a prototype of ‘global industry’, recently also in Kierzkowski (2011), the internationalisation strategies of world major producers have been largely developed on a regional rather than global scale, with leading car manufacturers sourcing predominantly from suppliers located in their same regions, most notably in the EU-27 (figure 1) and in North America (Freyssenet et al., 2003; Klier and Rubenstein, 2006).

Section 2 describes the emergence of the car industry in the new member countries and outlines the research questions tackled in the paper. Section 3 explores the role of the Balkan regional and global automotive production networks. Section 4 focuses on Romania as a crucial case.





Table 1

Automobile Plants and Motor Vehicle Production in the EU

Automobile assembly and production plants in Europe, 2014

EU	Plants	NON - EU	Plants
Austria	5	Belarus	2
Belgium	9	Kazakhstan	4
Bulgaria	1	Russia	34
Croatia	2	Serbia	3
Czech Republic	8	Turkey	15
Finland	2	Ukraine	7
France	34	Uzbekistan	2
Germany	43		
Hungary	4		
Italy	22		
Netherlands	9		
Poland	14		
Portugal	6		
Romania	3		
Slovakia	3		
Slovenia	1		
Spain	15		
Sweden	11		
United Kingdom	34		
		ALL MANUFACTURERS Countries Plants	
		Total Europe	26 293
		TOTAL EU	19 226
		ACEA MEMBERS Countries Plants	
		Total Europe	22 190
		TOTAL EU	16 166

Motor Vehicle Production in the EU, 2013

					TOTAL
AUSTRIA	146,566		19,862		166,428
BELGIUM	449,600		30,564		480,164
CZECH REPUBLIC	1,128,473		4,458		1,132,931
FINLAND	8,000				8,000
FRANCE ²	1,460,000	280,000	n.a.		1,740,000
GERMANY ²	5,439,904	278,318	n.a.		5,718,222
HUNGARY	220,000		2,400		222,400
ITALY	388,465	236,040	33,702		658,207
NETHERLANDS ²	0	0	0		0
POLAND	475,000	104,055	4,203		583,258
PORTUGAL	109,698	40,918	3,400		154,016
ROMANIA	410,959		38		410,997
SLOVAKIA	975,000				975,000
SLOVENIA	89,395	4,339			93,734
SPAIN	1,719,700	419,954	23,684		2,163,338
SWEDEN ²	161,080		n.a.		161,080
UNITED KINGDOM	1,609,762	68,823	18,848		1,597,433
EU ¹	14,616,202	1,429,748	137,774		16,183,724

2. Industrial dynamics in the New Member countries: the automotive industry

Enlargement towards Southern European countries and, among them, Western Balkans, opens the door to the development of new specializations through networking, industrial cooperation between firms from EU-15 countries, New (and Future) Member States as it has been the case in the precedent waves of new memberships to the EU.⁵ Integrating these economies rises the question of their industrial legacy inherited from their former economic systems, on the one hand, of the reforms undertaken to adjust to the new market environment, to create a new institutional and market environment on the other. Among the different States, in order to investigate the impact of industrial cooperation in the automobile industry, we will focus on Bulgaria, Romania, Croatia, Serbia and Slovenia.

The aim of this paper is to analyse the impact of FDI in the car industry sector in South East European economies (SEEs). As in Central and East European and Baltic economies (CEEB), institutional reforms and industrial restructuring have contributed to make room for the entry of foreign capital in SEE economies although those economies where “late comers”, that CEEB countries had a much higher attractiveness level to FDI considering their industrial specialization, the proximity factor, the speed in the transition transformation to market economies, the compliance for becoming future member states.

So the questions we address in this paper are the following:

- Do SEE economies have been able to fill the gap with NMS⁸ in terms of institutional reforms, industrial restructuring in order to adjust to the EU membership requirements?
- Do SEEs have developed their existing competitive advantages to attract FDI and to specialise into the regional value chain through networking and linkages with major Western (mostly EU) companies?
- Has the contribution of different actors participate to reshape the regional industrial landscape?

In order to answer these questions, we emphasize the case of car industry in the region, especially Slovenia (EU member 25), Bulgaria and Romania (EU members 27), Croatia (EU member 2014) and Serbia still on the waiting list.

There are many differences among SEE countries regarding the pace of transformation, entry into the EU. Slovenia has joined the EU in 2004 among the 8 former European socialist economies and the three Baltic republics from the FSU.

⁵ We have an extensive understanding of Balkan countries, including Romania, Bulgaria, the Former Yugoslavia States including Croatia and Slovenia (both being member of the EU) and Albania.

⁶ Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia. Those countries have joined the EU in 2004, Bulgaria and Romania, further, in 2007.

Bulgaria and Romania (the bad pupils?) have joined the EU in 2007. Membership was delayed for incomplete reform of the judicial sector and other non-compliance to the EU regulation. Croatia has joined the EU in 2014. Serbia is the position of pre membership dealing both with economic and political issues with EU negotiators.

These countries had to adjust in different ways. Political and economic disintegration of the former Federal Republic of Yugoslavia (with markets fragmentation already under way between the former Republics) has been followed by separate negotiations with the EU. Bulgaria and Romania had to get rid of their centralized economic system, introduce a new governance in line with the EU standards. In terms of organisation, coordination, opening, there were important differences among former Soviet types economies (Bulgaria Romania: Romania was more autarkic, Bulgaria more Soviet-dependant for its trade) and the Former Yugoslavia Republics, already market-oriented and opened to Western developed market economies. Deep and continuous industrial cooperation with Western companies existed with the presence of important foreign investors. Some industries have internationalised in Europe and on other continents (Gorenjje) (Estrin, Richet, Brada, 2000).

Foreign direct investment (FDI) attractiveness has been a component of adjustment and restructuring policies in any transforming economies. FDI has played an important role in “picking up the winners”, in linking industries and developing networks (Redzepagic, Richet, 2014). Distance advantages, low cost and qualification of the workforce, industrial inheritance (in spite of important productivity gaps), opportunities offered by the privatization of state assets schemes (“privatization investments”) have attracted FDI in the region and has contributed to the rise of employment in FDI controlled firms. Its impact is often difficult to assess, depending on the volume, le level of technology, on the potential competitive advantage, revealed or not in existing industries.

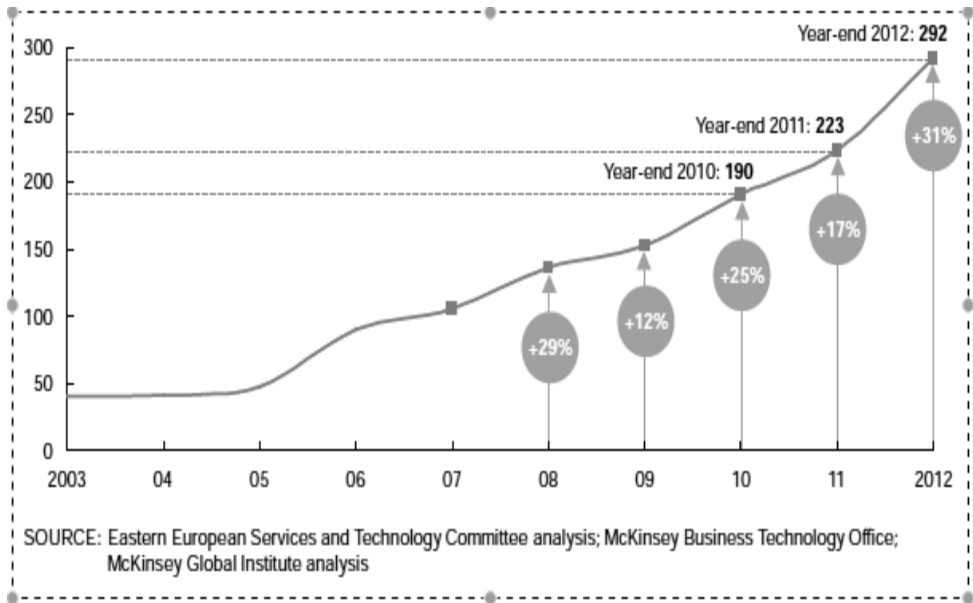
Table 2
Breakdown of Ownership by Industry among the Top 500 CEE companies

Status 2012	External parties	CE parties	State owned	Total
Bosnia and Herzegovina	1	1	–	2
Bulgaria	5	–	3	8
Croatia	1	7	4	12
Czech Republic	57	18	12	87
Estonia	–	1	1	2
Hungary	48	11	3	62
Latvia	4	2	1	7
Lithuania	2	7	3	12
Poland	96	40	30	166
Republic of Macedonia	1	–	–	1
Romania	25	5	5	35
Serbia	4	1	3	8
Slovakia	17	5	7	29
Slovenia	4	8	6	18
Ukraine	16	26	9	51
Total	281	132	87	500

In this respect, two things are important to notice. The amount of FDI attracted by CEEB economies has not dried up capital flows towards last comers countries even if the relative level of stock is a little under the level attained among the first movers. The lion's share can be find in Romania and Bulgaria, more advanced in transition, followed by Croatia (the last member entering the EU) and by Serbia. The growth of FDI in Montenegro is mostly due to the tax heaven position of the country attracting Russian investments in the real estate and financial sectors. Distribution of FDI, as in the case of first movers has followed the same directions: manufacturing sectors (low cost, qualification of labour) in segmented sectors, services, finance, communications, real estate. FDI in the area (has in CEEB economies) has contributed to reshape ownership by controlling existing companies or building greenfield investments (table2) and supported the growth of employment (figure 1). It has also contributed to redirect trade flows: most of the exports from the region (first and second comers) are directed towards EU-15 economies.

Figure 1

Offsourcing and Offshoring job growth in the CEE area (1000 Full time employment equivalent, cumulative)



Studying the case of the car industry in the region is interesting for many reasons. First, Car production from the region (CEEB & WB) accounts for a growing share of employment, exports and new specializations. Slovakia in less than two decades has become one of the first produced in the region with any specialization in this sector before. Poland, Hungary and the Czech Republic have become major centres either for producing and assembling cars, making components (motors) and parts. Some countries had already a long industrial past in this sector. Czechoslovakia had a home-grown car industry (Skodà) at the turn of the 19th century. Poland and Romania have developed industrial cooperation respectively with Fiat and Renault. The SFRY

had also initiated cooperation with Western car makers (Renault, Fiat). Hungary had almost developed a full car industry but was not allowed to go up to the final assembly (only for buses). Bulgaria was forbidden to produce car under the COMECON regulation.

CEE countries have benefited of the massive entry of foreign investments mostly from EU-15 countries car makers which have acquired existing firms, invested in green fields companies. The main EU car makers (with a minor participation of Asian producers: Kia, Toyota, Suzuki and recently Great Wall). This has resulted in different strategies:

- Integrating the new plants either as producers of specific models or brands incorporated in the supply of mother companies (Skoda, PSA-Toyota in Czech Republic, PSA, Kia in Slovakia), either as producers of specific models which are not anymore produced in the country of origin (FIAT 500 in Poland, Serbia) or are still produced in the home countries and other European locations, either for local and other markets (Twingo);
- Outsourcing, producing components (motors, gear boxes, axes..) for supplying final assembly plants either in home country of origin or other plants among the group producing similar models (VW);
- Offshoring: delocalization and development of a whole product/system in a New Member States: the low cost car Logan in Romania or building a new plant in another region to hit the regional market (Great Wall).

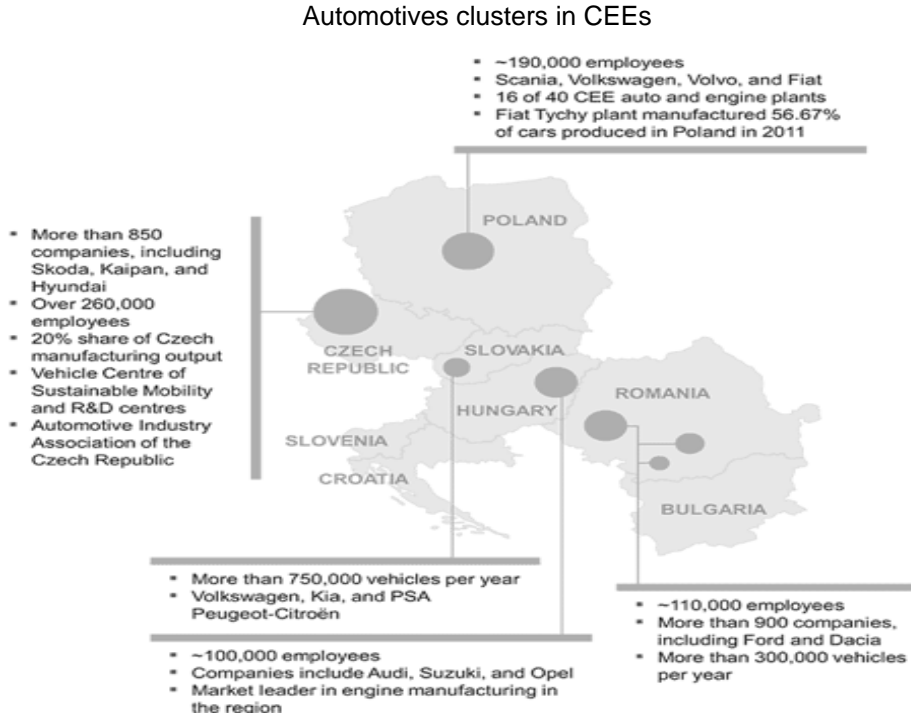
These strategies have a double impact: specialization of the new plants, increase intra-trade among the different location, trade between NMS and EU-15 (and other parts of the words). They also contribute to increase the regional value chain among assemblers, subcontractors from different tiers.

Table 3
Automobile Industry Overview, 2011

	<i>Production</i>		<i>Employment¹</i>		<i>Foreign direct investment²</i>	
	<i>In millions of EUR</i>	<i>In % of manufacturing</i>	<i>Persons</i>	<i>In % of manufacturing</i>	<i>In millions of EUR</i>	<i>In % of manufacturing</i>
Bulgaria	561.1	2.3	10,087	2.0	n.a.	n.a.
Czech Republic	31,647.8	22.4	138,575	13.1	8,091	27.4
Hungary	15,800.8	18.6	65,022	10.3	3,382	19.6 ³
Poland	26,669.1	11.2	146,685	6.7	7,456	15.3
Romania	9,046.0	14.9	116,156	10.4	2,838	16.3
Slovakia	16,435.8	28.5	50,998	13.2	2,425	18.6
Slovenia	2,598.5	11.7	12,837	6.8	201	7.6

Source: Hanzi-Weiss Doris, Robert Stehrer (2014).

Figure 2



3. The role of Balkan economies in regional and global production networks

As described in the previous Section, building on the existing production capacity prior to their accession to the EU, some Balkan countries have increasingly become an attractive location for leading producers from Western Europe, mainly France and Germany. The presence of foreign invested producers with a strong outward orientation made the region grow as an important actor within regional production networks, and sometimes also production networks spanning over regional borders to include non-European firms.

We document this by mapping the foreign presence in the region with firm-level data.

A total of 37 greenfield foreign direct investments (FDI) by Original Equipment Manufacturers (OEMs) were located in the Balkan area since 2003, mainly from other EU member countries (81%). The majority of FDI aimed at establishing production facilities (30), while the remaining for design and development labs. The bulk of investments is from France by Dacia and Renault, and the major host economy is Romania. It is interesting noticing that FDI by OEMs were followed by a massive colocation of suppliers, in number even more than OEM, with a total of 160 FDI (82% from EU, 105 of which in Romania), of which 151 for manufacturing purposes, the

remaining for logistics and for design and development, with Germany the main source country (66 FDI), mainly (42) in Romania. The region also hosts non-EU inward FDI, both by OEM and by suppliers mainly from the United States (Figure 3).

Figure 3

Inward automotive FDI



Source: authors' elaboration from FDImarkets (FT).

Inward FDI made the region grow as a production hub for western European firms. Increasing production capacity paved the way for increasing export-oriented production, as shown in Figure 4. The export data document very clearly the divergent trends of Slovenia and Romania as production location for French producer Renault. The production of high end cars in Slovenia suffered dramatically from a reduction in demand since the recent crisis, starting in 2008, while the range of entry programme including the Logan and Duster models in Romania.

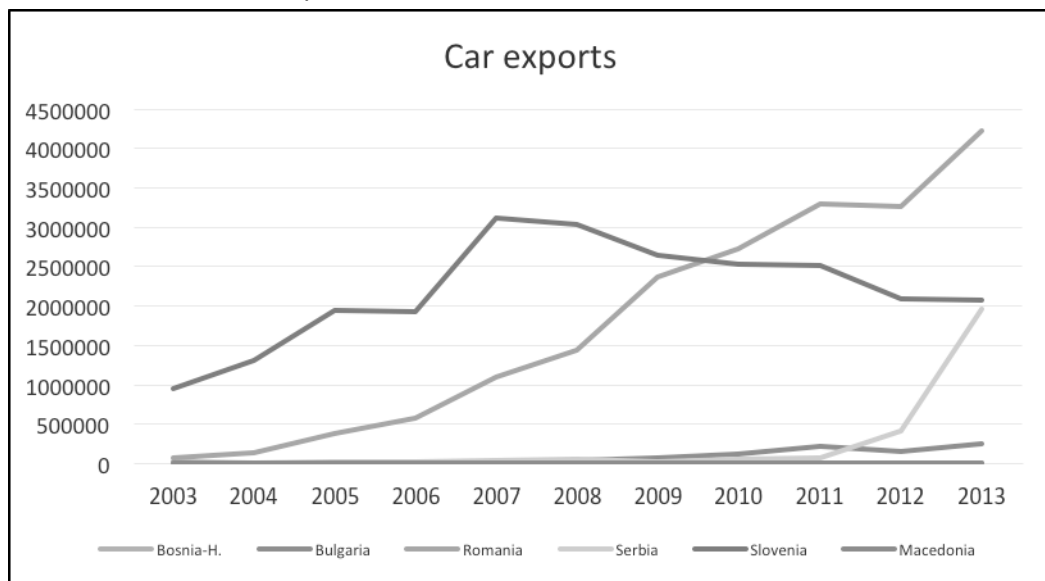
Main export markets for vehicles produced in the region are France and Germany, but also other less sophisticated markets in CEE, such as Hungary, Poland and Serbia, and non-European countries such as Algeria and Turkey. Although production data on a country basis are not comprehensive and reliable enough to establish sound comparisons, the data suggest that production for the domestic market is extremely limited (Table 5).

Besides being an increasingly important production hub for the Western European market and an export platform for vehicles destined to third markets, the region has also become an important supplier of parts and components (P&C) for passenger cars. The location of suppliers following the establishments of OEM plants paved the way for a P&C export market parallel to the final goods exports. When distinguishing among different P&C groups, different trends emerge in export flows. As regards

electric and electrical parts, Bulgaria and Slovenia are the major exporters; major export markets for Bulgaria are Germany and the Netherlands; for Slovenia are Germany and Poland (Figure 5). As regards engines and their parts, the most high tech P&C in auto production, Romania and Slovenia are the only active exporters, with 98% of exports from Romania to Germany (Figure 6).

Figure 4

Car exports from selected economies, 2003-2013



Source: authors' elaboration on UNComtrade.

Table 5

Major export markets (No. of passenger cars)

from:	Bulgaria	Romania	Serbia	Slovenia	Macedonia
to: Macedonia	25.5% France	17.7% Italy	63.9% France	29.6% Netherlands	94.5%
Turkey	23.5% Germany	13.0% USA	21.6% Germany	16.1% Serbia	2.2%
Serbia	13.7% Turkey	12.2% Germany	5.2% Serbia	13.1% Belgium	1.0%
Germany	12.2% Algeria	11.2% Poland	1.9% Italy	9.1% USA	0.3%
Georgia	9.9% Italy	8.0% Montenegro	1.6% Algeria	4.9% Bulgaria	0.2%
Romania	3.7% UK	6.8% Austria	1.4% Hungary	4.1% Germany	0.2%
total No.	31209 total No.	408158 total No.	160940 total No.	179895 total No.	1389
total production	total production	410959 total production	113878* total production	total production	total production
total value	243333021 total value	4208148363 total value	1946570865 total value	2063755587 total value	1364274

Figure 5

Electric and electrical parts exports

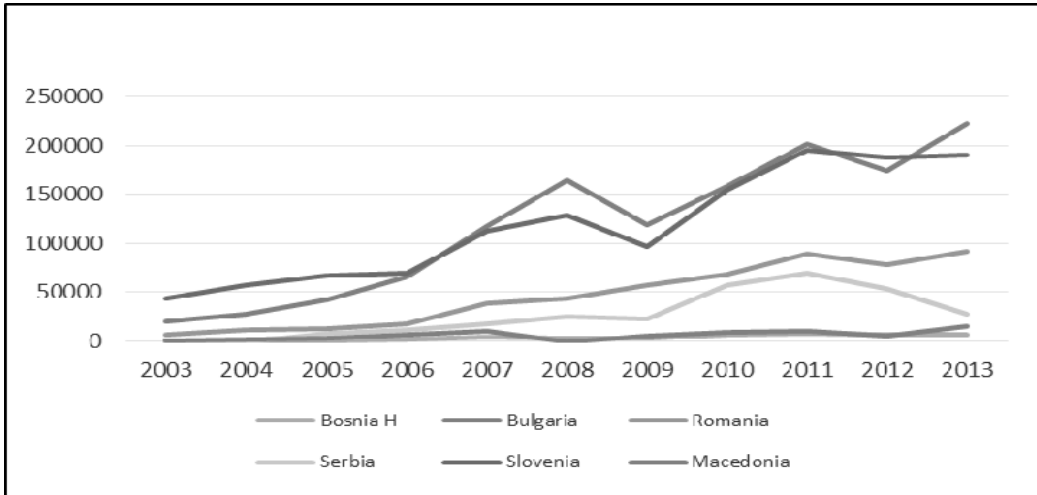
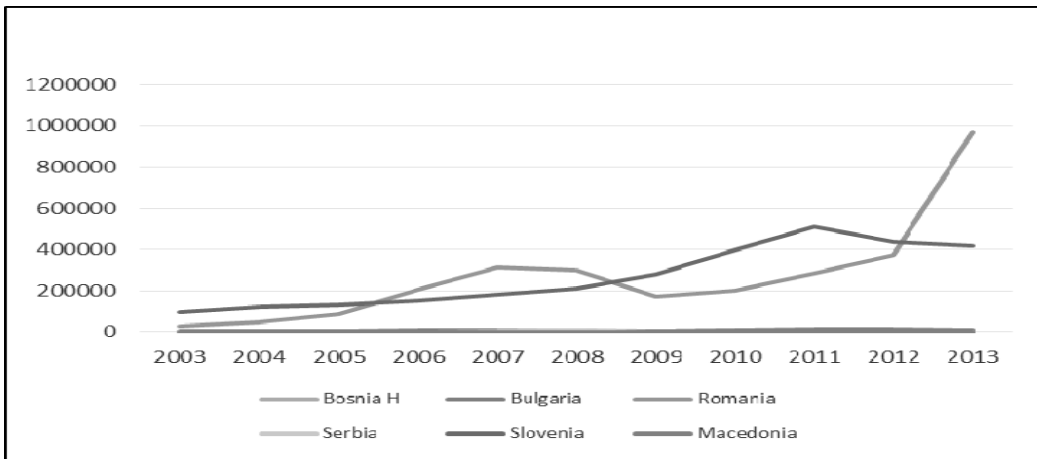


Figure 6

Engines and parts exports



4. The case of Romania, a core country in regional and global networks

In Section 3, the key role of Romania emerged in a clear way within global and regional value chains in the Balkans. Therefore, it seems now important to focus on this country in order to shed further light on the dynamics affecting this industry in the whole region.

Table 6 gives us relevant information about the foreign trade volume of vehicles involving Romania in 2013, and the geographical destination of exports. As expected, France represents the first export market, followed by Germany, Turkey, Algeria, Italy and the UK. This clearly shows the role of Romania as a regional export platform for the Euro-mediterranean macro-region. On the contrary, car imports are dominated by Germany, followed by the Czech Republic. This is due to the competitiveness of German carmakers, and in particular of the VW Group; Romania's import pattern is fully consistent with a regional horizon (see table 6)

However, we want to explore the vertical dimension of this key industry. Maps in figures 7 to 9 shed light on the production networks involving the automotive *filière*. They show the trade flows in 2013 from and to Romania, with the main geographical origins and destinations, for main components. It is interesting to note that they involve not only the EU, but also Turkey, Russia and several non European countries.

Three key auto components have been selected: engines and engine parts, electric and electrical parts, and rubber and metal parts. Romania is importing engine and engine parts mainly from Spain, Turkey and to a lesser extent France; while it is exporting these key components to Russia and Mexico. Electric parts are mainly imported from South Korea and China, and exported to France, Russia and Germany. Rubber and metal components give rise to intra-EU trade flows, within regional value chains, involving mainly Germany, Poland and France. What emerges is a complex network of macro-regional (European) and global value chains.

On the contrary, from the network perspective as shown by figures 7 to 9 the intra-Balkans integration of production seems weak in this industry. From the point of view of industrial and innovation policies, this means that opportunity of further integration and networking of production and innovation clusters exists within Balkans.

Table 6

Car exports from Romania, 2013			Car imports from Romania, 2013		
Destination	No. Vehicles	% on total exports	Destination	No. Vehicles	% on total exports
France	72151	17,7	Germany	16920	27,3
Germany	53119	13,0	Czech Republic	6289	10,2
Turkey	49900	12,2	Hungary	5170	8,3
Algeria	45851	11,2	Turkey	4102	6,6
Italy	32723	8,0	Spain	3959	6,4
UK	27848	6,8	Belgium	3870	6,3
Belgium	19894	4,9	France	3802	6,1
Spain	16833	4,1	Netherlands	2539	4,1
Poland	10712	2,6	Austria	2262	3,7
Ukraine	9909	2,4	Bulgaria	2132	3,4
Austria	8132	2,0	Slovakia	1995	3,2
Source: authors' elaboration on UNComtrade			Source: authors' elaboration on UNComtrade		

Figure 7 Romanian engine parts trade

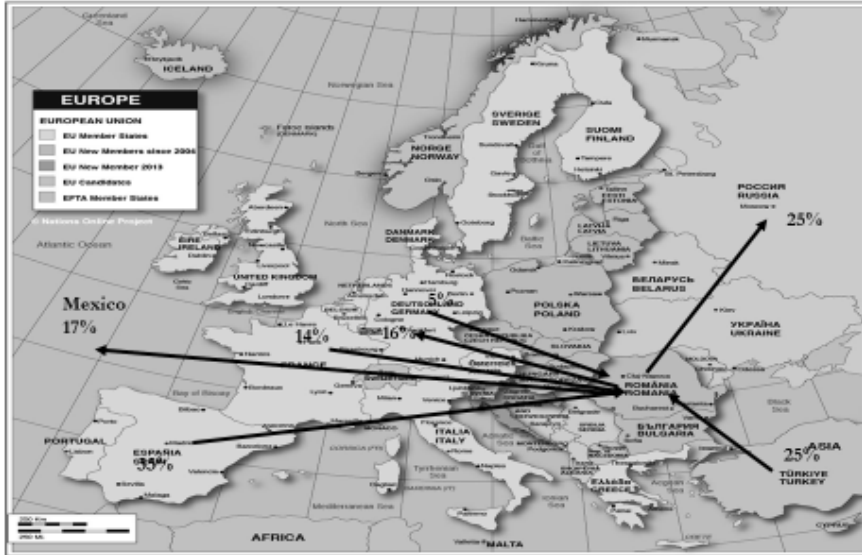
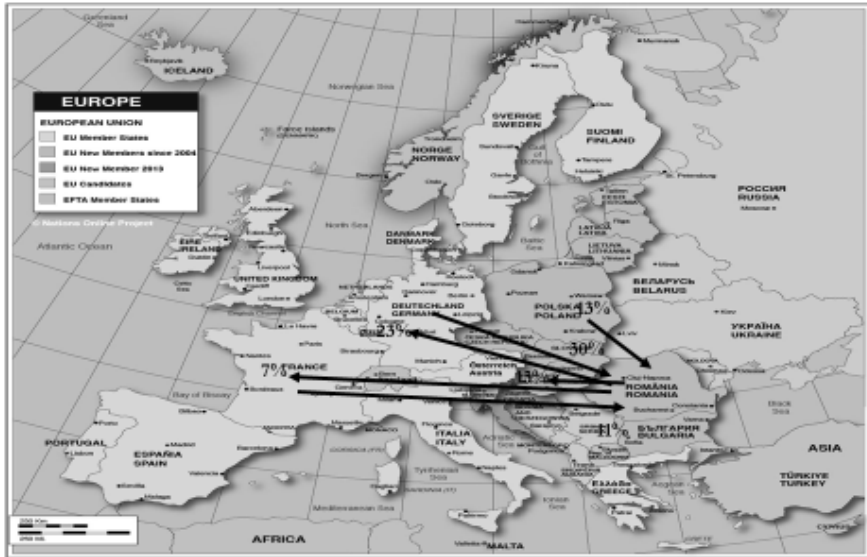


Figure 8 Romanian electric and electrical parts trade



Figure 9 Romanian rubber and metal parts trade



Adapting to the Romanian case the taxonomy of roles within production networks originally proposed by Gould and Fernandez (1989), and applied to the global automotive industry by Amighini and Gorgoni (2013), Romania may be defined in the following ways:

- an area Coordinator, importing and exporting auto parts within the European region: it is the case of low and medium-tech components;
- a Liaison, because importing and exporting medium and high-tech components from and to other regions, including Asia and Central America: it is the case of engines, which represent with transmissions a core sub-system or module;
- a peculiar case of Gatekeeper, that we could define as “Vertical Gatekeeper”: Romania imports various components from other regions, including China and South Korea, while exporting vehicles mainly to the European and Mediterranean region.

These networks as well as their evolution may be explained to a large extent by the trade flows activated by and within the Renault group, in particular by the Logan project, which started to produce in 2004, after the acquisition of the formerly State-owned Dacia company in 1999.

As a consequence, Romania became a major exporter of passenger vehicles, and to a growing extent an exporter of key components. It plays a role as an intermediate platform, with both regional and global connections.

Interesting enough, France, where the Renault's headquarters are located, is the first destination of Romanian vehicle exports, but not dominating the trade pattern of Romania. This is due to the fact that the Logan project evolved within few years from a domestic into a regional and finally into a global project, as we'll see below.

Following Balcer (2003), the trajectory of a foreign affiliate with integrated production in the automotive industry may be depicted as a two-stages cycle.

- a) In a first stage, the foreign affiliate typically is a net importer vis-à-vis the parent company, and independent suppliers in the home country, due to the imports of components, modular sub-systems, technology and services. Moreover, as a result, a trade balance deficit characterizes the destination country versus the investing one. This stage may last for 3 to 6 years after starting production,
- b) In a second stage, the full take-off and the subsequent growth of the foreign affiliate in terms of production capabilities, technology absorption and assimilation, and local content improvement, give rise to increasing export flows to the parent company, as well as to third countries. As a result, bilateral trade surpluses may be observed with the home country of the investing MNC.

This pattern was originally observed in the case of Fiat's subsidiary in Poland, Fiat Poland, during the 1990s and early 2000s. It was measured in terms of bilateral trade flows of vehicles and components, and trade balances between Italy and Poland. This case could be extended, as the observed pattern could apply to the more general case of automotive foreign affiliates integrated within a macro-regional or global production networks, and inserted in international value chains.

In the case of multi-domestic configurations, on the contrary, different trajectories may be expected: in particular, the trade balance of the foreign affiliate may be characterized by deficits persisting over time, due to the lasting imports of components and of vehicles not produced locally, and not compensated by export flows of locally produced vehicles.

Moreover, this approach was limited to the case of bilateral trade flows, generated by international FDIs between the investing and the receiving country. It did not take into account the flows involving third countries, within a macro-region or on a global scale. This limit may be overcome through a network analysis, focused on a given country or region. That's one of the reasons why we adopted this methodology, applying it to the Balkans.

4.1. The Logan project, an industrial success story based in Balkans

The Logan (or X90) project was launched in 1999 when Renault acquired a majority stake in the Romanian State-owned Dacia, while the production started in 2004 in the Pitesti factory. Logan represents an innovation trajectory and a success story, from several points of view: commercial, industrial, technological and organisational (Jullien, Lung and Midler, 2012). Trade policies issues were also involved.

In 2013, production in the Pitesti plant reached 343,000 vehicles, while 1,120,000 vehicles of the enlarged Logan family have been produced worldwide. These remarkable volumes created huge scale economies.

The sales performances of this family of products gave a decisive contribution to the Renault Group to recover from the global crisis after 2008. This remarkable performance, largely unexpected by the experts of the auto industry, contradicted the widespread opinion and conventional wisdom that focusing on the premium segment of this market, searching for “overquality”, was the only winning strategy. On the contrary, the “frugal” Logan models made Dacia and Renault able to realize not only huge volumes but also high profits. Sales performances were reached not only in emerging and transition countries, but also in segments of the Western European market. Both Renault and Nissan brands have been involved in the Logan project, beside Dacia, in several countries in Europe, Asia and Latin America. Over a decade, the original Logan family extended to new models, including Dacia Sandero (2008), developed jointly by R&D centres in France, Romania and Brazil, and Duster (2010), the third best selling SUV in the world in 2013. The Logan project itself evolved into an enlarged Renault Entry Programme.

Logan represented an industrial and technological ambitious target: to produce a low cost, good enough car, safe and with low maintenance and repair costs. This challenge required innovative product development, engineering and design, as well as a creative recombination of existing technologies and processes. The project's upstream phases were enhanced, to explore the feasibility of a so innovating product, while the downstream phases were characterized by rapid execution, due to the learning process. Finally, the project required 27 months, instead of 32 expected (Jullien, Lung and Midler, 2012, p. 94).

The take-off of this project therefore required to overcome several organizational challenges, including cultural inertia and hostility in the governance structure of the French corporation. Most top and intermediate managers in the early 2000s strongly opposed this project, considered as unrealistic and heterodox vis-à-vis the corporate accepted routines. However, the chairman of the Group of the time, Louis Schweitzer, supported the ad-hoc task force created in Romania, giving it a few resources but great freedom in innovating corporate routines. That allowed the team to find out creative solutions to the technical and cost challenges.

Logan was also a trajectory of multinational growth, moving in few years from an initial domestic (Romanian) perspective towards a strategic integration within a European macro-region, and finally towards a global configuration, including production locations

in Russia, India, Colombia, Iran, Brazil, South Africa and Morocco, beside the pilot plant in Romania.

As a consequence, we can observe both macro-regional and global production networks, interacting each other. The European-Mediterranean network is based on Romania and Morocco. In the last country, beside the existing plant located in Casablanca, a new greenfield factory located in Tanger started production in 2012. Its mission is to export to the whole Euro-Mediterranean region vehicles produced in the "Entry Platform", i.e. the Logan family of models enlarged to new versions and models.

The success of the Logan project was also related to a trade policy issue. The EU policies for immediate liberalization of the Romanian imports of used cars found opposition from both the Romanian government and the Renault Group, in the years immediately before and after the accession of Romania in the EU, in 2007. A bargaining process between Bucarest and Bruxelles followed, on a proposed delay in the pace of opening the domestic market. This gradualist transition avoided, during some crucial years, the disruption of the automotive domestic market, due to the massive import of used cars from Western European countries, that characterized most of the CEE countries, such as Poland, during the transition period. Therefore, the Romanian domestic demand was a key element of success in the early phase of launch of this product.

An interesting exercise for future research would consist in comparing the industrial and commercial trajectory of Logan, in the 2004 – 2014 period, with that of Fiat's Palio and Siena models in the 1995 – 2005 period. The interest of such an exercise derives from the fact that the starting idea was similar in the both cases: to produce and to commercialize a world car specially designed for developing and emerging countries, low cost but based on new technology. In Balcet (2004) this approach is defined in terms of "focused globalization". The question arising is why Fiat failed to reach the stated targets (i.e., one million vehicles sold worldwide), while Dacia-Renault was so successful in implementing the Logan project.

The success of the family of car models issued from Renault's Entry programme, including Logan, Sandero and Duster models, both in emerging and in mature markets, was a winning anti-crisis strategy for the French multinational group in the 2008-2014 period. It represents a deep innovation and a powerful counter-model vis-à-vis the dominant paradigm based on the idea of "premiumisation" (Jullien, Lung and Midler, 2012, pp. 226-229). It opened new perspectives and raised policy issues, questioning the dominant views.

Romania was involved in this industrial story in an early stage, as the location of the pilot factory where the brownfield FDI took place, and the innovative processes and products have been developed, in connection with the French R&D centre. Moreover, the domestic Romanian market played a crucial role in the take-off stage of the Logan models in the mid-2000s, notwithstanding the trade issues on the liberalization of imports of used cars. In a second stage, the role of the domestic market decreased and Romania increasingly became an export platform towards the European macro-region. Consistently, it played a role of "vertical gatekeeper" in the automotive global

value chains, importing components from outside the region, and exporting mainly towards Europe. At the same time, Romania was involved in intense two-ways trade flows of car components, both intra-European and with other regions.

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ECONOMIC CATCH-UP AND THE MIDDLE-INCOME TRAP: SOME LESSONS FOR WESTERN BALKANS ECONOMIES FROM THE EMERGING COUNTRIES EXPERIENCE

*Xavier Galiegue*¹

1. Introduction

Eastern and Southern Europe Emerging Economies, including Turkey and Maghreb countries, have experienced recently a catch up process towards more advanced economies, mainly grounded on the adoption and adaptation of prevailing techniques used in these economies. From this point of view the European Union experience, with its progressive enlargement to Southern, then Central and Eastern gives an insightful experience field. The technological catch up process that occurs during last 20 years has been widely documented in the different European Innovation Surveys (CIS1 to 4) and in the European Innovation Scoreboard (Innometrics, 2011). They showed how the latecomers in the European Union increased they Innovation Performance with low investment in R&D and more generally in Knowledge industries. Now other countries outside the Europeans Union are following the same way, especially countries from Western Balkans.

During the same period, emerging Asians countries knows a parallel impressive catch process, especially South Korea (Lee, 2013), in developing their manufacturing capacities. More precisely, these countries succeeded by implementing industrial policies that allows them to upgrade their competitiveness from low to middle, then upper middle and even high income countries in a relatively short period. On the contrary, other developing countries, after beginning their catch up process in joining the group of the middle income countries group, failed to continue this process and know a stagnation of their GDP growth, falling down into the « middle income trap » (Lee, 2013). This trap lies in their specialization in low technological level industries, and in their inability to upgrade their specialization in more advanced technologies.

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The aim of this paper is to address this issue from the point of view of Western Balkans economies. These economies are at a crossroad, with new opportunities coming from the proximity of the most advanced European countries, but also with the risk of falling down in the “Middle-Income Trap”. From a general standpoint they should develop and promote their own National Innovation Systems, as they already did it. But as this paper will try to prove, they should take account of two specific points that will interfere with their policy design.

First, lessons have to be taken from the experience of the former catch up countries, in designing their industrial policy (Lee, 2013). This industrial policy has promoted short cycle technologies that allow them to improve dramatically their international specialization in a short time. The adoption of these technologies is crucially linked to the accessibility of these countries to a foreign knowledge base, and of their ability to appropriate it.

A second important point is linked to the development of User Innovation, or Innovation by users (Gault and Von Hippel, 2009) that is a major source of Innovation Product and Process. As the process of technological diffusion is becoming more complex, it concerns not only its producers, but also its users (Von Hippel, 2005). That means innovation process needs to promote innovation users, who have the ability to modify an existing product or process, or to create a new use for it. This kind of innovation has been encouraged by the development of the Information and communication technologies, the most prominent example of this development being the experience of Free Open Source Software (FOSS), in advanced like in developing countries. While this kind of innovation appeared for a first time in the more advanced countries, it is a challenge that the middle-income countries will have to cope with. It is an important way to appropriate new technologies that these countries should promote, in order to adapt technologies. Promoting them is an important stake, as they will help to promote adapted technologies and leapfrogging innovation strategy.

The paper will in a first step present the European Experience in the field of Innovation, and detail the catch-up process that has been experienced over the last Twenty years, and the different factors that influenced it. In a second point, a comparison will be made with the experience of other catch-up process, more precisely of other middle-income countries, from South America and East Asia. The question of the “Middle-income trap” and of the way to escape it will be discussed. Lastly the issue of the development of Innovation users will be addressed.

2. The dynamics of Innovation and Technological catch up: some recent results

Countries from Eastern and Southern Europe has recently known a catch up process, that let them become upper middle- and for some high-income countries, but with different performances of their national Innovation systems.

2.1. The European Experience: a fast convergence process, with large disparities in Innovation performance

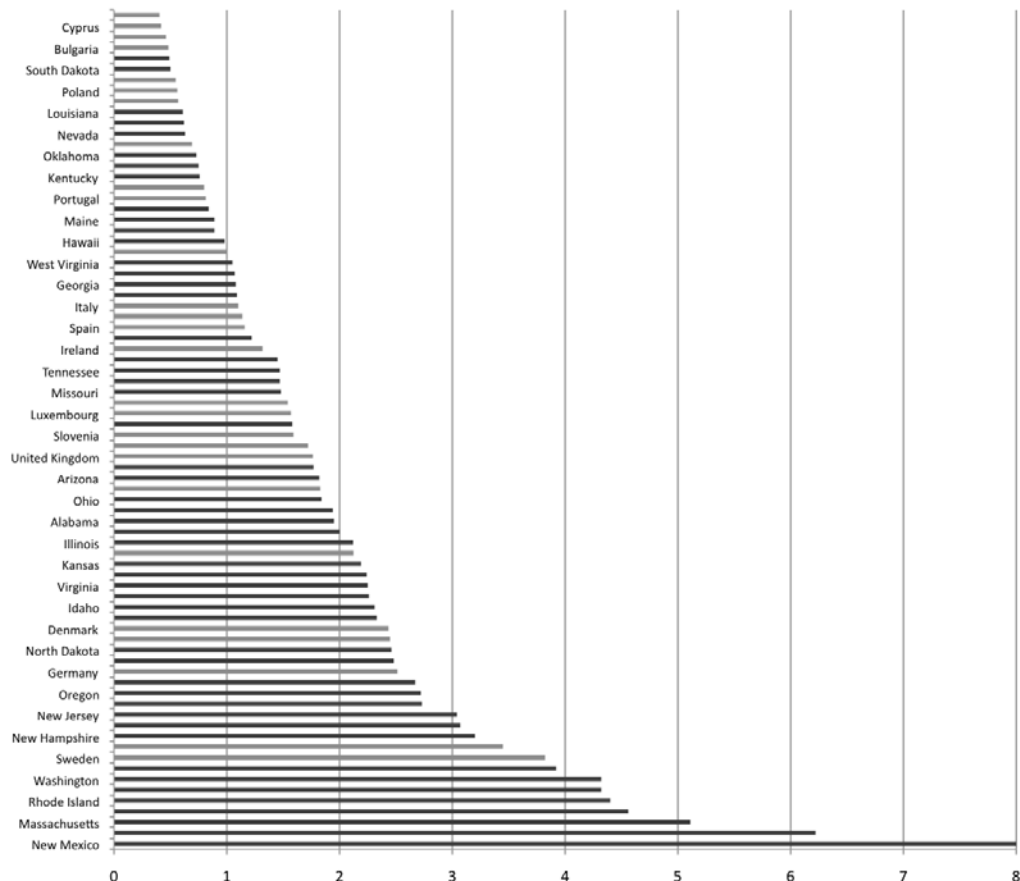
Over the past thirty years the European Union experienced an exceptional historical convergence process which concerned at first the Southern European countries, and after the Central and Oriental European countries. From this point of view the Lisboa Strategy aiming a ratio of 3% of the GDP devoted to R&D by 2010 was doomed to fail since the first millennium decade saw the integration of low RD level countries, lower than 0.5% of their GDP, which exert a negative effect on the aggregated data.

Comparing Europe to more homogeneous countries like Japan or USA is, from this point of view, nonsensical. The alleged R&D gap is decreasing when the European States performance in this field is detailed. It has been done by Van Pottelsberghe, who compared the R&D performance between the European and the American Federal states: if some "high tech" American federal states obtained far better result than the European ones, the ranking between the two geographical areas is quite mixed, for example the Scandinavian countries appear in the top group of this ranking. (Van Pottelsberghe, 2008). On the contrary, latecomers in the European Union, which shows very low level of R&D spending, are close in this field to some rural

The large disparities between European countries innovation performance are confirmed by the four CIS studies over the last ten years, and the European Innovation Scoreboard, now Innovation Union Scoreboard (IUS, Innometrics, 2011, see box 1). This Scoreboard ranks the European countries according to an index of Innovation Performance, build up from 29 indicators, in four main categories: innovation enablers, firm activities and innovation output, lead to a clustering in four groups, namely the innovation leaders, (dark green), the innovation followers (light green), the moderate innovators (yellow) and the modest innovators (previously catch up countries, orange). As it could be guess, this ranking is close, but not similar to that of R&D intensity. For example, Germany, with a R&D intensity close to that of France, belongs to the group of Innovation leaders, while France appears in a lower position in the innovation follower group. On the bottom of the innovation performance index it can be seen that some newcomers in the Europe Union are ranked in a better position that their R&D intensity let guess.

Figure 1

R&D intensity of US Federal States (2004) and EU Members States (2006)

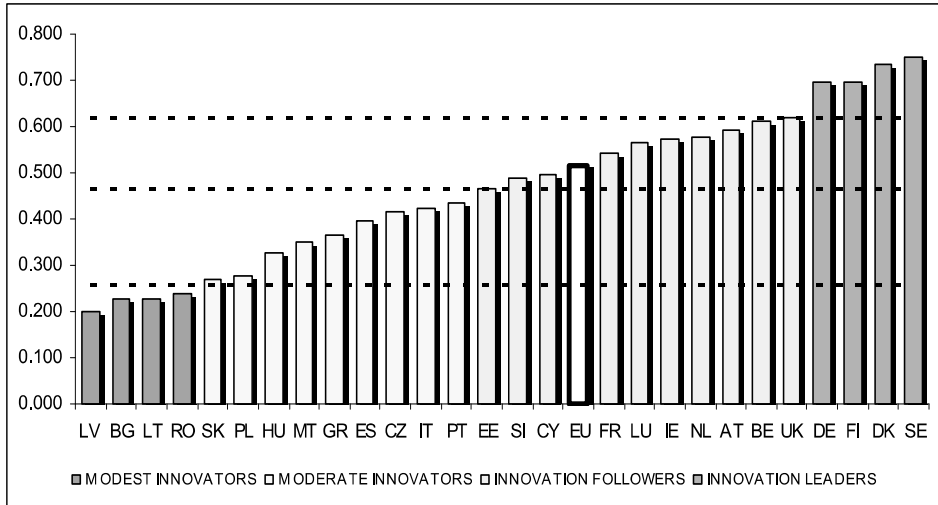


Source: Van Pottelberghe, 2008.

As one can check on the following figure, which plots the growth rate and level of each country innovation performance, a convergence process is in progress: level and growth rate are inversely related, with important divergences between countries in each group. For each category we can find countries with slow, moderate or fast growth. It is worthwhile to note that the largest disparities appear on the modest (round, orange) and moderate innovator (diamond shaped, light yellow) countries, which means that the performances of each national innovation systems are quite different. For example Hungary and Romania, which have close innovation performance level, show an important gap in their growth, in favour of the latter.

Figure 2

EU Member States Innovation Performance

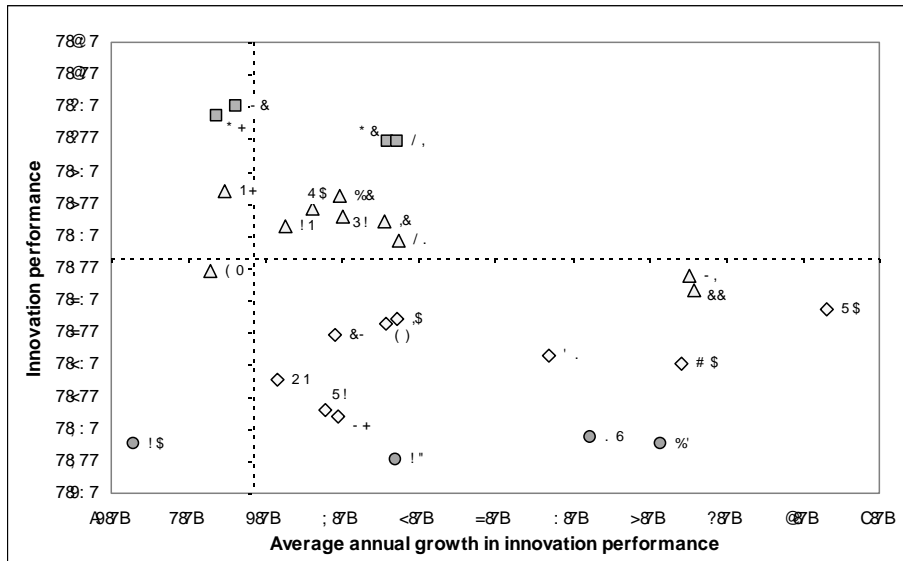


Note: Average performance is measured using a composite indicator building on data for 24 indicators going from a lowest possible performance of 0 to a maximum possible performance of 1. Average performance in 2010 reflects performance in 2008/2009 due to a lag in data availability.

The performance of Innovation leaders is 20% or more above that of the EU27; of Innovation followers it is less than 20% above but more than 10% below that of the EU27; of Moderate innovators it is less than 10% below but more than 50% below that of the EU27; and for Modest innovators it is below 50% that of the EU27.

Figure 3

Convergence in Innovation performance



Colour coding matches the groups of countries identified in Section 3.1. Average annual growth rates as calculated over a five-year period. The dotted lines show EU27 performance and growth.

Table 1

Innovation growth leaders

Group	Growth rate	Growth leaders	Moderate growers	Slow growers
Innovation leaders	1.6%	Finland (FI), Germany (DE)		Denmark (DK), Sweden (SE)
Innovation followers	2.6%	Estonia (EE), Slovenia (SI)	Austria (AT), Belgium (BE), France (FR), Ireland (IE), Luxembourg (LU), Netherlands (NL)	Cyprus (CY), United Kingdom (UK)
Moderate innovators	3.5%	Malta (MT), Portugal (PT)	Czech Republic (CZ), Greece (GR), Hungary (HU), Italy (IT), Poland (PL), Slovakia (SK), Spain (ES)	
Modest innovators	3.3%	Bulgaria (BG), Romania (RO)	Latvia (LV)	Lithuania (LT)

Average annual growth rates as calculated over a five-year period.

Source: Innovation Union Scoreboard 2010, Innometrics, 2011.

2.2. Innovation performance and catch up process

As we have seen, evaluating the performance of national innovation systems is not an easy thing to do. Some studies tried to evaluate the performance of the national innovation systems using CIS surveys, and their results converge with the Innovation Union Scoreboard. Edqvist and Zabala found that catch up countries perform better in process innovation rather than product innovation, and in services activities. (Edqvist et Zabala (2009)). Another study on the South, Central and Eastern Europe proves that the investment in the knowledge industries is weaker than in Western Europe, even when the sectoral structure of these countries is taken into account. (J. Meriküll, R. Eamets, U. Varblane, (2009)).

In the field of Innovation, the situation is comparable to that of macroeconomic convergence models: the relative performance of catch up countries is higher than that of more advanced countries (Edqvist et Hommen (2008)). With a low investment in knowledge activities, it is not surprising that they got a higher return than countries with higher input level in knowledge. A recent study on the efficiency of R&D spending carried out on European data confirms this point (Harfi et Mathieu (2009)). The authors rank the countries according to an efficiency index calculated according to a technical efficiency model that links the RD input to their innovation capacity. This capacity is measured by their ability to create new products for the market (product innovation), or for the enterprise (imitation): we can check that the performance ranking of countries doesn't fit their level of R&D investment. For example, Romania which invests less than 0,5% of its GDP in R&D is 5th in Innovation and 7th in imitation (on 17 countries) in technical efficiency term, as Poland and Estonia whose results are far better than their R&D investment let us guess.

Table 2

Tableau 2 : Mesure de l'efficience technique par pays

Pays	Effort de R&D en % du PIB	Imitation		Innovation		Global	
		%	Rang	%	Rang	%	Rang
Allemagne		68.91	3	67.54	4	74.30	2
France	Plus de 2%	66.40	10	67.83	3	72.06	4
Suède		69.59	1	69.48	1	74.50	1
Belgique	Compris entre 1,5 et 2%	64.57	13	62.33	12	70.12	12
Norvège		63.20	15	61.02	15	68.31	16
Pays-Bas		68.99	2	67.98	2	73.35	3
Espagne	Compris entre 1 et 1,5%	66.92	9	62.27	13	70.25	11
Italie		67.02	8	64.95	8	71.67	6
Tchéquie		67.42	6	64.79	9	71.32	7
Bulgarie		60.46	17	61.85	14	69.64	14
Estonie		64.93	12	65.56	5	70.78	10
Hongrie	Compris entre 1 et 0,5%	61.77	16	63.69	11	69.63	15
Lituanie		63.91	14	59.41	16	69.66	13
Pologne		68.21	4	65.38	6	71.31	8
Portugal		65.36	11	64.44	10	71.79	5
Chypre	Moins de 0,5%	67.21	7	51.39	17	64.86	17
Roumanie		67.71	5	65.08	7	71.22	9

Source: Harfi et Mathieu (2009).

Another recent research confirms these results, since in a rather more pessimistic manner (Veugelers, 2010). Using a large panel data over 24 countries from Central and Eastern Europe, the Caucasus and Central Asia (CEECCA) countries, it tries to test their ability to develop a knowledge based growth path or to have the potential to develop in the near future. All these CEECCA Countries can be clustered according to their ability to “buy”, or to “make” new technologies: it can be checked that some of modest innovators belongs rather to the first rather to the second category, while most of the newcomers in The European Union belongs to the category of Innovation active countries.

Studies carried out by Kuen Lee (Lee , 2013) leads to a more pessimistic conclusion: it shows that Middle income countries generally present low ratios of R&D, and that the relationship with the GDP per head is flat over a long variation range, as shown in the following figure. It means that the R&D Productivity know large disparities between countries, and moreover that these countries haven't any ability to rise these spending. Lee sees in this fact a main characteristics of the Middle Income Trap, which will be studied later.

Table 3

Ranking of the CEECCA Countries by Innovation Activities

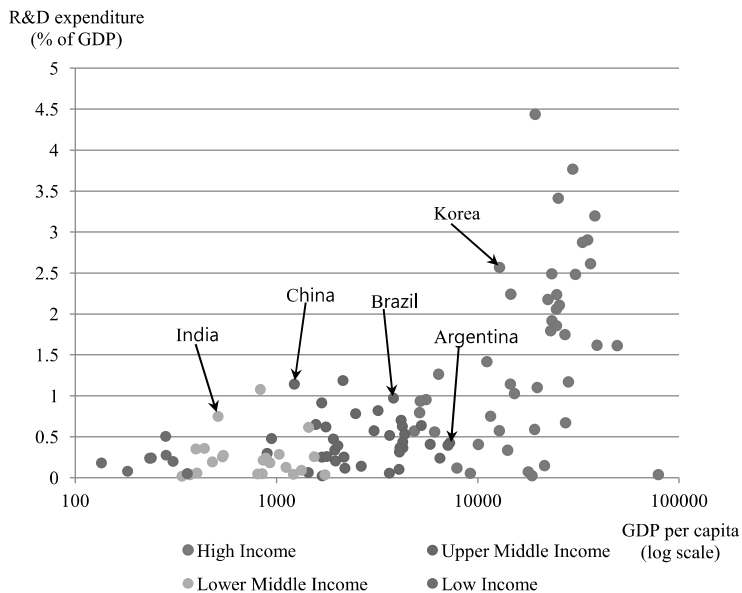
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Source: R. Veugelers, Assessing the potential for knowledge-based development in transition countries, Bruegel Working Paper 2010/01.

Figure 4

R&D Expenditures Ratios by Country Income Group



2.3. Some Lessons from the emerging countries experience

Studies of the developing national innovation systems are still at an early stage, mainly because of the lack of data, except the case of the industrialization of East Asia, which has been widely documented, especially in the Korean case (Kim, (1980) (1997) Shin (1996). Nevertheless, recent studies have been realized, using innovation surveys with the CIS methodology.

