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Serbia country report

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Euroscepticism and European Parliament elections

- ***European Parliament elections and their impact on EU Enlargement Policy***

The European Parliament election campaigns did not gain significant media attention in Serbia, probably partly due to the fact that it coincided with the formation of the new government in Serbia and the disastrous floods that affected central and western parts of the country. Moreover, one should bear in mind that the European Parliament elections are not seen as a factor with direct consequences on Serbia's path to the EU: first, since this institution does not have any role in the negotiation process for EU membership, and second, because the Serbian public interested in EU issues is still not sufficiently aware of the Parliament's increased role and powers in EU policy and decision-making introduced by the Lisbon Treaty. Only a handful of written media reported on the predictions with regard to the turnout and the success of political party groups within the Parliament.

It seems that the public was mostly intrigued to observe the growing impact of extreme right-wing political parties across the EU, which is seen as a negative outcome for the future EU setup of which Serbia is supposed to become a member. Serbia was repeatedly told during its EU integration process to adhere to and promote the core EU values. One would wonder – would the EU itself lose its attraction in the eyes of the Serbian citizens if the values promoted by the EU's extreme right continue to gain importance over the next 10 years?

At the same time, the debate was featured by an analysis on how the European Parliament elections will affect the Enlargement policy of the next European Commission. It was argued that despite the fact that the Parliament has no formal role in the accession process, its political significance should be expected to grow in the next five years. Namely, since the European Commission is not expected to have enlargement as the main topic on its agenda in the next term, certain public figures in Serbia fear that such a situation might have negative consequences for Serbia's accession process. Therefore, it was argued that the European Parliament could fill this gap and enhance its activities as an enlargement-friendly institution by providing encouragement and political support to the candidate countries. The expected rise of right-wing MEPs was not perceived as a threat to the Parliament's engagement on enlargement issues, given that right-wing MEPs neither have a uniform position on future enlargement, nor have they so far shown much interest in this issue.

- ***Pro-European but considering alternatives***

When it comes to the Serbian citizens, according to opinion polls published biannually by Serbian European Integration Office, the support for EU membership since the democratic changes in the 2000s varied between 73 percent and 41 percent. The

highest support was noted in December 2009 when Serbian citizens were granted visa-free travel in the Schengen Area countries, while the lowest support was recorded in December 2012, probably due to "accession fatigue", i.e. the perception by the Serbian citizens that the EU membership is unattainable in the long term. According to the latest opinion polls conducted in December 2013, 51 percent of the Serbian citizens would vote positively on EU membership if the referendum were held the next day, 22 percent would vote against, 20 percent would not vote, while 7 percent are undecided. A more interesting indicator of the citizens' perception of the EU may be the fact that 68 percent believe the reforms essential for EU accession would need to be implemented even if the EU had not set them as conditions, but for the sake of creating a better Serbia.

On the political level, the general parliamentary elections held in March 2014 were a major blow to anti-EU political parties, as they all remained below census. As a result, political parties present in the National Assembly of Serbia are all in favour of EU integration and membership, for the first time since the democratic changes in 2000. The poor results of anti-EU political parties partially stem from their fragmentation - if they had formed a coalition in the previous elections, they would have passed the 5 percent threshold necessary to receive a place in parliament. The event which had the largest impact on the political landscape in Serbia as it is today in terms of the for-or-against EU debate was the break-up of the anti-EU Serbian Radical Party in 2008. This schism gave birth to a pro-EU Serbian Progressive Party, the main ruling party currently, which gained 49 percent of the votes in the last elections, while the Radical Party has been left below the census ever since.

Despite the fact that the majority of citizens and the entire political spectrum are in favour of Serbia's EU accession, euroscepticism does play an important role in the public discourse. The debate among scholars and influential public figures revolves around topics such as abandoning EU integration and turning to Eurasian integration and the Russian Federation, and considering alternatives to EU membership, such as adhering to the European Economic Space. Therefore, in the interest of democratic debate and richness in the public discourse, it would have probably been better if the eurosceptic parties had had their representatives in the National Assembly, as they gather in total some 15 percent of the electorate.

