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The cover illustration shows the renovated Old Bridge (Stare Most) in Mostar.

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TOUGH LOVE: THE EUROPEAN UNION'S RELATIONS WITH THE WESTERN BALKANS

Proefschrift

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door

Steven Blockmans

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To my parents

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ABBREVIATIONS

AAK ACTORD AFDI AII AJIL ASIL AU Australian YIL	Aleanca për Ardhmërinë e Kosovës (Alliance for the Future of Kosovo) Activation Order Annuaire Français de Droit International Adriatic-Ionian Initiative American Journal of International Law American Society of International Law African Union Australian Yearbook of International Law
BBC BiH BSEC	British Broadcasting Corporation Bosnia-Herzegovina Black Sea Economic Cooperation
Bull. EC	Bulletin of the European Communities
Bull. EU	Bulletin of the European Union
BYIL	British Yearbook of International Law
CARDS	Community Assistance for Reconstruction, Development and Stabilisation
CBD	Center for Balkan Development
CDA	Christen Democratisch Appèl
CDDRL	Center on Democracy, Development and the Rule of Law
CDL	European Commission for Democracy through Law
CDU	Christlich Demokratische Union Deutschlands
CEE	Communauté économique européenne
CEEC	Central and Eastern European Countries
CEFTA	Central European Free Trade Agreement
CEI	Central European Initiative
CEPS	Centre for European Policy Studies
CFE	Conventional Armed Forces in Europe
CFI	Court of First Instance
CFSP	Common Foreign and Security Policy
CIA	Central Intelligence Agency
CiO	Chairman-in-Office
CIS	Commonwealth of Independent States
CMLR	Common Market Law Reports
CML Rev.	Common Market Law Review
CoE	Council of Europe
COM	European Commission document
COPS	Comité politique et de sécurité Cornell International Law Journal
Cornell ILJ COWEB	EU Council on the Western Balkans
CPC	Conflict Prevention Centre
CPE	Coopération politique européenne
CRS	Congressional Research Service
CSCE	Conference on Security and Cooperation in Europe
COUL	Conterence on Security and Cooperation in Europe

XVI	ABBREVI
CSO	Committee of Senior Officials
CSU	Christlich Soziale Union in Bayern
DAV	Direktie Atlantische Samenwerking en Veiligheidheidszaken (At
	Cooperation and Security Affairs Department of the Netherlands
DC	Ministry of Foreign Affairs)
DG	Directorate General
DG ECFIN	Directorate General for Economic and Financial Affairs
DG ELARG	Directorate General for Enlargement
DG RELEX	Directorate General for External Relations
DOS	Democratic Opposition of Serbia
DPS	Democratic Party of Socialists
DRC	Democratic Republic of Congo
D-SACEUR	Deputy Supreme Allied Commander Europe
DSRSG	Deputy Special Representative of the Secretary-General
EA	Europe Agreement
EAEC	European Atomic Energy Community
EAPC	Euro-Atlantic Partnership Council
EAR	European Agency for Reconstruction
EBRD	European Bank for Reconstruction and Development
EC	European Community/Communities
ECAA	European Common Aviation Area
ECHO	European Community Humanitarian Aid Office
ECHR	European Convention for the Protection of Human Rights and
	Fundamental Freedoms
ECJ	European Court of Justice
ECMM	European Community Monitoring Mission
ECOSOC	Economic and Social Council
ECOWAS	Economic Community of West African States
ECR	European Court Reports
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EEC	European Economic Community
EFA Rev.	European Foreign Affairs Review
EIB EIDHR	European Investment Bank
EIPA	European Initiative for Democracy and Human Rights European Institute of Public Administration
EJIL	European Journal of International Law
EL Rev.	European Law Review
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EP	European Parliament
EPC	European Political Cooperation
ESDP	European Security and Defence Policy
ESF	European Security Forum
ESI	European Stability Initiative
ESS	European Security Strategy
ETS	European Treaties Series
EIS	

