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THE EEC/EU POLICY TOWARDS ALBANIA, 1970s – 1990s

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ABSTRACT

This master's thesis looks at the influence of the European Economic Community (EEC) and later the European Union's efforts for state-building in post-communist Albania. It aims to demonstrate that the EEC played a crucial role in establishing economic and political aid as well as humanitarian aid to Albania after the breakup of the communist regime and the turbulent phase following this. The thesis uses primary sources from the Historical Archives of the European Union in Florence and from the Historical Albanian Archives and offers a new paper to fill in the gap of research.

KEY WORDS: EEC, EU, Albania, Integration, External relations, collapse of communism

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TABLE OF CONTENT	
ABSTRACT	2
ACKNOWLEDGMENTS	3
INTRODUCTION	7
CHAPTER 1. The EEC and Albania during the Cold War	11
1.1 External relations of the EEC	11
1.1.1 The EEC’s expanding role as a global actor	12
1.1.2 Albania’s unique position in the Cold War	23
1.2 Historiography of Albania	32
1.2.1 Albania’s geopolitical position	32
1.2.2 Impact of isolationism on Albania’s economic and political development	33
1.3 Unofficial bilateral relations in the 1970s	37
1.3.1 Initial contacts and Trade and Cooperation Agreements between the EEC and Albania during the Cold War	37
1.4 Conclusions	42
CHAPTER 2. THE ORIGINS OF RELATIONS BETWEEN THE EEC AND ALBANIA	43
2.1. The EEC’s policy towards Albania in the 1980s	43
2.1.1 Albania’s gradual openness and the Community’s trade relations with the country	44
2.2 The Collapse of Communism. Transitioning from isolation to engagement: Albania’s post-1990s trajectory	51
2.2.1 Humanitarian Aid during the 1990s	57
2.2.2 EU-Albania agreements and their significance: the role of the PHARE program (1992)	63
2.2.3 Human rights and the Greek minority in Albania	70
2.3 Conclusions	74
CHAPTER 3: THE EEC’S POLICY TOWARDS ALBANIA IN THE 90s	75
3.1 Strategic interests of the EEC in the Western Balkans	75
3.1.1 Political stability, economic development and regional security: stabilizing a region marked by ethnic conflicts	75
3.1.2 Albania’s role within the broader Western Balkans strategy	82
3.2 The grave social and economic situation in Albania in 1991	83

3.2.1 Uncontrolled mass migration of Albanian citizens and the EEC's response to the crisis	86
3.3 Second Albanian crisis: the collapse of pyramid schemes of 1997	93
3.3.1 Albanian civil unrest and the migration crisis	98
3.3.2 The international community's response to Albania's internal instability	103
3.4 The Thessaloniki Agenda (2003): Albania's path to integration	108
3.4.1 The Stabilization and Association Process	108
3.4.2 Albania's inclusion in the Thessaloniki Declaration	112
3.5 Conclusions	115
CONCLUSION	117
PRIMARY SOURCES	121
BIBLIOGRAPHY	124

LIST OF ABBREVIATIONS

ACP = Albanian Communist Party

BiH = Bosnia and Herzegovina

COMECON = Council for Mutual Economic Assistance

CSCE = Conference on Security and Cooperation in Europe

DG = Directorate-General (European Commission)

DP = Democratic Party (of Albania)

EBRD = European Bank for Reconstruction and Development

EC = European Community

ECSC = European Coal and Steel Community

EEC = European Economic Community

EIB = European Investment Bank

EP = European Parliament

EPC = European Political Cooperation

EU = European Union

FRG = Federal Republic of Germany

FRY = Federal Republic of Yugoslavia

GATT = General Agreement on Tariffs and Trade

GDP = Gross Domestic Product

IMF = International Monetary Fund

IOM = International Organization for Migration

NATO = North Atlantic Treaty Organization

PHARE = Poland and Hungary: Assistance for Restructuring their Economies

PLA = Party of Labour of Albania

PSRA = People's Socialist Republic of Albania

RD = Rilindja Demokratike

SAP = Stabilisation and Association Process

UNDP = United Nations Development Programme

UNHCR = United Nations High Commissioner for Refugees

US = United States

USA = United States of America

WB = Western Balkans

INTRODUCTION

Historically, the relations between the European Economic Community (EEC) and Albania from the Cold War to the 1990s represent a highly unexplored field within the context of European integration and Cold War diplomacy. While there is a vast literature on the EEC's relationships with Central and Eastern Europe, the Albanian case has received little scholarly attention. From a historiographical perspective, Albania has often been treated as a unique case that resisted both Soviet revisionism and Western imperialism. Cold War studies in the Western Balkans have focused on Yugoslavia's non-alignment, leaving Albania as an exception, defined mostly by isolation and repression.

This thesis seeks to address this gap by investigating the course of EEC-Albania relations from the early Cold War until the collapse of communism. It not only highlights Community's growing external role and how it intersects with Albania's path from isolation to integration, but it also examines how the EEC's transformation from an economic union into a political and normative actor shaped its policy towards one of Europe's most isolated regimes. On the contrary, Albania's gradual liberalization and eventual collapse reveal the Community's ability to act as a regional stabilizer in post-communist Southeastern Europe.

The thesis argues that EEC-Albania relations, while limited during the Cold War, reflect the larger evolution of the Community's external identity, from a trade-based "civilian power" to a strategic and normative actor. In this sense, Albania's isolationism highlighted the limits of engagement during the bipolar confrontation, while also allowing the EEC and its successor, the European Union, to test and refine new instruments of external action in the Western Balkans, such as humanitarian aid, conditionality, and stabilization. The study follows Albania's transition from ideological seclusion to contractual cooperation, demonstrating how the Community's policies toward the Balkans evolve from distant observation to proactive involvement, culminating in the 1990s in a coherent strategy linking aid, trade, and political reform.

Existing studies on EEC external relations have examined the EEC's global role as a civilian and normative power, especially in relation to the Yugoslav wars. Similarly, Albanian historiography has focused primarily on domestic political developments or bilateral ties with socialist allies, frequently overlooking its minimal interactions with

Western Europe. This thesis seeks to bridge the gap between European integration history and Albanian Cold War studies. By rebuilding the EEC's policies and Albania's cautious openings, it demonstrates how even limited interactions can shed light on larger changes in European diplomacy and Cold War realignment.

This study focuses on the EEC's stance towards Albania from the mid-1970s to the 1997 financial crisis. It examines four major stages in the evolution of Albania-EEC ties. First, it examines the roots of unofficial bilateral relations in the 1970s. Second, it examines the EEC's approach toward Albania in the 1980s within the background of international change. Third, it evaluates the significance of the EEC-Albania policy in light of the collapse of the Berlin Wall and the reshaping of Europe following 1989. Finally, it examines Albania's role in the EEC's Western Balkans policy from the early 1990s to the 1997 financial crisis. An epilogue follows, demonstrating the relationship between EEC policy in the 1990s and Albania's subsequent inclusion in the Thessaloniki Declaration of 2003.

By situating this research within the four aforementioned historical periods, the study not only fills a gap in the current pool of systematic literature on the subject but also provides an in-depth analysis of the economic and political dimensions of EEC-Albania relations. As far as Albania's historiography in the Cold War is concerned, historians have mainly focused on bilateral relations with Yugoslavia, the Soviet Union, and the People's Republic of China. Western European partners' relations, on the other hand, have received less attention. Notably, no publication has been produced on Albania's relations with the EEC before the early 1990s. As a result, this will be the first systematic, archival-based analysis of the EEC's strategy towards Albania. It will fill a gap in the current literature and contribute to several historiographical branches, such as the origins of relations between the EEC/EU and Albania, Albanian historiography during the Cold War, and, finally, the EEC's strategy toward the Western Balkans. This study seeks to connect these branches while also providing a thorough understanding of the historical dynamics between Albania and the EEC/EU.

The thesis is structured into four chapters, which follow a chronological order.

The first chapter reveals Albania's ideological rigidity and self-imposed isolation throughout the Cold War, preventing it from participating in the European integration process. While the EEC strengthened its external presence through trade, association

agreements, and political cooperation mechanisms, Hoxha's Albania stayed outside these frameworks of engagement, instead relying on shifting socialist alliances and, subsequently, autarky. This divergence was not just political, but also structural: while the EEC established instruments of "civilian power," Albania's autarkic doctrine rejected the forms of interdependence on which European integration was built. The outcome was a significant division that would only begin to close in 1985, when Hoxha's death made way for preliminary diplomatic normalization.

The second chapter tracks the turning point in Albania's path towards European integration. Tiranë gradually re-entered the European diplomatic arena in the 1980s, first through bilateral normalization with Germany and the United Kingdom, and then through participation in regional discussions. However, the fall of communism in 1991 drastically altered the situation: Albania emerged as Europe's poorest and most unstable state, reliant on foreign aid for survival. The EEC's humanitarian response signalled the start of formal engagement. The 1992 Trade and Cooperation Agreement and the inclusion of Albania in the PHARE program institutionalized relations and introduced political conditionality as the guiding principle of assistance. In parallel, the Community's concern for human rights, particularly in relation to the Greek minority, underlined the dual nature of its policy: economic stabilization and normative transformation. Albania's participation in these processes was not only economically necessary but also a symbolic re-entry into Europe following decades of isolation.

The third and final chapter situates Albania within the EU's larger Western Balkans policy, demonstrating how lessons learned from Bosnia, Kosovo, and Albania produced a new European approach to post-conflict reconstruction. The collapse of communism in 1991 and the rise of pyramid schemes in 1997 revealed both the vulnerability of Albania's transition and the development of the EU's external mechanisms. The European response included humanitarian aid, international cooperation, and Operation Alba. The Stabilisation and Association Process (1999) and the Thessaloniki Agenda (2003) established the logic of integration, recognizing that long-term peace and democracy in the Western Balkans required progressive integration into the EU framework. For Albania, this marked the end of a lengthy journey as well as the start of a new one: transitioning from aid beneficiary to integration candidate for integration. Through the abundant documentation offered by the Historical Archives of the

European Union (HAEU), this research conducts rigorous archival work ensuring the solidity and accuracy of its results. The study adopts a qualitative methodology enhanced by critical literature analysis and cross-referencing of archival evidence in both English and French.

For the first period, relations between the EEC and Albania during the 1970s, the research relies primarily on the holdings of the Secrétariat Général and the Commissions Fonds BAC (BAC). For the second period, the 1980s, it draws on the Secrétariat Général, the Parlement Européen, Première Législature (PE1) and Deuxième Législature (PE2). Ultimately, for the final period, from the fall of the Berlin Wall until 1997, the relevant holdings include the Banque Européenne d'Investissement (BEI), Secrétariat Général (CEUE-SEGE), and the Parlement Européen, Troisième Législature (PE3)

This archival approach, along with sources from the Central State Archive of Albania (Arkivi Qendror i Shtetit), enables a comprehensive, comparative reconstruction of how European and Albanian institutions perceived and shaped their interactions.

CHAPTER 1. THE EEC AND ALBANIA DURING THE COLD WAR

1.1 External relations of the EEC

The history of relations between the European Economic Community (EEC) and Albania during the Cold War represents an underexplored yet significant field within European and Cold War studies. While the EEC progressively evolved from a primarily economic organization into a global actor with increasing diplomatic, normative, and economic influence, Albania followed an entirely different trajectory, marked by extreme isolationism, ideological rigidity, and successive ruptures with its principal socialist allies. This divergence not only shaped Albania's absence from the Community's external policy agenda but also reinforced its position as one of the most isolated and underdeveloped states in Europe by the end of the Cold War.

Within the broader geopolitical framework, the bipolar structure of the international system, dominated by the United States and the Soviet Union, limited the Community's scope for autonomous foreign policy while simultaneously encouraging it to consolidate internal integration and develop tools for economic diplomacy. Over time, mechanisms such as the European Political Cooperation (EPC) and the European Council enabled the EEC to articulate a collective external presence, making trade agreements, enlargement policy, and political conditionality central instruments of its foreign action.

In this context, Albania emerges as a unique case study. Unlike most Eastern European states, which, despite ideological differences, cultivated some form of economic or political engagement with the EEC, Hoxha maintained a firm stance of hostility toward the Community. This was the outcome of Albania's geographic position, Hoxha's extreme paranoia, and above all, the ideological extremism of his regime, which moved successively from alliance with Yugoslavia, the Soviet Union, with Maoist China, before embracing complete autarky. The result was a foreign policy defined by self-imposed isolation, regional mistrust, and resistance to any form of Western integration or aid.

The chapter examines this dynamic in three main parts. First, it sets the EEC's external relations within the broader Cold War order, tracing the evolution of its global role and the limitations imposed by superpower rivalry. Second, it analyses Albania's geopolitical position, its shifting alliances within the socialist bloc, and the domestic

necessities that underpinned its foreign policy. Finally, it considers the absence of formal bilateral relations between the EEC and Albania during the 1970s and 1980s, assessing the structural, ideological, and strategic factors that kept the two actors apart until the collapse of communism. By doing so, the chapter lays the groundwork for understanding Albania's delayed and difficult path toward European integration in the post-Cold War era.

1.1.1 The EEC's expanding role as a global actor

The development of the EEC during the Cold War must be understood within the broader framework of a deeply polarized international system characterized by the ideological, political, and military rivalry between the United States and the Soviet Union. The newly born EEC was not a mere byproduct of internal European ambitions for economic recovery and regional peace; rather, it was also a strategic response to the systemic pressures and constraints imposed by the Cold War. Although its primary mandate at its foundation was economic, the EEC evolved into a major global actor with significant diplomatic, normative, and economic influence.¹

From its very outset, the European Community (EC) was conditioned and shaped by Cold War dynamics. In a world dominated by the two Superpowers, many Europeans believed that a common action by European states was a necessity for maintaining and securing peace. The Schuman Declaration of May 9, 1950, is considered to be a foundational statement that led to the creation of the European Coal and Steel Community (ECSC). This declaration proposed pooling coal and steel production among France and West Germany, thus serving as a dual purpose: it could be seen as both a peace initiative and a Cold War manoeuvre in which Europe was “*the unquestionable epicentre of the struggle, the prime battleground*”² for geopolitical influence. This occurred at a time when Stalin still ruled the Soviet Union, and fears of

¹ N. Piers Ludlow, “The History of the EC and the Cold War: Influenced and Influential, but Rarely Center Stage”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role* (London Bloomsbury Academic, 2019), pp. 15- 27.

² *Ibid.*, p. 17.

Soviet expansionism were widespread, following the Berlin Blockade of 1948 and the establishment of the Eastern Bloc with the foundation of the Cominform in 1947. At this time, European integration served two purposes: reconciling historical European tensions between France and West Germany and establishing the Western bloc against the perceived communist threat. Hence, US policymakers believed that a more united Europe would be a stronger front against communism, as well as “*a more reliable partner and ally with whom the burdens of global leadership and defense against communist expansion could be shared*”³. The exclusion of the countries behind the Iron Curtain from cooperating and trading with the non-communist world, although one of the great tragedies resulting from the Cold War, benefited the formation of the Community in its early integration process.

This consolidation was formalized with the signing of the Treaty of Rome in 1957, which institutionalized Western European integration by creating the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM).