- ***Who will manage EU Enlargement?***

European Parliament election results did not raise significant media attention in Serbia. While most of the reports focused on the low turnout and major gains for eurosceptic parties, certain authors claimed that the election results should be observed in a positive manner, as a proof that moderate political parties will continue to play a major role in shaping EU policies in the next term. What the Serbian public is more concerned with is what comes after the European Parliament elections – the nomination of Commissioners by the member states and their approval by the European Parliament. The issue of the next Commissioner for EU Enlargement Policy; whether or not there will be a distinct enlargement portfolio; and which individual will be in charge of enlargement are some of the questions in the

limelight of the Serbian public. In addition, Serbia is watching with great interest the nomination of the heir to Catherine Ashton, given the role of the European External Action Service in mediation between Belgrade and Pristina.

The curiosity of this year's European Parliament elections is that a Serbian citizen, who is also a Hungarian citizen, became an MEP on behalf of the Fidesz party. In his personal view, the position will allow him to represent and promote the interests of both Hungary and Serbia within the European Parliament.

The EU's Neighbourhood

- ***A difficult choice between East and West***

Throughout history, Serbia has had very close political ties with Russia. In the modern era, Russia was strongly opposed to NATO intervention/aggression in Serbia in 1999 and is one of Serbia's most important global allies in terms of refusing to recognise Kosovo's unilateral proclamation of independence. As regards energy security, the Russian Gazprom holds 56.1 percent of shares of the Serbian national gas company, while the construction of the South Stream gas pipeline through Serbia was launched in November 2013. When it comes to economic relations, Russia's share in Serbia's export is 7.6 percent while Russia represents Serbia's second largest import partner, accounting for 10.2 percent of total imports (according to 2013 statistics). The trade between Serbia and the Russian Federation is customs-free on 99 percent of products, which makes Serbia an attractive investment destination for European companies aspiring to export to Russia.

When looking into the future, such a situation leaves many questions beyond any obvious answers. To what extent is Serbia's EU accession process compatible with its current relations with Russia? Will Serbia need to make a clear choice between the EU and Russia, or on the contrary, could it capitalise on its geostrategic position and facilitate the troublesome relations between the EU and Russia? So far, EU officials have shown understanding with regard to Serbia's complex position on its relations with Russia. However, if becoming an EU member state required a certain alienation from Russia, it would be an enormous test for Serbia's statehood and ability to make clear-cut decisions. Certain national and external stakeholders believe that the current situation is unsustainable, and that Serbia needs to make an unambiguous choice as soon as possible.

- ***Neutrality on Ukraine and the 'membership carrot'***

The events in Ukraine are closely monitored in Serbia, as they produce mixed repercussions for Serbia's position vis-à-vis both the EU and Russia. On the one side, Serbia fully respects Ukraine's territorial integrity, which was expected, given its stance on Kosovo's unilateral proclamation of independence. However, at the same time Serbia did not follow the EU official line on Russia, i.e. it did not introduce any sanctions against Russian officials. Being a candidate country for EU membership, Serbia generally aligns its positions on foreign policy issues with those of the EU. However, while many believe that Serbia should remain neutral in the current situation, there have been voices that the accession negotiations process will require from Serbia that it entirely harmonises its position with the EU. Namely,

there have been rumours that the negotiating chapter which addresses EU's foreign, security and defence policy (Chapter 31) will be opened earlier than anticipated, for the sake of putting pressure on Serbia to fully follow the EU path.

The perceived failure of the EU's engagement in the Ukrainian crisis has to a certain extent brought a new dimension to the future of EU enlargement policy. It is argued that the evolving outcome of the Ukrainian civil war will have negative consequences on the EU's Neighbourhood Policy in general, especially with regard to the Eastern Partnership countries. The EU, thus, desperately needs a success story, which is far more likely to materialise in the countries under its enlargement agenda. The most important achievement of European External Action Service so far has undeniably been the Belgrade-Pristina dialogue, which again is another proof that the "membership carrot" is one of the EU's most successful foreign policy tools. That being said, one could anticipate that the EU would slowly abandon its political ambitions towards the Eastern Partnership countries and focus more on integrating the Western Balkans.

