

EU Enlargement: The Case of Iceland and the Implications for the Western Balkans

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ABSTRACT

The European Union (EU) has been attractive for the European states for the past few decades, which led to considerable enlargement of the organization. Ten years from the 2004 enlargement – the biggest so far, the prospects for further integration seem unclear. Not all states are eager to join, considering that Iceland put a hold on its accession negotiations with the EU in 2013. Although Iceland is known for its traditional Euroscepticism, this development was rather an unwelcome surprise, as Iceland would mark the EU's final northern frontier. In the meanwhile, Croatia became the 28th member state in the same year as Iceland put a hold on its negotiations. There is a common denominator that unites Iceland and Croatia, as well as the existing candidate and potential candidate states from the Western Balkans: they fall into the category of small states. In some views, the EU is the ideal platform for small states to maximize their influence. This paper will be focused on Icelandic withdrawal and its potential implications for the prospects of future enlargement regarding the existing candidate states from the Western Balkans. The author will analyse what lies in the background of the strong Icelandic Euroscepticism that contributed to hold of negotiations and what this means for EU's further enlargement. The author will try to demonstrate that a membership in the EU should remain a priority for small states, especially candidates from the Western Balkans.

KEYWORDS: European Union, EU enlargement, Iceland, Western Balkans, European integration.

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POVZETEK

Evropska unija (EU) je bila v zadnjih nekaj letih zelo zaželeno med evropskimi državami, posledično pa se je razširila iz ustanovnih šest na današnjih 28 članic. Deset let je minilo od največje dosedanje širitve leta 2004, vendar danes obeti za nadaljnjo integracijo niso tako pozitivni. Islandija je v letu 2013 prekinila pogovore o vstopu v EU. Čeprav slovi po tradicionalnem evroskepticizmu, je bila prekinitev pogajanj neljubo presenečenje. V času, ko se je Islandija pričela odmikati od EU, pa je Hrvaška postala 28. članica unije. Skupni imenovalec obeh držav je kategorija malih držav – ta ju povezuje tudi s kandidatkami in potencialnimi kandidatkami za članstvo iz območja Zahodnega Balkana. Po nekaterih teorijah je EU idealna platforma za male države, saj lahko preko nje povečajo svoj vpliv. Prispevek se bo osredotočil na islandsko prekinitev pogajanj in potencialne implikacije za obete prihodnje širitve in članstvo kandidat z Zahodnega Balkana. Avtorica bo analizirala, kakšni so vzroki islandskega evroskepticizma, ki je prispeval k prekinitvi pogajanj in kaj to pomeni za prihodnost širitve EU. Avtorica bo skušala pokazati, da bi moralo članstvo v EU ostati prioriteta za male države, še posebej za kandidatke iz Zahodnega Balkana.

KLJUČNE BESEDE: Evropska unija, širitev EU, Islandija, zahodni Balkan, evropska integracija.

INTRODUCTION

Since its inception with 6 original members, European Union (EU) has been considerably enlarged. 22 countries have joined the European Union, making a total of 28 members as of 2014. The 2013 enlargement with Croatia joining the European ensemble was especially historic as it was the second ex-Yugoslav country to join and the first that had been terribly affected by the wars in the Balkan region in the 1990s (Grabbe 2014, p. 41). However, its accession treaty may prove to be the last to be signed this decade and the last to be passed without a referendum in one or more of the existing Member States (*ibid*). Further enlargements are planned to take place though, with Albania, The Former Yugoslav Republic of Macedonia, Iceland, Montenegro, Serbia and Turkey either in process of negotiating or waiting to start, and Bosnia and Herzegovina and Kosovo with the prospect of joining when they are ready (European Commission 2014a). Iceland, however, is a special case among these countries – not only because it is best qualified according to the existing criteria

(Avery et al. 2011, p. 114), but also because it is known for the traditional skepticism of its political elites towards the EU (Thorhallsson and Rebhan 2011, p. 53). This is also the reason why it stirred quite a surprise when it applied for the EU membership in July 2009. If it had joined, Iceland would become EU's smallest member state (Avery et al. 2011, p. 93), as well as the final frontier of the European expansion northwards (Jones and Clark 2012, p. 77). In 2013 however, the new Icelandic government decided to put the accession negotiations on hold (European Commission 2014b).