Yet, despite this institutional progress, during the initial years the EEC was “*punctuated with major Cold War crises, from that over Berlin from 1958 to 1961, to the suppression of the Prague Spring in 1968, passing via the Cuban Missile Crisis of 1962 and the escalation of the Vietnam War from 1964 onwards*”⁴, resulting in it becoming a relatively limited actor on the global stage. Its newly founded institutions lacked the competences and mechanisms necessary to conduct a unified foreign policy with “*which key foreign-policy issues, such as the Cold War, could be collectively discussed*”⁵. Member states agreed that maintaining control over diplomacy and common, foreign, and security policy through national or NATO channels would be more beneficial. Secondly, the newly established order, dominated by superpower confrontation, left little room for autonomous European decision-making. The EEC aligned itself with the Western bloc, and the defence of Europe remained under the North Atlantic Treaty Organization (NATO), which conferred stability through military protection by the

³ *Ibid.*, p. 19.

⁴ *Ibid.*

⁵ *Ibid.*, p. 23.

American leadership and nuclear deterrence.⁶ This dynamic is exemplified in the Franco-German Treaty or Élysée Treaty signed on 22 January 1963, which symbolized the reconciliation between the two countries that had been historically rivals. However, even in this attempt at bilateral cooperation, French President Charles de Gaulle's commitments were limited, promising "*nothing more than the use of French nuclear weapons for the security of the Federal Republic*"⁷. Meanwhile, German Chancellor Adenauer "*did not hesitate to signal to the French president that he found the American offer of a multilateral NATO nuclear force very attractive*"⁸, assuring President Kennedy of West Germany's participation. According to De Gaulle, the existing dependence and reliance of the EEC on American nuclear deterrence were viewed as both dishonourable and insecure. He was concerned about the transition to the "flexible response" strategy, which exposed Europe to the risk of destruction. Therefore, he advocated for autonomy in defence policy within the EEC, arguing that "*European partners had agreed on the goal of real independence from the leading Western power*"⁹ which required European nations to be sovereign "*in any decision to use their own weapons*"¹⁰, while maintaining an alliance with the United States. Despite such debates, the status of European defence would not change until the end of the Cold War, when new debates about Europe's defence arose.¹¹

⁶ Romano A., "The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 51-66.

⁷ Loth W., "The EC and Foreign and Security Policy: The Dream of Autonomy", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 149.

⁸ *Ibid.*

⁹ Loth W., "The EC and Foreign and Security Policy: The Dream of Autonomy", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 147.

¹⁰ *Ibid.*

¹¹ Neri Gualdesi M., The Birth of the CFSP and the Transatlantic Debate on European Security. The Influence of Anglo-American Relations and the Italian-British Diplomatic Initiative, on "Rivista italiana di storia internazionale" 1/2020, pp. 65-87. Retrieved from <https://www.rivisteweb.it/doi/10.30461/97587>

In the meantime, divisions continued beyond the Western bloc, in particular the lack of contact between the Socialist bloc and the EEC.

In the early period of the Community's history, between 1958 and 1969, the EEC had no direct contacts with the Eastern Bloc. The Communist bloc believed that the EEC was an instrument of Western aggression and refused to acknowledge the Community's legitimacy. It wasn't until the late 1988-1989 that the Socialist bloc countries recognised and established formal official relations with the Community.¹² The remarkable growth of European economies and the success of the Common Market led Socialist regimes to a change of attitude towards the West, considering, even, "*the possibility of economic cooperation and peaceful economic competition*".¹³ During 1964 and 1968, some Eastern European governments (Poland, Czechoslovakia, and Hungary) began to informally approach the Commission with the aim of negotiating sectoral agreements that could reduce charges and quotas imposed by the EC. By the mid-1960s, socialist countries had initiated rapid modernisation programs through the acquisition of Western products, expertise, and technology: "*This boosted trade across the Iron Curtain, enhanced the importance of the EC market, and inevitably increased socialist economies' exposure to the impact of the EC's evolution trajectory*"¹⁴.

Hand in hand with its internal market efforts across the 1960s, the EEC also started developing its external policies. The Commission's international role was emphasized by Article 110 of the Treaty, which defined its purpose as follows:

By establishing a customs union between themselves, Member States aim to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers. The common commercial policy shall take into account the favourable effect which the abolition of customs duties between Member States may

¹² Romano A., "The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 51-66.

¹³ *Ibid.*, p. 53.

¹⁴ *Ibid.*, p. 54.

have on the increase in the competitive strength of undertakings in those States.¹⁵

After the aforementioned transitional period, Article 113 came into force, stating:

1. After the transitional period has ended, the common commercial policy shall be based on uniform principles, particularly in regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in case of dumping or subsidies.¹⁶

As a result, if Member States established agreements with third countries, they were required to inform the Commission beforehand, and the Council would authorise the Commission to open negotiations and later accord the same treatment to other Member States.

In practice, trade negotiations were prepared by the EEC Commission's Directorate-General and the Commissioners' cabinets. Directorate-General I (External Relations) and Directorate-General XI (Trade) played instrumental roles in conducting these trade negotiations. These two directorates played a pivotal role in balancing practical economic policies with geopolitical caution, particularly in dealing with socialist countries that were ideologically opposed to the Community's capitalist principles. The entire period from 1958 to 1974 is marked by a series of "never-ending negotiations" between the Commission and multiple partners all over the world.¹⁷

Over time, the economic and political significance of the EEC grew steadily. The EEC's common commercial policy, established by the Treaty of Rome, enabled it to act as a cohesive bloc in international trade negotiations. The existing literature investigated the

¹⁵ Article 110 of the Treaty of Rome, 25 March 1957. Retrieved from <https://netaffair.org/documents/1957-rome-treaty.pdf>

¹⁶ Article 113 of the Treaty of Rome, 25 March 1957. Retrieved from <https://netaffair.org/documents/1957-rome-treaty.pdf>

¹⁷ Bossuat, G., Legendre, A., "The Commission's role in external relations", in European Commission, Bitsch, M.,T., Bossuat, G., Bussière, É., (eds.), *The European Commission 1958-1972: history and memory of an Institution*, M.Dumoulin, edito, Publications Office, 2014, pp. 339- 376.

role of the EEC in various periodic rounds of conferences, during which multilateral trade negotiations were held, and trade barriers were gradually reduced. Particularly, in the Dillon Round (1961-1962) and the Kennedy Round (1964-1967), the focus was on how the EEC could become a major trading power. These Rounds were particularly important because they marked the first time the EEC participated as a unified trading bloc and helped define its commercial policies and shape its relationship with the US. Over time, the EEC moved from being a regime follower to a regime shaper, a shift that became particularly evident in later rounds of GATT negotiations, such as the Tokyo (1973-1979) and Uruguay Rounds (1986-1994).¹⁸ This change allowed the EEC to obtain its foothold as an important international trade and economic actor. In addition to this economic aspect, there were changes made to increase the political power of the EEC, as well. By the 1970s and after De Gaulle's retreat, the EEC began to take the first cautious steps to articulate a more coherent external presence.

As noted above, during the 1970s, the EEC began discreetly expanding its multiple levels of interconnections and external relations beyond its Western partners, engaging in dialogue with countries across the Mediterranean and Eastern Europe. The newly born European Community had no direct foreign relations with the Eastern bloc, and its centrality as an actor was limited. Until the 1970s, the Soviet bloc refused to recognize the EEC, and moreover, the European institutions lacked the mechanisms necessary to engage in Cold War dynamics. And yet, in this broader framework, the role of the newly established European institutions was crucial in shaping how the Community perceived and approached Albania, despite the absence of formal diplomatic relations until the fall of communism.

In this highly sensitive geopolitical context, the Commission acted as the principal driver of external relations, using trade, economic, and technical cooperation as instruments of influence. This role aligned with the evolution of the EEC in the 1970s as a global actor, where trade and association agreements were increasingly seen as tools

¹⁸ Coppolaro L., "The EC in the GATT Trade Regime: A Power Without Leadership", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 127-141.

of foreign policy.¹⁹

Opening up to the world meant that the Commission had to address the issue of underdevelopment. Relations with trading countries depended heavily on the political will of the partners. Trade with the Eastern Bloc started to take place from 1964 to 1968, and during this period, the Commission proposed to abandon the system of agricultural quotas in favour of a simpler and more flexible system with the Soviet countries. Although communist countries refused to recognise the Community's legitimacy, the USSR still requested tariff concessions. The Council agreed at the Commission's proposal to facilitate the trade of some Soviet products.

This period also corresponded with the Brezhnev Doctrine, which called on the Soviet Union to act militarily in socialist countries where the capitalist threat was noticed. Following the invasion of Czechoslovakia in August 1968, the Commission decreased its contacts with the Socialist bloc countries that took part in the military intervention, although it maintained unofficial relations with some of them. However, the Commission took a supportive stance toward Yugoslavia after the Tito-Stalin split. It opened trade negotiations, making Yugoslavia the first communist country to open diplomatic relations with the EEC institutions.

At the same time, the attempt to coordinate foreign policy among the member states of the EEC was facilitated by two major developments: the establishment of the European Political Cooperation (EPC) mechanism in 1970, laid out in the Davignon Report, and the creation of the European Council in 1974. The EPC enabled member states to coordinate foreign policy stances, though on an intergovernmental basis. The European Council, introduced at the Paris summit of December 1974, was composed of heads of state or government who would meet three times a year, offering a high-level political platform to address foreign policy issues.²⁰ These innovations allowed the EEC to

¹⁹ *Ibid.*, pp. 15- 27.

²⁰ Mourlon-Druol, E. (2016). Steering Europe: Explaining the Rise of the European Council, 1975–1986. *Contemporary European History*, 25(3), pp. 409–437. Retrieved from <https://www.cambridge.org/core/journals/contemporary-european-history/article/abs/steering-europe-explaining-the-rise-of-the-european-council-19751986/A7C0A371A6BBBD15520B8AC023986688>

respond more effectively to international crises and to project a collective voice on matters of global importance.

At the same time, the process of enlargement, inaugurated in 1973, was designed to fortify the commitments of the EEC in areas such as “*external commercial relations, aid to developing countries, social policy, environmental and industrial policies and the emerging political cooperation and monetary affairs*”²¹. Indeed, against a backlash of global instability, in January 1973, the EEC welcomed Denmark, Ireland, Norway, and the United Kingdom as Community members. During the 1970s, the question of enlargement quickly resurfaced after the collapse of authoritarian regimes in Greece (1974), Portugal (1974), and Spain (1975), creating a new challenge for Western Europe and the US. The EEC responded by offering economic support, trade agreements, and eventually the prospect of membership, thereby anchoring these states within the Western democratic and economic order. In doing so, the EEC functioned not merely as a market but as a political actor using conditionality to promote democratic consolidation and regional stability.²²

At the same time, the EEC's involvement in the Conference on Security and Cooperation in Europe (CSCE) solidified its diplomatic role by defining an innovative agenda of “*extended East-West cooperation and exchange*”²³. Although initially excluded from “high-level” Cold War negotiations dominated by the two superpowers, the EEC enhanced its role in East-West relations only in moments of cooperation. The 1975 Helsinki Final Act, a cornerstone of the CSCE process, included “*an opening to the Eastern bloc, and not simply, as Nixon and Kissinger had defined it, a relaxation of*

²¹ Karamouzi E., “Enlargement as External Policy: The Quest for Security?”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 189.

²² *Ibid.*, pp. 185-198.

²³ Romero F., Patel K.K., “Introduction: EC External Relations—Towards a Global Role”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 8.

tensions with the Soviet Union”²⁴. The EEC’s participation, particularly in implementing provisions on human rights, economic cooperation, and the inviolability of borders, signalled its transformation and gave visibility to the EC and especially to the Commission under Roy Jenkins.

The 1980s saw a further deepening of the EEC’s international profile. The European Commission, the institutional engine of the Community, played a more proactive role in foreign economic policy, especially through development assistance, external trade agreements, and enlargement preparations. The Community also projected itself as a model of regional integration, drawing the attention of other global actors. Notably, Mikhail Gorbachev, leader of the Soviet Union, expressed admiration for the EEC’s dynamism and attempted, albeit unsuccessfully, to replicate some of its features within the COMECON framework. The appointment of a Soviet ambassador to the EEC in 1989 was emblematic of the Community’s rising international stature.²⁵

While lacking military capabilities, the EEC began to shape the international system through what scholars have called "civilian power" or "normative power". From 1955 to 1992, the EEC’s external relations were mostly “civilian”, meaning that it did not engage in any military action. Instead, it operated mainly through “non-military” instruments, such as development aid, trade preferences, and diplomatic recognition, which were used as tools of influence. As noted by Krotz, “*This approach lays emphasis on the EU’s soft power reserves rather than its military capabilities and willingness to use them*”²⁶. By contrast, the “normative” perspective views the EEC “*with or through its member states, [...] promoting a set of universally applicable*

²⁴ Weisbrode K., “The EC and the United States: Partners in Search of Diplomacy”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 41.

²⁵ N. Piers Ludlow, “The History of the EC and the Cold War: Influenced and Influential, but Rarely Center Stage”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 22.

²⁶ Krotz U., “International History Meets International Relations”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 274.

principles, values, and shared beliefs”²⁷, such as democracy, human rights, sustainable development, good governance, and the rule of law through its external relations.

This was evident in the enlargement process as Krotz notes that “the Six” (and later “the Nine”), democratic, market-oriented, NATO-aligned, required future members to adopt similar standards prior to accession. By maintaining the Community as a “selective group”, the EEC acted as a “normative power”. However, Krotz highlights how, despite the EEC’s emphasis on non-military instruments, it remains “*problematic to characterize the EC (and its external relations) as civilian*”²⁸, considering that five of the “original Six” were founding members of NATO, and later France and the United Kingdom became nuclear powers.²⁹

Nevertheless, the end of the Cold War marked a fundamental shift in the EEC’s role that both tested and amplified the EEC’s “civilian” and “normative” powers. The fall of the Berlin Wall in 1989 and the subsequent collapse of communist regimes across Eastern Europe presented both challenges and opportunities. The end of this era reshaped the geopolitical context in and around Europe³⁰: the United States did not disengage totally from European affairs, and it became clear that the transformation and the reshaping of the post-Cold War context would be the responsibility of European countries. Remarkably, it took the EEC thirty years to get recognized by the Eastern European governments, which, only a year after the collapse of the communist regime, looked at the EEC’s membership as a guarantee of a democratic future³¹. The EEC responded swiftly and strategically to the challenges of this watershed moment. It deepened interdependence across the continent through trade, economic cooperation and even by

²⁷ Ivi, p. 273.

²⁸ Ivi, p. 275.

²⁹ Ibid., pp. 257-277.

³⁰ Romero F., Kaisin S., “The Commission and the rest of the world”, in Dujardin, V., Bussière, E., Ludlow, P., Romero, F., Schlenker, D., Varsori, A., Kaisin, S. (Eds), *The European Commission 1986-2000: History and memories of an institution*, Luxembourg: Publications Office of the European Union, 2020, pp. 579-590.

³¹ Romano A., “The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p.51.

extending EU membership “to an ever-increasing number of countries”³². It launched the PHARE program (Poland and Hungary: Assistance for Restructuring their Economies), which provided financial aid and technical assistance to help with the modernisation of candidate countries. PHARE, initially implemented only for Poland and Hungary, was later extended to other Eastern European countries (May 1990). The Community also played a pivotal role in establishing a multilateral organization concerned with the promotion of private investment in Eastern Europe: the European Bank for Reconstruction and Development (EBRD), the first organization obliged to “link loans to political conditionality: only countries applying the principles of multi-party democracy, pluralism, and market economics would be eligible for loans”.³³

In this context, “Common policies were used as tools to induce the socialist regimes to adopt a more cooperative attitude”³⁴. Hence, Western aid became a journey towards democratisation and economic liberalisation for those countries leaving the Soviet bloc. Association agreements were differentiated on political grounds and were proposed to reward countries for making progress towards democracy. Negotiations started with Czechoslovakia, Hungary, and Poland in December 1990, followed by Bulgaria, Romania, and the Baltic states.³⁵

The Cold War undoubtedly contributed to the formation of the EEC’s external relations, particularly its enlargement process, and the promotion of those “civil and normative powers” that have historically led and still today lead the EC/EU.

