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Croatia on the Road to a United Europe

1. The Green Light!

On 3 October 2005 the accession negotiations between the European Union (EU) and Croatia were officially and ceremonially opened. The whole event took place in Luxembourg at the end of the bilateral intergovernmental conference between the EU and Croatia¹. Although the “green light” for the accession negotiations is perceived as a significant success of Croatian diplomacy, this aim was reached seven months later than planned. Hence, the whole process was postponed as a result of the UN’s determination that the Croatian government failed to cooperate fully with the International Criminal Tribunal for the former Yugoslavia (ICTY).

The main problem appeared due to the lack of effort that Croatian government indicated not capturing general Ante Gotovina, who is accused of murdering Serb civilians in Croatia’s Krajina region in 1995. Nevertheless, because a Croatian businessman, who had close links to Ante Gotovina, was arrested in Greece, the EU assumed that he will be caught sooner rather than later. Finally, ICTY’s prosecutor Carla del Ponte announced that Croatia was do-

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¹ <http://www.mei.hr/default.asp?jezik=2>, 20.10.2005

ing all it could to cooperate with the ICTY². Thus, major obstacles to start the accession negotiations between Croatia and EU were removed.

As a candidate state Croatia is proving that nothing is impossible! After a terrible experience of the war against Serbia in the mid 1990s, the country was rebuilt and it started to develop rapidly. Nowadays, especially on the economic front, Croatia is a very strong candidate and its economy is already well integrated with that of the EU. In 2004 its GDP *per capita* in dollars at purchasing power parity and stock of foreign direct investment (FDI) were higher than in Bulgaria and Romania that became EU members in 2007. Moreover, the country has a relatively well-educated labour force, rapidly improving road transport and telecoms infrastructure and well-developed banking sector³.

Croatia's Prime Minister Ivo Sander is very optimistic about the date of entry to the EU which in his opinion should be the middle of year 2009. Moreover, this date seems to be shrewdly chosen referring to the fact that it would overlap with the date of elections to the European Parliament. However, despite the fact that Croatia is perceived as a relatively well prepared candidate, it still has a lot of fields to upgrade and then to negotiate. The road to EU seems to be even tougher referring to the fact that Brussels is ready to systematically impose conditions on Croatia and Turkey for opening and clo-

² *Croatia Politics: Accession in 2009. Country Briefing from the Economist Intelligence Unit*, October 5th 2005; http://www.viewswire.com/index.asp?layout=VWArticleVW3&article_id=509472436 20.10.2005

³ *Croatia Politics: Accession in 2009. Country Briefing...*, op. cit.

sure of each individual chapter. This ought to be an important investment in the interest of candidate states which would prevent Ankara or Zagreb from making commitments that at the end they would not fulfil⁴. This makes the whole process of preparing the accession negotiations more interesting and complicated in a way of achieving the goal of mid-2009 entry.

The present paper aims to show the Croatian road to a united Europe, notably the relations between Croatia and the European Union since the end of the 1990s to the present time. First, the latest Croatian history and the most important political and economic changes that took place in Croatia will be presented. The following sections deal with the EU-Croatia relations and focus on the main steps which were taken before Croatia was awarded a status of a candidate for the membership in the EU. The paper ends with concluding remarks.

2. Historical background

In the 19th century and before the 1st World War, Croatia was part of Austro-Hungarian Empire. With the collapse of Austria-Hungary in 1918, the Kingdom of Serbs, Croats, and Slovenes (later renamed Yugoslavia) was formed. However, Serbs dominated the new state and promoted centralization, ignoring Croatian desires for a federal structure represented by Croatian Peasant Party. This agitation resulted in the assassination of its leader Stejpan Radic in 1928. His successor Vladimir Maček cooperated with fascist Italy to form a

⁴ M. Beundermann, *Brussels puts toughest-ever entry talks regime on Turks and Croats*, *Euobserver/Brussels*, 20.10.2005.

separate Croatian state. This led to Yugoslavia's permission for the formation of an autonomous Banovina in 1939. It comprised Croatia, Dalmatia, and parts of Bosnia and Herzegovina.