A first comprehensive survey have been made by Bogliacino and others (Bogliacino et alii, 2010), which covers Latin America, Eastern Asia, Central and Oriental Europe, Russia, and Africa. Despite some comparability and measurement problems, some main features appear. When compared with European Union firms, which are used as benchmark, developing innovating firms have a slightly lower innovation capacity, as measured by the part of turnover in new products. Even when these countries results are close to the European ones (like Eastern Asia), most of these innovations concern new products to the firms. When considering the means devoted to innovation the gap within the European Union is deepening, this gap being mainly measured by the share of R&D spending in GDP. We find the same characteristics observed within the European Union: disparities are more important in means than in results of the innovation. Indeed, these disparities are diminishing sharply on recent years: countries like China, Brazil or Turkey having figures that will allow them to belong to the group of moderate innovators in the EIS terms. More detailed results have been obtained by recent studies on the mediterranean countries (Marocco, Tunisia) (Rigas et Hatem, 2008, Ayadi., Rahmouni, Yildizoglu,2009), using innovation survey data. They prove that the main sources of innovation are external to the firms and to the countries themselves, and that the most innovative firms are working on both the domestic and foreign market, on the contrary of “purely” exporting or domestic firms which perform poorly in this field. Another recurring problem concerns the working of the national innovation systems, still in an infant stage: most of the firms don't know the existence of national innovation support schemes, and links between the universities and enterprises are still weak.

3. Some open questions: What kind of Industrial Specialization?

At first studied in a macroeconomic framework, the analysis of economic convergence and catch up had experienced recent advances, from a theoretical and an empirical point of view. It followed the tradition of historical works initiated by Gerschenkron (1962) and Abramovitz (1986), from the study of the XIXth century European experience to the contemporary experience of Asian emerging countries (Shin (1996), Chang (2002)). While convergence can be defined according to Fagerberg and Godinho (2005) as a trend toward a reduction in differences in productivity and income in the world, catch up is linked to the process by which a late-developing country narrows its gap income (“economic catch up”) and technological capability (“technological catch up”) vis-à-vis a leading country (Odragi and al (2010)).

3.1. Industrial Specialization and the “Middle-Income Trap”

Most industrialization policies has followed the same process: using their comparative advantages, developing countries begin to set up basic industries, using low skilled labor, and after try to upgrade this specialization once they got this comparative advantage in international Trade. This process allowed these countries to leave the categories of low income countries to the middle income group.

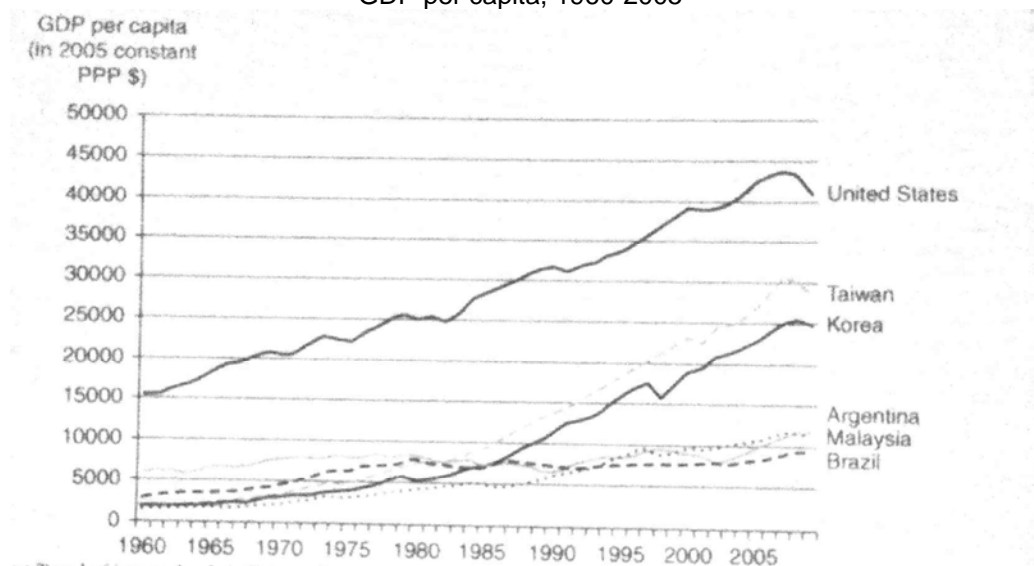
Studies made on the Asian experience, lead by Lee (2013) question this linear process, from two points of view.

The first is that last experience from the Asian countries proved that alongside the traditional “path following catch up process”, some countries has proved their ability to skip one or more steps of this process, in a “leapfrogging” strategy, or better in experiencing new stages in this process.

The second is that the linear process doesn’t drive a country following it to its last stage. Some countries could be blocked in a “middle income trap”: while they proved their ability to leave the lower income category to the middle income category, they could be unable to upgrade their performance and reach the highest category. Lee (2014, *ibid*) gives the example of Argentina and Brazil, on one side, and Korea and Taiwan, on the other side: after following the same growth path during in the 70’s and early 80’s, their GDP by head trajectories diverges dramatically during the 80 and 90’s.

Figure 5

GDP per capita, 1960-2005



1.1 Trend of income levels in Taiwan, Korea, Argentina, Malaysia, Brazil, and the USA. Source: Prepared by the author using data from World Bank.

According to Lee, this divergence is due to at first to a change in the industrialization strategy. He creates a typology in 3 categories, “Path Following” (A), “Path Skipping”(B) and “Path Creating” (C) catch up strategy (Table below).

The first strategy A, “Path Following”, seems the most natural to follow: it supposes that the country will progressively upgrade its capabilities, but it needs a long time to succeed. As it doesn’t require a high level of R&D activities, it is mainly dependant on simple technologies. So its success is largely dependant to the ability to increase this R&D expenditures and capabilities, even if they are not strictly necessary on a short term horizon.

The second and third Strategies have been followed by South Korea and Taiwan. The key of success of these strategies lies in the ability of these countries to develop “short cycle technologies”, mainly used in ICT technologies. On the contrary the middle income trap can be explained by the fact that middle income countries are generally failing in trying to develop “long cycle technologies” in the main industrial sectors. On the contrary, as short cycle technologies are changing permanently, they allow latecomers to enter more easily in these sector and to obtain competitive advantages.

Table 3

The three Patterns of technological Catch-up

Table 1: Three patterns of technological catch-up

Path of the Forerunner: stage A → stage B → stage C → stage D
1) Path-Following Catch-up: stage A → stage B → stage C → stage D ^a
2) Stage-skipping Catch-up (leapfrogging I): stage A → stage C → stage D ^b
3) Path-Creating Catch-up (leapfrogging II): stage A → stage B → stage C' → stage D' ^{c, d}

Source: Authors

Notes:

^a For example, consumer electronics in Korea during analogue era, PC, and machine tools

^b For example, engine development by Hyundai Motors; DRAM development by Samsung (Lee and ... , 2011), and digital telephone switch development by China (Wu and Lee, 2015)

^c For example, CDMA mobile phone, and digital TV (Lee, Huh & Song, 2005)

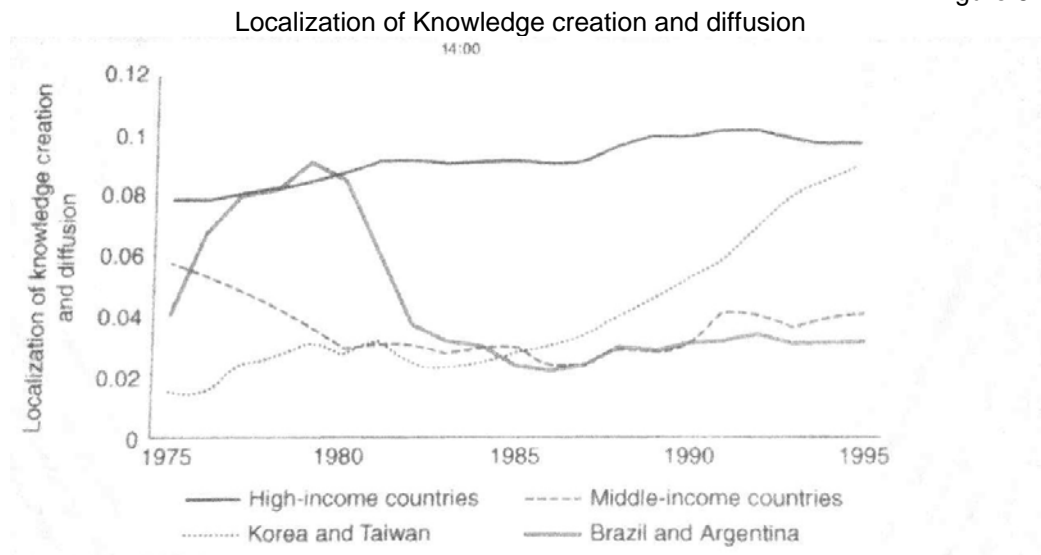
^d In stage C, the two technologies, C and C' represent alternative technologies.

Source: K. Lee (2013).

The question that has to be address is linked to the capabilities these strategies require. Such capabilities need at first for the country to have an access to a large knowledge base. Park and Lee (2006) defined the accessibility to this base by measuring the share of the citations by non-G7 country (typically, a middle-income country) held patents to G7-held patents out of the total citation in a class. This variable of accessibility is positively related to the speed of catch-up, measured by the patent growth rate, and to the level of technological capability (latecomer’ shares in each class of technology).

But access to a knowledge base is a necessary, not sufficient condition to a leapfrogging strategy. It needs also a localization and a concentration of knowledge creation in the country, as they are measured by the Jaffe et al (1993) patent index. In this field the Korea and Taiwan performance is impressive, while on the contrary Brazil and Argentina exhibit a sharp decrease in this index. This divergent evolution is due to the fact that specialization of the latter in long cycle technologies made them increasingly dependant from foreign technologies – mainly, technologies coming from High-income countries.

Figure 6

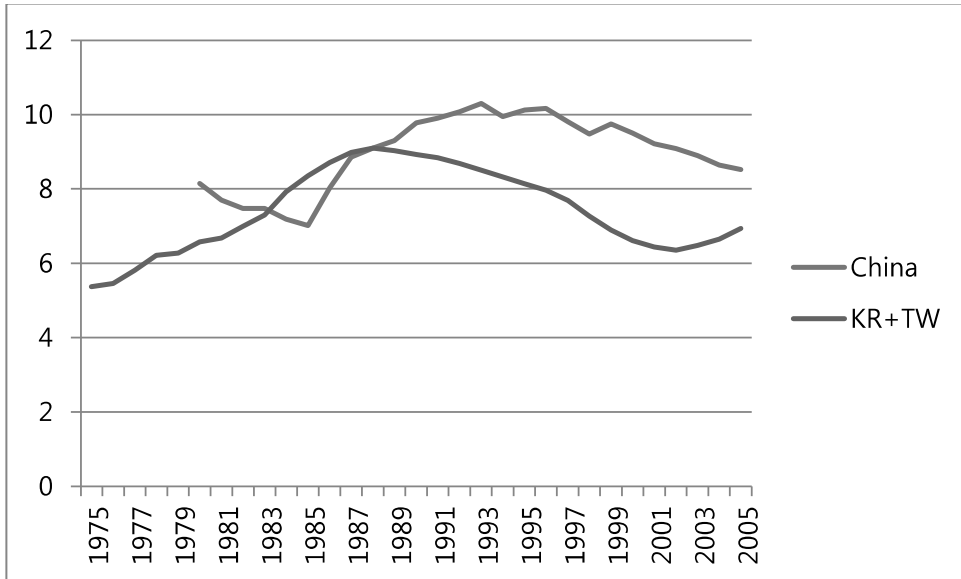


Source: Lee, (2013, p.74).

As we already said, the success of this strategy is highly depending on the choice of the industrial sectors to be promoted. Moving investment and industrial development to short cycle technologies is a crucial point. As rapid renewal of these technologies allows middle income countries to create their own knowledge base, and to localize knowledge creation on their territory. As the following figure shows, China should follow the same way, if it wants not to fall into the Middle Income trap.

Figure 8

Cycle Time of Technologies in US Patents by China, and Korea/ Taiwan



Source: K. Lee (2014), Possibility of a middle-income trap in China, *Frontiers of Economics in China*, forthcoming.

3.2. New channels for new national innovation systems?

Another issue is linked to the channel by which Innovation is created. Catch-up strategy depends on the ability of countries to adopt new technologies, to adapt them to their needs, and to promote their own national innovation system. So the working of national innovation systems depend crucially on the way they promote Innovation Users.

National Innovation systems needs to promote Innovation Users.

According to the pioneering approach of E. Von Hippel (2005), innovation process concerns, not only its producers, but more and more its users, who are a major source of innovation product and process (Von Hippel, 1998). The development of these innovations has been boosted by the Information and Communication techniques, but it raises one question. According to Von Hippel, (Von Hippel, 2005) it will help to democratize innovation, but it is a controversial point. In fact this new innovation pattern first appeared in the more advanced countries, with an important population of high skilled "lead users", fond of new technologies and able to master and transform them. Most of the recent works on Innovation users have been done in these countries, mainly in Canada (Gault et Von Hippel, (2009)), Nederland (de Jong and

Von Hippel (2008), de Jong and Von Hippel (2009)) and in Europe (Flowers, Sinozic, Patel, (2009). This last study, using the 2009 European Innovation Scoreboard is the most extensive ever. It draws a distinction between three kinds of Innovation users, named “User process Innovation”, “Innovation Product Innovation”, and “Involver Innovation”. While the first two cover the well-known categories of innovation, the third appears when a firm decides to associate its product users to the evolution of their product. According to this study, User innovation is more developed in large firms (more than 250 and 500 employees) than in small and medium sized firms, with a slightly prevalence in middle and high technology industries. All industries are evenly concerned by this kind of Innovation. When the comparison is done between countries, User innovation is more widespread in the innovation leaders, even if the observed disparities between countries categories are rather small. On the average, in the European Union, 30,3% of firms are User process innovators, 27% innovation product innovators, and 53,1% involver innovators, a higher proportion than observed on former studies, where it reach the average of 20% of the Innovative firms.

So the main results obtained in this field prove that the firms and countries that have the highest capability to produce innovation are the most able to use it. It shouldn't be surprising: it means that innovation production and use are more complementary than substitute. Flowers go so far as calling the innovation users as “super innovators”, which have to be promoted by innovation policies ²(Flowers and alii, op. cit., 2009).

How to improve the “Below the radar Innovation” (Kaplinsky et alii, 2010)?

For the middle-income countries, promoting innovation users is a key challenge. It is important to point out that if this issue has not been well studied in these countries, it does not mean it doesn't appear. In fact, the development of ITC in the traditional sectors like agriculture and fishing (Galiègue, 2009, Jensen, 2008) can be considered as an innovation User strategy, as in a broader sense most of the strategy of technological adoption/adaptation. Others facts and arguments can be used to support this idea. As Kaplinski and alii argue, innovation should be bend to meet the needs of developing and emerging countries, and become, according to their term, “ below the radar” (Kaplinski and alii, 2010). Firstly it is important to point out that the R&D expenditures of developing countries have reached significant levels: from 2% in 1990, they reached more than 20% in 2000 of the total world spending, if we count all the spending outside the Triad (Japan, USA, and Europe). So developing countries have already the technology capabilities and innovation capacity to change its pattern. A second important point is related to the change of localization of production: most of the world industrial production is now realized in developing countries, and their demand for adapted products and technology is rising. As the innovation capacity of developing countries has been created in major exporters of manufactured goods (China) or services (India), they need to follow the demand of the most growing demand potential, which is in other developing countries. As Kaplinski and others

² Let's point out that the first Free Open Source Software (FOSS) appeared in the community of computer “geeks” coming from University or computing company of the more advanced countries. Even the Ubuntu software, although born in Africa (South Africa), owes his success to its adoption in advanced countries.

claim that developing countries should accompany and accelerate this evolution, by promoting their own innovation systems. In another words, it is necessary to promote the production and use of innovation in these countries, in making their producers and consumers new lead users.

4. Conclusion

In this survey we state that, if a catch up process is well under way for the Eastern and Southern Europe Countries, it is basically because these countries have been able to develop their own technological and social capabilities, which allow them to adopt external technology at a low cost. But if these countries want to go further in the process of technological appropriation, they need to build up their own innovation system. These innovation systems should follow the way of countries that develop short cycle technologies, an easy way to create and localize their own knowledge base. Moreover, they should also promote innovation users, who will have the ability to find use of products adapted to the needs of their enterprises and population. It is one vital condition to upgrade their innovation performance, and help them to avoid to fall down into the “middle-income trap”.

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LABOR MIGRATION AND REMITTANCES IN SOUTH EAST EUROPEAN COUNTRIES: A SPECIAL FOCUS ON BULGARIA

Iskra Christova-Balkanska¹

Labour migration of South East European countries

The Southeastern European countries economic challenges and migration

Explanation and understanding of remittances is inextricably linked with the theoretical and practical development of the phenomenon of migration, which in the last 20 years has gained importance in Southeastern European countries. South East Europe has become is one of the most dependent regions on remittance inflows. The socio economic transformation in Bulgaria, Romania and in the other countries of Western Balkans changed considerably the attitude of a big part of the population towards emigration. In this regard, a number of factors have contributed, which generally stem from the sharp deterioration of the domestic political, economic and financial environment.

It must be underlined that people emigrate for a number of different reasons, but mostly these incentives are economic in nature. The outflow of skilled and less skilled people from South East European countries brings undoubtedly losses for all sectors of the economy. Obviously that stripped of their workforce important sectors of the national economy. However, many researchers pointed out the benefits of migration when it became evident that the rise of remittances made up a significant income for the families remained at the country of origin. Thus remittances constituted a significant cash flow, which contributed to overcome social and financial disturbances of a number of families.

The region of South-East Europe was characterized by emigration processes, as the percentage of the migrants hold an average share of 16.7% of the total population stock (for comparison the world's average is 2.9%). In the 90ies the wars forced people from ex-Yugoslavia to move towards countries, which appeared on the territory

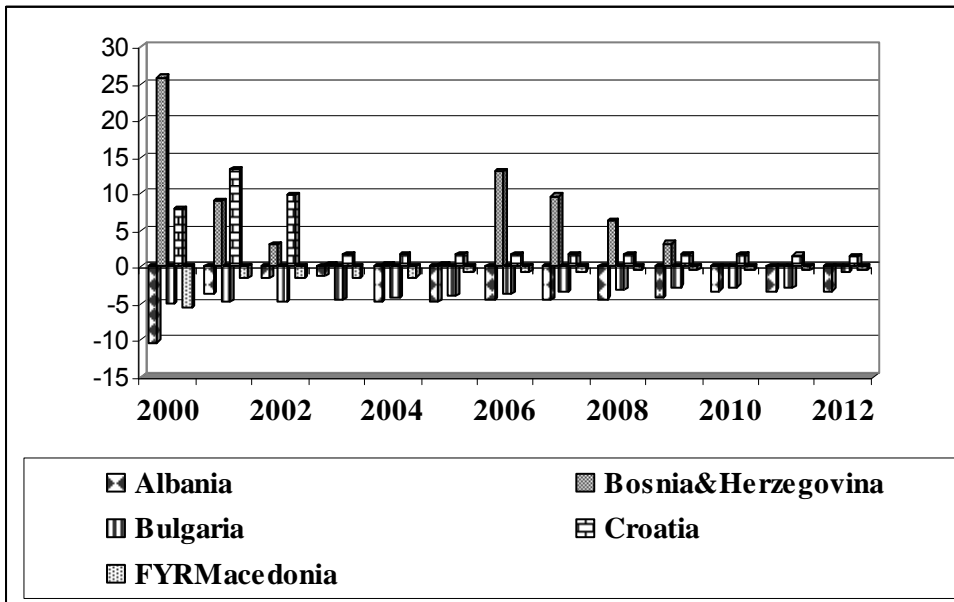
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of Western Balkans and in many cases they moved to other much more developed countries namely of Europe. The EU developed countries has become an important factor influencing and regulating emigration in its South East Europe countries. Many migrant-host countries expanded the number and type of migrants they received especially after the crisis. The people of the region was benefiting from the increased possibilities for mobility within the context of globalization.

Migration from SEE countries took place at two levels: both skilled and unskilled workers were going abroad. “There has been a steady movement of highly skilled, highly trained professionals, that was “elite” migration” (Orozco, 2000). The migrations flows were not only headed towards developed countries, but also to some new emerging countries like the oil-producing countries of Western Asia, where a demand for skilled workers had emerged since the 1970s.

While after 2000, the net migration of Bosnia&Herzegovina; Croatia was positive due to the mobility of the population from one country to another because of the wars, after 2008 this process stopped. The net migration was quite negative reflecting namely the important exodus of people from Albania, Bulgaria, Romania, and Croatia. Global migration flows from SEE countries may be greater than this estimates (figure 1).

Figure 1
Net migration of Albania, Bosnia&Herzegovina, Bulgaria, Croatia, FYR Macedonia (%)



Net migration – This entry includes the figure for the difference between the number of persons entering and leaving a country during the year per 1000 persons (based on midyear population).
Source: World Bank data.

The data showed that for Southeastern European countries emigration became a significant phenomenon. Significant emigration was noted from Romania and Bulgaria.

In the period of economic crisis and after, the expiry of people abroad remained a constant trend. However, emigration from Romania was 56.20% lower in 2012 compared with 2008. Over the same period, the exodus of people increased in Bulgaria. The census in 2011 showed that after 1992 Bulgaria had a net negative emigration (table 1).

Table 1

Emigration from Bulgaria (BG), Croatia (HR), Romania (RO) (number of people)

	2002	2004	2006	2007	2008	2009	2010	2011	2012
Bulgaria				2,958	2,112	19,039	27,708	9,517	16,615
Croatia	6,534	6,812	7,692	9,002	7,488			12,699	12,877
Romania					302,796	246,626	197,985	195,551	170,186

Source: Eurostat, National Statistical Institute.

The important exodus of people and their concentration in other more developed countries formed “new Diasporas”, i.e. immigrant groups that became Diasporas as a result of major contemporary economic and political transitions. In addition, families were increasingly becoming transnational with relatives living in more than one country, reuniting, visiting regularly, while maintaining a transnational network of communication (Faist, 2000). Moreover, the migration flows are no longer unidirectional. For example, Greeks no longer migrate only to Germany or the United States, while Albanians do not migrate only to Greece and Italy.

Bulgarian labour emigration – size and directions

Development of Bulgarian labour emigration can be hypothetically divided into three main periods with increase or decrease of this process. The first period of the new Bulgarian emigration waves starts after 1990 and continues till 2000. Due to the fast worsening of economic, financial and social environment, many Bulgarians, most of them highly qualified, went abroad to search for a better professional and life realization. In those years, 691 000 people have left the country. The main destinations of the emigrants were Germany, USA, Austria, Czech Republic and Canada. During the second period (2000-2007) a certain improvement occurred in the economic and social stance of Bulgaria. This influenced in reducing the rate of emigration. Data showed that after 2003 there was a tendency towards seasonal and not so much permanent emigration. The elimination of visas for Bulgarian citizens created opportunities for increasing the temporary mobility abroad of less qualified workers. Actually, seasonal short-term emigration became a longer one, since most of migrants found a permanent job. This factor had a strong impact on the forming of large Bulgarian Diasporas in many towns, particularly in Spain. According to World Bank, emigration of less qualified workers was 5.8% of the total number of emigrants left Bulgaria. According to the State Agency for the Bulgarians Abroad (SABA), over 1 million people were living abroad.

In the last 20 years, emigration caused 6% losses of the entire population and up to 10% loss of the active population. The high emigration from Bulgaria was accompanied with low birth rate, which added another 12% to the losses of the entire

Bulgarian population during the last 20 years (OECD, 2012). However, if we follow the statistics of the recipient countries, the actual number of Bulgarians abroad is higher. The economic and debt crisis in Greece, Italy, Spain, has led to a decrease of incomes of the Bulgarian emigrants. Some of them have been dismissed. However, this chain of circumstances does not encourage them to return to Bulgaria (Christova-Balkanska, 2010).

Theoretical models explaining incentives for migration

The international migration adjusted the economic environment of the country, through attracting immigrants from countries with lower revenues. New technologies in the developed countries employed highly qualified specialists from abroad, because they acquired better working conditions, career and remuneration opportunities. In times of economic activity the developed countries needed staff of lower education degree too. The labor of the immigrants gave rise to the general welfare in the recipient country, increased incomes and had a positive impact on economic growth. The immigrants came with their traditions, culture and understanding to the host country, thus they changed economic and social environment, enhancing diversity in recipient countries.

Theories try to explain how migration and remittances affect macro and micro economic development of recipient countries. There is no single theory widely accepted by economists. Migration phenomena along with foreign direct investment (FDI) are the second major manifestation of globalization. Researches on migration are interdisciplinary, encompassing anthropology, political science, and history (Brettel and Holifield, 2007).

Incentives for migration were often explained by a basic push-and-pull model. Economic conditions, demographic pressures, unemployment were “push factors” in the countries of origin and they were working in coordination with higher wages, demand for labour, and family reunification – the “pull factors” in the migration receiving countries.

A group of factors explained incentives for migration, as following:

- Economic and social factors. Higher wages improved standard of living in the recipient country, unemployment and poor governance in the country of origin, personal or professional willings for development, necessity of basic health and education facilities.
- Political factors: Political conflicts, insecurity, violence, lack of safety and security, corruption, human rights in the country of origin.

Social and cultural factors: Discrimination based on ethnicity, family reunification diaspora migration, others.

The most important of current theories explaining the development of international migration was the neoclassical economics theory. It arose from the theoretical model

explaining internal labour migration in the face of economic development. (Harris and Todaro, 1970) Theories from the neoclassical economic school focused on differentials in wages and employment conditions between countries, and they try to evaluate the migration costs which were included in the movement of individuals abroad for the increase of their incomes.

Many of these factors have had an impact on incentives for migration of people in South East European countries. Some of them were more important than others. For SEECs 5 political factors and insecurity have been an important push factor. The motives for emigration of Bulgarian and Romanian population were mostly of economical and social nature. The main causes of labour migration were differences in wages between a sending country and a receiving country. Emigration from South Eastern countries was influenced by labour market mechanisms.

Economic concepts of remittances flows and their importance for South east European countries

Remittances in Southeastern European countries

Remittances represent household income from foreign economies arising mainly from the temporary or permanent movement of people to those economies.² Remittances are private transfers sent by migrants and received by family or relatives to be used for private consumption, saved or invested in health, education (social investment), real estate and small businesses. "They largely consist of funds and noncash items sent or given by individuals who have migrated to a new economy and become residents there, and the net compensation of border, seasonal, or other short-term workers who are employed in an economy in which they are not resident." (IMF). In 2012, globally recorded remittance flows to developing countries surpassed USD 400 billion, which is nearly three times the size of global official aid and almost as large as total foreign direct investments (FDI) (World Bank, 2012). Migrants' interests in sending remittances are context-specific, e.g. they vary from region to region and from country to country.

The Western Balkan countries and Bulgaria and Romania became one of the most relevant remittances' recipient regions in the world. The main reasons for the rise of the volume of monetary flows to the countries of origin is the increased emigration coming from the South East European region. The most important recipients of remittances are almost all Southeast European countries and in particular Romania, Albania, Serbia, Bosnia and Herzegovina, FYR Macedonia. Among the countries of the Black sea region Moldova is the country where almost 40% of the GDP is formed by remittances inflows.

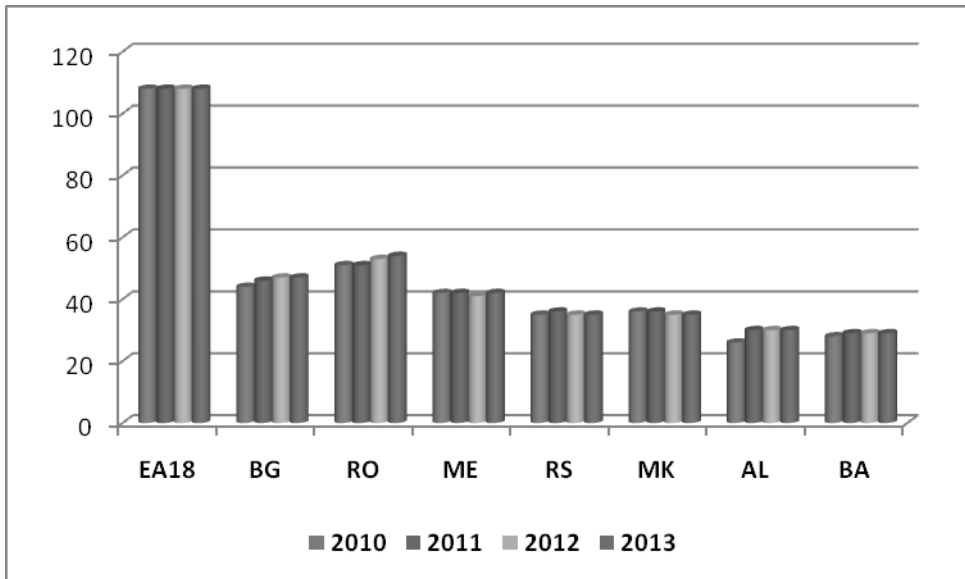
² The balance of payments accounts definitions of remittances are somewhat broader than those resulting from movement of persons, because they are not based on the concepts of migration, employment, or family relationships (IMF).

The motives for sending remittances are mainly economically determined, as well as the strong family ties which the emigrant population still maintains with the country of origin. They are sent to the relatives of immigrants for the coverage of various needs. According IMF (CESEE Rei Spring. 2014) host country per capita GDP is one of the most important factor driving remittances. The impact of host country GDP per capita is about 2 times larger than GDP per capita of the home country.

As it was shown (figure 2) GDP per capita in PPS for Romania was clustered around 50% below the EU average. The price levels are lower than the EU average. They are even lower in Montenegro, Bosnia Herzegovina, Serbia, Bulgaria, Albania and in FYR Macedonia.

Figure 2

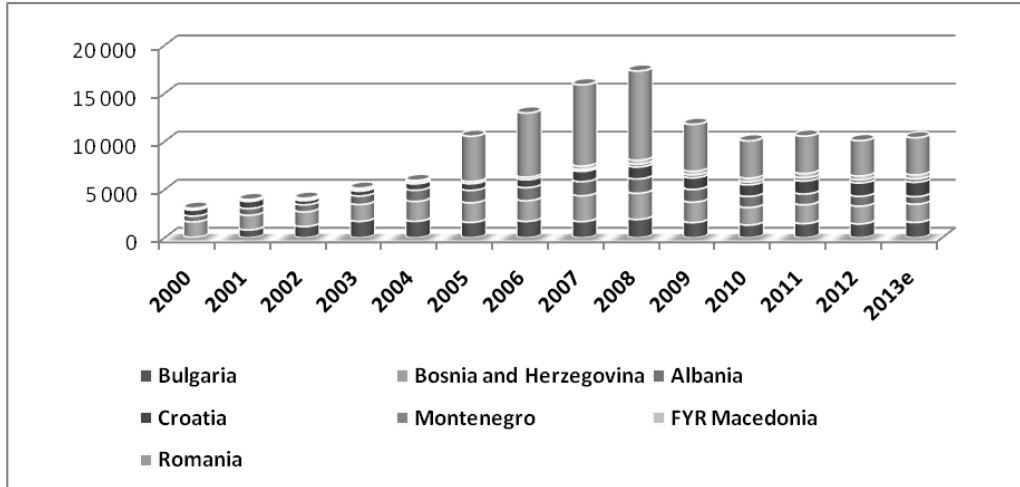
GDP per capita in PPS, EC-28 = 100, for Croatia (HR), Montenegro (ME), FYR Macedonia (MK), Albania (AL), Bosnia and Herzegovina (BA), Serbia (RS), Bulgaria (BG), Romania (RO), EU-18 (in 2010, 2011, 2012, 2013)



According the World Bank data, the total sum of remittances in Bulgaria, Bosnia & Herzegovina, Albania, Croatia, Montenegro, FYR Macedonia, and Romania for 2000-2013 amounted to USD 132.166 billions. Remittance flows to Romania were the largest in Southeastern European countries in relation of the population. This impressive expansion of remittances was due to migration over the past years and to the lowered cost of sending remittances. The countries of the Western Balkans (Bosnia and Herzegovina, Albania, Serbia, Macedonia, Moldova and Croatia) were placed among the main countries of emigration and receivers of remittances, measured as percentage of their total population. As for Western Balkan countries, where remittances represented a significant share of the GDP, they were a source for financing economic growth. In Bosnia and Herzegovina remittances exceeded 10% of GDP (table 2).

Figure 3

Remittances in Bulgaria, Bosnia and Herzegovina, Albania, Croatia, Montenegro FYR Macedonia and Romania 2000-2013 (million USD)



Source: World Bank data.

Table 2

Remittances as a share of GDP in 2008 and 2013 (%)

	Albania	Bosnia and Herzegovina	Bulgaria	Croatia	Macedonia	Montenegro	Serbia	Romania
2008	12.2	14.8	5.3	2.3	4.3		11.1	4.7
2013	6.2	10.6	3.1	2.6	3.7	8.2	7.5	1.9

Source: World bank data.

The level of remittances sent to Southeastern European countries were influenced by the economic crisis in Europe (2007-2008). Between 2007 and 2012, the location of migrant's Diaspora appears to have been important for the stability of remittances' receipts. In 2012, in Bosnia & Herzegovina, Albania, and Serbia remittances exceeded 5% of GDP. In Serbia, remittances remained relatively resilient, as growth and employment in the main host countries – Germany, Switzerland, Austria for Serbia – held up well economically. By contrast, in Albania, in Bosnia, (and Moldova) remittances' receipts fell sharply, as host countries – Italy, Greece, Croatia, struggled with economic crisis and the sovereign debt crisis. A sharp decrease of remittances was reported in Moldova (with 21.4%), in Romania (with 14.7%), in Bulgaria (with 5%) between 2008 and 2009 (Bartlett, Prica, 2011). Remittances may have been a negative factor accelerating the sharp deterioration of the GDP of high depending of remittances South East European countries during the economic crisis. In 2013, Bosnia & Herzegovina, Albania, and Serbia stood out with high shares of remittance income as a share of GDP (table 2).

Channels of transmitting money

Remittances flows are transmitted through formal and informal channels. Formal channels include banks, money transfer organizations (MTOs), micro finance organizations and postal houses. Migrants' preference in the use of these channels varies according to total transfer costs, security, speed, and access. A significant proportion of the remittances flows sent to SEECs 5 and SEEEEC 3 are not registered, since they are transmitted through informal channels. Cultural and cost factors also affect the use of informal channels. Sending remittances with co-ethnics help to strengthen social relations with friends, family and local communities.

Estimates of informal flows to Serbia ranged from 50 to 80% from all remittances in the country. In Albania, 81% of remitters used informal channels (Gedeshi, 2002), in Moldova – 42% (EBRD) to 50%. Additional reasons behind the use of informal channels were high costs, lack of legal documentation for formal transactions by remittance sender migrants, and inadequate money transfer infrastructure in some countries. Reported remittances arguably underestimate dependence on the Diaspora, as the distinction between remittances and labor income was often unclear.

Impact of remittances on the economies of South East European countries

The increasing inflows of money transfer from labour migration to their country of origin had a significant impact on economic development, as it was underlined in international economic organizations' studies, namely FMI, World Bank, OECD and others.³ With respect to financial markets, recent studies showed that remittances may promote domestic financial development (Demirgüç-Kunt et al., 2011) and financial liberalisation (Beine et al., 2012). Many studies pointed to the positive effects of remittances on the local economy of the recipient countries, at both a micro level (Adams and Cuecuecha, 2009) and a macro level (Giuliano and Ruiz-Arranz, 2009). Research contributions have been made in the field of the impact of remittances on the balance of payments, the investment position, the consumption and the welfare of households, since the remittances' inflows in the country of origin revealed to be important.

For Southeastern countries remittances become a crucial and growing source of external financing. In general remittances inflows were mainly sent for the daily needs of the family like buying food, cloths. They are also used for health facilities, or to make payments for educations. Those financial flows were used for purchase of durables, land and real estate or even for starting a small business. However,

³ The total amounts of remittances inflows (compensation of employees, workers' remittances and migrant transfers), or of current transfers, net (defined in accordance with the balance of payments (BOP) definition), is one of the most important items of the balance of payments, and they largely contribute into providing sustainable balance of payments, especially for covering the deficits in the foreign trade (BOP Manual).

migrants' interests in sending remittances are complicated and specific. They vary sensibly from region to region and from country to country.

In the post-crisis period, remittances sent to relatives, like an additional personal funding have had an impact on smoothing consumption and increasing money supply. The impact of remittances on domestic demand and finance were growing since they circulate widely throughout the receiving economy, as a sizable part of effective demand and as a financial lever for production and trade. It could be supposed, that the increased remittances have probably reduced the pressure on labor market and decreased unemployment in the country of origin.

From the point of view of the immigrant, buying land, a house (or building one) is an investment. These are assets that could potentially increase in value and whose services might provide a rent, while also reduce risks associated with need of liquidity or a loan collateral. In fact, remittances were channeled by market forces and could alter private finance.

In the home country, remittances support national household consumption, but they also represent an important source of foreign exchange. Thus they can improve a country's current account and stabilize the balance of payments. In South east European countries, net remittances made a substantial contribution to balance the negative current account balance during the economic crisis. Without remittances, the current account deficit recorded by Romania in 2009 would have been 55% higher. Remittances' inflows in 2009 had an effect on reducing the current account deficit by almost 4 times in Moldova, 2 times in Serbia, and almost 2 times in Albania. (Eurostat). With the exception of Croatia, in all of these countries the amount of remittance inflows were an important inflow of money, covering the deficit in the current account of the balance of payments. It was also possible that remittances were mostly spent on imports. If remittances were spent mostly on imports, they can deepen the trade deficits. Even in that case, it was clear that such deficits would be financed by remittances' inflows would not pose a threat to balance of payments stability.

Like an important source of foreign exchange, remittances have an impact on exchange rates and price levels. "Exchange rates are crucial in determining price levels, and exchange rate movements consequently often have a big impact on the development of price levels over time." (Eurostat). In fact, several of the major price level changes observed between 2010 and 2013 in the countries of South east Europe and Central European countries could be partly explained by fluctuations of country's currencies against the euro. In 2013, the national currencies of Serbia and Hungary depreciated against the euro. In Bulgaria, the currency board could not work through the exchange rate changes, but through the changes in the money supply, which lead to interest rate changes, which, in turn, encourage funds to move between the

domestic currency and the euro (“anchor” currency).⁴ Remittances’ inflows accounted like net inflows of currency in the country, contributed to cover deficits in the current account of the balance of payments and were strengthening the foreign exchange position of the country.

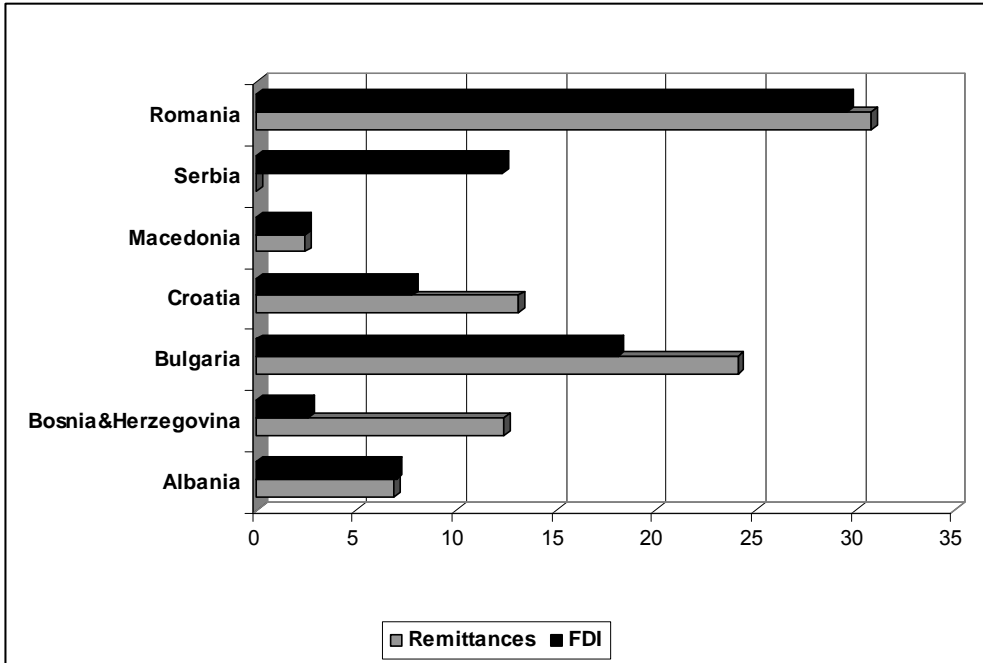
Remittances appeared to lead to a significant real exchange rate appreciation (Karpowicz, 2006). By appreciating the domestic currency, they make export less competitive. The currency board in Bulgaria prevents taking into consideration the inherent trends of the probable increase in the exchange rate of the national currency and thus assessing the lower competitiveness of the domestic goods and services. The best approach to understand the importance of remittances would be to compare them with other sources of external financing, such as FDIs, portfolio investments and official aid for development. For some South east European countries remittances’ inflows represented an important source of external financing, even more than FDI.

Even in Romania and Bulgaria remittances as a source of external funding have been higher than FDIs in recent years. Only in Albania they have been approximately at equal level. For the first time after 2 decades, at the end of 2013, remittances were being replaced by FDIs in Albanian economy. In 2012, FDI in Albania amounted per months faster than remittances. FDIs in Albania grew by 61% in 2013. In other Western Balkan’s countries (Bosnia and Herzegovina, Macedonia, Serbia) remittances were significantly larger than other types of capital inflows (figure 4). This was in line with international experience, which confirmed the rule that poorer and smaller countries received relatively larger remittances in relation of their population. Inflows of portfolio investments were negligible by size and numbers, indicating the high level of under development of the stock exchange markets in those countries.

For countries of the Western Balkans remittances have grown faster than the foreign official aid and the inflow of private capital flows. Remittances in Bosnia and Herzegovina were much more efficient than foreign aid, because they represented direct transfers of money to households, many of which were impoverished or indebted. Thus, remittances may have a significant impact on poverty reduction and a source for the increase of the well being of number of households.

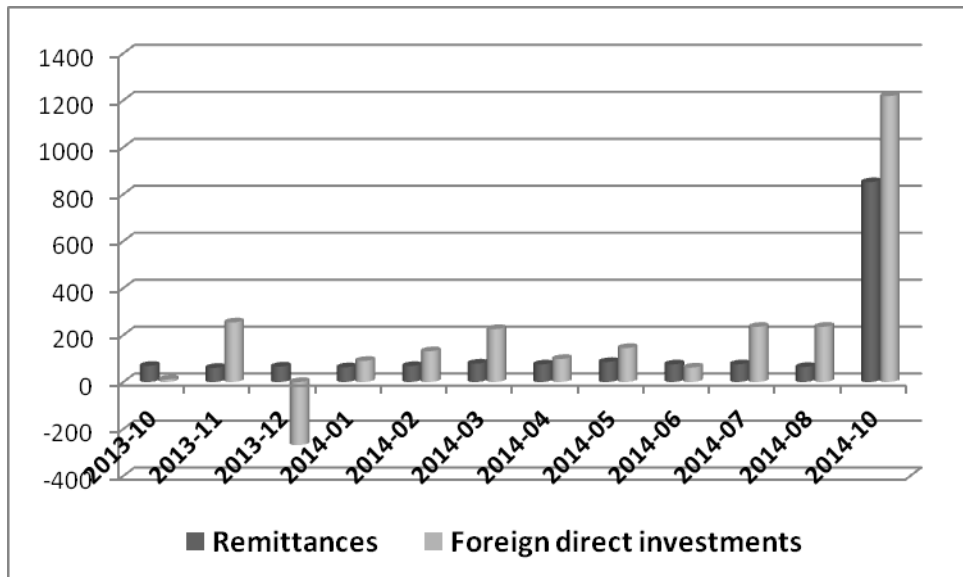
⁴ This is essentially the same mechanism that operates under a fixed exchange rate, but the exchange rate guarantee implied in the currency board rules ensures that the necessary interest rate changes and the attendant costs for the economy will be comparatively lower. But currency boards can prove limiting, especially for countries that have weak banking systems or are open to economic shocks. However with a currency board arrangement, it is not possible to use financial policies, the adjustments of domestic interest or exchange rates to stimulate the economy. Instead, economic adjustment can be achieved only through wage and price adjustments, which can be both slower and more painful.

Figure 4
Remittances, FDI net inflows. Cumulated amounts 2008-2013 (billion USD)



Source: World Bank data, BNB.

Figure 5
Remittances of Bulgarians, living permanently abroad and FDI in Bulgaria, Monthly data (October 2010 – October 2014) (millions EUR)



Source: BNB.

Remittances in Bulgaria have been used to purchase real estates, accounted as FDIs. In the years after the crisis FDIs in Bulgaria showed much greater volatility than the remittances (figure 5). Remittances in Bulgaria were a more reliable source of foreign currency inflows than FDIs. Remittances were a main source of financing for households and a tool that powered the weak consumption in Bulgaria.

With a few exceptions, there are not many papers which have been analysed the negative impact of remittances' inflows in South east Europe. There are critics who claimed that remittances represented exposure to volatile capital flows, which had long been known to be a source of vulnerability for many emerging economies. Some economies in SEECs depend more on income transfers than on capital inflows, in particular remittances from their Diaspora. Policies at national level must be implemented in order to orient remittances for investments in real economy.

From a medium-term point of view, the expected future remittances' inflows were associated with one of the most important characteristics of the remittances – sustainability. Many practical experiences and numerous examples showed that unlike private capital flows, the remittances were mainly stable and even contra cyclical (Frankel, 2009). There were many factors that determined the degree of remittances sustainability in medium-term. Some of the most commonly mentioned factors were: sustainability of the migration flows; the nature of the migration – temporary or permanent; individual migration or family migration; the economic situation of the country of origin; the economic situation in the host country.

The sustainability of remittances was usually connected with the number of new emigrants in the host countries. Sustainability implies also an inverse relationship between migrants' duration of stay in the host countries and the level of remittances sent back home. Therefore, the degree of sustainability of the remittances depended on the level of inflows of new migrants from the country of origin. After the crisis, the remittance flows in Southeast Europe remained at the same level the last few years or they increased at a slower pace than before. Main factors laid behind this and namely the increased unemployment rate, the deterioration of economic and social situation and the newly introduced emigration rules in the host countries.

On the other hand, despite banking crisis in Europe, credit crunch and lack of liquidity remittances sent to South east European countries continued to be resilient. Countries have started to find different ways of using the remittances' inflows. Many countries have started, or are considering issuance of diaspora bonds or securitization of future remittance inflows. South East European countries should consider introducing these new methods of borrowing external funds with lower interest rates.

According to the World bank, there were several factors that needed to be fulfilled prior to the issuance of diaspora bonds, or securitization. First, countries still have little knowledge about the resources of their diaspora. Second, diaspora investors must have confidence in the government of their home country, which is not often the case. Third, there is a limited knowledge about this financing vehicle. Forth, remittances data are scarce and do not encompass the informal channels.

Conclusion

Emigration as a strategy of searching job opportunities and a better life has been a continuous phenomenon in all South East European countries, and it has left its imprints on societies on many levels. At the labour levels, workers will continue to relocate because of labour demands, usually in developed countries and economic distress in their home countries, or a combination of both. Because of globalization, people are able to travel longer distances and reach more countries. A greater number of countries have also increased or expanded their demand for foreign labour. As costs decline because of increased travel, globalization is further affected by migration.

In the years after the economic crisis, from the South east European countries the emigration of highly qualified workers increases. Even people with own business are forced to make a similar decision, because of their negative psychological impact towards the economic, social and institutional environment in their home country and the unbelief that the situation could improve in a visible future. It is indicative that in 2013, 600 doctors have left Bulgaria, and in 2014 – 400 (Bulgarian Medical Association).

Remittances in South east European countries revealed to be an important source for financing for many households in the countries under consideration. They increased proportionally with the enlargement of migrants' Diaspora abroad. They are financial vehicles against poverty and indebtedness of a part of the population. Remittances generated additional monetary inflows that might have an impact on national income, internal demand and investments, as they could modify balance of payments positions.

Besides monetary gains, remittances were associated with greater human development outcomes across a number of areas such as health and education. There were also positive spillover effects, with some of the expenditures and investments made by remittance-receiving households accruing to the country. Despite that remittances were the most tangible and least controversial link between migration and development, relationships between migration, remittances and social development is far from being clear and the empirical evidence shows that this issue is rather complex (Rangelova, 2012). Governments must maximize the positive impact of remittances by making them less costly and more productive for the country of origin. One of the main questions is whether economic policies can channel remittances more effectively towards economic development.

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COMPARATIVE STUDY OF THE INVESTMENT FLOWS IN BULGARIA BEFORE AND AFTER THE CRISIS

*Silvia Trifonova¹
Atanas Atanassov²*

Introduction

The key objective of the paper is to analyze the dynamics of Bulgaria's investment flows before and after the global financial and economic crisis. The motivation of this study is based on the fact that the investment was the final use component most strongly affected by the crisis in Bulgaria. The global financial crisis impacted all economic sectors in the country, hitting consumer and business confidence and eroding export opportunities and capital inflows.

According to its main objective, first, the study is focused on the impact of the crisis on Bulgaria's investment capital flows and more broadly on the whole economy. The period of time covered in the paper comprises 12 years (2002-2013). It is characterized by a rapidly changing external environment. In the study FDI are analyzed during two periods – pre-crisis and post-crisis. Second, an empirical study of the overall GDP and the investment flows in Bulgaria is made. This analysis is also distinguished in two sub-periods – before and after the crisis. Third, a research of the key factors determining the dynamics of Bulgaria's investment flows and the GDP by its components is made.

The methodology used in the paper consists of econometric analysis, comparative study, critical analysis, descriptive approach. In order to reveal and assess the impact of the global financial crisis on Bulgarian economy the empirical study of the GDP and investment capital flows is based on the following 2 sub-periods: 1) Pre-crisis period 2002-2008; 2) Post-crisis period 2009-2013. Data bases of the National Statistical Institute (NSI) are used – seasonally adjusted data, 2010 base-year prices, 3-monthly basis. Chow test is applied in order to test the presence of a structural break. In this

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case the structural break takes the form of the global financial and economic crisis which significantly impacted the Bulgarian economy.

The rest of the paper is organized in the following manner: Section 1 is devoted to the literature review. Section 2 represents an analysis of the FDI flows in Bulgaria before and after the global financial crisis. Section 3 describes how Bulgaria has entered the global financial crisis and what the effects from the crisis are. Section 4 represents an empirical study of Bulgaria's investment capital flows and the country's GDP by its components before, during and after the crisis. The paper concludes with summarizing the results from the study.

1. Literature review

A common understanding is that foreign investment helps improve the balance of payments, spurs the structural adjustment of enterprises, provides a package of financial capital, technology, managerial skills, jobs opportunities, information, good and services that can make an economy more competitive in the world market place (Petranov, 2003; Krifa-Schneider and Matei, 2010). The advantages of FDI for transition economies have been widely acknowledged. FDI is an important source of financing for transition economies as it helps to cover the current account deficit, fiscal deficit (in case of privatization-related FDI), and supplements inadequate domestic resources to finance both ownership change and capital formation. Compared with other financing options FDI also facilitates transfer of technology, know-how and skills, and helps local enterprises to expand into foreign markets (Krkoska, 2001, p. 1). That's why FDI is supposed an engine of the growth for countries, especially for developing and transition economies that face liquidity constraints.

A broad range of literature exists on FDI and its determinants and effects. It can be divided into following main groups: (a) studies of the determinants of FDI; (b) analyses of the impact of FDI on the economy from both a macroeconomic point of view (growth and trade performance) and a microeconomic angle (restructuring and enterprise performance); (c) research on the impact of the global financial crisis on FDI flows; (d) analyses of Bulgaria's investment climate and FDI flows.

A consensus has already emerged on the key determinants of FDI in transition countries (Lankes and Venables, 1996; Barrell and Pain, 1999; Bevan and Estrin, 2000; Bevan, Estrin and Meyer, 2004; Resmini, 2000; Kinoshita and Campos, 2001; EBRD, 2001; Hallward-Driemeir, 2003; Bénassy-Quéré, Coupet and Mayer, 2007; Busse and Hefeker, 2007; Demekas, Horvath, Ribakova and Wu, 2007; Demirbag, Glaister, and Tatoglu, 2007; Du and Tao, 2008; Kostevc, Redek and Susjan, 2007; Aterido and Hallward-Driemeir, 2007; Ali, Fiess and MacDonald, 2010, among others). These factors include domestic and potential export market size, gravity factors, natural resources endowment, skills endowment, unit labor costs, progress in transition reforms, economic and political stability, good institutions, etc.

The positive impact of FDI on economic performance and enterprise restructuring has also been relatively well established. It is analyzed by Borensztein et al. (1998), Markusen (1998), Markusen and Venables (1999), Markusen (2002), Repkine and Walsh (1998), EBRD (2000, 2001), Konings (2000) and Lizal and Svejnar (2001), Krifa-Schneider and Matei (2010), among others. It should be highlighted the trend of trade reorientation to the EU, which is in turn a major source of FDI for Central and Eastern Europe (CEE).

The impact of the global financial and economic crisis on FDI flows has been shown in a number of studies. They are devoted to the performance of all main FDI components during the crisis. Such are the analyses of Sauvant (2008), Van Aaken and Kurtz (2009), Kekic (2009), Alfaro and Chen (2010), Sauvant, Maschek, and McAllister (2010), Yackee (2010), Poulsen (2010), Mamata (2011), Poulsen and Hufbauer (2011), UNCTAD (2009a, 2009b, 2010, 2011, 2012, 2013), World Bank (2009, 2014), Baldwin (2010), IMF (2010), Carp (2012), and so on.

A broad range of country analyses on FDI exists in the literature. Such are the studies of Jun and Singh (1996), Dollar and Hallward-Driemeir (2000), Henisz (2000), Fabry and Zeghini (2002), Dollar, Hallward-Driemeir and Mengistae (2002), Hallward-Driemeir, Wallsten and Xu (2003) Dollar, Hallward-Driemeir and Mengistate (2006), Busse and Hefeker (2007), Krifa and Baudouin (2008), Du, Lu and Tao (2008), Kinda (2010), Zaman and Goschin (2012), and so on.

The favorable impact of FDI on Bulgarian economy has also been relatively well established. It is analyzed by Petranov (2003), Christova-Balkanska (2005, 2009, 2011, 2012), Stattev (2009), Stattev and Raleva (2006), Nedelcheva-Grigorova (2007a,b), Radulova (2011), Panusheff (2011), Mateev and Tsekov (2012), Tsaneva (2013), Zlateva (2014), and so on. The investment growth in Bulgaria in the context of the country's catching-up process with the other European economies has been also analyzed by Figuet and Nenovsky (2006).

2. FDI flows in Bulgarian economy before and after the global financial crisis

Macroeconomic imbalances, we are witnessing now in Bulgaria were accumulated during the years of rapid economic growth, coinciding with the country's accession to the European Union (EU) since January 1, 2007. As in many other transition economies, pre-crisis growth in Bulgaria was boosted by large and ultimately unsustainable inflows of foreign direct investments (FDI). In the recent years FDI has been distinguished as a key source of financing for Bulgaria. In fact, all Bulgarian governments so far have proclaimed the attraction of FDI as one of the key policy goals on their programmes.

Although Bulgaria is the poorest of the EU-27 member states today, the low GDP base has allowed for robust real GDP growth rates between 2000 and 2008 (Bozhilova, 2010, p. 4). Bulgarian economy reported high growth rates since 2000 up to the global financial crisis like other European economies. Bulgaria's accession in

the EU has been followed by a period of strong economic growth (Buch and Piazzolo, 2001). Relatively high economic growth was observed in both new and old EU member states. Unfortunately, these good times were not used for consolidation of public finance (Scandinavian countries, Luxembourg, Estonia and Bulgaria excluded). The Stability and Growth Pact (SGP) and its new version were systemically violated. Instead of cutting budget deficits as a result of strong budget revenues and reducing government debts, the decentralized fiscal policies of the EU member states did not reflect the upward economic trend. Most EU countries had excessive budget deficits for shorter or longer periods (up to 3% of GDP), including the EU leaders – Germany, France and United Kingdom – debt over 80%; Italy – over 100%. Often the overall budget deficit of the Euro area countries was higher than the EU budget deficit – the new member states had more responsible fiscal policy. In fact, the Maastricht fiscal criterion was fulfilled by only a few countries.