The paper will focus Icelandic withdrawal and its implications for the prospects of future enlargement regarding the existing candidate states from the Western Balkans. There is a common denominator that unites Iceland and the candidates (and potential candidate states) from the Western Balkans: they fall into the category of small states. In some views, the EU is the ideal platform for small states to maximize their influence. The Icelandic withdrawal is therefore surprising, but it also brings us to question, whether Euroscepticism is becoming a trend among existing candidates and potential member states. The author will analyse what lies in the background of the strong Icelandic Euroscepticism that contributed to hold of negotiations and what this means for EU's further enlargement. The author will try to demonstrate that a membership in the EU should remain a priority for small states, especially candidates from the Western Balkans.

Methodology of the paper is based on the analysis and interpretation of primary sources, namely official EU documents, as well as on the analysis and interpretation of secondary sources, namely academic literature. The method of case study is used as well. In the first part a brief overview of the EU's enlargement policies and plans will be made. The second part will focus on the case study of Iceland, whereas the third part will be focused on Western Balkans states and their opportunities and challenges regarding the EU integration. The analysis of Iceland and Western Balkans states will be centered on the category they both fall in: small states and their role in the EU. Benefits and possible disadvantages of membership in the EU for small states will be identified, especially the Western Balkan states that are currently in the process of negotiating their accession.

ENLARGEMENT OF THE EUROPEAN UNION

Throughout the years, the EU has become an attractive organization for states, and vice versa, the EU has been interested to integrate new member states. The EU has been attractive for its combination of stability, prosperity, security and personal freedoms, as well as open markets and societies (Grabbe 2014, p. 40). The EU integration process consists of three stages – firstly, a country is offered a prospect of membership and acquires the status of a potential candidate country; secondly, the country becomes an official candidate for membership; thirdly, the candidate becomes an acceding country by moving on to formal membership negotiations (Penev 2012, p. 60). The conditions for accession of a new member state are two-fold – the EU needs to be able to integrate new members, and new members need to fulfill the key criteria², the so-called “Copenhagen criteria” (European Commission 2014c).

A study of costs prior to the 2004 enlargement has shown that the EU membership should prove to be very beneficial to central and eastern European countries, especially from the perspective of the long-run economic benefits (Baldwin et al. 1997, p. 167–8). But the European integration is more than just an economic project – it involves sharing of sovereignty to safeguard democratic stability and security in the region (Kristinsson and Thorhallsson 2004, p. 150). This is also one of the reasons why there has been a practice of differentiated integration and external flexibility present in the enlargement process (Karakas 2013, p. 1064). Some EU member states do not want to take part in some of the policies or processes – they decline introducing euro as a common currency or do not cooperate fully in the Common Security and Defense Policy (CSDP). But it also goes the other way around – some non-EU-members take part in some of these processes, like Iceland, Norway and Switzerland (*ibid*).

But since the enlargements in 2004 and 2007, the expansion has been marked by the so-called “enlargement fatigue” revealed by the opinion polls. It is generally linked to public fearing the prospects of immigration, cultural and social disruption, job competition, as well as

² Countries wishing to join need to have: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; a functioning market economy and the capacity to cope with competition and market forces in the EU and the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union (European Commission 2014c).

reluctance to take on financial and strategic burdens (Avery et al. 2011, p. 115). Even prior to the 2004 enlargement, there was a fear that the EU's expansion to 25 members would "turn the Union into a bureaucratic dinosaur and further undermine its democratic legitimacy" (Browning and Joenniemi 2008, p. 33). Later on, the crisis has not affected the Union only in the economic sense, but also in the political. Combined with enlargement, it is pushing the EU to develop new mechanisms in the areas of rule of law and democratic practice (Grabbe 2014, p. 47).