Nevertheless, many Croats, especially members of the Usta-chi fascist terrorist organization, insisted on complete independence. When the Germans invaded Yugoslavia in 1941, the Ustachi seized power and formed the so-called Poglavnik "Independent State of Croatia" under Ante Pavelic. Thus, Croatia was placed under Italian and later German military control. Meanwhile, large part of the population joined the anti-Fascist Yugoslav partisan forces under Josip Broz Tito. By 1943, the partisan resistance movement greatly expanded and with the help of the Soviet Red Army was able to expel all Nazi collaborators by 1945. Pavelic fled in the wake of Germany's defeat in 1945⁵.

In 1945, Croatia became part of the Federal People's Republic of Yugoslavia as one of six federal states. Under the new communist system, private property was nationalized and the economy was based on a centrally planned economy. The constitution of 1946 foresaw a considerable level of autonomy for federal states. Albeit, Yugoslavia in practice was an autocratic state run by Tito's Communist Party of Yugoslavia.

Forced collectivization of farmland in 1949 was widely resented and in a number of instances openly resisted. Thus, with Tito's Yugoslavia openly breaking with Stalin the policy of agricultural collectivization was discontinued in 1951. Moreover, Yugosla-

⁵ Encyklopedia: Research Papers
(http://www.encyklopedia.com/html/section/croatia_history.asp), 8.03.2006.

via accepted Marshall Plan Aid and also liberalized its economic policy, permitting nationalized economic enterprises to manage their own affairs⁶.

The constitution of 1963 balanced the power in the country between the Croats and the Serbs, and alleviated the fact that the Croats were again in a minority. A reform passed in 1965 aimed at promoting economic development by the means of decentralization. The Croatian economy, in contrast to that of socialist Eastern Central Europe, accustomed to competing on the market of capitalist Western Europe. Trends after 1965, however, led to the Croatian Spring of 1970–71, when students in Zagreb organized demonstrations for greater civil liberties and greater Croatian autonomy. The regime stifled the republic protest and incarcerated the leaders, but this led to the ratification of a new constitution in 1974, giving more rights to individual republics.

After the death of Tito in 1980, political, ethnic and economic difficulties started to mount and the federal government began to crumble. The emergence of Slobodan Milosevic in Serbia and his radical moves to improve the situation of Serbs in Yugoslavia provoked a very negative reaction in Croatia, followed by a rise in nationalism. For example, in 1988 he succeeded in a coup, cancelling the political autonomy of the Kosovo region (90 % of the population Albanian), thus strengthening the Serbian position within Yugoslavia⁷.

⁶ Zentrale für Unterrichtsmedien (<http://www.zum.de/whkmla/region/balkans/croatia19451980.html>), 8.03.2006.

⁷ Zentrale für Unterrichtsmedien (<http://www.zum.de/whkmla/region/balkans/croatia19451980.html>), 8.03.2006.

Meanwhile, the movement for independence grew both in Slovenia and Croatia, where ex-communist Franjo Tudjman similarly exploited national sentiment. Internal pressures, collapse of communist regimes elsewhere in Eastern Europe finally endorsed the legitimization of multiparty pluralism and scheduled Croatia's first post-2nd World War competitive elections for April - May 1990⁸. Tudjman's Croatian Democratic Union (HDZ) was victorious. Their intentions were to secure more independence for Croatia, contrary to the wishes of part of ethnic Serbs in the republic and official politics in Belgrade. The excessively polarized climate soon escalated into complete estrangement between the two nationalities. In the summer of 1990, Serbs from the mountainous areas, where they constitute a relative majority, rebelled and formed an unrecognized "Autonomous Region of the Serb Krajina" later named the Republic of Serbian Krajina. Any intervention by the Croatian police was obstructed by the Yugoslav People's Army (JNA), mainly consisting of Serbs. The conflict culminated with the so-called "log revolution", when the Krajina Serbs blocked the roads to the tourist destinations in Dalmatia and started a mass ethnic cleansing of all non-Serb population.

The Croatian government declared independence from Yugoslavia on 25 June 1991. This resulted in an open aggression launched by the JNA on Croatia⁹. The Croatian Parliament cut all remaining ties with Yugoslavia. Many Croatian cities, notably

⁸ B. Parrot, K. Dawisha, *Politics, Power and the Struggle for Democracy in South-East Europe*, Cambridge University Press 1997, p. 77.