In contrast to other EU member states, the fiscal policy of Bulgaria was much more adequate to the economic cycle. It was used as an instrument to counteract the economy's overheating. This overheating was accumulated in the pre-crisis period mainly as a result of substantial inward FDI flows – totally Euro 25 billion during the period 2005-2008. FDI inflows contributed to the strong economic growth and reduced Bulgaria's needs of external financing. FDI inward flows were mainly in production, construction and real estate business during the period 2005-2008. Key preconditions for this trend are the following: a) the sustained macroeconomic stability, improved investment climate and accelerated privatization efforts in the country; (b) the economy's potential for higher return due to the cheap labor force; c) very good tourism potential of Bulgaria; d) the lower country risk due to the EU membership; (e) the catching-up process of Bulgaria. This trend was also supported by the low interest rates in advanced economies which prompted investors to seek higher yields elsewhere. As a result, emerging European countries (as well as Central Asian countries) have received significant capital inflows. The current account deficit in Bulgaria was entirely financed by FDI capital flows. A relatively big part of the FDI inflows in the country resulted from the privatization process. This trend was mainly observed during the period up to 2002. This was a natural tendency reported by all transition economies. Most privatization studies in these countries have pointed to a strong correlation between revenues from privatization and cumulative FDI inflows (EBRD, 2001).

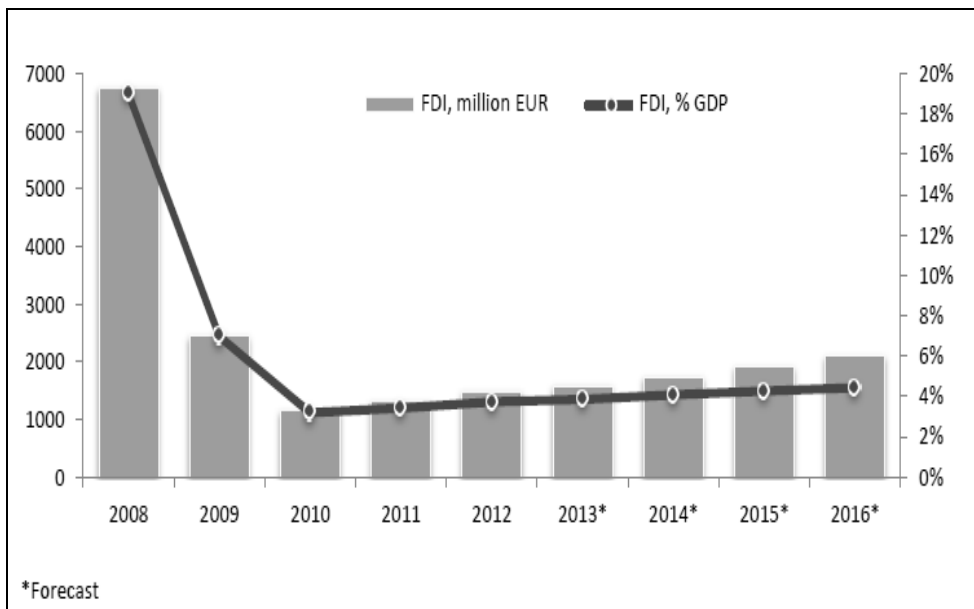
The significant amount of accumulated FDI, as well as the rising share of loans obtained from parent companies, reduced the risk of rapid capital outflow, often related to portfolio investment and lending to third countries. FDI capital inflows were crucially important for certain Bulgarian economic sectors' development – mainly production and tourism. Construction and real estate business increased the country's potential for tourism and enabled Bulgaria to increase its share in the world market of touristic services. However, the negative effects from the large incoming FDI flows were associated with the economy's overheating, an increase of the country's external obligations and a rise of the fixed asset prices. Economic sectors not attracted significant FDI, including education and health, proved a crucial need of reform. These sectors, which present foreign investors do not pay attention, can also be beneficial for competitiveness and overall development of the country.

The global financial and economic downturn had a severe effect on the economy of Bulgaria. The impact of the crisis most clearly has been observed since the second half of 2008. Declining export sales and revenues and increasing unemployment hit industries serving the domestic market. Domestic demand was constrained by static incomes, growing unemployment, relatively high price of borrowing and weaker FDI (BNB, 2010, p. 11). As the EBRD notes, on the basis of a survey made in transition economies, the respondents who stated that the crisis had affected their household “a great deal” or “a fair amount” was particularly high in EU countries such as Bulgaria, as well as Hungary, Latvia and Romania (EBRD, 2013, p. 16).

The crisis triggered a sharp reduction in FDI flows in Bulgaria. All main FDI components have been negatively affected since the emergence of the crisis. As a cumulative result of three main factors – (a) projected GDP growth rates, (b) the lack of exposure to the direct impact of the defaulting market instruments, (c) experience as a new EU member state with strong economic growth, the overall economic contraction in 2009 and 2010 was first projected at lower rates than in many of the remaining EU member states (Buch and Piazzolo, 2001). The shortage of liquidity on the financial market was increasing since the majority of foreign owned banks tightened up their lending criteria to the private sector. This exacerbated the rise of the private debt in Bulgaria, already spurred on by the commodity bubble after the country’s accession into the EU. The shortage of liquidity on the market intensified by the sharp withdrawal of FDI where Bulgaria had become one of the most FDI reliable economies in Central and Eastern Europe (CEE) in 2009 (Bozhilova, 2010, p. 3).

Figure 1

Bulgaria's FDI dynamics



Source: Ministry of Finance of the Republic of Bulgaria.

Foreign investors refocused their investments to other economic sectors. Energy sector in Bulgaria, including renewable energy sources (RES) has become the sector attracting the largest FDI during the period 2010-2013. The incoming FDI flows in energy sector increased up to 25%. Manufacturing attracted 17% of investment flows, relatively constant were FDI flows in transportation and telecommunications (17%) and in financial intermediation (18%). Substantial FDI inflows reported in telecommunications, financial and other business services (advertisement, marketing and so on), which are main interim products, played an indirect role for increasing the external competitiveness of the country. FDI flows in construction sector (8%) were also retained after the crisis – during the period 2010-2013. Investments were related mostly with the development of infrastructure.

According to the Ministry of Finance, Bulgaria's FDI are expected to remain at lower levels compared to the pre-crisis period and to increase to 4.4% of GDP in 2016, thus providing a full coverage of the current account deficit (Ministry of Finance, 2013, p. 20). At the same time, as a result of the comparatively high liquidity maintained by banks, in the medium term no large financial inflows in the sector are expected.

3. Key macroeconomic trends in Bulgaria – during the pre-crisis and post-crisis period

During the pre-crisis period 2005-2008 Bulgaria recorded consecutive budget surpluses of 3% or over 3% on cash basis. Bulgaria was constantly among the first EU member states in prudent fiscal policy. Fiscal reserve increased from BGN 4 billion to above BGN 8 billion in mid-2009. As a result, a part of the country's external obligations was paid before the term set. The total debt was cut to below 14% of GDP in mid-2009 – in comparison to over 120% in 1999 – which is an ample for responsible debt management of the Bulgarian government.

Major financial indicators reflected anti-cyclical moves by the Bulgarian National Bank (BNB) and banks' anti-crisis actions. Bulgaria's banks preserved their profit generating potential, retaining good liquidity, and boosting capital positions (BNB, 2010, p. 11). Bulgarian banking system was prudently regulated and controlled. No toxic assets were reported in the balance sheets of Bulgarian banks. The domestic banking system was characterized by high liquidity and capital adequacy. Liquidity and capital adequacy were at levels much higher than the average rates of the EU banking sector. As a result the risks facing the country were lower and the expected effects from the crisis – not so harmful. According to the European Commission (October 2009) Bulgaria was put in the first group of 5 countries with less macroeconomic risks due to its stable fiscal position.

As a small country with highly open economy Bulgaria was not able to remain isolated from the global financial and economic crisis. As a result of the dramatically worsened external environment, declining export sales and revenues in Bulgaria were observed, as well as increasing unemployment in domestic market and declining GDP and value added.

First reaction of Bulgaria to the global financial crisis was similar to the leading countries.

At the end-2008 and beginning-2009 several monetary and fiscal measures were undertaken in Bulgaria for easing the restrictive policy. By the end of 2008 the BNB took measures to facilitate banks' liquidity management as a follow-up of its anti-cyclical policy. The BNB reduced the reserve required ratio on all funds attracted by banks from 12 to 10% as of 1 December 2008, as well as the reserve required ratio on funds attracted by banks from abroad from 10 to 5%. The BNB removed the minimum reserve requirements on funds attracted from state and local government budgets as of 1 January 2009. This measure returned BGN 1.2 billion to the banks, allowing them to reduce obligations to non-residents (BNB, 2010, p. 11). Banks worked to attract domestic rather than foreign funds which was reflected in deposit rate rises. In comparison with the EU, the minimum required reserves in Bulgaria were maintained at rates well above the EU average. Therefore, they stabilized liquidity even in the highly crisis period. As a result the banking capital base remained highly resilient to shocks.

In fact, the minimum reserve requirements are the only monetary policy instrument at the BNB disposal in a currency board arrangement (CBA). The CBA was introduced in Bulgaria in July 1997 after several stabilization attempts in response to a sharp banking crisis, hyperinflation episode and serious structural problems (Gulde, 1999).

A CBA is a monetary arrangement based on an explicit legislative commitment to exchange domestic currency (Bulgarian lev, BGN) for a specified foreign currency (Euro) at a fixed exchange rate (BGN 1.95586 per 1 Euro), combined with restrictions on the issuing authority to ensure the fulfillment of its legal obligation (IMF, 2013, p. 65). This implies that domestic currency is issued only against foreign exchange and that it remains fully backed by foreign assets, eliminating traditional central bank functions such as monetary control and lender-of-last-resort, and leaving little scope for discretionary monetary policy. Some flexibility may still be afforded, depending on the strictness of the banking rules of the CBA. This is exactly the case of the currency board system in Bulgaria where some restricted monetary policy is afforded.

The currency board regime played a key role in maintaining financial stability in Bulgaria. Its benefits were clearly evident during the global financial crisis. The stability of the currency board was supported by the prudent fiscal policy and stringent banking supervision policy which ensured the accumulation of significant financial reserves in the period of global economic imbalances. These reserves served as a cushion against the negative effects of the global crisis on the Bulgarian economy. In contrast, under the conditions of the fixed exchange rate against the euro and a free movement of capital, the BNB has no control over the interest rates and therefore, monetary conditions in Bulgaria follow to a great extent those into the EU. Thus, the currency board largely reproduces the conditions in which the European economy is functioning. Nevertheless, due to the undertaken supervisory and administrative measures by the BNB the banking system in the country was able to withstand to the global financial imbalances. Moreover, the government fiscal policy was also used to affect the banking liquidity. This was made through a change in the amount of the

government deposit with the BNB, the net government securities issuance and their maturity or repurchases.

Due to the global financial crisis, fiscal policy of the Bulgarian government was reoriented from budget surpluses to zero budget balances or low budget deficits. Additional capitalization of the state Bulgarian Development Bank by BGN 0.5 billion was done in support of the small and medium enterprises (SMEs) access to lending. Bulgarian government undertook restructuring policy of budget costs, as the larger and long-term investment projects from the public investment program were replaced by smaller and shorter-term projects. The aim of this measure was to impact the most affected Bulgarian economic sector – construction – and to keep the labor force. This fiscal policy direction was not retained since mid-2009 and the government tightened up the fiscal policy. The aim was Bulgaria to apply for membership in the ERM-II – which was an inadequate economic objective at this time. Many current investment projects were frozen while other finalized investment projects were non-paid from the state. The country's membership in ERM-II mechanism was not realized, but the negative effects from the unnecessary, pro-crisis fiscal measures were consumed. Thus in the first post-crisis year – 2010 – Bulgaria recorded only 0.2% GDP growth rate, which was among the lowest rates in the EU. The stable fiscal stance of Bulgaria eroded and the government adopted anti-cyclical fiscal policy. The fiscal reserve declined to BGN 3 billion at end-2011, the country reported sustainable budget deficits and the government debt increased by BGN 2 billion.

In March 2011 Bulgaria signed the “Euro-Plus” Pact – a deal for closer economic coordination between the Euro area member states and the non-euro countries. The “Euro-Plus Pact” was agreed by the Euro area member states and joined by Bulgaria, Denmark, Latvia, Lithuania, Poland, Romania. The Pact came with four broad strategic goals along with more specific strategies for addressing these goals. The four goals are: fostering competitiveness; fostering employment; contributing to the sustainability of public finances, and reinforcing financial stability. An additional fifth issue is tax policy coordination (European Council, 2011). Although for tax policy coordination, member states only “commit to engage in structured discussions on tax policy issues, notably to ensure the exchange of best practices, the avoidance of harmful practices and proposals to fight against fraud and tax evasion”.

The move of Bulgaria to join the “Euro-Plus Pact” was treated as an act of applying to the euro zone. With its flat 10% income and corporation tax, Bulgaria remains the country with the lowest tax burden in the whole of the EU. The government strategy is that the country would keep that up, in spite of a call of Germany and France to “create a common assessment basis” for corporation tax. In fact, the fiscal part of the “Euro-Plus Pact” do not worry the Bulgarian fiscal policy – the CBA supposes balanced or low budget deficits and the country's government debt is far below 60% of GDP. The sustainability of public finance and structural reforms is Bulgaria's national priority. However, an eventual tax harmonization is not favorable for Bulgaria – it will deprive the economy from the one of its competitive advantages – the low rate of direct taxes in Bulgaria.

According to the European Commission in Bulgaria during 2014 are recorded macroeconomic imbalances in the following areas: external debt; corporate sector indebtedness; labor market instability.

Table 1

European Commission forecast for Bulgaria

Indicator	2012	2013	2014*	2015*
GDP growth rate (% , annual basis)	0.6	0.9	1.7	2.0
Inflation (% , annual basis)	2.4	0.4	-0.8	1.2
Unemployment rate (%)	12.3	13.0	12.8	12.5
Public budget balance (% of GDP)	-0.8	-1.5	-1.9	-1.8
Gross public debt (% of GDP)	18.4	18.9	23.1	22.7
Current account balance (% of GDP)	-0.9	1.9	1.0	0.2

* Forecast.

Source: European Commission.

4. Empirical study of Bulgaria's investment flows and the country's GDP by its components before and after the crisis

Investment flows in Bulgaria before and after the crisis

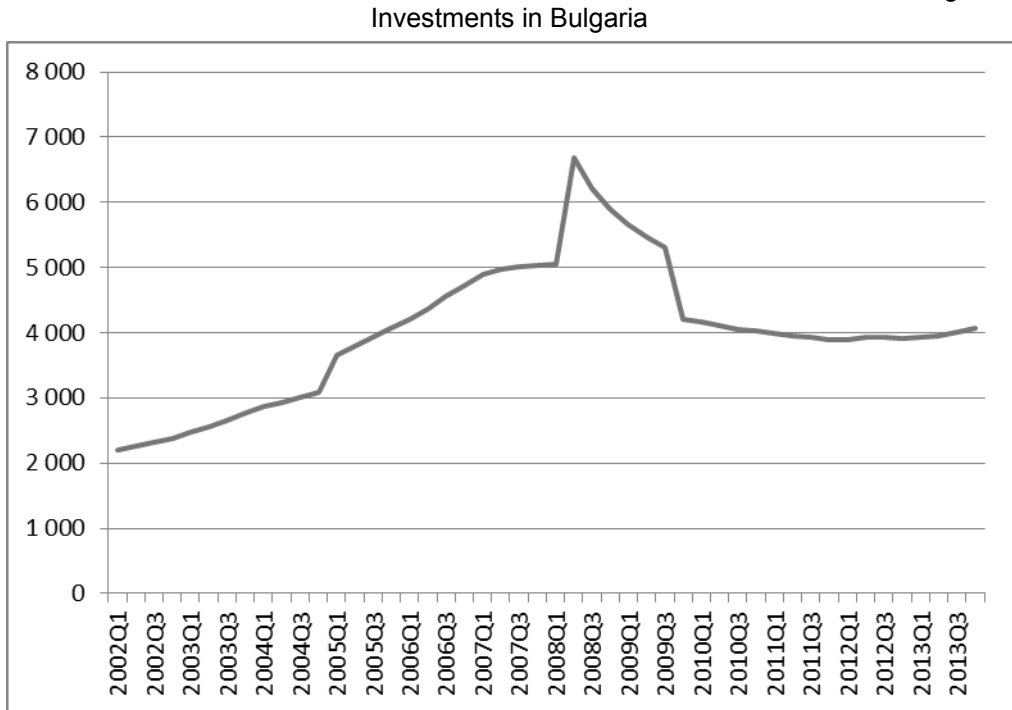
The analysis in this section aims to reveal and assess the impact of the global financial crisis on Bulgaria's investment flows and its overall GDP. The GDP is analyzed by Final Expenditure method. The global economic downturn had a severe effect on Bulgaria's investment flows. All of Bulgaria's GDP components have contracted sharply due to the dramatically worsened external environment.

Investments in the country are measured by the indicator "**Gross fixed capital formation**" – a component of the GDP, estimated by the Final Expenditure method. Gross Capital Formation includes Gross Fixed Capital Formation and Changes in Inventories. It measures investments in purchase of assets, repeatedly used in production process for a long-term period (more than 1 year) and it includes expenditures for accumulation of the following long-term non-financial assets: (a) Long-term fixed assets (buildings, machines, equipment, transport vehicles, etc.); (b) Long-term non-fixed assets (software products, geological surveys, R&D activities, etc.). Among the GDP components, gross fixed capital formation in Bulgaria registered the highest decline, collapsing by 27% in real terms in 2009. Capital formation contributed by 12.5 percentage points to real Bulgarian GDP decline during the same year (BNB, 2009, p. 16). This was due mainly to the strong external uncertainty during the global financial and economic crisis, weak demand, rising unemployment and restricted finance in the country. Cautious bank lending strongly constricted investment opportunities. Fixed asset spending was declined mostly in the property-related sectors of construction and real estate operations (by some 45% in 2009 only).

Figure 2 demonstrates that investments in Bulgaria were developed by 2 absolutely different ways during the 2 reviewed periods – before and after the crisis. During the period 2002-2008 – investment flows in Bulgaria demonstrates relatively stable

upward trend. Since the beginning of 2009 – investments in Bulgaria has started to decline. Chow test is applied in order to confirm these trends and to test the presence of a structural break in the investment flows' dynamics. In this case the structural break takes the form of the global financial crisis which significantly impacted the Bulgarian economy.

Figure 2



Source: NSI.

Two econometric models are constructed for the following two sub-periods:

- First period – before the global financial crisis (2002-2008);
- Second period – after the global financial crisis (2009-2013).

Chow test does confirm the suggestion made in the graphical interpretation of investment flows that during the first period the investment flows in Bulgaria were developed in one way, but since 2009 – in another way. Chow test represents that the **fourth quarter of 2008 can be seen as a breaking point** when the upward trend of investment flows is broken. Logically, the next step is to analyze both trends of development and to determine what the difference is exactly before 2008 and after that.

With this view, a general measure of development is chosen which is the average exponential growth of a certain variable. The average exponential growth could be determined by using the following econometric model:

$$Y_t = \beta_0 + \beta_1 t + \varepsilon_t$$

where: Y_t are the investigated investment flows, t is dummy variable expressing the time, and β_1 is the requested average growth.

The results from the constructed econometric models could be seen at Table 2, representing the average absolute growth of Bulgaria's GDP and its components.

According to the assessed econometric model of investments for the period starting from 2002 up to the end of 2008 the estimated parameter β_1 – average exponential growth of investment flows in Bulgaria – is BGN 153,04 mil. This means that on an annual basis the investments growth is more than BGN 612 mil. The obtained parameter β_1 is statistically significant and the model has extremely high explanatory ability (98%).

As concerns the second period since 2009 – the same econometric model is constructed and the obtained results are the following. The average exponential growth of investment flows in Bulgaria is negative with a value BGN 63,61 mil. In fact, the decline of investments is more than a fourth billion Bulgarian leva on a yearly basis (BGN 254 mil) during the post-crisis period. The estimated parameters are statistically significant and the explanatory ability of the model is 75%.

The conclusion that could be made is that during the post-crisis period the investment flows in Bulgaria declined steadily by BGN 63,61 mil average quarterly. Huge contrast is observed in comparison with the **first period when investment flows rose by BGN 153,04 mil quarterly.** As a result, there is a decline by more than 2 times of the average increase of Bulgaria's investments.

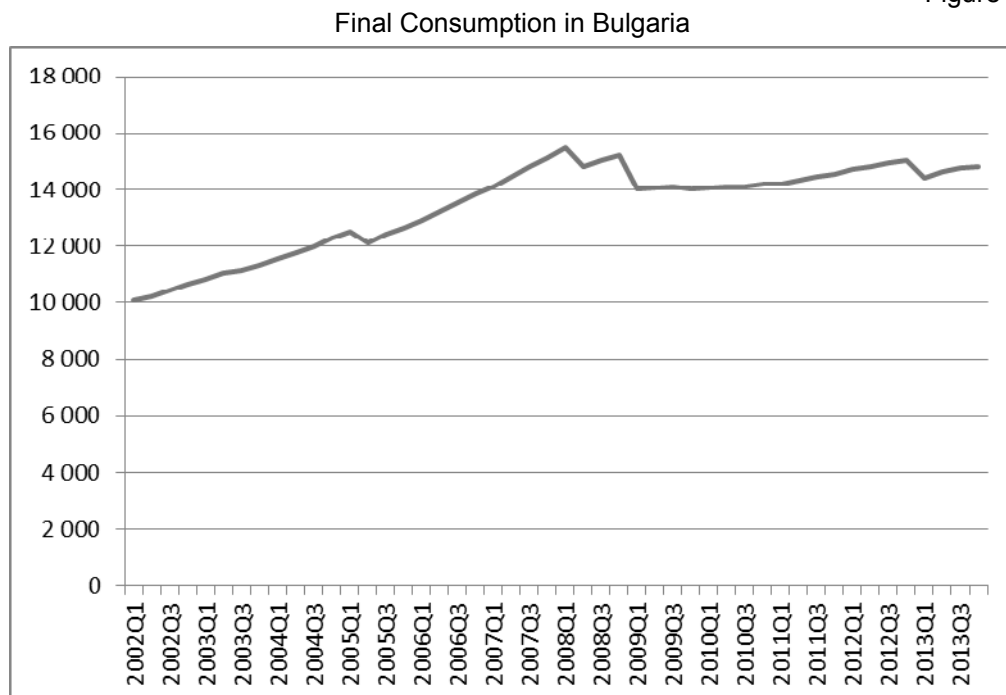
Final Consumption in Bulgaria

This is the second component of the GDP, measured by the Final Expenditure method. It includes the following 4 components: 1) Individual consumption of households; 2) Individual consumption of non-profit institutions serving households (NPISHs); 3) Government final consumption expenditure; 4) Collective consumption.

During the global financial and economic crisis, the consumer confidence weakened strongly with the increase of unemployment and the curbed economic growth. Household cut purchases of durables to maintain spending on foods and other necessities. Household spending cuts and savings stemmed from uncertainty about employment and future incomes. Greater savings fuelled growing household bank

deposits in Bulgaria. The consumer confidence index was at the lowest level in 2009, followed by a slight rise over the next year, but uncertainty about labor market and household income improvement in 2010 held back consumer expenditure (BNB, 2011, p. 15).

Figure 3



Source: NSI.

The econometric analysis of final consumption is based on the same methodology as the investment flows. Again two are reviewed periods – before and after the global financial crisis. Chow test is applied and two econometric models are constructed for both periods. The results from the constructed econometric models could be seen at Table 2.

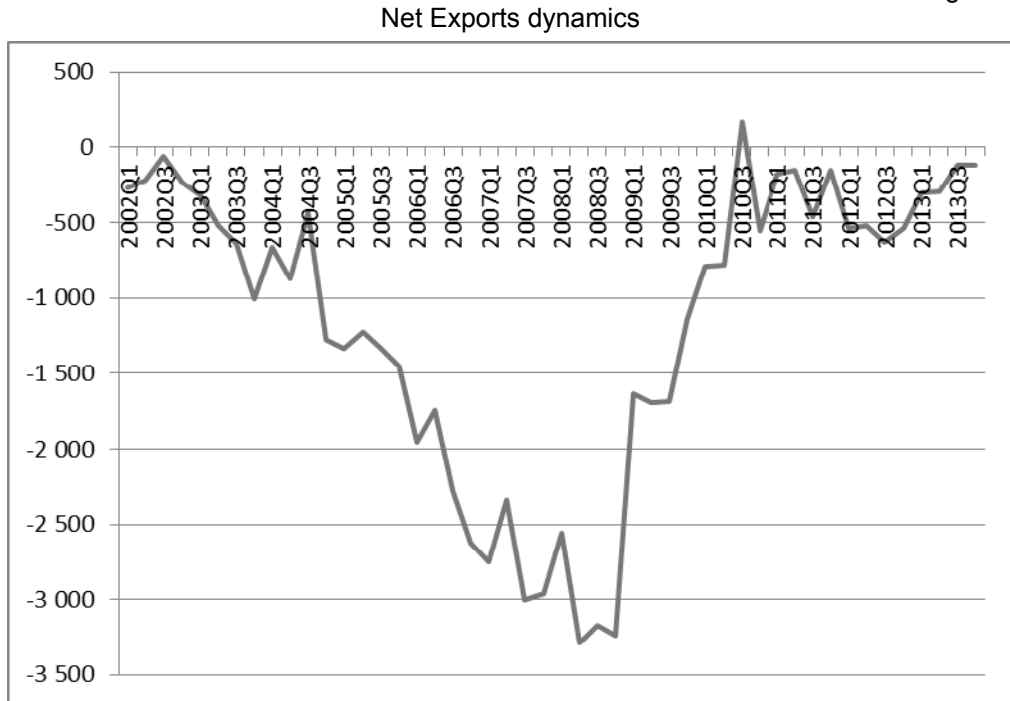
The econometric analysis made of both periods – before and after the crisis, shows that **up to end-2008** final consumption in Bulgaria is increased by **204.78 BGN mil quarterly**. This means that on an annual basis the final consumption growth is more than BGN 800 mil (i.e. BGN 819.12 mil).

Since 2009 the average growth in final consumption in Bulgaria is only BGN 50.08 mil quarterly. There is a decline by more than 4 times of the average increase in final consumption. In fact, the yearly growth of final consumption during the period 2009-2013 is very low – around BGN 200 mil. The conclusion made from the econometric assessment of final consumption in Bulgaria is that its upward trend was strongly hampered by the global financial and economic crisis.

Net Exports of Bulgaria

Net exports are calculated as a difference between exports and imports of goods and services of Bulgaria. The same econometric methodology is used for the empirical analysis of net exports. The reviewed periods are the same – before and after the crisis. Chow test is applied in order to test the presence of a structural break in net exports' dynamics. The results from the constructed econometric models for both periods could be seen at Table 2.

Figure 4



Source: NSI.

The econometric analysis made demonstrates that among all GDP components by Final Expenditure method, **the dynamics of net exports during the last 11 years shows the biggest contrast between both reviewed periods. Up to end-2008** – there is a highly negative trend of net exports (i.e. negative average exponential growth). During the second **period 2009-2013** – an increase in net exports of the country (i.e. positive average exponential growth) is observed.

In conclusion: before the crisis in the period **2002-2008** the **net exports of the country declined** by average by around BGN 127,18 mil on a quarterly basis. As a result, on an annual basis the decline of net exports is more than a half billion Bulgarian leva (i.e. BGN 508,72 mil). This trend was determined by the dramatically worsened external environment during the global financial and economic crisis, eroded export opportunities and capital inflows, and low consumer and business

confidence. These factors still impacted the net exports in 2009. **Since the beginning of 2009 Bulgaria's net exports have been slightly increased** by around BGN 64,95 mil by average on a quarterly basis. In fact, the growth of net exports is more than a fourth billion Bulgarian leva on a yearly basis (BGN 259,80 mil) during the post-crisis period. Following the world economy recovery, goods and services exports started to grow in 2010 and this trend was retained in the next years. Net exports contributed most to the real Bulgarian GDP growth during the post-crisis period.

GDP of Bulgaria

The key trends observed in the overall GDP dynamics in Bulgaria are the **faster GDP growth up to end-2008 and a slower growth after that**. The global financial and economic crisis and the recession in the Euro area hit significantly the Bulgarian economy. The most severe year was 2009 when real Bulgarian GDP declined by 5.5%. Negative trends in economic activity were associated with the dramatically worsened external environment, declining export sales and revenues, declining business and consumer confidence, growing unemployment, constrained domestic final and intermediate demand (in particular investment goods), weaker FDI, low credit demand, and high price of borrowing and tighter lending. Following the 2009 decline, real GDP started a very slow recovery, posting 0.2% growth in 2010. The first signs of world economy recovery contributed most for this trend.

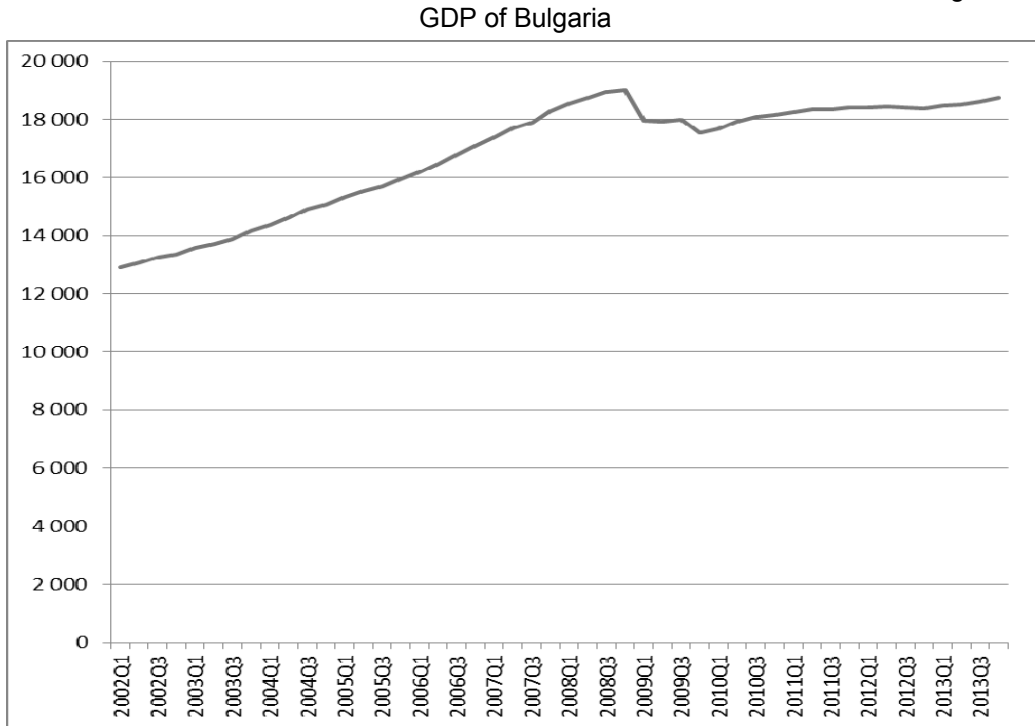
Although Bulgaria's economic growth has resumed since the 2008-2009 financial crisis, it remains fragile and the job market is sluggish. Employment has not recovered to pre-crisis levels, and unemployment remains high with a rising share of long-term unemployed people. Without raising employment it will be difficult to sustain economic growth in Bulgaria, especially as the country is aging rapidly and has begun to see a shrinking of its labor force.

The same econometric methodology is used for the empirical analysis of Bulgaria's GDP. The reviewed periods are the same – before and after the crisis. The results from the constructed econometric models for both periods could be seen at Table 2.

The applied Chow test is applied and it reveals that the structural break in GDP dynamics was observed in the fourth quarter of 2008. In the first half of 2008 the real GDP growth reached 7%, slowing in individual economic sectors by the third quarter. As the global financial crisis hit real sectors worldwide in the fourth quarter of 2008, the Bulgarian economy was no exception in terms of economic activity, with annual real GDP growth slowing to 3.5% (BNB, 2009, p. 15).

The econometric analysis of Bulgaria's GDP shows the following results. During the post-crisis period – **2009-2013** the overall GDP of the country **increased by only BGN 47.34 mil quarterly**. This means that on an annual basis the GDP growth is less than BGN 200 mil (i.e. BGN 189.72 mil). **Before the crisis** (or up to end-2008) – the average GDP growth of the country was **more than 6 times higher – BGN 239.37 mil on a quarterly basis**. This means that on an annual basis the GDP growth was around BGN 960 mil.

Figure 5



Source: NSI.

Table 2

Average absolute growth of Bulgaria's GDP and its components

	Average absolute growth of GDP and its components on a quarterly basis 2010 base prices (in BGN mil)		
Period	2002-2008	2009-2013	Total (2002 to 2013)
GDP	239.37	47.34	124.88
Final expenditure			
Investments	153.04	-63.61	36.19
Final consumption	204.78	50.08	96.61
Net export	-127.18	64.95	8.55

Conclusion

As in many other transition economies, pre-crisis growth in Bulgaria was boosted by large and ultimately unsustainable inflows of FDI. FDI inflows contributed to the strong economic growth and reduced Bulgaria's needs of external financing. This trend was supported by the sustained macroeconomic stability, improved investment climate and accelerated privatization efforts in the country, the economy's potential for higher return due to the cheap labor force, the very good tourism potential of Bulgaria, the

lower country risk due to the EU membership, and the catching-up process of Bulgaria.

The global financial and economic crisis triggered a sharp reduction in FDI flows in Bulgaria. This was due mainly to the strong external uncertainty, weaker demand, rising unemployment and restricted finance in the country. All main FDI components have been negatively affected by the crisis. Nevertheless, as a cumulative result of the projected GDP growth rates, the lack of exposure to the direct impact of the defaulting market instruments, and the experience as a new EU member state with strong economic growth, the overall economic contraction in Bulgaria during 2009 and 2010 was projected at lower rates than in many other EU member states. Foreign investors refocused their investments to other economic sectors. Energy sector in Bulgaria, including renewable energy sources, has become the sector attracting the largest FDI during the period 2010-2013.

The econometric study of Bulgaria's GDP and its components before and after the crisis allows some conclusions to be drawn about the negative effects from the crisis on the domestic economy. The applied Chow test confirms that the fourth quarter of 2008 can be seen as a breaking point in the investment flows and the overall GDP dynamics. As concerns the investments flows in Bulgaria, the econometric analysis made demonstrates that they declined very significantly during the crisis. Their sizeable upward trend during the pre-crisis period was reversed and they declined by more than a fourth billion Bulgarian leva on a yearly basis during the post-crisis period. Moreover, a fall by more than 4 times of the final consumption is observed in Bulgaria during the global financial and economic crisis. The growth of Bulgaria's final consumption was strongly hampered by the global financial and economic crisis. The dynamics of net exports during the last 12 years shows the biggest contrast between both reviewed periods. During the post-crisis period (or the last 5 years) Bulgaria's GDP grew much more slowly than before the crisis (only by around BGN 47 mil quarterly in comparison to over BGN 239 mil quarterly before the crisis). One of the major macroeconomic imbalances observed in Bulgaria is the labor market instability. Without raising employment it will be difficult to sustain economic growth in Bulgaria, especially as the country is aging rapidly and has begun to see a shrinking of its labor force.

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APPENDIX

Bulgaria's GDP by Final Expenditure Method (BGN mil)

Quarter	Consumption	Investments	Export	Import	Net export	GDP
2002Q1	10 097	2 210	4 540	4 806	-266	12 891
2002Q2	10 207	2 266	4 746	4 963	-217	13 060
2002Q3	10 416	2 325	5 017	5 077	-60	13 246
2002Q4	10 649	2 386	5 023	5 258	-234	13 370
2003Q1	10 823	2 467	4 946	5 270	-324	13 583
2003Q2	11 040	2 561	5 256	5 780	-524	13 716
2003Q3	11 146	2 657	5 307	5 945	-638	13 879
2003Q4	11 326	2 771	5 270	6 278	-1 008	14 158
2004Q1	11 545	2 861	6 164	6 829	-665	14 346
2004Q2	11 746	2 922	6 155	7 026	-871	14 624
2004Q3	11 985	3 002	6 890	7 326	-437	14 902
2004Q4	12 287	3 088	6 448	7 728	-1 280	15 083
2005Q1	12 511	3 648	6 528	7 860	-1 332	15 338
2005Q2	12 130	3 797	6 965	8 189	-1 225	15 519
2005Q3	12 413	3 926	7 182	8 515	-1 332	15 705
2005Q4	12 633	4 064	7 431	8 883	-1 453	15 949
2006Q1	12 937	4 201	7 185	9 141	-1 956	16 179
2006Q2	13 227	4 354	7 770	9 513	-1 744	16 453
2006Q3	13 522	4 552	7 831	10 115	-2 285	16 798
2006Q4	13 849	4 726	7 715	10 344	-2 629	17 083
2007Q1	14 125	4 896	8 636	11 385	-2 750	17 365
2007Q2	14 456	4 978	9 111	11 452	-2 340	17 696
2007Q3	14 802	5 007	9 052	12 054	-3 002	17 906
2007Q4	15 136	5 041	9 642	12 605	-2 963	18 277
2008Q1	15 485	5 056	9 742	12 297	-2 555	18 548
2008Q2	14 826	6 690	9 616	12 900	-3 285	18 749
2008Q3	15 038	6 219	9 191	12 363	-3 172	18 939
2008Q4	15 233	5 891	8 940	12 176	-3 235	19 001
2009Q1	14 042	5 654	8 330	9 966	-1 636	17 944
2009Q2	14 066	5 460	8 062	9 760	-1 698	17 918
2009Q3	14 109	5 312	8 108	9 793	-1 685	18 006
2009Q4	14 033	4 200	8 707	9 845	-1 138	17 537
2010Q1	14 064	4 165	9 030	9 820	-790	17 664
2010Q2	14 109	4 113	9 279	10 061	-782	17 939
2010Q3	14 095	4 055	10 358	10 188	170	18 098
2010Q4	14 215	4 035	10 195	10 750	-555	18 168
2011Q1	14 220	3 984	10 921	11 096	-175	18 263
2011Q2	14 322	3 943	10 622	10 774	-152	18 363
2011Q3	14 458	3 935	10 679	11 140	-461	18 351
2011Q4	14 569	3 897	11 055	11 209	-153	18 407
2012Q1	14 710	3 896	10 407	10 949	-542	18 417
2012Q2	14 837	3 937	11 097	11 622	-524	18 439
2012Q3	14 948	3 929	10 942	11 575	-633	18 426
2012Q4	15 022	3 913	11 028	11 564	-536	18 385
2013Q1	14 401	3 932	11 665	11 967	-302	18 478
2013Q2	14 651	3 958	11 816	12 111	-294	18 495
2013Q3	14 757	4 011	12 202	12 323	-121	18 620
2013Q4	14 831	4 077	12 187	12 310	-123	18 740

DOES BANK EFFICIENCY MATTER FOR THE ECONOMIC GROWTH IN BULGARIA?

Gergana Mihaylova-Borisova¹

1. Introduction

The financial system, particularly the banking system, has a substantial role and significance for the economic development of any country. Well-functioning financial system is an important prerequisite for achievement of higher economic growth, since it is the banks that accumulate a significant financial resource by attracting deposits from the economic agents and providing credits to the agents, which have a short of funds. They manage to direct the free resources in the economy towards financing productive and profitable investment projects, which are basic for the achievement of higher economic growth. They manage to serve the economic agents by attracting and redistributing the financial funds through the process of creating money. Banks significantly help reducing the transaction and information costs, which economic agents would pay in case of direct financing between them (Levine, 2003), as well as diversifying the risk. That is why studying banks and relationship between the bank system development and the economic growth is a subject of many studies, especially in the last 20 years.

The interest in the relationship between the bank system development and the economic growth comes from the fact that the financial system has not been implicitly included in the theories of growth. It has been considered as a variable influencing some of the main factors of growth. The neoclassical theories of economic growth explain this with the increase of labour and capital and the exogenously defined technological progress. Savings rate and population growth are considered exogenous variables changing the steady-state of the production. In mid-1980s a new class of growth models emerges – the endogenous models with the technological progress been included. Also, a focus is directed not only towards the traditional factors of growth, but also to such like knowledge, human factor and government policy (monetary policy, fiscal policy) (Havrylyshyn, Izvorski, Ron von Rooden, 1998; Havrylyshyn, Wolf, Berengaut, Ron von Rooden, 1999). Earlier studies and models of endogenous theories do not consider the role of the financial sector for the economic

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development. Later Bencivenga and Smith (1991) build an endogenous growth model, which considers the role of the financial intermediaries by connecting them to the resources distribution and the changed structure of savings, favorable for capital accumulation. Levine (1996) studies the influence of the financial system on the economic growth through the technological innovations. Some studies (Levine, 2003; Nuaitarance, 2000) focus on the functional approach to studying the role of the financial system for achievement of economic growth by determining the functions of the financial intermediaries.

The relationship between the bank efficiency and the economic growth is also a subject of discussions, but there are few studies in this area (Lucchetti, Papi, Zazzaro, 2001; Hasan, Koetter, Lenisik, Meestewrs, 2009; Ferreira, 2012).

The aim of the paper is to calculate the efficiency of the Bulgarian banking system for the period from first quarter of 2007 till second quarter of 2014 not by applying the traditional methods of analysis with indicators return on assets and return on equity, but by using the more complex method non-parametric Data Envelopment Analysis (DEA), allowing definition of several inputs and outputs. Applying DEA can better describe and catch the behavior of the banks as financial intermediaries, which attract and provide accumulated financial resources to economic agents for the purposes of realization of their investment projects.

This study tests the hypothesis that higher bank efficiency is positively correlated to the economic growth in Bulgaria. That is why the attention should be turned towards increasing bank efficiency and ensuring stable functioning of the financial system. This is especially important under the acting Currency Board in Bulgaria, the function of a lender of last resort is not performed like in the functioning of the typical central banks.

This study contributes to economic literature in few directions. The relationship between the bank efficiency and the economic growth in Bulgaria is not studied, and for the purposes of calculating the bank efficiency the non-parametric approach DEA is used. The study focuses on the efficiency of the Bulgarian banks, including all banks functioning in the studied period and not only some of the larger banks, as is the procedure when applying the approach in comparative studies with several countries included.

The study is structured in five sections. Second section reviews the literature concerning the contemporary empirical studies on the relationship between the financial system development and the economic growth. Third section presents in brief the applied method of estimating the bank efficiency by showing its advantages and shortcomings, as well as the data it uses. Fourth section examines the evaluated model and analyzes the acquired results. Fifth section presents main conclusions.

2. Brief Literature Review

One of the earliest studies on the role of the financial intermediaries for the economic development is the one of Schumpeter. He states that the services provided by the financial intermediaries and related to accumulation of savings, evaluation of investment projects, risk management, transactions facilitation are important for the technological progress and economic development (King, Levine, 1993). Therefore, financial intermediaries are important for their ability to identify and finance productive investments. A lot of authors also prove the positive relationship between the financial system development and the economic growth, by using different econometric techniques and variety of statistical data for indicators characterizing the financial system development.

King and Levine (1993) use data for 80 countries in the period 1960-1989. They prove that higher level of financial system development refers to higher current and future levels of economic growth, improvement of economic efficiency and accumulation of capital. They use four indicators to range the services of the financial intermediaries – liquid liability to GDP; deposit money bank domestic credit to deposit money bank and central bank domestic credit; system; credits issued to nonfinancial private firms to total domestic credit; and claims on private sector to GDP. Their model is based on the endogenous theories of growth, focusing on the so-called “creative destruction”. It is introduced by Schumpeter but is further developed by inclusion of the role of the financial system as a growth factor.

At a later stage authors raise the question which development system is more favorable for realization of a long-term economic growth – bank-based financial system, or market-based financial system (Levine, 2002). Concerning the four directions of studying the financial structure (bank-based financial system; market-based financial system; financial system providing the necessary financial services and meeting the requirements of the service users; well-functioning legal system ensuring the functioning of financial intermediaries and markets and supporting the effective distribution of resources and economic growth), authors prove that the financial structure is not the important one, but rather the general indicators for financial development and the legal system of protecting the investors’ rights (Allen, Oura, 2004) are basic for a long-term economic growth.

In the last years the attention is turned also to studying the banking system efficiency for the economic growth (Lucchetti, Papi, Zazzaro, 2001; Hasan, Koetter, Lenisik, Meestewrs, 2009; Ferreira, 2012). The relationship between bank efficiency and economic growth is ensured through the effective use of the limited inputs for producing desired products and providing services demanded by the banks’ clients.

Lucchetti, Papi, Zazzaro (2001) study the influence of the bank activity on the economic growth by calculating an indicator based on the bank efficiency. Lucchetti, Papi, Zazzaro calculate the bank efficiency of the Italian banks with the parametric method Stochastic Frontier Analysis (SFA). The calculated coefficients of efficiency

are applied to analyzing the relationship between the bank system and the economic growth in the Italian regions.

Hasan, Koetter, Lenisik, Meestewrs (2009) also look for the relationship between bank efficiency and economic growth. They state that through efficiency the focus is turned on the quality specific of the financial development. They calculate the bank efficiency for the period 1996-2005 in 152 countries by applying SFA method. The model they estimate helps them prove a significant statistical relationship between GDP per capita and bank efficiency.

Ferreira (2012) studies the relationship between bank efficiency and sector concentration on the economic growth in EU-27 in the period 1996-2008. For calculating the bank efficiency she applies the non-parametric method DEA and proves a significant positive relationship between bank efficiency and economic growth.

3. Bank Efficiency Estimation, Based on Non-Parametric Approach Data Envelopment Analysis (DEA)

DEA method is introduced by Charnes et al. (1978) and is based on the model of Farrell (1957), which determines that productive units use one output and several inputs. Later the model is further developed by using many inputs and outputs. Initially the method is applied for non-profit units, like hospitals, universities. But later it is actively used also for profit maximizing units. For the purposes of measuring the bank efficiency the method is applied for the first time in 1985 by Sherman and Gold (Kumar, Gulati, 2008).

DEA is a non-parametric method of linear programming, which allows estimating the production frontier defined by the most effective productive units in the study. The efficiency of the other units is estimated in regards to this production frontier. It is defined by benchmark units, considered to be the most efficient and having efficiency equal to 1. Decision making units, having efficiency less than 1, are considered to be inefficient, i.e. they do not use efficiently their inputs for the production of the desired quantity of outputs.

The non-parametric method DEA is not based on preliminary defined form of a production function as required for the parametric method SFA. This is a positive characteristic. However, it has the shortcoming that it depends on the extreme values, and it could not determine whether the deviation from the effective production frontier is due to a random error or inefficiency – a shortcoming eliminated by the SFA.

The method has two specifications. The first one (that the method is applied at constant return to scale) is introduced by Charnes, Cooper, Rhodes (1978). Later the second specification is further developed by Banker, Charnes, Cooper (1984). They foresee the productive units to function at a variable return to scale. For the purposes of calculating the bank efficiency in Bulgaria the approach DEA at a variable return to

scale is applied, since banks do not operate in perfect competition, and many supervisory rules are imposed on them (Manole, Grigorian, 2002; Wheelock, Wilson, 1999).

The coefficient of efficiency θ of every bank can be calculated in solving the following input-oriented mathematical model²:

$$\min_{\theta, \lambda} \theta$$

where:

$$- y_I + Q\lambda \geq 0$$

$$\theta x_I - X\lambda \geq 0$$

$$I\lambda = 1$$

$$\lambda \geq 0$$

I is the number of banks with N inputs and M outputs;

λ – vector with weights $I \times 1$;

X – matrix of inputs ($N \times I$);

Q – matrix of outputs.

The inputs and outputs of the I^{th} bank are presented by x_I and y_I . The model is solved once for each bank in order to acquire the coefficient of efficiency, receiving values from 0 to 1.

Each productive unit has inputs and outputs, which present its specific activity. Five approaches for defining the inputs and outputs are used in the literature – intermediation approach, production approach, asset approach, user cost approach, and value added approach (Pawlowska, 2005; Andries, Cocris, 2010). If banks mostly attract deposits and provide credits, the intermediation approach is the most applicable one (Andries, Cocris, 2010). The intermediation approach refers to the banks' function in the economy as intermediaries between economic agents with excessive financial resources and agents with lack of funds.

² There are also two modifications concerning the input-oriented models and output-oriented models. For more see Coelli, Rao, O'Donnell, Batesse (2005).

This study applies the intermediation approach defining three inputs (labour, capital (material and non-material assets) and attracted deposits and two outputs (securities and total credits). Since there is no public information on the employed people in banks for each quarter of the analyzed period the study can use the administrative costs (Nenovsky, Mihaylova, Ivanov, 2008) or the total amount of assets (Rossi, Schwaiger, Winkler, 1996). The current study uses the administrative costs as a labour measurer.

The banks' financial reports (balance sheet and income and expenditure report), published by Bulgarian National Bank (BNB), are used for ensuring statistical data on inputs and outputs. Quality statistical information is needed for acquiring comparable and adequate estimations of the banks efficiency. Since the beginning of 2007 BNB introduces new frame of supervisory and financial accountancy, based on the international accounting standards. Thus the quality of the used data is not questionable.

4. Bank Efficiency and Economic Growth

4.1. Model

The role of the bank efficiency for achievement of higher levels of GDP is studied by estimating the following model:

$$Y = a_1 * TE_1 + \dots + b_1 * X_1 + b_2 * X_2 + \dots + b_n * X_n,$$

where:

Y is GDP;

TE – bank efficiency, calculated through DEA method;

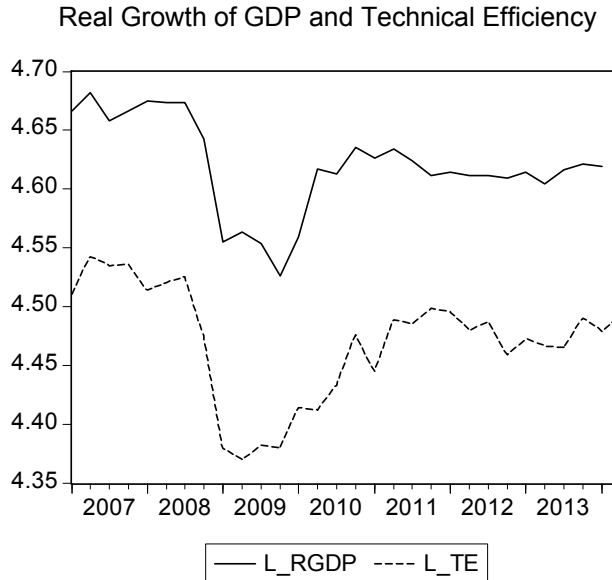
X_n – other variables explaining the economic growth (n = 1, 2, ..., n).

The evaluation of the relationship between the dependent and independent variables in both models is made by the method of least squares.

4.2. Empirical Data

For the purposes of studying the relationship between bank efficiency and economic growth³, quarterly data for the period from 1Q of 2007 till 2Q of 2014 are used (see fig. 1).

Figure 1



Data show that there is a very similar dynamics between the real GDP growth and the technical efficiency of the banking system in Bulgaria. Moreover, the correlation between the two variables is 0.898. Before being used, time series are tested for stationarity through the Augmented Dickey-Fuller unit root test.

4.3. Empirical Results

Bank efficiency, defining the banks' activity as financial intermediaries, is used as a basis for measuring the influence of the financial system on the economic growth and for evaluating the suggested model. From theoretical point of view the sign of the coefficient of the independent variable is expected to be positive, since the banks as financial intermediaries support the process of accumulating and providing funds for financing investment projects. Another independent variable is also applied – foreign direct investments (FDI), which are an alternative source of financing the investments in the country. There is a notion in the literature that FDI have a positive influence on

³ In the literature there is a discussion on the causality: whether the better financial performance and development cause higher economic growth or vice versa. For the purposes of the current study the causality is tested by Granger causality test. The test could not reject the hypothesis that the bank efficiency cause economic growth.

the economic growth, especially the industrial investments (Alfaro, 2003). Alfaro et al. (2003) also prove that countries with well-developed financial system can experience the positive influence of the attracted FDI on the economic growth.⁴ From theoretical point of view it is expected that they will have a positive relationship with the economic growth.

The evaluated model of GDP growth is as follows⁵:

$$D(L_RGDP) = 0.64 * D(L_TE) + 0.013 * D(L_FDI(-2))$$

$$(0.023239) \quad (0.007651)$$

$$R^2=0.57$$

Before interpreting the model's result, the assumptions on the residuals normality, lack of serial correlation between the residuals, lack of heteroscedasticity are tested. The tests do not discard the adopted hypotheses on residuals normality, lack of heteroscedasticity and serial correlation between residuals at high level of trust, and they prove that the regression is correctly specified.

The coefficients of the independent variables are significant and with the expected signs. The empirical models in most studies of the relationship between economic growth and financial system development, particularly bank efficiency, confirm the positive correlation between them. In the same way the hypothesis on the presence of statistically significant relationship is proven for Bulgaria. The use of this approach for the bank efficiency turns out successful, since it ranges the entire process of creating money in the economy – attracting deposits as well as providing credits to users, necessary for calculating the efficiency of the bank system. The coefficient of the technical efficiency is positive and shows that when the bank efficiency increases by 1%, the GDP growth will increase by 0.6%. The FDI influence is also positive. Also, the growth is statistically significant with FDI in the previous period, which is explained with the firms' need of time to use this type of financing for investment projects.

5. Conclusion

Financial system development, particularly bank system, is very important for every country due to the opportunities of the financial intermediaries to ensure funds for financing profitable investment projects and to achieve high and sustainable levels of economic growth. The role is increased also by their ability to diversify the risk and to

⁴ There are also studies that do not prove the positive technology spillover, which would be transferred from the foreign firms to the local economy (Aitken, Harrison, 1999).

⁵ Standard errors of the coefficients are shown in brackets.

choose which projects to finance. That is why the relationship between the financial system and the economic growth is a subject of many studies.

The current study applies a non-traditional method of ranging the development and behavior of the Bulgarian banking system, namely measuring bank efficiency through non-parametric method DEA, which is applied actively for studying bank efficiency in developed, developing and transition economies. Using the estimated bank efficiency for the period 2007-2014, the study looks for relationship between the bank sector development and the economic growth. There is a very similar dynamics between the two variables. The presence of a strong statistically significant relationship between bank efficiency and economic growth in Bulgaria is proven. FDI also have a positive relationship with achievement of higher economic growth due to the opportunities to transfer new technologies and knowledge from the foreign firms to the local economy.

The results show that the banking system development should be encouraged and its stability should be maintained, since stable and well-functioning banking and financial system are a prerequisite for a better development of the economy of the country and the realization of economic growth.

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THE BARRIERS TO THE ECONOMIC GROWTH IN THE EU: PROBLEMS ENCOUNTERED BY THE BULGARIAN ECONOMY

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Introduction

Economic growth and the creation of growth “drivers” are the main challenges to Bulgaria as an EU member state. The EU as a whole encounters the necessity to deepen economic integration in favour of rebalancing member states’ economies to improve growth and to readjust to the global competition in the post crisis period by raising the productivity growth, employment and international competitiveness. The future of EU rests on its ability to become the protagonist in the redesign and implementation of new type of growth, through which member states can make the transition to a more inclusive and intelligent growth and to raise the rates of growth by both structural reform and good governance.

The medium term growth targets to 2020 have been agreed upon by national governments of the EU member states, and as such constitute, in principle, much more than a reference framework for national reforms. They should, in fact, be setting the agenda and the key priorities for every government of the Union but difficulties to achieve them have complicated their implementation after the prolonged crisis and slowdown. The overcoming of barriers to growth is put on the agenda of the Union as a whole. In this respect the European integration has been looked upon as factor that may contribute better to growth and development.

The crisis has caused deepening of the macroeconomic imbalances and divergence of the economies of the member states from the criteria set for the Euro area and the difficulties in the process of attaining the integration goals. Bulgaria is one of the member states that have experienced deepening of the gaps of development and worsening the main macroeconomic indicators as a result of the European financial crisis and recession.

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However the general concept is that the impact of EU integration for countries that are catching up is dependent on the quality of their national policies and on the success of their compliance with the EU policies for the attainment of common socio-economic goals. Being concerned about the need to improve the capacity of the common in the EU initiatives and policies of growth questions may be raised for the future role of the Union to integrate better the economies. Until the present crisis the economic literature has not dealt good enough with the research on the unfavorable trends of disintegration due to the overall slowdown of the European economy and the impact of the inefficiencies of the integration on a separate country. At the present stage vital issues concern the channels of transmitting the crisis to other member states' economies, the common efforts to overcome imbalances and the common costs' sharing in cases of market failures of entities and whole countries.

The present paper discusses some features of the interdependence between the EU and Bulgaria as a member state of the EU as regards growth. The Union responsibility for the growth through further integration is discussed with the view that any stigmatization of EU member state as a bad performer during the present crisis may be detrimental for the proper search of a new role of the European integration as contributing to growth.