³² Karamouzi E., “Enlargement as External Policy: The Quest for Security?”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), p. 185.

³³ Romano A., “The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 63.

³⁴ *Ivi*, p. 64.

³⁵ Romano A., “The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe”, in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe’s cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 63.

Ultimately, this marked the beginning of a broader Eastern policy characterized by political conditionality and economic aid. Through these transformations, the EEC, and later, with the Maastricht Treaty, the European Union, became a central actor in the reconstruction and democratization of post-communist Europe. In this broad framework, the understudied case of Albania will be further developed and examined for its unique position within the Eastern bloc, where, unlike other Eastern European countries, it adapted a different, severely isolationist and self-reliant approach to governance.

1.1.2 Albania's unique position in the Cold War

After 1945, Albania positioned itself within the Soviet bloc. Albania's use of bilateral unequal alliances was seen as a strategy to secure its national goals, as political recognition, economic and military assistance. The country's foreign policy under the dictatorship of Hoxha has gone through different and unstable shifts. Between 1945 and the end of the 1970s, the PSRA (People's Socialist Republic of Albania) and later the PLA (Party of Labour of Albania) formed and changed three partnerships with Belgrade, Moscow and Beijing. The political break with these three major alliances led the country to extreme isolation from the West and, in this case, the EEC.

Albania's alliances with Yugoslavia, the USSR and later with the People's Republic of China represent the most defining phases of its Cold War history. Each alliance followed a similar path: an initial period of cooperation and mutual support, followed by growing disillusionment and ideological conflict, culminating in rupture. These shifting alliances reflect Albania's broader strategy of aligning with powerful socialist countries only as long as those relationships served and followed the ideological and strategic goals of the PLA and its leader, Enver Hoxha.³⁶

First, the small country became an “uneasy”³⁷ satellite of Yugoslavia in the mid-1940s, then it aligned itself with the Soviet Union and the Eastern Bloc, and lastly, it became

³⁶ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, pp. 1- 17.

³⁷ Mëhilli E. “Documents as Weapons: The Uses of a Dictatorship's Archives”. *Contemporary European History*. 2019, p. 92.

China's partner during the 1960s till the 1970s after Beijing's relaxation of relations with the West.

Too often, the 1970s and 1980s in Albania are marked as a period of extreme 'isolation'. While it is true that the regime's paranoia regarding external interference reached a peak, the government's obsession with ideological orthodoxy resulted in a systematic repudiation of foreign ties. The 1976 Constitution, for instance, institutionalized Marxism-Leninism as the state's official ideology and forbade credits from or concessions to foreign companies or "*capitalist, bourgeois and revisionist states*". The effects of these policies were deeply felt throughout the 1980s, as economic decline and persistent food shortages exposed the impact of the regime's rigid ideological stance.³⁸

Albania's postwar foreign policy represented a sharp departure from its traditional system of preserving its independence and territorial integrity. In the aftermath of World War II, Albania was highly dependent on Belgrade's aid. This alliance was determined by Yugoslavia's contribution to the creation of the Albanian Communist Party (ACP) and its subsequent control over the country for the following forty-one years, as well as the problem posed by Greece's territorial claims to southern Albania. Therefore, Yugoslavia's strategic interests were driven by military, political and economic considerations.³⁹

In the 1930s, the small country was characterised mainly by an agrarian society, with a high level of illiteracy, a limited industrial base, and a traditional proletarian social structure. Because of this, the newly established communist government depended steadily on Belgrade for economic aid, political guidance and military assistance.⁴⁰

On July 9, 1946, Tiranë and Belgrade signed a Treaty on Economic Cooperation and a Treaty of Friendship, Cooperation, and Mutual Assistance, by which Albania entered into a political and military alliance with the Titoist country. Furthermore, they were drawn to sign a Treaty on the Coordination of Economic Plans, on the Customs Unions

³⁸ *Ivi*, p. 94.

³⁹ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, p. 28.

⁴⁰ *Ibid.*

and Equalization of Currencies between the two countries.⁴¹ The relations between Belgrade and Tiranë developed to such an extent that “*Albania was deprived of any significant initiative in its foreign and domestic policies*”⁴². Because of this, the relationship was distinguished by an asymmetry of dominance-dependency, insofar as Belgrade was capable of dominating directly almost every dimension of life in Albania.

Under the cover of a common ideology, and as a result of the inexperience and political immaturity of the ACP leadership, Tiranë's economic difficulties, diplomatic isolation, and military weakness, Yugoslavia found it relatively easy to dominate Albania⁴³.

Economically speaking, Albania was rich in mineral resources and had a considerable potential for economic development that could provide Yugoslavia with valuable products such as petroleum, bitumen, cotton and crops. Thus, Belgrade’s policy towards Hoxha’s regime aimed at securing military, political and economic advantages.⁴⁴

Tito had an ambition of immense political importance: creating a federation with Albania. According to him, this would have solved the ethnic problem of the Albanian minority living in the autonomous province of Kosovo.

Things started to change in 1947, when internal opposition in Yugoslavia reached major proportions. The Albanian elite believed that the continuous relationship of dependency with Tito might lead Hoxha and the country to a total absorption of Albania.⁴⁵

The feeling of occupation led Hoxha to fly to Moscow, where he enlisted Stalin’s support, and “*obtained credit for agricultural equipment and the construction of several*

⁴¹ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, p. 35.

⁴² *Ibid.*

⁴³ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, p. 36.

⁴⁴ *Ivi*, p. 37.

⁴⁵ *Ivi*, p. 36.

important industrial projects”⁴⁶. During this period, we have what scholars call the “Tito-Stalin split”, meaning that Tito had an ideological deviation, called self-management, and therefore decided to develop an internal system that was not that of the USSR. The conflict led to the expulsion of Yugoslavia from the Cominform. This provided Hoxha with the perfect opportunity to disengage Albania from Yugoslav domination. Later, this led the USSR to crush all possible deviations from the soviet model based on state and party control over the economy. An example of this is the invasions of Hungary in 1956 and Prague in 1968.

The partnership between Albania and Yugoslavia ended in 1948 after the rupture of relations between Tito and Stalin. On the 1st of July 1948, Tiranë unilaterally broke all economic treaties and agreements concluded with Tito, except for the Treaty of Friendship, Cooperation and Mutual Assistance, which was renounced by Yugoslavia in November 1949.⁴⁷

Hoxha sought to construct his political identity as a communist leader and, in doing so, was forced to make a strategic choice between aligning with Stalin or with Tito. Ultimately, he opted to side with Stalin. This led to isolation from the rest of the bloc. The main reason was that Hoxha was presenting himself as a Stalinist leader who was maintaining a strict line of Stalinism. Siding with Yugoslavia’s ideology would have meant a loss of credibility.

The alliance with the Soviet Union was grounded in Albania’s establishment of a Marxist-Leninist state. From 1946 to 1961, the country became deeply integrated into the Eastern Bloc. The USSR-Albania relations, often considered as that of a “older brother and younger brother” bond, were asymmetrical: Tiranë depended heavily on Soviet financing, while Moscow viewed Albania as a peripheral satellite, or even a buffer state, through which it could expand its sphere of influence in the Adriatic and Mediterranean coast. Yet, this alliance allowed Hoxha to consolidate power domestically while projecting Albania as a loyal member of the socialist bloc and the Marxist ideology.

The USSR provided significant economic aid, technical expertise, military training, and

⁴⁶ *Ivi*, p. 38.

⁴⁷ *Ivi*, p. 40.

political support. Albania's economy, infrastructure, and education system were developed largely with Soviet assistance and financing during this partnership. Hoxha's regime enjoyed limited autonomy in domestic and foreign affairs.

In 1949, Albania joined the Council of Mutual Economic Assistance (CMEA), and in 1952, Moscow established a military base on the island of Sazan, ensuring the Soviet Union's military strategy in the Balkans and the Mediterranean. In 1955, Albania also became a founding member of the Warsaw Pact, ensuring a partnership of mutual aid and cooperation.

The relationship was, however, uneven. Tensions from Albania emerged as early as the mid-1950s, especially after Stalin's death in 1953 and following Khrushchev's de-Stalinization campaign in 1956. The changes that occurred in the USSR made Hoxha believe that the only way he could carry on with his rigid Stalinist regime was by seceding from the Soviet Union.⁴⁸

Hoxha, a devoted Stalinist, interpreted the de-Stalinization process of dismantling the Stalinist system and cult of personality as ideological betrayal. The first differences between the PSRA and the USSR emerged in 1955 when Khrushchev visited Belgrade, which led to a rapprochement between the two communist countries. This Soviet-Yugoslav rapprochement was seen by Hoxha as a threat to Albania's independence and security.⁴⁹ As the relations with the USSR and Yugoslavia improved, there was an "inverse deterioration in Moscow-Tiranë relations".⁵⁰

Albania's ideological opposition intensified during the Moscow meetings of communist parties in 1957 and 1960, where Hoxha openly criticised Soviet revisionism. While the Soviets were reapproaching Yugoslavia, Hoxha started to lean towards China, taking a pro-Beijing stance. In October 1956, Hoxha attended the Eighth Congress of the Chinese Communist Party (CCP). Due to Albania's support of the CCP, Beijing's assistance to Tiranë increased considerably. "While in 1955, Chinese credits accounted

⁴⁸ Marku, Y. "Shifting Alliances: Albania in the Early Cold War". *Journal of Cold War Studies* 2022, p. 81.

⁴⁹ *Ivi*, pp. 41- 50.

⁵⁰ *Ibid.*, p. 45.

for only 4.2 % of Albania's total passive trade balance, in 1956 they rose to 17%, and in 1957 to 21.6 %''⁵¹. In order to counter the growing influence of the CCP in Albania, Khrushchev increased his assistance, granting a credit of \$18.5 million and freeing Albania from debts totalling \$105 million. Yet, all this commitment from the Soviets did not prevent Albania's opening toward China. In one last attempt to preserve the PSRA's loyalty, Khrushchev visited Albania in June 1960 at the Bucharest Conference, when the Albanian representative, Hyseni Kapo, refused to condemn the CCP. Because of this, the USSR took a series of punitive measures against the PSRA, by cancelling all credits and grants, cutting off trade, and later excluding Albania from participating in the Warsaw Pact and CMEA deliberations. This withdrawal from the Soviets caused an immediate economic depression. However, the conflict reached its peak in November 1960 at the Moscow Conference, where Hoxha condemned the Soviet leaders for their rapprochement with Yugoslavia, denounced their criticism of Stalin, and protested against their intervention in Albania's internal affairs.⁵²

The final rupture occurred in 1961 at the 22nd Congress of the Soviet Party, when the Soviet leader denounced Hoxha and called on the Albanians to overthrow him. Moreover, on December 3, 1961, diplomatic relations were severed, and Soviet aid was withdrawn.⁵³

This sudden rupture marked Albania's first significant geopolitical realignment of the Cold War. In Western capitals, particularly within NATO, the Soviet withdrawal from Albania was seen as a positive development. Despite the rupture in diplomatic relations, the PSRA legally remained a member of the Warsaw Pact. Under the terms of the treaty, the Soviet Union and its Eastern European allies were still bound by an alliance treaty to protect Albania's independence and territorial integrity. Any potential Western action against Tiranë could have invited a Soviet military response, leading to an international crisis.⁵⁴

⁵¹ *Ibid.*, p. 47.

⁵² *Ivi*, pp. 53- 69.

⁵³ *Ibid.*, pp. 49- 50.

⁵⁴ *Ivi*, p. 58.

In the wake of its break with the USSR, Albania turned to the People's Republic of China as its new ideological and economic partner. The partnership with China (1961–1978) was framed as an alliance between two pure Marxist-Leninist states resisting both Soviet revisionism, anti-Yugoslav stance, and Western capitalism. Fearing foreign aggression, Albania searched for a great ally which could secure its security and independence. In terms of security, the PRC could provide Albania protection, and due to the geographical distance, China could not pose a direct threat to PSRA.⁵⁵

While China provided vital economic and military aid, and for much of the 1960s and 1970s Albania was the only European country to have close relations with Beijing—by praising Maoist principles, moral support of national liberation movements and the promotion of the concept of armed struggle and world revolution—this partnership was quite unusual. Nevertheless, it enabled Albania to survive economically after the Soviet breakup.⁵⁶

Contrary to other alliances, this was a political rather than a military one since:

it was characterized by an absence of an alliance treaty, specifying the goals, objectives and activities of the alliance. Thus, it lacked provisions for joint military consultations or contingency plans⁵⁷.

Despite a formal alliance treaty, the partnership between the Marxist countries was formalized by two important documents: the Sino-Albanian Joint Statements (1964–1966). These documents stressed that the partnership was based on Marxism-Leninism, proletarian internationalism.⁵⁸ The alliance between the PSRA and PRC was based on a series of shared ideological stances. Both countries committed to opposing imperialism, particularly under US leadership, as well as resisting colonialism and a tacit “*support for national liberation movements*”. Additionally, they found a common ground in their struggle against modern revisionism, which they attributed to the Soviet leadership, and pledged to sustain and defend the ideological purity of Marxism-Leninism. Finally,

⁵⁵ *Ivi*, p. 59.

⁵⁶ *Ivi*, pp. 69–74.

⁵⁷ *Ivi*, p. 75.

⁵⁸ *Ivi*, p. 76.

Tiranë and Beijing formally agreed to provide mutual support one another”⁵⁹. The assistance consisted essentially of the PRC’s economic aid and the PSRA’s international and political support.

However, Albania paid a heavy price in political, economic, and military terms after it severed its relations with the USSR and alliance with Beijing, considering China’s lower technological level and lack of ability to provide PRSA with a credible shield of protection.⁶⁰

Although during the mid-1960s the Soviet Union made an effort to improve relations with Albania, the country rejected the invitation to participate in a conference designed to coordinate aid to North Vietnam. As a result, the PSRA’s relation with the soviet bloc remained tense. The only exception was Romania and Third World countries, bringing 33 the number of states with which Tiranë maintained diplomatic relations. We can also clearly see how there is no significant change in Albania’s relations with the West.⁶¹

A period of particular interest is 1966 to 1969, during which the two communist governments shared a common idea of a revolution in the cultural field aimed at preventing the emergence of revisionism and the restoration of capitalism. While the PRC’s leadership entered a period of internal turmoil, the Albanian leadership remained remarkably stable and united in its policy consensus. Nevertheless, Hoxha remained deeply cautious and was determined to prevent the rise of rival power centers that could potentially threaten or undermine the APL’s absolute control over every aspect of Albanian society⁶². His determination to prevent such threats was firm. To this end, Hoxha’s campaign focused on a radical purge and reduction of the government bureaucracy, anti-religious campaigns which ended up in proclaiming Albania as the first “atheist state” in 1967, a program for the emancipation of women and a reform in the educational system.⁶³

As with the USSR, the alliance with China was destined to undo. The first signs of

⁵⁹*Ibid.*, pp. 76- 77.

⁶⁰ *Ivi*, p. 84.

⁶¹ *Ivi*, p. 99.

⁶² *Ivi*, p. 107.