⁹ Zentrale für Unterrichtsmedien (<http://www.zum.de/whkmla/region/balkans/yugo198092.html>), 8.03.2006.

Vukovar and Dubrovnik, came under the attack of the Serbian forces. The border city of Vukovar underwent a three month siege during which most of the city buildings were destroyed and a majority of the population was forced to flee. The city fell to the Serbian forces in late November 1991. Soon after, shocked with atrocities committed by Serbs, the foreign countries started recognizing Croatia's independence. By the end of January 1992, most of the world recognized the country. While Germany was supporting Croatia's independence very quickly, France was hoping that Yugoslavia will survive. Subsequent UN-sponsored cease-fires followed, and the warring parties mostly entrenched. The Yugoslav People's Army retreated from Croatia into Bosnia and Herzegovina where war was just about to start.

During 1992 and 1993, Croatia also handled seven hundred thousands of refugees from Bosnia, mainly Bosnia's Moslems. Armed conflict in Croatia remained intermittent and mostly on a small scale until 1995. In early August 1995, Croatia started the Operation Storm and quickly took control on most of the so-called "Republic of Serbian Krajina", leading to a mass exodus of the Serbian population. A few months later, the war ended upon the negotiation of the Dayton Agreement. A peaceful integration of the remaining Serbian-controlled territories in Eastern Slavonia was completed in 1998 under UN supervision.

President Franjo Tudjman died in late 1999. In February 2000, Stjepan Mesic from the Croatian People's Party (HDS) was elected president, ending the HDZ's rule. Mesic was also re-elected in 2005. Parliamentary elections in January 2000 resulted in a vic-

tory of a six-party, centre-left opposition coalition declaring serious reforms. However, it failed to improve Croatia's stagnant economic situation. Thus, in November 2003, HDZ won the parliamentary elections taking plurality of the seats. This allowed them to form a minority government with Ivo Sander as prime minister.

The country underwent many liberal reforms beginning in 2000. An economic recovery as well as healing of many war wounds ensued and the country proceeded to become a member of several important regional and international organizations. The Country joined the United Nations on 22 May 1992¹⁰, then Council of Europe on 6 November 1996¹¹, and finally became a member of WTO on 30 November 2000¹². Hence, Croatia has made serious efforts to cooperate and integrate with the international community. These efforts were very important part of Croatian foreign policy which mostly aimed at membership in the European Union.

3. EU-Croatia relations: main steps towards the EU candidature

The first very important step towards the EU was made when Croatia became a part of the European Union's agenda of cooperation and closer integration in the region of Western Balkans. The Stabilisation and Association Process (SAP) was the EU's policy framework for the countries of the Western Balkans - Albania,

¹⁰ Croatian Ministry of Foreign Affairs (<http://www.un.mfa.hr/?mh=154&mv=859>), 1.09.2006.

¹¹ New York Times (<http://www.query.nytimes.com/gst/fullpage.html?res=9D04E2D91231F934A25753C1A960958260>), 17.10.1996.

¹² World Trade Organisation (http://www.wto.org/english/thewto_e/countries_e/croatia_e.htm), 1.09.2006.

Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro. The main elements of this long-term commitment to the region were proposed in a Commission Communication from 26 May 1999.¹³ The seal of the SAP was set by the Zagreb Summit of 24 November 2000, by gaining the regions' agreement in the Final Declaration to clear set of objectives and conditions¹⁴.

a. The Zagreb Summit

On 24 November 2000 the heads of state or government of European Union member-states and countries covered by the Stabilization and Association Process adopted the "The Declaration of the Zagreb Summit". The declaration outlined that year 2000 began with democratic change in Croatia, following the presidential and legislative elections. It continued with the victory of democratic forces in the FRY in the elections of 24 September 2000. This declaration is developing in the interests of all the countries in the region and offers them new prospects¹⁵.

The possibility to establish and keep the stability in Europe was enabled by latest historic changes. Thus, the EU wanted to encourage the Western Balkan countries to establish policy of democratisation and closer regional integration. This was to be followed with respect for the rights of minorities, fulfilling international obligations, including with regard to the ICTY. Moreover, the countries

¹³ European Commission, Communication from the Commission, 26 May 1999, (COM (99) 235 of 26 May 1999).

¹⁴ *Gateway to the European Union*

(http://www.europa.eu.int/comm/enlargement/croatia/eu_relations.htm), 25.05.2006.