Bulgaria as an East European country with a record of nearly 25 years of transition to market economy has joined the EU as a new member state since January 1st, 2007. However, the EU membership has not become an automatic mechanism for the attainment the benefits of the European integration. With the unfolding of the Global financial and economic crisis, the overall economic performance of Bulgaria has been marked by ongoing slowing down of the economic dynamics since 2008. The main macroeconomic indicators and the structural readjustment have worsened further with the European debt crisis and the double-dip recession in the EU from 2009 onwards. The cost of structural adjustment has increased due to the crisis. The negative consequences of the crisis are yet to be overcome and the integration in the EU may be expected to play a better role in the future.

The paper is structured as follows. Section 1 contains a summary of the problems encountered with the decline of the rates of growth of the EU and the main trends and prospects in fostering growth through integration. Section 2 discusses the challenges to raising growth in Bulgaria. Section 3 reveals the need to redesign the Europe 2020 in order to improve Union's policies in favour of achieving the goals set by Europe 2020. Section 4 addresses the risks for Bulgaria due to the slowdown of economic growth of the EU and some future prospects.

The EU dilemma of low growth as a challenge to deepening integration and raising the international competitiveness

In 2004 the chief economist of the IMF O. Blanchard wrote that in principle for the entire post-war the economic growth in Europe can be categorized as a 'catch-up growth, which is largely based on imitation, but not on the advantage of own

innovations in technological development (Blanchard,2004). A number of other studies acknowledge that this type of growth is supported by the way the regulation of the markets for production factors in the EU is undertaken, i.e. integration to create long-term conditions for ensuring the European companies' position in the domestic markets of the EU mostly by restricting foreign competition (Blanchard, Giavazzi, 2003; Cacciatores, Fioriz, 2010).

At the present stage the EU market can't be isolated from international competition. The handed down from the past model of support in the EU of European companies does not guarantee international competitiveness, which is why this model could no longer resist the foreign competition. The deepening of the integration within EU by Single Market's regulations has also encountered difficulties due to the trend of over-regulating the market and setting limits to the companies's market access by different types of EU non-tariff requirements for business by sectoral specific requirements or by administrative treatment. The overall impact of such approach has been acknowledged to be harmful for the small and medium size enterprises especially in the new EU member states with their problems as nascent private sector.

The concern about the type of growth in the EU has been outgrowing in the last decade. The launch of the Lisbon strategy in 2000 has been targeted to raise international competitiveness by transition to knowledge based economy. A significant part of the ideas for the need of change in the pattern of growth in the EU have been discussed and implemented since the beginning of the new millennium and have stimulated the change carried out under the Lisbon strategy by rethinking and redesigning of EU policies in the area of growth and competitiveness (Sapir, 2003). The progress in the EU15 with structural reforms has been introduced in some areas. However, all in all, the reforms have not been far-reaching enough and many measures still are in need to be implemented. Against this background, the mid-term review of the Lisbon strategy in 2005 led to a re-launch of the process by shifting the strategy's focus more strongly on growth and employment.

As an outcome of this process, all EU countries have prepared so-called National Reform Programmes that outline the necessary structural reform measures for the years 2005-2008. This approach has been applied in the EU27 to support sequencing of policies for common growth targets and restructuring of labour and product markets. Applying comprehensive structural reforms has become of particular importance for the euro area countries since 2010, in order to increase wage and price flexibility and the resilience to shocks, facilitate structural adjustment, raise potential output growth and job creation, thereby facilitating the task of the single monetary policy. The changes introduced in the economic governance of the EU during the European debt crisis since 2010 have contributed to redesign of the macroeconomic policy in order to overcome financial instability and set a new macroeconomic policy framework (Blanchard, 2010).

In response to the crisis the EU has resorted to Strategy Europe 2020 in order to focus on achieving the modernization of the growth and strengthening of its inclusive role in the socio-economic aspect for employment, innovation and prosperity. Difficulties in stimulating economic growth in the EU countries, however, only have

been increased by Global crisis processes in the financial sector and the deepening of economic integration through real convergence has been delayed. The outbreak of the European sovereign crisis has created new barriers to the transition to the policies of growth. The EU member states have encountered problems with the credit crunch, the difficulties in the management of indebtedness at all levels of the economy, the trade protectionism and return to greater regulatory intervention. The socio-economic consequences of the crisis have caused changes in the pattern of economic growth. It is expressed by combining the process of deleverage, setting limits to globalization (deglobalisation) by the rise of national protectionism and overshooting the re-regulation of the markets by the state. The signs of decline of economic growth as the «new» normality include: slowing economic growth compared with the previous decade, high indicators of unemployment, exacerbating the debt problems of macro and micro level, volatility in international markets and ongoing structural changes in the global multipolar world by shift from the periphery to the center of the development of emerging markets, led by China.

Europe's average growth rate has been structurally lower as the productivity gap that has widened over the last decade. Europe's employment rates – at 69% on average for those aged 20-64 – are still significantly lower than in other parts of the world. Demographic ageing is accelerating. The number of people aged over 60 is now increasing twice as fast as it did before 2007 – by about two million every year compared to one million previously. The combination of a smaller working population and a higher share of retired people will place additional strains on the welfare systems.

The difficulties in stimulating economic growth in the EU countries have increased by crisis processes since 2008 and the transition to the new policies of growth has been delayed especially in the new member states of Central and Eastern Europe (Becker, T. 2010).

First, the main obstacle to economic growth in the EU is the low rate of investment. This is the basis for the argument that what is needed now is a recovery of investment. The present fall seems to be larger, maybe due to the 'double whammy' of the global financial crisis of 2009 and then the euro crisis, with its peak in 2012-13. The newly proposed 300 billion Euros Investment plan by the EC president Policy Guidelines (A New Start for Europe: My agenda for Jobs, Growth and Democratic Change) comprise measures with special focus on investments. The question is thus not whether investment should be expected to recover to its peak of 22% of GDP, but the possibility of raising up to more normal level of 20% of GDP in order to give a push to the rate of growth. But the economic and employment situation is not improving fast enough and accelerating investment is the linchpin of economic recovery (EC, 2014).

Investment has been reduced as a result of the financial and sovereign crises in the EU, and both main causes for this (the deep structural imbalances and the public-private debt overhang) remain in medium term the main causes of the sluggish recovery. Low investment rates have become persistent across sectors and countries. The depressed investment in the EU is negatively influenced by the deepening of the financial fragmentation of the markets as result of the crisis. Deleveraging and sectoral

reallocation are also discouraging investment and seem likely to be more protracted. There is a lack of demand in the markets that may cause persistent weakness of investment and discourage the incentives to increase investments in productive capacities. On one hand, differences in investment rates across Member States are one of the main drivers of the historically high differences in cyclical conditions. (EC, 2014) A high level of cyclical differences causes diverging macroeconomic trends and worsen the functioning of the monetary union.. On the other hand, sustained periods of weak investment also have important medium-term implications, as slower capital accumulation depresses potential growth.

Second important factor behind the disappointing economic performance of EU is the increased rate of unemployment during the crisis. The limited scope of creation of jobs remains a barrier to growth. The problems of structural unemployment are becoming more difficult to be overcome. The European Commission forecast in 2014 (EC, autumn 2014) has previewed that the prospects of reducing unemployment in medium term remain rather modest. The rate of unemployment gravitated to the high level reached since the beginning of the present decade in 2013 and to 11.9% in 2014. For 2015 the EC forecasts 11.3% unemployment rate and its reduction to 10.8% in 2016.

The slow recovery of economic activity does not allow for rapid and massive absorption of excess capacities. Supported by the economic recovery and the moderation shown in past wage increases, employment in 2015 is set to increase by 0.5% in the euro area and 0.6% in the EU before its growth gaining speed in 2016 to 0.9% and 0.8% respectively. As a result, the unemployment rate should fall slowly to 9.5% in the EU and 10.8% in the euro area in 2016, which is still above pre-crisis levels.

Third, a barrier to economic growth is the incompleteness of the efforts to achieve higher total labour productivity (TLP) by *raising the contribution of the research and development (R&D) in the EU*. The persistence of the technology gap between the EU and USA since the mid-1990s suggests that the causes are deep-rooted and at least partly structural. Besides there are substantial differences among the EU member states and the TFP divergence can be partly explained by the following indicators: a weakening of the convergence channel, lower spending on innovation activities such as R&D and ICT, deteriorating government effectiveness and faster population ageing.

In response to the crisis, some of the EU countries have put in place a broad range of reforms aimed at improving framework conditions, labour market flexibility and the efficiency of the business environment. These are likely to raise TFP growth rates in the years to come. However, since catching-up is shown to be more difficult for economies approaching the technological frontier, the adoption of further structural measures would also help more advanced EU countries accelerate their TFP convergence. In particular, measures that foster innovation activities, reduce further the restrictiveness of employment protection legislation, lower corporate tax rates and improve government effectiveness appear to be the most effective at promoting TFP growth. The multiannual financial framework 2014-2020 has also been targeted to serve better the goal of EU funding of research, innovation and education in favour of stimulating growth.

Important role to raise the TFP has yet to play investment in education because of its importance for growth. It has been noted that in EU countries with lack of adequate investment in education and significant financial constraints for its development have been observed negative effects on human capital and growth stagnates.

Forth, Special importance for understanding the barriers to growth have contemporary problems of conditional convergence as a process of "catching up" by higher growth of less developed EU countries. Convergence is conditional, because the levels of the ratios of labor and capital to output per worker depend on the rate of savings, the rate of population growth and the corresponding production function, i.e. characteristics which vary in different countries.

Problems of convergence, which is based on "catching up" through economic growth focusing on taxonomy "center-periphery" within the EU, have gained a new dimension after the recent rounds of enlargement. In academic and political debate on the effects of the global crisis and the European sovereign crisis, differences between the "center" and the "periphery" of the EU are increasingly important to measure the depth of the crisis within the EU. The countries of the "core" of the Euro area, which held for own account extraordinary measures to tackle the crisis in the financial sector and to overcome the global crisis, maintain policies that allow them relatively better macroeconomic developments as regards growth and employment. The problems of convergence of the countries of Central and Eastern Europe to the "core" countries in the EU by "catching up" in terms of higher growth are complicated as a result of the crisis processes in recent years.

The growth rates of converging countries (β convergence) have worsened during the crisis. The convergence of their income levels (sigma-convergence) has also been lowered. Bulgaria is the country with the lowest level of GDP per capita among the new member states from Central and Eastern Europe. For the period 2008-2012 the country has average economic growth rate of -0.88%, which is greater decrease compared with the average overall indicator of the growth of the 10 new member states of the EU for the same period (0.88 to cent).

The decline of economic growth in Bulgaria for the period 2008-2012 is significant when compared to the indicator for the rate of growth of countries such as Poland (3.03%), Slovakia (1.19%) and the Czech Republic (-0.19%). Czech albeit in slow growth already belongs to the group of countries with medium level of income as a result of its growth as a mature economy throughout the period of its transition to a market economy.

Economic challenges to the Bulgarian economy

Since the adhesion to the EU the economic integration of Bulgaria has followed the main directions set to a great extent successfully during the pre-accession period. The growth model of Bulgaria in the pre-accession period depended on externallee financed consumption by credit boom (consumer durables) and investment in real

estate. Some authors consider this model as typical for the countries of Southeastern Europe upon the start of transition (Graze & Zero, 2011). Bulgaria's entry in the EU has raised high expectations for a switch towards a more sustainable and profitable growth model driven by investments and improvements in productivity. But such a foreign led modernisation growth model based on deeper integration with the EU in terms of finance, trade, labour markets and institutions could not be implemented adequately due to the impact of the financial and sovereign crisis that hampered the integration process in the EU as a whole. Bulgaria's high rate of growth in the pre-accession period has created higher expectations from the integration in the EU.

The good growth performance and the high rate of the foreign capital inflows in Bulgaria at the start of the membership allowed macroeconomic adjustment in compliance with the EU requirements. Thus the adoption of the euro has been originally planned by year 2010 in the Strategy of Bulgaria for joining the EMU after a period of high economic growth since 2001 to 2009 (fostered by external and domestic factors of readjustment of Bulgarian economy to the integration with the EU) the boom came to end in the fourth quarter of 2008, amid the global crisis that brought tension to the liquidity of the big banking groups in Europe. A sharp drop in capital inflows led to a contraction of domestic demand, while the recession in Bulgaria's trading partners has caused a sharp and prolonged reduction of exports.

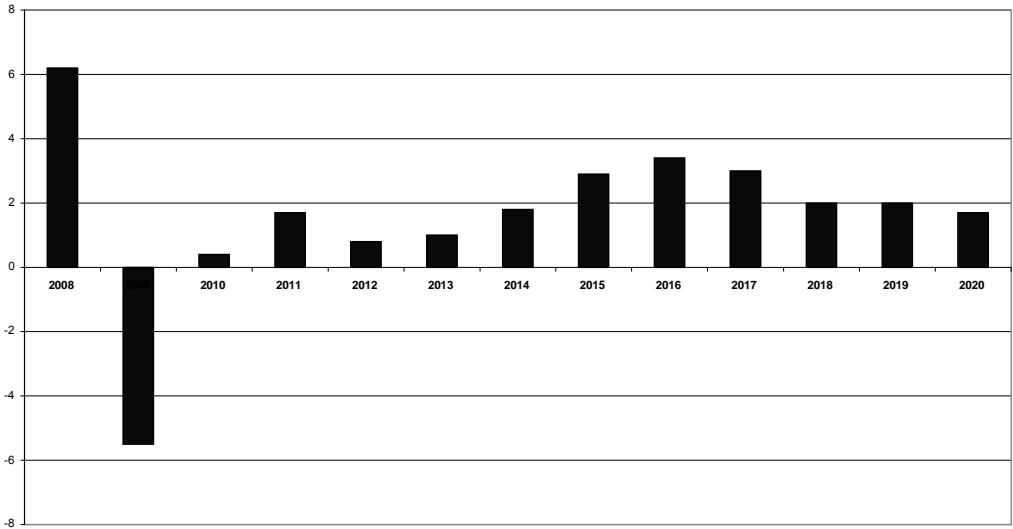
As a result, GDP contracted by 5.1% in 2009 – the first decline since the crisis of 1996/1997 (fig. 1).

Unlike some of the EU member states that have embarked on anti-crisis policies with the start of the financial crisis, Bulgaria has delayed the implementation of anti-crisis policies until mid-2010. These policies have become indispensable at later when the double dip recession in the EU has caused overall economic slowdown, rising unemployment and higher Government debts in the EU as a whole. Bulgaria's anticrisis policies have been partially successful as containment policies for the financial sector but rather controversial thus far for the real sector. The rising unemployment, the reduction of aggregate demand and the contraction of export volumes for the main trading partners have caused lowering of growth rates.

After a sharp drop to negative growth rate in 2009 the resuming of growth in 2011 could not be maintained and new slowdown followed in 2012-2014. According to the National Programme of Reforms of Bulgaria has previewed higher rates of growth to make possible greater progress in structural reforms. The lowering of growth rates has hampered the reform implementation and has led to political and business uncertainty. As a whole the economic performance has not contributed to decreasing the gap between Bulgaria and the EU memberstates from the Euro area as regards the comparisons of indicators for the GDP per head and GDP per head in Purchasing Power Parity (fig. 2 and fig. 3.) The real convergence remains a challenge for the further development of Bulgaria towards compliance with the requirements for the entry into the EMU.

Figure 1

Real growth of Gross domestic product in the period 2008-2020 (% y/o/y)



Source: BNB, NSO, Europe 2020, National Programme of Reforms 2013, Ministry of Finance, 2013, p. 9.

Figure 2

GDP per head in Euros per year (2000-2012)

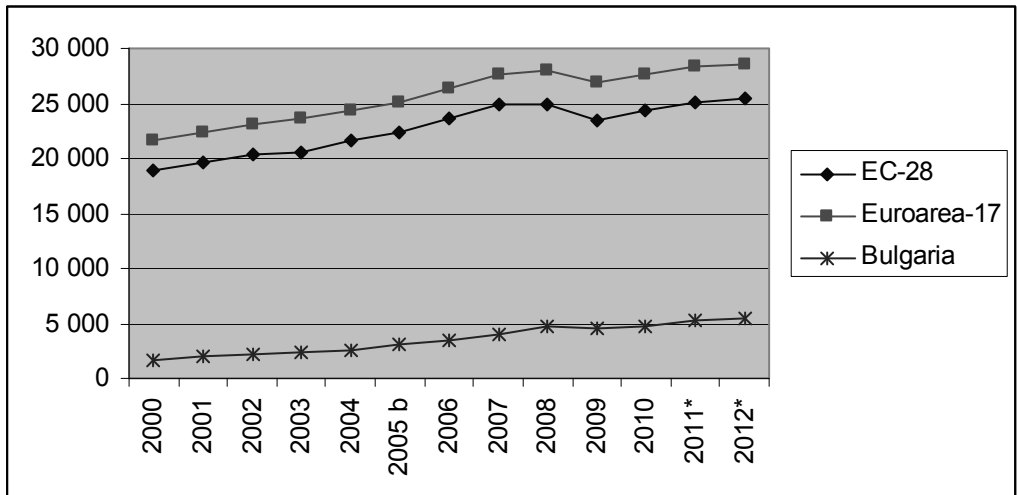
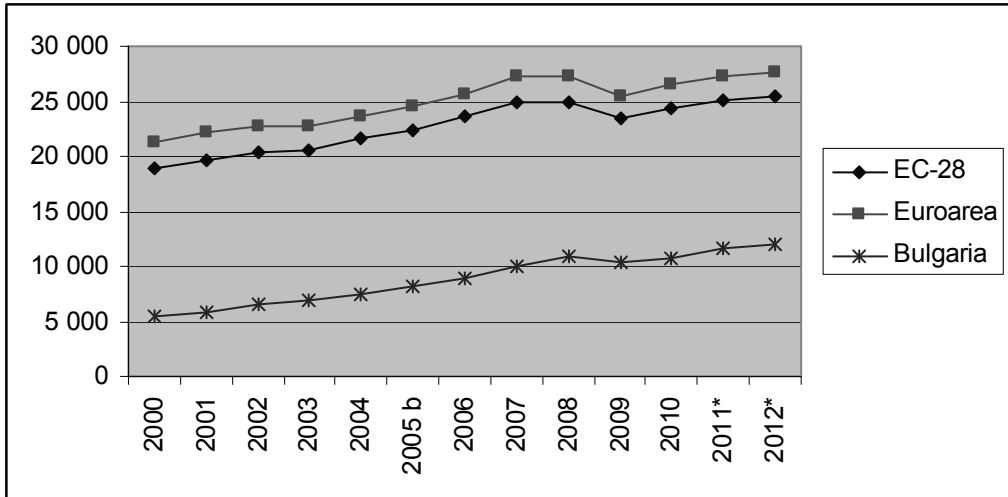


Figure 3

GDP per head per year in Purchasing Power Parity for the period 2000-2012 (in BGL)



Weak growth performance does not allow fiscal consolidation to be pursued steadily. The general government deficit has deteriorated from 1.2% in 2013 to 3.6% of GDP in 2014. This has been a result of the financing of the current year's fiscal deficit, and also the roll-over of a large bond maturing in January 2015 and the urgently applied liquidity scheme for the stabilization of the banking sector. The bankruptcy of the fourth largest bank from the domestic segment of the banking sector in Bulgaria in mid-2014 led to its closure leaving no access to deposits for at least five months. The irregularities in banking practices have caused the adverse link between bank and sovereign risk which in a medium term will be reflected in worsening the fiscal position of the Government. The general government gross debt has increased rapidly from 18.3% of GDP in 2013 to about 25% in 2014. The debt ratio is forecast to amount to slightly above 30% of GDP in 2016.

However, the uncertainty for the overall recovery in the EU has negative impact on the expectations that the Bulgarian economy will start to recover depending mainly on the recovery in global GDP growth that could spur exports.

As EU member state Bulgaria depends on the exit of the EU from the crisis as well as on the ability of the European integration to contribute for the creation of the prerequisites for investment and growth in the Union as a whole.

The conclusions that may be drawn for the problems of the recovery of growth in Bulgaria include as follows:

- The Bulgarian economy will be driven by exports, not by consumption. The government should continue fighting the grey economy and corruption.

- Bulgaria has the potential for improvement of export and investments rates but the budget sector still needs time to stabilize.
- The economic recovery is slow and depends on the power of the main trade partners from the EU as well on the speed with which the domestic reforms are made.
- The Government budget deficit tends but the banking and financial stability have been restored. Any further increase of higher Government deficit and government debt may be counterproductive for the economic recovery and the achievement of compliance with the EMU criteria.
- The anti-crisis policies in the financial sector will be carried in compliance with the EU requirements and have to involve: (i) strengthening prudential supervision and regulation; (ii) improving risk management of both individual institutions and supervisory agencies; (iii) improving transparency and disclosure of financial activities and market discipline; and (iv) enhancing the effectiveness of the legal framework.

Structural reforms in the process of transition of Bulgaria to the new mode of economic growth

Structural reforms of the Bulgarian economy during the transition to a market economy have already quarter-century history. The first "generation" of structural reforms in the early 1990s is associated with the breakdown of the centrally planned system of management of the economy and the transition to economic liberalization of macro and micro level.

In the context of that in the EU (June 2010) strategy "Europe 2020" agenda for Bulgaria is the realization of specific priorities and objectives for smart, inclusive and competitive growth in terms of EU integration. The most significant feature of the "second generation" structural reforms and award them compared to previous reforms focus on achieving focus, efficiency, orderliness and stability of institutions for their conduct. In such a setup choice and differentiation of specific policy measures for restructuring are subject to long-term objectives for the modernization of development through a new paradigm for growth.

The aim of structural reforms "second generation" is economic growth with new features, including employment creation and improving the welfare of society; modern education, to ensure employment; improve funding of science and innovation to increase productivity; achieving the "20-20-20" (reduction of greenhouse gases by 20%, 20% increase in energy efficiency and increase energy from renewable sources to 20%); reduction of early school leavers to 10% and increasing the share of the younger generation have a tertiary education by at least 40%. Most acutely in need of structural reform areas in Bulgaria are: the administrative system and reducing the

"burden" on its business, the judiciary and security, enhancing the role of science and education, innovation, reducing the energy intensity of production, building infrastructure (transport, water and sanitation, etc.), implementation of product market regulation, competition, further liberalization of the electricity market and other non-tradable goods and services, modernization of social security systems and pension reform, reform of the tax system, health care reform, stimulate employment policy.

In this connection, there can be no opposition between national and Community choices in the EU "generation" structural reforms, despite some delays in our country in specific reform areas. Implementation of the necessary institutional changes to achieve smart, inclusive and competitive growth ultimately depends on the national selection of any particular Member State of the EU, while policy coherence within the EU should support and comply with the desired degree of integration by EU Member States.

Bulgaria faces the challenge is to increase competitiveness by providing economic growth in the medium and long term at the expense of innovative solutions and structural changes for more efficient use of factors of production. Competitiveness as a more effective mix of institutions, policies and factors that determine the level of productivity of the national economy at the present stage, Bulgaria is faced with the need to substantially improve the economic behavior of all levels of the economy, and improve the efficiency of economic results in the following areas: institutions and trust in them; stable macroeconomic environment; reform of health care and basic education; modernization of higher education and training; efficiency of commodity markets, incl. readjustment of the energy market; higher efficiency of the labor market; protection against systemic risk through regulation of the financial market; investments in infrastructure; higher technological readiness, level of business development and innovation, and development of science and scientific activity.

The main challenges Bulgarian economy is facing are related to the slowdown in economic growth and their economic dynamism, as well as the crisis in the EU itself, whose future needs new political decisions and policy coherence to achieve higher competitiveness the European economy. Economic growth in the EU will remain no higher than 1.5% in the current decade compared with the achieved 1.8% in 2001-2010. This is significantly lower rate of growth achieved in the last two decades in the EU and a lower growth rate than the US. Change the pattern of growth in the EU is indispensable to realize the effects of integration in support of medium-term priorities of the EU.

In recent decades, the Bulgarian economy lags behind the economies of the EU's key growth factors, namely the quality of education, the intensity and quality of research, innovation and investment in infrastructure. This reflects the large differences between Bulgaria and EU GDP per capita, as well as high resource (especially energy) of the economy. Insufficient administrative capacity both locally and in specific sectors at the central level is also a substantial obstacle to the development and effective implementation of necessary reforms. Ignoring these problems and delays of adequate government actions and businesses for their solution can have an extremely adverse impact on the socio-economic development in the long run.

The specifics of structural reforms in Bulgaria as a new Member State of the EU is the difficulty in distinguishing the progress of the reforms of the "first generation" and goal setting clear and timely reform of the "second generation" reforms. To some extent, this problem is overcome by requiring compliance with EU law and implementation of the discipline in the transposition of the *acquis* in Bulgaria in all areas of reform. But the presence of some delays and retention processes of Europeanisation of structural reforms in Bulgaria actually exacerbating the loss of competitiveness. Moreover, national institutions and policies should unless compliance with EU requirements have significantly greater initiative and commitment to choice of structural reforms given the presence of a large "field" of free choice at national level in terms of competitiveness.

Structural reforms in Bulgaria have their political, institutional and socio-economic conditionality. The fact that the "first generation" reforms in the economy reflect political change on the model of the economic system explains the observed complex processes and adverse effects. Depending on the political reform process continues at the present stage of "second generation" structural reforms, but risks are significantly higher for congestive crisis processes in the Bulgarian economy. It is unacceptable to politicize and continue underestimating the economic impact assessment of the measures undertaken to reform the "second generation" because of two characteristics of these reforms. On the one hand, their scope is framed by the EU Strategy 2020 and the implementation of reforms will be presumed the requirement in the absorption of EU funds and programs. On the other hand, in the dynamically changing external economic environment the loss of competitive advantages due to delays in national strategic and operational programs will mean actual lagging behind other EU countries in terms of reforms. Their realization in our country inevitably negatively influenced by the unevenness and instability of the political process, Split policies when changing governments and unbalancing of interests on stepwise sequence and systematic reforms in specific sectors and guidance to institutional change. Under these conditions the dominant pressure to reform inevitably takes place through the participation of Bulgaria in European integration. In this economization of structural reforms is crucial necessity of the modern stage.

Bulgaria held its structural reforms in line with EU requirements based on national programs and plans for reform as follows:

- National Reform Programme (2007-2009);
- National Reform Programme (2008-2010);
- National Reform Programme (2010-2013);
- National Reform Programme (2011-2015 AD).

For the new financial programming period in the EU (2014-2020) concluded a new partnership agreement with the EU (2014-2020) and the European Commission proposed new Operational Programmes for the programming period 2014-2020, Update 2013 on the National reform Programme (NRP) of the Republic of Bulgaria was developed in the framework of the European semester of 2013 and address the

recommendations in the European Council conclusions on the Annual growth Survey for 2013 and the Report on early Warning Mechanism for 2013 on Bulgaria has made progress in implementing the national targets set by 2011 in order to achieve common European goals in strategy "Europe 2020". Together with the Convergence Programme of the Republic of Bulgaria (2013-2016 years), the National Reform Plan reflects the measures and policies of the Bulgarian government in response to recommendations and the views of the European Council of 10 July 2012. With the implementation of the measures set out in the National Plan reform are respected and the country's commitments to the Covenant "Euro Plus" to boost competitiveness, employment and the sustainability of public finances. From 2012, the emphasis of the reforms was placed on reducing the shadow economy and improve tax collection, reform of school education, progress in the development of eGovernment and supply of electronic public services and reduce the administrative burden on business and improve control over procurement. In 2013, significant changes were made on the liberalization in the energy sector, to boost employment by creating new jobs as well.

Conclusion: The risks to economic growth in the EU and the implications for Bulgaria

The risks of low and stagnating economic growth in the EU as a whole remain. These risks will inevitably have a negative impact on the Bulgarian economy if slow recovery delays growth in the "core" EU countries which are expected to have more significant role as a "locomotive" of growth.

First, the economy of the Euro area countries and the EU as a whole will continue to recover slowly due to a general decrease in demand, low rates of investment and private consumption and shrinking global demand. Two factors are to play significant role: 1) low global demand will not be a driver for investment growth; 2) slow process of raising the quality of labour and capital inputs due to a kind of "innovation intermission" due to the prolonged crisis; 3) uneven and non synchronized improvement of the effectiveness of government policy and regulation in the EU countries.

The economic and social consequences of the crisis are still intensely felt across the EU and cause political pressures. Unemployment, at over 10% in the EU but exceeding 15% or even 20% in some Member States, remains at a very high level. Expected underlying growth dynamics in the EU remains subdued. This creates grounds to assess the EU being in danger to repeat the pattern of economic growth in Japan over the past two decades. The model of Japan is typical with the combination of low investment (especially private capital accumulation) combined with stagnating household income and consequently low level of consumption.

Second, the risks to the stability of the financial system in the euro area and other EU countries have been considerable so far. The governance reform in the EU has contributed significantly to have new financial assistance mechanisms been created and a Banking union set up. The fiscal rules have also been strengthened and

complemented by wider macro-economic surveillance through the introduction of the macroeconomic imbalances procedure. To integrate the various regular economic surveillance strands (fiscal, macro-economic, as well as structural under the Europe 2020 strategy) and to allow interaction between the European and national level before policies are implemented, the European Semester for economic policy coordination was set up in 2011. The European Semester is complemented by a “national semester” of policy implementation. Together, they make up an annual surveillance cycle. This may help reduce the asymmetry of macroeconomic policies of the member states of the Euro area.

Sovereign debt crisis revealed the significant risks of cross-border relationship between banks and sovereign debt on bonds, risk of infection by the sovereign debt of various countries to different banking groups with cross-border coverage, as well as the strong influence of macroeconomic and external imbalances of individual countries on the whole EMU.

Structured long-term sovereign debt to financial markets as liquid dependencies is becoming the dominant long-term negative trend in the financial systems of the Member States of the EU. The reduction in general government deficits is set to continue. The deficit-to-GDP ratios in both the EU and the euro area are set to decrease further this year, albeit more slowly, to respectively 3.0 and 2.6%. Government deficits are forecast to continue falling over the next two years, helped by strengthening economic activity. The fiscal policy stance is expected to be close to neutral in 2014 and 2015. The debt-to-GDP ratios of the EU and the euro area are expected to peak next year at 88.3 and 94.8% respectively (EC, 2014).

The asymmetry of macroeconomic conditions in individual EMU countries makes heavy burden of adaptation for countries debtors and the cause of deflationary trends in the Euro area countries and the other EU countries. The risk for financial protection against infection with EMU crisis is managed better after the European Central Bank took part as the lender of last resort and creates new mechanisms for stabilization and management of systemic risk. But on the agenda of the integration process continues to stand the adoption of new approaches and negotiation mechanisms and institutional capacity that could contribute to more symmetrical macroeconomic changes. This concerns also the prerequisites for the entry of the EMU by countries like Bulgaria due to the fact that the Monetary Union is developing the “safety nets” which are to provide better stability for the “ins” countries than for the “outs”.

Third, the success of reforms is much needed to facilitate job creation, as well as helping to bring public and private debt levels back down. The risk is at what speed the reforms will proceed at national and Community level. Research undertaken for the period 2010-2014, has evaluated the degree of implementation of the EU has issued country-specific recommendations for economic reform to its Member States under the European Semester. A synthetic indicator of EU-wide implementation of these recommendations shows a score of just over 40%. While this is higher than what some critics of the European Semester process have argued, a more stringent implementation record is necessary in the face of Europe’s economic challenges

(Renda, 2014). So far the implementation of reforms has been stronger in policy areas hit by the crisis as the banking sector and public finances.

The improved cohesion and growth performance in the EU may contribute to economic growth. The issues discussed above raise the question of the economic path which a country like Bulgaria has to follow. The economic gap stresses the need for the new member states like Bulgaria to improve the development of the financial system and foster economic growth. The EU policies are also to meet the challenge of giving the adequate support for catching up progress in the economic and social cohesion of Bulgaria – a country still in search of its European integration role.

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BULGARIAN MIGRATION: SOME EFFECTS OF THE EU ACCESSION

Vesselin Mintchev¹
Venelin Boshnakov²

1. Empirical Evidences (Data from Empirical Sociological Studies (ESS) in 2007, 2011 and 2013)

The accession of Bulgaria to EU (01.01.2007) has adjusted the Bulgarian migration model – it has influenced the intentions of the potential migrants and the so-called non-migrants, as well as the remittance behaviour and future intentions of the returned migrants in the country.

For the purposes of the analysis, we use data from representative excerpt surveys, carried out in the frames of different research projects, namely:

- “Family Patterns and Migration”, 2007 (UNFPA/BUL1P201 – Sample 2725) (Mihailov, Mintchev, et al., 2007);
- “Bulgarian Diaspora in Western Europe”, 2011 (National Science Fund of Bulgaria/Contract No DID 02/21 – Sample 1204) (Mintchev, 2012);
- “Migration and Transnationalism Between Switzerland and Bulgaria”, 2013 (BRSP – 2011-2016, Contract No IZEBZ0_142979 – Sample 3907).³

The data comparability (if there is comparability at all) is based on identical instruments, including questions and treatment of data repeated in the years, aiming to evaluate the potential emigration from the country by types – “settling”, “long-term” and “short-term”; as well as to collect information mainly on the remittance behaviour of the so-called returned emigrants (defined in this case as people living abroad for at least 3 months (in the 2013 survey – for more than a month) in the last 5 years prior the relevant surveys).

In the first case we are interested in questions like:

- Migration potential;

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³ The last study is carried out in the frames of project “Migration and Transnationalism between Switzerland and Bulgaria”, financed by Bulgarian-Swiss programme “Studies” 2011-2016.

- Preferred destinations;
- Reasons (in the context of the Ravenstein laws (Grigg, Ravenstein, 1977, p. 41-54), transformed later to the so-called “push” and “pull” factors of migration (Corbett, Ravenstein, 1885)), etc.

In the second case we are interested in information about:

- Incomes, costs and remittances (including distribution of respondents by income groups during their stay abroad); this information is used for evaluating the emigrants’ remittances (in this case there is no difference between “emigrants’ transfers” and “compensations to the employees abroad”) (Balkanska and Mintchev, 2012, p. 221-246);
- Forming a Diaspora, political participation, etc.;
- Using the information from the mentioned excerpt surveys, we will discuss consecutively the following issues:
 - Migration potential and preferred destinations before and after the accession of Bulgaria to EU;
 - Social-demographic profile of the potential settlers and potential short-term emigrants (gender, age, education, economic status);
 - Assessments of the “returned” and “current” emigrants – approximate numbers, duration of their stay, remittance behaviour, etc.

2. Migration Potential and Preferred Destinations

2.1. Migration potential

In the excerpt surveys the migration potential (including migration potential from Bulgaria) is traditionally evaluated through two key questions.

The first question distinguishes the so-called “potential migrants” from “potential non-migrants”. It categorizes “potential migrants” to short-term ones (few months, not more than a year), long-term ones (with intentions to leave the country for more than a year), settlers (people would settle permanently abroad).

Table 1

“Instrument” for identifying types of potential emigrants

How probable is in the near future to:	Not probable	Little probable	Somewhat probable	Very probable
Go abroad for a few months to work	1	2	3	4
Go abroad for more than a year to work	1	2	3	4
To settle abroad	1	2	3	4

Answers to this question are given at each row. The information is treated in the following way:

- Answers of 3 and 4, i.e. “somewhat probable” and “very probable”, show “potential emigrants”.
- Of all potential emigrants first are distinguished the “potential settlers”, then “potential long-term emigrants”, and finally – “potential short-term emigrants”.

In reality the so-called potential “short-term” emigrants should not be treated as potential “migrants” (since the emigrant is a person leaving the country for more than a year, and during the stay abroad does not return to the “country of origin” for more than 3 months), though this category is the one that more and more often draws the attention of the research community and decision makers.

The sequence of distinguishing the migrants to long-term and short-term potential emigrants is significant. If we first distinguish the short-term, then the long-term ones and finally the settlers, the results in table 2 will be different.

The second question (“When do you think you will realize your intentions?”) “controls” how serious the emigration intentions are. We assume that people, stating they will leave the country in the next 5-6 months or a year, would really do it, while the intentions of those with answers “in the next 2-3 years” or “in a more distant future” seem quite “hypothetical”.

Table 2

“Time horizon” of the emigration intentions

When do you think your intentions will be realized?	
In the next 5-6 months	1
In the next 12 months	2
In the next 2-3 years	3
In a more distant future	4

Data below fix the attitudes before Bulgaria’s membership to EU (Mihailov, Mintchev, et al., 2007), as well as the situation immediately after (and during) the global financial crisis.

There is a serious discrepancy in the emigration intentions (“making a decision to emigrate”) in 2007 compared with 2011 and 2013. If in 2007 only 6.7% of the respondents intent to emigrate in the current year (and 11.8% declare they would do it in the next 2-3 years or in a more distant future), in 2011 the first number is already almost 10% (9.8% declare they would leave the country in the next 5-6 months or a year) and the second number is over 13%. At the same time, in only 2 years, in 2013, the intentions to leave the country in the current year are already 11%, and the number of people who would do it in the next years decreases below the 2007 level.

In other words, the potential emigration from Bulgaria immediately after the accession of the country to EU is under 20%, namely 18.6%. Only 4 years later, in 2011, it reaches 22.8% of the active population, i.e. without exaggeration we can say that almost every fourth active Bulgarian is a potential emigrant. The situation in 2013 seems paradoxical – on one hand, the purely hypothetical emigration intentions decrease, but on the other hand, it is obvious that Bulgarians lose patience and 11% of the active people are inclined to look for realization abroad in the current year.

An interesting specific is that if in 2007 the intentions for short-term migration dominate (i.e. the intentions for *mobility* (obviously inside EU) are bigger than the ones for *emigration*), in 2011 the desires for settling (permanent emigration) prevail. These intentions remain in 2013 as well.

Table 3

Migration potential in 2007, 2011 and 2013 (%)

	Short-term	Long-term	Settlers	TOTAL
2007				
In the next 5-6 months	0.80	0.90	0.40	2.10
Till the end of the year	1.70	2.10	0.80	4.60
In the next 2-3 years	2.30	2.30	1.80	6.40
In a more distant future	2.40	1.40	1.70	5.40
	7.20	6.70	4.70	18.60
In a 1-year horizon	121223	144398	60611	326232
2011				
In the next 5-6 months	1.00	1.20	2.40	4.70
Till the end of the year	1.00	2.10	2.00	5.10
In the next 2-3 years	2.20	3.60	3.20	9.10
In a more distant future	1.10	1.60	1.30	4.00
	5.30	8.50	9.00	22.80
In a 1-year horizon	92037	153395	203249	448681
2013				
In the next 5-6 months	1.7	1.9	2.5	6.1
Till the end of the year	1.1	1.7	2.0	4.9
In the next 2-3 years	1.3	2.1	1.6	5.0
In a more distant future	1.0	1.1	1.5	3.6
	5.2	6.8	7.6	19.6
In a 1-year horizon	125396	157864	197050	480310

If we take into consideration when potential emigrants would realize their intentions (in the next 5-6 months or a year), if we disregard the emigration intentions in a more distant future, and if we assume that the intentions of the active population in the country are similar with the intentions of the surveyed people, we cannot deny the significant increase of the number of potential emigrants in 2007-2013 (in absolute numbers – by almost 154 000 people). Of course, as in such analyses, it is assumed that only about 10% of the people with intentions to migrate would really do it.

In this sense, we would not exaggerate to assume that the most immediate effect of the Bulgarian membership to EU is the increase of the migration intentions and potential of the country.

2.2. Preferred destinations

There are clear changes also in the preferred destinations by the Bulgarians – the recently attractive South European destinations (Spain and Greece) give the “leading place” in the Bulgarians’ preferences to countries like Great Britain and Germany. Countries like USA, France and Italy are always among the first 10 destinations in 2007, as well as in 2011 and 2013. Turkey and Belgium, mentioned among the preferred destinations in 2007, are “replaced” by The Netherlands and Switzerland in 2011, and appear again in 2013.

The permanency of most of the preferred destinations is impressive. With the other, this is a sign of stabilization of the Bulgarian migration model (from point of view of the popular intentions to exactly certain countries).

Table 4

Destinations of potential emigration from Bulgaria

2007	2011	2013
Spain	Great Britain	Germany
Greece	Germany	UK
Germany	Spain	Spain
Great Britain	Greece	Greece
USA	USA	Italy
Turkey	France	USA
Italy	Italy	France
France	Cyprus	Belgium
Cyprus	The Netherlands	Austria
Belgium	Switzerland	Turkey

If in 2007 totally 17.4% of the potential emigrants and 32.4% (i.e. almost every third) of the potential migrants would prefer Spain, in 2011 Great Britain and Germany have attracted over 40% of the potential Bulgarian emigrants. Almost 1/3 of the migrants would go to Great Britain, and 16.3% – to Germany. In 2013 the changes continue – Germany convincingly leads as the most preferred destination by Bulgarians (about 1/3 of all potential emigrants and particularly of the settlers would prefer exactly this country).

In this connection we can state that despite the already established preferences, the Bulgarian membership to EU, as well as the stage-by-stage dropping of the restrictions to access the labour markets of the old member countries, redirect the Bulgarian emigration from the Mediterranean to the North European destinations. We can assume that this is due not just to the higher standard in Northern Europe, but also to the different immigration policies in the different member countries: periodical regularizations in Southern Europe and stricter selection in the north.

3. Social-Demographic Profile of the Potential Emigrants

The question whether and how much the profile of the potential settlers and potential short-term emigrants has changed in 2007-2013 is interesting.

3.1. Social-demographic profile of the potential settlers

The structure of the potential settlers by gender has changes substantially in the period.⁴ In 2007 it is balanced. Half of the potential settlers are women (49.6%) and

⁴ A serious analysis of the so-called gender dimensions of the new Bulgarian emigration is presented for example in Rangelova, et al., 2006, p. 43-66.

half – men (50.4%). This shows a decrease of the migration pressure by the country right before the EU membership.

The situation in 2013 is different. Of all potential settlers men dominate (57.3%), which shows an activation of the emigration pressure (like in the first half of the 1990s).

There are changes also in the age structure of the potential settlers. If in 2007 people aged 30-40 prevail, in 2013 every third person is aged 20-30. At the same time the migration intentions of the people aged 40-50 clearly increase.

Concerning the educational level, in 2013 people with vocational secondary education show a considerably high desire to migrate. The labour market (from point of view of employment – unemployment) in Bulgaria does not substantially influence the desire to permanently emigrate. Still, the employed people show certain decrease of the desire to migrate.

Concerning the intensity of the phenomenon (potential “permanent” emigration), there is a “reanimation” of the migration intentions (as if forgotten after the first half of the 1990s), which is clear from the 2013 data (see table 5).

Table 5

Social-demographic profile of potential settlers from Bulgaria – 2007-2013

Variables of the socio-economic profile	2007		2013	
	Intensity ¹	Structure ²	Intensity ¹	Structure ²
Gender				
Male	5.4	49.6	10.4	57.3
Female	4.9	50.4	7.8	42.7
Age				
Up to 20	9.8	24.8	16.0	14.6
21 – 30	7.2	28.4	14.7	32.4
31 – 40	6.4	27.7	11.0	26.5
41 – 50	3.4	12.8	7.7	18.0
51+	1.3	6.4	2.7	8.5
Education				
Elementary or lower	5.2	24.1	9.3	15.3
Secondary – general	4.9	24.8	10.6	18.4
Secondary – vocational	5.2	27.7	7.7	38.1
Higher	5.5	23.4	10.4	28.2
Economic status				
Employed	4.9	58.6	7.9	49.2
Unemployed	5.8	17.9	13.8	30.3
Other	5.6	23.6	8.1	20.5
Income group				
Up to 150 BGN			7.9	13.3
150-300 BGN			7.3	30.9
300-450 BGN			9.4	25.2
450-600 BGN			12.1	16.2
Over 600 BGN			12.7	14.4

Notes:

¹ "Intensity" equals the % of the cases recruited to this potential migrant category, within each of the subsamples obtained by the respective variable of the socio-economic profile.

² "Structure" presents the distribution of the potential migrant cases by the respective variable.

As a whole, the intensity levels have increased for more than the monitored socio-demographic characteristics (mostly age and education structure of the population) – the intensity has significantly increased for men (every tenth man is a potential settler), as well as for people aged 20-30 (16% of the youngest and almost 15% of those aged 30). Analogically, every tenth person of those with general secondary education and about 8% of those with vocational secondary education could also be considered potential settlers. We should also outline the fact that for people with comparatively higher incomes the emigration desire is higher (at least in 2013).

The conclusion that the increased migration potential and intentions are mainly on the account of permanent emigration is imposing. The emigration pressure reflects on men, people with vocational secondary education, and not only young but also older people.

3.2. Social-demographic profile of potential short-term emigrants

Comparison of the profile of the potential settlers with the one of potential short-term emigrants (see table 6) provokes curious statements.

Table 6

Profile – potential short-term emigrants (%)

Variables of the socio-economic profile	2007		2013	
	Intensity ¹	Structure ²	Intensity ¹	Structure ²
Gender				
Men	8.9	51.6	7.0	53.7
Women	7.5	48.4	6.1	46.3
Age				
Up to 20	8.7	13.9	11.1	14.1
21 – 30	12.5	31.4	10.0	30.5
31 – 40	9.8	26.5	8.0	26.6
41 – 50	4.9	11.7	5.3	17.2
51 – 60	5.5	16.6	2.7	11.7
Education				
Elementary or lower	6.9	20.2	5.3	12.2
Secondary – general	7.9	25.6	8.0	19.2
Secondary – vocational	10.2	34.1	6.9	47.1
Higher	7.5	20.2	5.7	21.6
Economic status				
Employed	8.5	63.7	5.6	48.6
Unemployed	8.1	15.7	9.5	29.0
Other	7.8	20.6	6.3	22.4
Income group				
Up to 150 BGN			6.4	16.1
150-300 BGN			6.4	40.9
300-450 BGN			5.9	23.7
450-600 BGN			4.8	9.7
Over 600 BGN			5.7	9.7

Notes:

¹ "Intensity" equals the % of the cases recruited to this potential migrant category, within each of the subsamples obtained by the respective variable of the socio-economic profile.

² "Structure" presents the distribution of the potential migrant cases by the respective variable.

With rare exceptions, the structure of short-term emigrants by gender, age, education and economic status in 2013 is similar to the one in 2007. An exception is the considerably high share of people aged 41-50 among the short-term emigrants in 2013, as well as the increased share of people with vocational secondary education. On the other hand, the share of people with elementary education decreases. By economic status (in the context “employed – unemployed”) there are serious differences – the share of employed people decreases compared with 2007. Together with this, concerning the intensity of the examined social-demographic specifics, almost everywhere we see lower or identical values in 2013 compared with 2007. There are few exceptions, namely the age groups under 20 and 41-50, as well as the unemployed.

Obviously the short-term potential migration does not compensate the desire to migrate. Seems like the labour market (presence of work in the country) limits the desire for a short-term emigration. However, obvious is the decreased presence of people with lower education, as well as the maintained and even increased interest among the people with vocational secondary education.

4. “Returned” and “Current” Emigrants (2007, 2011 и 2013)

4.1. “Returned” and “current” emigrants – evaluations

The attempts to evaluate the number of the so-called “returned” and “current” emigrants, their social-demographic specifics and profile, labour realization and remittance behaviour, etc., are new in the Bulgarian literature.⁵

The categorization, used for generalizing the information (see table 7), is based on the following *definitions*:

- “Returned emigrant” – a person who has lived abroad for 3 or more months in the last 5 years and at the moment of carrying out the survey resides in Bulgaria.
- “Current emigrant” – a person who at the time of carrying out the survey resides abroad.

Table 7

Returned and current emigrants (evaluations 2007, 2011, 2013)

	2007	2011	2013
Relative share of households with returned migrants (%)	10.1	13.7	15.5
Number of households with returned migrants	294345	411896	470783
Returned migrants per 1 household	0.133	0.158	0.229
Number of returned migrants	384494	474304	693744
Relative share of households with current migrants (%)	7.4	7.1	10.7
Number of households with current migrants	213908	212189	326285
Current migrants per 1 household	0.097	0.090	0.159
Number of current migrants	280435	269604	483990

⁵ In this context see Krasteva, Otova, Staikova, 2011.

Of course, these *definitions* of “returned” and “current” emigrant are too conditional. However, they allow us to evaluate the number and profile of the people with migration experience, residing in the country, as well as to identify the households with close people abroad during the carrying out of the surveys.

Extrapolating the information from the survey on the number of returned and current emigrants per 1 household of all households in the country in 2007 and 2011, we can assume that the number of households with returned emigrant has increased to 13.7% of all Bulgarian households in 2011, and the number of households with current emigrant has remained below the 2007 levels – about 7%. Thus, in absolute numbers, in 2011 the number of returned emigrants exceeds 470 000 people compared with 380 000 people in 2007, and the number of current emigrants exceeds 260 000 people compared with 280 000 people in the previous period.

The 2013 data are based on a definition of returned emigrant, different than the one in 2007 and 2011, namely “a person who have lived abroad for more than a month (not 3 months) in the last 5 years”. This means that the 2013 data are not comparable with the ones from the previous surveys. This still lets us state a serious (for the Bulgarian scales) presence of returned and so-called current emigrants – respectively over 690 000 and 480 000 people.

The number of returned emigrants does not seem so impressive if we take into consideration the fact that these are people who have lived abroad in the 5 years prior to the surveys. This explains also the smaller number of so-called current emigrants – people living abroad at the time of the survey (and maintaining contacts with their relatives in the country). One way or the other, in the period 2006-2010 about 700 000 active Bulgarians have been engaged abroad (work, education, visiting relatives and close friends, etc.). If we use the 2013 data, it turns out that in 2008-2012 over 1 million Bulgarians (namely 1.17 million) have been engaged abroad for more than a month.

Maybe we should explicitly state that these are evaluations on the basis of data of representative excerpt surveys in Bulgaria, i.e. we monitor the part of the Bulgarian emigration with active contacts with their close people and maybe without a final decision where to settle. Of course, some of these people (and most probably not a small part) can be considered practicing a “circulating”, “circular” migration.

Obviously, the numbers show not only the effect of the global financial-economic crisis. One way or the other the number of people returning to Bulgaria has increased. Probably it is one of the reasons for the discussed above increase of the migration potential from the country. In any case, dropping the barriers to free movement and stage-by-stage liberalization of the European labour markets for Bulgarians increase the mobility and range of the people seeking and finding engagements and realization abroad.

4.2. Income and remittance behaviour

Information, collected from people with migration experience, let us evaluate, though quite approximately, their average monthly income abroad, as well as other

parameters of their “remittance” behaviour, which finally allows aggregated evaluations of the remittances, generated by this type of migration.

Evaluations are based on analogical data from the mentioned above surveys in 2007, 2011 and 2013.⁶ Concerning the income structure of returned emigrants, there is a constantly high share of people with incomes of 400-800 EUR (i.e. in the range of the minimal salary in most Western European destinations) and those with average monthly income of 800-1200 EUR (every third person falls into one of these two income groups). At the same time, the share of people with income of less than 400 EUR decreases drastically, reaching 2.6% in 2013. On the other hand, every fifth person receives 1200-1600 EUR in 2013 – a share significantly higher than the one in 2011, and especially in 2007. As a whole, according to the evaluations, generally the average monthly income of Bulgarians, returned from abroad, increases by about 200 EUR from 2007 to 2013, namely from 810 to 1037 EUR.

Table 8

Income distribution of returned emigrants during their stay abroad (2007, 2011 and 2013) (%)

How much your monthly earnings during your stay abroad approximately were?	2007	2011	2013
Up to 400 EUR	18.6	9.5	2.6
Over 400 to 800 EUR	34.0	33.6	34.2
Over 800 to 1200 EUR	31.4	36.2	32.9
Over 1200 to 1600 EUR	8.3	14.7	20.1
Over 1600 to 2000 EUR	7.7	6.0	2.3
Over 2000 EUR			8.0
Average (EUR)	810	897	1037

The evaluations of the remittances are based on data of the average monthly income abroad of the returned emigrants, their number (see previous section), average duration of their stay, share of remittances from income received abroad; and having in mind that their answers refer to 5-year period.

Table 9

Emigration remittances (evaluations 2007, 2011, 2013)

	2007	2011	2013
Average monthly income (EUR)	810.3	896.6	1037
Average length of stay (months)	13.8	18.2	17.5
Average annual income abroad of all returned migrants (million EUR)	860	1548	2518
Share of remittances (%)	44.30	31.20	39.20
Average annual remittances, returned migrants (million EUR)	381	483	987
Average annual remittances, current migrants (million EUR)	278	274	687
Average annual remittances, total (million EUR)	658	730	1674

In all cases, there is an increase of the emigration remittances, based on information of the “returned emigrants to the country” – from about 380 million EUR in 2007 to 987 million EUR in 2013. We assume that current emigrants have an analogical behaviour,

⁶ Evaluations for 2013 are comparable in the part based on information of returned emigrants. The data of the so-called current emigrants lacks comparability due to the use of a different definition than their distinguishing in the surveys in 2007 and 2011.

based on which we evaluate separately also the remittances of this category of emigrants. Despite the increased evaluation in 2013, due also to the change in the methods, it is realistically to expect that in 2013 the remittances of the so-called current emigrants exceed the amounts in 2007 and 2011. Data of the payment balance of BNB only confirm the stated trends (Balkanska and Mintchev, 2012, p. 221-246). Obviously this is due, on one hand, to the increased mobility of the population, and on the other – to increased average monthly income of the Bulgarians abroad.

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GEOPOLITICS AND STRATEGIES

MINORITÉS DANS LES BALKANS, MINORITÉS DANS L'ESPACE POST-SOVIÉTIQUE: Y A-T-IL UN MODÈLE COMMUN DE RÉOLUTION DES CONFLITS?

*Ruxandra Ivan*¹

La crise en Ukraine survenue au printemps de 2014 a ressuscité les inquiétudes concernant les arrangements géopolitiques européens après la fin de la Guerre Froide, ainsi que le spectre de la réescalation des tensions entre la Russie et les Etats-Unis et leurs alliés. Elle a remis à l'avant-scène de la politique les débats concernant la correspondance entre les frontières et les groupes ethniques et linguistiques, ainsi qu'une question qui a été à la source de nombreuses guerres européennes aux 19e et 20e siècles, à savoir la question des minorités nationales.

Le but de cette contribution est d'examiner, dans une perspective comparative, la thématique des minorités nationales dans quelques cas récents de conflits sur le territoire européen et post-soviétique, afin de comprendre s'il y a un modèle commun de déploiement de ces conflits et de leur résolution. Est-ce qu'il y a des ressemblances, des lignes de continuité, est-ce que l'on peut tracer des parallèles – soit pour des buts d'argumentation juridique d'une certaine position, soit pour le but plus honnête de la simple compréhension des situations géopolitiques auxquelles nous devons faire face – entre le cas historique du conflit et de l'indépendance ultérieure au Kosovo et ceux, non moins célèbres, de la Transnistrie, Ossétie et Crimée?

Pourquoi ces quatre cas? Les deux régions - les Balkans Occidentaux et l'espace post-soviétique – représentent le voisinage le plus immédiat de l'Union Européenne, même si celle-ci préfère de faire une distinction politique nette entre les deux, quand elle appelle les pays des Balkans Occidentaux par le nom de pays candidats/potentiellement candidats (EEAS, 2014) (parmi ceux-ci, le Kosovo); tandis

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que jamais une telle perspective n'a pas été offerte aux pays de l'ancien bloc soviétique qui font l'objet, du point de vue de l'UE, de la Politique Européenne de Voisinage.

Deuxièmement, le Kosovo représente un précédent historique auquel toute situation même potentiellement similaire doit se rapporter. Il s'agit de la première modification des frontières européennes, après l'Acte Final de Helsinki, qui n'a pas reçu l'accord de toutes les parties impliquées: elle a été faite contre la volonté de la Serbie. Il s'agit, aussi, du premier cas européen de statalité obtenue par une minorité nationale après la Guerre Froide, dans le contexte où les demandes séparatistes se multiplient partout en Europe mais aussi dans l'ancien espace soviétique. C'est pourquoi toute situation ultérieure de modification des frontières en invoquant le principe de l'autodétermination des peuples doit faire référence au Kosovo. Le cas de la Crimée serait un autre cas de modification des frontières par la force, tandis que la situation de Transnistrie et d'Ossetie se maintient dans un état que l'on appelle "conflit gelé".