CASE STUDY: ICELAND

Prior to 2009, when Iceland applied for membership, the country already enjoyed a high degree of integration with the EU through membership in the European Economic Area (EEA)³, Schengen Area, European Free Trade Association (EFTA)⁴ and North Atlantic Treaty Organization (NATO) (European Commission 2014b).⁵ In this sense, Iceland is an important partner for the EU – not only because of the already existing integration, but also due to common interests in the fields of renewable energy and climate change and in view of the strategic importance of the EU's Arctic policy (European Commission 2013).

Iceland already fulfills the main criteria for becoming an EU member (Avery et al. 2011, p. 93). As a well-established and functioning democracy, it fully meets the political criteria for the EU membership. Similar goes for the economic criteria, as Iceland can be considered a functioning market economy (European Commission 2013). But it has been a fortress of Euroscepticism for the last couple of decades and has not considered joining the EU before 2009. There are several reasons for this. Firstly, the skepticism is especially strong among the political elites. The "Euroscepticism of the Icelandic political elite distinguishes the country clearly from the other European

³ Within the EEA there is free movement of goods, services, capital and persons. It was designed with the intention to bridge the gap between the EU and EFTA. The EEA does not fully cover EU's Common Agricultural Policy (CAP) or the Common Fisheries Policy (CFP), but contains special provisions on various aspects of trade in agricultural and fish products (Bjarnason 2010, 37).

⁴ EFTA is a free trade association, in which the members have eliminated barriers among themselves for industrial products, but unlike a customs union, they do not have a common external tariff (Bjarnason 2010, 30).

⁵ Iceland has already reached a high level of alignment in a significant number of policy areas covered by the *acquis*, mainly due to its membership of the European Economic Area (European Commission 2013).

states and the elite has been more skeptical regarding the EU membership than the country's electorate," (Kristinsson and Thorhallsson 2004, p. 145). Voters have been in fact more positive towards the question of the EU membership than has the political elite (*ibid*). Iceland was governed by the Independence Party from 1991 until 2009, which has sidelined discussions of a possible application for the EU membership as to not cause a split in the party (Thorhallsson and Rebhan 2011, p. 64). Secondly, sovereignty and independence are highly appreciated among Icelanders, which does not go well with their view of European integration. After peacefully struggling for independence until 1944 (Thorhallsson 2013, p. 5), "a myth has developed in Iceland about Icelanders' unilateral successes in the Independence Struggle and the Cod Wars, that has strengthened Icelandic pride and national identity" (Avery et al. 2011, p. 94). It is also interesting that Iceland's independent character actually emerged from its past relations to Europe – national sovereignty has been won from Europe less than a century ago (Jones and Clark 2012, p. 78). Thirdly, Iceland as a quite isolated small state might feel powerless when involved with the politics of the greater powers (Kristinsson and Thorhallsson 2004, p. 151). Fourthly, one of the reasons for Euroscepticism is one of the features of the Icelandic proportional representation electoral system: the over-representation of the regional constituencies in the parliament and consequently, a strong voice for the fishing and agriculture sectors (Thorhallsson 2013, p. 7). Fishing and agriculture have traditionally enjoyed a privileged status in the Icelandic administration and parliament, which they could not be certain of keeping under the conditions of the EU membership (Kristinsson and Thorhallsson 2004, p. 155). Iceland is also economically strongly dependent on fisheries and Icelanders fear that if Iceland became an EU member, it would have to accept the EU Common Fisheries Policy (CFP), which means that national control over allocated total fish catch quotas would be lost to the EU Council of Fisheries Ministers (Bjarnason 2010, p. 43).