¹⁵ *Ibidem*.

were expected to respect a lasting resolution of the problem of refugees and displaced persons and respect for States' international borders. Hence, closer relations with the EU would strengthen the stability and development in the region¹⁶.

Thus, the Western Balkan countries were expected to focus on establishing conventions providing regional cooperation in the fields of politics, economy, justice and home affairs, and especially in combating organized crime. The European Union emphasized the perspective of joining the EU structures by the SAP countries. It also wished to participate in consolidation of democracy and supported closer integration. “This Stabilization and Association Process (SAP) takes account of the situation of each country and is based on respect for the conditions concerning democratic, economic and institutional reforms. On the basis of these criteria, the Union proposes an individualized approach to each of these countries”¹⁷.

The European Union opened Community Assistance for Reconstruction, Democratization and Stabilization (CARDS) established in year 2000. It was to be a single Community aid program for the countries participating in the SAP. This new Community instrument was supporting financially these countries with 4.65 billion EUR over the period 2000-2006. It was supporting the democratic, economic and institutional reforms.

“The Union is implementing and will extend to the five countries concerned asymmetric exceptional trade preferences which will favour access to the Community market for their industrial and

¹⁶ *Gateway to the European Union*
(http://www.europa.eu.int/comm/enlargement/croatia/eu_relations.htm), 25.05.2006..

agricultural products, so as to help re-launch their economies by stimulating their exports”¹⁸. The European Union was encouraging the SAP countries to continue the reforms in order to maximise their benefits from prospect EU membership. Thus, the EU or the SAP was supposed to establish a balanced free trade between the SAP countries and the EU in line with the World Trade Organization.

The European Community also presented scale of efforts needed for successful reforms to be undertaken by the Croatian government. The negotiations for Stabilization and Association Agreement were expected to be finished rapidly. The Western Balkan countries were supported by the SAP and its three main instruments. First and the most important part of the SAP was regional cooperation. Secondly, there were the Stabilisation and Association Agreements with the Western Balkan Countries. Thirdly, the SAP countries were supported by autonomous trade measures and substantial financial assistance.

Commission Communication on the Western Balkans and European Integration¹⁹ of May 2003 proposed to enhance the EU policy towards the region. This was supposed to include elements taken from the Enlargement process, establishing the final goal of enlarging the Community to the Western Balkans. On 19-20 June 2003 the European Council of Thessaloniki publicly supported the Thessaloniki Agenda for the Western Balkans. Thus, it strengthened

¹⁷ Ibidem.

¹⁸ Ibidem..

¹⁹ European Commission, Commission Communication on the Western Balkans and European Integration COM (2003) 285 final of 21 May 2003.

the European perspective of the Western Balkans countries as well as the SAP²⁰.

b. The Thessaloniki Agenda for the Western Balkans

The Thessaloniki Agenda for the Western Balkans, adopted in June 2003, emphasized that the destiny of the countries of the region lies in closer integration into European structures. Thus, the European Union wanted to support the attempts to establish and develop democracy, economic development and stability in the region. Hence, following the example of the 2004 EU Enlargement, the Western Balkan countries were finally supposed to join the European Union. With the help of the EU the Western Balkan countries had already made some progress in achieving stability in the region. Nevertheless, it needed to be improved by establishing elements of enlargement process. The countries should reach further development and integration into European structures through enriched policy of Stabilisation and Association Process including the Stabilisation and Accession Agreements²¹.

The EU underlined that the speed of further integration depends on the progress in implementing reforms included in the SAP. Thus, both respecting the SAP conditions as well as the Copenhagen Criteria, i.e. criteria concerning the functioning democracy, market economy and the ability to implement *acquis communautaire* were crucial in reaching the EU course. In spite of the progress made by these countries, the EU is aware of its fragility and lack of regularity.

²⁰ *Gateway to the European Union*

(<http://www.europa.eu.int/comm/enlargement/see/statement.htm>), 25.05.2006.

²¹ *Gateway to the European Union*

(<http://www.europa.eu.int/comm/enlargement/see/gacthess.htm>), 25.05.2006.