⁶³ *Ibid.*, p. 106- 117.

tensions appeared when China began to pursue rapprochement with the United States in the early 1970s. Nixon's visit to Beijing in 1972 was interpreted in Tiranë as a betrayal of anti-imperialist principles. Hoxha's regime feared ideological contamination and saw China's foreign policy shift comparable to Khrushchev's earlier turn. Tiranë lost no time and, in a letter to the Chinese Party Central Committee in August 1971, condemned Beijing's invitation to Nixon and convicted China of "allegedly" having deviated from the Marxist-Leninist ideology. As a consequence, Hoxha deemed this alliance with the US and support of NATO as ideologically unacceptable.⁶⁴

From this moment on, Hoxha started to reduce his dependency on Chinese aid, diversifying trade, diplomatic and cultural relations with Western European countries. "*The PSRA increased trade, liberalized its tourism policies, and, for the first time, permitted a considerable number of Western tourists to visit the country*"⁶⁵. While relations with the West improved, Albania refused any offer to normalize relations with the USSR and the Soviet Bloc.

Relations between the two governments deteriorated further, and by 1978, China formally cut off aid and withdrew its remaining experts. Once again, Albania found itself isolated.

The collapse of the Sino-Albanian alliance had profound implications for Albania's domestic and foreign policy. It led the country into a state of paranoia and into the most extreme phase of autarky, in which the regime sought total self-reliance and minimized all foreign contact. This period saw increased repression, purges, and a tightening of ideological control. Albania now stood alone in the Cold War dynamics, aligned with neither East nor West, and rejecting all forms of influence. It proudly declared itself the only truly independent socialist state, though at enormous economic and social cost.

From a historiographical perspective, Albania's Cold War alliances illustrate the limits of ideological solidarity in the face of strategic national interests and personalist rule. While it rhetorically upheld the ideals of proletarian internationalism, in practice, the regime was primarily concerned with regime survival and ideological control.

Recent research has also explored the long-term effects of Albania's ruptures and how

⁶⁴ *Ivi*, pp. 138- 150.

⁶⁵ *Ivi*, p. 152.

they shaped the country's post-1989 transitions. The country's lack of institutional ties with either the Eastern or Western blocs, the absence of a diplomatic framework, and the population's limited exposure to the outside world posed significant barriers to democratisation and economic recovery in the 1990s. Unlike other Eastern European states that had experienced gradual reformist movements or engagement with Western institutions, Albania entered the post-Cold War era from a position of profound vulnerability. This legacy of radical isolation remains a central theme in historical debates on Albania's role in Cold War Europe and its delayed path toward European integration.

1.2 Historiography of Albania

1.2.1 Albania's geopolitical position

The study of Albania during the Cold War has been a subject of growing academic interest among scholars, especially due to its unique path of extreme isolationism and ideological rigidity within the Iron Curtain. Unlike most Eastern European countries, which balanced ties with the Soviet bloc and the West, Albania consistently pursued a solitary path after successive disillusionments with its Eastern allies.

Scholars generally agree that this policy of isolation had two main dimensions. On the one hand, it was justified through ideology and propaganda, with Hoxha presenting Albania as a "*fortress of socialism*"⁶⁶ that resisted both Western imperialism and Soviet revisionism. On the other hand, it reflected a calculated strategy of regime survival, where self-reliance and autarky were prioritized over integration. This dual perspective, ideological rigidity and pragmatic self-preservation have framed much of the historiographical debate.

At the same time, Albania's position within Cold War diplomacy has been underexplored compared to other Eastern European countries. Until the early 1990s,

⁶⁶ Saba, P., *Defense of the Glorious People's Socialist Republic of Albania is the Sacred Duty of the International Proletariat*. Marxists.org., (1978, July 24). Retrieved from <https://www.marxists.org/history/erol/ncm-5/cousml-albania.htm>

almost no scholarly publication had been produced on its relations with the European Community, partly because of the scarcity of reliable sources, but also because Albania's self-imposed detachment produced little formal interaction to study. Recent historiography has begun to reassess this gap, linking Albania's internal authoritarianism and isolationism to its absence from the European integration process.

Albania's geopolitical relevance during the Cold War derived less from its economic or military power than from its strategic location. Situated in the Western Balkans, bordering non-aligned Yugoslavia and NATO members like Greece and Italy, and facing the Adriatic and Ionian Seas, Albania occupied a position of considerable symbolic and strategic weight. Thanks to this, both NATO and the Warsaw Pact viewed the country as important for influence in the Balkans and the Mediterranean, even if it remained politically isolated.⁶⁷

This strategic location amplified Hoxha's persistent sense of insecurity, later described as an "*encirclement syndrome*". He believed that Albania was constantly under siege by external forces, whether Yugoslavia's ambitions, Greek minority claims, or Italy's historic interests in the Adriatic. This perception deepened Albania's mistrust of its Balkan neighbours and reinforced its commitment to isolation.

Scholars emphasize that this combination of geographic vulnerability and ideological rigidity shaped Albania's unique Cold War path. By turning isolation into a deliberate policy, rejecting foreign aid, loans, and cooperation, Hoxha ensured short-term regime survival but condemned the country to long-term stagnation. The consequence was that by the end of the Cold War, Albania had become one of the most underdeveloped and marginalized states in Europe.⁶⁸

1.2.2 Impact of isolationism on Albania's economic and political development

Albania's Cold War foreign policy, particularly after the rupture with China in 1978,

⁶⁷ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, pp. 1-17.

⁶⁸ Biberaj, E., *Albania In Transition: The Rocky Road To Democracy* (1st ed.). Routledge, 1999, p. 29.

was defined by radical isolationism that shaped its economy and political system and rendered it the most closed society in Europe.⁶⁹

The regime's rigid ideology and extreme autarky left Albania without allies, economic partners, or access to international institutions. Unlike other Eastern Bloc states that maintained economic ties with the EEC or engaged in multilateral diplomacy, Albania sealed itself off from both East and West. As a result, after the collapse of communism in 1991, the country underwent a turbulent period characterized by a strong rejection of Hoxha's legacy. This made the transition to capitalism and democracy more difficult than in other Eastern European states.

The regime presented isolation as inevitable, grounding it in official doctrine which claimed that Albania could neither seek peace nor compromise with imperialist and revisionist enemies:

Our Party has always kept this in mind, and precisely because it has always kept it in mind and implemented it with rigor, it has always moved forward and always had a clear and pure Marxist-Leninist line [...] In the struggle against imperialism and revisionism there can be no periods of calm, no concessions, and no retreats⁷⁰.

This archival source reveals how the Albanian leadership ideologically justified isolation as a defensive strategy against both imperialism and revisionism, portraying the battle of ideologies as inevitable for the survival of the state.

In terms of social, political, and economic structures, the dictatorship had caused such profound disruption that significant rebuilding was necessary. However, this task was made even more difficult by the weak level of "*civic nationalism*" and the rejection of Hoxha's "*violent, ruthless nationalism*", which pushed Albania back toward regionalism.⁷¹ Hoxha's death exposed the fragility of a system preserved through

⁶⁹ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, pp. 27- 41.

⁷⁰ General Directorate of Archives, Central Party Archive, Tiranë, Notifications from the Party's Basic Organization in America sent to the Central Committee regarding the submission of the minutes of its meetings held during 1973, with the relevant material attached, 1973 (F.286AP-1973-1).

⁷¹ Fischer, B. J. "Enver Hoxha and the Stalinist Dictatorship in Albania." In *Balkan Strongmen: Dictators*

violence, fear, and ideological rigidity, which could not withstand the combined pressure of economic collapse, isolation, and generational change.⁷²

Economically, the doctrine of self-reliance had devastating consequences. Under the 1976 Constitution, the Albanian government refused aid, loans, and credits from abroad.⁷³ With the severing of assistance from Yugoslavia, the Soviet Union, and China, Albania lacked the resources to modernize its industry, agriculture, and infrastructure. As scholars have noted, Albania suffered from chronic shortages of energy, machinery, consumer goods, and basic commodities. The regime responded not by liberalizing or seeking foreign capital but by tightening internal controls, launching massive, forced labour programs, and constructing thousands of military bunkers across the country. The Albania Hoxha had promised when he took power almost forty years earlier did not exist. Albanians themselves described the country as a mere “*nightmarish caricature of Stalin’s Soviet Union, a carbon copy of Stalinist oppression crammed within the borders of a small country of 3 million people*”.⁷⁴

By 1984, Albania was the third-poorest country in the world, with “*an average per capita income of 15 US dollars a month and a population subsisting on meagre food rations*”⁷⁵. The situation deteriorated to the point where peasants were not even allowed to keep their own livestock. In 1989, the regime acknowledged that collectivization had gone to absurd extremes, debating whether to allow peasants one kid or one lamb per family. People were on the verge of starvation and suffered from malnutrition and various diseases.

The economy was left not only in shambles but also totally isolated. Yet, government reports from the period sought to project resilience, claiming that:

Trade relations with the outside world have made progress, many

and Authoritarian Rulers in South Eastern Europe, ed. Bernd Fischer. West Lafayette, Ind., 2007, p. 292.

⁷² Fevziu, B., The Yugoslavs: a matter of love and hate, in “*Enver Hoxha: The Iron Fist of Albania*”. Bloomsbury Publishing, 2016, pp. 192- 211.

⁷³ Avdullari, A., Self-Isolation of Albania and the First Steps Toward Opening to the West, In *Academic Journal of Interdisciplinary Studies* 3(3), (2014), pp. 82-85.

⁷⁴ Fevziu, B., The Yugoslavs: a matter of love and hate, in “*Enver Hoxha: The Iron Fist of Albania*”. Bloomsbury Publishing, 2016, p. 357.

⁷⁵ *Ivi*, p. 353.

difficulties of today's imperialist-revisionist encirclement have been overcome, and you have entered many international markets. You have no unsold goods, and the economy has been better supplied with raw materials and imports⁷⁶.

This contrast between official optimism and lived reality illustrates the gap between propaganda and Albania's economic collapse. Even as shortages, hunger, and stagnation deepened, state documents insisted that self-reliance was succeeding, highlighting how isolationism was sustained by ideological illusion rather than economic reality.

Albania's borders were wrapped in barbed wire, and 64% of the coast was designated as a military zone. People who attempted to flee the country were killed on the spot, and anyone captured alive was charged with treason and sentenced to life imprisonment. Devices known as *zhurmues* (noisemakers) were installed to block Italian and Yugoslav radio, television, or any type of foreign propaganda from penetrating the country.

Because Albania rejected participation in COMECON's coordinated industrial projects, it was unable to benefit from intra-bloc trade or technology transfers. Meanwhile, its hostility and unreliability toward the EEC excluded the country from participating in European trade networks. The result was a closed economy marked by stagnation, inefficiency, lack of advanced technologies, and widespread poverty.

The political implications of this isolationist period were equally severe. Hoxha's regime used foreign hostility as the main pillar of domestic control, constantly invoking the threat of invasion or dissent to justify repression. This created one of the most authoritarian and repressive systems in Europe, defined by the Sigurimi's (state security) constant surveillance, mass imprisonments, and purges of ideological "deviants," which intensified throughout the 1980s. Recent studies on the so-called "archival revolution" highlight that the Sigurimi's legacy is not only one of repression but also of opacity and institutional ambiguity. Access to its files has been highly politicized since the collapse of communism, with documents often weaponized as political tools rather than treated as historical sources.

The isolation period strengthened authoritarian rule and shaped Albania's foreign policy legacy. By the time the communist regime fell in 1991, Albania had no formal relations

⁷⁶ Drejtoria e Përgjithshme e Arkivave, Këshilli i Ministrave, F.490-1971-57 (GDA, Council of Ministers)

with most European countries and no infrastructure for economic diplomacy. This explains why the EEC's initial engagement with Albania in the early 1990s was limited to humanitarian aid, given the country's lack of institutional and economic capacity.

These legacies defined the following period of transition from 1992 to 1996. The collapse of communism and the state-owned economy exposed how the isolationist period had crippled Albania. Between 1989 and 1992, GDP decreased by over 50%, industrial production fell by 60%, and Albania was left with no foreign reserves, becoming entirely dependent on humanitarian aid to sustain its population. The country had to construct a market economy from scratch on the ruins of Hoxha's autarky.⁷⁷

The reforms undertaken between 1992 and 1996 highlighted the long shadow of isolationism. President Sali Berisha's government achieved rapid privatization and macroeconomic stabilization, but the systemic weaknesses inherited from the isolationist communist era remained persistent obstacles. The rise and collapse of pyramid schemes in 1996–1997 further underlined this void: in a society lacking financial literacy or regulatory structures, sudden exposure to market mechanisms resulted in catastrophic mismanagement of capital.

In conclusion, Albania's Cold War isolationism persisted long after the regime's fall. The economic collapse of the early 1990s, the heavy reliance on humanitarian aid, and the difficulties in building market institutions all stem from the autarkic legacy of the Hoxha era.

1.3 Unofficial bilateral relations in the 1970s

1.3.1 Initial contacts and Trade and Cooperation Agreements between the EEC and Albania during the Cold War

As noted in the previous sections, the 1970s marked the beginning of tentative and unofficial contacts between the EEC and Eastern Bloc countries. These new channels of contact were shaped by the broader détente environment in Europe and the

⁷⁷ Biberaj, E., *Albania In Transition: The Rocky Road To Democracy* (1st ed.). Routledge, 1999, pp. 188-229.

Community's growing confidence in external relations, including countries outside its traditional sphere. Historians often describe how Albania's stance, under Enver Hoxha, stood as an anomaly. Albania's isolationist stance meant that no formal diplomatic ties were established; however, indirect channels began to emerge through bilateral trade between the Community's Member States.

Albania suffered a heavy price in political, economic and military terms for its rigid ideological break with the USSR and alliance with China. This had serious repercussions for the communist country and resulted in the PSRA's alteration of its external relations. By the end of 1962, Albania not only maintained contacts with communist states but also with four Western nations, such as Austria, France, Italy, and Turkey, and ten Third World nations: Brazil, Cambodia, Egypt, Ethiopia, Guinea, Iraq, Morocco, Somalia, and Sudan.

By the end of the 1960s and the beginning of the 1970s, Albania sought to expand diplomatic and commercial ties with selected Western and Third World countries. The first indication of Tiranë -Belgrade reconciliation came after the invasion of Czechoslovakia, when Albania unconsciously aligned with Yugoslavia and Romania, denouncing the Soviet aggression. Yet, despite pledging solidarity with Yugoslavia, Albania was not willing to sign a military alliance with the Titoist country. Meanwhile, in May 1971, Tirana and Athens agreed to reopen diplomatic relations "on ambassadorial level".

When dissatisfaction with China became clear between 1970 and 1973, Albania made cautious steps to expand external relations. It increased trade, and tourism rules were modestly relaxed. However, these initiatives did not represent a shift toward openness. Instead, to cut off dependency on Chinese aid, Hoxha embarked on a principle of self-reliance and started rejecting trade exchanges with the West.

This hesitation was also reflected in Party reports, which stressed the importance of vigilance even in foreign relations. As one report stated:

Above all, the distribution of materials dealing with the Party's foreign policy, with the struggle against imperialism, with important international

problems, etc., is an urgent duty. The backwardness we have in this regard, after the transfer of the Mission to the new building, must be eliminated immediately⁷⁸.

This source demonstrates how Albania's cautious trade openings were still framed ideologically as part of a global struggle against imperialism, highlighting the contradiction between limited external engagement and internal propaganda that emphasized vigilance and unity against foreign threats.

As a result:

From 1975 to 1976, Albanian trade turnover with major trade areas declined as follows: CMEA, from \$165.6 million to \$137.5 million; China from \$168 million to \$116 million; industrialized West, from \$115.5 million to \$85.4 million; the Third World, from \$9.4 million to \$0.5 million; and Yugoslavia, from \$37.1 million to \$19.7 million⁷⁹.