Finalement, la situation sur le terrain dans tous les quatre régions choisies est loin d'être stabilisée une fois pour toutes. Or, tous les quatre cas ont provoqué énormément de turbulence sur la scène régionale, dans la période "chaude" du conflit. C'est pourquoi comprendre le chemin qu'elles ont parcouru, ainsi qu'anticiper leur possible évolution future est important tant pour les scientifiques, que pour les décideurs.

Pourquoi cette comparaison est-elle relévanle? Elle est relévanle à cause du réseau complexe de ressemblances et de différences entre les quatre cas, qui permettent une perspective nuancée sur les possibles scénarios d'avenir. Ce sont ces ressemblances et ces différences que notre intervention va essayer de mettre en exergue, sans nous attarder trop sur les cas individuels pour des raisons liées aux limitations d'espace.

La comparaison peut se montrer relévanle aussi du point de vue pragmatique de l'action politique de l'UE. Non seulement celle-ci est obligée de tenir compte des évolutions dans son voisinage à l'Est, mais elle doit être capable de prévoir les éventuelles conséquences de l'intégration européenne des Balkans occidentaux, et le cas du Kosovo n'est pas des plus simples. C'est pourquoi une meilleure compréhension des similitudes que présente ce cas par rapport à la région ex-soviétique, ainsi qu'une grille de scénarios possibles est nécessaire aux décideurs européens qui gèrent les stratégies d'élargissement de l'UE et les politiques de voisinage.

L'objet de la comparaison est le positionnement politique des populations qui demandent la sécession par rapport à des questions liées à l'ethnicité, nation et droit à l'auto-détermination. Par conséquent, les palliers d'analyse que nous allons privilégier concernent la circulation des idées sur la nation et l'ethnicité dans la culture politique, ainsi que les édifices d'argumentation juridique sur lesquelles se basent les revendications séparatistes.

Dans notre tentative de comparer les quatre cas mentionnés, nous avons isolé trois variables que nous considérons les plus pertinentes pour expliquer tant les différences, que les similitudes. Il s'agit, premièrement, du parcours historique de la région à partir du début du 20^e siècle. Nous avons considéré tant une histoire événementielle, que – et surtout – une histoire culturelle, afin de comprendre la manière dont les questions liées à la nation et à l'ethnicité ont été inscrites dans l'empreinte mentale des populations locales. En deuxième lieu, nous avons examiné les demandes de séparation des quatre régions à travers une grille de lecture juridique, en essayant de juger la correspondance entre ces demandes et les règles de droit en vigueur – tant les règles constitutionnelles qui relèvent du droit interne, que les règles du droit international.

Cependant, il existe aussi une détermination plus “objective”, si on peut la nommer ainsi, du parcours politique pris par les quatre régions ces derniers vingt ans. Il s'agit du contexte géopolitique, qui constitue notre troisième variable.

Survol des cas: similitudes et différences

Première différence, évidente, est le positionnement géographique et le rapport aux grandes puissances européennes. Kosovo est la région la plus proche de l'Europe occidentale et de l'UE, ayant fait partie de l'ancien état fédéral yougoslave depuis 1918, tandis que, dans la même période, les trois autres territoires font partie des Républiques Socialistes (Ukraine, puis Moldavie pour la Transnistrie; Russie, puis Ukraine pour la Crimée; Géorgie, pour l'Ossetie). D'ici, la première ressemblance entre les quatre cas, à savoir l'influence de la pensée marxiste-léniniste sur la manière dont la situation des minorités ethniques est abordée dans les deux grands états fédéraux communistes, la Yougoslavie et l'URSS. Autre point commun, aucun des territoires considérés n'a une tradition d'indépendance étatique dans la période moderne et, même si la stratégie politique des sécessionnistes est de demander premièrement l'indépendance, dans tous les quatre cas celle-ci n'est qu'un premier pas vers la réunification avec une “nation-mère”, qui est la nation albanaise pour le Kosovo et la nation russe pour les trois autres cas.

Le Kosovo est aussi le premier cas d'obtention de l'indépendance, en 2008, grâce au soutien des puissances occidentales. Indépendance contre laquelle la Fédération Russe s'est prononcée, en attirant l'attention sur le danger de considérer ce cas comme un précédent. Certes, du point de vue de la Russie, le précédent peut servir dans les deux sens, c'est-à-dire, aux républiques séparatistes du Caucase du Nord – Tchétchénie, Ingushetia, Daghestan – ou bien aux régions séparatistes soutenues par la Russie dans les anciennes républiques soviétiques – l'Abkhzie, la Transnistrie ou l'Ossetie. En plus, conformément aux ententes plus ou moins explicites de l'après Guerre Froide, la Russie est le seul pays qui assume des fonctions de maintien de la paix dans l'espace ex-soviétique. Tous les quatre régions ont parcouru des étapes chaudes de conflit. La Crimée a été en fait la plus épargnée, car ici le conflit n'a pas produit des victimes, à la différence des guerres sanglantes au Kosovo (cca. 13000 victimes entre 1998 et 2000, cf. Kosovo Memory Book), Transnistrie (moins de 1000

victimes en 1992, cf. Savceac, 2006) et Ossétie (environ 1000 en 1992 et moins de 500 en 2008, cf. Georgian MFA). On constate tout de suite que le nombre des victimes de la guerre de Kosovo est nettement plus grand que dans les autres cas. Cela peut être utilisé comme argument tant par les supporters de la justesse de l'indépendance kosovare, que par ceux qui voient dans l'intervention de l'OTAN un facteur d'escalation du conflit.

L'évolution historique

Du point de vue historique, tous les quatre cas en question sont héritiers d'une situation impériale. Or, la gestion des territoires et populations au sein d'un empire suit une logique centrée autour de l'objectif de la maintenance de la cohésion de l'empire.

Le Kosovo est un territoire symbolique pour la construction nationale des Serbes et des Albanais en même temps. Les ancêtres des Albanais sont le peuple illyrique, qui habitait le territoire lors de l'arrivée des tribus slaves au 6^e siècle. Pour les Serbes, un évènement historique très chargé symboliquement est la bataille de Kosovopolje, 1389, quand ils ont été vaincus par les Ottomans. En 1912, le Kosovo, antérieurement partie de l'empire Ottoman, passe sous le contrôle des Serbes, ce qui donne l'occasion de pogromes des Serbes contre les Albanais. Le Traité de Londres, signé en 1913, stipule la création de l'état albanais, mais le Kosovo et la Macédoine restent sous contrôle serbe, en dépit du fait que plus de la moitié de la population albanaise habite les deux territoires. Les Albanais de Kosovo sont persécutés à l'entre-deux-guerres, et après l'instauration du communisme ils restent méfiants à l'égard du régime, qui est perçu comme un projet pan-slave de domination (Gallager, 2006, 48-49).

Le tournant dans la stratégie politique envers la province survient en 1967, après la première visite de Tito au Kosovo: les Albanais commencent à être recrutés dans les fonctions politiques et administratives et l'Université de Pristina est consolidée. Pourtant, la situation économique continue d'être pire que dans le reste de la Yougoslavie. Mais la voie vers plus de descentralisation et plus de droits pour les kosovars est ouverte: la nouvelle Constitution de 1974 consolide le statut autonome du Kosovo. Comme partout dans le monde où un accès plus large à l'éducation permet l'apparition des élites plus politiquement conscientes, les étudiants nationalistes albanais de Pristina organisent des manifestations populaires en 1981 qui demandent l'unification avec l'Albanie, mais qui sont réprimées par le régime.

Cependant, Tito est un promoteur de la philosophie internationaliste du socialisme: l'unité des classes transcende les différences nationales. C'est l'une des raisons pour lesquelles les kosovares bénéficient de plus de droits dans cette période, mais aussi pour la frustration ressentie par les Serbes, qui ont perdu leur statut privilégié. Slobodan Milosevic, qui prend le pouvoir en 1987, a capitalisé les tendances nationalistes existantes au sein de la nation serbe et les a utilisées pour promouvoir sa carrière politique. En 1989, l'autonomie du Kosovo est abolie par le Parlement serbe (ce qui contrevient à la Constitution fédérale). L'état d'urgence est déclaré, suivi

par des violences. A partir de ce moment, les Albanais créent leur propre état parallèle, sous la direction politique de la Ligue Démocratique du Kosovo, dirigée par Ibrahim Rugova. Le mouvement a une stratégie de la résistance non-violente. En 1991, la LDK annonce les résultats d'un référendum dans lequel 99,87 pour cent des Albanais de Kosovo se sont prononcés en faveur de l'indépendance. C'est le début d'un conflit qui durera jusqu'à la proclamation de l'état kosovare en 2008. Notons que, aux années 80, le pourcentage de la population serbe au Kosovo est de 10%.

Le territoire sur la rive gauche du Dniestre a fait partie de l'état roumain seulement pour quelques mois pendant la deuxième Guerre Mondiale, dans la contexte de l'avancée des troupes roumaines (King 2004, 67). A la différence de la Bessarabie, la Transnistrie n'a jamais fait l'objet des prétentions roumaines. Par contre, la Bessarabie est un territoire très disputé par les Roumains et les Russes à partir du 19e siècle. En 1918, la Russie perd la Bessarabie après plus 100 ans d'appartenance de ce territoire à l'Empire. Cette situation n'est pas reconnue par les autorités soviétiques et mène à une interruption des relations diplomatiques, qui ne seront reprises qu'en 1934. Dans ce contexte, Staline cherche de promouvoir une politique culturelle qui accrédite l'idée de l'existence d'une nation moldave d'origine slave, séparée de la nation roumaine. Cette idée est soutenue y compris par la création d'une République Socialiste Soviétique Autonome Moldave (RSSAM) sur le territoire actuel de la Transnistrie.

En 1940, la Bessarabie est occupée par les soviétiques, qui créent une nouvelle République Socialiste Soviétique Moldave, qui inclut aussi l'ancienne RSSAM. Pendant la deuxième Guerre Mondiale, celle-ci est soumise, comme la plupart des autres républiques soviétiques, à une politique de déplacements massifs de population, qui accentue la tendance de baisse du pourcentage de la population d'origine roumaine, tendance présente dès le 19e siècle (Cernovodeanu, 1993, 52; Siscanu et Pavelescu, 2003, 416). Ce pourcentage touche 64% en 1979 (Enciu et Pavelescu, 2003, 452). Les politiques culturelles ont largement constitué un facteur de dénationalisation de la population autochtone: l'alphabet cyrillique, déjà utilisé en RSSAM depuis 1938, est réintroduit, la langue russe est utilisée dans les écoles et dans l'administration. Les manuels d'histoire promeuvent l'idée de l'origine slave du peuple moldave (Siscanu et Pavelescu, 2003, 418). La stratégie du régime soviétique pour la Moldavie est à la recherche d'un équilibre entre la thèse d'un peuple moldave séparé de celui roumain et celle de l'existence d'une nation moldave, qui aurait pu émettre des prétentions à l'autonomie, voire à l'indépendance, conformément aux principes constitutionnels soviétiques (Beks et Graur, 2006, 26).

Vers la fin des années 80, un nouveau souffle nationaliste est ressuscité à travers l'entière URSS, encouragé en partie par Gorbatchev qui espère attirer ainsi plus de jeunes gens dans un Parti dominé par les anciens oligarches brejnévistes (Thom, 1994). La *perestroïka* permet aux élites culturelles roumaines d'exprimer des demandes de réintroduction de la langue roumaine comme langue principale dans l'enseignement et l'administration. Les protestations mobilisées pendant l'été de 1989 par le Front Populaire Démocrate ont comme résultat le retour à l'alphabet latin et de la langue roumaine comme langue officielle. Ce sont ces évolutions politiques, ainsi que le discours de plus en plus pro-roumain des élites culturelles et politiques de la

RSSM qui suscitent des peurs et des soupçons parmi les populations non-roumaines, à savoir les Russes et les Ukrainiens de Transnistrie et les Gagaouzes au sud-ouest de la Moldavie. Ceux-ci sont préoccupés par l'éventualité de la réunification de la République de Moldavie à la Roumanie, ce qui les placeraient dans la position d'une minorité insignifiante au sein d'un grand état roumain. Par conséquent, la Transnistrie déclare son indépendance le 25 août 1991, deux jour *avant* la proclamation de l'indépendance de la République de Moldavie.

Habitée par un pourcentage important de tatars, qui sont la "nation titulaire" de la RSSA Criméenne entre 1921 et 1945, la Crimée est soumise à des déportations en masse en 1944, transformée en *oblast* en 1945 et finalement offerte en cadeau à l'Ukraine en 1954 (Malyarenko et Galbreath, 2013). La sécession est demandée lorsqu'il y a une perception de la population russe ou russophone, qui dépasse les 50% de la population, concernant le rapprochement à l'Ouest de l'Ukraine. Rappelons aussi l'Accord signé en 1997 par lequel la Russie reconnaît l'intégrité territoriale de l'Ukraine en échange de l'engagement de non-alignement pris par l'Ukraine (Malyarenko et Galbreath, 2013).

Le territoire ossétin, conquis par Cathérine II en 1774, a toujours été plutôt fidèle à la Russie, vers laquelle se sont dirigées aussi les sympathies de la minorité ossétine en Géorgie indépendante après 1991. Il y a ainsi une Ossétie du Nord, RSSA en RSFSR et puis république au sein de la Fédération Russe, et une Ossétie du Sud, anciennement région autonome et qui a juridiquement gardé ce statut après l'indépendance géorgienne. Tandis que la Géorgie a essayé de consolider sa statalité en limitant les droits des minorités abkhaze, adjare et ossétine habitant sur son territoire, elle a ainsi réussi de contrarier ces minorités qui sont, toutes, plutôt favorables à un rapprochement, voire inclusion dans la Fédération Russe (Carrère d'Encausse, 1990).

La distance offerte par la perspective comparative permet de détecter les ressemblances, du point de vue de la variable historique, des quatre situations discutées. Toutes les quatre adviennent sur un fond de domination impériale jusqu'au 19e siècle, et dans des états créés selon une logique fédérale et dominées par une idéologie internationaliste qui, au moins de manière théorique, considère que les classes sociales sont des acteurs politiques plus viables que les nationalités ou les groupes ethniques. Mais les événements historiques n'ont pas un sens universel: il faut leur appliquer un filtre idéologique. Or, du point de vue de l'idéologie dominante en URSS et Yougoslavie, la question des nationalités n'a pas de relevance réelle, à l'échelle historique. Il est par conséquent légitime de nous poser la question si l'absence de conflit direct dans les régions étudiées pendant les régimes communiste n'est pas liée à cette idéologie. Par contre, les conflits ont tout de suite jailli lorsque la question des nations et ethnies est revenue à l'avant-scène du discours politique. D'autre part, l'absence de conflit ne garantit pas une vie heureuse aux groupes minoritaires: rappelons-nous des persecutions contre les Albanais kosovares et les Tatars criméens.

Des questions juridiques

Dans les années 20, il y a quatre catégories d'unités administratives-territoriales en l'Union Soviétique: les républiques socialistes soviétiques (RSS), les républiques socialistes soviétiques autonomes (RSSA), les provinces autonomes (*oblast*) et les territoires nationaux autonomes (*okrugi*). Conformément aux Constitutions soviétiques de 1924, 1936 et 1977, le droit à la sécession est prévu uniquement pour les RSS. La question des nationalités est des plus délicates, vu qu'il y a, conformément au recensement de 1926, non moins de 176 nationalités différentes en URSS. Staline, qui occupe le poste de Commissaire pour les nationalités entre 1917 et 1924, est dans un premier temps obligé de suivre la perspective de Lénine, qui met l'accent sur le besoin d'attirer les masses vers le Parti dans le contexte de la guerre civile; cela se traduit aussi par l'octroi aux nationalités de plus de droits qu'elles n'avaient eus au temps de l'Empire Tsariste (Lénine, 1922). La stratégie de *korenizatsiya*, signifiant "enracinement", poursuivie aux années 20, encourage les sentiments nationaux et confère un statut et un territoire à chaque groupe national, ainsi que de droits linguistiques. Les choses changent à partir des années 30, et surtout après la deuxième Guerre Mondiale, lorsque la politique de russification, accompagnée par des déplacements de population et la centralisation administrative, est de plus en plus évidente.

Quel est le statut des trois territoires soviétiques qui font l'objet de cette étude? La Transnistrie est, entre 1924 et 1940, une RSSAM au sein de la RSS Ukraine; elle est incorporée par la suite dans la RSS Moldave et déclare son indépendance en 1991, en devenant une république auto-proclamée et non reconnue par aucun membre de l'ONU. L'Ossétie du Sud est un *oblast* autonome au sein de la RSS Géorgie entre 1922 et 1991. La Crimée est, entre 1921 et 1945, une RSSA au sein de la RSFS Russe; elle devient par la suite un *oblast* autonome qui est cédé à la RSS Ukrainienne en 1954, en gardant ce statut. Elle a un statut de république autonome dans l'Ukraine indépendante après 1992 et se voit dédier un titre spécial dans la Constitution ukrainienne de 1996. Selon celle-ci, la Crimée est la seule République autonome au sein de l'Ukraine (Constitution de l'Ukraine, 1996, titre X). La Constitution ne prévoit pas le droit à l'auto-détermination ou à la sécession et ne reconnaît pas l'existence des minorités nationales.

Quant au Kosovo, celui-ci a, selon la constitution yougoslave communiste, un statut de province autonome au sein d'un système fédéral. Il n'est pas une république fédérée, car ce statut appartenait aux *nations*, tandis que les Albanais de Kosovo tombaient sous la définition juridique des *nationalités*. La différence consiste dans le fait que les nationalités sont des populations qui ont leur patrie principale à l'extérieur du territoire de la République. Son autonomie est abolie en 1989, ce qui constitue aussi le déclenchement des confrontements avec les Serbes.

La question du droit à l'auto-détermination a constitué une préoccupation importante pour les théoriciens du droit international à partir de la période de la décolonisation. Le principe juridique largement accepté stipule que, tandis que les peuples sont des sujets de droit international et peuvent prétendre l'auto-détermination, les minorités

nationales n'ont pas ce droit. Les Russes et les Ukrainiens constituent une minorité dans la Moldavie, ainsi que les Russes de Crimée en Ukraine. Les situations en Ossétie et au Kosovo sont plus compliquées. Selon les règles constitutionnelles soviétiques, il existe une nation ossétine dont le territoire principal est la minuscule Ossétie du Nord, qui était une RSSA dans la RSFSR et qui est maintenant une république dans la Fédération Russe. La nation ossétine est par conséquent divisée par la frontière russo-géorgienne. Quant au Kosovo, la question est de savoir si les Kosovares sont albanais, ce qui était largement accepté avant le démantelement de la Yougoslavie, ou bien s'il existe une nation kosovare, thèse accréditée par les supporters de l'indépendance afin de légitimer le droit à l'auto-détermination.

Mais des considérations d'ordre politique contribuent aussi à l'interprétation de ces règles de droit. Par exemple, selon une Déclaration de l'AG de l'ONU datant de 1970, le droit à l'auto-détermination peut être invoqué seulement si le gouvernement n'est pas démocratique et ne représente pas le peuple entier. Par conséquent, plus le gouvernement est autoritaire, plus la probabilité de reconnaissance internationale du droit à l'auto-détermination est grande (Kirgis, 1994, 308). L'effet destabilisateur des déclarations d'auto-détermination est aussi pris en compte: "La préoccupation pour l'intégrité territoriale retient sa force de disposition dans la plupart des cas, limitant tout droit à la sécession et indépendance aux cas les plus extrêmes de violations massives et discriminatoires des droits de l'homme" (Shelton, 2011, 81).

Le poids de la géopolitique

Du point de vue géopolitique, il faut noter quelques détails concernant ces régions qui sont significatifs pour une évaluation de leur importance du point de vue des grandes puissances. La Transnistrie a une situation particulière au sein de la République Moldavie. La majorité de la population est d'ethnie russe et ukrainienne. Pendant la période soviétique, la majeure partie de la production industrielle de Moldavie provenait de ce territoire, qui était la région la plus industrialisée du pays. Au moment de la sécession, Tiraspol abritait le plus grand dépôt d'armement soviétique en Europe (Institutul Ovidiu Sincai 2005, 3). L'Armée 14 russe est stationnée en Transnistrie en tant que *peace-keeper* à partir de 1992, en dépit de l'existence de plusieurs accords signés au sein de l'OSCE prévoyant son retrait. Par conséquent, la région a une importance à la fois économique et stratégique, constituant aussi une tête de pont pour la Russie, dont le contrôle assure une proximité par rapport tant à la Moldavie, qu'à l'Ukraine.

La Crimée a une signification géostratégique cruciale dans la Mer Noire. Premièrement, à cause du fait que la flotte russe de la Mer Noire, comptant environ 26000 soldats, est stationnée à Sevastopol, situation qui a fait l'objet d'un traité entre l'Ukraine et la Fédération Russe en 1997. Puis, la péninsule doit être prise en compte en cas d'une délimitation des eaux territoriales et zones économiques exclusives dans la Mer Noire, où les ressources de pétrole et de gaz ne sont pas entièrement découvertes. Finalement, la possession de la Crimée assure une ouverture importante sur la Mer Noire et une proximité intéressante par rapport à la Turquie, un autre acteur

majeur de la région. En Ossétie, le “maintien de la paix” est assuré par un contingent russe d'environ 4000 soldats (Lavrov 2010). La Russie est une grande puissance terrestre, avec de très longues frontières: cela est d'une part un avantage, mais d'autre part oblige à une meilleure mobilisation pour la défense de ces frontières. C'est pourquoi l'un des objectifs constants de la politique étrangère russe, déjà du temps des Tsars, a été la création d'un “cordon sanitaire” d'états qui la séparent des autres grandes puissances à l'Ouest. Le maintien des ex-républiques soviétiques dans un état de non-alignement par rapport à ces puissances est le but de la Fédération Russe dans l'après-guerre froide.

A son tour, Kosovo abrite Bondsteel, la plus grande base américaine des Balkans, comptant environ 7000 soldats. Mais, si la Russie a toujours manifesté ouvertement ses intérêts dans la zone que la doctrine stratégique russe appelle “le voisinage proche” (Bugajski 2005), à savoir l'ancien espace soviétique, tel n'a pas été le cas en ce qui concerne la région des Balkans. Pourtant, cette dernière région a constitué une pierre de touche pour la capacité de l'Occident de résoudre une crise dans l'après guerre froide. L'échec des européens en Bosnie Herzégovine de 1992-1995 a dû être compensé par une intervention résolue des Etats-Unis, à travers l'OTAN, en 1995 et 1999.

Per conséquent, la sort des régions que nous avons analysé dépend en large mesure de l'intérêt que leur portent les grandes puissances. Lorsque ces régions ont une importance stratégique ou symbolique grande pour celles-ci, il devient plus probable d'être utilisées comme moyen de prouver la capacité internationale des puissances en question.

Cette comparaison des quatre régions séparatistes du voisinage de la Mer Noire nous permettent d'esquisser quelques conclusions. Il y a quelque traits communs de ces cas. Le séparatisme apparait en réaction d'une minorité ethnique ou linguistique à un nationalisme (existant ou perçu) de la population majoritaire. En effet, c'est le discours qui se construit autour de la question de l'ethnicité et de la nation qui alimente les tensions séparatistes. Ce discours fonctionne comme une *self-fulfilling prophecy*. Les règles de droit international qui régissent le droit à l'autodétermination sont en même temps universelles et très différemment appliquées, à cause du fait que, en pratique, toute position en la matière peut être argumentée.

En dépit des traits communs de ces situations conflictuelles, leur résolution diffère largement. Finalement, c'est l'intervention des grandes puissances qui se positionnent par rapport au conflit afin de protéger leurs intérêts qui décide le résultat des conflits.

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BALKAN NATIONALISMS AND THE EUROPEANIZATION OF THE BALKANS: THE TAMING OF THE SHREW (IM)POSSIBLE

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It is hard to repudiate the claim that both historically and very recently nationalisms have played a significant though far from unambiguous role in the political and social processes on the Balkans. Balkan nationalisms have been crucial for nation- and state building processes in the region and yet they also have long been perceived as posing serious difficulties in the Balkans and creating obstructions for the region's development and wellbeing. The post-Cold war developments only further justified that perception and because of the uncurbed Balkan nationalisms the region has been once again tagged as "the Europe's powder keg" – a place of raging conflicts and seemingly irrational clashes among peoples. Particularly powerful contribution to that image provided the explosive dissolution of Yugoslavia where Balkan nationalisms have again been constituted as the major culprits. Yet, the seeming omnipresence of nationalisms on the Balkans following the end of the Cold war was merely the most conspicuous appearance of what Rogers Brubaker (1996) had eloquently called the "spectacular reconfiguration of political space along national lines".

On the Balkans the post-Cold war redrawing of political spaces overlapped with two other significant processes: internally, transformation of political, economic and social organization within various Balkan polities (broadly referred to as democratization); and redirecting the general geopolitical orientation of most of the Balkan countries West-ward (West Europe and beyond) combined with mounting awareness and engagement of Euro-Atlantic structures in the region. The latter process encompasses the former Socialist states' drive towards inclusion in the European Union (*integration* on the sense of *accession to* or *inclusion into* the EU from the perspective of the parts to be integrated) and the EU role and activities in the Balkans including among other things its *enlargement* (or *integration* from the perspective of the "integrator") in the region through the incorporation of new members. From both perspectives – the *integrator's* and would-be *integratees'* – this second process is about

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*Europeanization*² – both in the narrow sense of making a country part of the EU, in the sense of making an actor conform to norms and regulations of the European Union and in the broader meaning of making somebody to fit in with European life, customs and ideas. Certainly, “Europeanization” can be seen as juxtaposed to “Balkanization” (with all its negative related-to-nationalism connotations) and for the Balkans it clearly means “adjustment to advanced Western models” (Anastasakis, 2005) away from nationalism.

It is in this cross-cutting of redrawing the Balkan political space along *more* national lines and processes of Europeanization in the Balkan region that extreme expressions of confrontational violent nationalism within and among Balkan countries have ceased to be considered problems *per se* and yet again have become subjected to international concern³. From external perspective the post-Cold war Balkan nationalisms were viewed as factors of significant conflict and destructive potential threatening both the democratic transformation processes in the region and the regional and cross-regional stability. Because of this Balkan nationalisms needed to be tackled and countered by presumably external – for the region – factors’ direct involvement and/or influence in the Balkans. In the last two decades the European Union has proven its consequential role in the developments on the peninsula. The EU pull and particularly the promises for enlargement as one of its most powerful policy tools is what provides the Union with means to address the destructive and confrontation Balkan nationalisms.

The paper seeks to outline the ways into which EU enlargement and Europeanization processes in general relate to and influence Balkan nationalisms (in substance and appearances). It argues that while in these processes some forms and appearances of nationalism are eschewed as unacceptable and intolerable on the way into European Union, salience of nationalism has been reified both in the accession process and once a state gets into the Union. However, this seem to be a more “Europeanized” or civilized version of the respective nationalisms as opposed to the pre-EU “Balkanized” versions. Methodologically the analysis builds upon new institutionalism as theoretical account and analytical approach and particularly upon its social-constructivist brand (see Pollack, 2005, Risse, 2005). The analysis presented in this paper proceeds in two steps. Firstly, conceptualization of nationalism in order to establish areas where Europeanization influence will be looked at. Secondly, examination of EU/Europeanization incentives and structural limitations in regards to particular aspects of Balkan nationalisms *in the wake* and *after* the threshold of actual country’s EU membership.

² As of lately “Europeanization” has become a rather fashionable notion in social sciences carrying along a variety of meanings. It can be defined as “processes of construction, diffusion and implementation of formal and informal rules, procedures, policy paradigms, styles, “ways of doing things,” and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic discourse, identities, political structures and public policies.” (Radaelli in Anastakis, 2005, p. 78). For a thorough and in-depth investigation of the notion and phenomena of Europeanization see Featherstone and Radaelli (2003).

³ Historically, the so-called Carnegie Commission and its “Report to Inquire into the Causes and Conduct of the Balkan Wars” (published in 1914) can be considered as another expression of international concern on the matter. However, the imminent breaking out of the WWI prevented the then Great Powers to act upon the findings of the Carnegie Report.

The elusive concept of nationalism: a sentiment, an idea, a political phenomenon

Unanimously the subject of nationalism is considered to be surrounded by the “stultifying aura of conceptual ambiguity” (Geertz quoted in Brown, 2000). Following David Brown’s insights of the different conceptual languages of nationalism (Brown 2000), here nationalism is conceptualized on three different (though interrelated) levels:

- First, nationalism is an ideology (or a set of ideas), a specific worldview holding a number of core propositions about centrality and uniqueness of nations for the world order and the importance of belonging to a nation for the individual for whom loyalty to her nation is stronger and exceeds all other loyalties. According to this worldview nations need to be free and secure, which in practical terms means that each nation must be organized as a sovereign state (see Smith, 1991, p. 74; Snyder, 2000, p. 23). Practical expressions of these ideas are to be found at both social/public and political levels.
- Second, nationalism can be defined also as a sentiment, a strong instinctive feeling of belonging and loyalty to a particular group (a nation), which motivates and predetermines individual and group behavior. Such feelings and sentiments stem from and are related to belonging to a particular exclusively defined group and relations of this group with other groups. In this sense nationalism is often addressed in terms of the awareness, assertion, defense or imposition of a particular – national – identity; whereas psychologically it is rooted in the human need to belong and the ensuing drive for the survival and development of that group.
- Thirdly, nationalism can also be understood as a political phenomenon expressed in specific practices, acts and behavior in defense and promotion of the collective cultural and material interests of individuals who are perceived or perceive themselves as united by common nationality and belonging to one nation (Harris, 2002; Breuille, 1993). That entails conceptualizing nationalism through its political context and its political modes as well as through its operational mode, which partially reflects and partially promotes certain sorts of political action. Nationalism is thus defined and classified in terms of political action. Furthermore, this form of politics makes sense only in terms of the particular political context and objectives of nationalism (Breuille, 1993). Politically nationalism is about who (can) participate and make decisions (*politics of nationalism*) and what are the views and decisions about one’s own group, as well as about politically salient differences with a political community/states and politically salient similarities across communities/states (*policies of nationalism*). These appear in the form of minority treatment and politics within a country as well as intrastate relations regarding population and territories and not least interpretations of culture and history.

In terms of political behaviour and practice, nationalism focuses onto a (usually limited) number of issues which provide its substance. Thus separate Balkan

nationalisms are issue specific, have tangible components as well as a spatial dimension. Given the complex history of the Balkan Peninsula and the heterogeneity of the Balkan population, the classical formulations of Balkan “national questions”⁴ concern: a) politically relevant heterogeneity among population within the country (internal dimension) b) and/or a group of (perceived) co-nationals and the territory they inhabit outside the country’s territory (external territory) which the state needs to protect/take care of. The main focal points in the “national issue” – or the essence of the respective nationalism - are long-term and stable through time. Subject to changes are political strategies, policies and solutions concerning the “national question”. The substantive core of nationalism can be questioned and possibly even changed or transformed in times of serious and profound transformations, such as those which the Balkans have been experiencing since the end of the Cold War.

One reason for using nationalism in plural is that “Balkan nationalisms” refer to the nationalisms of the various Balkan nations/nation-states.⁵ In the post-Cold war setting however, this understanding has been extended to cover also non-state actors as subjects of nationalism (minorities, diasporas, groups defined by territory, religious affiliation or mother tongue). Consequently, one observes various nationalisms within one and the same state – nationalisms that co-exist and interact within one and the same political space. The other more general way of outlining the relevant areas of exploration is suggested by the differentiated approach to nationalism mentioned above: as a motivational feeling, as a prescriptive norm and as politics in the form of specific policies and political actions/behaviour. It is difficult to draw clear borders between among these three definitional areas – they clearly inform one another and there are numerous connections between the particular definitions ensuing from one or another understanding. Thus for instance, claims about deeply rooted feelings of belonging and loyalty of individuals to their own nation are logically related and lead to a corresponding way of thinking and explaining the world and the resulting normative views, which, in turn, inform behaviour and action that can be directed towards the strengthening or articulation of the feeling of belonging and national identity in a particular form. While it can be said that ultimately Europeanization in the Balkans aims at ingraining certain values and understandings at the level of public consciousness within Balkan polities, it is mainly the substance of Balkan nationalisms (the new and old issues within various “national questions”) and the forms and appearances they take (politics and policies of nationalism) that are in the immediate focus when exploring the influence of Europeanization on Balkan nationalisms.

⁴ “National question” or “national issue” is the way specific state nationalisms in the Balkans are referred to in the established discourse of Balkan historiography and social sciences (as in “Bulgarian national questions”, Serbian national question”, etc.).

⁵ This is the conventional understanding, according to which the state is the main focus of nationalisms, which thus refers to the state as the main subject of nationalism. From this follows the maxim many states – many nationalisms.

Balkan nationalisms within Europeanization: two steps forward, one step back...

Because of initial expectations and next-to-unanimous willingness expressed by both new and “old” Balkan states to join the “European club”⁶, the aspiring accession candidates seemed more susceptible to EU/European incentives thus making it possible for the EU to (attempt to) influence various aspects of these countries’ internal and foreign policies. The pull of the EU and particularly the promises for enlargement has turned to be one of the EU’s most powerful policy tools, providing the Union with means to address the raging-in-the-90s destructive and confrontation Balkan nationalisms and promote tolerance, good-neighbourly relations. Conventionally (and somewhat intuitively), European influence on the Balkans is generally perceived as subduing Balkan nationalisms. Over the last two decades the EU – through its attractive example of economic and political success and through its external activities – has attempted to promote democracy and provide a reform anchor for institutional and policy change in that direction. This is the reason behind the perception that in regards to nationalisms Europeanization, Euro-enlargement processes and the EU policy and activities on the Balkans performs a constraining and mitigating role. However, Europeanization of the Balkans has had ambiguous impacts on Balkan nationalisms - the EU “push and pull” towards the region subdue and transform some forms and appearances of nationalisms, while at the same time stimulate and determine others (Bakalova, 2008).

How can this ambiguity of the EU “push and pull” in regards to Balkan nationalisms be accounted for? Since the end of the Cold war the EU involvement in the Balkans has been epitomized by “the EU politics of conditionality” (see for instance Kubicek, 2003, Hughes et al. 2004). Hence, the most conspicuous part of the European influence on Balkan nationalisms is focused in the politics of conditionality and its underlying idea that EU enlargement (with even the remote prospects for potential future accession) can be used and has been used by the Union as the principle policy instrument to influence the applicant (and aspiring) countries (Hill and Smith, 2005, Hughes et al., 2004). In its substance the notion and practices of “EU conditionality” certainly goes beyond the formal placement of conditions for membership towards the more encompassing concept of “Europeanization”. However, “Europeanization, South-Eastern style”, as one researcher aptly phrased it, is “a process which is externally driven, coercive, and increasingly demanding” (Anastasakis, 2005, p. 80) and as such it is bound to invoke also negative or indignant reactions among the “subjected to conditions” especially in the long-run and with lowering or uncertain prospects for acquiring actual EU membership. Furthermore, certain policy areas and issues are deemed more sensitive and hence conditionality there is more reaction-provoking. This is the case with policy areas and issues related to and with relevance for nationalism as defined above – minority treatment/policies (the so-called minority “condition”), issues of intrastate conflicts over territories, population or history and identity (as in the Bulgarian-Macedonian case) and for some countries (Serbia,

⁶ The “joining of the Club” was in the beginning of 1990s also somewhat romantically referred to as “returning to Europe” (see for unstance Hill and Smith, 2005).

Croatia and Bosnia and Herzegovina) very specific conditions for cooperation with the ICCFY.

The issue of minority rights and treatment clearly pertain to nationalism – especially to nationalism as a political phenomenon in terms of politics and policies. At the same time EU conditionality on minority treatment and policies in the Balkan region exemplifies and demonstrates the ambiguity of Europeanization when it comes to subduing Balkan nationalisms. First and overall, the issues of minority treatment and rights prove to be a test for the very notion of EU conditionality. Conditionality assumes a certain level of consensus of norms and rules within EU and their diffusion beyond it. The issue of minority rights and treatment does not readily correspond to this understanding since in this case the EU attempts at having an impact in an area where within the Union itself there is no consensus on norms and practices while minority rights have never been an internal EU priority. Thus, minority “condition” entails some compliance problems since it lacks a firm foundation in EU law and concise benchmarks (Sasse, 2005). Because of these problems the minority “condition” have been largely perceived by the states at the receiving end of conditionality as introducing (and exemplifying the EU) double standards and imposing on aspiring non-member states norms and policies that are not common for some of the member-states.

Consequential for the role of Europeanization (and conditionality as one of its engines) in the transformation of Balkan nationalisms is the fact that it coincides with active processes of nation- and state-building in the region.⁷ Fundamentally, nation- and state-building rationale goes against the Europeanization logic. Enhancement of one’s sovereignty (in its various aspects) and (re)definition of one’s nationhood in exclusivist terms contradict underlying ideas of European integration as a process of expanding boundaries of collective selves and delegation of sovereignty in certain areas to the EU. Moreover, especially in the case of Western Balkans these processes not merely have taken place at the same time – they also significantly intermingled since there the EU has taken upon its shoulders a role far bigger and more serious than anywhere else (on the Balkans or in the post-Socialist Europe). In addition to simple conditionality policy, the EU has been engaged in peace-making, in direct constitution-making, and also in nation- and state-building. Hence there have been, as a Serbian political scientist aptly phrased it, “a mixed process of member – and state-building in which the places of the subject and the object are interchangeable. This is why we get angry on the EU and they get angry on us. If you add to this the special conditionality policy – that exists for good reasons and means collaboration with the Hague tribunal for Serbia, Croatia and to some extent Bosnia – you see in fact that you are somehow intertwined into this whole business of EU integration, nation- and state-building and not with someone who can be described as your partner, but rather as your master.

⁷ Despite the fact that nation- and state-building processes have been more vigorous and prominent in former Yugoslavia space (or what subsequently became known as “Western Balkans”), they were typical not only for the new sovereign states but also for the other post-communist states in the region.

And it inevitably this produces negativism on our side and somehow reproduces nationalism”.⁸

In the aftermath of the Cold war nationalistic feelings scored particularly high within Balkan societies and the dissolution of Yugoslavia only exacerbated the situation for the Western Balkans. Thus, when it eventually came to pre-accession negotiating, there tended to appear tensions between external (EU) guidance and direction on the one hand, and socio-political feelings and attitudes within the countries, on the other - especially in the sensitive area of minority issues and good-neighbourly relations. Because of these tensions Balkan political leaders have mastered the ability of speaking in different languages for different audiences – with more nationalistic overtones at home and moderate and “civilized” for external (EU) audiences. Ultimately, it has been a matter of political choice whether and to what extent the existent nationalistic feelings within the society would be built upon and taken advantage of. The answer to this question depended also to the timing of reaching consensus on the EU agenda among national political elites - the sooner, the easier to circumscribe any potential social bases for confrontational nationalism and hence easier EU accession process.

It appeared that alternation of generations was also an important factor in this process. Due also to European influence and the general context of europeization subsequent political elites increasingly modernized and “Europeanized” – in terms of political language and stylistics, but also in regards to the form and substance of nationalistic views and ideas and respective political behaviour. The discrepancy between formal acceptance and actual adherence to norms has pointed towards to internalize the EU influence on nationalism. Thus, Europeanization in regards to nationalism, i.e the transfer and imposition of attitudes, values, norms and standards of political behaviour to nationalism as a political phenomenon entailed gradual change of discourse of nationalism – at both political and social levels, but more importantly – certain internationalization of those attitudes, values and standards (i.e. not only to speak in such a way but also to act and believe it).

With the actual country’s accession the EU, the respective Balkan nationalisms have begun expressing themselves in the form of “standard” (i.e. typical for other EU countries too) Euroscepticism, questioning the relevance, efficiency, cost, ets. of EU membership. In the context of actual membership, nationalism appears as re-assertion of national identity and national interest (defined as interest of “our” national group against the other national groups in the Union). In a twisted revivification of the old proletarian slogan, nationalists from Balkan countries unite with their European counterparts in various nationalistic and Euroskeptic groupings within the European Parliament for instance. The EU membership in itself reifies nationalism and salience of nationalism through the ongoing national-supranational debate within the Union. Not least, the fact that nationalism is on the rise throughout the European Union (the older – values-, norms- and practices-generating – countries included) further encourages certain appearances of Balkan nationalisms. In general, however,

⁸ The quote is from Jovan Teokarevic’s presentation at the International conference “Balkan Nationalisms in the Eurointegration Processes”, held in UNWE, Sofia, on November 14-15, 2008.

Europeanization seems to “tame” or modernize Balkan nationalisms eschewing their historically traditional aggressive and violent appearances and replacing them with nationalisms as part of the centrifugal tendencies within EU.

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THE CHANGING GEOPOLITICS OF ENERGY IN EUROPE'S EAST: IMPLICATIONS OF THE UKRAINE CRISIS FOR REGIONAL ENERGY SECURITY

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In the last decades, the subject of energy security provokes special attention on a global level in the light of limiting available resources. The European Union is also facing the challenge to adapt to new realities in the energy field. This adjustment process is of essential significance in the context of developments in world energy markets. On the one hand, the noticeable depletion of fossil fuels results in a gradual decrease of production², which pushes energy prices up. On the other hand, rapid economic growth in the so-called “new economies”, such as China and India, makes them serious competitors to the EU on the demand market. Due to the increasing concerns over the security of European supplies, energy is moving to the top of the EU's political agenda in its dealings with the outside world.

Currently, the EU is one of the largest energy consumers and the world's biggest energy importer. In the face of ever-rising demand, the exhaustion of domestic resources was inevitable. The logical consequence was the trend towards rising import-dependency to meet energy requirements. The difficult European energy supply situation has worried policymakers and the public alike. However, the inability to develop a coherent energy policy adversely affects the business and financial condition of the EU. The efforts to improve energy security are still hampered by the lack of an internal consensus in articulating both a vision and a practical program. Reaching the difficult balance between heterogeneous interests and individual aspirations of different member states in the field of energy is emerging as a strategic goal for the Union. The bloc has also invested political capital in positioning itself as

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² The rise of oil prices and production concerns is renewing interest in “peak oil” concepts throughout the world. The peak oil theorists argue that the global production has not increased in line with demand simply because it cannot, in view of the fact that oil reserves are finite (Linden, 2007). Many of the biggest fields are already suffering declining output because geological limitations are reached and extracting oil becomes more and more difficult, so that costs escalate and the amount of produced oil begins to shrink (Simmons, 2002).

the world leader on climate change and therefore has to juggle between security of supply, economic competitiveness and environmental sustainability. The experts argue that the EU's prospects of remaining a serious economic and political player on the world stage "will largely depend on whether it can it can balance these three considerations and secure its energy supplies at the lowest possible economic and environmental cost" (Lewis, 2013).

According to the future forecasts, by 2030 the EU is expected to import 70% of its energy consumption. Overall external dependency is expected to reach 90% in the case of oil and 80% in the case of natural gas. The European import-dependency on fossil-fuels will increase over the next decades in the conditions of tougher global competition for hydro-carbon resources. China's dynamism in securing energy supplies in Africa, Central Asia and Latin America was emblematic of the deficiencies plaguing the EU operational capacity and potential. China has developed a strategy based on negotiating long-term supply contracts, accessing exploration rights, acquiring stakes in energy companies and infrastructure investments around the globe, which was complemented by a new model: loan-for-oil deals with governments in search of financial assistance and arms exports to countries involved in external or internal conflicts. By contrast, the energy strategy of the United States was bolstered by its long-standing experience in using military force to secure continued access to overseas energy supplies, in particular in the Persian Gulf. Nowadays other global actors intend to follow the American approach – China, Russia and even NATO have started elaborating specific strategies and developing capabilities in order to guarantee the security of energy flows through military means. As a result, the militarization of energy seems to be one of the most alarming prospects facing international systems today (Sartori, 2010). This is also a challenge for the EU corresponding to the development of effective capacity to establish and sustain common CSDP.³

However, the European energy strategy is oriented towards non-military practices which will help to manage energy resources and enhance security. The EU is insistently pursuing an energy diversification policy and promoting objectives such as energy efficiency, markets liberalization, augmenting the use of renewable energy and reducing greenhouse gas emissions. Clearly, the key topic remains the import dependency as a strategic threat to European energy supply and economic growth. Historically, Russia is the main energy supplier – Europe as a whole receives 30% of its natural gas imports from the energy superpower, paying around US\$250 billion in annual energy bills. The energy dialogue between Brussels and Moscow was complicated by the serious divergence of visions for the development of the energy sector. EU proposals for a new energy policy, presented by the European Commission in September 2007, detonated a grave dispute with Russia over energy investment. European actions to boost competition in the energy markets and to forge a unified energy policy made a stake on the elimination of control on the part of energy-producing firms over distribution networks. Power producers had to sell off the delivery side of their business – pipelines or electric grids. All non-EU countries had to comply with the same unbundling requirements. The new regulations of the Third Energy

³ Common Security and Defence Policy.

Package are subordinated to the idea for preventing foreign firms from investing in EU networks, if there is no reciprocal access to the energy markets of the corresponding country.

Russia, whose energy companies keep tabs on pipelines electricity grids and other infrastructure, criticized vastly the new EU rules. Gazprom's deputy chief executive officer Aleksandar Medvedev called the plans to force electricity and gas producers to part with their transmission networks "the most absurd idea in the history of the world economy" (Europe's risky ...). The official Russian position on this issue is that the country is positively disposed towards the liberalization of electricity markets. However, the gas market is fundamentally different and must not be subjected to the same blueprint reform because it depends on longer-term investment, which leads to a higher risk in an inflexible sector.

The Russian energy giant has a share in several joint ventures, subsidiaries or stakes in most of the EU countries. The reciprocity in EU-Russian energy relations is out of balance because, for several years now, the EU has been trying in vain to argue Moscow into ratifying an Energy Charter that would give foreign companies access to its energy market and infrastructure. However, it was obvious that the new European regulations will not force Russia to open its energy sector to foreign investors because such actions would rob it of a significant political instrument.

The Russia-Ukraine energy crises in the last decade also burdened the transnational relations. The bilateral disputes over natural gas supplies, prices and debts were also marked by suspending deliveries. At the beginning of 2009, South Eastern Europe (including Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Greece, Macedonia, Montenegro, Romania, Serbia and Kosovo) was hit by the external shock of disruption in natural gas supply from the Russian Federation. The crisis revealed serious shortcomings in the security of supply architecture in the region. It affected numerous European countries dependent on natural gas imports from Russian suppliers, which are transported through Ukraine. The crises highlighted not only the risks of Europe's energy dependence but also the vital role of transit countries for downstream customers. Russia was condemned for using energy exports as a weapon of its foreign policy (Götz, 2006, p. 10). However, due to the disputes Moscow and Kyiv alike have become discredited as reliable energy partners. The worries over the fate of the natural gas supplies stimulated transformations in the EU energy policy. Emblematic of the shifts were the construction of the Nord Stream pipeline⁴ and the projects for the Southern Gas Corridor. The EU's ambitions for diversification were extended to many parts of the globe, where alternative supplies are physically available. The limited number of exporters, situated in geopolitically unstable regions such as the Middle East, North Africa and Central Asia, complicates the European energy plans.

Aiming at increasing EU's security of supply, the strategy for diversification of energy deliveries is promoting the tracing of more energy roads to lead to Europe (European

⁴ The Nord Stream was one of the most challenging undertakings of Gazprom because of the construction of the pipeline under the Baltic Sea. The new supply route to Europe is oriented toward direct deliveries of gas from Russia to Germany.

Commission, 2007a, p. 10). The Black Sea region and South East Europe represent an intertwined zone of strategic importance with a view to these energy goals. The Black Sea region has acquired a greater importance for the EU following the accession of Bulgaria and Romania. In this connection, the European Commission launched a new initiative to improve the EU's co-operation with the countries in the area. The "Black Sea Synergy" (European Commission, 2007b) targets, along with the member states, the Eastern members of the European Neighborhood Policy (ENP) (Ukraine, Moldova, Georgia, Armenia and Azerbaijan), as well as Russia and Turkey. The link to the Black Sea Economic Co-operation Organization (BSEC) includes also Albania and Serbia. The lack of results of the Synergy provoked new proposals. In 2008 Poland initiated in co-operation with Sweden the "Eastern Partnership". Its geographical scope consists of the same Eastern ENP countries as the Synergy. These initiatives were corresponding with the EU's desire to become more visible in the zone. Before the Synergy, the EU was often accused of being the absentee in the area.

Studies devoted to the Black Sea region unanimously note its great significance as an energy junction (Socor, 2006), as a bridge between East and West and as a natural water "highway" between Europe and Asia. This area is considered by analysts to be a crossing of four different geopolitical axes (Muresan, 2006, p. 88):

- (1) Caspian Sea-Black Sea-Mediterranean Sea;
- (2) East-West along the so-called "Silk Road" (relations with China and the Shanghai Co-operation Organization as a whole are of great importance here);
- (3) The West-East corridor of the EU: the Rhine-Main-Danube-Black Sea axis;
- (4) The North-South connection between the Baltic Sea and the Black Sea.

According to this outline it is obvious that the region should not be delimited only to littoral states, but to be regarded as a "Wider Black Sea Area" that covers also the Mediterranean, Caucasus and the Balkans. The development of this zone will be similarly dependent in the future on the dynamics of the interests of global players: the EU, Russia, the US and China. The area is described as "shared neighbourhood" between Russia and the EU, but regarding their competing policies it rather represents a new frontline.

Russian energy diplomacy in the region aims at blocking the EU's strategy to diversify supplies with a view to reducing dependency on Moscow. To maintain its dominance of Europe's energy market, the Kremlin has a larger agenda. It seeks to gain control over energy routes in South East Europe and to reestablish a Russian sphere of influence in the area. After a meeting of BSEC in Istanbul in June 2007, Russian president Putin stressed that the Balkans and the Black Sea region have always been a sphere of special interests for his country, adding that it is "natural that a resurgent Russia is returning there" (Lungescu, 2008).

The targeted Russian strategy contrasts strongly with the more timid actions of the European institutions in the region. The poor results of the ENP showcased the

disappointment of the Eastern neighbours with the European offers. Meanwhile the EU was excessively engaged with its internal consolidation process. The last great wave of expansion saw the number of member countries more than double. The EU began to show signs of “enlargement fatigue” due to the endogenous problems of governance in the bloc. The global economic slowdown and the following Eurozone debt crisis were also significant factors for delaying enlargement (Buckley, 2012). The “Arab Spring” with all its political turbulence distracted further the EU and turned the attention toward the Middle East and North Africa. The Eastern neighbours remained in the background, without relying on the prospect of membership as a vital stimulus for political and economic reforms.

As a result, the EU has not developed the instruments and the internal political consensus to become an important security actor in Eastern Europe and the Black Sea zone. It became a visible player in the region, but not a strategic one. In this respect, the Crimea crisis represents merely an escalation of this process. It demonstrates the security vacuum in Europe's East and the EU's direct Eastern neighborhood. Many analysts take the view that “the Crimea crisis has confirmed and further developed a paradigm of Russian re-expansion and Western self-denial” in Eastern Europe (Socor, 2014).

The Russian annexation of Crimea, officially effective from March 18, provoked the most serious confrontation between “East” and “West” since the end of the Cold War. The implications of the crisis in and around Ukraine across the neighbouring area are reshaping the political landscape. It presents many foreign policy repercussions with possibly long-term developmental consequences. The impact of the Crimea's turbulence was powerful, especially in terms of deteriorating the image of the region – Europe's East was condemned as a “Grey Zone”. The crisis demonstrated that instability always has spillover effects, threatening the security of the EU and NATO's eastern members. The situation in Ukraine remains volatile and continues to quickly evolve. While the crisis is far from over, the fierce political debates on the subject of its repercussions offers some conclusions to be drawn from them.

With regard to the crisis, the EU and United States are faced with a new reality in Eastern Europe and the Black Sea region, with direct implications for NATO and the European security architecture. Some experts take the view that “by annexing Crimea and intervening in Ukraine, Russia has raised fundamental questions about the principles of the European order” (Dworkin et al., 2014). They explain further that Moscow desires to both restore and re-legitimise spheres of influence as an organising principle of European order. Therefore, the Black Sea zone requires a security architecture that takes the current challenges into consideration. In any case, focusing on Ukraine and on targeted efforts to contain the crisis, both the EU and United States should not forget the region. The Ukraine crisis could be resolved only when the country will be part of a secure, stable and prosperous zone. The only way to avoid the “Frozen-Conflict” Paradigm for Ukraine is through a renewed approach to address the current complications. Events in Crimea have shown that a threat to security in the region has direct implications on the NATO and EU members near its borders. Surely, it is not negligible that “the Ukraine crisis acts as a disadvantage, both as a destabilizing factor and also by enhancing the region's portrayal as a constant

source of instability and trouble, further diminishing chances for regional success” (Inayah et al, 2014, p. 5).

Currently, the level of insecurity remains high, albeit to varying degrees, in the countries of the EU’s Eastern neighbourhood and throughout the region – they remain vulnerable to Russia’s policy toward its near abroad. The successful elimination of the label “buffer zone” for Europe’s East requires revised policy for the region that will envelop security, political and economic dimensions of the development. The crisis in Ukraine presents such an opportunity for the EU to recalibrate its ENP actions and develop a coherent vision that will help to unlock the potential of the region as a stable partner, particularly with regard to trade routes and energy supplies.

Given Russia’s attitude to the region, all ENP countries have to reconsider their foreign policy goals and positions in the international security architecture. The destabilization of the integration process as a consequence of the turmoil in Crimea was counteracted by some extent by the Association Agreements with the EU, signed on June 27th, 2014, by Moldova, Georgia and Ukraine⁵. In the case of Moldova, the political situation after this November’s Parliamentary elections will be crucial for maintaining the preference for the EU. The vote “became another fierce contest between the West and Russia for influence in a former Soviet republic” (Herszenhorn, 2014). Forming a government is expected to be extremely difficult because of the results. Taken together, the pro-Western parties had about 45% of the vote, while the pro-Russian parties secured about 39%. The last mentioned oppose the Association Agreement with the EU and instead favor the Customs Union with Russia.

Georgia is also facing challenges in terms of defending its “European choice”. The relations between Moscow and Tbilisi were ruptured by war in August 2008 for the control over breakaway provinces of South Ossetia and Abkhazia. The partnership with the US and the close ties with NATO were also provocative enough for Kremlin. Georgia has shown its allegiance to NATO by contributing troops to Iraq and Afghanistan missions (Methfessel, 2014). Despite the promise in 2008 to eventually grant membership to Georgia, the organization did not proposed Membership Action Plan status to the country at its 2014 Wales Summit.

Meanwhile, Russia tightened its control over Abkhazia with a new treaty envisaging closer military and economic ties. Under the new agreement, Russian and Abkhazian forces in the territory will turn into a joint force led by a Russian commander. Moscow would also double its subsidies to Abkhazia to about 9.3 billion rubles (over \$200 million) in 2015. NATO’s secretary-general condemned the treaty, stressing that “it violates Georgia’s sovereignty and territorial integrity” (Putin just..., 2014). The Georgian case is also of utmost importance to the EU. The stability of the country is relevant with regard to Georgia’s function as an energy corridor.

Armenia surprisingly turned way from signing an Association Agreement with the EU, which it had been negotiating for four years, just before the Eastern Partnership Summit in Vilnius in November 2013. Yerevan decided to become a member of the Customs Union instead. It is important to note that Armenia is tightly connected to

⁵ Ukraine signed the political part of the Association Agreement in March 2014.

Russia not only economically, but also in the security field. The country is hosting a Russian military base and as a “Besieged Fortress” by both Turkey and Azerbaijan depends on assistance from Moscow. Given the bleak prospects of resolution to the Nagorno-Karabakh conflict, the reversal in Yerevan’s foreign policy approach could be easily explained. The authorities presented the following simplification of the non EU-decision: “Europe offers us only values”, while Russia offers weapons (Tadevosyan, 2014).

Many experts are of the opinion that Armenia has been removed already from the energy game on the part of the EU. The country is in a very complex situation because it has no strategic resources. Its geographic location makes it also dependent upon Russia and Iran to a larger degree. As a landlocked country, Armenia needs access to the sea via another state. This position explains Yerevan’s readiness to develop a trilateral partnership with Moscow and Tehran, especially in terms of energy projects. For that reason Armenia is in no position to launch a crucial pro-Western turn as Georgia or Azerbaijan, although it has good relations with the US and the EU. Russia, on its part, finds in Armenia and Iran a kind of axis that projects Moscow’s influence in the Persian Gulf. And Tehran seeks close ties with Yerevan, in order to use it as a counterbalance to Azerbaijan.