Thus, the EU is willing to cooperate closely in achieving peace, stability, rule of law and respect of human rights in the region. The European Community was also willing to keep on fighting violence, terrorism and organized crime. Hence, the EU also wanted all the Western Balkan countries to respect and fully cooperate with the International Criminal Court and the International Criminal Tribunal for the former Yugoslavia (ICTY). The EU would support any kind of initiative promoting human rights, tolerance, return of refugees and activities supporting for example women rights. Moreover, due to a fact that the EU cares about development of civil society, it would help to establish and enhance the activity of NGO's in the region²².

The Thessaloniki Agenda for the Western Balkans outlined that a necessary factor for further integration is political dialogue and cooperation in the area of the Common Foreign and Security Policy. Thus, there was an agenda to establish special meetings of representatives of the European Union and the SAP countries. The meetings should have formed a multilateral political forum on the highest political level. The Thessaloniki Summit additionally emphasized the need for parliamentary contacts and cooperation between the SAP countries and the EU member states. These contacts should be established by the European Affairs Committees of the SAP countries. Another important issue of the Summit was the establishment of the European Partnerships. They were inspired by the Accession Partnerships and prepared for each candidate country. The European

²² Ibidem.

Partnerships were supposed to identify priorities in supporting the SAP countries in their further integration with the EU. Moreover, they were used as a checklist in measuring the progress of the Western Balkan countries and providing the EU financial assistance. Hence, progress of implementation of the European Partnerships was supposed to be followed through the SAP structures and reported by the European Commission.

Thessaloniki Agenda aimed also at enhancing support for institution building. Thus, the SAP countries received financial support under the CARDS programme and technical support under TAIEX. The last one included establishing of new mechanisms for monitoring of national legislations of the SAP countries and strengthening of the existing ones. The European Union opened Community programmes for the Western Balkan countries. They were available in such areas as education and training; culture; research; energy; environment; civil society; anti-fraud coordination; and support for small and middle enterprise. Hence, participation in Community agencies was allowed for the SAP countries. The Agenda perceived organised crime as one of the main obstacles in achieving democracy and economic development in the region. Combating these problems had to become a priority for the SAP countries. Especially fighting human trafficking, drugs arms, and smuggling of goods. Despite the fact that the Western Balkan countries had made some progress, effective implementation of necessary instruments and improving of judicial and administrative capacity were needed. Further progress in fighting corruption could not be

established without political support in the Western Balkan countries²³.

According to the London Conference on Organised Crime on 25 November 2002²⁴, each of the SAP countries submitted its Records of Achievements. This was recognised as an important step towards fighting organised crime in the region. Thus, the EU was convincing all of the SAP countries to define and implement further action-oriented measures. The EU expected countries of the region to implement all necessary legislation in order to negotiate with Euro-pol which could assist by the implementation of Action Plans adopted at the London Conference. The SAP countries were also expected to cooperate with Immigration Liaison officers of the EU member states. This would help to fight illegal migration flows more effectively. The European Community would also like the Western Balkan countries to pay attention to the future liberalisation of visa regime²⁵.

The EU was promoting economic development as an important condition for stability in the region. Thus, the European Community recommended the SAP countries to cooperate with relevant international institutions. This ought to help the Western Balkan countries maintain their achieved economic stability as well as to develop a modern market economy. Nevertheless, the EU under-

²³ *Gateway to the European Union*

(http://www.europa.eu.int/comm/enlargement/croatia/eu_relations.htm), 25.05.2006.

²⁴ London Statement of 25 November 2002

(<http://www.stabilitypact.org/orgcrime/londonstatement.pdf#search=%22London%20Conference%20on%20organised%20crime%22>), 1.09.2006.

²⁵ *Gateway to the European Union*

(<http://www.europa.eu.int/comm/enlargement/see/gacthess.htm>), 25.05.2006.

stands that transition from centrally planned economy to a market economy takes time²⁶.

The European Community wanted the Western Balkan countries to improve environmental protection by establishing environmental strategies and policies. Thus, they would help them to achieve greater cohesion with the EU environmental law. For further trade and economic integration the European Council wanted European Commission to provide the SAP countries with necessary technical assistance. Moreover, the Commission was also asked to let the Western Balkan countries take part in the pre-accession Phare, ISPA, SAPPARD. They were also enabled to participate in Tacis providing grant-financed technical assistance to 12 countries in Eastern Europe and Central Asia and MEDA which is the principal financial instrument for the implementation of the Euro-Mediterranean Partnership community assistance. Economic development would be also supported by extending the Internal Energy market to the whole region.²⁷ The EU was also inviting to share practice with other European countries by committing themselves to European Charter for Small Enterprises. This would help them to establish better circumstances for development of small and medium sized enterprises that are key source of jobs and important part of market economy. These

²⁶ Ibidem.