The regime tried to justify the policy of self-reliance by portraying foreign aid and credits as “*disguised forms of neo-colonialism*”⁸⁰. The institutionalisation of the self-reliance policy, with a written provision prohibiting the government from seeking foreign aid and credits, pushed Albania down a self-destructive path, making it the third poorest country in the world.⁸¹

Nonetheless, limited forms of contact did happen. One of the first examples of contact came through Italy, which shared a complex relationship with Albania rooted in historical, economic, and geographical ties. By the mid-1960s, Tiranë tried to diversify its economic partners and concluded a new trade agreement with Italy. Alitalia opened up a route from Rome to Tiranë, reserved exclusively for diplomats. Italian engineering

⁷⁸ GDA, Central Party Archive, Tiranë, Notifications from the Party's Basic Organization in America sent to the Central Committee regarding the submission of the minutes of its meetings held during 1971, with the relevant material attached, 12 February 1971 (F.286AP-1971-1).

⁷⁹ Biberaj, E. *Albania and China 1962-1978: A Case Study of a Bilateral Unequal Alliance*. Boulder, Colo., 1986, p. 157.

⁸⁰ *Ivi*, p. 248.

⁸¹ *Ivi*, pp. 75- 128.

and agricultural specialists were also invited to Albania. These interactions highlight how unofficial bilateral relations with Community Member States could serve as a *de facto* extension of the Community's power in a context where direct official engagement was impossible.⁸²

Albania's participation in these bilateral negotiations was driven more by economic necessity than by political will. By the late 1970s, signs of economic distress were visible as the limits of self-reliance became evident. Nonetheless, Hoxha's regime maintained rigid ideological rhetoric, framing any form of contact with Western institutions as a potential threat to socialist purity. This perpetual paradox, which limited engagement among countries, defined the initial EEC-Albania contacts during this period.

Archival records further this interpretation. They confirm that Albania remained the most diplomatically isolated country in Europe throughout the 1970s. Several Council decisions, such as those authorizing Italy⁸³ and France⁸⁴ to negotiate bilateral trade protocols with Albania in 1971 and 1972, explicitly stated that "*A Community negotiation under Article 113 with Albania is not yet possible*". This acknowledged the impossibility of formal engagement with the Albanian regime. These negotiations were strictly limited to the conclusion of short-term commercial agreements replicating existing arrangements and excluded any political content. They were also subject to tight coordination within the Community, with the Commission outlining negotiation guidelines in advance to ensure that bilateral efforts would not compromise the Common Commercial Policy. Moreover, the absence of provisions for tacit renewal and the need for annual or triennial renegotiation reflected the EEC's recognition of

⁸² Romano A., "The EC and the Socialist World: The Ascent of a Key Player in Cold War Europe", in Ulrich Krotz, Kiran K. Patel and Federico Romero (eds.), *Europe's cold war relations: the EC towards a global role*, (London Bloomsbury Academic, 2019), pp. 51-70.

⁸³ HAEU, Secrétariat général de la Commission Européenne, Proposition de décision du Conseil autorisant l'Italie à ouvrir la négociation d'un accord commercial pour l'année 1971 avec l'Albanie, 18 Dec 1970 (CEUE_SEGE-COM(1970)1428).

⁸⁴ HAEU, Secrétariat général de la Commission Européenne, Proposition de décision du Conseil autorisant la France à ouvrir la négociation d'un accord commercial pour l'année 1971 avec l'Albanie, 28 Jan 1971 (CEUE_SEGE-COM(1971)0074).

Albania's lack of responsiveness and ideological rigidity.

Further documents indicate that while Albania was not considered a formal partner of the EEC, it was nonetheless a subject of careful and continuous monitoring. For example, a 1975 internal note confirms that the Commission approved, without objection and only after consultation, Italy's request to import 5,000 tons of diesel fuel from Albania as an exceptional measure under Council Decision 74/652/CEE⁸⁵. Similarly, when it came to textile imports, the Commission strictly regulated quota increases for Albanian products entering the Benelux market. It stressed the importance of maintaining these import levels within the limits set by the Community and multilateral coordination between all member states⁸⁶. These cases illustrate how the EEC maintained a policy of cautious surveillance toward Albania, allowing minimal economic transactions under strict conditions, while refraining from any political engagement. Even modest commercial exchanges were handled through exceptional procedures, reflecting the broader perception within the Community of Albania as an ideologically rigid and diplomatically uncooperative actor.

Unlike Eastern European countries, which during the Cold War period signed a series of trade and cooperation agreements with the EEC, Albania remained the sole exception, reflecting the depth of Hoxha's isolationism.

Finally, Albania's leadership rejected the EEC's openness to economic engagement with ideologically opposed states. State propaganda denounced the EEC as a capitalist and imperialist tool, portraying trade agreements as covert instruments of political domination. Albania's autarkic model prioritized ideological purity over economic pragmatism, resulting in chronic shortages and stagnation.

⁸⁵ HAEU, Relations extérieures de la Commission Européenne, Restrictions et prohibitions relatives au commerce extérieur de l'Italie : importations en provenance de l'Albanie, de la République démocratique allemande (RDA), de Bulgarie, Chine, de Corée (différents produits, surtout produits textiles), 2 Mars 1973 (BAC-048/1984_0520).

⁸⁶ HAEU, Secrétariat général de la Commission Européenne, Proposition de décision du Conseil modification des contingents d'importation dans les pays du Bénélux pour certains produits textiles originaires d'Albanie et de Hongrie, 9 Mars 1979 (CEUE_SEGE-COM(1979)0120).

1.4 Conclusions

The case of Albania within the context of the EEC's Cold War external relations highlights the limits of the Community's ability to engage with ideologically rigid and isolationist regimes, exemplified by that of Enver Hoxha. Although the EEC progressively expanded its external relations through trade, enlargement policy, and political conditionality, it found no effective entry point into Albanian isolationist diplomacy. Hoxha's regime perceived the Community's policies not merely as a manifestation of capitalism but also as an existential threat to the country's ideological foundations.

The combination of geographic importance, historical insecurity, and personalist rule led Albania to adopt an external policy based on short-lived alliances with major socialist powers, followed by an unprecedented phase of total isolation after 1978. This policy brought severe economic stagnation, diplomatic marginalization, and the absence of institutional channels through which the EEC could exercise influence. While some Eastern European states by the late 1970s had at least developed informal contacts or sectoral agreements with the Community, Albania would remain completely detached until the transformations of 1989–1991. To conclude, this chapter reviewed Albania's Cold War stance, showing the profound impact of domestic ideological rigid choices on a country's position within the international order. It highlights how, until the late 1970s, the EEC's external policy could not overcome the barriers imposed by a regime committed to absolute isolation and self-reliance.

CHAPTER 2. THE ORIGINS OF RELATIONS BETWEEN THE EEC AND ALBANIA

2.1. The EEC's policy towards Albania in the 1980s

The 1980s and 1990s marked a decisive period in the evolution of relations between Albania and the EEC. As seen in the first chapter, throughout the Cold War, Albania was an isolated country. It was defined by a tight doctrine of self-reliance and ideological rigidity that separated it even from its socialist counterparts. Cut off from both East and West, the country's foreign policy under Enver Hoxha rejected external aid, credits, and any form of institutional cooperation, resulting in near-total diplomatic and economic isolation.

This chapter explores the origins and progression of EEC–Albania relations, tracing their transformation from initial contacts in the 1980s to formal cooperation in the early 1990s. It begins by examining Albania's limited diplomatic and commercial relations during the late communist period. It then analyses the impact of the collapse of communism and the resulting humanitarian crisis, which prompted immediate EEC intervention, providing emergency aid and acting as a stabilizing actor in a fragile post-totalitarian environment. Finally, it investigates the 1992 Trade and Cooperation Agreement and the PHARE program, which established and institutionalized Albania's formal relationship with the EEC. These programs incorporated Albania within the logic of conditionality that would later drive the EU's Western Balkans strategy.

In parallel, the chapter considers the human rights dimension, particularly the issue of the Greek minority in southern Albania, which has emerged as a recurring point of concern in European parliamentary debates. This approach reveals that Albania's early post-communist interaction with the EEC was not just economic, but also political and normative, reflecting the Community's dual ambition to support Balkan stability and democracy. The chapter reconstructs this process using both archival and contemporary sources, demonstrating how the EEC's approach moved from remote observation to organized partnership, setting the groundwork for Albania's eventual inclusion into the European framework.

2.1.1 Albania's gradual openness and the Community's trade relations with the country

The trajectory of Albania's engagement with Europe in the 1980s must be read in light of the long-term legacy of self-reliance and ideological isolation that had structured the country's external stance since the late 1960s.

The mid and late 1980s represented significant period in Albanian diplomacy, marked by the coexistence of persistent isolationist policies and cautious initiatives aimed at re-engaging with Western countries.

As outlined in the previous chapter, Albania's isolation was institutionalised by the 1976 Constitution and reinforced by the leadership's doctrine of strict adherence to independence, national sovereignty, and territorial integrity. As a result, it restricted and suppressed the very channels through which the EEC typically interacted with third countries, namely trade, finance, long-term credit, technical assistance, and access to Western European markets.

Thus, unlike several Warsaw Pact or non-aligned socialist economies that, during the 1970s and early 1980s, built limited yet tangible commercial ties with the Community, Albania entered that decade with no institutionalized relationship to the EEC, no agreement on trade preferences, and merely sporadic forms of contact with individual Community member states.

The 1980s, therefore, were not a period of formal engagement between the EEC and Albania through formal agreements and assistance mechanisms. Rather, they marked a phase in which Albania's internal realignments gradually began to establish the conditions for any future EEC–Albania trade relations.⁸⁷ A crucial characteristic of this period is the country's paradoxical stance during the 1980s: while diplomatically visible on the international arena, with roughly one hundred partners and seventeen embassies in Tiranë, it remained, in practice, Europe's most isolated country.

Economic and trade exchanges with the Community were statistically marginal, amounting to just 0.03% of the Community's imports and exports in 1983, and further complicated by the Albanian authorities' persistent withholding of reliable data on

⁸⁷ Avdullari, A., Self-isolation of Albania and the first steps toward opening to the West. *Academic Journal of Interdisciplinary Studies*, 3(3), 2014, pp. 82–87.

foreign trade after 1972.

Ideologically, the communist regime continued to denounce the EEC as a capitalist construct designed to keep the European proletariat in capitalist enslavement.

and to oppress and exploit weaker nations. Yet, the rupture with China in 1978 and the cost of repeated ruptures with “successive patrons” pressured Albania to seek a diversification of trading partners, including a minimal expansion of foreign exchanges with Community member states. These very few limited contacts, insignificant for the community but of greater weight for Albania, were the first cautious openings that, after Hoxha’s death, created the conditions for the EEC to consider Albania’s role in the Western Balkans and the Mediterranean.

Enver Hoxha’s death on April 11, 1985, symbolized more than a simple change in leadership; it marked the beginning of a gradual historical rupture in Albania’s domestic and foreign policy trajectory. As mentioned in the previous chapter, Hoxha’s rule embodied the rigid orthodoxy of isolationism and autarky defined by rejection of external engagement. The principle he established shielded the Albanian economy from the many market-oriented reforms attempted in other socialist systems, but at the cost of technological stagnation and trade. His passing, therefore, created the possibility, although cautiously pursued, of re-evaluating this inherited model.

Yet, Ramiz Alia, his successor, remained bound to Hoxha’s principles, while the realities of Albania’s economic and diplomatic position, within an evolving international order, gradually forced reconsideration of this stance.

In the public and political discourse through the mid-1980s, Alia avoided any rupture with the ideological line of his predecessor. Indeed, at the 9th Congress of the Albanian Party of Labour, held in November 1986, the leadership presented continuity as a virtue, describing the congress itself as one of continuity with Hoxha’s line. The report celebrated Albania as “*the only socialist country in the world*” that would stay faithful to Hoxha’s path and would not bow down to Soviet and Chinese revisionists. In this spirit, it highlighted how Albania was committed not to join “*the game of imperialist alliances*”, presenting the country as free from the threat of being “*cannon fodder for*

aggressive wars".⁸⁸

Alia also recalled the thesis according to which the "*Balkans should be for the people of the Balkans*". Within this scenario, good neighbourly relations were declared the top priority for the PSRA. For the first time, Albania began participating in multilateral "*round tables*" with Balkan governments. A turning point was reached in February 1988, when an Albanian delegation participated in the meeting of Balkan foreign ministers in Belgrade. Political analysts have interpreted this move as a significant sign of substantial change in Albania's foreign policy. Heading the delegation, Foreign Minister Reis Malile, emphasized the change in the external environment, not a change in Albanian policy, as the moving variable: "*It is not we who change, it is the others who change*".⁸⁹

In this framework, continuity was presented as a virtue: it was argued that Albania did not need to change; rather, it was the world outside that was unstable and revisionist. While the Albanian ideological framework remained consistent with Hoxha's policy, practice slowly began to diverge. Alia's leadership cautiously increased its presence at regional fora, expanded limited cultural exchanges, and assessed the political risks of normalizing relations with important Western states. These small but notable departures from rigid isolationism were economically consequential because only through them could Albania begin to repair the preconditions of any future trade, such as recognition, diplomatic channels, and minimal trust.⁹⁰

A wave of recent developments in the Balkans and disruption across Eastern Europe in 1989, from Prague to Sofia to Budapest, brought the eradication of communist regimes and predicted the eventual collapse of Albania's own system. The economic depression in the late 1980s and early 1990s forced Ramiz Alia to undertake limited reforms touching foreign policy. By doing so, the Albanian leadership familiarized itself with multilateral practices and highlighted the imperative need for Tiranë to participate in the

⁸⁸ Ninth Congress of the Party of Labor of Albania- A Disappointment for Marxist-Leninists around the world, 15 February 1987. Retrieved from <https://www.marxists.org/history/erol/ncm-7/mlp-pla.pdf>

⁸⁹ Avdullari, A., Self-isolation of Albania and the first steps toward opening to the West. *Academic Journal of Interdisciplinary Studies*, 3(3), 2014, pp. 82–87.

⁹⁰ *Ibid.*

broader European dynamic.

At the January plenum of the Central Committee of the APL, foreign policy was redefined as the deepening of bilateral contacts with close neighbours and links with other countries. The principle followed was that of: “*to each state which answers with friendship, friendship will be proposed by us as well*”. This gradual “*withdrawal from ideological point of view foreign policy*” opened the door to wide-ranging multilateral relations and a revised attitude towards the United States and the USSR.⁹¹

However, the far more decisive steps occurred in bilateral channels with Community member states, first and foremost the Federal Republic of Germany (FRG), but also the United Kingdom, and, in a broader Western frame, the United States.

With Bonn, the negotiations were long, thorny, and freighted with historical claims: Tiranë had insisted since 1980 on reparations for wartime damages, while the FRG sought normalization without preconditions. Yet, the record shows carefully staged rounds, Bonn (1984), then Vienna (1984, 1985, 1986), in which both sides explored mechanisms that would set aside the reparations question without abandoning their core principle. This process was supported by mediating figures such as Bavarian Prime Minister Franz Josef Strauss; the two sides gradually built the confidence necessary to move beyond historical disputes.

