## CEPS COMMENTARY Thinking ahead for Europe

## Croatia and the Structural Funds – Doing without an Ottoman Empire bypass bridge Michael Emerson 29 July 2013

elcome, Croatia, to the European Union! A fine historic moment. And the next task is to make good use of the very large sums of money available to Croatia from the Structural Funds. As was seen in earlier enlargements, for example in Portugal and Spain, there is the opportunity here to make radical improvements in public infrastructure that will make a real difference to economic competitiveness and the quality of life.

Unfortunately, there seem to be pressures bearing down from Croatia onto the European Commission to accept one very expensive and dubious project. This a bridge costing reputedly several hundreds of millions of euro to avoid crossing a 9-kilometre stretch of Bosnian land which cuts the Croatian Dalmatian coastline in half – the so-called 'Neum corridor'.

This bizarre fragment of political geography has of course a political history. In 1399, the Dubrovnik Republic (Ragusa) acquired Neum from Bosnia. If it had stayed that way there would be no problem today. However in 1699 Dubrovnik relinquished this small territory to the Ottoman Empire following a war, in order to give the Turkish army access to the sea. Neum was under Ottoman control for 179 years until 1878 when it came under Austro-Hungarian rule, thence to join the Kingdom of Serbs, Croats and Slovenes, and so on into the post-war Yugoslavia until Bosnian independence in 1992.

Now in 2013, Croatia's accession to the EU is a fine step forward towards the official goal of integration of the whole of the Balkans into the EU, when the long, complicated and oftentragic turns of Balkan history will be replaced by a modern European order. The only temporary problem is that Bosnia's accession is going to take some years more, and in the meantime Croatia wants to accede to the Schengen area as soon as possible, thereby allowing a non-stop drive all the way down to Dubrovnik.

There have been bilateral negotiations between Bosnia and Croatia, with the participation of the European Commission, to try and find an amicable solution, such as for the 9-km highway across the Neum corridor to become temporarily a transport corridor, i.e. with no entry or exit points on Bosnian territory. Bosnian traffic wishing to use the highway to go south or north could enter the highway at the Bosnian-Croatian borders rather than solely on Bosnian land. Local Bosnian traffic could be assured underpasses where needed. All this

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Centre for European Policy Studies • Place du Congrès 1 • B-1000 Brussels • Tel: (32.2) 229.39.11 • http://www.ceps.eu would require a friendly political gesture by Bosnia to be enshrined in an agreement. Bosnia for its part would like to have improved access to the port of Ploce, which is about 25 km up the coast line from Neum, and serves as Bosnia's main sea port. However an agreement has not been forthcoming.

As a result there is a search for alternative solutions, for which the front-runner seems to be a major bridge across from the Croatian coastline north of Neum to the Croatian peninsula of Peljesac, whose southern point joins the Croatian coastline south of Neum. The bridge would thus be a Neum by-pass route. The bridge would be extremely expensive, partly because it would have to be sufficiently high to permit large ship to pass under it in case Bosnia chose to build a completely new port of its own at Neum, with the bridge thus respecting the law of the sea for unrestricted freedom of maritime passage. At this point the arguments are becoming utterly surreal, reflecting a kind of nationalist politics that the EU is dedicated to banishing.

In this situation the European Commission has set in motion a feasibility study to examine all options, with a report expected in the next month or so. It seems that there are different opinions within the Commission, between those who favour the bridge, notably those responsible for Schengen, and those who consider that the bridge would be an expensive waste of money. The Commission has not yet taken a formal position, pending completion of the feasibility study.

It would be useful for the feasibility study to investigate alternative uses that could be made in Croatia and Bosnia with the hundreds of millions of euro that the bridge would cost. If this is not done, the European Parliament should request such information before any decision is taken.

In our view the corridor option should be favoured. The idea that this would constitute a security risk for the Schengen area is not plausible. Cars and trucks would not be able to access the corridor. As for pedestrians wishing to cross from Bosnia into Croatia, and notably illegal immigrants, traffickers of drugs and others engaged in criminal activity, the last thing they would contemplate would be to walk along the highway, when there are many hundreds of kilometres of unprotected frontier between Bosnia and Croatia to choose from.

As for the problem for Bosnia that it would be temporarily ceding an element of national sovereignty as and when Croatia accedes to Schengen before Bosnia, it should be compensated financially. The savings from not spending millions of euro on the bridge would provide a large basis for an optimal solution (indeed a classic case for a Pareto-optimal solution).

Alternatively, dear European taxpayer, how about spending hundreds of millions of euro on what might aptly be called the "Ottoman Empire bypass bridge"? The European Commission is not immune to being drawn at times by member states into endorsing unfortunate proposals, the latest one having been the now-withdrawn olive oil packaging fiasco. Now is not a good time for another one.