



Is Slovenia becoming the Greece of the north Balkans?

Stefan Ralchev

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Slovenia, the small Alpine state in Southeast Europe which until recently served as a showcase for the benefits of European Union membership, is now heading towards bailout amidst domestic political scandals. At the same time, Slovenia is making life difficult for its eastern neighbor Croatia, which hopes to join the EU in July, by dragging its feet in ratifying Croatia's accession treaty due to bilateral banking disagreements. Sounds familiar? The story much resembles that of Europe's enfant terrible in the southeast, Greece: its financial woes, and its obstruction of neighboring Macedonia from starting EU accession talks over a bilateral name issue, have become globally notorious. So is Slovenia, pushed by financial and political troubles, transforming into the Greece of the north Balkans?

When Slovenia joined the EU with the "big bang" of 2004, the first ex-Yugoslav republic to do so, the small and neat Adriatic country quickly became an example of how things should be done. It adopted the euro less than three years later, and took the EU presidency a year later. The Slovenian presidency in the first half of 2008, with all its responsibilities and complexities, was surprisingly [successful](#) for an ex-communist country of two million people: though it preceded the hit of the global financial and economic crisis, it assured the smooth initial months of the newly signed Lisbon Treaty and boosted strongly the European perspective of the Western Balkans. So what happened?

Right now, Slovenia's economy is in disastrous shape. Gross-domestic product is expected to fall by 2.4% in 2012, and unemployment exceeds 12%. The government has begun implementing a bank bailout plan, which may drive Slovenia into becoming the sixth eurozone nation to seek financial aid. All these troubles are developing against the backdrop of corruption [scandals](#) ensnaring both the Prime Minister, Janez Jansa, and the leader of the opposition, Zoran Jankovic.

The uneasy domestic environment may have had its toll on Slovenia's external relations, too. There is an ongoing bilateral dispute with Croatia over old deposits, worth €278 million, in the Yugoslav-era bank Ljubljanska Banka. The successor institution, Nova Ljubljanska Banka, is in deep trouble now, and is not in a position to restore what is sought by the Croatian depositors. Croatia has supported several legal suits by depositors in Croatian courts, and Slovenia is seeking the suits to be dropped and the issue resolved in exchange for the smooth ratification of Croatia's EU accession treaty by the Slovenian parliament.

This is not the only point of contention between the two north Balkan neighbors on the path to EU membership. Slovenia blocked Croatia's accession negotiations for more than a year in 2008-09 because of a bilateral border dispute. The two sides ultimately agreed to international arbitration of the issue, which is yet to be resolved.

Some thousand miles to the southeast, Greece is proceeding in a similar fashion. Its financial and economic troubles have become the curse of not only the eurozone but the entire EU and the Balkan region, and it has blocked Macedonia's NATO and EU membership processes because of a bilateral dispute over Macedonia's name: Greece claims that the former Yugoslav republic may have territorial claims on its northern province of the same name.

While the dispute between Greece and Macedonia has been going on for decades and some serious efforts will be needed to overcome it, the Slovenia-Croatia divergence over the bank deposits is perfectly solvable. The two foreign ministers have taken on an intense track of meetings in Brussels and at home in order to deal with the issue. Indeed, Vesna Pusić, the Croatian chief diplomat, said last week after a meeting in Slovenia with her counterpart Karl Erjavec that an agreement has been reached, pending government endorsements, and that the Slovenian parliament might ratify Croatia's EU treaty as early as March.

One conclusion from the Slovenian developments is that the financial and economic crisis anguishing Europe may be making the Balkan EU members even more 'Balkan', in using their position to pursue petty regional interests – slowing down their neighbors' European integration. Bulgaria, for example, like Greece, said in December it would not support the start of accession talks with Macedonia because the latter failed to show good-neighborly spirit in bilateral relations and conducted 'anti-Bulgarian' policies domestically. While clearly connected with the euro crisis, the Bulgarian case is still part of an emerging pattern. Instead of using their EU membership as an instrument for achieving narrow national goals, the Balkan EU member states should adopt the spirit of European cooperation and their solve bilateral disagreements separately. Just like Slovenia and Croatia agreed on the arbitration of the maritime border back in 2009.

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