EUAM	European Union Administration of Mostar
EUF	European Union-led Forces
EUFOR	European Union Force in Bosnia and Herzegovina
EU OHQ	EU Operation Headquarters
EUI	European University Institute, Florence
EUISS	European Union Institute for Security Studies
	European Union Military Committee
EUMC	
EUMM	European Union Monitoring Mission
EUPAT	EU Police Advisory Team
EUPM	European Union Police Mission
EUPOL	European Union Police Mission
EUPT	European Union Planning Team for Kosovo
EUSR	European Union Special Representative
EVRM	Europees Verdrag voor de Rechten van de Mens en Fundamentele
	Vrijheden
FAIFE	IFLA Committee on Free Access to Information and Freedom of
	Expression
FAO	Food and Agriculture Organisation
FBiH	Federacije Bosne i Hercegovine (Federation of Bosnia-Herzegovina)
FIDE	Fédération Internationale du Droit Européen
Finnish YIL	Finnish Yearbook of International Law
FRY	Federal Republic of Yugoslavia
FYROM	Former Yugoslav Republic of Macedonia
G-7	Canada, France, Germany, Italy, Japan, the United Kingdom and the United States of America
	United States of America
G-8	United States of America G-7 plus Russia
G-8 GA	United States of America G-7 plus Russia General Assembly
G-8 GA GAERC	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council
G-8 GA GAERC GATT	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade
G-8 GA GAERC GATT GDP	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product
G-8 GA GAERC GATT GDP GIS	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System
G-8 GA GAERC GATT GDP GIS GMT	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time
G-8 GA GAERC GATT GDP GIS GMT GSP	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences
G-8 GA GAERC GATT GDP GIS GMT	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time
G-8 GA GAERC GATT GDP GIS GMT GSP GSZ	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone
G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities
G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM HDZ	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities Hrvatska Demokratska Zajednica (Croatian Democratic Union)
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G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM HDZ HFUM HLPM HQ	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities Hrvatska Demokratska Zajednica (Croatian Democratic Union) Helsinki Follow-Up Meeting High-Level Plenary Meeting headquarters
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G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM HDZ HFUM HLPM HQ HR HRW ICB ICFY ICG	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities Hrvatska Demokratska Zajednica (Croatian Democratic Union) Helsinki Follow-Up Meeting High-Level Plenary Meeting headquarters High Representative Human Rights Watch International Commission for the Balkans International Conference on the Former Yugoslavia International Crisis Group
G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM HDZ HFUM HLPM HQ HR HRW ICB ICFY ICG ICJ	 United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities Hrvatska Demokratska Zajednica (Croatian Democratic Union) Helsinki Follow-Up Meeting High-Level Plenary Meeting headquarters High Representative Human Rights Watch International Commission for the Balkans International Crisis Group International Court of Justice
G-8 GA GAERC GATT GDP GIS GMT GSP GSZ HCNM HDZ HFUM HLPM HQ HR HRW ICB ICFY ICG	United States of America G-7 plus Russia General Assembly General Affairs and External Relations Council General Agreement on Tariffs and Trade gross domestic product Geographic Information System Greenwich Mean Time Generalised System of Preferences Ground Safety Zone High Commissioner on National Minorities Hrvatska Demokratska Zajednica (Croatian Democratic Union) Helsinki Follow-Up Meeting High-Level Plenary Meeting headquarters High Representative Human Rights Watch International Commission for the Balkans International Conference on the Former Yugoslavia International Crisis Group

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ICM	International Civilian Mission
ICM	
ICO	International Civilian Office
ICR	International Civilian Representative
ICRC	International Committee of the Red Cross
ICTY	International Criminal Tribunal for the former Yugoslavia
IFLA	International Federation of Library Associations and Institutions
IFOR	Implementation Force
IGC	Intergovernmental Conference
IHT	International Herald Tribune
ILF	International Law FORUM du droit international
ILM	International Legal Materials
IMF	International Monetary Fund
IMP	International Military Presence
IOLR	International organizations law review
IPA	Instrument for Pre-Accession Assistance
IPTF	International Police Task Force (UN)
ISPA	Instrument for Structural Policies for Pre-Accession
ISS	Institute for Security Studies
IWPR	Institute for War & Peace Reporting
LAT	
JAT	Jugoslovensko Aviontransport
JCMS	Journal of Common Market Studies
JDW	Jane's Defence Weekly
JHA	Justice and Home Affairs (EU)
JNA	Jugoslovenska narodna armija (Yugoslav People's Army)
JT	Journal des tribunaux (Belgium)
VEOD	
KFOR	Kosovo Force
KLA	Kosovo Liberation Army
KPC	Kosovo Protection Corps
KPS	Kosovo Police Service
KSIP	Kosovo Standards Implementation Plan
KVAB	Koninklijke Vlaamse Academie van België voor Wetenschappen en
	Kunsten
KVM	Kosovo Verification Mission
LDK	Lidhja Demokratike e Kosovës (Democratic League of Kosovo)
LIEI	Legal Issues of European Integration
LJIL	Leiden Journal of International Law
LNTS	League of Nations Treaty Series
LSE	London School of Economics and Political Science
LOL	London School of Economics and Fondear Science
MAP	Membership Action Plan
MAPE	Multinational Advisory Police Element (UN - Albania)
MC	Ministerial Council
MEDA	Euro-Mediterranean Partnership
MEP	Member of the European Parliament
MINUK	Mission d'administration intérimaire des Nations Unies au Kosovo
MoU	Memorandum of Understanding
MTA	Military Technical Agreement