The EEA and EFTA membership was therefore long considered as sufficient in Iceland. It was perceived as beneficial to the economy, even more so than membership in the EU (Thorhallsson 2011, p. 9). The membership in the EEA serves the Icelandic interests as it gives the country access to the EU market for its fish with limited tariffs, but without having to give up on decision-making regarding fishing and farming sector (Thorhallsson 2004, p. 64). It was not until the

economic crash in 2009 that Iceland started to contemplate possible accession – and it was not until the crash that the proponents of accession in Iceland got the opportunity to raise their voice. The Social Democratic Party (SDA) was the first Icelandic political party that advocated an EU application as early as in 1994 and in the general elections of 2009, the SDA became the largest political party for the first time (Thorhallsson and Rebhan 2011, p. 61–2). It also has to be noted that for a long time, Iceland was mainly protected by its largest neighbor, the United States of America (USA) (Thorhallsson 2011, p. 9). The US provided economic assistance to Iceland, the highest per capita that the USA provided in Europe. When in 2008, the USA decided to close its military base⁶ in Iceland and not to help Iceland out of the crisis, it became clear that Iceland has to seek shelter elsewhere – it was forced to turn to Europe (Thorhallsson 2013, p. 12). “The Icelandic parliament voted in July 2009 to apply for the EU membership, with 33 votes for, 28 votes against, and two abstentions” (Bjarnason 2010, p. 53).

Iceland’s accession negotiations were progressing very well, especially when compared to other applicant states (Institute of International Affairs 2013, p. 2). In its 2013 report, the European Commission concluded that Iceland continues to fully meet the political criteria for the EU membership and can be considered a functioning market economy (European Commission 2013). At the time when the Icelandic government decided to put the negotiations on hold, 27 of the negotiating chapters had been opened, of which 11 provisionally closed (European Commission 2014b).

There were several reasons why Iceland backed from the negotiations in 2013. First of all, although the financial crisis triggered a short period of enthusiasm, mainly for reasons of seeking financial shelter, the pragmatic issues of fisheries and agricultural policies still dominated the political attitudes towards the EU (Jones and Clark 2012, p. 79). Furthermore, and even more importantly, negative feelings in connection with two issues arose in the public sphere and dominated the debate. The first issue was the infamous Ice-save dispute.⁷ The

⁶ The USA, which had assured Iceland’s defence for decades announced in 2006 that it would be closing its bases on the island, which came as a surprise. The USA are still pledged to provide defence to Iceland though, but claim they do not need a military base in Keflavik for that purpose (Rennie 2006).

⁷ Icesave was an internet-based service, launched by the Icelandic Landsbanki, that aimed to win retail deposits by offering more attractive interest rates and it had indeed attracted many depositors

question of the EU membership was sidelined by the dispute, which dominated the Icelandic politics for a year. There has been an increase in nationalist feelings, which caused the EU debate in Iceland to focus on the question of whether or not the country should withdraw its application. Public opinion polls have shown that the public opinion on Iceland's EU membership has been negatively affected by the dispute (Thorhallsson and Rebhan 2011, p. 58–9). Last but not least, in the public debate, the EU and its member states have been blamed for the International Monetary Fund (IMF) blockage of the assistance. Britain and the Netherlands blocked Iceland's IMF assistance on numerous occasions, which caused Icelanders to believe that EU is in fact to blame, although the EU has stated many times that the Icesave dispute is a bilateral matter for the states concerned (Thorhallsson 2013, p. 14).

The decision by the Icelandic authorities in 2013 to put the accession negotiations on hold until after parliamentary elections caused uncertainty within the EU (Institute of International Affairs 2013, p. 3). It remains unclear whether Iceland will continue the negotiations or not. The new government opposes both the accession process and the membership of the EU – they prefer partial engagement in European integration through Iceland's existing membership of the EEA and Schengen (Thorhallsson 2014, p. 2). It is also interesting that while most public opinion polls indicate a clear majority of Icelanders is against the EU membership, they also show that a majority is in favour of continuation of the accession process and holding a referendum on an accession treaty (*ibid*). This is not surprising, as Icelanders are interested what might be negotiated with the EU and how the resulting accession treaty might protect their interests.