For Russia the hardships with Azerbaijan also corresponded to the intensification of its pro-Western orientation. Baku was a recognized strategic partner of the EU with regard to energy supplies. Despite its position as the least vulnerable to Russia country in the Eastern dimension of ENP, Azerbaijan declined to sign an Association Agreement with the EU in 2012. A closer relationship with Europe does not seem to be a priority for Baku. However, the events in Ukraine forced Western leaders to focus more closely on Azerbaijan as a potential reliable source of natural gas. The energy-rich South Caucasus country seeks support to build a new generation of gas pipelines to export Azerbaijani natural gas via Georgia and Turkey to Europe. Encouraged by EU’s renewed strategic interest in the country as an alternative source of hydrocarbons, Baku is likely to attract greater Western support for its energy and security projects. Thus, Azerbaijan is among the countries that benefit from the confrontation between Russia and Ukraine. It is also important to note that Azerbaijan offers the only reliable route for the withdrawal of NATO troops, personnel and weaponry from Afghanistan. This further promotes its status as a strategic partner of the West in the region.

Azerbaijan played very skillfully its energy cards, acting in harmony with the renewed European debate for the opening of the Southern Gas Corridor. The project is oriented toward deliveries of natural gas from the Caspian basin to Europe across the South Caucasus and Anatolia, bypassing Russia. According to the plans, its successful realization will provide at the first stage around 10 billion cubic meters of Azerbaijani gas annually. Experts take the view that although this is not “a critically strategic amount of gas to offset Russia’s westward exports, it will be a first step in opening up new sources and transit routes that will not be dependent on Moscow’s will” (Valiyev, 2014).

Starting in 2019, Azerbaijan is expected to supply the initial amount of gas, produced at the Shah Deniz field during its second stage of development. Along with its own

gas, Azerbaijan could also serve as a transit country for deliveries of Turkmen gas to Europe but there are complications with reaching the political consensus to build the Trans-Caspian pipeline. Even if the project does not materialize, Baku will still maintain its strategic importance as long as it remains a potential alternative source of gas for Europe. The Ukraine turmoil helped Azerbaijan to strengthen its position as a regional energy power, providing stimulus for investment into the Southern Corridor projects.

Undeniably, the current crisis has energy security implications beyond Europe's East – it also directly impacts the whole Caucasus-Caspian region and even Central Asia. After the “gas war” between Russia and Ukraine in early 2006 and the brief interruption it caused in supplies to Europe, the increasing importance of Central Asian resources for European energy security was stressed on both a political and expert level. The EU identified the countries surrounding the Caspian Sea as an alternative to Russian supplies and correspondingly proclaimed the significance of the area because of its potential to be a major international hub.

The problems the EU faced in the region were connected to the limitations the Union has put on its own policy options in the area. The bloc was averse to move beyond cooperation offered in the framework of the ENP. On the other hand, because of the “frozen conflicts” destabilizing the region, it was not a judicious decision to leave the Caucasus zone and its Caspian hinterlands to their own devices - instability in this part of the world has direct implications for security and economic prosperity in Europe. Despite the importance of the area with a view to its strategic location and energy reserves, the EU was in no position to guarantee prospects of integration or to increase seriously its involvement. In the absence of minimal warranties for EU and NATO membership, the countries in the region were compelled to diversify and better balance both politically and economically its relationships with regional and global players – such as Russia, China, Europe, India, Iran and the US. They had to focus their strategies on the available resources – energy reserves and the relevant location in terms of their transit.

The Caucasus-Caspian region has an abundance of energy resources and as such, this zone is a focal centre of international energy companies because it is surrounded by at least four massive energy importers – China, India, the EU and Turkey. However, the energy potential of the region is blocked by the lack of progress toward the cardinal question of the Caspian's legal status. The prolonged dispute among the five littoral states is concentrated on the definition of the water basin – whether as a sea or as a lake. The regulation of exploitation of energy reserves beneath its seabed depends on the answer to this question. If the Caspian is classified as sea, then the bigger a country's coastal area, the greater the share it can expect to control and develop. Such a decision would benefit Kazakhstan because it has the longest Caspian coastline and also because such a decision would place the Kashagan oil field, which is believed to be the largest field discovered in the world since the 1960s, within its territorial waters. The “inland lake” definition is more advantageous and profitable for Iran. Its sector in the Caspian is among the smallest and probably the most energy-poor one. If the “lake” denotation is adopted all littoral states would equally share Caspian resources.

The unresolved legal status of the Caspian Sea was addressed at the important summit of the leaders of the five Caspian littoral states that took place in Tehran in October 2007 (Pannier, 2007). It gave indications of understanding in relation to several important questions. The joint declaration that resulted from the meeting includes a special point that requires consent from all five countries before any of them can build a pipeline under the Caspian. The declaration stated that only vessels flying the flag of one of the littoral states are allowed to ply Caspian waters. The leaders of Azerbaijan, Kazakhstan, Iran, Russia and Turkmenistan also agreed not to be involved in an attack or other military action against any of the other littoral states.

The required consent for Trans-Caspian oil or gas pipelines will be hard to achieve as a positive vote of Moscow is needed. Looking for other energy routes, Kazakh President Nursultan Nazarbaev proposed building a canal between the Caspian Sea and the Black Sea. It would be 1000 km shorter than sending exports via Russia's Volga-Don canal network. In his words, Central Asia and Caspian states are rich in energy resources but need a range of options to deliver them. The vast hydrocarbon reserves and the rising oil revenues feed Kazakhstan's ambitions to establish itself as a regional leader in Central Asia. In recent years, Kazakh companies have made significant investments in neighboring states – an unambiguous signal of an increasing economic expansion in countries like Turkmenistan, Tajikistan and Kyrgyzstan.

The Ukrainian crisis has sparked a reassessment of the regional dynamics by political elites in Central Asia. At the fourth summit of the Conference on Interaction and Confidence-Building Measures in Asia (CICA), held in Shanghai in May 2014, the Kazakh President proposed the creation of an Organization for Security and Development in Asia, the Asian alternative to the Organization for Security and Cooperation in Europe. There are more and more signals that developing of common understanding of regional political realities is quite possible in light of the changes emanating from the conflict in Ukraine. According to the experts, "if Russia has a master plan to restore its empire, its advancement ahead - easy as it may appear in Kyrgyzstan and Tajikistan - may be met with serious hostility from some Central Asian leaders" (Satke & Galdini, 2014). Russia is counterbalanced in the region by China's westward economic expansion. However, despite being economically outmatched by China, Russia is still a key political player in Central Asia, exploiting skillfully the interstate disputes.

Turkey is also projecting influence into the area on account of its ethnic and linguistic ties with the Turkic peoples of Central Asia. Despite the slowing down of the enthusiastically launched relations between Turkey and the Central Asian republics in the 1990s, Ankara is still a significant factor in the region (Zhussipbek, 2013). Its involvement in the Baku-Tbilisi-Ceyhan oil pipeline and the South Caucasus (Baku – Tbilisi – Erzurum) gas pipeline⁶ is of symbolic importance. Ankara is vitally interested in the construction of a pipeline under the Caspian Sea to funnel Kazakh and Turkmen gas as well via Azerbaijan and Georgia.

⁶ The two pipelines link the Caspian Sea to the Mediterranean, bypassing Russian territory.

In the opinion of many analysts, in 10-15 years time, Ukraine's role as East-West energy bridge will be rivaled by Turkey, which will become a key transit hub. Ankara has the ambition to become Europe's fourth main gateway for energy imports, alongside Russia, Norway and Algeria. Along with economic gain, Turkey also seeks leverage in its relations with the EU. However, EU Enlargement Commissioner Olli Rehn underlined in 2007 that while "EU underestimates Turkey's strategic importance, Turkey overestimates it" (Lobjaskas, 2007).

Exerting considerable influence in the Black Sea region as well, Turkey promoted its relations with Ukraine to the status of "strategic partnership". The beginning of the Crimea crisis Ankara showed no hesitation to take sides with Ukraine by stressing that Ukrainian sovereignty and territorial integrity must be considered. Protecting the interests of the 280 000 Crimean Tatars, Turkey has not recognized the annexation of Crimea. Ankara's position provoked fears about the future of Russian energy supplies for the country.⁷ As the Energy and Natural Resources Minister Taner Yıldız explained, Turkey imports "half of our natural gas from Russia. So, there is a possibility that we may face issues in natural gas supply because of Ukraine" (Ukraine crisis...).

The revision of the Turkish priorities presented shocking news to Europe. During his visit in Ankara in December 2014, President Vladimir Putin announced that Russia will close the South Stream project⁸ because of the EU's opposition (Putin, Gazprom Say...). Instead of the pipeline Russia and Turkey will build a gas hub for Southern Europe near the Turkish border with Greece. The new pipeline will have the same capacity as South Stream. It was also announced that Gazprom has agreed to increase gas deliveries to Turkey via the Blue Stream pipeline by some 3 billion cubic meters while also reducing the price by 6% starting in 2015. In addition, the future co-operation between the two countries will be oriented to the common ambitions to triple bilateral trade to \$100 billion by 2020 and for Russia to build Turkey's first nuclear power plant at Akkuyu.

Undoubtedly, this is an important deal for Ankara, considering the position of the Balkan country as a second-largest European importer of Russian natural gas after Germany. In return, President Erdogan changed his view on the Crimea case. The support for the territorial integrity of Ukraine was replaced with confiding in Putin's engagement to ensure the rights of all Crimean residents, including the Crimean Tatars.

Western media interpreted Russian President Vladimir Putin's announcements as a declaration of a gas war against Europe (Putin declares...). The current crisis raises some uncomfortable energy-related questions for the EU. In fact, they are just a segment of the wide palette of problems in the relations between Europe and Russia. Any battle within a scheme of mutual interdependence is a disastrous one because

⁷ The subsea Blue Stream pipeline is one of the major gas export pipelines of Gazprom. A direct supply for Turkey was needed in order to make gas less expensive in view of the fact that the existing gas transit route went through Ukraine, Moldova, Romania and Bulgaria.

⁸ The South Stream is a label for new gas pipeline system which will link Russia to the EU, running under the Black Sea to Bulgaria and further to Greece and Italy as well as to Serbia, Hungary, and Austria.

energy trade is a two-way street. Experts take the view that “Russia would almost certainly lose more in an energy war with Europe than it would gain” (Why Putin...) because the European gas market accounts for fully three-quarters of Gazprom’s export sales. Furthermore, Moscow relies on oil and gas exports for one half of its federal budget - European gas sales are of the order of \$100 million a day. Therefore, many analysts point out that in reality the “Russian menace” is exaggerated to a great extent because Europe is not nearly as dependent on Russia as Russia is on Europe as a market for its gas export.

Despite on Gazprom's plans aiming at expansion of Russian gas and oil operations also in the Asia-Pacific region with a special focus on China, India etc., there are currently limited infrastructure options for Russian gas-export in Eastern direction. Russia now exports 1.3 million barrels per day – about one-third of its total exports – to Asia. In May 2014 Russia and China finalized a massive gas deal for delivering 38 billion cubic meters of natural gas each year beginning in 2018. With deteriorating relations with Europe, Moscow will need to lean more heavily on the Chinese market for its energy exports. According to some experts, this is not necessarily a good thing for Moscow because as Russia loses more and more friends, it risks becoming too dependent on China. Moreover, “with Russia becoming an international pariah, oil companies operating in Russia will face increasing risks to their investments. This is bad news for ExxonMobil, BP, and Shell, but potentially good news for Chinese firms” (Cunningham, 2014). With Moscow's relations souring with the West, analysts predict a boost for some Asian energy companies.

Given the increasingly complex and interconnected energy architecture, the question “Who stands to lose most?” is an inadequate one. Despite the EU’s renewed focus on diversification, Russia will remain Europe’s top supplier for the foreseeable future. However, energy is “symptomatic of the broader geopolitical issues at the heart of this current crisis” (Chow et al., 2014). The returning to an era dominated by a geopolitical energy paradigm is not a desirable outcome. Surely, the Ukrainian conflict is not about energy, but about power. Yet, energy is an important dimension of the crisis, complicating its dynamic. The Ukraine turmoil and its regional repercussions have once again revealed the fragility of the energy security environment. In a time of crisis the model of “splendid isolation” is unfeasible. The Kyiv-Moscow dispute transformed itself into conflict between East and West that will change the energy landscape as well. The denouement of the sword-play is blurred. Only one thing seems certain: the clock is ticking and competition for energy resources will become embittered in the future due to the increasingly voracious markets.

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ENJEUX GEOPOLITQUES DES PREMIERES MISSIONS DE L'UE DANS LES BALKANS OCCIDENTAUX

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Introduction

Cet article concernant le rôle de l'Union européenne dans le processus de l'intégration des Balkans Occidentaux aboutira à la publication du livre «Les premières missions de l'Union européenne dans les Balkans Occidentaux». Ce livre sera le troisième dans la série du même auteur, qui présente la politique européenne de sécurité et de défense (PESD) ou la politique de sécurité et de défense commune (PSDC) (Túrke, 2012; Túrke, 2013). Le premier livre a présenté la base historique, juridique et politico-institutionnelle, puisque le deuxième a décrit l'espace africain. Le contenu du livre sur les Balkans sert comme base de cette contribution.

Les crises actuelles menaçant la sécurité européenne: la Crimée et l'ISIS

Permettez moi de commencer par des actualités très inquiétantes: Actuellement nous savons bien que les membres de l'ISIS (Etat islamique) et du front Jabat al Nusra (qui était préalablement la branche syrienne de l'ISIS, lié à l'Al-Kaida et actuellement l'adversaire féroce de l'ISIS) font un recrutement massif non seulement en Bosnie et au Kosovo, mais aussi en Serbie (Uto, 2014).

Il faut le dire que le Front Jabat al Nusra était l'alliée la plus importante de la France dans la lutte contre le président Assad en Syrie. Et c'était le président Hollande qui a protesté bec et ongle contre la décision des Etats-Unis qui ont mis le front sur la liste des groupes terroristes en 2012 (Meysan, 2014).

Le nouveau ministre des Affaires étrangères de la Hongrie, Péter Szijjártó a déclaré hier la politique de la main forte contre l'Etat islamique et je pense que le risque des attentats terroristes a considérablement augmenté dans l'Union européenne et notamment dans notre région. Et bien sur ce n'est pas le seul défi (Kovács, 2014).

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Jusqu'à 2013, en gros, les experts géopolitiques ont souligné qu'en Europe il n'y a plus d'ennemi à l'Est (Rácz, Türke, 2005, p. 1-11) et il faudrait totalement réunifier l'ensemble du continent européen, créer la «Grande Europe». Par contre, quelques équipes de recherche, comme le notre auprès de l'Institut Europa Varietas a déjà relevé en 2008, à l'époque de la guerre en Géorgie que la Russie aura les mêmes intentions concernant l'Ukraine et notamment dans la Crimée. Et les Russes ne font qu'attendre le moment le plus convenable, ou l'escalade de la crise permanente touchant la politique intérieure de l'Ukraine (Blog de l'Europa Varietas Institute, 2008).

De plus, à l'époque, le changement de doctrine militaire russe a visé l'autorisation (juridique) pour une application probable des armes nucléaires, en cas de menace concernant la minorité russe (ayant la double nationalité) au delà de la frontière russe (Türke, 2008). Je pense que les signes étaient bien évidents même si la politique russe pratique souvent de différentes menaces concernant tel ou tel régions. En tout cas – et malgré nos efforts – la crise était une grande surprise pour la Hongrie qui est particulièrement touchée à cause de la minorité hongroise dans la région sous-Carpates.

Vers une Europe sécurisée ? La fragilité de la démocratie interne

Le meilleur moyen de parvenir à la « Grande Europe Sécurisée » est l'élargissement de la démocratie, la consolidation des droits de l'homme et l'État de droit vers l'Europe de l'Est et les Balkans. Mais il faut prendre des précautions. Le cas de l'Albanie apporte également des informations précieuses pour comprendre la fragilité des nouvelles démocraties et y accorder une attention particulière. En Albanie depuis le début des années 1990, sans expérience démocratique pendant toute son histoire, la mise en place artificielle de la démocratie, pour rattraper plusieurs dizaines d'années d'évolution démocratique s'effondrait spectaculairement. Le résultat était une fausse démocratie avec plusieurs complots, affaires mafieuses, corruption, dont la fragilité se manifestait par le péril de l'an 1996.

Malgré la relance économique dans les années 2000 (et surtout 2010) la démocratie reste très fragile dans ce pays. Mais au moins nous pouvons parler d'un Etat qui fonctionne ce qui n'est pas le cas en Bosnie-Herzégovine. Il y en a pas mal des experts en sciences po qui pense que le Kosovo continue à être un Etat mafieux. En 2003 son premier ministre Hashim Tachi a été arrêté à Budapest suite à un mandat d'arrêt de l'INTERPOL.

Il a regagné sa liberté pendant un temps de record, selon la version officielle grâce à la demande de la MINUK (Mission des Nations Unies au Kosovo), et selon les documents de Wikileaks (lié au BND allemand), grâce au réseau du mafia ukranorusse (avec pas mal de liaisons en République tchèque) via un homme d'affaire hongrois qui est très actif la Vojvodine (Péan, 2013, p. 300). Il est toutefois un peu inquiétant qu'en quelle mesure les liens maffieux peuvent mettre sous pression les Etats démocratiques dans la région, non seulement dans les Etats balkaniques mais aussi dans l'Union européenne.

Les «poids lourds» de la défense européenne

Quant aux engagements militaires de l'Union européenne dans les Balkans, le rôle et les responsabilités de l'Allemagne ont été sensiblement modifiés depuis la transition. Cette évolution s'est manifestée notamment par l'amendement de la constitution de la République fédérale (*Grundgesetz*) qui rend possible l'engagement en extérieur, et avec l'intervention de soldats allemands au Kosovo, en Macédoine et en Afghanistan. Ces interventions constituent sans aucun doute une rupture historique, la volonté d'assumer davantage de responsabilités, exprimée depuis longtemps, se traduit ainsi dans une politique concrète. L'aspect militaire ne représente qu'une infime partie, particulièrement visible et parfois contestée à juste titre, de la transformation, qui est fondamentalement d'ordre politique. Toutefois le parcours était considérable, car en 1991 au sein de l'Assemblée de l'Union de l'Europe Occidentale, quelques représentants Anglais ont manifesté leurs refus concernant l'envoi éventuel – je le cite – des "Nazis" à l'exYougoslavie.

Depuis 1995, la France est sur la voie de la réintégration dans la structure militaire de l'OTAN et récemment elle a relevé le défi d'une Politique européenne de sécurité et de défense plus efficace, disposant de davantage de capacités et d'une meilleure réactivité, en accordant la priorité au lancement d'une mission PESD au Kosovo et en prenant l'initiative de plusieurs interventions européennes en Afrique.

Malgré l'abaissement visible du budget militaire dans la dernière dizaine d'années (de 3% à 2% du PIB), la France et le Royaume-Uni représentent à eux seuls plus de la moitié du budget total des dépenses militaires des pays concernés et 80% de l'effort de recherche et développement. La PSDC (PESD) repose donc sur la volonté de ces deux pays d'avancer ensemble. Tony Blair en quittant ses fonctions a pu se féliciter d'avoir réussi à sortir le Royaume-Uni de son isolement au sein de l'Union notamment au domaine de la PESD/PESD. Mais le Royaume-Uni, quant à lui, défend l'idée de mettre en place «un pilier européen de l'Alliance Atlantique». Il ne peut pas, dans l'état actuel des choses, entrer dans une plus étroite coopération communautaire de la défense en raison de ses rapports privilégiés et de ses nombreux accords avec les États-Unis. Je ne vous relève pas certainement un grand secret en disant que la position britannique concernant l'avenir de la PSDC est de plus en plus négative.

La gestion de crise «à l'Union européenne»

Selon sa doctrine l'Union européenne doit aider à gérer les crises régionales. Les Européens ont une responsabilité particulière à cet égard dans l'assistance à la construction de l'avenir des pays des Balkans.

Il semble que les élargissements actuels et prévus de l'Union européenne vers les Balkans provoquent des changements importants dans les relations traditionnelles entre l'Europe et ces régions. L'espace balkanique augmente considérablement les zones de conflits en Europe. Les vagues migratoires, les trafics illégaux, l'influence considérable de la Turquie et du monde musulman, «l'attitude orientale», avec plusieurs curiosités comme l'adoption de l'euro à Monténégro sont tous présents et

très marquants dans cette région qui malgré elle, fait partie intégrante de l'Europe et se forme un corridor terrestre vers la Grèce et une plaque tournante vers l'Orient.

A la croisée des différentes langues, cultures, peuples et même écritures la question ethnique (notamment le problème des Albanais) et la facteur démographique se portent actuellement les risques les plus vulnérables qui précèdent de graves problèmes géopolitiques non seulement en Serbie (Kosovo) mais aussi en Macédoine sans tenir compte la rivalité slovéno-croate (voir Piran), croato-serbe et surtout l'existence d'une fédération quasiment non viable comme la Bosnie-Herzégovine. L'Union européenne doit tenir compte de ces problèmes et se charger par la résolution, de surcroît avec la présence concurrente notamment des États-Unis et de la Russie (voir les pipelines stratégiques) ou de la Turquie.

De plus, plusieurs phénomènes inquiétants émergeaient autour des «nouvelles démocraties» où la culture démocratique a des racines plus considérables – bien que sans doute avec des contradictions internes. Pendant que l'Union s'élargit, elle augmente «invisiblement» les sphères de ses problèmes internes, et (surtout) les États-membres de l'Europe Occidentale rencontrent des problèmes d'interprétation en ce qui concerne par exemple quelques atrocités envers les minorités ethniques.

L'assistance militaire, policière et surtout diplomatique de l'Union européenne est cruciale pour stabiliser durablement ces pays qui font partie du continent européen où tant de malheurs se sont déroulés. Les opérations de l'Union européenne dans les Balkans contribuent à la réalisation de l'objectif à long terme de l'UE : l'avènement des États stables, pacifiques et pluriethniques. La sécurité intérieure et la sécurité extérieure vont ensemble, les pays des Balkans sont un parfait exemple. Une Bosnie-Herzégovine, une Serbie, mais surtout un Kosovo déstabilisé n'est pas dans notre intérêt, car elle exporterait ses problèmes et difficultés vers les pays voisins et l'Union européenne.

Toutes les opérations de l'Union européenne sont strictement limitées géographiquement et dans le temps. L'UE veut éviter les problèmes généraux de la gestion de crise de l'ONU: des engagements et des mandats imprécis. L'effectif modéré (de plusieurs États européens) des missions signifie aussi les limites de l'UE et il reste douteux qu'un mandat fortement limité dans le temps peut vraiment servir à une stabilisation à long terme. (Heureusement le mandat des missions dans les Balkans est régulièrement prolongé.)

Par contre, le rôle décisif de l'UE dans la gestion d'un conflit reste l'économie, «l'€ - diplomatie». L'Union européenne assure plus de la moitié des aides au développement et plus de 50% des aides humanitaires dans le monde. L'Union finance 1/3 des aides au Proche-Orient (50% pour les territoires palestiniens), 60% des aides pour la Russie et 40% de la reconstruction en Bosnie-Herzégovine.

En ce qui concerne la totalité des missions de l'UE en 2014, il nous semble que le scénario pré-envisagé dans les années 2000 sur le partage des devoirs entre l'UE et l'ONU commence à changer: Il y a 10 ans, les missions de l'ONU ont été caractérisées par des mandats faibles avec des lacunes considérables et des forces

insuffisantes mal ou sous-armées. L'ONU a sollicité par plusieurs reprises pour l'aide politico-militaire de l'Union européenne. Le prestige de la présence de l'ONU était nettement plus bas que celui de l'UE.

Dans nos jours cette situation commence peut-être à changer : les opérations de l'UE sont moins « robustes ». (Pour le moment il est encore incertain que le lancement de l'EUFOR RCA avec un effectif de 800-1000 personnes mettrait fin de ce processus de dévalorisation des opérations de l'UE). Cependant, au fur et à mesure, les missions de l'ONU se développent. Il est bien sûr difficile à constater que toutes les missions onusiennes sont capables d'accomplir leur rôle avec succès sur les différents théâtres. Néanmoins en Afrique, les forces gouvernementales en RDC bénéficiaient du soutien remarquable de la part de MONUSCO (une mission de l'ONU avec un mandat robuste, une brigade d'intervention rapide, équipée en artillerie et en hélicoptères) lors de leur victoire en novembre 2013, sur le plus important groupe rebelle dans le Nord-Kivu.

L'Union européenne et quelques enjeux et défis dans les Balkans

Quant à l'Union européenne, un aspect d'autant plus sensible qu'il touche à un impératif national : la sécurité de l'approvisionnement. Les Balkans sont le terrain des futurs gazoducs *South Stream* et *Nabucco* (et l'autre pilier stratégique de la PSCD, l'Afrique est aussi une base non négligeable des matières premières comme le pétrole, l'uranium etc.). À partir d'une question liée traditionnellement aux compétences nationales, basée sur les relations bilatérales, on voit progressivement se dessiner une dimension et des stratégies européennes par rapports aux différentes régions. Le Conseil et la Commission européenne cherchent à développer des résolutions différentes. Toutefois, la manifestation de leurs actions sur le théâtre reste suivant divisée et les politiques nationales résultent des divergences à la gestion des intérêts européens communs.

Si on focalise surtout sur le Kosovo, les conclusions à tirer dans un contexte plus large apportent plusieurs constats qui méritent des réflexions profondes, vis-à-vis de la présence de l'Union européenne dans un pays musulman: Les lois conformes aux normes européennes sont élaborées mais restent fort peu appliqués et le niveau de corruption est très élevé. En Albanie, au Nord et au Nord-Ouest du pays des bandes de trafiquants et de contrebandiers terrorisent la population et c'est le Kanun, la vendetta albanaise qui sert à compenser traditionnellement l'ordre publique, la faiblesse et la corruption de l'État. L'État de «non-droit» s'émerge progressivement quand on s'éloigne de la capitale. Les gangsters contrôlent les deux rives de l'Adriatique, le trafic d'êtres humains (immigrants clandestins, travail des enfants, prostitution, vente de bébés), de drogue et de voitures (Anast, 1999) volées (Assemblée de l'UEO, 2000).

Et c'est la valeur ajoutée qui manque, notamment l'État de droit dans lequel les lois ne restent plus que des papiers et les institutions sont plus que formellement démocratiques. Sans ceux-ci beaucoup d'États sont restés une quasi-démocratie, un faux-semblant très fragile avec la tentation d'une dictature. Quelle élite politique

pratiquera le contrôle civil sur les forces de police formées par la mission européenne? Sera-t-elle assez démocratisée et influera-t-elle les enquêtes? (Les exemples concernant les événements dans les pays NEM de l'Union européenne devraient être réexaminés.) Ne vaudrait-il mieux les laisser liées à un centre international (européen) sur place? Mais dans ce cas, sous une tutelle institutionnalisée la légitimité d'un gouvernement national ne serait pas renforcée.

La réponse fait émerger des problèmes généralement discutés comme la possibilité d'une démocratie en Islam ou bien une démocratie spéciale «islamisée». Toutefois l'Union européenne a un terrain d'expérience dans sa périphérie moins risquée et relativement plus facilement maîtrisable que les États au Moyen-Orient, par exemple. D'une part, il s'agit de telles déclarations: «*Nous avons fixé le modèle de la police européenne que l'Albanie veut établir, et nous avons pleine confiance dans l'efficacité de l'aide bientôt pour la police et l'ordre public en Albanie*» concernant l'EMCP/MAPE en Albanie à l'égard de la mise en place d'une gendarmerie européenne².

La proximité géographique de cette sub-région (en Albanie 70%, en Macédoine 40% de la population est musulmane³) qui désire devenir membre de l'Union européenne oblige l'UE a mieux se préparer. Le communisme a éradiqué le Kanun temporairement en Albanie, et il fleurit de nouveau après la transition. Sauf les programmes à longs termes, (un programme pédagogique, selon les rapporteurs de l'UEO) avec beaucoup de difficultés et parfois des échecs qui petit à petit obtiendront des succès.

Les missions dans les Balkans

Dans les Balkans nous savons bien que la coopération entre l'OTAN et l'UE dans les Balkans Occidentaux remonte au milieu des années 1990. Dans le cadre de la PESD, le 1^{er} janvier 2003 la première mission de police européenne a débuté en Bosnie et Herzégovine (MPUE). Le 31 mars 2003 l'Union européenne a lancé une opération dans les cadres de Berlin Plus sous la tutelle de l'OTAN en Macédoine dont le nom était CONCORDIA. En ARYM l'EUPAT (mission de police, *capacity building* mission) a accompli une mission de police entre 2005-2006.

Les deux missions européennes de la PSDC qui persistent encore dans les Balkans Occidentaux sont EULEX Kosovo (depuis 2008) et EUFOR ALTHEA (depuis 2004) en Bosnie-Herzégovine. Il existe le choix entre différents types d'intervention: opération militaire, mission de police, mission juridique aux niveaux différents et avec différentes méthodes, tâches (etc.). Les opérations militaires des Balkans peuvent être caractérisées par 2 attributs : elles sont des opérations modèle de Berlin Plus (c'est-à-dire: avec l'OTAN) et suivent la méthode de la nation cadre bien sur avec des personnes de différentes nationalités sur la chaîne de commandement. La France

² Déclaration de José Cutileiro, secrétaire générale de l'UEO, Tirana, le 13.12.1998, Albanian Telegraphic Agency (ATA).

³ Selon les sources de la Commission Européenne. C'est la Bulgarie entre les nouveaux membres qui dispose d'une minorité de 13% des musulmans.

était la nation cadre de CONCORDIA (qui a disposé d'un effectif de 400 personnes) et au début l'Allemagne a été la nation cadre de l'opération ALTHÉA. Dans nos jours ce sont les contingents autrichiens (225 personnes) et hongrois (116 personnes) qui sont les plus importants en Bosnie.

EUFOR ALTHEA

Le 2 décembre 2004, l'Union européenne a créé sa deuxième opération militaire, ALTHÉA, pour remplacer la «Stabilisation Force» en Bosnie Herzégovine (SFOR). Actuellement elle est également la seule opération militaire européenne en partenariat avec OTAN sur la base des *Accords de Berlin Plus*. La mission de l'EUFOR, se base sur la résolution 1575 du conseil de sécurité des Nations unies, confiant à l'Union européenne la première responsabilité de l'application des accords de Dayton. L'OTAN elle aussi continuait à maintenir sa présence en Bosnie, sous la forme d'un quartier général. Les moyens de surveillance aérienne de l'OTAN sont également à disposition de la Force. Enfin, le système de transmission reste celui de l'OTAN.

Il faut rappeler que la mise en place de cette deuxième opération *Berlin Plus* de l'Union européenne, la prise de relais de l'OTAN était assez problématique. Une fois de plus la rivalité entre l'Union européenne et l'OTAN est devenue visible et concrète. Huit mois de débat minutieux l'a précédé pendant lequel il est devenu évident que les Britanniques ne veulent pratiquement aucun changement réel: Ils ont favorisé le maintien de tout de l'équipage et de l'appui de renseignement de l'OTAN au lieu de les remplacer par les éléments «purement» européens.

Militairement le point de vue britannique était tout à fait logique, mais la pression politique préférait arriver à une mission la plus européenne possible. La Bosnie (plutôt) sécurisée aurait dû servir d'un terrain idéal pour tester le développement des capacités européennes. La solution finale était typique: Dans le même bâtiment, le *Bureau de renseignement de l'UEO (ce qui n'existe plus depuis 2011) était à droite, le Bureau de renseignement de l'OTAN à gauche et une Salle commune UEO/OTAN au milieu...* La question du drapeau (européen, avec ou sans les éléments de l'OTAN) a été également longtemps débattue. Conclusion négative de la mission qu'avec ALTHEA il est devenu évident qu'une vraie réaction rapide n'est pas envisageable dans le cadre de *Berlin Plus*, puisque le recours aux capacités de l'OTAN n'est pas automatique et entre les Européens il n'existait pas un accord concernant la mesure de l'application des moyens de l'Alliance atlantique.

ALTHÉA a pour mission d'accompagner la construction politique et économique et de fournir un appui à la sécurité (EU Council Secretariat, 2004).

EULEX Kosovo

Cette mission a été mise en place en décembre 2008, suite à la proclamation de l'indépendance du Kosovo en février 2008, et a remplacé la mission d'administration intérimaire des Nations Unies au Kosovo (MINUK). La mission apportera un soutien aux procédures judiciaires transférées. Elle a pour mandat d'assister et de soutenir les autorités du Kosovo dans les domaines liés à l'État de droit, en particulier la police, la justice et les douanes. Très récemment le Conseil a octroyé à l'EULEX Kosovo un budget de 55,82 millions d'euros, couvrant toutes ses activités, pour la période allant du 15 octobre 2014 au 14 juin 2015. Actuellement le contingent polonais (132 personnes) et allemand (115 personnes) sont les plus importants de la mission (EU Council Secretariat, 2014).

Conclusion

Quant aux premières crises aux Balkans dans les années 1990, il est justifié que sans observation internationale des conflits sur le terrain, alourdi par un embargo, c'est l'agresseur qui peut en tirer profit en jouissant des négociations pour continuer de l'occupation des territoires. La voie de négociation forcée par l'UE était une méthode reconnue dans l'intégration européenne pour trouver des consensus. Mais elle s'avérait inapplicable dans une crise exaspérée, et a rendu impossible la réaction rapide. La CÉE/UE a surestimé sa capacité diplomatique dans une période qui était, de plus, lourdement aggravée par les problèmes internes de la création de l'Union européenne.⁴

En revanche, de l'aspect de la cohérence interne, la mise en place progressive de la PESD est devenue la preuve, que la coopération européenne peut atteindre les résultats pertinents. Malgré les problèmes externes (la crise irakienne) et les vifs débats internes autour du développement institutionnel (opérations Berlin Plus, la conception Tervuren sur un QG européen, Union européenne de la Sécurité et de Défense, etc.) les Européens ont réussi à trouver un domaine où le développement est considérable. Ainsi ils ont mis en place les institutions les plus importantes et les capacités initiales de la PESD. Et les premières opérations de la PESD (PSDC) étaient de vrais succès et des exemples à suivre et à perfectionner. L'Union est sur la bonne voie de transformer sa puissance économique à une puissance politique, mais ce processus est sans doute une assez longue démarche.

Récemment, pendant les années passées les missions sous casquette européenne ont été restructurées. Surtout la participation autrichienne, hongroise et polonaise reste marquante dans la région des Balkans Occidentaux. La Hongrie en profite peu,

⁴ Très récemment la mise en liberté (même provisoire) de l'ultra-nationaliste Vojislav Šešelj pour des (faux) «raisons humanitaires» accusé par les actes contre l'humanité pendant la guerre sud-slave est un message très négatif de la part de l'Occident qui se déclare souvent comme le plus grand défenseur du droit de l'homme (L'Express, 2014).

l'Autriche au contraire. Le volume de la présence est diminué et peut être caractérisé par les missions de «*capacity building*» et des missions de formations.

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LES BALKANS ET LA CONSTRUCTION EUROPEENNE UN AUTRE REGARD

Jean-Paul Guichard¹

La construction européenne est décrite, le plus souvent, comme une marche inexorable au progrès, une «Europe» toujours plus étendue, plus riche, plus démocratique; une sorte de conte de fées dont les initiateurs, souvent français, sont de véritables icônes: Jean Monnet, Robert Schuman², etc. Les universitaires, parfois même quand ils ont une «chaire Jean Monnet»³ éprouvent souvent de la difficulté à prendre de la distance par rapport à tout le fatras idéologique que secrètent les instances européennes; précisément, il importe de rompre avec cette voie de la facilité consistant à dupliquer, d'une manière ou d'une autre, les discours «bruxellois» et, pour cela, de revenir à des faits et à des analyses historiques. A partir de là, on le verra, il est possible d'avancer que d'autres scénarios que ceux que l'on nous présente sont possibles pour le futur des peuples de l'Union, y compris, notamment, celui d'une déconstruction de l'Union.

D'un point de vue historique, le passé et le devenir des pays balkaniques sont inséparables de leurs relations avec la Turquie voisine et, surtout, avec les grandes puissances européennes: la Russie (ou l'Union Soviétique), l'Allemagne, les pays occidentaux.

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² On peut se poser une question simple: mais que faisait donc M. Schuman durant les années d'occupation de la France par l'Allemagne nazie? Luttait-il contre l'oppression afin de construire l'Europe? Non, il pria tranquillement, dans un monastère...

³ Les «chaires Jean Monnet» constituent, de fait, une sorte de «livret européen» pour des universitaires chargés d'enseigner au monde la «bonne parole» (l'Evangile) de l'Europe!

1. Les relations complexes entre l'Allemagne et la Russie (l'URSS)

L'élargissement à l'Est de l'Union Européenne, après 1989, doit être analysé dans le cadre d'une longue histoire marquée par deux épisodes très significatifs.

Le premier d'entre eux se situe en 1922. Au lendemain de la première guerre mondiale, l'Europe meurtrie cherche à se reconstruire. Pour cela une grande conférence est organisée à Gênes, au printemps 1922, où participent aussi des délégations de l'Allemagne et de l'Union Soviétique. Celles-ci, en marge de la conférence de Gênes, se rencontrent à Rapallo et y signent un traité comportant deux parties: l'une officielle et publique, l'autre secrète. La première concerne la normalisation des relations entre les deux pays alors que la seconde concerne la coopération militaire: trois camps d'entraînement destinés à la reconstitution de l'armée allemande, notamment à la formation de ses officiers et sous-officiers, sont créés en Union Soviétique ; ces trois camps sont spécialisés: l'aviation, les chars de combat, les gaz de combat, toutes choses interdites par le traité de Versailles. Cette coopération, qui comporte aussi des avantages pour les soviétiques⁴, et qui durera jusqu'en 1933, montre une chose : l'Allemagne de Weimar préparait la revanche, à l'ouest!

Deuxième épisode très significatif, le pacte germano-soviétique de 1939 signé à Moscou le 23 août 1939, neuf jours avant l'invasion de la Pologne (1^{er} septembre). Ce retournement spectaculaire soviétique, qui tourne le dos à une entente avec la France et la Grande-Bretagne, est préparé par deux événements : l'accord de Munich (30 septembre 1938) par lequel la France et l'Angleterre abandonnent la Tchécoslovaquie aux griffes nazies, la volonté du gouvernement japonais d'élargir le territoire du Mandchoukouo qu'il contrôle au détriment de l'Union Soviétique et de la Mongolie à partir de 1938.⁵ Hitler a besoin d'être en paix à l'Est pour pouvoir régler son compte à la France (et s'entendre ultérieurement, pense-t-il, avec l'Angleterre), d'où la nécessité de l'entente avec l'Union Soviétique afin de dépecer la Pologne et de pouvoir disposer de matières premières livrées par les soviétiques, indispensables pour l'offensive à venir à l'Ouest. De son côté, Staline avait besoin de tranquillité à l'Ouest pour pouvoir régler le problème qu'il avait à l'Est avec le Japon.

L'accord germano-soviétique est signé en deux temps: un accord commercial le 19 août 1939 et le pacte de «non agression» proprement dit le 23 août; entre ces deux

⁴ Pour les soviétiques, l'avantage essentiel fut de pouvoir faire bénéficier leurs industries d'armement des technologies allemandes, mais aussi de pouvoir former certains des officiers de l'armée rouge «à l'allemande», au contact de leurs collègues. Les relativement bons résultats obtenus par la brigade soviétique lors de la guerre d'Espagne sont, probablement, en partie au moins, un résultat de cette coopération.

⁵ De fin juillet au 11 août 1938, des forces japonaises pénètrent en territoires soviétiques, près du lac Khassan, à 150 km au nord de Vladivostok; elles sont repoussées, après de durs combats, hors du territoire soviétique. A partir du 11 mai 1939, les hostilités reprennent, en Mongolie.

dates, Joukov déclenche sa grande offensive en Mongolie contre les japonais le 20 août et Staline propose à ceux-ci un armistice le 22 août!⁶

A l'Ouest, la «partie» continue. Après le partage effectif de la Pologne, en application des dispositions secrètes du pacte, l'URSS annexe, avec beaucoup de brutalités, la Bessarabie et la Bucovine le 28 juin 1940. Sous pression Allemande, la Roumanie accepte, au cours de l'été 1940, de perdre de plus la Transylvanie (au bénéfice de la Hongrie) le 30 août et la Dobroudja (au bénéfice de la Bulgarie) le 7 septembre. Après son coup d'Etat, le «Pétain roumain», Antonescu, sollicite l'entrée de troupes allemandes en Roumanie (7 octobre 1940) et obtient l'adhésion du pays à l'axe. Il y a ainsi une sorte de course entre l'Allemagne et son allié italien, d'une part, et l'URSS, d'autre part, pour le contrôle des Balkans, plus particulièrement de l'embouchure du Danube et de la Bulgarie.

Au mois de novembre, en même temps qu'elle déclenche la guerre contre la Finlande afin de s'assurer le contrôle du Golfe de Finlande, l'URSS déploie de grands efforts pour que le roi Boris fasse entrer son pays, la Bulgarie, dans une alliance avec l'URSS... Il y a une grande méfiance, c'est le moins que l'on puisse dire, entre les signataires du pacte de Moscou, l'Allemagne et l'URSS. C'est dans ce contexte que M. Molotov, ministre des affaires étrangères de l'URSS, arrive à Berlin le 11 novembre 1940, afin de négocier l'entrée de l'URSS dans l'Axe ! Une vraie partie de «poker menteur»!

Ribbentrop propose un partage du monde; Molotov, qui téléphone tous les jours à Staline, est d'accord sur presque tout; il y a néanmoins un point de désaccord: la Bulgarie dont Staline veut qu'elle soit dans l'orbite de l'URSS; Molotov remet donc à la partie allemande une contre-proposition (le 25 novembre) très «constructive» dans laquelle toutefois la Bulgarie se trouve dans la sphère soviétique et repart, très confiant, pour Moscou. Pas de réaction du côté de Berlin: probablement est-ce à cette époque qu'Hitler, qui rêve depuis longtemps d'en découdre avec l'URSS, décide de l'organisation de l'opération «Barbarossa», dont le but est de repousser les peuples slaves au-delà de l'Oural ! Molotov s'étonne et relance le gouvernement allemand par un courrier du 17 janvier 1941: sans succès. On connaît la suite...

Plus près de nous, en 1989, on assiste à l'effondrement du mur de Berlin, puis à l'éclatement et à la décomposition du «camp socialiste» et de l'URSS. Les années 1990 et 2000 sont marquées par une «marche vers l'Est» de l'Union Européenne qui s'opère par élargissements successifs, doublés le plus souvent par des adhésions à l'Alliance Atlantique. Ces élargissements de l'Union ont été fortement voulus par l'Allemagne: on se souvient du deal Kohl-Mitterrand, l'élargissement à l'Est contre la création de l'Euro. Au vu de la suite, il apparaît que ce fut là un marché de dupes; l'Allemagne gagna doublement: par l'élargissement et par la mise en place de l'Euro, une monnaie à la fois surévaluée pour la France ou l'Italie – un handicap pour

⁶ L'armistice sera signé le 15 septembre, après la déroute de l'armée du Kwantung; alors que le Japon adhère à l'«Axe» Berlin-Rome le 26 septembre, celui-ci réoriente ses efforts militaires vers le sud: il reconnaît les frontières de l'URSS et de la Mongolie et signe avec l'URSS un traité de non-agression le 13 avril 1941; Staline a un gros souci en moins... à l'Est.

l'Europe du Sud – et sous-évaluée pour l'Allemagne, un avantage pour la compétitivité de celle-ci.⁷

2. L'élargissement de l'Union Européenne et ses conséquences

Cette marche vers l'Est comprend un autre volet: la politique dite de «voisinage»; cette politique comprend des aides économiques de l'Union alors même que celle-ci n'en a aucunement les moyens, plongée qu'elle est dans une dépression économique dont on ne voit pas bien comment elle pourrait en sortir; elle comporte aussi le projet d'intégrer les pays concernés dans une aire de libre-échange avec l'Union Européenne, une façon d'enclencher un processus d'élargissement: intégration commerciale tout d'abord, puis économique, puis politique...

Cette politique de «marche forcée» vers l'Est est, très certainement, pour partie responsable de la crise ukrainienne de 2014, alors même que, par ailleurs, l'Union Européenne elle-même est dans une crise profonde: financière, économique, politique, institutionnelle. Une fragmentation de l'Union s'est opérée: il y a «L'Europe Allemande» qui agrège à l'économie allemande les pays de l'Europe du Nord et du Nord-Est (Pays Baltes, Pologne, Tchéquie, Slovaquie, Hongrie, Autriche, etc.), l'Europe du sud, latine pour la majeure partie, enfin le Royaume-Uni qui est «ailleurs».

Cette politique d'élargissement à l'Est, qui complète les actions déjà entreprises avec la Turquie⁸, apparaît comme foncièrement à la Russie. La façon de procéder dans l'ex-Yougoslavie est révélatrice de cela. Sur la base de pressions allemandes, on procéda à la reconnaissance, un peu trop hâtivement, des indépendances de la Slovénie et de la Croatie qui, jadis, faisaient partie de l'Empire Austro-Hongrois. Le mode de règlement de la question du Kosovo et son résultat ont engendré des frustrations qui sont encore bien vivantes; certes, il y avait un problème avec Milosevic et avec des affrontements inter-ethniques: en Bosnie-Herzégovine, au Kosovo. En Bosnie, l'intervention internationale fut un fiasco... Pour le Kosovo, il s'agissait d'une partie d'un pays indépendant et reconnu, la Serbie; si les dirigeants occidentaux avaient eu la volonté d'associer Moscou à la recherche d'une solution, il eut été possible, probablement, de contraindre Milosevic à quitter le pouvoir et à faire en sorte que la question du Kosovo puisse être réglée pacifiquement, dans le respect de l'intégrité territoriale serbe. Au lieu de cela, on prit soin, précisément, de ne pas associer les dirigeants russes et de ne pas mobiliser, pour une cause humanitaire juste, le capital de sympathie dont jouit la Russie en Serbie. On préféra recourir à la manière forte, les bombardements! Par la suite, pour obtenir le retrait de l'armée

⁷ De nombreux commentateurs disent aujourd'hui que l'Euro, combiné à l'élargissement a servi la croissance des industries allemandes, créant ainsi une vaste «Europe allemande», ils ajoutent que c'est là une grande erreur de Mitterrand; il fallait, disent-ils, refuser et l'euro et l'extension de l'Union car, grâce à cette conjonction l'Allemagne a pu imposer à l'Europe un mode de développement qui détruit sa cohésion.

⁸ La volonté constante des dirigeants européens (et «européistes») de faire entrer la Turquie dans l'Union en dépit du fait que le peuple Turc n'est pas européen s'inscrit, dès l'origine, dans le cadre de la politique américaine de «containment» de l'URSS (puis, de fait, de la Russie): il faut faire entrer la Turquie dans l'Union car celle-ci est membre de l'OTAN.

serbe du Kosovo, on prit l'engagement de garantir l'intégrité territoriale du pays: on ne le tint pas, ce fut une deuxième frustration pour la Serbie ; et aussi pour la Russie!

En somme, la politique d'élargissement de l'Union Européenne, à l'Est, consiste à essayer de phagocyter le monde slave dans son ensemble, à l'exception de la Russie. La crise ukrainienne constitue une mise en question de cette politique qui semble inadéquate, pour les uns comme pour les autres.

3. La politique actuelle des dirigeants russes

Ce n'est pas en quelques lignes qu'il est possible de décrire l'actuelle politique du gouvernement russe; à signaler toutefois la volonté de reconstruire un Etat qui fonctionne (c'est sans doute là la tâche la plus difficile compte tenu du niveau de corruption), celle de maintenir l'intégrité territoriale du pays compte tenu des dangers qui la menacent⁹, enfin et c'est le plus important pour ce qui concerne les relations avec l'Union Européenne, une attitude très réactive par rapport à celle-ci et aux Etats-Unis. Les américains, et les européens à leur suite, développent une attitude de méfiance vis-à-vis de la Russie: celle-ci le leur rend bien! Il y a dans ce pays un ressentiment profond vis-à-vis de l'Amérique, bien plus que de l'Union Européenne, considérée à juste titre comme une vassale de celle-ci. La politique d'expansion toujours plus à l'Est de l'Union Européenne trouve alors, ou suscite, une résistance: la Russie entend constituer autour d'elle, sur le modèle de l'Union Européenne, une «Union Eurasiatique». Quelle est la signification de ce projet en cours de réalisation et qui apparaît pour l'instant en Ukraine comme un concurrent de l'Union Européenne? Poutine sait très bien que, face à la Chine¹⁰, la Russie aura besoin de l'appui du reste de l'Europe et, au-delà, des Etats-Unis eux-mêmes; toutefois, il entend établir, dans le futur, les fondements d'une solidarité de l'ensemble des peuples européens à la suite d'une négociation menée sur un pied d'égalité: Union Européenne, union eurasiatique. Telle est, semble-t-il, la signification de cette « union nouvelle qui, pour pouvoir, sinon exister, du moins avoir de la force, nécessite l'adhésion de l'Ukraine. Le partage de cette dernière risque fort d'être, dans un proche avenir, la conséquence de l'opposition entre deux projets: celui de Bruxelles et celui de Moscou.¹¹

Cette opposition, qui se manifeste aujourd'hui en Ukraine, pourrait bien avoir d'ici peu de sérieuses répercussions dans la région des Balkans; des répercussions qui pourraient mettre en question les projets d'adhésion à l'UE de certains pays, et même, pourquoi pas, mettre en question l'adhésion déjà effective de certains autres.

⁹ Le traité de Shanghai, signé avec la Chine et les pays de l'Asie centrale, vise en premier lieu à une lutte commune contre le «séparatisme» et le terrorisme. Pour la Chine, il s'agit du Xinxiang, pour la Russie du Caucase.

¹⁰ La Chine, il faut le rappeler, est la puissance montante du monde. Elle a une visée hégémonique (cf. le livre de Brunet et Guichard, 2011); elle considère, sans le dire officiellement, qu'une très grande partie du territoire russe lui a été «volé»!

¹¹ Il ne s'agit pas ici de dire qu'un tel partage serait «bon» ou «mauvais»; il s'agit simplement de signaler qu'il pourrait se produire et que ce «risque» est relativement élevé.

4. L'Empire «Union Européenne» aux pieds d'argile

A force d'extensions inconsidérées et bien trop rapides, l'Union Européenne s'est, non pas renforcée, mais au contraire affaiblie. Elle est devenue un ensemble disparate sans grande cohésion et, ce qui est plus grave encore, sans projet commun réel. Elle est devenue une sorte d'Empire à l'intérieur duquel chaque peuple tire dans des directions opposées.

Avec l'euro, la fracture entre le Nord et le Sud apparaît de façon patente. L'économie allemande a su amener les territoires de l'Europe Centrale et Orientale et imposer à l'Union Européenne un mode de développement qui, à terme, ne peut que conduire à la destruction de celle-ci.

Le processus de décomposition de l'Union Européenne semble même être, en ce milieu des années 2010, enclenché. Depuis longtemps le Royaume-Uni, qui a conservé sa monnaie, songe à une éventuelle sortie de l'Union; la stratégie de Londres vise essentiellement à développer (et maintenir) la City par une alliance de fait avec le capitalisme chinois.

La Grèce est dans une crise profonde et, de même que Chypre, ne peut que se sentir de plus en plus attirée par le monde slave, en premier lieu par la Russie: pas seulement pour des raisons de proximité culturelle mais aussi pour des raisons économiques.

La crise est de plus en plus durement ressentie au sein de l'Europe du sud, latine; les taux de chômage y atteignent des niveaux dramatiques de sorte qu'on voit mal comment ces pays pourraient continuer à utiliser une monnaie qui «tue» leurs économies respectives; les thérapies qui leur sont aimablement proposés, notamment par l'Allemagne, s'avèrent parfaitement inadaptées et totalement inefficaces; on n'en voit que trop bien les effets dans le cas de la Grèce, de l'Espagne et du Portugal. A cet ensemble de pays au substrat sociétal latin et catholique (Portugal, Espagne, France, Italie et, pour une part, Belgique) pourraient s'adjoindre, pour des raisons de proximité géographique ou culturelle, la Roumanie (un pays latin, orthodoxe par la religion), ainsi que la Slovénie et la Croatie, deux pays de culture slave mais de tradition catholique.

Il y a une sorte de «résidu»: les pays qui ne sont pas dans «l'Europe allemande» ni non plus dans «l'Europe du sud» telle qu'elle est définie précédemment: certains qui font déjà partie de l'Union (Grèce, Chypre, Bulgarie), d'autres qui n'en font pas encore partie: Macédoine, Kosovo, Serbie, Monténégro, Albanie, Bosnie-Herzégovine auxquels on peut ajouter, mais on s'éloigne alors de la région des Balkans, la Moldavie, l'Ukraine et la Russie blanche. Ces pays du «résidu» sont, précisément, ceux qui sont intéressés par le projet russe d'Union eurasiatique ou qui pourraient éventuellement l'être.

Cette façon, inhabituelle, de présenter les choses peut choquer tant l'idée d'une progression et d'un progrès indéfinis de l'Union Européenne est ancrée dans les esprits.

Désormais, «cela ne fait pas de doute» que la Serbie va entrer dans l'Union... Mais il s'agit là d'un pronostic, d'un pari sur l'avenir ! Certes un «tournant» européen a été pris par les autorités de ce pays, mais un autre «tournant», opposé, pourrait tout aussi bien être pris dans les années qui viennent... L'avenir n'est pas écrit.

Or, qu'observe-t-on aujourd'hui? A l'évidence, l'Union Européenne est «l'homme malade du monde»! La zone euro est en récession alors que les principaux pays du monde connaissent une croissance économique plus ou moins élevée. Malgré les sanctions économiques de l'UE qui font un tort certain à son économie, la Russie enregistre une croissance honorable; certains économistes disent même que cette croissance est sous-évaluée tellement est importante l'économie «grise» qui serait elle-même en forte croissance... De plus les flux de touristes russes apparaissent importants, parfois prédominants, sur les côtes de la mer noire (notamment en Bulgarie), celle de la mer Egée ou celle de l'Adriatique; le «boom» immobilier du Monténégro est, dans une large mesure, un boom russe.

Entre une Union Européenne dans la stagnation et une Union Eurasiatique qui pourrait être en plein essor, les peuples des Balkans pourraient être tentés par la deuxième solution, notamment certains de ceux qui ne sont pas encore dans l'UE, comme la Serbie ou le Monténégro. Certains de ceux qui sont déjà dans l'UE pourraient être tentés de sortir de l'Union pour une nouvelle union, à l'Est: la Bulgarie a des liens très anciens avec la Russie.

5. Une grande Europe avec quatre zones monétaires

L'Union Européenne a actuellement deux zones monétaires principales: celle de la livre sterling et celle de l'euro.¹² Dans un avenir peut-être pas trop éloigné, elle pourrait, c'est une éventualité, en comporter trois: celles de la livre, de l'euro-mark et de l'euro-franc. Dans un tel scénario, les Balkans du sud pourraient basculer dans une zone «rouble»... La «Grande Europe» serait alors constituée de quatre ensembles de pays: les trois zones monétaires de l'Union Européenne et puis la zone rouble de l'Union Eurasiatique. Si on excepte les îles britanniques, un peu à part et tournées «vers le grand large» (de nos jours vers la Chine), l'Europe serait constituée de trois grands ensembles de tailles voisines par la population (de 220 à 250 millions d'habitants).

Bien sûr, il ne s'agit que d'un scénario: celui-ci a l'avantage de souligner que les Balkans et leurs environs (notamment la Moldavie et l'Ukraine) constituent encore une zone très instable. Mais où est donc la stabilité? Après tout, il n'est pas exclu que

¹² Il y a aussi les monnaies des pays de l'Est qui doivent entrer dans l'euro ; ces monnaies sont appelées à disparaître.

l'Union Européenne elle-même connaisse, dans les années à venir, un processus d'éclatement, l'Empire ayant grandi trop vite!

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TURKISH SOFT POWER IN THE BALKANS: NEXT MOVE¹

Plamen Ralchev²

Constructing Turkish Soft Power

In a dynamic decade of comprehensive political, economic and social boost Turkey has entered a new era, in which the appearance of internal transformation seeks external acknowledgment and appreciation. In Turkey, as elsewhere, the concept of soft power has attracted a growing attention and President Gül himself utilized the concept frequently during his tenure as Foreign Minister (Altınay, 2008).

A country's soft power capacity defines the success of its public diplomacy as much as does the integrity and efficacy of its policies. Soft power, which is rooted in a "value-based" definition of power, explains how much a country is deemed attractive and worthy of being designated as an exemplar for others. According to Joseph Nye, soft power explains "the attractiveness of a country's culture, political notions and policies" (Nye, 2004). The acceptance of a country's policies as legitimate by others also defines that country's soft power capacity.