XVIII

NAC	North Atlantic Council
NACC	North Atlantic Cooperation Council
NAT	North Atlantic Treaty
NATO	North Atlantic Treaty Organisation
NGO	non-governmental organisation
NHQSa	NATO Headquarters in Sarajevo
NJCM	Nederlands Juristen Comité voor de Mensenrechten
NLA	National Liberation Army
Nordic JIL	Nordic Journal of International Law
NPAA	National Programme for the Adoption of the <i>Acquis</i>
OAS	Organization of American States
OAU	Organization of African Unity
ODIHR	OSCE Office for Democratic Institutions and Human Rights
OECD	Organisation for Economic Cooperation and Development
OHR	Office of the High Representative
OJ	Official Journal of the European Communities/Union
OMIK	OSCE Mission in Kosovo
OMRI	Open Media Research Institute
OSCE	Organisation for Security and Cooperation in Europe
OSZE	Organisation für Sicherheit und Zusammenarbeit in Europa
OTAN	Organisation du Traité de l'Atlantique Nord
PACE	Parliamentary Assembly of the Council of Europe
PC	Permanent Council
PCA	Partnership and Cooperation Agreement
PDK	Partia Demokratike e Kosovës (Democratic Party of Kosovo)
PESC	Politique étrangère et de sécurité commune
PfP	Partnership for Peace
PHARE	Poland Hungary Assistance for the Reconstruction of the Economy
PIC	Peace Implementation Council
PISG	Provisional Institutions of Self-Government
PRST	presidential statement
PSC	Political and Security Committee
PSIO	Program for the study of international organization(s)
RBDI	Revue belge de droit international
RCC	Regional Cooperation Council
RdC	Recueil des cours
RGDIP	Revue Générale de Droit International Public
RNIS	Refugee Nutrition Information System
RRF	Rapid Reaction Force
RRM	Rapid Reaction Mechanism
RS	Republika Srpska
RSFY	République socialiste fédérale de Yougoslavie
RTDE	Revue Trimestrielle de Droit Européen
SAA	Stabilisation and Association Agreement
SAC	Stabilisation and Association Council
SaM	Serbia and Montenegro

XIX

SAO	Serbian Autonomous Oblast
SAP	Stabilisation and Association Process
SAPARD	Special Accession Programme for Agriculture and Rural Development
SC	Security Council
SDS	Serbian Democratic Party
SEC	European Commission documents which cannot be classified in any of
	the other series
SECI	Southeast European Cooperative Initiative
SEE	south-eastern Europe
SEECP	South-East Europe Cooperation Process
SEESP	South East European Studies Programme (Oxford University)
SEW	Sociaal Economische Wetgeving
SFOR	Stabilisation Force in Bosnia and Herzegovina
SFRY	Socialist Federal Republic of Yugoslavia
SG/HR	Secretary-General/High Representative
SHAPE	Supreme Headquarters Allied Powers Europe
SIPRI	Stockholm International Peace Research Institute
SNP	Socialist People's Party of Montenegro
SOFA	Status of Forces Agreement
SRSG	Special Representative of the Secretary-General
STM	SAP Tracking Mechanism
SWP	Stiftung Wissenschaft und Politik
5 111	Striking wissenschaft und Fontik
TACIS	Technical Assistance to the Commonwealth of Independent States
TCE	Treaty establishing a Constitution for Europe
TEC	Treaty establishing the European Community
TEU	Treaty on European Union
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
UN	United Nations
UNC	United Nations Charter
UNCRO	United Nations Confidence Restoration Operation
UNCTC	United Nations Centre on Transnational Corporations
UN Doc.	United Nations Documents
UNDP	United Nations Development Programme
UNDPI	United Nations Department of Public Information
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNHCR	United Nations High Commissioner for Refugees
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMOP	United Nations Mission of Observers in Prevlaka
UNO	United Nations Organization
UNPA	United Nations Protected Area
UNPF	United Nations Protected Area
UNPREDEP	United Nations Preventive Deployment Force
UNPROFOR	United Nations Protection Force
UNPSG	United Nations Police Support Group
UNSC	United Nations Fonce Support Group

