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## In Search of Principles of Visegrad (Economic) Cooperation and its Inspiration for Bilateral Relations between North Macedonia and Bulgaria

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**Abstract:** This paper examines the economic cooperation within the Visegrád Four (V<sub>4</sub>) in the context of EU membership and its potential inspiration for bilateral relations between North Macedonia and Bulgaria. It explores the alignment of political values and economic relations in the V<sub>4</sub>, highlighting the EU's role in fostering cross-border collaboration. The analysis delves into the shared priorities of the V<sub>4</sub> towards EU enlargement and how these experiences can guide Western Balkan countries. It discusses the transformation of economic cooperation in the V<sub>4</sub>, emphasizing the strategic role of Germany and the evolution of regional dynamics. The paper also analyzes the challenges and limitations in applying the V<sub>4</sub> model to Bulgarian-North Macedonian relations, considering

the differences in historical experiences, economic convergence, and the impact of EU-driven Europeanization. It concludes by assessing the unique nature of bilateral relations in the context of EU integration and enlargement, emphasizing the need for a distinct approach for effective collaboration between Bulgaria and North Macedonia.

**Keywords:** V<sub>4</sub>, EU Enlargement, Bulgaria-North Macedonia Relations, Economic Cooperation, Europeanization, Cross-Border Collaboration

This paper discusses the experience of the enlargement process in the context of the V<sub>4</sub> region and its impact on deepening economic relations in the context of EU membership. That being said, the paper explores the compatibility of shared - and mutually created - political values with extending economic relations within the V<sub>4</sub>.<sup>1</sup> The guiding principle here is the fact that the EU structures its regional policies in order to create space for cross border collaboration. In other words, the EU is indirectly imposing economic incentives in order to create social conditions for deepening and extending economic cooperation among its member states.

### Context of the Shared Priorities of the V<sub>4</sub> towards the EU

The EU enlargement in 2004 and 2007 was understood as a final phase of the "triumph of the democracy transition" in the CEE region. However, this created an unclear

<sup>1</sup> For purpose to this study, the author uses V<sub>4</sub> region as an equivalent to CEE region.

political space for the Western Balkan countries, which hoped to fulfil the conclusions of the Thessaloniki summit in 2001. In the same period, North Macedonia was granted the status of candidate country, which opened a space for political and social expectations for the continuation of the enlargement process.

In the past 20 years, the EU has lost its attractiveness of being a normative power for the Western Balkan countries.<sup>2</sup> Looking back to the period of the past 20 years for perspective, CEE countries can serve as examples of the successful adaptation and implementation of EU norms and, at the same time, as important partners and supporters for WB countries in their aims of being members of the EU. Despite the current political context of the enlargement process, the general framework of assistance should focus on the following dimensions: Firstly, enforcing the rule of law and democratic political systems in all states of WB. Secondly, pursuing an agenda of market-oriented economic reform; and lastly, developing and extending regional frameworks for cooperation with a focus on bilateral relations. In this context, the V<sub>4</sub> countries can serve as a good example for the WB on the use of regional cooperation in order to achieve shared political and economic commitment in the past almost 35 years. One can define the shared similarities as follows: Firstly, a proclaimed political commitment of integration into the EU; secondly, the identification of policy areas for fostering regional cooperation based on economic and social similarities; thirdly, the provision of external assistance, both from the EU and the CEE region as well.

<sup>2</sup> See more details here <https://www.aspeninstitutece.org/project/visegrad-startup-report-20162017/>

A closer perspective on economic cooperation within the V<sub>4</sub> shows the most significant feature of the collaboration. Economic cooperation has always lagged behind political cooperation among the V<sub>4</sub> countries at both the regional and EU levels. Looking at the cooperation of the V<sub>4</sub> countries in any policy area, the need for enhanced cooperation has always arisen from those countries' shared interests and goals, particularly membership in NATO and, most importantly, the EU. That said, their economy-related policies have been left without any special interests in terms of emphasising enhanced cooperation or even trying to standardize their policies in order to achieve better intra-Visegrad cooperation. The economic cooperation among the Visegrád countries is based on similar dynamics given by the historical context, as well as by the current dynamics on the Common Market. There are two interesting patterns here: the strategic role of Germany for all of the V<sub>4</sub> countries and the shared experience of their respective economies serving as logistics and supplier hubs. This puts significant pressure on the limits of Visegrád cooperation, namely the ability to identify shared political interests and to develop and execute a coordinated strategy. Since economic issues have never been the most significant aspect of intra-V<sub>4</sub> cooperation, such issues might have serious consequences for a coordinated policy with respect to the key political agenda of the EU. This brings us back to the very beginning. The V<sub>4</sub> can develop a coordinated strategy when it comes to top policy priorities, while also developing deeper integration in areas where all parties involved see mutual, direct benefits. Conversely, in policy areas where transaction costs for enhanced cooperation are higher, the level of cooperation