Turkey's soft power capacity represents a confluence of the country's history, geography, cultural depth, economic strength and political experience, and it plays an important role in Turkish foreign policy. Public diplomacy, which is a platform for the implementation of soft power, is a new concept in Turkey and is increasingly being discussed especially since the launching of the Office of Public Diplomacy within the Turkish Prime Minister Office. Since the publication of Decree 27478 announcing its launch on January 30, 2010 in the Official Gazette, the Office of Public Diplomacy has been pursuing various public diplomacy activities (Kalın, 2011).

Turkey's soft power is different from that of other countries in its form and content. Turkey's soft power potential, which extends from the Balkans and the Middle East to inner parts of Central Asia, emerges from the cultural and historical experience it has

¹ *The author would like to thank Mustafa Kutlay and Muzaffer Kutlay from USAK Ankara for their valuable assistance in providing the empirical data for this paper.*

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inherited. The values Turkey represents, as well as its history and cultural depth, have mobilized regional dynamics and provided opportunities for the creation of new spheres of influence. In the larger Euro-Asian landmass, the common denominator for many modern nations and diverse ethnic and religious groups was the Ottoman experience they have shared. It is this Ottoman heritage that brings together these diverse groups and enables them to relate to a shared experience in time and place. Today, Turkey represents the pivotal point of this heritage. Some consider this as a new imperial adventure, termed “Neo-Ottomanism.” Others, like Prof. Ibrahim Kalin, claim that this is a process whereby Turkey’s new geopolitical imagination and the new possibilities in the global political system allow the people of the region to reconcile with their history and geography. Remembering this experience plays an important role in defining the spheres of soft power in Turkey. Furthermore, Turkey’s regional and global engagements are expanding in other regions, such as Africa, Asia and Latin America (Kalin, 2011).

Public diplomacy activities are conducted within two main frameworks: “State-to-public”, and “public-to-public”. State-to-public activities aim to explain the state’s policies and activities through the use of official tools and channels to the public. In public-to-public activities, however, civil elements such as NGOs, research centres, public opinion polls, media, opinion leaders, universities, exchange programs, associations and foundations are employed. In this regard, public diplomacy goes beyond official communication between officials, diplomats and foreign communities.

Public diplomacy encompasses a larger field than “diplomatic communication.” Public diplomacy envisages mutual communication and interaction. Listening to target groups and defining their priorities, public diplomacy constitutes one of the core elements of this multifaceted communication process. In this sense, public diplomacy is a dynamic and multidimensional communication process. Its key elements are listening as much as talking, understanding as much as explaining, and communicating as much as informing.

Soft power is one of the most important components for public diplomacy. Another important element is public opinion, which assumes an increasingly central role in shaping national and global policies. National and international political processes are closely watched and made available to the world community through the media. It is not possible to implement a policy with regard to the economy, foreign policy, energy or the environment without the approval of the public. A fundamental condition for successful public diplomacy is to follow rational, persuasive and defensible policies. It is impossible to espouse or explain to the world community policies that are unjust, ignore universal rules of law, or encourage illegitimate methods such as threats, violence and occupation (Kalin, 2011).

Prof. Ibrahim Kalin highlights that negative perceptions about Turkey have come about not only due to propaganda activities against Turkey but also because of imprudent policies that Turkish governments have followed in the past. Extra-judicial killings, torture in prisons, following ill-advised policies on the Kurdish issue, human rights abuses, religious minorities, freedom of thought and belief and similar problems have all reinforced a highly negative image for Turkey both domestically and internationally.

Turkey has come a long way in changing these perceptions. Apart from some diaspora communities, only a few circles still label Turkey as an invader, oppressor, denier, etc. From East to West, the world focuses on the social change and economic growth that Turkey is undergoing and their impact on foreign policy. In a world where the line between national and international politics is blurred, changing these misperceptions to a success story depends on a well-advised domestic and foreign policy, and on explaining it effectively (Kalin, 2011).

The image of a country and its policies, the choice of key words used in their analysis and the framework in which it is placed is more important than ever. However, what really matters is not image but identity. On this point, the new dynamism and growth of Turkey as a regional power and a global actor must be communicated in an efficient and realistic manner to national and international audiences. Recent developments regarding Turkey's domestic and foreign affairs point to the birth of a unique "Turkish story" which increasingly draws the world's attention. This story reflects the multi-layered and dynamic qualities of the country. It is not possible to dwell on a single discourse or story to talk about Turkey's new identities, self image, vision, horizon, internal struggles, problems and resolutions, multi-dimensional social and political transformations, and successes and failures, joys and sorrows, thrills and disappointments. Turkey's new identities offer multiplicity, diversity and distinctness simultaneously with the processes of multi-centred globalization and multiple modernities. This increases and diversifies the attention that Turkey receives. Turkey's increasingly respected profile and visibility in the international media, the proliferation of resident foreign journalists, multiplication of academic studies on Turkey, high-level visits and their impacts on the world public opinion, and many similar aspects have made the "story of Turkey" a significant one from East to West. It is important to convey this dynamic process in national and international platforms (Kalin, 2011).

Turkish assertive foreign policy is constructing an image of Turkey as a pivotal country and multi-regional and trans-regional actor. This ambitious image-making may count on creative imagination but in fact goes far beyond that. Turkey is branding and positioning itself as a neo-power. The neo-status builds on the transformative endeavor of Foreign Minister Ahmed Davutoglu's neo-Ottomanism in post-Cold war environment and new global context. Turkey is aspiring for a new role, adding value to its conventional military power and economic capabilities. The new added value is that of reconfigured identity and inductive soft power that Turkey has started developing over the last years. Its soft power however cannot be "one size fits all" and applied "by default". It should be customized, tailor-made and context-sensitive. Therefore Turkey needs to adapt its soft power strategies to specific audiences, targets and venues. There are several important regional dimensions in which Turkey projects its soft power – Middle East and Arab states; Caucasia and Central Asia; the Balkans and the EU.

- In the Middle East and Arab countries post-Ottoman perceptions of Turkey have been overcome and Turkey is being branded now as an affluent state and society where Western liberal democracy values are compatible with Islamic traditions. Turkey is perceived not as an Islamic or Islamist country, but as a **flourishing Muslim democracy** (Altunsik, 2008).

- In Northeast Black Sea Rim (Ukraine and Moldova), as well as in Caucasus and Central Asia Turkey is viewed as a “**window of opportunity**”, and **immigration to Turkey** seems an **exit strategy** from local poverty and lack of perspectives.
- In the Balkans contradictory perceptions of Turkey co-exist depending on Christian-Muslim and nation-building - Ottoman past cleavages. There are several decisive factors – how Balkan national identities have been constructed in opposition with the Ottoman Turkish identity, presence or lack of Muslim or Turkish minority, Cold War experience and post-Cold War nationalist rhetoric.

Each of these regional projections of Turkish soft power has specific characteristics and requires special attention. The aim of this paper is to deliberate on the approaches and applications of Turkish soft power in the Balkans, its essence, nuances and ramifications.

Methodology

In existing international relations and foreign policy scholarship it is not that common to employ political economy perspective to the study of soft power of a country. A major reason why the political economy approach has been preferred in this study stems from the principal question the political economy has to address namely what is the smartest way to manage country's economic resources and make such policy-choices that would produce desired and expected, or unintended leverage on objective developments.

The methodological design of the present study is based on Pew Global Attitude Project and the Elcano Global Presence Index. As Turkey is included in Elcano Global Presence Index, their methodology was adopted and adapted when defining the indicators for the present study. A selection or mix of indicators has been prepared that best suits the inquiry on Turkish soft power. Some of these indicators also correspond to what the god-father of soft power Prof. Joseph Nye has described as measures of soft power – foreign immigrants, tourists, international students, book sales, music sales, popular sports (Nye, 2004).

The political economy approach to the study of Turkish soft power has focused on such areas as Trade, Investment, Tourism, Education and Culture – number of universities/programs offering education in languages other than Turkish (mainly English); number of foreigners studying Turkish in Turkey, number of foreigners (expats) living and/or buying property/ real estate/ holiday houses in Turkey. Business-friendly environment for doing business in Turkey for foreigners (foreign businessmen and entrepreneurs) is also considered. Is it easy for a foreigner to start own business in Turkey or to be independently self-employed? Information and empirical data has been collected from various sources: official statistical data, academic and analytical reports, media analyses and reports; opinion polls and social surveys.

A special section is dedicated to Istanbul (Political Economy of Istanbul's Soft Power) since it is the only cosmopolitan megapolis in the wider region, its soft power implications are being researched - number of foreign tourists visiting Istanbul; number of colleges and Universities in Istanbul offering International Education (providing education services to foreign students as a target audience). Number and frequency (daily/weekly) of flights to/from Istanbul to specific countries and number of passengers carried (what is referred to as Connectivity Index) are covered as well.

In terms of Turkish media influence abroad, a section on media industry is included with relevant data about Turkish film-making productions, projects, targets, revenue, and countries of distribution in the region. Accessibility of media and information regarding Turkey to foreigners in languages other than Turkish is also important - which are the main languages and why.

The paper is structured in two parts. The first part addresses the issue from a political economy perspective how Turkey has started developing its Soft Power in the last decade. The second part seeks answers to the question: What has Turkey achieved by its Soft Power and how is this Soft Power viewed in three Balkan countries - Bulgaria, Serbia and Bosna-Herzegovina?

Indicators

Indicators in the present research have been clustered into four categories:

1. **Economic connectivity** – trade in goods, trade in services, investments (in total, and per country respectively – Bulgaria (percentage of the Turkish total), Serbia (percentage of the Turkish total), Bosnia (percentage of the Turkish total)
2. **Education** – number of foreign students in Turkish universities; number of BA/MA/PhD programs in English at Turkish universities; number of students from Bulgaria, Serbia, Bosnia, and/ or stipends for students from these countries
3. **Human connectivity** refers to feasibility of people-to-people contacts and public-to-public relations, as well as opportunities for communication and exchanges between Turkey and the Balkans. It takes into account the number of daily/weekly flights (and number of passengers) Sofia-Istanbul; Belgrade-Istanbul; Sarajevo-Istanbul; number of tourists from the three countries to Istanbul or Turkey on an annual basis; sister-city partnerships; number of expats/ immigrant workers in Turkey, etc.
4. **Perceptions of Turkey and Turks** in the Balkans, including media presence (number and profile of Turkish electronic media in English); exchange of cultural (audiovisual) products (movies, books, etc.) in total and in particular with Bulgaria, Serbia and Bosnia; Turkish cultural and educational centers in these countries. **The image of Istanbul** as perceived in Bulgaria, Serbia and Bosnia is also considered here.

Case Studies

The Balkans is an important region for Turkish foreign policy and Balkan nations have rich history of relations with Turkey. The selection of cases in this paper is based on these specifics, reflecting stereotypes and perceptions about Turkey and how they possibly change presuming the influence of Turkish soft power. The inquiry seeks to highlight what Turkey has invested and done so far in order to look attractive to foreigners and especially to people from the Balkans; how one can make these foreigners better understand Turkey and feel attracted by Turkey.

There are several aspects of Turkish soft power that occur in the three selected countries:

- Turkey as a Destination of attractiveness
- Turkey as Reputation/ Image/ Identity
- Turkey as a Leader of the Islamic commonwealth
- Turkey as a model of Economic development and success
- Turkey as a socio-political synthesis between democratization and moderate Islam
- Turkey as an International education provider
- Turkey as an advanced centre of excellence in trade, industry, tourism, services, science, medicine, etc.

Projections of Turkey's soft power in Bulgaria

Turkish soft power projected in Bulgaria is regarded vis-a-vis investments, bilateral trade, tourism, transport corridors to Europe (EU, Ukraine). However, Turkey is also viewed as a center of excellence such as in the case of medical tourism for instance. The sections of medical radiology and hi-tech oncology at the Anadolu Medical Center in Istanbul affiliated with Johns Hopkins University. As far as perceptions and communications are concerned, Turkey is still the big frightening neighbour. Predominant stereotypes however have been challenged by people-to-people contacts, tourism exchange and new Turkish TV productions and outlets. Post-Cold War developments, especially the entry of Bulgaria into NATO, having Turkey as its ally now, advances at the level of high politics and improved political relations are also significant breakthrough.

Economic and trade linkages

Trade relations with Bulgaria skyrocketed over the last decade. The total trade volume between Turkey and Bulgaria has jumped nearly six fold, increasing from 693 million dollars in 2001 to 4.4 billion dollars in 2012. Though the sharp decline after the global financial crisis in 2008, total trade volume recovered in 2011 to its level of 2008 and further increased in 2012. Since 2010 imports from Bulgaria steadily prevail over exports from Turkey. Turkey is one of Bulgaria's five most important trade partners (Southeast European Times, 07.09.2012).

Bulgaria is a key entry point for Turkish goods to the EU, the Balkans and Eastern Europe, making an efficient transportation corridor through Bulgaria a top economic priority. During the recent years Turkish companies have been working intensively in infrastructure and construction sectors in Bulgaria (Southeast European Times, 01.06.2012).

Investment pattern

Turkey's investment records in Bulgaria started after 1990s. Over the last decade (2002-2013) Turkey's foreign direct investments in Bulgaria are about 80 million dollars in cumulative terms. There is an uneven, yet continuous trend with unprecedented peaks in 2011, 2012 and the first quarter of 2013. The magnitude, however, is far from positioning Turkey as a major investor in Bulgaria.

Education

The number of Bulgarians graduating from Turkish universities increased constantly over the last decade. The number of undergraduate students graduating from Turkish universities increased from 948 to 1236 in ten years. The increase however is gradual and small and the numbers for consecutive years are rather steady (*Turkish Statistical Institute* <http://www.turkstat.gov.tr>).

Human connectivity with Bulgaria

Over the recent years Turkish soap operas have become quite popular in Bulgaria. Partially due to this reason Istanbul has increasingly become a popular destination for Bulgarian tourists. The number of tourists increased from 834,073 in 2002 to 1,452,059 in 2012. Turkish Airlines has 14 regular flights between Istanbul and Sofia in a week. A second connection between Istanbul and Varna became operational in 2014. The unexpectedly high number of tourists (nearly 1.5 million) however has a deeper explanation. There are about 150,000 Turkish citizens who fled from Bulgaria to Turkey in 1989 and in the early 1990s. These people kept their Bulgarian citizenship and now have dual citizenship. When traveling to Bulgaria on business or for visiting relatives there, they prefer to cross the border with their Bulgarian passports in order to avoid waiting for visa and paying visa fees. When they return to

Turkey, however, they also have to use the same ID document, e.g. their Bulgarian passport. This is how in Turkey for statistical records they are filed as foreign tourists. In fact, the large number of these 1.5 million entries is Turkish citizens with dual Bulgarian citizenship who are permanently residing in Turkey (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Perceptions

BILGESAM Survey 2012 on perceptions showed that Turkey's image in Bulgaria varies significantly according to subject matter. On one hand, Turkey is seen as a very good destination for tourist purposes, yet it is not so popular for study and work. We may argue that Turkey's soft power in Bulgaria sends mixed signals.

Projections of Turkey's soft power in Serbia

There are a number of historical controversies regarding perceptions of Turkey in Serbia. These perceptions were affected by the war in Bosnia in the early 1990s and by the historical cleavage of Christian-Muslim relations. Economic and political relations improved after 2010 and Turkey's mediating role in recent years for Serbia, Bosnia and Croatia has also been welcomed. Stereotypes about Turkey are now challenged by people-to-people contacts, tourism exchange and new Turkish media productions and outlets (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Economic and trade linkages

Turkey's trade volume with Serbia also increased significantly over the last decade - from 89 million dollars in 2001 to more than 586 million dollars. There is a free trade agreement between the countries. Turkish policy makers attribute a crucial role to Serbia (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Investment pattern

The level of integration is very shallow in foreign direct investment. Total outward FDI is just 7.5 million dollars. In 2012, the President of Turkey, Abdullah Gül, specifically asked Turkish investors to invest more in Serbia (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Education

Turkey's attractiveness for Serbian students in undergraduate education is also very low. Total number of Serbian undergraduate students in Turkey is just 171 in 2012.

The number shows a declining trend (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Human connectivity with Serbia

In 2012 approximately 155,000 Serbian citizens visited Turkey. Turkish Airlines operates 14 flights between Istanbul and Belgrade per week. No increasing trend in human connectivity is observed. The results suggest that Turkey needs to invest more in Serbia to improve the attractiveness of the country in the eyes of Serbians (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Perceptions

Increasing diplomatic and economic relations between Turkey and Serbia in recent years have boosted Turkey's positive image within Serbian society, making the cultural similarities between the two nations more visible. Cooled relations between Turkey and Serbia at the time of 1992-1995 Bosnian War and of Kosovo War in 1999 changed into intense political and economic relations over the last decade, following the end of ultra-nationalist Milosevic rule in Serbia in 2000. Since then, Turkish-Serbian relations have been getting closer and closer considering the diplomacy traffic and various trade and investment agreements between the two countries. Advanced diplomatic relations between the two countries are also reflected in Serbian society as Turkey and its culture have recently begun to draw more attention by Serbian people (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

BILGESAM Survey 2012 shows that Turkey has a largely positive image in Serbia, though it stands better among Muslims than among Christians. Turkey is especially attractive as a tourist destination for Serbians. However, Turkey's soft power is far from being satisfactory in the field of education.

Projections of Turkey's soft power in Bosnia-Herzegovina

In Bosnia-Herzegovina, Bosnian Muslims tend to share an appreciation of Turkey's post-Ottoman cultural patrimony (*Southeast European Times, 11.07.2011*). In general, people-to-people relations are amicable. Turkey is a trusted and respected country. The activities of the Yunus Emre Institute (Turkey's equivalent of the British Council) are also appreciated there. Besides, Turkey is seen as playing several equally important roles. The image of Turkey as a **destination for escape** (from poverty or lack of opportunity) is especially valid and important among young Bosnian Muslims (*Southeast European Times, 21.12.2012*). This image is complemented by several other images of Turkey as an **investor** and **care-taker**, a "**window of opportunity**", and as a "**gate to the world**". **Emigration to Turkey** is highly desirable and seems to be a life project for many Bosnian Muslims. **Mixed marriages** between Bosnian Muslim women and Turkish citizens are also quite common. Many

Bosnian students also consider **opportunities for continuing their education in Turkey**. Overall, Turkey is conducting large-scale economic and social activities in Bosnia.

Economic and trade linkages

Turkey's total trade with Bosnia increased from 33 million in 2001 to 363 million in 2012. It marks an 11-fold increase. However, the negative impact of 2009 economic crisis could not be avoided. Both countries have a Free Trade Agreement since 2003, all tariffs and quotas were lifted in 2007 and there is also visa-free travel between the two countries (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Investment pattern

Foreign direct investment is more stable than trade relations and its spill-over effect and transformative role is more substantial. Turkey's outward FDI performance is not impressive. Apart from construction projects, Turkish companies as of recently tend to invest in other countries. In Bosnia there is an emerging network of Turkish companies. Over the last decade the level of investments of Turkish companies in Bosnia exceeded USD 170 million.

Education

There are 173 universities in Turkey (102 state universities; 71 private universities). Many of them offer undergraduate and graduate studies in English, though sometimes the quality of lecturing and delivering instruction in English could be compromising. The number of Bosnian students studying in undergraduate programs at Turkish universities doubled over the last decade from 352 in 2002 to 616 in 2012. Although this number is not impressive, nevertheless the trend is positive and encouraging (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Human connectivity

The number of Bosnian tourists almost doubled over the last decade. From 2002 to 2012, the number increased from 32,000 to about 62,000. Turkish Airlines has 18 weekly flights between Sarajevo and Istanbul. The role of Turkish media products is of vital importance for this increase (*Turkish Statistical Institute <http://www.turkstat.gov.tr>*).

Perceptions: Turkey's image in Bosnia-Herzegovina

Turkey's image is very positive in Bosnia-Herzegovina. It is seen as a major regional power, an attractive tourist destination, and a robust economic hub. In general, we

may argue that Turkey's soft power strategy has strong foundations in Bosnia-Herzegovina.

The overarching image of Istanbul and human connectivity

Istanbul's image is one of the most important assets for Turkish soft power in the Balkans. Istanbul is the only megapolis in the region and attracts people from Middle East, North Africa, Caucasus-Russia, and the Balkans region. Combined with the effect of Turkish movies and soap operas, Istanbul has increasingly become a 'center of attraction' for the people of the Balkan countries, including Bosnia. In many, yet its own ways, Istanbul represents both history and modernity. Over the last decade, the number of tourists Turkey attracted annually increased from 13 million to more than 28 million. Turkish Airlines started to fly to 167 destinations with 201 planes. Its aim was to add 33 new countries as destinations and acquire 13 more aircraft.

Critical interpretation: where does Turkey stand?

According to the available data, we may draw the following tentative results. Turkey's Balkan policy is not primarily driven by ideological/ identity considerations but by political economy dynamics. We observe a substantial increase in trade linkages. Parallel to Turkey's economic transformation (GDP and export volume increased fourfold; GDP per capita increased more than threefold between 2002-2012), Turkey's economic penetration in the region increased remarkably. The trend in trade however is not so impressive in outward FDI. Turkey needs to pursue a more synchronized investment strategy and foreign policy to position itself as a "benign soft power".

Municipalities in Turkey are developing sister city relations with their counterparts in the Balkans, as the two sides aim to boost economic, cultural, educational and people-to-people contacts to foster mutual understanding and co-operation. Turkish municipalities have agreements with cities all over the globe, but geographic, cultural and historical ties to the Balkans have led municipalities in Turkey to sign many agreements with Balkan and EU member states. Bulgaria tops the list with more than 90 agreements with Turkish municipalities, followed by Germany (67), Greece (64), Bosnia and Herzegovina (BiH) (52) and Macedonia (30). Sister-city relations provide intangible but vital avenues for public-to-public communication, mutual understanding, confidence building as well as smart policy outcomes. Durable trust and experience working together on joint projects make up a conjuncture in which shared ideas construct a common future. Opening wide public communication opportunities not only improves dialogue and understanding, it may also bring larger economic and political benefits and advantages. Sister cities have joint festivals and other exchanges, bringing together artists, journalists, business leaders, citizens and public officials (*Southeast European Times*, 01.11.2012)

Turkish TV series are very popular in the Balkans, which also contribute to the number of tourists visiting Turkey. The image of Istanbul is very positive. Turkey's soft power capacity in education is far from being satisfactory. The available, although restricted, data suggest that Turkey cannot influence the "knowledge structure" in the Balkans very much.

The overall perceptions of Turkey are positive in all cases we examined, despite Bulgarians' perspective is negative in some indicators. The overall conclusion of this study is that Turkey's soft power strategy yields positive results and has strong political economy foundations.

Conclusion

As a rising power, Turkey's success in the areas of strategic communication and public diplomacy is indispensable for the sustainability of its national interests, regional effectiveness, and global responsibilities.

Soft power is a complementary or compensatory foreign policy instrument. In the first case, it can complement a country's hard power, in the second one – it can compensate for a country's lacking hard power. Talking about Turkey, it is difficult to delineate what the exact case is because Turkey's soft power has both complementary and compensatory characteristics. Besides, Turkey has to choose between broadband and multipurpose versus customized and tailored soft power. Why is this distinction important? Because there are nuances and differences of perceptions of Turkish soft power in various contexts, e.g. one of the most cited Turkish soft power sources - TV series - are perceived differently in the Arab countries and in the Balkans - from crossing red-lines to making blurring them or making them disappear. In a nutshell, in assessing Turkish soft power in the Balkans we have to be aware that it varies from country to country and its effects and success also vary depending on the context of the target country.

Contradictory perceptions of Turkey co-exist in the Balkans depending on the cleavages between Christians and Muslims, on one hand, and between nation-building experiences and the Ottoman past on the other. There are several decisive factors about this – the way Balkan national identities have been constructed in opposition to Ottoman Turkish identity, the presence or lack thereof of Muslim or Turkish minority communities, the Cold War experience and nationalist rhetoric of the post-Cold War period. Turkey has to be sensitive to the public context in each Balkan country in order to advance and adjust a successful strategy to overcome historical misperceptions and prejudices. At present times, stereotypes are best challenged by promoting and intensifying people-to-people contacts, tourism exchange and public and mass media communication products and outlets. These coupled with improved and advanced contacts at the level of high politics would create an atmosphere of trust and respect towards Turkey and would amend negative perceptions.

The paper focused on three Balkan countries – Bulgaria, Serbia and Bosnia-Herzegovina, each having its unique story, narrative and discourse about Turkey. In Bulgaria, Turkish soft power faced the challenge of alleviating outdated perceptions, stereotypes and mistrust that had a long history. Although slowly, progress has been recorded mainly at the level of people-to-people and public-to-public relations through awareness-raising, public communications and entertainment media. The case of Serbia is similar although Turkey's support for the Bosnian Muslims during the Yugoslav civil war is an aggravating factor. This constitutes an additional challenge to Turkish soft power in Serbia. Turkish political efforts to reconcile and facilitate relations between Serbia, Bosnia and Croatia since 2010 created important advantages for Turkey. In general, negative perceptions of Turkey in Serbia have been curbed through both Turkish conventional and public diplomacy.

The most receptive venue for Turkish soft power in the Balkans has probably been in Bosnia-Herzegovina, mainly because of positive perceptions of Turkey and its support for Bosnian Muslims during the Yugoslav civil war. Turkey is overall perceived as a guardian as well as a factor of attraction and Bosnian Muslims have deep affection for it.

Reaching certain target audiences and conveying messages to them needs specific media and other communication channels. In this regard, broadcasting and disseminating information in various foreign languages will help Turkey reach new foreign publics and influence them. TRT and Anatolian News Agency seem to play pivotal role in shaping views by channeling news.

Despite these positive perspectives, the process of expanding Turkish media influence abroad has to be managed and performed very wisely, observing three criteria – make it competently, delicately and discreetly. Media influence expansion needs to be sensitive to the characteristics and contexts of foreign publics, their previous knowledge, narratives, perceptions, etc. For example, in Bulgaria there was a communication breakthrough, which started a few years ago with the broadcasting of Turkish TV 'soap opera' series. They filled in a communication niche that has previously existed with regard to representation in Bulgaria of images and messages of present-day Turkey. The rising popularity of these TV series at the beginning showed that this endeavor was timely. However, the gradual increase of the number of series broadcast reached the point of an 'over-dose' now and there are already some critics of this 'heavy' Turkish entertainment media presence and visibility in Bulgaria. Therefore, it is critical to watch for the moment of an over-dose and avoid passing the point of no return. Turkish news media presence in Bulgaria is rather low. There is a bilingual edition (in Turkish and Bulgarian) of Zaman Bulgaria newspaper, but its circulation in-print and distribution is limited.

For the sake of Turkey, it is vital that TRT reaches Europe-wide audiences. It is not so important however to deliver in all European languages – English and several other major European languages are enough for Turkish main media to reach important segments of societies in EU countries. It is crucial to make judgment about language competences of local people and in most cases it depends more on properly selecting the target audiences in the respective country. It all depends on whom Turkey is

targeting and what messages it wants to convey. This question is essential for an effective international public communication strategy to be applied.

Turkish media try to reinforce a positive image of Turkey abroad. Abundant Turkish TV series and entertainment industry in general have an impact on how foreigners perceive Turkey. Reportedly, Turkish TV production (TV series, movies) amounted to 38 000 hours, which was sold in 40 countries, generating a revenue of 60 million USD. The objective is to sell this production to 80 countries with expected revenue of 500 million USD. Turkish news media in particular also play an important role in changing perceptions about Turkey. They develop and improve communication channels to deliver messages to foreign audiences, making Turkey's voice heard internationally, its views expressed and spread around, its commitment to a global posture comprehended. Turkey has many stories to tell and a flourishing media industry can boost a lot its international performance, image and reputation.

The last note goes to the methodological and empirical difficulties and constraints in measuring Turkish soft power. In general, measuring soft power sometimes seems like measuring the intangible. One of the few exists of this conundrum is selecting and evaluating topic-related and context-sensitive indicators, contextualizing and interpreting soft power in different venues and doing time series analysis. Soft power should be measured on instruments and results, and not only on intentions. In this regard, Turkey needs to invest in research on this issue and create sophisticated databases.

Embarking on projecting soft power, Turkey entered an era of many, perhaps too many, "Openings" (the Alevi Opening, Kurdish Opening, Armenian Opening). In some ways, this has a somewhat distracting or diverting effect. There is a need for substantiating Turkey's soft power in the Balkans in order to avoid creating a capabilities-expectations gap. There are political economy foundations of Turkish soft power and these soft power achievements should be substantiated in the future with efficient economic linkages.

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CHINA: THE NEW GEOPOLITICAL ACTOR ON THE BALKANS?

*Antonina Habova*¹

I. The New Geopolitical Context

The Ukrainian crisis has made quite obvious the dramatic changes in the global geopolitical landscape. Against the background of turmoil and destabilization processes in different parts of the globe, a new redistribution of power in international relations is in progress. The world witnesses changing roles of the major powers in the international system, the emergence of new centers of power (some of them bringing alternative views on international affairs) and the formation of new alliances.

The unquestioned global US leadership is in a relative decline. Facing internal difficulties, it seems that Obama is still trying to model his foreign policy individuality. Or maybe, to find the right balance between conflicting trends within the US political and economic elite. It is a fact, however, that the United States are losing influence, credibility and geopolitical positions. Russia (partly) succeeds in its mission to gradually re-establish its geopolitical power. Back in 2008 Moscow outlined the geographical spheres of its "privileged interest". Defining five principles in Russia's foreign policy, President Dmitry Medvedev stated in a TV interview in 2008 that there are regions in which Russia has privileged interests. During the conflict with Georgia as well as now, in Ukraine, Russian leadership has demonstrated that it has the political will to act if the outlined red line is crossed by other actors, thus increasing Russia's geopolitical vulnerability.

The geopolitical logic does not allow the United States to calmly accept this strategy of the Russian state. And while Washington is eager to strategically play its cards in Eurasia and reshuffle Putin's plans for a new kind of integration in Eurasia, the Russian president conveys a message to his US colleague with his one-week visit to key Latin American states. While the United States are offering their help to the European Union to break their dependence on Russian energy resources, Russia strikes energy deals with China and Latin American states. In other words, while the

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US try to play the major role in the Russia's periphery, Putin tries to (re-)establish alliances (economic, political but also military) in the US sphere of interest.

The EU, faced with the question of the future of the European project, seems to miss again the opportunity to win recognition as a key global player. The EU still cannot overcome its internal dilemmas and demonstrate strategic thinking as well as will and ability to formulate common European strategic goals. Instead, it is playing another's game. Though the EU interests - with its ambition to be a global actor - do not totally overlap with those of the United States in the current geopolitical situation, Brussels is prone to leave the strategic initiative to Washington. As a result, the mutually beneficial partnership between the EU and Russia, is already in collapse. The punitive sanctions against Russia, however, are only the concrete cause but not the real reason for the rupture between Russia and the West. The reason is highly geopolitical as a new contest for influence is under way on the global scene (Trenin, 2014). This contest has its implication in different parts of the world, the Balkans among them.

During the 1990s and in early 2000s the Balkans were high on the international agenda. Though it seems now that the Balkan region is in the geopolitical shadow of the moment, it remains a region with certain geopolitical value for the major powers at the global chessboard. It is the current foreign minister of Turkey who wrote in 1994: "There has been a continuous change in the power structure of the international system, excepting its global geopolitical parameters. As Bismarck rightly said, the only constant in foreign policy is geography" (Davutoglu, 1994). Geography assigned the Balkans a place in the periphery of Europe but also of Eurasia; a geographic location between East and West. Thus, it still is an important territory, a platform for projection of economic, political, geopolitical and security interests into geostrategically important regions (Europe, Middle East, North Africa).

The European Union, Russia, the United States and Turkey are the traditional geopolitical actors in the Balkans with different, often conflicting, interests. Currently, all of them face a number of internal and external challenges but still they keep an eye open for the developments in the region and, when necessary, exert pressure to achieve their geopolitical goals.

With the US relative disengagement from the region and the EU internal dilemmas, enlargement fatigue and slowdown, Russia following its traditional interest in the Balkans and Turkey with its 'strategic depth' foreign policy doctrine are filling the vacuum. But there is also a new actor on the scene, which still modestly projects its political influence in the region. This is China, which is also in the center of the international power reshuffling.

II. China – The (Un)usual Suspect

During the second half of the last century People's Republic of China returned to the geopolitical map of the world. Preserving its political system that challenges the Western standards of human rights and liberal democracy, while at the same time

abandoning superfluous ideological prejudices, it attained significant and sustainable economic growth in the last two decades. The growth of the overall strength of China brings to its increased role in international affairs. As China becomes stronger economically, Chinese interests become increasingly global and diverse (Duchatel, Godement and Moncharmont, 2010). China is even frequently accused by the West that it does have global interests but it does not want to assume global responsibilities.

In fact, China has some attributes of a great power – global presence, global interests but not a global influence. It is also quite clearly stated in China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation (2014) that China still perceives itself as a developing country: "China is playing an important role in major international and regional affairs. But China remains a developing country that suffers from severe lack of balance, coordination and sustainability in its development." Peaceful development was the most important guideline for Chinese foreign policy for a long period of time. Chinese foreign policy behavior was dominated by the principle of passiveness and non-interference. China's foreign policy was rather reactive and implemented in a context shaped by other actors.

Today, however, the global environment is completely different. China is already the second largest economy in the world and enjoys growing self-confidence and presence on the global scene. With the increasing tensions and challenges both in the regional and global environment and as its interests go global, China seems to slowly abandon the old postulates and reshape its foreign policy attitude. The new Chinese leadership seems ready to apply a more assertive foreign policy approach and demonstrate stronger geopolitical ambitions (Liqun, 2010).

III. China and the Balkans: A Rediscovered Relationship

For a long period of time Western Europe has been much more interesting to China than the eastern part of the continent. On the other side, the foreign policy of the Balkan states – eager to pass through the transformation process - has been totally oriented towards the West.

Things started to change in the last several years with the global economic crises accelerating the process. The Central and Eastern Europe turns to be a new strategic dimension of China's foreign policy. In 2011 China initiated the establishment of Economic and Trade Forum of China-CEE countries and in 2012 its Secretariat run by the Ministry of foreign affairs of China set up a credit line of USD 10 billion to support cooperative projects. The region is obviously important for Beijing because of: 1) its geographic and political proximity to the Western Europe that provides easy access to the EU market and eventually some political leverage; 2) highly-qualified but low-paid labour force; 3) geopolitical considerations.

The Forum, where half of the participants are Balkan countries, remains a platform for the development of the bilateral relations between China and the CEE countries rather

than an initiative for the establishment of a homogeneous strategic formation. Still, the reaction of Brussels has revealed the EU economic, political but also geopolitical fears. Brussels was surprisingly firm and critical towards the initiative assessed as an assault on the EU foreign policy unity and part of the Chinese plan for the expansion of its influence in Europe (Turcsányi, 2014).

These accusations are not so well-founded as far as China is already a significant factor within Europe. EU is the major trading partner of China and China is the second largest EU trading partner. China's growing presence in the southeastern part of the continent, however, will further strengthen its leverage on the EU. "From a European perspective, it may seem as if the Chinese are exploiting Europe's soft underbelly. The danger for Europe is that there will be a kind of 'China lobby' of smaller member states within the EU," Godement and Parello-Plesner point out (2011).

As seen in the development of the recent China-Central Asia relations and the expansion of China's influence in this strategically important region, China's economic penetration comes first. Then it comes the increased political influence as well as influence in setting the geostrategic agenda of the countries, thus challenging the other great powers that have interests in the region.

1. Pieces of China's Puzzle on the Balkans

The 2008 financial and economic crisis hit the Balkan countries. Trying to overcome the negative effects of the crisis and to continue their development, the countries in the region has needed fresh investments and that is what Chinese firms - following a „going global” strategy - has offered them. Taking advantage of the temporary inability of the European Union to fully project its power in this part of Europe, the Chinese companies have seized the opportunity and have started to acquire strategic assets all over the region (Poulain, 2011).

A. Investing in Infrastructure: Building the New Silk Road

Infrastructure is a key element in China's policy towards the Balkan region. The development of a network of infrastructure facilities in the region is a component of Beijing's plan to eventually link China and Europe, link East and West. In September 2013, the new China's president Xi announced his initiative for building a Silk Road Economic Belt to boost cooperation and to improve traffic connectivity so as to open the strategic regional thoroughfare from the Pacific Ocean to the Baltic Sea. Undoubtedly, the new Silk Road project will not only facilitate the distribution of Chinese products and enhance Chinese economic presence in Europe but it will also provide Beijing with a good opportunity to play its economic cards and project its geopolitical interests in western direction.

Railway diplomacy. The modernization of the rail lines along the Pan-European corridors was neglected by the EU squeezed by austerity measures in the last several

years. The vacuum, however, has been filled by Chinese investments seeking the development of different segments of the rail track of the new Silk Road.

In December 2012 the Transport Ministry of Serbia and the Chinese Construction Communication Company International signed a Memorandum of understanding for the implementation of railway infrastructure projects in Serbia. The top priority is the reconstruction of the Serbian railway section of Corridor 10 as well as the upgrade of the rail line connecting Serbia and Montenegro - from Belgrade to the port of Bar (SeeNews, 2012). The contract between Serbia and Hungary for the construction of a high-speed railway line between Belgrade and Budapest and the rail cargo line bypassing Budapest will also be signed in the very near future. Both projects that will facilitate the link between Southeastern and Central Europe would be co-financed by the China EximBank and the Hungarian Development Bank. The project, however, is not approved by Brussels as an EU reciprocal measure for China's decision to prevent European firms from participating in Chinese railway line construction tenders.

In March 2014 Romania and China signed an agreement for the construction of a high-speed train line between Constanta and Bucharest and then to the Hungarian border (part of the Pan-European corridor IV) and upgrading of Bucharest's railway ring with Chinese financial support. The Chinese shipping group COSCO was one of the companies strongly interested in the development of the Rijeka port in Croatia that could serve as China's main link with CEE region. For that reason, Chinese investors are ready to participate in the reconstruction of a railway link between the port and the border with Hungary via Zagreb (Xinhua News Agency, 2012).

'Friendship' bridges and corridors. The "symbol" of China-Serbia strategic partnership but also of China's overall economic penetration in the region - "Serbian-Chinese Friendship Bridge" that will link both banks of the Danube River – is being constructed by China Road and Bridge Corporation and 85% of the funding comes again from the state-owned EximBank through a low-interest loan (InSerbia Network, 2014). Chinese company "Sinohydro Corporation Ltd" is the "Goce Delcev" motorway contractor in Macedonia. The other project to be constructed by the Chinese company is Kicevo-Ohrid highway, which will advance the development of Corridor VIII linking Bulgaria, Macedonia and Albania. Two state-owned Chinese construction companies have offered to build Bulgaria's Chernomorec (Black Sea) motorway, which is also part of Corridor VIII. At the other end of Corridor VIII, the Albanian government is eager to attract Chinese investments for the construction of the new Port of Shengjin (one of the three deepest ports in the Mediterranean), which is part of the country's strategic plans for the development of transport and infrastructure (Independent Balkan News Agency, 2013). In Montenegro, the government has already selected the 809.6 million euro bid of two Chinese companies for the construction of a section of the Bar-Boljare motorway, the Montenegrin part of the Belgrade - Bar motorway. EximBank agreed to support the project development (SeeNews, 2013).

B. Energy and Geopolitics

There is a strong geopolitical rationale in the great powers' activities in the Balkan energy sector, which is particularly attractive for China. It is a good opportunity for strengthening Beijing's economic positions in the region, for getting acquainted with the European business environment and practices in a strategically important industry but also for expanding its own business presence and influence in Europe. Taking advantage of the Western investment withdrawal following the debt crisis, Beijing has started an active penetration into the energy sector of the Balkan states. While the EU is exerting a pressure on both EU and non-EU members states in the Balkans to liberalize their energy sectors and to meet the EU 20/20/20 goals, China has made strategic investments in a number of new energy projects in the Balkan countries.

China is particularly interested in projects in the field of **nuclear energy**. In Romania, China General Nuclear and Romanian national nuclear company Nuclearelectrica signed a letter of intent in November 2013 for investment in and development of Cernavoda units 3 and 4 in southeastern Romania. In July 2014 China Nuclear Power Engineering Co signed a "binding and exclusive" cooperation agreement with Candu Energy Inc. for the construction of two more reactors at the Cernavoda nuclear power plant in Romania (World Nuclear News, 2014). There was also an expressed Chinese interest in Bulgarian nuclear sector but the US interest has outrun in this geopolitical rather than economic competition. The Bulgarian government signed a shareholder agreement for construction of a new nuclear reactor at the Kozloduy nuclear power plant with the US Westinghouse Electric company.

Chinese companies fund and participate also in the construction/upgrading of a number of thermal power plants in the region. Many of the coal-fired plants in the Balkans need upgrading and Chinese financing is warmly welcomed. In Serbia, the upgrading of the thermal power plant Kostolac was contracted to China Machinery & Equipment Import & Export Corporation (**Balkans.com Business News, 2013**). In November 2013, the Romanian Oltenia Energy complex signed an investment intent agreement with China Huadian Corporation for the construction of a new energy group of 500 MW at Rovinari thermal power plant (**ACTMedia News Agency, 2014**). It was again a Chinese company that has proposed the lowest bid to construct a new coal-fired unit of 250 MW at the Pljevlja power plant in Montenegro (Reuters, 2014). In B&H, the construction of a 300 MW coal-fired plant in Stanari is a symbol of the favourable terms provided by China for the development of joint project in the energy field. A consortium of Chinese firms was selected also to build a 450 MW coal-fired power plant at the Tuzla power plant (Modern Power Systems, 2014).

Chinese are also interested in the unexploited **hydro potential** of the Balkan states. They have dynamically increased their presence in the Balkan hydro sector when China International Water and Electric Corporation and Macedonia signed a memorandum in April 2011 to build 12 hydropower plants along the Vardar River. The €1.5 billion project will be 85 % financed by a loan from the China Development Bank (Balkan Business News, 2011). In September 2012 China's energy consortium was chosen to build the hydro power plant Ulog on the upper stream of the Neretva River in Bosnia and Herzegovina (CSEBA, 2014).

China pays special attention to the Balkan **renewable energy sector**. China has already succeeded in outstripping its Western competitors as the world's largest producer of wind turbines and solar panels and as a leader in investments in the Balkan region. Companies Polar Photovoltaics and Wiscom Systems provided 5-million euro investment in building a solar power plant in Ihtiman, Bulgaria. In Bosnia and Herzegovina a joint venture of a Chinese and Swiss company was granted a concession for building a solar park in the region of Bosnian town Livno in 2014. In April 2011, the Public Power Corporation of Greece signed a Memorandum of cooperation with Sinovel Wind, China's top wind turbine maker, to develop a 200-300 MW wind farm and an offshore wind park. "At the moment China is looking for a point of entry to Europe, and Greece could play that very role," explained Yiannis Tsiouridis, the managing director of PPC Renewables (Kathimerini, 2011).

In May 2014 two Chinese companies signed a Romanian wind power project strategic cooperation agreement. This is the first large greenland energy project invested by Chinese corporation in the EU (China Huadian Engineering, 2014). At the same time, Chinese wind turbines producer Ming Yang Wind Power Group and Romanian Speranta & Succesul S.A signed also an agreement for the construction of a 200-megawatt wind farm in Romania (Romania Insider).

Targeting strategic sectors and enhancing its economic engagement with the Balkan countries, China strengthens its political leverage over the region and the EU, as well.

2. The Case of Greece

While the EU was focused on the events in Ukraine and Iraq, one of its member states was visited both by the new China's President and the new China's Prime Minister within only a month – a diplomatic gesture that does not happen often. Actually, Greece and China have been developing a strong bilateral relationship during the last few years. The crisis-ridden Greece has urgently needed foreign investment and China has its strong strategic considerations to provide to Greece the so needed fresh capital.

The state-owned COSCO investment in the strategically important Port of Piraeus is a "pearl" of the investment crown of China. In compliance with the 2008 concession agreement COSCO has the right to operate the container port of Piraeus for 35 years and upgrade it through the expansion of port facilities, the reconstruction of the rail linking the port to the country's rail network, and the construction of logistics centers around the port (COSCO Pacific Ltd., 2008). According to China's Prime Minister Mr. Li, Beijing's aim is to make Piraeus one of the world's most competitive ports as well as a logistic hub between China and Central and Eastern Europe and Southeastern Europe (Xinhua News Agency, 2014). This aim has its long-term dimension – Beijing wants to purchase the Greek government's 67% stake in Pireaus port. COSCO is one of the five investment groups approved to be included in the second phase of the tender and is considered a *favorite* to *win* the deal. China is also interested in acquiring other strategic assets such as airports, railroads, road networks that Greece

has to privatize under a state asset sales program mandated under the country's EU-IMF debt rescue.

Hence, Greece seems to be the key piece in China's puzzle on the Balkan. It is a strategic partner of China with an important role in Beijing's economic but also political strategy towards the EU. The improved transit capacity of the port of Piraeus, the already completed railway link between the terminal and the Greek railway system as well as Chinese investments in the rail infrastructure of other Balkan states allows China to exert influence over the maritime trade corridor between China and the EU (Van der Putten, 2014).

At the same time, China's control over the port of Piraeus (one of the largest seaports in the Mediterranean Sea) provides Beijing with the strategic opportunity to be increasingly involved in the Mediterranean and the Black sea region. What is more, the Greek Prime Minister Antonis Samaras told the Chinese president Xi Jinping that Crete – home to NATO naval base - could serve as a regional node for the refueling, maintenance and repair of the Chinese navy ship. Samaras does not exclude even the possibility of joint navy warship patrols (Kathimerini, 2014). All these developments could have long-term implications for the strategic position of the EU vis-a-vis China.

IV. Conclusion

As the Chinese expert Li Limin points out (2010, quoted in Duchatel, Godement and Moncharmont, 2010, p. 5), the changes in world geopolitics in the 21st century are a consequence of the irreversible shift of the global centre of gravity to the east and the emergence of new international relationships. China, with its growing economic and military power, is the main 'culprit' for the evolving international landscape.

Though the Middle Kingdom is still in search of its role in world affairs, it is gradually changing its global strategy. A stable and peaceful international system remains key to China's further development. At the same time, Beijing will increasingly demonstrate its growing geopolitical ambitions challenging the other great powers on the global scene. This new competition for influence will have its regional ramifications. It is not necessary to exaggerate the strategic importance of the Balkan region in this geopolitical reshuffling. Still, if not strategically important per se, the Balkan countries are, however, an element of China's strategy of advancing its interests to the West.

The United States and the European Union, in particular, facilitate the implementation of this strategy. Washington has significantly reduced their overall commitments to the Balkan region focusing on other parts of the world. While the Brussels tries to overcome the effects of the debt crisis and wastes energy "arguing" with Russia, the EU perspective of the Western Balkans is fading away. These developments have offered a strategic opportunity for China to gain foothold in the Balkans, thus broadening the scope of dissemination of its geopolitical influence.

China should not be blamed for being active in the Balkans. Beijing is playing its game, strongly defending its, obviously, well-defined national interests. Against the background of China's dynamism and determination, one can see the selfie of tired, resigned, and bored Europe, as described by the Italian Prime Minister. "Resigned" is one of the most dangerous words for Europe.

China is not interested in a weakened European Union. China needs as much EU as possible. There is no clear strategic competition between Brussels and Beijing. For China, the EU is an important market, source of technologies, and possibly, a counterweight to the United States in international affairs. What is needed is for the European Union to do its job, to put its house in order, to improve the level of unity among its member states and to clearly outline EU's – not member states – strategic interests. Is this possible – it's still an open question.

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L'«EURASISME» CONTRE L'ÉLARGISSEMENT EUROPÉEN AUX BALKANS OCCIDENTAUX? L'ACTIVISME BALKANIQUE D'ALEXANDRE DOUGUINE

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Peu de temps avant la tenue de notre colloque à Sofia, le ministre de l'Intérieur hongrois avait interdit un autre colloque qui devait se tenir à Budapest les 3-4 octobre et qui s'intitulait «l'avenir de l'Europe». ² Il était co-organisé par Alexandre Douguine, le protagoniste de mon intervention, les suprémacistes blancs américains Richard Spencer et Jared Taylor, ainsi que par le jeune chef de la branche autrichienne de Génération identitaire, Markus Willinger. On trouve donc une certaine ironie dans cette réaction contre la droite radicale de la part du gouvernement de Viktor Orbán, qui se réclame lui-même d'une démocratie «illibérale» sur le modèle poutinien et chinois, mais tente de ne pas se faire déborder à droite par l'extrême-droite différentialiste issue de la Nouvelle Droite d'Alain de Benoist, dont Alexandre Douguine est un proche, ainsi que par l'extrême-droite néofasciste du Jobbik, qui a établi des liens avec Douguine et l'ensemble de l'extrême-droite européenne.

Dans le cadre de notre programme BALKINT, qui porte sur l'élargissement européen aux Balkans occidentaux dans un contexte de fatigue supposée de la construction européenne et de réaction de la Russie sur ses marges, la question fondamentale est de savoir si la fatigue des uns et la réaction des autres peut aboutir à une remise en question du projet officiel d'élargissement de l'UE aux Balkans occidentaux. Bref, il faut savoir si les Balkans se trouvent dans la ligne de mire de la Russie, et si elle y compte des relais de son influence.

Pour cela, l'approche par un penseur comme Alexandre Douguine est particulièrement intéressante, car il combine l'héritage géopolitique historique de MacKinder et l'héritage non moins historique du fascisme ésotérique de Julius Evola. Il représente donc la recherche de l'impact territorial du génie caché des spiritualités européennes et asiatiques.

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² Hungary Wants To Ban National Policy Institute Conference. – The Wall Street Journal World, <http://blogs.wsj.com/emerging-europe/2014/09/29/hungary-wants-to-ban-national-policy-institute-conference/>, consulté le 5 octobre 2014.

Ce type de réflexion, qui pourrait paraître délirante dans une analyse géopolitique sérieuse, s'impose néanmoins pour plusieurs raisons. D'abord parce que toute réflexion géopolitique comporte des présupposés idéologiques, et que l'idéologie fasciste et ses prolongements géopolitiques n'est pas un candidat moins légitime qu'un autre dans le contexte de bouleversement des valeurs consécutif à la chute du mur de Berlin, lorsque les deux blocs faisaient assaut de sentiments humanistes pour gagner la guerre froide diplomatique. En outre, certains journalistes, la page de l'encyclopédie gratuite en ligne Wikipedia, mais aussi certains universitaires très sérieux, comme Marlène Laruelle, la grande spécialiste de l'extrême-droite russe, attribuent à Douguine un rôle d'inspirateur idéologique occulte de Poutine, lorsque ce politique pragmatique recherche un fondement idéologique structurant et mobilisateur de son peuple en temps de crise internationale.

Ainsi, les trois questions au moins posées, sinon résolues, dans ce papier, seront les suivantes: quelle est la place des Balkans dans l'idéologie géopolitique d'Alexandre Douguine? Alexandre Douguine a-t-il une influence sur les penseurs et les décideurs des Balkans? Alexandre Douguine a-t-il une influence sur Poutine, notamment dans sa politique balkanique?

1. Quelle est la place des Balkans dans l'idéologie géopolitique de Douguine?

Brièvement, rappelons que Douguine reprend les théories des grands géopoliticiens pour leur appliquer une idéologie combinant orthodoxisme religieux, impérialisme grand-russe et surtout une variante agressive d'eurasisme.

L'eurasisme le caractérise plus particulièrement, puisqu'il combine l'aspiration des puissances continentales autoritaires, Allemagne et Russie, à maîtriser le *heartland* eurasiatique de Mackinder, au conflit avec les puissances insulaires, Angleterre et Amérique, maritimes et libérales, pour la conquête du *rimland* de Spykman, donc du croissant fertile formé par l'Europe occidentale, le Moyen-Orient pétrolier et l'Asie orientale industrielle.

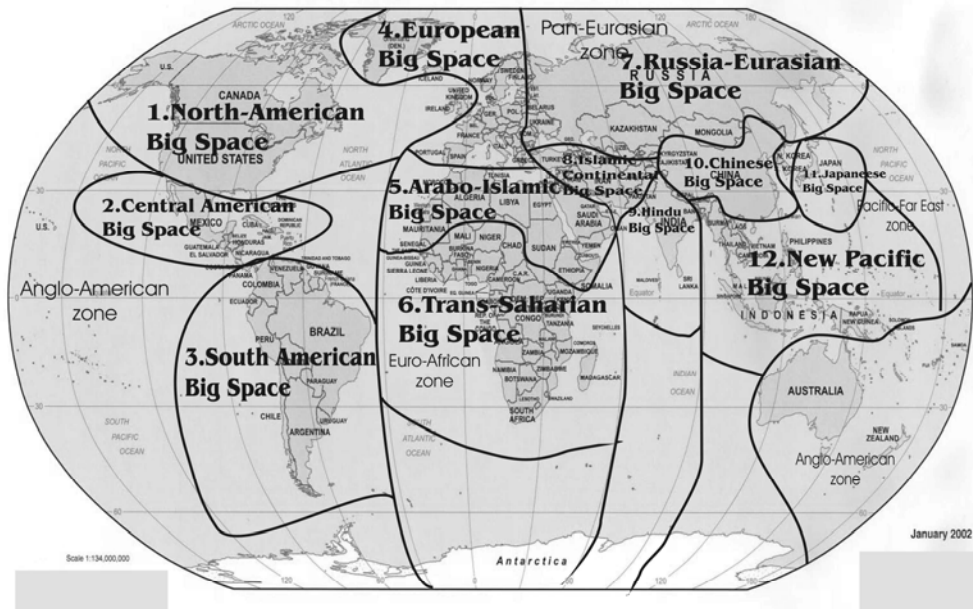
Dans cette configuration, les Balkans occidentaux ne posent pas particulièrement problème à Alexandre Douguine, malgré les frontières entre orthodoxie, catholicisme et islam. En effet, il prévoit une entente entre Russie, Allemagne et Japon, confortée par la pensée géopolitique classique mais aussi par les réminiscences de la Seconde Guerre mondiale: l'axe Rome-Berlin-Tokyo serait remplacé par Berlin-Moscou-Tokyo (ou éventuellement Pékin comme terme asiatique) et le ciment idéologique serait fourni par la recherche de la Tradition ésotérique autour des religions orientales, orthodoxie ou paganisme bouddhique: je cite un vieil article de Douguine écrit à chaud lors des guerres yougoslaves mais publié plus tard et où l'on voit qu'il ne prend pas particulièrement parti en faveur de la Serbie orthodoxe, mais qu'il s'insurge clairement contre l'Occident libéral et areligieux:

«Une question légitime se pose: quelle sera la force qui l'emportera au bout du compte, dans cet affrontement plein de paradoxes: sera-ce la force extérieure

“atlantiste” qui répète les provocations et incite trois régimes anti-modernes à lutter les uns contre les autres au lieu de s'entendre et de créer un front anti-mondialiste commun? Ou seront-ce les énergies profondes des révolutions conservatrices balkaniques, vectrices d'essences immortelles, qui, quoi qu'il arrive, demeureront à l'état latent?»³

En effet, pour A. Douguine la guerre en Yougoslavie fut artificiellement provoquée par le complot mondialiste américain. Et lorsqu'on regarde la carte du monde constituée selon la doctrine eurasiatique, les Balkans semblent divisés entre Europe et Russie selon une ligne droite qui privilégie la proximité du cœur russe et non une quelconque affinité slavo-orthodoxe: ainsi, l'ex-Yougoslavie est laissée plutôt du côté ouest-européen, comme les pays baltes (à l'exception de leur partie orientale russophone), tandis que la Bulgarie, la Roumanie, l'Ukraine et la Biélorussie sont divisées selon des proportions diverses entre Russie eurasiatique et Europe plutôt dominée par l'Allemagne.

The structure of multipolar world. The eurasian vision of future.



2-d map of multipolar world. Four zones - big spaces.