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UNSCR	United Nations Security Council Resolution
UNSG	United Nations Secretary-General
UNTAES	United Nations Transitional Authority in Eastern Slovenia
UNTS	United Nations Treaty Series
UPFM	Unified Police Force Mostar
US	United States
USD	US Dollar
VCLT	Vienna Convention on the Law of Treaties
Virginia JIL	Virginia Journal of International Law
WEU WFP WIIW WTO	Western European Union World Food Programme Wiener Institut für Internationale Wirtschaftsvergleiche (Vienna Institute for International Economic Studies) World Trade Organisation
ZaöRV	Zeitschrift für ausländisches öffentliches Recht und Völkerrecht
ZEI	Zentrum für Europäische Integrationsforschung

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MAPS*



* Sources: Joint World Bank - European Commission Office for South East Europe (map of Western Balkans); University of Texas Libraries (all other maps).

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MAPS



Bosnia and Herzegovina

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Croatia

Macedonia

MAPS

MAPS



FACTS AND FIGURES

Croatia – Geographical and political profile

Official name	Republic of Croatia (Republika Hrvatska)
Independence	25 June 1991
Area	56,542 km ²
Neighbouring countries	Bosnia and Herzegovina (932 km), Hungary (329 km), Serbia (241 km), Montenegro (25 km), Slovenia (670 km), coastline (5,835 km)
Population	4.5 million (2007, est.)
Density	78 inhabitants per km ²
Distribution	53.3% urban population, 46.7% rural population (2002)
Population profile	Croat (89.6%), Serb (4.5%), Bosniak (0.47%), Hungarian (0.37%), Czech (0.34%), Slovene (0.3%), Roma (0.21%) (2001 census)
Languages	Croatian (96.1%), Serbian (1%), other, including Italian, Hungarian, Czech, Slovak and German (2.9%) (2001 census)
Religions	Roman Catholic (87.8%), Orthodox (4.4%), Muslim (1.3%), Protestant (0.3%), others (6.2%)
Life expectancy	Average: 74.9 years, male: 71.3 years, female: 78.8 years (2007 est.)
Main political parties in Parliament (152 seats)	HDZ - Croatian Democratic Union (63), SDP - Social Democratic Party (34), HNS - Croatian People's Party (11), HSS - Croatian Peasants' Party (9)
President	Stjepan (Stipe) MESIC (HNS, since 18 February 2000)
Prime Minister	Ivo SANADER (HDZ, since 9 December 2003)

Croatia – Economic profile

GDP	Approx. €27.6 billion (2004)
GDP per capita	€6,200 in purchasing power standards (48.86% of EU-25 average) (2004)
Economic growth	5.3% in 2003; 3.8% in 2004; 4.3% in 2005; 4.6% in 2006
Inflation rate	3.4% (2006 est.)
Unemployment rate	17.2% (2006 official)
Population below poverty line	11% (2003)
Currency	Kuna (HRK)
Government budget balance	-3.9% of GDP
Current account balance	-7.7% of GDP (second quarter of 2006, four quarter moving average)
Foreign debt	82.5% of GDP (end 2005)

Croatia – Economic profile (cont'd)

Natural resources	oil, some coal, bauxite, low-grade iron ore, calcium, gypsum, natural asphalt, silica, mica, clays, salt, hydropower
Agricultural products	wheat, sugar beets, sunflower seed, barley, alfalfa, clover, olives, citrus, grapes, soybeans, potatoes, livestock, dairy products
Industries	chemicals and plastics, machinery, fabricated metal, electronics, pig iron and rolled steel products, aluminium, paper, wood products, construction materials, textiles, shipbuilding, petroleum (refining), food and beverages, tourism
Export products	transport equipment, textiles, chemicals, foodstuffs, fuels
Import products	machinery, transport and electrical equipment, chemicals, fuels and lubricants, foodstuffs
Most prominent trading partners	Export: Italy 21.8%, Bosnia and Herzegovina 14.7%, Germany 10.7%, Slovenia 8.1%, Austria 7.3% (2005) Import: Italy 15.9%, Germany 14.9%, Russia 9.1%, Slovenia 6.8%, Austria 5.8%, China 4.7%, France 4.2% (2005)
Trade with the EU	Exports to the EU: 64% of total (\notin 3.92 billion) (2005) Imports from the EU: 70% of total (\notin 9.78 billion) (2005) Trade deficit = \notin 5.86 billion