However, Iceland could benefit greatly from a full integration with the EU. First of all, because of the political alliance, as well as an economic shelter. Thorhallsson (2012, p. 6) believes that if Iceland were a member of the EU in time of the crisis, it would not have experienced the currency crisis that has substantially increased inflation, mortgages and other loans in foreign currency, as well as in Icelandic

from Britain and the Netherlands. Once the banks crashed, the Dutch and British governments demanded from the Icelandic government to repay the debt. An agreement was negotiated and adopted in the parliament, but the President Grimsson decided not to sign it into law, out of respect for the national sentiment against it. The agreement was put to a referendum in 2010 and 93 % of the voters voted against it (Wade and Sigurgeirsdottir 2010, 19–23).

Krona (ISK). He also believes Iceland would have been assigned rescue packages and would have been sheltered by EU's institutional framework. For example, membership in the EU did not prevent the economic crisis from hitting the Baltic states, however, they were better equipped to respond due to the EU's political and economic shelter (Thorhallsson 2011, p. 9). Secondly, the fear of losing its sovereignty over fisheries might be unjustified. Iceland would be the first member state which has fisheries at its core-interest so, naturally, it would be in a position to have a formative influence in the development of this policy within the EU (Institute of International Affairs 2013, p. 8). Thirdly, another argument in favour of Iceland's membership is connected with the possible opening of the ice-free Arctic. "EU might help Iceland to secure a fair share of profits in the Arctic and to shelter from the worst risks, such as military clashes among the large powers," (Avery et al. 2011, p. 117). Iceland could have a stronger voice regarding its key interests when joining an alliance, such as the EU.

There are of course some alternatives to full membership. The leeway for accession alternatives ranges between membership without full integration and a customs union (Karakas 2013, p. 1067). For example, prominent accession alternatives for Turkey, one of the candidate states, are the privileged partnership, the extended associated membership (EAM) and the EEA Plus (*ibid*). However, the most viable option for Iceland would be to remain integrated within the EEA, but this does have its flaws and remaining challenges – such as the democratic deficit, as well as a transposition deficit, which has arisen due to delays in transposition of EEA acts into the Icelandic law. The only way to fix the democratic deficit would be to change the EEA agreement itself, which is not likely in the foreseeable future (Institute of International Affairs 2013, p. 10). Fredriksen (2012, p. 868–9) also warns that the continuing success of the EEA is threatened by a widening gap between EU primary law and the still unchanged main part of the EEA agreement.

THE WESTERN BALKANS AND THE EU: OPPORTUNITIES AND CHALLENGES

The Western Balkan states refer to Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Serbia and Montenegro. Croatia joined the EU in 2013, whereas other six states share a perspective of European integration and are often jointly referred to as the countries of Western Balkans when speaking of the EU enlargement. In 2003, the

European Council expressed its determination to fully support the Western Balkans on their path towards European integration in a Thessaloniki Declaration (European External Action Service 2014). The EU's policy in relation to these countries is established through the Stabilisation and Association Process (SAP), "which has gradually incorporated the enlargement process instruments to bring the countries of the region closer to the EU" (European Commission 2008). As a result of SAP, the Western Balkan countries already enjoy free access to the EU single market and the EU financial support for their reform efforts (Penev 2012, p. 61). Under the Instrument for Pre-Accession, 10 billion euros have been allocated as financial support for Western Balkan candidate and potential candidate countries in the period of 2007–13 (Cohen and Lampe 2011, p. 451). However, the individual prospects for joining the EU among individual countries differ. Four of the Western Balkan states already have the status of candidate countries – Albania, The Former Yugoslav Republic of Macedonia, Montenegro and Serbia, of which only Montenegro already started the negotiations. Bosnia and Herzegovina and Kosovo, on the other hand, are still potential candidates – they were promised the prospect of joining when they are ready (European Commission 2014a). All six of them have country-specific issues to resolve, but a number of important issues also cross-cut the Balkan region – chief among these is the promotion of the rule of law, with the issue of independent judiciary, corruption and organised crime, respect of human and fundamental rights, development of civil society, and efficient public administrations also on the list (Stratulat 2013, p. 3–4). On top of that, some of the countries have unresolved issues in relations to each other – for example, Bosnia, Kosovo and Serbia may be a case for the so-called "parallel track" accession to the EU because of the unfinished statehood issues. The leverage during the accession process is the strongest and gives an opportunity for these issues to be settled simultaneously (Rupnik 2009, p. 2).