1. North-American big space
2. Central American big space
3. South American big space
4. European big space
5. Arabo-Islamic big space
6. Trans-Saharan big space
7. Russian-Eurasian big space
8. Islamic continental big space
9. Hindu big space
10. Chinese big space
11. Japanese big space
12. New Pacific big space

Ainsi, l'idéologie qui sous-tend la géopolitique de l'eurasisme multipolaire opposé à la mondialisation supposément occidentale et niveleuse relève bien de deux traits idéologiques caractéristiques de l'extrême-droite postfasciste. Le premier est le différentialisme, issu paradoxalement des mouvements égalitaristes des années

³ Douguine, A. (2003). Crise balkanique, crise européenne. VOXNR (nationale-révolutionnaire), 17 janvier 2003. http://www.voxnr.com/cc/d_douguine/EpukZyEVFppsYHIOXi.shtml, consulté le 1^{er} octobre 2014.

soixante – qui affirment le droit à l'égal développement des cultures dans leur ancrage territorial – récupérés par la Nouvelle Droite d'Alain de Benoist une décennie plus tard sous la forme du droit de l'occident chrétien à l'exclusivité sur son territoire.⁴ Il s'agit-là d'une intégration de l'ethno-populisme au sein d'une théorie plus ancienne de la tendance «normale», primordiale et fondamentale à l'exclusion de l'étranger exercée par tout groupe constitué.⁵ Cette distinction nette entre civilisations n'est pas censée comporter de projet expansionniste violent, ni d'éliminationisme brutal, ni même de hiérarchisation essentialiste ethno-raciale, comme à l'époque du fascisme historique, mais seulement une différenciation civilisationnelle et un exclusivisme territorial déjà bien difficiles à réaliser dans un siècle de migrations et d'échanges de toutes natures. Cette position amène Alexandre Douguine à défendre les positions les plus relativistes en matière culturelle, avec pour but moins la valorisation des petites cultures organicistes que le rejet de l'aspiration à l'universalité de la civilisation libérale matérialiste occidentale.⁶

Le deuxième trait est l'utopie palingénésique, dans la lignée de l'interprétation du fascisme par Roger Griffin comme «une forme palingénésique [renaissante] d'ultranationalisme populiste», qui promet donc une résurrection de la nation plus jeune, plus forte et plus pure.⁷ Nous trouvons dans de nombreuses idéologies désireuses de mobiliser les masses ce genre de promesse rédemptrice, mais les mouvements et les régimes totalitaires en sont les spécialistes incontestés en raison de l'effort collectif demandé et du contrôle intrusif dans l'ensemble de la société, jusque dans ses aspects les plus intimes. Alexandre Douguine s'inscrit dans cette idéologie de changement révolutionnaire: «Multipolarism, as well as unipolarity and globalization, is oriented towards the construction of that which has never been before it, to the creative strain of free spirit, the philosophical search and the striving for building a better, more absolute, fair, harmonious, and happy society.»⁸

Toutefois, Alexandre Douguine ajoute aussi des dimensions plus classiques – *orthodoxie, slavisme et national-bolchevisme* – à cette approche, recentrant davantage l'utopie multipolaire sur le pôle slavophile historique qui l'intéresse plus particulièrement. L'articulation entre le relativisme culturel et la régionalisation du monde réside dans l'obsolescence des deux échelons concurrents, le national et l'unipolaire impérial, et leur dépassement dialectique par le macro-régionalisme.⁹

⁴ François, St. (2013). *La Modernité en procès. Eléments d'un refus du monde moderne*. Valenciennes, Presses Universitaires de Valenciennes.

⁵ Taguieff, P.-A. (1997). *Le Racisme*. Paris, Flammarion, coll. Dominos, 130pp, p.12 et suiv.

⁶ Douguine. (2014). *The Multipolar World and the Postmodern*. – *Journal of Eurasian Affairs*, article pose le 14 mai 2014, consulté le 1^{er} octobre 2014: «All that we deal with in the form of different ethnoses, peoples, nations, and civilizations are *equitable* variations of "human societies" ("Menschliche Gesellschaft"). Some of them are "disenchanted" (M. Weber) and materially developed, while others are poor and plain, though still "enchanted" (M. Eliade), sacred, and living in harmony and equilibrium with their ambient existence.»

⁷ Roger Griffin. *The Nature of Fascism*. Londres, Pinter, 1991, p. 26.

⁸ Douguine. (2014). *The Multipolar World...*, loc. cit.

⁹ *Ibid.*: «The Multipolar Idea recognizes that national states do not correspond with the challenges of history, and moreover, they are merely a preparatory stage for globalization. Therefore, it supports integration processes in specific regions, insisting so that their borders consider the civilizational peculiarities of the societies historically developed in these territories. This is a positive feature of postmodernism.»

D'ailleurs, cette carte à petite échelle laisse place à interprétations et à adaptation aux circonstances, puisque les influences de Douguine englobent aussi les héritages de l'orthodoxie et du panslavisme classiques, ainsi que l'impérialisme soviétique débarrassé de l'idéologie antireligieuse.

Ainsi, Marlène Laruelle constate, à partir de l'ouvrage d'Alexandre Douguine de 1997, *Fondements de la géopolitique*¹⁰, que « parmi les néo-eurasistes, il est le seul à inclure dans son projet politique non seulement les pays baltes mais l'ensemble de l'ancien bloc socialiste Son Eurasie doit même s'élargir hors de l'espace soviétique puisqu'il propose de lui rattacher la Mandchourie, le Xinjiang, le Tibet, la Mongolie ainsi que le monde orthodoxe des Balkans. »¹¹ Les moteurs de ce nouvel impérialisme se trouvent donc dans l'héritage historique des impérialismes religieux et ethno-nationalistes, qui ont trouvé des aliments avec le conflit ukrainien.

Dans un article récent intitulé: « À propos de l'eurasisme orthodoxe »¹², non seulement il y articule l'orthodoxie à la géopolitique de la périphérie, mais il en espère des dividendes politiques au centre avec le retour des combattants radicalisés de la *Novorossia* (Ukraine sud-orientale) en Russie.¹³ En réalité, Douguine s'est converti à la secte des vieux croyants (Wikipédia) et se réclame donc d'une orthodoxie fondamentaliste, mais qui lui permet en même temps de cultiver son esprit de dissidence par rapport au courant dominant, aussi bien en politique – où il adopte les positions les plus agressives – que pour la pratique religieuse. Ainsi, l'alliance avec l'islamisme fondamentaliste chiite iranien contre le sunnisme laïcisant turc ou wahhabite saoudien pro-américain fait partie intégrante de la doctrine eurasiennne, dans sa double dimension religieuse et géopolitique.¹⁴

Cela ne l'empêche pas de prêcher l'expansionnisme slave, notamment vers les Balkans, malgré la contradiction avec le partage germano-russe de l'espace eurasiatique. Avec cette approche ethno-religieuse, les Balkans orthodoxes sont donc clairement intégrés à l'espace russe. Dans ses *Fondements de la géopolitique*, Douguine appelle « le nord de la Péninsule balkanique de la Serbie à la Bulgarie [ainsi que la Moldavie] ... la Russie du sud ». ¹⁵ Selon Douguine, « l'Est orthodoxe

¹⁰ Douguine, A. (1997). Les fondements de la géopolitique. L'avenir géopolitique de la Russie (en russe). Moscou, Arkotogela, cité dans Laruelle Marlène. (2001). Alexandre Dugin: esquisse d'un eurasisme d'extrême-droite en Russie post-soviétique. – Revue d'études comparatives Est-Ouest, Vol. 32, N 3: 1989 comme mouvement social. L'Allemagne et l'Est européen. L'Eurasisme d'extrême droite en Russie, pp. 85-103, ici p. 99.

¹¹ Ibid., pp. 98-99.

¹² Douguine, A. À propos de l'eurasisme orthodoxe. 15 août 2014, VOXNR.

¹³ Ibid., point 8: « L'orthodoxie est le noyau spirituel de l'identité, l'eurasisme le marqueur géopolitique, culturel et civilisationnel. Depuis la Novorossia, cette idéologie ne fera que croître et qu'élargir le champ d'action de son combat. En conséquence, face à la République de Novorossia, Moscou va devoir composer avec les eurasistes orthodoxes de l'État russe. »

¹⁴ Voir un article ancien d'Alexandre Douguine de 1992 cité par Pascal Lorot, Histoire de la géopolitique, Paris, Economica, Coll. Poche géopolitique, 1995, pp. 84-86.

¹⁵ Douguine, A. Les fondements de la géopolitique... op. cit., p. 343, cité par John B. Dunlop dans « Aleksandr Dugin's Foundations of Geopolitics », sur le site The Fourth Political Theory. Beyond left and right but against the center, <http://www.4pt.su/en/content/aleksandr-dugin-s-foundations-geopolitics>, consulté le 5 octobre 2014.

collectiviste” est destinée à rejoindre «Moscou, la Troisième Rome» et à rejeter «l'Ouest rationaliste-individualiste».¹⁶

Reste à savoir si les pays balkano-orthodoxes, surtout après leur intégration, pour certains, dans les organisations euro-atlantiques, sont prêts à cette rocade géopolitique.

2. Douguine a-t-il une influence sur les penseurs et les décideurs des Balkans?

La question est beaucoup plus difficile à traiter que la précédente, car il faudrait connaître en profondeur les paysages culturels et politiques de l'ensemble des pays balkaniques. Je vais donc me contenter de généralités et de quelques recoupements à partir de synthèses récentes et de sites internet liés à ceux de l'eurasisme douguinien. Douguine ne cache d'ailleurs pas son travail d'influence à l'étranger, puisqu'en novembre 2003 il a fondé à Moscou le Mouvement international eurasiens¹⁷, qui déclare être représenté dans vingt-deux pays. Surtout, très récemment, son action a attiré l'attention dans tous les pays européens, et notamment dans plusieurs pays limitrophes ou proches.

A) La nébuleuse de l'extrême-droite

Les liens entre Douguine et l'extrême-droite populiste européenne sont de notoriété publique, mais passablement contradictoires sur le plan idéologique. En effet, les succès récents des partis populistes sont attribués à leur pseudo *aggiornamento* et aux distances soi-disant prises avec les positions d'extrême-droite. Or, les liens internationaux avec Douguine disent exactement le contraire, avec des attitudes antioccidentales, antisémites, même si le philo-islamisme de Douguine se porte plutôt vers le chiisme iranien que vers le sunnisme de ses maîtres, le traditionaliste René Guénon et le fasciste Julius Evola.¹⁸

Une ressource commode d'accès est le blog de *Le Monde*, *Droite(s) extrême(s)*, tenu par les journalistes du quotidien Abel Mestre et Caroline Monnot et destiné à décrypter «les populismes de droite». Un post du 4 juin 2014 intitulé «Moscou-Paris-Vienne: les rencontres d'Aymeric Chauprade, conseiller de Marine Le Pen», décrit la rencontre à Vienne, le 31 mai, avec «Heinz-Christian Strache, leader du FPÖ autrichien (allié de Marine Le Pen), ou encore Volen Siderov du parti d'extrême droite bulgare Ataka (avec lequel M^{me} Le Pen refuse de travailler)».¹⁹ Cette rencontre, dont la vedette était «Alexandre Douguine, éminence grise de Poutine», fêtait le bicentenaire de la Sainte-Alliance antirévolutionnaire établie par la Russie à Vienne et permettait aux extrêmes-droites pro-russes de prendre contact.

¹⁶ Ibid., pp389 et 393, loc. cit.

¹⁷ Wikipédia, article «Alexandre Douguine».

¹⁸ Stéphane François. (2013). *La Modernité en Procès. Elements d'un refus du monde moderne*. Valenciennes, Presses Universitaires de Valenciennes, 198p.

¹⁹ <http://droites-extremes.blog.lemonde.fr/2014/06/04/moscou-paris-vienne-les-rencontres-daymeric-chaupradeconseiller-de-marine-le-pen/>

Le chef du Jobbik, le mouvement néo-fasciste hongrois, avait aussi rendu visite à Douguine à Moscou en mai 2013.²⁰ L'impression rapportée fut assez favorable: sur le site en anglais du mouvement, Gábor Vona déclara que c'était un grand pas en avant que les leaders russes considérassent le Jobbik comme un partenaire. Surtout, il esquaissa une alternative géopolitique et idéologique toute douguinienne de l'avenir de la Hongrie:

«Selon Vona, la Hongrie doit décider dans les années à venir si elle doit rester dans l'Union Européenne, se joindre à une Union Eurasiatique en voie de constitution ou essayer de rester indépendante. Une chose est sûre – ajouta le président du Parti – la première voie ne représente pas un véritable choix pour nous, nous n'avons aucun avenir là-bas. Par contre, nous devons faire place aux valeurs transcendantes et renoncer à la matrice du capitalisme global.»

Le positionnement idéologique détermine la situation géopolitique: si le Jobbik prétend prendre en compte les valeurs transcendantes – mais s'agit-il de la religion traditionnelle ou de la religion politique d'un ultranationalisme néo-fasciste? – cette composante entre encore davantage dans le mix idéologique des radicalismes de droite des pays orthodoxes, aussi bien L'Aube dorée grecque que les pays du second élargissement à l'est, Bulgarie et Roumanie.

B) Si l'on se penche de plus près sur l'influence douguinienne dans les Balkans, nous y trouvons aussi des relais plus ou moins actifs dans les pays où l'on s'y attendrait le moins, comme la Roumanie, choisie dans notre programme BALKINT comme un des étalons, avec la Bulgarie, de l'intégration des Balkans occidentaux.

Commençons néanmoins par la Bulgarie, pays où la Russie trouve culturellement plus d'échos.²¹ Nous avons aperçu la participation de Volen Siderov à la réunion de Vienne avec Alexandre Douguine. Ataka représente en effet depuis 2005 le populisme d'extrême-droite, directement ou sous la forme de formations récemment détachées comme le Rassemblement civique pour une démocratie réelle (GORD) et le Front national du sauvetage de la Bulgarie (NFSB). Depuis 2009, dans un contexte de crise multiforme, ces partis-charnière décident des coalitions au pouvoir. Or, le chef d'Ataka, Volen Siderov, s'est prononcé pour le gazoduc South Stream et pour la candidature de la Russie à l'UE en lieu et place de la Turquie. Plus généralement, il épouse la ligne antilibérale, antioccidentale, antimondialiste et orthodoxe d'A. Douguine. Aux législatives d'octobre 2014, les formations nationalistes obtiennent quelques 18% des voix, avec Ataka elle-même en recul à 4.5%.

²⁰ «Gábor Vona had a lecture at Lomonosov University», post sur *Jobbik, the Movement for a better Hungary* du 24 mai 2013, http://www.jobbik.com/gabor_vona_had_lecture_lomonosov_university_russia, consulté le 6 octobre 2014.

²¹ Analyse du Political Capital Institute: «The Russian Connection: The spread of pro-Russian policies on the European far right»: <http://pdc.ceu.hu/archive/00007035/> consulté le 2 octobre 2014; voir aussi le blog «Balkanscope: politics, history, security, conflict and demography in Balkans and around», la page intitulée: «Can Putin count on them? Leading Pro-Russian Right-wing parties in Balkans» du 7 juin 2014, postée par «trezhnev».

Peu avant, dans une revue de presse du 23 juillet 2014 de l'Ambassade de France, nous trouvons une recension d'un article de presse de Goran Blagoev paru dans *Prensa* et intitulé «L'orthodoxie comme outil politique» antieuropéen.²² Volen Siderov détient encore le poste de président de la délégation parlementaire bulgare à l'Assemblée interparlementaire de l'orthodoxie (AIO). Si l'AIO avait à l'origine un but d'aplanissement des tensions interreligieuses, Ataka a su retourner cet objectif premier contre l'apaisement continental et le faire jouer entre les mains de la diplomatie russe: «l'orthodoxie non liée à la Russie et au patriarcat russe n'est pas authentique». Volen Siderov estimerait que l'«UE est un monstre et [que] la Bulgarie peut avoir un autre avenir, [dans] l'Union eurasiatique de M. Poutine.»²³

Nous avons vu que dans le contexte de la guerre en Ukraine, l'eurasiatisme tend à perdre son aspect œcuménique pour s'ancrer dans l'identité orthodoxe, ainsi que le relève Goran Blagoev – «M. Douguine parle de plus en plus souvent d'«eurasiatisme orthodoxe» qui, selon lui, a fait déjà ses preuves dans la défense russe de Donetsk».²⁴ Ceci n'empêche pas Vladimir Poutine, pour les besoins de la cause antieuropéenne, de manipuler le sentiment islamique comme dans le cas de la manifestation anti-Charlie Hebdo de Grozny.

En Roumanie, le nationalisme moderne s'est en partie construit contre la Russie et surtout contre l'Union Soviétique, y compris durant la phase nationaliste de l'époque de Ceaușescu. Toutefois, après 1989, les déceptions de la transition, puis des intégrations euro-atlantiques, ont créé une nostalgie pro-Ceaușescu et une tendance antilibérale et antioccidentale au sein du nationalisme roumain. Par ailleurs, la tension chronique entre la gauche au pouvoir et les responsables américains et européens au sujet de la corruption et des tendances autoritaires du Premier ministre Victor Ponta avive et entretient la réaction antiméricaine au niveau officiel. Évidemment, les positions d'Alexandre Douguine au sujet de la Moldavie ne contribuent pas à sa popularité, mais il a évolué avec la crise ukrainienne vers plus de souplesse tactique. En outre, si l'opinion roumaine soutenait globalement le combat ukrainien, elle s'inquiétait aussi du poids du nationalisme ukrainien à l'égard de la minorité roumanophone.

C'est dans ce contexte qu'Alexandre Douguine lança une offensive de charme et de menace à la fois: dans une interview du 12 mars 2014 dans *Revista 22*, il rappela les avanies des membre de seconde zone des organisations euro-atlantiques et conditionna la réunification entre la Roumanie et la République Moldave à la sortie de l'OTAN.

Quant aux relais qu'il pouvait trouver en Roumanie, ils semblent plutôt maigres. On y trouve une maison d'édition en ligne, *Eurasiatica.ro*, qui ressemble à une annexe de la pensée d'Alexandre Douguine (elle reprend même son emblème des flèches croisées) et qui a notamment édité en roumain *Les Fondements de la géopolitique*, ainsi que d'autres géopoliticiens, mais aussi le sociologue légionnaire (fasciste

²² <http://www.ambafrance-bg.org/Mercredi-23-juillet>

²³ Ibid.

²⁴ Ibid.

roumain) Ernest Bernea, etc. Călin Mihaescu, un géopoliticien rouge-brun lié à Alexandre Douguine fait l'apologie du nationalisme et de l'ancienne Securitate.²⁵ Le colonel en réserve Mircea Dogaru est le président du Syndicat des cadres militaires en retraite ; à cet ancien proche de Ilie Ceaușescu (frère de Nicolae et ancien vice-ministre de la Défense), Alexandre Douguine a rendu visite en septembre 2013 pour le féliciter de son action pendant la crise de l'été 2012, avec la seconde tentative de destitution du Président pro-occidental Traian Băsescu. Victor Ponta avait en effet signé le 13 juillet, comme les autres co-présidents de la coalition au pouvoir, avec le «Conseil national de la Société civile» représenté par M. Dogaru, un document incendiaire. Celui-ci exigeait «la suppression des structures de police politique de type stalinien et des instruments politiques de type Cour Constitutionnelle, ANI, DNA, CNSAS [le Centre national d'étude des Archives de la Securitate], etc.», donc toutes les institutions de l'État de droit. Après l'invalidation du référendum de destitution, Mircea Dogaru menaçait: «Nous sortirons dans la rue et déclencherons le chaos.»²⁶

Durant et après le référendum, la radio publique *La Voix de la Russie* n'a cessé d'accabler Traian Băsescu, dénonçant sa soumission aux Occidentaux et son entente avec la minorité magyare. Le média russe concluait sur un ton menaçant: «En définitive, existe aussi l'option de l'organisation de protestations de rue.» Or force est de constater que Mircea Dogaru était *persona grata* sur les ondes de *La Voix de la Russie*...

Sur son blog, il rendit compte de ses discussions avec Douguine de septembre 2013 dans le sens antimondialiste, favorable au rétablissement des structures militaires comme fondement de la nation et leur coopération internationale en faveur du maintien de leurs statuts. Concrètement, Mircea Dogaru proposa l'extension de son organisation, le Syndicat des cadres militaires en retraite, à la Moldavie²⁷; ainsi, certaines organisations moldaves seraient noyautées par des militaires réactionnaires en vue d'une réunification ou du moins d'une collaboration plus étroite entre Roumanie et Moldavie, mais en sympathie avec la Russie et le projet déjà ancien de Vladimir Poutine d'annexion de la Moldavie par une Roumanie rebasculée dans le camp russe, et de la Transnistrie par la Russie.²⁸ Ce plan séduisant risquait à l'époque d'aboutir à un tête-à-tête russo-roumain sans préparation en compagnie de l'UE ou de l'OTAN. Il aurait maintenu la chaîne de bases russes de Kaliningrad à la Géorgie, en passant par Sébastopol en Ukraine: Chișinău ne releva donc pas la proposition.

Si Mircea Dogaru reste un personnage marginal de la scène politique roumaine, il n'en allait pas de même d'Adrian Năstase, l'ancien Premier ministre aujourd'hui en

²⁵ http://www.networkedblogs.com/blog/calina_mihaescus_blog: conservative, eurasianist movement, european heritage, orthodox christianity, romanian history.

²⁶ Sandu Traian. (2014). Roumanie. Une fin de crise euro-roumaine en trompe l'œil. RAMSES, Paris, Dunod, 348pp, pp. 130-135.

²⁷ <http://dogaru-mircea.blogspot.fr/2013/09/dialog-scnd-aleksandr-dughin.html>

²⁸ Sandu Traian. L'Union européenne et la République Moldave : la difficile gestion de la PEV, dans *Frontières et sécurité de l'Europe. Territoires, identités et espace européens*, table ronde tenue le 3 octobre 2006 à Sciences-Po, L'Harmattan, coll. *Aujourd'hui l'Europe*, 2008 pp179-190. http://hal.archives-ouvertes.fr/docs/00/68/63/37/PDF/Sandu-L_Union_europa_enne_et_la_RA_publicue_Moldave.pdf.

prison pour diverses affaires de détournement de fonds, et qui reçut aussi Douguine dans son institut diplomatique N. Titulescu le 17 septembre 2013.²⁹ Tout en gardant une distance «diplomatique» à son égard, il reconnut avoir discuté des «ponts [de la culture roumaine] avec l'espace eurasiatique, le plus important d'entre eux étant le filon orthodoxe profond de l'identité et de la spiritualité roumaines. Certes, la discussion a été beaucoup plus ample, ayant abordé tant les évolutions actuelles sur le plan international que les possibles scénarios liés à la future configuration géostratégique du monde.»³⁰ Certes, un personnage sans grand ancrage spirituel comme Adrian Năstase – qui plus est reconnu coupable de divers forfaits – cherchait surtout une couverture idéologique et une importance qu'il n'avait plus auprès d'Alexandre Douguine; mais force est de constater que des hommes politiques prétendument de centre-gauche, certes en-dehors de leurs fonctions politiques et dans un cadre universitaire, accordaient des entrevues publiques à Alexandre Douguine.

A la fin de novembre et au début de décembre 2014, un bruit insistant courut dans la presse roumaine au sujet de contacts pris par Alexandre Douguine avec des intellectuels et des artistes roumains en vue de «mettre les bases d'une plateforme prorusse non-officielle en Roumanie».³¹ En fait, cette liste comprenait aussi l'ancien président de la République social-démocrate (postcommuniste) Ion Iliescu, ancien apparatchik et marié à une Russe, ainsi qu'Adrian Năstase, mais surtout beaucoup d'universitaires. La source de cette information confidentielle aurait été un groupe de hackers russes qui auraient cassé le mail d'un proche d'Alexandre Douguine, information relayée par le site ukrainien Texty.³²

Ainsi, la Roumanie et la Bulgarie, pas plus que les autres nouveaux membres de l'Union européenne, pas plus que les plus anciens, d'ailleurs, ne sont des modèles de vertu en matière de modération. Ainsi, les néonazis violents grecs d'Aube dorée, bien représentés au Parlement depuis quelques années malgré leur récent recul, sont liés à des organisations extrémistes russes et adoptent les arguments russes dans le conflit ukrainien.³³

En Serbie, les formations d'extrême-droite qui soutiennent officiellement la Russie dans sa politique ukrainienne sont rares, sans doute en bonne partie parce que les officiels sont déjà très favorables à Vladimir Poutine, avec un très fort soutien à la construction du South Stream jusqu'à l'annonce de son abandon et une défense plus que timide de l'intégrité territoriale de l'Ukraine.³⁴ Il existe pourtant de telles

²⁹ <https://nastase.wordpress.com/2013/09/17/fondatorul-miscarii-eurasia-la-fundatia-europeana-titulescu/>

³⁰ Ibid.

³¹ Pocotila Andreea. Les réactions des soi-disant «amis» de la Russie, entre «oui, ils ont pris contact avec moi» et «qui ça, moi? mon Dieu, surtout pas!». – *România Liberă* du 3 décembre 2014.

³² Ibid.

³³ Can Putin count on them?..., loc. cit.

³⁴ Voir Türke Andrés. Le nouveau nationalisme russe et son impact sur l'extrême-droite et le populisme est-européens, dans Sandu Traian, *L'Europe à contre-pied: idéologie populiste et extrémisme de droite en Europe centrale et orientale*, à paraître en mars 2015, Paris, L'Harmattan, Cahiers d'études hongroises et finlandaises: «En Serbie, l'élite politique est largement prorusse, mais cet engagement est le plus fort dans le Parti Radical Serbe qui s'est divisé en deux en 2008 à cause du débat autour de l'adhésion serbe à l'Union européenne. Le «reste» du Parti Radical a quitté le Parlement en 2012. Le Parti Progressiste Serbe

organisations explicitement pro-Douguine – dans sa double dimension orthodoxe et néofasciste – et qui appliqueraient volontiers son discours sur l'Ukraine du sud-ouest à la République Serbe de la fédération de Bosnie-Herzégovine.³⁵ Certains militants se sont même enrôlés comme volontaires pour combattre en Crimée du côté des séparatistes sous le vocable des «tchetniks» nationalistes de la Deuxième Guerre mondiale.

En conclusion, nous pouvons dire que l'influence d'Alexandre Douguine sur les partis néofascistes n'est qu'un juste retour de l'influence du fascisme historique dans sa dimension spiritualiste ésotérique sur Douguine, naturellement combinée à l'orthodoxie, déjà instrumentée par certains fascismes historiques comme la Garde de fer roumaine. A ce propos, Alexandre Douguine n'oublie jamais de rappeler à ses interlocuteurs roumains son admiration pour Mircea Eliade ou Émile Cioran, dont on sait l'engagement profasciste de leur jeunesse.³⁶

3. Douguine a-t-il une influence sur Poutine et sa politique balkanique?

S'il est déjà délicat de démontrer l'influence en général de Douguine sur Poutine – malgré une imprégnation claire et même un jeu de mise à distance de l'idéologue par le politique qui trompe de moins en moins avec la crise internationale actuelle – il est a fortiori encore plus difficile de prouver sa traduction dans les Balkans.

Au sujet de l'influence en général de Douguine sur Poutine, il faut d'abord écouter ce que Douguine lui-même en dit, même si la distance qu'il attribue habituellement à Poutine lui permet précisément de mettre en valeur son penchant actuel pour l'eurasisme orthodoxe:

«Poutine ne suit pas une ligne droite et cela n'a pas de sens de demander qui il soutient des atlantistes ou des eurasistes: il est au-dessus de la mêlée. Il s'est habitué au rôle du souverain mystérieux et imprévisible, dont les discours sont comme des koans contradictoires, mais quand il convient d'agir, il fait ce qui doit être fait et, dans les situations critiques, il fait toujours la bonne chose en terme eurasiste orthodoxe.»³⁷

Bref, Douguine ne prétend pas être en contact direct avec Poutine, mais il sait que depuis son ralliement précoce à son régime, il représente une ressource précieuse lorsque Poutine a besoin d'un fondement idéologique à son action politique. Douguine

des sécessionnistes (pro-européen) a gagné les élections parlementaires en 2012, et son leader Tomislav Nikolić est devenu le Président de la Serbie. Ainsi, l'amitié avec la Russie est continuellement représentée en Serbie en plus haut niveau. Le Parti Progressiste Serbe a gardé les bons contacts avec la Parti de la Liberté en Autriche et le Parti de la Russie unie de Poutine.»

³⁵ Can Putin count on them?..., loc. cit.

³⁶ Alexandra Laignel-Lavastine, *Cioran, Eliade, Ionesco, l'oubli du fascisme*, Paris, PUF, 2002, 553p.; voir aussi Traian Sandu, *Un Fascisme roumain. Histoire de la Garde de fer*, Paris, Perrin, 2014.

³⁷ «À propos de l'eurasisme orthodoxe» du 15 août 2014, VOXNR (Voix du nationalisme révolutionnaire): http://www.voxnr.com/cc/d_douguine/EuplpAukupkkzRQABL.shtml

conclut donc justement que «du fait des événements d'Ukraine [...] le temps est venu de l'interprétation eurasiste orthodoxe.»

Dans son article déjà cité, Marlène Laruelle constate que «[ses] ouvrages, notamment celui de géopolitique [...], sont devenus des classiques de l'université russe dans des disciplines comme les sciences politiques, la géopolitique ou la culturologie. Dugin conçoit en effet des "idéologies" pour de nombreux hommes politiques russes comme G. Zjuganov, V. Zirinovskij ou A. Rutskoj, pour des militaires de haut rang ainsi que pour l'Institut de recherches stratégiques de Moscou.»³⁸ Après l'arrivée au pouvoir de Vladimir Poutine, Marlène Laruelle enregistre un «ralliement» consistant, «[en] avril 2001, ...[à] joue[r] cartes sur table et [à] crée[r] un mouvement appelé Evrazija et qui se donne pour but de lutter non pour le pouvoir mais pour l'influence sur le pouvoir».³⁹ Le dirigeant russe s'est rallié explicitement à l'analyse du géopoliticien fondamentaliste, sans le citer, bien entendu: «Le Congrès du mouvement Evrazija s'est ainsi déroulé sous la bannière d'une citation de V. Poutine, "la Russie est un État euro-asiatique", phrase prononcée par le président russe à Brunei lors du sommet des chefs d'État des pays du Pacifique».⁴⁰

Quant à la traduction dans les Balkans de l'influence officielle de Douguine, on a au moins des preuves du soutien du gouvernement russe aux canaux d'influence eurasiens dans les Balkans. Par exemple, le ministre du développement régional de la Fédération de Russie a accordé une interview parue dans le magazine serbe *Geopolitika*⁴¹, qui reflète les thèses de Douguine et qui avait aussi interviewé le néo-fasciste Claudio Mutti, spécialiste notamment de la Garde de fer et des Croix fléchées hongroises et condamné dans le passé dans l'affaire de l'attentat meurtrier de la gare de Bologne.

Le responsable russe y déclara notamment, au sujet des relations entre Russes et Serbes:

«Because of our history, culture, tradition and faith, we are destined to live like brotherly nations and, sincerely speaking, I dream of creating a union of Slavic states on the foundation of the Russian state – something which our ancestors also dreamed of.»

De même, lorsque le propos se porta sur le choix entre UE et Russie, le ministre russe fut clair:

«What do you think, should Serbia keep to its neutrality? That it can simultaneously attain EU membership and try to keep its contacts with Russia? Is that possible?»

³⁸ Laruelle Marlène. Alexandre Dugin: esquisse d'un eurasisme d'extrême-droite..., loc. cit., p. 91.

³⁹ Ibid., p. 92.

⁴⁰ Ibid., note 6.

⁴¹ N° 74 de mai 2014.

Neutrality is a topic for politicians. You should direct yourselves towards Russia and understand that we are part of a whole. We are destined to live together because of our common tradition, history, culture and faith. We are closely bound to each other.»⁴²

Ainsi, les relations internationales envisagées par Moscou dans les Balkans s'appuient sur des principes à la fois conservateurs, religieux, antimodernes, mais en même temps sur une utopie palingénésique propre à mobiliser les esprits en vue d'un futur meilleur, fondé sur une configuration jamais envisagée auparavant propre à concurrencer l'idéal démocratique et libéral jugés impersonnels et desséchés, porteurs d'un idéal universel impropre aux Balkans comme, en réalité, à l'ensemble du monde.

En cela, le pouvoir officiel semble, dans un contexte de crise aigüe avec l'Occident, se reposer de plus en plus sur une version agressive et restrictive de l'idéologie eurasiatique, que même Alexandre Douguine n'envisageait pas à ses commencements philosophiques et politiques au début des années 1990. Ainsi, pour ce qui est des Balkans, une ligne de partage commune avec l'Allemagne y semble de moins en moins envisageable et le contexte ukrainien dirige de plus en plus celui qu'une partie de la presse européenne appelle « l'idéologue de Poutine » vers un exclusivisme ethno-nationaliste et impérialiste russe.

⁴² Ibid.

SUMMARIES

KEYNOTE SPEECHES

Lyubomir Kyuchukov

THE WESTERN BALKANS IN THE EU: WILL THE "WHEN" BE REDUCED TO AN "IF"?

Integration or nationalisms are the two possible alternatives for the future of the Western Balkans and this is the choice and the responsibility of the EU. EU-membership is the only long-term solution for centuries-old ethnic and religious conflicts and territorial clashes, dissolving them into a larger entity. Without a tangible EU perspective the region faces the challenge to be torn apart by geo-political pressures and interests, becoming either a buffer-zone or a front-zone between the East and the West, Europe and Asia, Christianity and Islam. Today these interests are concentrated in two main spheres – security and energy.

The negotiations with the Western Balkan countries are a technocratic exercise, while those with Turkey are a strategy game – about the limits of EU expansion and the European political space. The Western Balkans countries have to bring to a strategic unison two contradictory processes: the “border-building”, i.e. affirming their newly-acquired statehood; and the “border-pulling down”, i.e. integrating into the EU, transferring a substantial part of their still immature sovereignty to the EU institutions. There is a need for a more visionary and strategic approach in Europe to Western Balkans integration.

Keywords: Balkan nationalisms, ethnic religious dividing lines, Islamic minorities, Western Balkans EU integration, EU expansion limits, new Cold War, geopolitical divides
JEL: F02; F52; F53

Károly Attila Soós

SOME LESSONS FROM NEW EU MEMBER STATES FOR CANDIDATE COUNTRIES

The paper discusses three issues:

1. Accession to the EU, on whose preparation several Balkan states work now, is a lengthy and not easy process. The essentials are the (unavoidably slow) establishment of the basic institutions of a market-based economy (beyond simple liberalisation, which is a relatively easy task) and the gradual introduction of the EU's **acquis communautaire**. The insertion of the (potential) new members into intra-EU trade and the growth of inward foreign direct investment are also gradual processes.
2. The 10 CEE new member states fared in rather various ways in the “great recession”. At the end of 2008 and in 2009, the biggest losers were Baltic countries, because of the previous overheating of their economies and Slovakia and Hungary, because of their economies’ strong dependence on the automotive and partly other engineering industries (since these industries endured a severe worldwide crisis). Hungary also had other, fiscal and financial weaknesses, which kept it in serious difficulties even after the critical 2009 year, when Baltic countries’ and Slovakia’s situation improved significantly. But then Slovenia, with a severe crisis of its predominantly state-owned banking system, joined Hungary in the difficulties.

Openness – meaning here openness to inward FDI and free cross-border movement of people – has entailed brain drain on the one hand and employment of mostly skilled labour at foreign-owned firms. Consequently, locally owned firms in new member states have faced more or less scarcity of skilled labour. Because of the complementarity of various skill levels,

the scarcity in question has tended to encumber the employment of low-skilled, unskilled labour. The treatment of this problem requires giving high priority to education and vocational training in (potential) new member states.

Keywords: Central-Eastern Europe, transition, foreign direct investment, economic growth

JEL: E00; F00; P00

ECONOMY, GOVERNANCE

Nikolay Nenovsky

Gergana Mihaylova

STATE AND ECONOMY: FROM CAPTURED STATE TO NORMAL STATE AND BACK. SOME EVIDENCE FROM THE BALKAN COUNTRIES (1990-2013)

The paper aims to trace the main trends in the state place in the economy and accumulated debts in the Balkan countries in the period 1990-2013, attempting to concept their evolution. Two groups of countries are analyzed: on the one hand Bulgaria and Romania (EU members since 2007), and on the other – Albania and Serbia (currently at different stages of negotiations for EU accession). In short, the place of state is determined by the crash of economic ideas (economic ideology) in respect to the government functions. Nevertheless, at principally the state role could be considered by the battle of private and group vested interests, showing the state capture and crony transition. Two main mechanisms are used for overcoming the state capture. The first mechanism is *monetary regime*, which could be considered as an internal anchor (examples are Currency Board in Bulgaria, inflation targeting in Romania, Abramovich's reform in Serbia, etc.). The second mechanism, common for all countries, especially for Bulgaria and Romania, is *EU accession* (considered as an external anchor that requires healthy public finances, anticorruption practices etc.). These two anchors have a complex interaction of *alternating successful and unsuccessful periods*. For example, after the effective EU membership of Bulgaria and Romania, there is a weakening of the "European constraint" and an increasing battle between different interest groups, especially in respect to EU funds distribution.

Keywords: Balkans economies, post-communist transition, state capture, debt dynamics, ideas and interests

JEL: P20; P30; Z31

Koleva Petia

Mariyana Amova

LA PLACE DE L'ENTREPRISE SOCIALE DANS LES BALKANS ET EN POLOGNE – QUELLE RECONNAISSANCE DE L'ÉCONOMIE SOCIALE DANS LES STRATÉGIES NATIONALES?

L'économie sociale commence à susciter l'intérêt au sein des Balkans (Bulgarie, Serbie, Croatie) et en Pologne, malgré une reconnaissance faible durant la transition. Une figure émergente soutenue par l'Union Européenne, l'entreprise sociale, s'avère centrale pour la définition de l'économie sociale et l'élaboration des cadres stratégiques. Trois points peuvent caractériser ces stratégies récentes. Elles sont inspirées à la fois des approches européenne et américaine de l'entreprise sociale, elles visent une spécification sectorielle de l'économie sociale, et elles sont marquée par la recherche d'un nouveau modèle favorisant l'inclusion sociale qui se heurte néanmoins à une conception très limitative du social.

Mots clé: Entreprise sociale, Economie sociale, Stratégies nationales pour l'économie sociale, Balkans, Pologne
JEL: H00; H5; H8; L26; L31

Srdjan Redzepagic
Boban Stojanovic
Vinko Kandzija

ECONOMIES ET PERSPECTIVES POUR LES PAYS DES BALKANS DANS L'UE

Depuis sa création, l'Union européenne (UE) a été élargie plusieurs fois passant de 6 à 28 états membres en 2013. Cette expansion représente une contribution majeure à l'unification de l'Europe, au renforcement de la démocratie, aux droits de l'homme et à la stabilité à travers le continent. Elle a initié le développement de la nouvelle politique européenne dans des domaines tels que la cohésion économique et sociale, les relations extérieures et la protection de l'environnement. En plus du marché intérieur, l'espace Schengen et l'euro ont été créés. Le cinquième élargissement, qui a eu lieu en 2004 avec l'adhésion de la Bulgarie et la Roumanie (janvier 2007), et sixième avec l'adhésion de la Croatie en 2013 ont renforcé l'importance de l'Union dans le monde et ont généré des avantages économiques en termes de commerce, d'investissement et de croissance économique. En même temps, l'Union a continué à développer et à mettre en œuvre des nouvelles politiques dans le domaine de la justice, de la liberté et de la sécurité. Le programme d'élargissement actuel est basé sur la stratégie, qui se réfère en trois principes fondamentaux: consolidation, conditionnalité et communication. Celui-ci couvre les pays des Balkans occidentaux et de la Turquie, qui se trouvent à différents niveaux sur le chemin de l'Union européenne. Le Conseil européen a donné à ces pays une perspective claire de devenir membres à part entière de l'Union lorsqu'ils auront rempli les conditions requises. L'Union respecte les engagements pris envers les pays déjà impliqués dans le processus, mais reste toute fois prudente quant à de nouveaux engagements liés à ce processus.

Mots clés: Union européenne, Balkans, Elargissements, Coopérations
JEL: F15; A12

Sinica Zaric

PROTECTION OF PROPERTY RIGHTS AND ACCESSION TO EU: COMPARATIVE ANALYSES OF EU MEMBERS AND CANDIDATE COUNTRIES

The rule of law and protection of property rights play a key role in economic development (Acemoglu et al, 2014). In the same time, a process of accession to European Union is based on reconstruction of the institutional infrastructure and harmonization with the institution characteristic for the EU countries and nature market economies. The pace of the process is monitored using the data from international reports, such as GCI, WJP and IPRI. Using this results, and comparing the rank of four countries (Czech Republic, Bulgaria, Croatia and Serbia). In institutional development and the rule of law with their agendas (tempo) in EU accession (Serbia as a country candidate), the strong correlation could be seen. The need for a richer portion from IPA funds for strengthening institutions in the candidate countries comes as a practical consequence of the studies of number of authors (North, Acemoglu, De Soto), insisting on the role of the rule of law.

Keywords: the rule of law, property rights, institutions, candidate countries, accession
JEL: A13; B52; D72; K2

Tsvetelina Marinova

SOCIO ECONOMIC DEVELOPMENT OF BULGARIA, ROMANIA AND CROATIA IN A GLOBAL CRISIS' CONTEXT: TRENDS AND PERSPECTIVES TO SOCIAL ECONOMY

The main purpose of the paper is to analyze key trends and to reveal perspectives to social economy development in Bulgaria, Romania, Croatia in the period of global crisis. The development of social economy in these countries results from the constant interaction among different forms of social enterprises and organizations in which they exist, the national context, country's history and therefore they are related to path dependence. Social entrepreneurship and social enterprises still represent an unused business model which can be triggered by relevant institutional environment and by implementing principles of inclusive economic systems.

Keywords: social economy, social entrepreneurship, cooperative enterprises

JEL: L31; P13

MACROECONOMIC PERFORMANCE, INSTITUTIONAL ENVIRONMENT

Alessia Amighini

Giovanni Balcet

Xavier Richet

TRADE, FDI AND MULTINATIONAL NETWORKS IN THE BALKAN REGION: THE CASE OF THE AUTOMOTIVE INDUSTRY

The paper has two aims. First, to assess the role of FDI in restructuring and linking companies in transforming economies and new member states. It focuses on Balkan economies, following recent and on going enlargement waves.

Second, taking the example of the car industry in CEE (outsourcing, and location of main car makers in the region) we follow the internationalisation process in this sector. We analyse the specialisation of some countries (Romania) which have set up intermediate platforms to produce and assemble cars, receiving and exporting parts and components within and outside the EU.

Keywords: FDI, transition, International value chains, industrial organization

JEL: F23; L62; O52

Xavier Galiegue

ECONOMIC CATCH UP AND THE MIDDLE-INCOME TRAP: SOME LESSONS FOR WESTERN BALKANS ECONOMIES FROM THE EMERGING COUNTRIES EXPERIENCE

The last twenty years showed dramatic change in the working of Innovation systems of low and middle-income countries. In Europe newcomers has known an impressive catch up process, which leads to a convergence process inside the EU, with important differences in the National Innovations systems. Eastern Asian countries, mainly Korea and Taiwan, experienced an even more impressive catch up process, which allows them to reach the group of High-income countries. On the contrary, other middle-income countries remains blocked in a "middle-income trap". The success of the strategy of the former countries lies in their ability to develop short cycle technologies, which enable them to create and localize

their own knowledge base. Another way to improve the efficiency of the Innovation Systems of emerging countries is to promote user innovation, which will bend technology to the satisfaction of their needs. That requires the development of technological and social capabilities that will allow these countries to upgrade their innovation performance.

Keywords: Economics of innovation, Economics of knowledge, Technological Diffusion, Convergence and catch-up process

JEL: O14; O47

Iskra Christova-Balkanska

LABOR MIGRATION AND REMITTANCES IN SOUTH EAST EUROPEAN COUNTRIES: A SPECIAL FOCUS ON BULGARIA

The aim of the contribution is to reveal the reasons for the increased migration from the South East European countries. The focus will be on remittances and their impact on the economic stance of Albania, Bosnia Herzegovina, Montenegro, Serbia, FYR of Macedonia SEEC 5, and on the European Union countries Bulgaria, Romania and Croatia SEEC-3. The first part of the contribution is trying to analyze characteristics and causes of the increase in emigration from the countries of Southeast Europe. The second part is pointing on the effects of remittances on micro and macro level and their importance for the economic development of the country. Do the important monetary inflows in the country of origin contribute to the strengthening of the economic situation in the countries of origin of migrants?

Keywords: Economic challenges, Southeastern Europe, Labour emigration, Remittances

JEL: F2; F21; F22; F24

Silvia Trifonova

Atanas Atanassov

COMPARATIVE STUDY OF THE INVESTMENT FLOWS IN BULGARIA BEFORE AND AFTER THE CRISIS

The key objective of the paper is to analyze the dynamics of Bulgaria's investment flows before and after the global financial and economic crisis. The motivation of this study is based on the fact that the investment is the final use component most strongly affected by the crisis in Bulgaria. The global financial crisis impacted all economic sectors in the country, hitting consumer and business confidence and eroding export opportunities and capital inflows.

According to its main objective, the study is focused first on the impact of the crisis on Bulgaria's investment capital flows and more broadly on the whole economy. Foreign direct investments (FDI) are analyzed during two periods – pre-crisis and post-crisis. Moreover, an econometric study of Bulgaria's gross domestic product (GDP) and its components, measured by Final Expenditure method is made during the respective two periods. Chow test is applied in order to test the presence of a structural break. This reveals the impact of the global financial and economic crisis on Bulgaria's investment flows, overall GDP and its components.

Keywords: Foreign direct investments; global financial crisis; gross domestic product; Bulgaria

JEL: F13; F21; F23

Gergana Mihaylova-Borisova

DOES BANK EFFICIENCY MATTER FOR THE ECONOMIC GROWTH IN BULGARIA?

Well-developed and well-functioning stable financial systems are important for the economic development and achievement of higher and sustainable economic growth. There are a lot of studies investigating the relationship between financial sector development and economic growth, but they differ in respect to the indicators used for measuring the financial depth and development. The relationship between bank efficiency and economic growth is less studied.

The aim of the paper is to investigate the effect of the bank efficiency on the economic growth in Bulgaria. The bank efficiency is measured by using a more complex method – a non-parametric method Data Envelopment Analysis (DEA), which is widely used for measuring the efficiency of productive units, as well as banks. The efficiency of the Bulgarian banks is calculated by using quarterly data for the period 2007-2014. Then it is regressed with the economic growth in Bulgaria. The results show that the technical efficiency of Bulgarian banking system is positively related to the economic growth in the country and the relationship is statistically significant. The positive relationship could be considered by policymakers and central bankers in order to ensure a favorable environment for the bank efficiency improvement.

Keywords: bank efficiency, economic growth

JEL: G21; F43

Tatiana Houbenova

THE BARRIERS TO THE ECONOMIC GROWTH IN THE EU: PROBLEMS ENCOUNTERED BY THE BULGARIAN ECONOMY

The paper analyses the barriers to economic growth in the EU with regard to the common factors and trends which characterize the Community as a whole and the economy of Bulgaria as a new member state. The negative consequences of the European sovereign debt crisis have caused worsening of the prerequisites and possibilities to raise growth not only in the euro area countries concerned but in all EU countries. However the EU has pursued implementation of new strategies in favour of stimulating new type of growth – smart, sustainable and inclusive growth as set forward by the Europe 2020. By laying a stress on the due in March 2015 review of the Europe 2020 the analysis discusses the weaknesses of the implementation of Europe 2020 as well as the new initiatives to raise economic growth and improve its contribution for raising the employment and welfare in Europe.

The analysis discusses the weaknesses and strengths of the Bulgarian economy in the implementation of the EU Strategy 2020 as a process of structural reforms for transition to inclusive and innovative growth and higher competitiveness. The specific features of the “second generation” of the structural reforms contributing to the improvement of the adaptability and the competitiveness of the Bulgarian economy are featured. The problems of maintaining the stability of the Bulgarian bank system are described and the risks of financial instability are underlined as risks to economic growth.

Keywords: Economic Growth; Productivity; Structural reforms; Monetary integration; Governance in the EU; Sovereign debt; Debt crisis.

JEL: C53; E24; E58, F36, F42, G01, G21, G28

Vesselin Mintchev
Venelin Boshnakov

BULGARIAN MIGRATION: SOME EFFECTS OF THE EU ACCESSION

Based on analysis of primary information from empirical sociological surveys, carried out in 2007, 2011 and 2013, the authors look for answers to questions like: What are the effects of the Bulgaria's membership in EU on the migration potential and profile of the country?, Do the destinations preferred by the Bulgarians change?, How does this influence on the emigration remittances?. In this connection the increased migration potential and changing profile of the so-called potential migrants is reasoned. The changes in the destinations preferred by the Bulgarians are outlined. Based on information mainly for the returned in the emigrants, the increased emigration remittances are evaluated.

Keywords: International migration: migration attitudes, return migration, remittance
JEL: F22

GEOPOLITICS AND STRATEGIES

Ruxandra Ivan

MINORITÉS DANS LES BALKANS, MINORITÉS DANS L'ESPACE POST-SOVIÉTIQUE: Y A-T-IL UN MODÈLE COMMUN DE RÉOLUTION DES CONFLITS?

The aim of this paper is to draw a comparison between the geopolitical status of minorities in the Balkans and in the former Soviet space. While both regions are characterized by the existence of a mosaic of different ethnic groups which are not territorially homogeneous, the understanding of ethnicity and its relation to the State seems to be different in the two cases. Moreover, from the point of view of international law, the rules applying to the rights of ethnic minorities and the self-determination of peoples are in the same time universal in their claims and unevenly applied in the different cases.

We will compare the cases of Kosovo, Transdnier, Crimea and Southern Ossetia, in terms of historical evolution, legal issues – both international and domestic – involved in the dynamics of conflict, and geopolitical issues. A comparison between the four cases is possible in historical and legal terms, pointing to a similar background of the situation, but the outcomes are very different. This difference may be explained through geopolitics. We will show that the international actors involved in the transformations that took place in Kosovo, Southern Ossetia and Crimea only used historical and legal considerations for rhetorical aims, while (geo)political rationales always dictated the outcomes.

Keywords: minorities, frozen conflicts, geopolitics, Kosovo, former Soviet space

Maria Bakalova

BALKAN NATIONALISMS AND THE EUROPEANIZATION OF THE BALKANS: THE TAMING OF THE SHREW (IM)POSSIBLE

The paper examines how Europeanization processes relate to and influence Balkan post-Cold war nationalisms. It argues that in general these processes have rather ambiguous influence - they eschew as unacceptable and intolerable some forms and appearances of nationalism but at the same time reify salience of nationalism in other forms. This ambiguity notwithstanding, in overall Europeanization and Eurointegration processes on the Balkans are claimed to exert modernizing and civilizing effect on nationalisms in the region. The actual membership further influence the appearances, but also the substance of Balkan member-states' nationalisms which take the form of Euroskepticism and are reified within the Union national/intergovernmental – supranational dynamics.

Keywords: nationalism, Balkans, Europeanization, conditionality

Elisabeth Yoneva

THE CHANGING GEOPOLITICS OF ENERGY IN EUROPE'S EAST: IMPLICATIONS OF THE UKRAINE CRISIS FOR REGIONAL ENERGY SECURITY

The paper explores the energy dimensions of the Ukraine crisis and its repercussions for the EU and its Eastern neighbourhood. It showcases the EU vector in the energy sector with emphasis on recent transformations in global energy markets. The author discusses different aspects of the European energy security from the perspective of the evolutions in the last years. The research work outlines the conceptual frame of the EU attempts to make sense of the new geopolitical realities in Europe's East. Special attention is paid to the renewed focus on diversification strategies. The paper makes also an overview of the spillover effects of the Ukraine crisis for the Black Sea region, the Caucasus-Caspian zone and Central Asia. The analysis focuses on energy security, looking through the prism of the geopolitical paradigm.

Keywords: energy security, pipelines, oil, natural gas, Ukraine crisis, Crimea, European Union, Black Sea region, Caucasus-Caspian region, Central Asia

JEL: F50; F59; N70; O13; Q4

András István Türke

ENJEUX GEOPOLITIQUES DES PREMIERES MISSIONS DE L'UE DANS LES BALKANS OCCIDENTAUX

Jusqu'à 2013 (ou au moins 2008) les experts géopolitiques ont souligné qu'en Europe il n'y a plus d'ennemi à l'Est et il faudrait totalement réunifier l'ensemble du continent européen, créer la « Grande Europe ». Aujourd'hui le défi de la Russie renforcée et de l'ISIS menacent la sécurité européenne.

Pendant les années passées les missions sous casquette européenne ont été restructurées. Le volume de la présence, également dans les Balkans, est diminué et peut être caractérisé par les missions de «*capacity building*» et des missions de formations.

Mots clefs: PESC, PSDC, Balkans, ATLHEA, EULEX, Kosovo, Bosnie-Herzégovine

JEL: Z00

Plamen Ralchev

TURKISH SOFT POWER IN THE BALKANS: NEXT MOVE

The paper deliberates on the modes of design and projection of Turkish soft power towards Balkan countries. The inquiry is primarily focused on the essence of soft power that Turkey has developed and its foreign policy impact. The paper employs a political economy approach and elaborates on the juncture of political and economic factors and aspects of Turkish soft power. The research design applies a set of indicators which cover four fields – economic relations, education, human connectivity, and perceptions of Turkey and Turks.

The study adopted and adapted for its purposes some parts of the methodology of Elcano Global Presence Index. The paper is structured in two sections. The first one seeks to highlight from a political economy perspective how Turkey has started developing its soft power in the last decade. The second part discusses what Turkey has achieved by its soft power and how it is viewed in three Balkan countries – Bulgaria, Serbia and Bosnia-Herzegovina. The selection of country cases was largely driven by the assumption that these countries represent different attitudes towards Turkey based on historical reasons. Therefore, it is challenging to check soft power against inherited perceptions and stereotypes, and see whether and how it works.

Keywords: Turkey, Soft Power, Balkans

Antonina Habova

CHINA: THE NEW GEOPOLITICAL ACTOR ON THE BALKANS?

The world witnesses a new redistribution of power in international relations, changing roles of the major powers on the global scene and the emergence of new centers of power with their alternative views on the international affairs. China is in the center of this international power reshuffling. The growth of the overall strength of China brings to its increased role in international affairs. As it becomes stronger economically, China's geopolitical ambitions are growing and its interests become increasingly global and diverse.

Geography assigned the Balkans a geographic location between East and West. The region is an important platform for projection of economic, political, geopolitical and security interests into other geostrategically important regions. While the traditional geopolitical actors in the Balkans – the EU, Russia, the United States and Turkey - face a number of internal and external challenges, China has been increasing its presence in the region. Taking advantage of the temporary inability of the European Union to fully project its power in this part of Europe because of the crisis, the Chinese companies have seized the opportunity and have started to acquire strategic assets all over the region. The major focus is on infrastructure, energy, natural resources, telecommunications, machinery. Targeting strategic sectors and enhancing its economic engagement with the Balkan countries, China broadens the scope of dissemination of its geopolitical influence and strengthens its political leverage over both the region and the EU.

Keywords: China, geopolitics, the Balkans, infrastructure, energy

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L'«EURASISME» CONTRE L'ÉLARGISSEMENT EUROPÉEN AUX BALKANS OCCIDENTAUX? L'ACTIVISME BALKANIQUE D'ALEXANDRE DOUGUINE

Dans le cadre de notre programme BALKINT, qui porte sur l'élargissement européen aux Balkans occidentaux dans un contexte de fatigue supposée de la construction européenne et de réaction de la Russie sur ses marges, la question fondamentale est de savoir si la fatigue des uns et la réaction des autres peut aboutir à une remise en question du projet officiel d'élargissement de l'UE aux Balkans occidentaux. Bref, il faut savoir si les Balkans se trouvent dans la ligne de mire de la Russie, et si elle y compte des relais de son influence.

La réponse d'un penseur comme Alexandre Douguine est particulièrement intéressante, car il combine réflexion géopolitique traditionnelle, slavophilie orthodoxe et héritage du fascisme ésotérique qui recherche l'impact territorial du génie caché des spiritualités européennes et orientales. Il fournit donc une direction géographique et un corpus idéologique aux alliances nouées par le régime de Vladimir Poutine avec les partis d'extrême-droite en Europe, et notamment parmi les pays d'Europe centrale et orientale. Dans le contexte de crise de l'idéologie libérale de l'Union européenne, la question d'une substitution de la démocratie «illibérale» (selon les propos du Premier ministre hongrois Viktor Orbán) d'inspiration poutinienne et chinoise à l'idéologie et à l'influence de l'Union européenne prend un tour encore plus important pour les pays balkaniques candidats.

Mots-clés: Union européenne, Balkans occidentaux, Russie, géopolitique, eurasisme, néofascisme