Macedonia - Geographical and political profile

Official name	The former Yugoslav Republic of Macedonia
Independence	8 September 1991
Area	25,333 km ²
Neighbouring countries	Albania (151 km border), Serbia (221 km), Bulgaria (148 km), Greece (246 km), coastline (0 km)
Population	2.06 million (2007 est.)
Density	78.7 inhabitants per km ²
Population profile	Macedonian (64.2%), Albanian (25.2%), Turkish (3.9%), Roma (2.7%), Serb (1.8%), Bosniak (0.8%), Vlach (0.5%), other (0.9%) (2002 census)
Languages	Macedonia (66.5%), Albania (25.1%), Turkish (3.5%), Serbia (1.2%), other (3.7%)
Religions	Orthodox (64.8%), Muslim (33.3%), other (1.9%) (2002 census)
Life expectancy	Average: 74.2 years, male: 71.7 years, female: 76.9 years (2007 est.)
Main political parties in Parliament (120 seats)	VMRO-DPMNE (VMRO-Democratic Party for Macedonia National Unity) (45), SDSM (Social Democratic Union of Macedonia) (32), BDI/DUI (Democratic Union of Integration) (17), PDSh-DPA (Democratic Party of Albanians) (11)
President	Branko CRVENKOVSKI (SDSM, since 12 May 2004)
Prime Minister	Nikola GRUEVSKI (VMRO-DPMNE, since 26 August 2006)

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Macedonia – Economic profile

GDP	Approx. €4.3 billion (2004)
GDP per capita	
Economic growth	4.0% in 2005; 3.1% in 2006
Inflation rate	3% (2006 est.)
Unemployment rate	37.3% (2005 ILO definition)
Population below poverty line	30% (2005)
Currency	Macedonian Denar (MKD)
Government budget balance	2005 budget surplus: 0.3% of GDP (general government)
Current account balance	-1.4% of GDP (2005)
Foreign debt	38% of GDP (natura, August 2006)
Natural resources	low-grade iron ore, copper, lead, zinc, chromite, manganese, nickel, tungsten, gold, silver, asbestos, gypsum, timber, arable land
Agricultural products	grapes, wine, tobacco, vegetables, milk, eggs
Industries	food processing, beverages, textiles, chemicals, iron, steel, cement, energy, pharmaceuticals
Export products	food, beverages, tobacco, textiles, miscellaneous manufactures, iron and steel
Import products	machinery and equipment, automobiles, chemicals, fuels, food products
Most prominent trading partners	Export: Serbia and Montenegro 22.5%, Germany 17.8%, Greece 15.3%, Italy 8.3% (2005) Import: Russia 13.2%, Germany 10.4%, Greece 9.2%, Serbia and Montenegro 8.2%, Bulgaria 7.3%, Italy 6% (2005)
Trade with the EU	Exports to the EU: 52.3% of total (2004) Imports from the EU: 64.4% of total (2004)

Albania – Geographical and political profile

Official name	Republic of Albania
Independence	28 November 1912
Area	28,748 km ²
Neighbouring countries	Greece (282 km), FYROM (151 km), Montenegro (172 km), Serbia (115 km), coastline (362 km)
Population	3.6 million (2007 est.)
Density	109 inhabitants per km ²
Distribution	44% urban population, 56% in rural areas
Population profile	Albania (95%), Greek (3%), other (2%) (Vlach, Roma, Serb, Mace- donian, Bulgarian) (1989 est.)

Albania – Geographical and political profile (cont'd)

Languages	Albanian, Greek, Vlach, Romani, Slavic dialects
Religions	Muslim (70%), Albanian Orthodox (20%), Roman Catholic (10%) (est.)
Life expectancy	Average: 77.6 years, male: 74.9 years, female: 80.5 years (2007 est.)
Main political parties in Parliament (140 seats)	Democratic Party (56), Socialist Party (42), Republican Party (11), Party of Social Democracy (7), Liberal Union Party (5), other (19)
President	Alfred MOISIU (DP, since 24 June 2002)
Prime Minister	Sali BERISHA (SP, since 10 September 2005)