In its annual report in 2014, the European Commission (2014d) stated that it is not recommending any fresh steps on Western Balkan enlargement in the next 12 months, but wants to open two new chapters in its negotiations with Turkey – which might be indicating that the EU is entering a somewhat slow period regarding enlargement in the Western Balkans (Rettman 2014). The integration of the Western Balkans has come at a bad time since EU member states are all engaged in the fight to counter the economic crisis (Pério 2011, p. 1–3). But as

Bechev (2012, p. 13) notes, the EU should offer the Western Balkans improved support for overcoming economic and institutional problems in return for stricter adherence to democratic norms and practices. Rupnik (2009, p. 4) warns, that the Western Balkans requires the EU to rethink its enlargement concept, as it cannot be a replica of the pattern successfully implemented in Central Europe - the EU needs to express a tangible and assertive commitment to the Balkans.

The EU should remain a priority for the countries from the Western Balkans, and vice versa – the accession of Western Balkans candidates and potential candidates should remain high on the EU agenda. Firstly, although the economic situation in each individual Western Balkan country is different, it could be argued that joining the EU might bring economic benefits to all of them. Vachudova (2014, p. 127) argues that since the 2004 accession, especially before the financial and economic crisis accelerated, the new member states strengthened their economies due to enlargement: they have gained great economic benefits, including improved living standards for their citizens, accelerated economic growth and substantial financial transfer. Secondly, the political aspect of the integration is very important in the region. As already mentioned the accession process is based on the observance of the Copenhagen criteria and the SAP, including regional cooperation, good neighbourly relations and, in the case of the Western Balkan states, full cooperation with the International Criminal Tribunal for the former Yugoslavia (European Union 2008). This is especially important for the respective region, as the EU processes contribute to post-conflict reconciliation and peace. The prospect of accession acts as a powerful incentive to reform (Penev 2012, p. 61) and conditionality as an instrument is especially effective: in the Western Balkans, the EU conditionality is an instrument geared towards reconciliation, reconstruction and reform (Zuokui 2010, p. 82). “The EU integration process is a tool for strengthening and accelerating the transition process, as these processes are mutually reinforcing” (Penev 2012, p. 59). Cohen and Lampe (2011, p. 452) affirm that the EU’s conditionality-based assistance has played a very important part in the region’s partial progress during the decade after 2000. The European model represents desirable modernising changes for the region and the governments of the candidate states are in principle ready to accept the EU conditions, objectives and criteria (Vesnic-Alujevic 2012, p. 23).

The EU can benefit from the Western Balkan enlargement as well. Although the economic benefits for the existing member states are not very significant (Türkes and Göçköz 2006, p. 189), the geopolitical aspect is very important when it comes to the Western Balkans. Enlargement fosters stable democratic regimes in EU's backyard and the cost of enlargement is in EU's perception much lower, considering the price the organization could pay in case any new conflicts and instabilities arose in the region (Vachudova 2014, p. 126). "Over the past decades, the prospect of the European integration helped the EU to anchor peace and security, above all in the conflict-torn region of the former Yugoslavia, and to support far-reaching democratic and economic reforms both in Central Eastern Europe and the Balkans" (Stratulat 2013, p. 1). As De Borja Lasheras (2014) argues, Europe cannot afford to neglect the one region in which it has assumed full leadership as a foreign and security policy actor: negative developments in the Balkans, especially in Bosnia and Macedonia "could reverse gains in the region, increase instability in other countries on the EU's immediate borders, and further weaken Europe's credibility and cohesion" (*ibid*).