decreases. In addition to that, the need for cooperation is driven by different aims, such as strong economic relations with Germany instead of intra-Visegrad interests. In all likelihood, Visegrád countries will continue to protect their economic interests – as other EU member countries do – with regional cooperation merely being a welcomed side effect of their national priorities. In this context, it needs to be said that the V<sub>4</sub> countries react to EU priorities rather than actively shaping them. There are a few crucial points that make the V<sub>4</sub> a very important region in this regard. Firstly, all of the V<sub>4</sub> countries face similar challenges when it comes to the need of supporting policies aimed at boosting innovative businesses. Secondly, there is a strong private sector that enjoys the structural and infrastructural setting of the region when it comes to the development of the already existing background of global innovations. Thirdly, all of the countries are driven by similar externalities such as the strong economic role of Germany. In this context, cooperation at the EU level is the only possible platform for interconnection within the EU and for gaining significant know-how and financial support.

### Explanatory Framework of the EU Integration

The literature on Europeanization may serve as a good tool for analysis and a deeper understanding of the impact of the EU integration of the V<sub>4</sub> region as well as in the broader context of the Western Balkans. As Risse<sup>3</sup> points out, if one analyzes the EU integration process, the socialisation effects, such as collective identities and public discourse, should be considered. In a broader context, this logic leads

<sup>3</sup>T. Risse, *The Euro between national and European identity*, Journal of European Public Policy (2003), 10:4, 487-505, DOI: [10.1080/1350176032000101235](https://doi.org/10.1080/1350176032000101235)

to the identification of common interests in the integration process. Therefore, besides the rationalist approach represented by Moravcsik which,<sup>4</sup> for example, emphasizes the economic gains emerging from regional cooperation - in the context of an enlarged EU - social effects play a crucial role in both the implementation and the functioning of policy, thus fostering regional cooperation.

As Börzel<sup>5</sup> argues, since 1990 the EU regional policy was mainly a matter of top-down processes that focused on institutional as well as regional policy settings. The EU regional policy, as the literature on Europeanization suggests, may be approached from the perspective of rational choice and/or sociological institutionalism. The first approach argues that the EU enabled domestic changes as a result of inducing changes in the opportunity structures for (domestic) actors (as newly-created conditions demanded domestic change). The second approach focuses on the altered behaviour of actors as a result of a change in norms, practices, and ideas (in terms of identification with the new structures). From a slightly different viewpoint, regional policy may be understood from a rationalist point of view as a new form of redistribution of power<sup>6</sup>, and from a social constructivist perspective as an area of shared norms and rules. Likewise, the EU regional policy results in the “imagining” of regional cooperation and the creation of an institutionalized way of redistributing policies as well

<sup>4</sup>A. Moravcsik, *Why the European Community Strengthens the State: Domestic Politics and International Cooperation* (Cambridge: Harvard University, 1994).

<sup>5</sup>T. Börzel: The Diffusion of (Inter-)Regionalism. The EU as a Model of Regional Integration. co-authored with Thomas Risse, KFG Working Papers. Research College “The Transformative Power of Europe”, (Berlin: Freie Universität Berlin, 2009).

<sup>6</sup>T. Börzel: The Diffusion of (Inter-)Regionalism. The EU as a Model of Regional Integration. co-authored with Thomas Risse, KFG Working Papers. Research College “The Transformative Power of Europe”, (Berlin: Freie Universität Berlin, 2009).

as interests.<sup>7</sup> In this context, it is important to understand both the imposed institutional structure on regional cooperation, but also what creates the *de facto* content of the process.

There is a general agreement in the scholarly literature that the 2004 EU enlargement process involved the adoption of a large amount of EU legislation on the part of the acceding members, and, that in many cases, this happened merely in a formal way. Generally, new norms were not properly translated and adapted to the national political contexts. In other words, the behaviour of actors has not changed.<sup>8</sup> Following this argumentation, only one “logic of Europeanization”<sup>9</sup> is arguably operating regarding EU regional policy in the new member states, with the sociological institutionalist logic largely missing. Therefore, further development of sustainable regional cooperation must be based on the penetration of interests geared towards a wide scope of actors, as well as socialising them in the context of the newly created (bilateral) context.