Albania – Economic profile

GDP	Approx. €5.4 billion (2004)
GDP per capita	€3,983 in purchasing power standards (8% of EU-25 average) (2003 est.)
Economic growth	3.4% in 2002; 6.0% in 2003; 6.3% in 2004; 5% in 2006
Inflation rate	2.4% in 2003; 3.4% in 2004; 2.5% in 2006
Unemployment rate	13.8% (2006, official)
Population below poverty line	25%
Currency	Lek
Government budget balance	-4.9% of GDP (2004)
Current account balance	-6.0% of GDP (2004)
Foreign debt	20.2% of GDP (2003)
Natural resources	petroleum, natural gas, coal, bauxite, chromite, copper, iron ore, nickel, salt, timber, hydropower
Agricultural products	wheat, corn, potatoes, vegetables, fruits, sugar beets, grapes, meat, dairy products
Industries	food processing, textiles and clothing, lumber, oil, cement, chemicals, mining, basic metals, hydropower
Export products	textiles and footwear, asphalt, metals and metallic ores, crude oil, vegetables, fruits, tobacco
Import products	machinery and equipment, foodstuffs, textiles, chemicals
Most prominent trading partners	Export: Italy 72.4%, Greece 10.5%, Serbia and Montenegro 5% (2005) Import: Italy 29.3%, Greece 16.4%, Turkey 7.5%, China 6.6%, Germany 5.4%, Russia 4% (2005)
Trade with the EU	Exports to EU-25: \notin 1.11 million (2003) Imports from EU-25: \notin 368 million (90%) (2003) Trade deficit = \notin 393 million

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Bosnia-Herzegovina – Geographical and political profile

Official name	Bosnia and Herzegovina
Independence	1 March 1992
Entities	Federation of BiH, Republika Srpska, Brcko district
Area	51,129 km ²
Neighbouring countries	Croatia (932 km), Montenegro (225 km), Serbia (302 km), coastline (20 km)
Population	4.5 million (2007 est.)
Density	71 inhabitants per km ² (est.)
Distribution	43% urban population, 57% rural population (est.)
Population profile	Bosniak (48%), Serb (37.1%), Croat (14.3%), other 0.6% (2000 est.)
Languages	Bosnian, Croatian, Serbian
Religions	Muslim (40%), Orthodox (31%), Catholic (15%), Protestant (4%), other (10%) (est.)
Life expectancy	Average: 78.2 years, male: 74.6 years, female: 82.0 years (2007 est.)
Main political parties in the House of Representatives (42 seats)	Party for Democratic Action (SDA, Bosniak) (9), Party for Bosnia and Herzegovina (SBiH, Bosniak) (8), Party of Independent Social Democrats (SNSD, Serb) (7), Social Democratic Party of Bosnia and Herzegovina (SDP BiH, multi-ethnic) (5), Croatian Democratic Union of Bosnia and Herzegovina (HDZ, Croat) (3), Serb Demo- cratic Party (SDS, Serb) (3), Croat Democratic Union 1990 (HDZ 1990, Croat) (2)
Presidency (rotating)	Nebojsa RADMANOVIC (Serb), Haris SILAJDZIC (Bosniak) and Zeljko KOMSIC (Croat) (since November 2006)
Prime Minister BiH	Nikola SPIRIC (since 11 January 2007)
Prime Minister RS	Milorad DODIK (since November 2006)
Prime Minister FBiH	Nedzad BRANKOVIC (since March 2007)

Bosnia-Herzegovina – Economic profile

GDP	Approx. €7.5 billion (2005)
GDP per capita	€933 (2005)
Economic growth	6% (2006 est.)
Inflation rate	8.2% (2006, following the introduction of VAT)
Unemployment rate	45.5% (2005, official); 25-30% (2005, ILO standards)
Population below poverty line	25%
Currency	Convertible Mark (KM)
Government budget balance	+0.9% of GDP (2005)
Current account balance	-21.7% of GDP (2005)

Bosnia-Herzegovina – Economic profile (cont'd)

Foreign debt	29% of GDP (2005)
Natural resources	coal, iron ore, bauxite, copper, lead, zinc, chromite, cobalt, manganese, nickel, clay, gypsum, salt, sand, forests, hydropower
Agricultural products	wheat, corn, fruits, vegetables, livestock
Industries	steel, coal, iron ore, lead, zinc, manganese, bauxite, vehicle assembly, textiles, tobacco products, wooden furniture, tank and aircraft assembly, domestic appliances, oil refining
Export products	metals, clothing, wood products
Import products	machinery and equipment, chemicals, fuels, foodstuffs
Most prominent trading partners	Exports: Croatia 18.4%, Italy 17.1%, Slovenia 14.7%, Germany 12.8%, Austria 6.5%, Hungary 5.2%, China 4.2% (2005) Imports: Croatia 24.7%, Germany 13.6%, Slovenia 13%, Italy 11%, Austria 6.9%, Hungary 5.5% (2005)
Trade with the EU	Exports to EU-25: €1.3 billion (2005) Imports from the EU-25: €2.7 billion (2005)