Polls show that the popularity of the EU in the Western Balkans is declining but still respectable (Bechev 2012, p. 3). "These poll results show Euro-realism rather than Europhilia: Balkan citizens are not in love with the EU; rather, they see it as something inevitable" (*ibid*). Although overall EU accession is viewed positively, the public support is different for each of the Balkan states. In Montenegro, the support for the EU has continued to increase, whereas in Macedonia and Serbia there has been a slight decrease⁸ (Manchin 2011, p. 165). As Papović and Pejović (2012, p. 2) note, the existing Euroscepticism in the Western Balkans is different than within the EU. While within the EU member states it refers mostly on the institutional and bureaucratic system, the public in the Balkan states also challenges the

⁸ »For example, while support for the EU has continued to increase in Montenegro (from 67 percent in 2009 to 73 percent in 2010), the downward trend in the other two countries that now enjoy visa-free travel has continued: the share of people who take the view that EU accession would be a good thing for their country has fallen from 62 percent to 60 percent in the Former Yugoslav Republic of Macedonia (FYROM) and from 50 percent to 44 percent in Serbia since 2010. A similar picture emerges for Croatia: support for the EU decreased further in 2010 with roughly a third (32 percent) of respondents expressing the opinion that EU accession would be a bad thing, compared to only 28 percent in 2009. Furthermore, the Gallup Balkan Monitor – for the third time in a row – reported that a relative majority of Croatians remain indifferent to EU integration, with 38 percent seeing it as neither a good nor a bad thing« (Manchin 2011, p. 165).

European cultural sphere. The Euroscepticism is especially present in the youth discourse - in Serbia and Croatia for example, the Eurosceptic sentiment among youth evolved from a quest for alternatives. An interesting characteristic of the public support for the EU accession is public opinion in the applicant countries citizens in the Western Balkans become more sceptical the closer their country gets to EU accession (Rupnik 2011, p. 29).

ICELAND AND THE WESTERN BALKANS: SMALL STATES IN THE EU

The Icelandic withdrawal brings the question of possible implications or rising trends among the candidates and potential candidates. The member states from the 2004 enlargement joined rather enthusiastically, as Europe was their preferred destination in terms of identity, prosperity, stability and security (Grabbe 2014, p. 44). Does Icelandic withdrawal mean that EU is not a wanted destination among potential candidates anymore? The Euroscepticism has been noted among the Western Balkan countries as well, but the analysis of secondary sources has shown that although support for the EU accession differs from country to country, the general Western Balkan public inclination sees the EU as something unavoidable. The support for the accession is still respectable in the candidate and potential candidate countries. The analysis has also shown that Iceland and the Western Balkans states do not have much in common regarding their European perspective: on the one hand, Iceland already fulfills most of the criteria for the accession and has put a hold on the negotiations because of various country-specific Eurosceptical beliefs, whereas the Western Balkans states' prospect remains unclear – while they do have a desire to join the EU, there is a long path of reforms and negotiations ahead of them and the EU seems currently preoccupied with other issues on its agenda.

But there is one common denominator uniting Iceland and the Western Balkans candidate and potential candidate countries: they fall into the category of small states. Small states have been perceived as the ones with less capabilities in the material and hard power sense, and consequently, with less influence. They are more vulnerable to international economic fluctuations and structural changes in world economy, however, international organisations can provide them with economic shelter, as well as with a political one (Thorhallsson 2011, p. 2–3). This of course does not mean that small states cannot

actively influence the policies and decision-making within the organization. The socialization of states within the international community or society enables small states bigger leverage, because the established norms within this community influence state interests and identity and consequently, move the sphere of influence away from strictly material capabilities (Ingebritsen 2002, p. 12). Thus, although materially limited, small states can achieve a lot with the right strategy. As Jazbec (2001) notes, the diplomacies of small states need to be effective, especially in the area of implementation of foreign policy goals: for this end, the interests and actions of groups involved need to be cooperative – mobilization of the whole diplomacy of a state is needed in order for the foreign policy goals to be achieved. With the right diplomacy, small states can increase their influence in the international community, and can further their agenda, especially through international organizations. The EU is in this sense especially attractive for small states.