The signing of the protocol establishing diplomatic relations in 1987 marked a strategic and economic milestone. Strategically, normalization with the FRG, an anchor state of the EEC, signalled to Brussels and other European capitals that Tiranë was capable of separating its ideological narratives and acting as a predictable counterpart. Economically, normalization promised to “*create conditions for economic benefits*”, access to trade, technology, and credit that would have been unattainable under isolation and in the absence of normal diplomatic ties. The logic is straightforward: by normalizing diplomatic relations with the FRG, Albania took a crucial step toward any potential future interaction with the EEC’s common commercial policy.⁹²

⁹¹ *Ibid.*

⁹² *Ibid.*

A similar process unfolded with London, where long-suspended issues concerning the Albanian gold held in London and British claims arising from the Corfu Channel case had kept the relationship frozen. Initial contacts in 1979–82 produced no breakthrough.⁹³ Only after Alia's statements at the Tenth Plenum in April 1990 explicitly reopened the question of gold and normalization return to the diplomatic agenda. By May 1991, the two governments jointly announced the restoration of diplomatic relations.⁹⁴

This normalization of relations with the FRG and the United Kingdom was accompanied, in 1989–1990, by a programmatic shift in how Tiranë perceived “Europe”. In April 1990, Alia announced Albania's interest in the construction of a “*European Security System*” and, profoundly, in “*collaboration with the European Community*”.⁹⁵

The phase is important. For most of the 1980s, references to “Europe” in official discourse had been culture-historical, part of a narrative that treated Western European integration as either irrelevant or as an instrument of superpower politics. By 1990, the same discourse began to recognize “European processes” as arenas in which not only Albania, but Eastern European countries, might seek participation. The shift in the 1990 logic made diplomatic normalization and EEC contact an asset.⁹⁶

The United States' path, though outside the EEC framework, interacted with these European realignments. Washington had expressed interest in establishing relations as early as 1980, but because of Hoxha's repressive regime, these openings were rejected. Only after his death, the State Department intensified its efforts to establish diplomatic relations with the country, leading to the first official contact between Albania and the United States on May 1, 1990.

⁹³ Vickers, M., *Making sense of Albanian events: International interpretations and responses*. In A. Pipa & S. B. Krasniqi (Eds.), *The end of communist rule in Albania: Political change and the role of the student movement*. East European Monographs, 1999.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*

⁹⁶ *Ibid.*

Despite some backlashes, including the 1990s embassy crisis, the international discourse between the two countries advanced as Albania sought to meet key Western expectations: it amended the criminal code so that “*escape no longer qualified as a crime against the state, but as illegal border crossing*”; it restored freedom of religion; and, on 25th December 1990, it formally accepted political pluralism. These symbolic steps paved the way for the signing of a memorandum of understanding restoring diplomatic relations on 15 March 1991.⁹⁷

From the point of view of EEC–Albania relations, this mattered in two ways. First, it widened Albania’s access to Western technical expertise (commercial law, banking, customs), essential for any future compliance with Community trade disciplines. Second, it signalled to EEC capitals that Albania could enter commitments with rule-bound Western partners, demonstrating its willingness to adopt radical democratic changes. Even if the Community and the United States pursued different external economic policies, Albania’s capability to manage a relationship with Washington strengthened its credibility in Brussels as a possible trade and cooperation counterpart, marking a decisive stance away from isolation and towards alignment with Western democratic and legal standards.⁹⁸

If these were the diplomatic openings led by the Albanian side, what can be said about the EEC’s posture toward Albania in the 1980s? The documents recorded a passive stance by the Community; no Association Agreement, no trade preferences, no financial protocol linked the two. The reason, however, was less an EEC choice than a structural impossibility. Given Albania’s refusal of external credits, the absence of normalized diplomatic channels, and the regime’s own definition of “non-alignment” as practical isolation, the Community lacked a counterpart with whom to contract. This absence is confirmed by the fact that the first formal EEC–Albania legal base, the Trade and Cooperation Agreement, entered into force only on 1 December 1992. Conceived as a transitional framework, the agreement sought to “*contribute to progress towards the objective of an association agreement in due course, when conditions are met, and to*

⁹⁷ *Ibid.*

⁹⁸ *Ibid.*

further development of relations between them". Beyond this clause, Article 15⁹⁹ defined an agenda for cooperation aimed at reinforcing and diversifying economic links, contributing to the development of the Contracting Parties' economies and living standards, opening up new sources of supply and new markets, encouraging technological progress, and so on. It also called for joint engagement in different sectors, including "*industry, mining, agriculture, fisheries, construction and housing, telecommunications, transport, economic, monetary, banking, insurance and financial services*", while seeking to create favourable conditions for investment through arrangements for investment promotion and protection based on non-discrimination and reciprocity, and avoidance of double taxation.

This way, the agreement not only laid the foundations for Albania's economic transition but also marked a symbolic turning point: Albania became the first Eastern European country to sign a Trade and Cooperation agreement with the EEC, an achievement that reflected the country's swift post-1990 shift and highlighted the absence of formal engagement in the 1980s.¹⁰⁰

The absence of an EEC trade instrument in the 1980s should not be mistaken for a policy vacuum. Rather, Community capitals watched for signs (legal and diplomatic) that Albania could move from ideologically defined self-reliance to rule-based external engagement. In practice, the Community's policy consisted of letting bilateral normalization with key member states run its course, maintaining a *de facto* distance until internal conditions in Albania made a contractual relationship meaningful. This pattern was consistent with the Community's method in sensitive neighbourhoods: where political risk is high and administrative capacity uncertain, Brussels defers to the member states' exploratory diplomacy and then steps in once a counterpart demonstrates both willingness and capability to implement obligations.¹⁰¹

⁹⁹ Agreement between the European Economic Community and the Republic of Albania, on trade and commercial and economic cooperation. Retrieved from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:21992A1125%2801%29>

¹⁰⁰ Tepshi, A., Qafa, A., The European Union and Albania, The Relations between them, *MJSS, Vol. 6, No. 3*, May 2015. pp. 358-370.

¹⁰¹ Ibid.

Openness, therefore, in late-1980s Albania did not immediately translate into measurable trade volumes with the EEC but into the dismantling of institutional and legal barriers that had long precluded such exchange. By allowing embassies to operate, by legalizing forms of credit and assistance previously banned under the 1976 constitution, and by authorizing ministries to share regulatory and statistical data, Tiranë made possible the very channels of cooperation the Community required for engagement. The regime's limited recognition in the social sphere, mostly the recognition of religion and association rights, too, had an economic dimension. The Community's external instruments, whether trade preferences or technical assistance, were conditioned on human-rights and rule-of-law clauses. By signalling progress on these fronts in 1990, Albania was not only addressing Western political expectations but was also qualifying itself for the basic legal architecture of the EEC's external economic relations.¹⁰²

2.2 The Collapse of Communism. Transitioning from isolation to engagement: Albania's post-1990s trajectory

In the closing months of 1990, Albania stood on the brink of a revolution. The collapse of the communist regime across Eastern Europe had left the country as the last surviving Marxist-Leninist state on the continent. Hoxha's successor, Ramiz Alia, continued to insist that Tiranë would remain "*neither West nor East*", a slogan that outlined his belief that the country could resist the "domino effect" that had swept away communism in Central and Eastern European countries, such as Poland, East Germany, Hungary, Bulgaria, Czechoslovakia, and Romania. But while Alia's propaganda projected calm, the political and economic system was unravelling: the economy was in recession, hydroelectric production collapsed during the dry summer of 1990, factories ran out of materials, and food shortages deepened.¹⁰³

¹⁰² Avdullari, A., Self-isolation of Albania and the first steps toward opening to the West. *Academic Journal of Interdisciplinary Studies*, 3(3), 2014, pp. 82–87.

¹⁰³ Tarifa, F., Coming to an end: The fall of communist rule in Albania. In S. A. Rama (Ed.), *The end of communist rule in Albania: Political change and the role of the student movement* (1st ed.). Routledge. 2019. pp. 20-75.

Meanwhile, the outside world was no longer invisible. Italian and Yugoslav television, accessible through smuggled antennas, exposed Albanians to Nicolae Ceaușescu's fate and the mass protests that had overthrown Eastern European regimes. Over the following months, strikes multiplied across the country, notably in the industrial centres. Statues of Stalin disappeared from the northern cities like Shkodra, while the defection of leading Albanian novelist, Ismail Kadare, was the last proof that "*Alia no longer had the trust or support of the Albanian intellectuals*".¹⁰⁴

The turning point came on December 9, 1990, when the streets of Tiranë filled with the chants of students demanding freedom and pluralism. What began as a small university strike rapidly evolved into the most significant protest Albania had witnessed since the end of the Second World War. The demonstrators, mostly students and young people born under Enver Hoxha's regime, carried banners calling for democracy, an end to communism and censorship, and the right to travel abroad. As the crowds grew, they marched from the Student City (dormitories of the campus) toward the city centre, defying police cordons and chanting the slogan that would soon define the new era: "*E duam Shqipërinë si gjithë Europa!*"¹⁰⁵ ("We want Albania to be like all of Europe!"). The Student Movement swiftly became the catalyst for national mobilization, helping to defeat the myth of communism by delegitimizing Hoxha's figure and legacy.

Within days, the protests forced Ramiz Alia to engage in negotiations and to authorize, on December 11, 1990, the creation of non-communist political associations. Out of this concession, the Democratic Party (DP) of Albania was born, the first legal opposition force recognized in nearly half a century.¹⁰⁶

The chain of events throughout 1990, beginning with the embassy crisis, deepened by the defection of leading Albanian intellectuals, and culminating in the December student

¹⁰⁴ *Ibid.*, pp. 78.

¹⁰⁵ CNA.al. (2022, December 11). "*E duam Shqipërinë si gjithë Europa*" – Begaj: Ai dhjetor do të ishte i fundit i diktaturës. Retrieved from <https://www.cna.al/aktualitet/e-duam-shqiperine-si-gjithe-europa-begaj-ai-dhjetor-do-te-ishte-i-fun-i340964>

¹⁰⁶ Tarifa, F., Coming to an end: The fall of communist rule in Albania. In S. A. Rama (Ed.), *The end of communist rule in Albania: Political change and the role of the student movement* (1st ed.). Routledge. 2019. pp. 20-75.

uprising, marked the irreversible dissolution of the old order. The collapse of the Albanian communist regime was a transformative event that reshaped not only the domestic political and economic system of the country but also its foreign policy orientation and its relations with Europe. The transition was therefore not simply a matter of reforming existing institutions or liberalizing a semi-integrated socialist economy, as in Hungary or Poland. Rather, it resembled the construction of an entirely new system on the ruins of a collapsed order.¹⁰⁷

Tensions erupted again on February 20, 1991, when thousands gathered in Skanderbeg Square, chanting “*Enver-Hitler*”¹⁰⁸ and toppling the nine-meter gilded statue of Enver Hoxha. The destruction of the monument symbolized the moral end of his dictatorship. The gesture was profoundly emblematic: a public rejection of the personality cult and the decades of fear it represented. Yet, the fall of the statue occurred in a climate of deep economic and social collapse: public transportation had broken down, disorder prevailed in the streets and strikes paralyzed industries. As state control faded, public anger toward Hoxha’s dictatorship turned into the destruction of everything associated with state or collective ownership, and the collapse of a social order gave rise to a new harsh reality defined by one phrase: “*everyone for himself*”.¹⁰⁹

During these events, foreign reporters described scenes of a country sliding into anarchy. A BBC News report depicted Albania as a society on the brink:

The country was in economic chaos, its people queuing for hours just to get bread. To watch the excitement of children walking home with a loaf under each arm, you would have thought they were carrying bars of gold. Firewood was fast running out. Along some country roads there was hardly a tree left standing, such was the desperation. The shops were empty—no

¹⁰⁷ Teqja, E., & Zotaj, E, The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), 2014, pp. 398–405.

¹⁰⁸ Tarifa, F., Coming to an end: The fall of communist rule in Albania. In S. A. Rama (Ed.), *The end of communist rule in Albania: Political change and the role of the student movement* (1st ed.). Routledge. 2019. p.73.

¹⁰⁹ Ibid. p.82.

meat, no fish, no coffee. At one stage the railway network had to be closed down completely. Railway sleepers had been removed for fuel, and signalling wire was torn down by those who had found a way to connect electricity from street lights into their homes.¹¹⁰

In this climate of deprivation and collapse, the February protest was more than a political act: it embodied the desperation of people drained by decades of isolation, repression and control. Unlike the negotiated or “*velvet revolutions*”¹¹¹ in Central and Eastern Europe, Tiranë’s regime change was marked by sporadic violence and the disintegration of state authority, reflecting a society exhausted by 46 years of totalitarian control and isolation.

The fall of communism in Albania coincided with the rapid collapse of its economic structures. Political instability and administrative chaos produced a budget deficit, while price liberalization and production collapse generated a strong supply shock. The Albanian economy was “*small*”¹¹², burdened by decades of autarky, making the cost of transition especially heavy for its population. Liberalization and privatization led to the forced closure of several state industries, resulting in unemployment. As a consequence, between 1990 and 1992, production decreased sharply by 50%, while external debt amounted to 30% GDP.

Budget deficit reached 44% of GDP by the end of 1991 and expanded to more than 50% in the first half of 1992. At the end of 1991, the change in inflation reached three figures in a change of 104.1% from the previous year, and in early 1992 monthly inflation rate was 10-15%.¹¹³

¹¹⁰ Ibid.

¹¹¹ Bogdani, M., Contributing actors to the regime change in Albania: The first phase of transition and the role of the student movement. In S. A. Rama (Ed.), *The end of communist rule in Albania: Political change and the role of the student movement* (1st ed.). Routledge. 2019. p. 98.

¹¹² Teqja, E., & Zotaj, E, The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), 2014, p. 401.

¹¹³ *Ibid.*, p. 400.

As the one-party system disintegrated, the country faced a situation unprecedented in the European continent: social unrest, bureaucratic paralysis, and widespread economic distress. The political elite, undermined by decades of repression, was rapidly replaced through the first multiparty elections in March 1991 and again in March 1992, when the Democratic Party came to power. The emerging leadership inherited not only an impoverished country in near-total institutional and economic breakdown but also a population unprepared for the upheaval transition.

The DP had emerged directly from the student protests of December 1990. Its founders were selected from among university students, professors, writers, journalists, and figures who symbolized the country's intellectual resistance. From this diverse group, Sali Berisha, a cardiologist, and Gramoz Pashko, an economics professor from the University of Tiranë, quickly rose as the party's principal leaders. In the early stages, the DP was:

more of an anti-Communist movement, or an umbrella organization, than a political party” that united different groups: “many reformed Communists, as well as anti-Communists, intellectuals, students, workers, former political prisoners and members of their families, and even people who had never before shown any interest in politics¹¹⁴.

What united them was a common desire to dismantle Hoxha's legacy and end the one-party rule. The most crucial instrument in mobilizing public opinion was the party's newspaper: *Rilindja Demokratike*¹¹⁵ (Democratic Renaissance). Through its sharp critiques, it waged a relentless campaign against totalitarianism. The Democrats quickly adopted a “*Western-style*” campaign using public assemblies with “*dramatic posters and the two-fingered V-for victory sign*”. By contrast, the Communists struggled to adapt to the new political environment, conducting a traditional “*unimaginative [...] campaign that Eastern European Communists had waged for years*”.¹¹⁶ However,

¹¹⁴ Tarifa, F., Coming to an end: The fall of communist rule in Albania. In S. A. Rama (Ed.), *The end of communist rule in Albania: Political change and the role of the student movement* (1st ed.). Routledge. 2019. p.80.

¹¹⁵ Ibid.

¹¹⁶ Ibid. 84.

despite these differences in their propaganda, the parties shared certain similarities: both focused on economic reform, endorsing a market economy system, “*but whereas the Socialists were in favor of a gradual approach, the Democrats supported radical measures*”.¹¹⁷

The early 1990s were thus marked by simultaneous processes of political democratization, economic liberalization, and social destabilization.