Montenegro – Geographical and political profile

Official name	Republic of Montenegro
Independence	3 June 2006
Area	14,026 km ²
Neighbouring countries	Albania (172 km), Croatia (25 km), Bosnia-Herzegovina (225 km), Serbia (203 km), coastline (293.5 km)
Population	684,736 (July 2007 est.)
Density	44.9 inhabitants per km ² (est.)
Distribution	60% urban population, 40% rural population
Population profile	Montenegrin (43%), Serb (32%), Bosniak (8%), Albanian (5%), Muslim (4%), Croat (1.1%), other (4.3%)
Languages	Serbian (official; Ijekavian dialect), Bosnian, Albanian, Croatian
Religions	Orthodox, Muslim, Catholic
Life expectancy	Average: 72.5 years, male: 71 years, female: 74 years
Main political parties in Parliament (81 seats)	Coalition for European Montenegro (DPS/SDP) (39), Serbian List (12), Coalition SNP/NS/DSS (11), Movement for Changes (PZP) (11), Liberals and Bosniaks (3), Albanian minority parties (5)
President	Filip VUJANOVIC (since 11 May 2003)
Prime Minister	Zeljko STURANOVIC (since 13 November 2006)

Montenegro – Economic profile

GDP	€1.67 billion (2006 est.)
GDP per capita	€2,950 in purchasing power standards (2006 est.)
Economic growth	6.5% in 2006

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Montenegro – Economic profile (cont'd)

Inflation rate	3.4% (2004)
Unemployment rate	27.7% (2005)
Population below poverty line	12.2% (2003)
Currency	Euro
Government budget balance	1.2% of GDP
Current account balance	-9.1% of GDP (2005)
Foreign debt	27.6% of GDP (2005)
Natural resources	bauxite, hydroelectricity
Agricultural products	grains, tobacco, potatoes, citrus fruits, olives, grapes, sheepherding, commercial fishing negligible
Industries	steelmaking, aluminium, agricultural processing, consumer goods, tourism
Export products	aluminium and aluminium products (41%), beverages and tobacco (18%), wood and timber (8%)
Import products	electrical energy (6.8%), fuel (5.2%), motor vehicles (5.1%), medicaments (3.3%)
Most prominent trading partners	Export: Serbia 42.6%, Italy 24.2%, Greece 9.0%, Switzerland 5.5%, BiH 3.7% (2004) Import: Serbia 34.8%, Italy 8.6%, BiH 5.5%, Greece 5.0%, Slovenia 5.0%, Germany 4.2% (2004)
Trade with the EU	Exports to EU-27: €287.7 million (2006) Imports from EU-27: €501.8 million (2006)

Serbia – Geographical and political profile

Official name	Republic of Serbia
Independence	5 June 2006
Area	88,361 km ² (at the time of writing still including Kosovo)
Neighbouring countries	Bulgaria (318 km), Romania (476 km), Hungary (151 km), Croatia (241 km), Bosnia-Herzegovina (302 km), Albania (115 km), FYROM (221 km), Montenegro (203 km), coastline (0 km)
Population	10.15 million (including Kosovo, July 2007 est.)
Density	84 inhabitants per km ²
Population profile	Serbian (66%), Albanian (17%), Hungarian (3.9%), Romany (Gypsy) (1.4%), Bosniak (1.8%), Montenegrin (0.9%), other 9.0% (2002 census)
Languages	Serbian (88.3%), Hungarian (3.8%), Bosniak (1.8%), Romany (Gypsy) (1.1%), other 5% (2002 census) <i>Note:</i> Romanian, Hungarian, Slovak, Ukrainian and Croatian all official in Vojvodina; Albanian official in Kosovo

Serbia - Geographical and political profile (cont'd)

Religions	Serbian Orthodox (85%), Catholic (5.5%), Protestant (1.1%), Muslim (3.2%), other (5.2%) (2002 census)
Life expectancy	Average: 75.0 years, male: 72.5 years, female: 77.9 years (2007 est.)
Main political parties Parliament (250 seats)	SRS (81), DSS (64), DSS-NS (47), G17 Plus (19), SPS (16), LDP Coalition (15), other (8)
President	Boris TADIC (DS, since 11 July 2004)
Prime Minister	Vojislav KOSTUNICA (DSS, since 3 March 2004)