However, the Visegrad region experienced vertically developed incentives to collaborate despite often formally adopted norms aimed to support regional cooperation. Referring to the theoretical understanding of regional cooperation, one can witness two processes. Firstly, there is the identification of shared regional interests that were translated into multilayer regional cooperation. In this

context, we can see a democratisation and decentralisation of interests – the involvement of various institutions, less dependent on control or political interests penetrating bilateral/regional relations. It has already been proven that relying only on infrastructure, in the sense of EU norms, means that long-term gains, such as newly-created regional cooperation based on shared interests, are absent from the implementation. The EU policy cannot bring about the envisioned goal—the emancipation of regional/bilateral cooperation. In this respect, when evaluating the EU regional policy in the context of V<sub>4</sub>, a wide scope of factors should arguably be considered that would go beyond the binary understanding of the implementation of individual programs and initiatives. With that said, the nature of (regional) cooperation within the V<sub>4</sub> is based merely on a shared historical communist experience which was boosted by the shared political goal of the transformation period, which was integration into NATO and the EU. To continue the argument, the V<sub>4</sub> cooperation - also in its economic terms - is based on the identification of shared interests. This general concept allows actors to act under the umbrella of a shared identity, while also being driven by pragmatically identified interests that result in shared profits.<sup>10</sup>

In this context, it is interesting to observe the changing dynamics of bilateral collaboration after the adoption of the current EU financing framework for the years 2021 and 2027, in which there is a significant reduction of European Union funds dedicated to cross border collaboration. Therefore, institutional structures which are relevant

<sup>7</sup> J. Olsen, The Many Faces of Europeanization, *Journal of Common Market Studies* 40(2002): 921-950.

<sup>8</sup> T. Börzel: The Diffusion of (Inter-)Regionalism. The EU as a Model of Regional Integration. co-authored with Thomas Risse, KFG Working Papers. Research College “The Transformative Power of Europe”, (Berlin: Freie Universität Berlin, 2009).

<sup>9</sup> *ibidem*

<sup>10</sup> R. Fawn, “‘Regions’ and their study: where from, what for and where to?” *Review of International Studies* N. 35 (2003)

among others for Euroregions were pushed – formally and by context – to come up with new goals and priorities, as mentioned by representatives of Euroregions Nisa and Těšínské Slezsko. They mentioned in private conversations that a lack of EU funds reflects operational capacity as well as a search for the purpose of operations. It reflects the danger of only interest driven institutional structures without a deeper sense of identification. Speaking about the Czech – Polish context, Euroregions typically rely on a mix of funding sources, with contributions from both national governments and the European Union. In the Czech Republic, funding for Euroregions often comes from the Ministry of Regional Development, which allocates resources to support joint projects and initiatives. In Poland, the Ministry of Foreign Affairs plays a similar role in financing cross-border cooperation initiatives. Additionally, European Union structural funds, such as the European Regional Development Fund (ERDF) and the Cohesion Fund, are essential sources of financial support for Euroregion projects in both countries. However, current development shows that both countries have to increase their budgetary participation which, in principle, corresponds with a need for the identification of national priorities relevant for cross border collaboration. In principle, regions with well identified interests can translate their activities into budgetary matters.

However, this supporting structure was able to perform due to the overall supportive environment for collaboration. This means that the period around the time of the EU accession has been shaped by political representatives who enjoyed a similar political vision hand in hand with

well cultivated personal relations on both the national and regional levels. Such a nature of collaboration was a foundation for the further penetration of bilateral and regional relations beyond the level of shared interests.

To assess the experience of the CEE region when it comes to identifying key aspects driving regional collaboration, the following conclusions can be drawn.

Firstly, the theoretical explanation – using the framework of Europeanization – is very dependent on the social and political context in which it is defined. This means that explaining principles of the EU integration in the context of the CEE region is very context dependent. It means that the normative environment of EU integration is a key explanatory variable.

Secondly, the incentives to deepen regional collaboration significantly depend on shared ideas and motivations. This leads to a need to find an appropriate institutional framework, such as creating a system of Euroregions used as an important institution for processing finances dedicated to regional cooperation in a cross-border manner.

Thirdly, regional cooperation in the CEE region has never been a matter of political issues or objections to pursuing a common goal — membership in the EU. The shared political vision has always been more important than often personalised short-term interests.

Fourthly, none of the CEE countries controlled or intended to control the stream of regional and bilateral collabora-

tion in a political and economic manner. In this sense, the regional collaboration has been pushed by the interests of a wide scope of stakeholders, not primarily by one segment.

### **Lesson Learned and (Potential) Inspiration for Bulgarian – Macedonian Relations**

The conceptualization of the regional collaboration in the CEE region, described above, sets an outline for the analysis of the bilateral relations between Bulgaria and North Macedonia. The purpose of the following section is to review some of the main drives and principles of bilateral collaboration in the context of the EU enlargement process. The review follows the main identifying elements as outlined in the context of the CEE region.