- ***The Balkans and the 'Turkish scenario"***

The political debate in Serbia is not primarily focused on Turkey's EU membership perspective, but rather on its growing political, economic and cultural presence in the Western Balkans countries. Certain experts in Serbia argue that Turkey lost its faith in becoming an EU member and is compensating by investing in its transformation into a regional power. The Balkan region holds a special place in Turkey's foreign policy, as only former Ottoman province on the European soil and symbol of Turkey's "Europeanness". According to certain scholars, Turkey's growing presence in the region can be understood as its desire to demonstrate itself as a champion of the same values promoted by the EU – reconciliation, while for example mediating between Bosnia and Serbia in 2010; multiculturalism, when reinventing its Ottoman legacy; and fostering economic cooperation and cultural exchanges across the Western Balkans. Behind these initiatives supposedly lies the "secret agenda" of reviving the former Ottoman Empire, in which the Muslim-dominated Balkan countries would be privileged. When talking about possible future scenarios for the EU membership of the candidate countries, some authors do not exclude the "Turkish scenario", in which the entire Western Balkan region will remain outside the EU and will thus be naturally forced to create stronger ties with Turkey.

Power relations in the EU

- ***German power and influence on EU enlargement***

In Serbia, Germany is perceived as by far the most powerful and influential EU member state. Thanks to its economic power, Germany is seen as a leader in shaping future developments in the EU's institutional structure and monetary policy. At the same time, Germany is admired for its laborious population, impressive economic indicators and political stability. When it comes to questions of regional reconciliation and transitional justice in the countries of former Yugoslavia, the manner in which Germany faced its past is often taken as an example to be followed by Serbia. The common history

manuals jointly written by German and French historians have been taken as models for Balkan historians in their attempt to demonstrate different interpretations of the same events from the shared past.

Given its dominant role within the EU, Germany is equally perceived as the most influential country on issues related to EU enlargement. In Serbia's EU association and accession process so far, Germany's role as agenda-setter was crucial for Serbia's progress on its path towards EU membership. Germany is seen as the hardliner on Serbia's membership aspirations, in the sense that it sets the most demanding conditions for Serbia to fulfil, especially with regard to the normalisation of relations with Kosovo. At times when Serbia was expecting to become a candidate country, the majority of the Serbian public argued that Germany's hard position on Serbia may be counter-productive. Namely, the insistence on resolving complex issues prior to starting accession negotiations was not necessary, when they are more likely to be resolved during the accession process itself. In that sense, the Serbian public is very attentive to Germany's comments and requests concerning the accession process, while the political elites are aware of the importance of investing in fostering more profound and intensive relations with this country.

- ***Austerity measures to prevent the "Greek scenario"***

Serbia has had multiple and long-standing challenges when it comes to its fiscal and monetary policy, which were further amplified by the EU's economic and financial crises. However, the linkage between the enduring legacy of economic problems in Serbia and the "austerity versus growth" debate in the EU circles would be unfounded in Serbia's case. There are no clear indicators that Serbia's economy would be seriously affected by any of the directions the EU could pursue in the future.

In Serbia's case, having an external debt of over 70 percent of its GDP, and having had a budgetary deficit of over 5 percent in the past five years, austerity measures are of utmost importance. In his exposé, the Prime Minister pointed out that measures to improve the economic governance of the country will constitute the main focus of the envisaged reforms. Furthermore, according to his words, in order to prevent the "Greek scenario" in the next two years, budget consolidation, through reducing expenses and increasing revenues will be necessary.

The measures are expected to be implemented with major opposition by the citizens, given high rates of unemployment (around 20 percent) and the growing proportion of socially vulnerable in the population.

- ***Limited salience of a possible 'Brexit'***

The Serbian public has so far barely taken notice of the announced UK EU-exit referendum scheduled for 2017, provided that the Conservatives win the next election. Only certain eurosceptic circles commented on how such a development is further proof that the European project is falling apart and questioned why – in light of this fact – the Serbian political elites are still attracted by the idea of joining the EU.

The UK has always been perceived as a promoter of the expanded EU, for the sake of thwarting attempts of forging an "ever closer Union", and thus, as a friend of

enlargement to the Balkans. However, as the enlargement to Romania and Bulgaria politicised the topic of migration of its nationals to the UK, it seems that the UK is nowadays changing its course on enlargement and is starting to follow the hardliners, championed by Germany. The UK public is no longer in favour of enlargement, fearing that it would bring more migrants. In that sense, it seems that Serbia's membership aspirations would not be significantly affected if the UK leaves the EU in 2017. The UK has so far been particularly insistent on Negotiating Chapter 35, which, among other things, concerns the relations with Kosovo. One could wonder – if the UK leaves the EU – what its leverage in influencing and incentivising Serbia in its own favour would be.