²⁷ In year 2002 the negotiations about new international treaty establishing Energy Community between the EU and South – East Europe were opened. The Treaty was signed also by Croatia in October 2005, and engages the countries to implement EU law in the area of energy especially in the field of common market of electricity and gas.

activities should have also been supported by regional cooperation of the SAP countries²⁸.

The EU would like to encourage the return of refugees and initially displaced persons. It also fully supported regional activities like Migration, Asylum and Refugee Regional Initiative (MARRI). Thus, the European Council was encouraging the Western Balkan countries to establish anti-discrimination legislation and protection of minorities.

The Thessaloniki Agenda underlined the crucial role of education, social development and culture in changing mentalities and promoting integration for the future of the region. Thus, education including revising history textbooks is a key condition in promoting tolerance and ensuring ethnic and religious coexistence in the Western Balkan countries.

The EU wanted all the SAP countries to cooperate closely in some crucial issues. The most important of them were further development of the regional free trade; visa-free movement in the Western Balkans; regional markets of electricity and gas; trans boundary water management; small arms collection; and cross-border cooperation. The European Community would also support any kind of initiative in field of science and technology; information and communication technology; and statistics²⁹.

The attempts to strengthen the SAP brought the idea of the European Partnerships with the Western Balkan countries, including

²⁸ Gateway to the European Union
(<http://www.europa.eu.int/comm/enlargement/see/gacthess.htm>), 25.05.2006.

²⁹ Gateway to the European Union
(http://www.europa.eu.int/comm/enlargement/croatia/eu_relations.htm), 25.05.2006.

Croatia. They ought to find out the short and medium term priorities for the countries of the region.

The EU-Western Balkans Summit of Thessaloniki on June 2003 gave a possibility to evaluate three years of work on stability, democracy and economic development of the SAP countries. Croatia applied for the EU membership on 21 February 2003 which was followed up by the European Commission's opinion in April 2004. It contained evaluation of Croatia as a functioning democracy as well as a functioning market economy. However, it was additionally concluded that Croatia would have to make progress in fields of minority rights, refugee returns, judiciary reform regional cooperation, and anti-corruption policy. Moreover, the country was expected to maintain cooperation with International Criminal Tribunal for the former Yugoslavia and make necessary reforms to catch general Ante Gotovina.

The Commission evaluated that Croatia should not have problems in implementing *acquis communautaire* in the fields of Economic and Monetary Union; Statistics; Industrial policy; Small and medium sized enterprises; Science and research; Education and training; Culture and audio-visual policy; External relations; Common foreign and security policy as well as Financial and budgetary provisions. Nevertheless, further efforts were needed in fields of Free movement of capital; Company law; Fisheries; Transport; Energy; Consumer and health protection; Customs Union as well as Financial control. Moreover, there was a need for serious and efficient efforts in applying *acquis communautaire* in fields of Free movement of persons; Free movement of goods; Freedom to provide

services; Competition; Taxation; Social policy and employment; Telecommunication and information technologies; Regional policy; Justice and home affairs; and Agriculture which is the main concern of this thesis³⁰.

Hence, the European Council of 17 and 18 June 2004 granted Croatia the status of the EU candidate country. Nevertheless, first problems appeared when the Council of 16 December 2004 found some doubts about full cooperation of Croatia with the UN International Criminal Tribunal for the former Yugoslavia in the Hague (ICTY). Thus, the Council decided to postpone the opening of negotiations until the cooperation was full. Finally, on 3 October 2005, Chief Prosecutor of ICTY Carla Ponte evaluated that there was a full cooperation from the Croatian side. On the same day the European Council officially opened the accession negotiations with Croatia.

c. Stabilisation and Association Agreement and the EU pre-accession assistance

Croatia signed the Stabilisation and Association Agreement (SAA) with the EU on 29 October 2001. The agreement entered into force on 1 February 2005. It is the most important part of EU's Stabilisation and Association Process with the Western Balkans. The SAA provides the contractual framework for relations between the EU and Croatia in the pre-accession period. Areas covered by the SAA are: political dialogue; regional cooperation; wide ranging cooperating in all of the EU policies, including the area of justice, freedom and security. Moreover, it included the four freedoms, with

³⁰ *Gateway to the European Union*
(http://www.europa.eu.int/comm/enlargement/croatia/eu_relations.htm), 25.05.2006.

the creation of a free trade area by 2007 for industrial products and most agricultural products.