Using the Europeanization framework creates significant methodological challenges. That the perspective of norm-based explanations would allow for EU enlargement and lead to more extensive acceptance of the EU norms should be a logical assumption. However, employing this framework to explain drivers of closer collaboration between both countries shows a significant limit of the process. Firstly, Bulgaria and North Macedonia do not enjoy the same dynamics of the process since Bulgaria has been an EU member since 2007. In this context, the normative aspect of the enlargement process is thus based on the EU as the formative element, but as a tool of the EU approximation it misses its transitional (normative) element. In this context, one should also consider the lack of institutionalized cooperation that shapes bilateral relations. Translat-

ed into practical implications, there is a significant lack of institutionalized bilateral relations that would be exposed to the EU practices when channelling EU funds and other means of collaboration. With that said, the impact of Europeanization remains on a central level that has limited knowledge and interests regarding practicalities on a regional level. From this perspective, there is a significant lack of means for Europeanization since the tools are very limited.

To deepen – in the form institutionalization – bilateral cooperation that would be based on identifying common interests is an ongoing process due to cultural and social proximity. This is the case primarily of economic affairs where business interests are frequently independent of political priorities. A closer look at the similarities between the CEE region and bilateral relations between Bulgaria and North Macedonia shows significant limits of comparison. From a broader perspective, the shared historical experience of both countries brought only limited elements that can be interpreted as a historical momentum for bilateral relations as it was in the CEE region. Likewise, there is also a practical element concerning the lack of deeper bilateral economic convergence, this being the strong economic presence of Germany as a strong initial push for economic collaboration within the CEE region. However, Germany has never enacted a significant regional economic policy towards the CEE states. That being said, its economic interests have been in line on a bilateral basis. This enabled the emergence of politically independent businesses interests which happened to be in collaboration on the regional level. This element is significantly less

present in the context of BG-NMK relations leading to a lack of regional interests. At the same time, one can observe two diverging processes. There are strong political interests with economic implications. It drives the nature of bilateral collaboration as very personalized bilateral relations with a strong background in political affairs. As a result, there is a narrow personalized economic interest that does not allow for broader desertification when it comes to segments and members. In principle, there is a very low number of “newcomers” to the economic relations leading to the replication of similar principles that have not allowed for the generation of a strong normative convergence push in the context of EU integration. Instead of this, we can see that the limited ability of pushing economic interests against political ones of the Europeanization element is not strong enough. Going further, one can observe a correlation between rising political tensions and the failure to fulfil potential economic cooperation in segments where the impact concerns interests that are driven by economic cooperation. Such a situation results in a limited diversified portfolio of actors shaping bilateral relations. As a logical consequence, the more the political space is dominated by nationalistic tendencies, the less space there is for new-comers or even new ideas driven by common (economic) interests. As a result, the current dynamics of bilateral relations can be defined as immature by the inability to separate economic aspects from nationally driven political agendas.

According to the study published by CSD, which focused on economic relations between Bulgaria and North Macedonia, the dynamics of relations corresponds with growing

distrust on the political level. This is a paradoxical situation where relations which should be a matter of growing interdependence, given by the fact that the EU membership means primarily economic gains, are significantly affected by negative politicisation.<sup>11</sup> As a result, the scope of relations is narrowed to economic interests and the nature of relations with demonstrated reservations to enrich the political substance of bilateral relations. In this context, it is worthwhile to underline that identifying similarities between the Visegrád region and Bulgaria and North Macedonia is very difficult in terms of having the political nature of collaboration as a supportive element for deepening regional cooperation. This results in a situation in which the bilateral relations are dominated by political leadership which also has economic power to maintain the status quo concerning the dynamics of bilateral relations.

To analyse the dynamics of bilateral relations, in the above mentioned context, the decisive elements of deepening and widening the collaboration are shared political and economic interests as well as providing incentives in the form of the provided institutional and financial structures understood as having transformative power. That said, the current momentum requires a different conceptual framework than the concept of Europeanization applied in the CEE region. Limited engagement of shared historical experience created a space that is dominated by nationalising agendas that pushed the understanding of the bilateral issue as a European one aside. In this context, existing analytical frameworks from CEE regions are hardly

<sup>11</sup> See the full study here: <https://csd.bg/events/event/promoting-constructive-capital-in-north-macedonia/>

applicable, especially without comparable institutional support. At the same time, the longer the timespan of the bilateral issue is, the more collaboration is dominated by a bilateral agenda and less by European norms. At the end, it threatens the EU enlargement process as such more than the bilateral cooperation, thus showing that the EU is unable to frame the process by ideas, but only as a rationalised mechanism of the Common Market of the EU.