From an international perspective, the collapse of communism in Albania presented both a challenge and an opportunity for the EEC. While the EEC viewed the stabilization of Albania as a crucial step in preventing further turmoil in the Balkans and demonstrating its role as a stabilizing power in post-Cold War Europe, especially in the aftermath of the Yugoslav wars, the challenges were quite obvious. Albania was the poorest and most institutionally unstable country on the European continent, with no previous experience of structured engagement with the EEC and its member states, unlike its Central and Eastern European counterparts.

Humanitarian aid programs, financial assistance, and later trade and cooperation agreements were designed not only to alleviate immediate crises but also to anchor Albania within the emerging framework of the European post-Cold War order.¹¹⁸

To sum up, the collapse of communism in Albania cannot be reduced to a singular moment of change in 1990–1991. It was a prolonged and difficult process of transition, marked by cycles of crisis and recovery, in which the EEC emerged as both a guarantor of stability and a promoter of reform. The following subsections will explore in greater detail two critical aspects of this process: the role of humanitarian aid in the 1990s; the significance of EU–Albania agreements, particularly the PHARE program of 1992, in shaping Albania’s path from isolation to engagement; and the violations of human rights against the Greek minority, which represented a persistent challenge in Albania’s democratic transition and a key issue in its relations with the EEC/EU.

¹¹⁷ Ibid.

¹¹⁸ Tepshi, M., & Qafa, A., The European Union and Albania: The relations between them. *Mediterranean Journal of Social Sciences*, 6(3),2015, pp. 481–486.

2.2.1 Humanitarian Aid during the 1990s

The collapse of Albania's communist regime unleashed a humanitarian crisis that underscored both the fragility of the Albanian state, with the end of one-party rule, and the urgency of international intervention. Nowhere else has the transition from post-communist countries to democracy from a planned to a market economy resulted in an abrupt and dramatic disintegration of social and economic structures. In early 1991, the newly born institution faced a situation of severe humanitarian emergency. For decades, the communist leadership had rejected foreign loans, credits or aid because of strong ideological orthodoxy, but when the regime fell, this belief left the country entirely unprepared to receive external assistance.¹¹⁹

With the collapse of communism, the country was lacking administrative structures, trained personnel, and a collective memory of cooperation within the international order. Thus, Tiranë emerged from the ruins of Hoxha's repressive regime, confronted with the double hurdle of ensuring the survival of its population while organizing a way of survival.

In this timeframe, the economic situation in the country had become catastrophic. The sudden dismantling of the command economy drove inflation into triple digits, agricultural output had fallen by nearly half, domestic production had collapsed and left a population unprepared for the realities of scarcity and unemployment. In 1991, inflation reached 104%, while unemployment increased to over 30%. The welfare system, which had long been governed by the centralized party-state, has ceased to function. Entire groups of residents, pensioners, former state employees, and families reliant on public sector wages sank into poverty.¹²⁰

The humanitarian dimensions of this crisis were so immediate and severe that basic goods, already inadequate, ceased completely in some regions. The Commission's fact-

¹¹⁹ HAEU, Secrétariat général de la Commission Européenne, Communication de la Commission au Conseil. Le développement des relations de la Communauté avec l'Albanie, 04/09/1991, (CEUE_SEGE-SEC(1991)1637)

¹²⁰ Teqja, E., & Zotaj, E. (2014). The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), pp. 398-405.

finding mission of 9-11 July 1991 on behalf of the Group of the 24 assessed the economic and political situation and need for assistance. This mission described a “*total breakdown*” and recommended the immediate delivery of 150000 tons of wheat, milk powder, sugar, oil, meat, cheese, butter, and rice as priorities for food supply.¹²¹

These first reports from international observers described a country on the brink of starvation and a population facing deprivation comparable to wartime conditions.

Moreover, based on these findings, the Commission drew the Council's attention to the dramatic scenario happening in Albania, stating that “*dramatic nature of these events has increased international awareness of Albania's needs for assistance*”.¹²²

The humanitarian crisis experienced was unprecedented in post-communist countries, when international food aid supplemented fragile domestic supply. Albania had no experience in receiving or distributing external assistance, and its bureaucratic institutions were inadequate to handle it. It was in this difficult context that the EEC, together with international financial institutions, became the first external actors to intervene. While joining, in 1991, the International Monetary Fund (IMF), the World Bank, United Nations Development Programme (UNDP), and the European Bank for Reconstruction and Development (EBRD), membership in these unlocked emergency financing, but just as crucially, it legitimized Albania as a recipient of aid in the eyes of Western donors.¹²³

The IMF quickly arranged a 12-month stand-by agreement worth SDR 20 million (USD 29 million), while the World Bank provided loans to secure critical imports of food and fuel.

Beyond food and medication, humanitarian aid provided in the early 1990s included

¹²¹ HAEU, Secrétariat général de la Commission Européenne, Rapport sur la visite de la “Factfinding mission” de la Commission en Albanie, 9-11 Juillet 1991, (CEUE_SEGE-SEC(1991)1457).

¹²² HAEU, Secrétariat général de la Commission Européenne, Communication de la Commission au Conseil. Le développement des relations de la Communauté avec l'Albanie, 04/09/1991, (CEUE_SEGE-SEC(1991)1637).

¹²³ Teqja, E., & Zotaj, E. (2014). The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), pp. 398-405.

balance-of-payments assistance, which was intended to stabilize Albania's weak finances and keep hyperinflation from further destroying living conditions. Between 1992 and 1996, Albania received approximately USD 1 billion in aid from international donors, a stunning sum for a country of its size and level of development. This infusion of external funding was critical not only for meeting immediate demands but also for stabilizing the nation's currency, financing imports, and supporting the government's early reform initiatives.¹²⁴

As recorded in the Commission's report, Albania was placed under the framework of the G-24 aid coordination mechanism in September 1991, identifying “*food and medical assistance as an immediate necessity*”.¹²⁵ The first community program allocated 50,000 tons of wheat under the PHARE initiative, later doubled to 100,000 tons following urgent appeals from Tiranë.¹²⁶

Within this context, information provided by the Commission representative indicates that G24 aid to Albania in 1991 totalled ECU 406 million (ECU 359 million of which was provided by the Community and its Member States, particularly Italy, Greece and Germany). Of this sum, ECU 167 million was devoted to food aid. Whilst for 1992, the Community had allocated ECU 70 million for food aid (approximately half of Albania's needs), ECU 25 million for technological aid in the context of the PHARE Programme, and ECU 10 million for a programme to get Albanian industry back on its feet.¹²⁷ In parallel, these financial commitments were translated to create actions through EEC coordinated emergency aid packages, including shipments of foodstuffs and medical supplies, while bilateral donors, most notably Italy, Greece, Germany, Turkey, and the United States, delivered bilateral humanitarian programs.

While the EEC's food programs helped address shortages in basic supplies, Germany,

¹²⁴ *Ibid.*

¹²⁵ HAEU, Secrétariat général de la Commission Européenne, Communication de la Commission au Conseil. Le développement des relations de la Communauté avec l'Albanie, 04/09/1991, (CEUE_SEGE-SEC(1991)1637).

¹²⁶ *Ibid.*

¹²⁷ HAEU, Parlement européen, Troisième législature, Délégation ad hoc chargée d'une mission d'observation des élections législatives en Albanie le 22 mars 1992, 1992, (PE3-19250).

the United States, and Turkey contributed food aid, medicines, and technical support. A significant position as a bilateral donor was the role played by Italy and Greece: both countries had historical ties. Due to its geographical position and proximity, Italy played a particularly visible role in this early phase. This was also because of the large-scale exodus of Albanian refugees across the Adriatic in 1991 and 1992. Italian aid shipments were often negotiated directly at the political level, aimed at both stabilizing Albania and reducing migratory pressure. Assistance from Greece followed a similar logic, reflecting Athens' interest in border stability and the protection of the Greek minority in southern Albania.¹²⁸

As deliveries from Italy and other countries through the ports were beginning, careful coordination through the G-24 of delivery dates and supplies was particularly important. According to a communication from the Commission to the Council regarding the development of relations with Albania and the provision of humanitarian aid, "*Hungary will be delivering 45.000 tons of wheat by rail*".¹²⁹ This operation was considered valuable because deliveries could start immediately, and it had the particular advantage of relieving pressure on port facilities. It was therefore being supported financially by the Community through PHARE, thus bringing together Albania's urgent humanitarian needs and support for economic reconstruction in Hungary.

Deliveries from the EEC, however, were logistically complex. As the Archival documents highlight, the Commission noted that the main difficulty was not in supplying Albania but in ensuring distribution, citing the country's "*limited port facilities, lack of transport vehicles, and absence of storage capacity*".¹³⁰

The Council of Ministers subsequently adopted Regulation (EEC) No. 3860/91 of 23 December 1991, establishing a €35 million emergency food aid package, later extended

¹²⁸ Teqja, E., & Zotaj, E. (2014). The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), pp. 398-405.

¹²⁹ HAEU, Secrétariat général de la Commission Européenne, Communication de la Commission au Conseil. Le développement des relations de la Communauté avec l'Albanie, 04/09/1991, (CEUE_SEGE-SEC(1991)1637).

¹³⁰ *Ibid.*

to €45 million, covering “essential foodstuffs such as wheat, rice, butter, vegetable oil, and milk powder.”¹³¹ The port of Durres became the logistic heart of Albania’s survival, serving as the entry point for Community food shipments and supplies.

It was discussed and decided that the Commission, at the time for the adoption of Regulation (EEC) No. 3860/91, was in the process of supplying the food financed under the first tranche. The expectation that the other G-24 donors would supply the remaining 50 % of the expected needs had not yet been fulfilled, as so far, only limited deliveries have been made available. This has had some crucial influence not only on the most needed products, such as wheat and flour, but also on products which are not in the EC-intervention stocks. Products such as sugar, rice, vegetable oil and soap have been out of stock for quite some time.

It should be stressed that it is thanks to the Italian military units, operating under Operation Pelican (launched in March 1991), that unloading and distribution, particularly food aid, were handled under EC coordination.¹³²

However, while these efforts for humanitarian aid prevented famine, they revealed the scale of Tiranë’s institutional weakness. Corruption, lack of administrative experience, and poor infrastructure hindered distribution. Rural areas often remained underserved, while urban centres, particularly Tiranë, absorbed most of the assistance. Moreover, the political use of aid quickly became apparent. The new political class, keen to consolidate legitimacy, frequently portrayed international assistance because of their leadership, rather than a collective response by donors. This politicization, along with clientelism in distribution, weakened transparency and, on occasion, compromised aid’s intended egalitarian impact.¹³³

¹³¹ HAEU, Secrétariat général de la Commission Européenne, Proposition de règlement (CEE) du Conseil relatif à une deuxième action d’urgence pour la fourniture de denrées alimentaires destinées aux populations d’Albanie (présentée par la Commission), 10 Avril 1992, (CEUE_SEGE-COM(1992)0146).

¹³² HAEU, Parlement européen, Troisième législature, Délégation ad hoc chargée d’une mission d’observation des élections législatives en Albanie le 22 mars 1992, 1992, (PE3-19250).

¹³³ Teqja, E., & Zotaj, E. (2014). The economic growth of Albania during the first postcommunist decade: The economic institutions recommendations. *Academic Journal of Interdisciplinary Studies*, 3(3), pp. 398-405.

Nonetheless, humanitarian aid was pivotal in preventing Albanian society from completely collapsing in the early 1990s. By late 1992 and early 1993, stabilization measures, supported by international aid from the EEC and bilateral donors, had reduced the budget deficit, stabilized inflation, and restored modest growth. Agriculture, which was nearly entirely privatized by this time, responded well to price liberalization, increasing domestic food production. Yet even as material conditions improved, the humanitarian problem remained acute: unemployment persisted at high levels, social services were rudimentary, and emigration continued on a massive scale.

The second half of the decade showed Albania's structural dependence on international humanitarian and financial aid. The catastrophic collapse of pyramid investment schemes in 1997 proved that, despite previous advances, the Albanian state was still unable to provide economic stability for its people. More than half of Albanians lost their savings in the collapse, driving families back into poverty. The resulting social upheaval and breakdown of public order shifted the crisis from economic to humanitarian: weapons depots were looted, violence spread, and hundreds of thousands of people were internally displaced or sought to emigrate.¹³⁴

In this new emergency, the European Union (by then established with Maastricht as successor to the EEC) once again mobilized humanitarian aid. Food and medical supplies were dispatched, while EU member states provided direct assistance. Italy launched *Operation Alba*, a multinational UN-mandated expedition to restore order and facilitate assistance deliveries. The crisis highlighted not only Albania's persistent vulnerability but also the importance of EU intervention. Albania faced the possibility of state failure in the absence of European humanitarian involvement. The UN Security Council mandated Operation Alba to ensure the security of international humanitarian missions. Although the crisis originated primarily from internal forces, with inside actors playing key roles, the operation demonstrated the growing importance of foreign intervention in intra-state conflicts. The intervention in Albania occurred when the country had reached a state of anarchy, with no functioning institutions or legitimate authority. This shows how military action alone was insufficient and needed to be

¹³⁴ *Ibid.*

combined with peace-making efforts to achieve lasting stability.¹³⁵

Humanitarian aid in the 1990s, therefore, had both immediate and long-term implications. It immediately stopped starvation, contained inflationary spirals, and protected the population from the worst effects of change. Long-term, it positioned the EEC/EU as Albania's indispensable partner, integrating Tiranë into the larger framework of European aid and stabilization. In the absence of prior institutional relationships, humanitarian aid became the foundation upon which later contractual partnerships, including the 1992 Trade and Cooperation Agreement and the PHARE program, were built.

In this sense, humanitarian assistance during the 1990s was more than just relief; it was the first step in Albania's long journey from isolation to integration. By establishing Albania's dependence on European aid, it bound the country's domestic transition to the evolving policy frameworks of the EU, paving the way for a more structured engagement in the form of trade agreements and institutional cooperation.¹³⁶

2.2.2 EU-Albania agreements and their significance: the role of the PHARE program (1992)

The year 1992 represented a turning point in Albania's relations with the European Community (EC), later the European Union. After decades of isolation under the strict dogma of self-reliance, Albania entered into a formal contractual partnership with the EC, formally becoming a beneficiary of its structured financial assistance programs. The Trade and Cooperation Agreement (TCA), signed in May 1992 and entering into force on 1 December of that same year, laid down a new path for the EC–Albania relationship. Together with Albania's inclusion in the PHARE program, these mechanisms shifted the relationship beyond the ad hoc humanitarian aid that had dominated the early post-communist period, into a framework of reciprocal commitments, conditional support, and progressive approximation with European norms

¹³⁵ Greco, E., *Delegated peacekeeping: The case of Operation Alba*. Istituto Affari Internazionali (IAI), 1998. Retrieved from <https://www.iai.it/sites/default/files/iai9801.pdf>

¹³⁶ Tepshi, A., & Qafa, A. (2015). The European Union and Albania: The relations between them. *Mediterranean Journal of Social Sciences*, 6(3), 2015, pp. 358-370.

and values.¹³⁷

The agreement itself stressed that it was based on the principles of democracy, the rule of law, and respect for human rights, describing these as “*an essential element*”¹³⁸ of the partnership. It also notes how, following the recent political changes in the country, Albania is working to stabilize and consolidate democracy while simultaneously promoting economic and social progress. The preamble explicitly recognized the relevance of the Helsinki Final Act and the Charter of Paris for a New Europe, stating that cooperation with Albania was conditional on democratic reforms and the protection of ethnic and national minorities.¹³⁹ This echoed the Community’s broader post–Cold War strategy of connecting external economic assistance to political conditionality and human rights compliance.