Not only have small states played an important part in creation of the EU, they have influenced it through its institutions (Archer and Nugent 2002, p. 6). The nature of the EU policy-making and legislative process adds new possibilities, especially through the European Commission and – with the new Lisbon Treaty, also through the European Parliament (Bailes and Thorhallsson 2012, p. 108). The EU provides an important platform where small states can promote and further their agenda. Membership in the EU provides small states with access to European decision-makers (Pace 2000, p. 112)⁹ and enables them to achieve goals they might not have been able to otherwise due to their limited capabilities. Such an example is foreign policy. As Nasra (2011, p. 177) shows, Belgium, despite being a small state, influenced the development of EU policies towards the Democratic Republic of Congo (DRC): “it has made a continuous effort to put the DRC on the EU’s agenda, it has done substantial networking behind the scenes to forge agreements, it has shared its unmatched expertise and knowledge, and it has created a political dynamic reinvigorating policy debates.” Similarly, Sweden and Finland, also known as “norm entrepreneurs,” have left their mark on various fields of EU policies (Avery et. al. 2011, p. 112). The potential for leverage of small

⁹ Pace, Roderick. 2000. Small states and the internal balance of the European Union: the perspective of small states. In J. Gower and J. Redmond (eds.) *Enlarging the European Union: The Way Forward*. Aldershot: Ashgate. IN (Archer and Nugent 2002, 8).

states lies in applying a smart strategy, which enables them to launch policy initiatives, build coalitions and act as mediators. Being a norm entrepreneur is one of the three options within smart strategy that small states can use to further their own agenda, the other two being a lobbyist or self-interested mediator (Grøn and Wivel 2011, p. 530). Panke's (2011, p. 137) study on the role of small states in various EU negotiations confirms that "size is what states make of it and smaller states can compensate for size-related difficulties through institutionalized learning and through the possession of expertise."

The analysis shows not only that the economic and political gains of the enlargement could be very important for the Western Balkan states, but also the level of their leverage could rise significantly. The EU has proved to be a platform in which small states such as Iceland and the Western Balkan countries can promote their agenda. But keeping in mind the different economic, political and societal characteristics of each of the Western Balkan states, a calculation of specific economic costs and gains should be further studied for specific empirical evidence.

CONCLUSIONS

Enlargement is one of the pillars of the European integration, but ten years after the big 2004 enlargement, the future prospects are rather unclear. Seven more countries are on the list of potential member states, although with quite different prospects of joining in the near future. The focus of this paper has been on the small candidate and potential candidate states – Iceland and Western Balkan countries. Iceland already fulfills most of the criteria but has put a hold on the negotiations. This is a result of many country-specific factors, such as the Eurosceptical Icelandic political elite, strong representation of the fisheries and agricultural sector in the parliament, as well as a consequence of the Icesave dispute, which disrupted Iceland in the middle of negotiations and shed a bad light on some of the EU member states and in the view of Icelanders, on the EU as a whole. The Western Balkan states on the other hand have shown an interest in the accession, but still have a long path to fulfilling the criteria – the achieved progress depends on the individual country, with some, such as Montenegro being closer, while others do not even have the status of a candidate country – such as Bosnia and Kosovo.

As small states, both Iceland and Western Balkan candidates and potential candidates could acquire a political and economic shelter, as well as more leverage in the European region and wider international community. Although further studies and calculations should have been made to empirically prove this, the analysis of secondary sources indicates that the Western Balkan states might gain a lot by joining the EU in economic terms. And most importantly, the integration process has been an incentive for crucial reforms in the post-conflict period in the Western Balkan region. The fatigue that has been indicated on the EU's side is therefore unreasonable. This paper has shown that it should be in the best interest of the EU to continue with the integrating the Western Balkans and finish the enlargement, as reforms brought by the process can provide stability and prosperity for the wider region.

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