Serbia – Economic profile

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-	
GDP	€32.97 billion (including Kosovo) (2006 est.)
GDP per capita	€2,506 in purchase power standards (2006 est.)
Economic growth	5.9% in 2005; 6.3% in 2006
Inflation rate	6.6% (2006)
Unemployment rate	31.6% (2005)
Population below poverty line	30% (2003) <i>Note:</i> data covers the former Serbia and Montenegro (1999 est.)
Currency	Serbian Dinar (RSD)
Government budget balance	0.6% of GDP (2006)
Current account balance	-10.2% of GDP (2006)
Foreign debt	61% of GDP (2006)
Natural resources	oil, gas, coal, iron ore, copper, lead, zinc, antimony, chromite, nickel, gold, silver, magnesium, pyrite, limestone, marble, salt, arable land
Agricultural products	wheat, maize, sugar beets, sunflower, beef, pork, milk
Industries	sugar, agricultural machinery, electrical and communication equipment, paper and pulp, lead, transportation equipment
Export products	manufactured goods, food (raspberries, frozen fruits) and live animals, machinery and transport equipment
Import products	oil, natural gas, transport vehicles, cars, machinery, food
Most prominent trading partners	Export: Italy 14.1%, BiH 11.7%, Montenegro 10.4%, Germany 10.2%, FYROM 4.7% (2006) Import: Russia 14.5%, Germany 8.4%, Italy 7.3%, China 5%, Romania 3% (2006)
Trade with the EU	Exports to EU-25: 56% of total (2006) Imports from EU-25: 49% of total (2006)

Kosovo - Geographical and political profile

Official name	Kosovo (at the time of writing still part of Serbia but under the rule of the UNMIK pursuant to UNSC res. 1244)
Area	10,887 km ²
Neighbouring countries	FYROM (159 km), Albania (112 km), Montenegro (78.5 km), coastline (0 km) (Serbia: 351.5 km)
Population	2.1 million (2006 est.)
Density	193 inhabitants per km ² (2006 est.)
Distribution	60% rural population, 40% urban population (2006 est.)
Population profile	Albanian (90%), Serbian (5%), Bosniak (1.9%), Roma (1.7%), Turkish (1%), Ashkali, Egyptian, Gorani (0.4%) (2006 est.)
Languages	Albanian, Serbian
Religions	Muslim, Orthodox, Catholic
Life expectancy	Average: 69 years, male: 67 years, female: 71 years (2003 est.)
Main political parties in Parliament (120 seats)	LDK (46), PDK (30), AAK (9), SLKM (8), Ora (7), Bosniak Vakat coalition (4), KDTP (3), other (13)
President	Fatmir SEJDIU (LDK, since 10 February 2006)
Prime Minister	Agim CEKU (since 10 March 2006)
UN SRSG (UNMIK)	Joachim RUCKER

Kosovo – Economic profile

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GDP	€2.326 million (2004)
GDP per capita	€964.4 (2004)
Economic growth	1.2% (2002), 3.1% (2003), 3.2% (2004), 3.5% (2005)
Inflation rate	3.6% (2002), 1.1% (2003), 1.5% (2004), -0.5% (2005)
Unemployment rate	57.1 (2001), 55% (2002), 49.7% (2003), 50% (2006)
Population below poverty line	N/A
Currency	Euro, Dinar
Government budget balance	6.2% of GDP (2002), 2.5% of GDP (2003), -3.8% of GDP (2004)
Current account balance	-11.6% of GDP (2002), -15.8% of GDP (2003), -18% of GDP (2004)
Natural resources	bauxite, coal, silver, nickel
Agricultural products	wheat, maize, livestock, dairy products
Industries	steel, mining
Export products	base metal and articles of base metal (58.2%), mineral products (18.8%), leather products (6.8%), prepared foodstuffs, beverages and tobacco (4.4%), machinery, appliances and electric materials (3.3%) (2006)

Kosovo – Economic profile (cont'd)

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Import products	mineral products (19.6%), prepared foodstuffs, beverages and tobacco (13.4%), base metal and articles of base metal (10.3%), machinery, appliances and electric materials (9.0%) (2006)
Main trading partners	Export: Albania 20.0%, Macedonia 13.2%, Italy 8.4%, Greece 6.4% (2007) (Serbia 14.7%) Import: Macedonia 18.3%, Turkey 8.2%, Germany 7.0%, China 5.7% (2007) (Serbia 14.4%)
Trade with the EU	Exports to the EU: 32.6% Imports from the EU: 33.3% (2007)

Sources: WIIW Balkan Observatory, EUROSTAT, European Commission, DG ECFIN, CIA Word Factbook, IMF, UNMIK, Kosovo Statistical Office, OSCE, and Economist Intelligence Unit