The SAA is asymmetrically advantageous for Croatia which 70 per cent of trade is with the EU. The Agreement gave the country unlimited duty free access to the common market of the enlarged EU for almost all agricultural products. The exceptions were tariff quotas for baby-beef, fisheries products and wine. The full implementation and then fulfilment of the SAA will be crucial for further membership in the EU. The European Commission was to proceed to provide technical assistance to Croatia to help in implementing the Agreement. Moreover, joint bodies like Stabilisation and Association Council, Stabilisation and Association Committee, Subcommittees, and Joint Parliamentary Committee have also been established³¹.

As a candidate country Croatia was given the possibility to benefit from the EU pre-accession assistance programmes. First of them was Phare which is the instrument for institution building as well as economic and social cohesion. Second one, ISPA aims at improving environment and transport. Finally third one, SAPARD supports agricultural and rural development. Additionally, for strengthening the administrative and judicial capacity to implement the *acquis communautaire* the European Commission used the mechanism of twinning administrations and agencies. The whole amount of implemented twinning contracts in Croatia in the period of 1998-2005 was 27 and it was worth 23 million Euro. Moreover,

³¹ *Gateway to the European Union* (http://www.europa.eu.int/comm/enlargement/report_2005/pdf/package_v/com_561_final_en_strategy_paper.pdf), 8.03.2006.

since 2004 TAIEX assistance instrument allowed to organize about 30 multi-country thematic seminars with 130 Croatian participants.

The most important pre-accession instrument for the agricultural sector is SAPARD. The amount of funds prepared for SAPARD in year 2006 was 25 million Euro. Rural Development Plan 2005-2006 which was prepared by the Croatian government for the realisation of the SAPARD identified four measures to be financed: farm investment; processing and marketing of agricultural and fish products; improvement of rural infrastructure; and technical assistance, information and a publicity campaign. Croatian government established the legal framework for SAPARD Paying Agency. In November 2004, Croatia signed a Framework Agreement on the participation in Community Programmes. Hence, signed in May 2005, Memorandum of Understanding on the Establishment of the National Fund provided legal basis for decentralization of the EU pre-accession assistance programmes³².

4. Concluding remarks

Croatia has made an incredible road from a country being a part of Federal Peoples' Republic of Yugoslavia to an independent country developing democracy and a market economy. Moreover, the country has implemented many important reforms encouraged by the European Community. Stabilisation and Association Process enabled Croatia to achieve greater political and economic stability. Croatia, being a part of the EU Agenda for Western Balkans has

³² *Gateway to the European Union*
(http://www.europa.eu.int/comm/enlargement/report_2005/pdf/package_v/com_561_final_en_strategy_paper.pdf), 8.03.2006

been gradually integrating with the Community. Thus, fulfilling all the EU conditions, Croatia became the EU candidate country on 3 October 2005. The country is very close to start the actual negotiations in individual chapters. The screening of the Croatian legislation which started on 20 October 2005 has been already completed. However, Croatia's road to the European Union is far from being straight and easy. Croatia still has to adopt its laws and economy to the EU regulations. The EU conditionality and requirements imposed on the current candidate countries seem to be growing. Furthermore, the EU member states have to solve the constitutional crisis before the planned enlargement. The current institutional framework as provided in the Nice Treaty does guarantee the smooth functioning of the EU enlarged to 28 or more member states. There are also significant differences between the EU member states as to the pace and timing of further EU enlargement processes. It should be remembered that Croatia started the accession negotiations together with Turkey, the most controversial and troublesome candidate country in the history of the EU enlargement processes. Despite these difficulties, Croatia should, with no doubt, become the EU member state. Will the country receive this historical opportunity in 2009? It is in the hands of both the Croatian government and the EU member states.