In parallel with these developments, Albania's growing engagement with the EEC’s institutions extended to financial cooperation through the European Investment Bank’s (EIB). Within this context, the EIB provided Albania a loan of ECU 22 million for the construction of a new high-capacity road between Albania's main port, Durres, and the capital Tiranë. The loan agreement was signed in Tiranë by EIB Vice-President Mr Panagiotis Gennimatas, Finance Minister Mr Arben Malaj, and Mr Gezim Bimbli, General Director of the General Roads Directorate. On the same occasion, Vice-President Gennimatas also signed a Framework Agreement with Prime Minister Fatos Nano formalising operational relations between the EIB and Albania.¹⁴⁰ The 20-year loan, with a five-year grace period, was supplemented by pre-investment studies funded by the EEC's PHARE grant aid program, which also helped with the project's building phase. According to the EIB communication, the project represented another “*step in the building-up of an adequate road network which is essential for economic and social*

¹³⁷ *Ibid.*

¹³⁸ HAEU, Secrétariat général de la Commission Européenne, Proposition de Decision du Conseil relative à la conclusion d'un Accord entre la Communauté économique européenne et la République d'Albanie concernant le commerce et la coopération commerciale et économique (présentée par la Commission), 1992, (CEUE_SEGE-COM(1992)0178)

¹³⁹ *Ibid.*

¹⁴⁰ HAEU, Banque européenne d'investissement, Communiqués de presse 1998, 09 January to 29 December 1998, (BEI-134)

development in Albania”¹⁴¹. The loan brought total EIB financing in Albania to ECU 68 million. Moreover, previous loans were used for the expansion of the ferry terminal at the port of Durres, the upgrading of the main road to Skopje and Istanbul and northern Greece and for the electricity transmission network in the South and Southeast of the country. The EIB also provided a global loan (credit line) to Albania's banking sector for financing investments by small and medium-scale companies.¹⁴²

As a result, the Trade and Cooperation Agreement laid the groundwork for this expansion. Unlike the Association Agreements negotiated by the Community with Central European countries such as Poland, Hungary, and Czechoslovakia, Albania's TCA was purposefully restricted in scope. According to a draft agreement between the European Economic Community and the Republic of Albania on trade and commercial and economic cooperation, the EEC stated that the Contracting Parties shall accord each other Most-Favoured-Nation (MFN) treatment in all matters regarding customs duties and charges of any kind imposed on or in connection with importation or exportation; the method of levying such duties and charges; all rules and formalities in connection with importation and exportation, including provisions relating to customs clearance; transit, warehousing and transshipment; taxes and other internal charges levied directly or indirectly on imported products; methods of payment and the transfer of such payments; the regulations affecting the sale, purchase, transport, distribution and use of goods on the domestic market.¹⁴³

The agreement's preamble reinforced the view that a further impetus “*should be given to the trading and economic relationship between the Community and Albania by establishing between them contractual links which will further the objective of the signature of an association agreement when the time and circumstances are right*”.¹⁴⁴ Accordingly, it facilitated trade in industrial and agricultural products and developed

¹⁴¹ *Ibid.*

¹⁴² *Ibid.*

¹⁴³ HAEU, Secrétariat général de la Commission Européenne, Proposition de Decision du Conseil relative à la conclusion d'un Accord entre la Communauté économique européenne et la République d'Albanie concernant le commerce et la coopération commerciale et économique (présentée par la Commission), 1992, (CEUE_SEGE-COM(1992)0178)

¹⁴⁴ *Ibid.*

frameworks for cooperation in key sectors such as energy, environment, science, and transportation. For Albania, this was unprecedented: under communism, exposing sovereignty to external political conditionality clauses was unimaginable. However, by 1992, the Albanian leadership not only accepted but welcomed these conditions as a means of earning legitimacy and support from Europe's most powerful economic bloc.¹⁴⁵

Economically, the TCA helped Albania shift its trade toward the European Community. After 1990, the collapse of conventional Eastern European markets left Albania without viable trading partners. Because of its tendency towards self-sufficiency and self-isolation, Albania had so far been a very modest trading partner for the EEC Member States; at least until the mid-80s, Albania accounted for less than 0.1% of the Community's external trade. The agreement established the legal framework for Albanian products to access the Community market under predictable norms, while also encouraging foreign investors from EC member countries to engage in Albania. Although Albania's export capability remained relatively limited due to the primitive status of its industries, lack of competitiveness, and insufficient infrastructure, admission to the EC's single market held significant symbolic value. According to European Parliament reports, Albania's foreign trade picture shows exports of minerals and metals (principally chromium and ferrochromium) at the top of the list with 40% of total exports, followed by raw materials of vegetable or animal origin with 16%. Machinery and equipment account for 29% of imports, while mineral fuels and metals account for 25%. This data highlights that the Community's economic participation quickly surpassed bilateral aid, reflecting Albania's absorption into Europe's economic orbit.¹⁴⁶

At the same time, Albania's participation in the PHARE program in 1992 had even greater practical implications.

Established in 1989 to help Poland and Hungary rebuild their economies until 1996,

¹⁴⁵ Tepshi, A., & Qafa, A. (2015). The European Union and Albania: The relations between them. *Mediterranean Journal of Social Sciences*, 6(3), 2015, pp. 358-370.

¹⁴⁶ *Ibid.*

PHARE had become the EU's primary tool for assisting post-communist states in their transition by the early 1990s. Its objectives were wide-ranging: to provide financial support for macroeconomic stabilization, to promote privatization and private sector development, to modernize infrastructure, and to assist in institution-building. However, following its reorientation in 1997, from a demand-driven to a succession-driven programme, PHARE focused on two clear priorities: institution building and investment support, aiming at providing Member State practitioners' expertise to help candidate countries implement the *acquis*¹⁴⁷, while also adopting infrastructures to meet European standards.¹⁴⁸

Inclusion in PHARE was transformative for Albania, which lacked both financial resources and administrative experience. It introduced Albanian officials and institutions to European procedures, standards, and governance practices.¹⁴⁹

Between 1991 and 1993, Albania's international aid amounted to approximately 1227 million ECU, of which 44% for food emergency, 42% for economic reconstruction, 10% for balance-of-payments support, and 6% for export credits. Along with other countries, the EEC emerged as the main benefactor, providing 326 million ECU, about 27% of the total aid. It was followed by Italy (24%), Turkey (7%), Germany (7%), the USA (7%), Greece (5%), under the coordination of the G24 mechanism.¹⁵⁰ This data highlights that the Community's economic participation quickly surpassed bilateral aid, reflecting Albania's absorption into Europe's economic orbit.

PHARE assistance in Albania covered multiple areas. Its funds were focused on nine main sectors: transport, telecommunication, and energy sector; higher education (via the TEMPUS program); agriculture; health; financial sector; private sector; regional

¹⁴⁷ *Acquis* meaning retrieved from <https://eur-lex.europa.eu/EN/legal-content/glossary/acquis.html>

¹⁴⁸ Commission of the European Communities. *The Phare programme: Annual report 1998* (COM (2000) 183 final), 31 March 2000. Retrieved from <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0183:FIN:EN:PDF>

¹⁴⁹ Tepshi, A., & Qafa, A. (2015). The European Union and Albania: The relations between them. *Mediterranean Journal of Social Sciences*, 6(3), 2015, pp. 358-370.

¹⁵⁰ Venxha, M., *Perspectives and challenges of Albania's integration in the EU: From the fall of communism to the Thessaloniki Summit, 1991–2006*, 2024, pp. 82-92.

policies; improvement and adaptation to the EC legislation.¹⁵¹ From 1991 to 1996, 69% of the accumulated funds for the PHARE program were contracted, indicating satisfactory implementation. This figure exceeds 80% of expenditures allocated to national initiatives.

Albanian farmers, who were unfamiliar with functioning outside of collective systems, needed training, inputs, and new market connections; PHARE operations supplied technical guidance, seeds, equipment, and financing facilities. The agricultural sector received constant funding and absorbed approximately 30.3 million ECU. Another priority was infrastructure rehabilitation: after decades of isolation, Albania had crumbling roads, an unreliable electrical supply, and old industrial equipment. PHARE funds road development, electricity sector upgrade, and environmental cleanup programs. The infrastructure development network had managed to collect 64.4 million ECU. The greatest aid was received in the financial sector recovery, about 107 million ECU. Education, health, and the environment received less help, totalling 9.6, 13, and 3.3 million ECU, respectively.¹⁵²

These activities gradually introduced Albania to the notion of conditionality, which would eventually become crucial to the EU's Western Balkans strategy. When Albania struggled, the EU utilized PHARE as leverage. Building on the foundations established by PHARE, the EEC later introduced the CARDS (Community Assistance for Reconstruction, Development and Stabilization) program, which provided similar objectives while adapting them to the evolving regional context of the Western Balkans. CARDS sought to ease the transition from a centralized economy to a market-oriented system while also promoting institution development, administrative and judicial reform, the rule of law, and the preservation of human and minority rights.¹⁵³

One of the most spectacular episodes following the 1991 migration of Albanian nationals occurred in 1997, when the collapse of pyramid investment schemes threw Albania into chaos. The EU responded by redirecting assistance toward governance and stabilization, emphasizing that without political order and democratic commitment,

¹⁵¹ *Ibid.*

¹⁵² *Ibid.*

¹⁵³ *Ibid.*

cooperation could not advance.¹⁵⁴

Albania, according to the European Community, was not just a small and impoverished state on the periphery; it was part of a volatile Balkan region destabilized by the Yugoslav wars. Moreover, PHARE reflected the EEC's determination to stabilize the Western Balkans. This can be seen in a resolution by the EP on EC–Albania relations (1994). This resolution explicitly linked Albania's stability to the Union's regional objectives, calling on the Albanian authorities to continue to do all they can to bring peace and stability to the Balkans and urges the Community and its Member States to monitor respect for the human, civil and political rights of all ethnic groups, including those of Albanian origin, in the region who are denied their rights or are oppressed, as are the Albanians of Kosovo.¹⁵⁵ Albania's involvement in PHARE thus anticipated the Stabilisation and Association Process (SAP) that the EU would undertake in 1999, aimed to commit the Western Balkans to a long-term path of integration.¹⁵⁶

Viewed retrospectively, the importance of the 1992 agreements lies not only in their immediate effects but in the trajectory they initiated. The TCA established the first legal framework for EC-Albania relations by incorporating political conditions and trade cooperation into a formal treaty, whereas PHARE introduced Albanian institutions to European norms, practices, and procedures. They represented Albania's move from receiving emergency aid to actively participating in European programs. They established conditionality as the engine of change, reinforced Albania's European orientation, and anchored its transition within the EU's larger post-Cold War stabilization strategy.¹⁵⁷

¹⁵⁴ Tepshi, A., & Qafa, A. (2015). The European Union and Albania: The relations between them. *Mediterranean Journal of Social Sciences*, 6(3), 2015, pp. 358-370.

¹⁵⁵ HAEU, Parlement européen, Troisième législature, Séances du 07 au 11 février 1994, 7-11 February 1994, (PE3-22606)

¹⁵⁶ Ördögh, T., *The EU's relations with the Western Balkans and Turkey*. In Molnár, A. (Ed.), *Regional and bilateral relations of the European Union*, Budapest: Dialóg Campus Publishing, 2019, pp. 49-64.

¹⁵⁷ *Ibid.*

2.2.3 Human rights and the Greek minority in Albania

Since the change of leadership in Albania, European Community Foreign Ministers discussed relations with Tirana. In this context, they took note of Albania's participation in Balkan cooperation, as well as of the establishment in recent years of diplomatic relations with certain members of the Twelve. They welcomed these signs of a more open attitude by the Albanian authorities and expressed their interest in maintaining channels for dialogue. On many occasions in international fora and elsewhere, the Twelve emphasized the importance they attach to universal observance of human rights. They also paid attention to the particular situation in Albania, and, on an individual basis, have drawn the attention of the Albanian Government to the human rights issue.¹⁵⁸

The question of human rights in Albania, particularly regarding the treatment of the Greek minority in southern Albania, often referred to as Northern Epirus, became a recurrent concern in European political discourse during the 1980s and early 1990s.

Since the early 1980s, the Parliament had condemned the violation of human rights of the Greek minority in Albania, and appealed to the Commission, the Council and the Member States to do their duty under the European Convention on the protection of human rights and fundamental freedoms, in particular: by immediately calling on the Albanian Government to announce urgent measures to allow the Greek minority to exercise its basic individual rights and fundamental freedoms, that is, freedom of thought and of conscience, of religion, of expression, respect of its individual and family life, freedom of association and freedom of abode, the right to education and finally freedom from torture and inhuman or degrading punishments; and by sending a committee from the European Parliament to ascertain the conditions of life of the Greek minority in Albania.¹⁵⁹ This motion underscored the isolationist policies of the Hoxha

¹⁵⁸ HAEU, Parlement européen, Deuxième législature, Question écrite n° 1214/88 de M. James Ford (S - GB) aux ministres des Affaires étrangères réunis dans le cadre de la coopération politique européenne: Albanie, 1988, (PE2-31398)

¹⁵⁹ HAEU, Parlement européen, Première législature, PROPOSITION DE RÉSOLUTION présentée par MM. Gontikas, Protopapadakis, Kallias, Papaefstratiou, Kaloyannis, Gerokostopoulos, Kazazis et Papageorgiou conformément à l'article 47 du Règlement sur la violation des droits de l'homme de la minorité grecque en Albanie, 1981, (PE1-3685).

atheist regime and their impact on minority rights, noting that the Greek community was deprived of basic civil and cultural freedoms, including the operation of churches and schools.

Similar concerns appear in a 1985 European Parliament Report on Economic and Trade Relations between the EEC and Albania, which emphasized that “*respect for human rights in Albania and respect for the rights of the numerous Greek minority... would contribute to the creation of a more favourable climate for the development of cooperation with the Community*”.¹⁶⁰ It warned that, given Albania’s geographical position and political isolation, “*due account must always be taken, in relations between the Community and Albania, of human rights in that country and the fate of the Greek minority traditionally based in Northern Epirus*”.¹⁶¹

During the same time span, there was an increase in outspoken condemnations. Written Question No. 2635/85 by Mr Chrysanthos Dimitriadis (DR - GR) to the Commission of the European Communities described how some 400,000 Greeks living in Northern Epirus “*were cruelly persecuted for being Greek and for their Christian faith*”¹⁶², with churches closed, priests arrested, and all religious and linguistic freedoms denied.

Beyond collective repression, the Community was also made aware of individual cases of persecution. Written Question No. 2482/87 by Mr Alfeo Mizzau to the Foreign Ministers meeting in European Political Cooperation concerned the persecution of the Popa brothers in Albania. They sought refuge for two years in the Italian embassy in Tiranë and were refused safe conduct to leave the country; an incident that drew attention to the “*flagrant violation of human rights*”¹⁶³ under the Albanian regime,

¹⁶⁰ HAEU, Parlement européen, Deuxième législature, Relations économiques et commerciales entre la CEE et l'Albanie, 1985, (PE2-17772)

¹⁶¹ *Ibid.*

¹⁶² HAEU, Parlement européen, Deuxième législature, Question écrite no. 2635/85 de M. Chrysanthos Dimitriadis à la Commission: Le drame des Grecs d'Albanie et la violation de leurs droits fondamentaux par le régime de ce pays, 1985, (PE2-23598)

¹⁶³ HAEU, Parlement européen, Deuxième législature, Question écrite n° 2482/87 de M. Alfeo Mizzau (PPE - I) aux ministres des Affaires étrangères des Etats membres de la Communauté européenne réunis dans le cadre de la coopération politique: Persécution des frères Popa en Albanie, 1987, (PE2-29693)

which regarded them as opponents to the country's Stalinist regime.

With the fall of communism, the issue did not disappear but evolved within the new democratic context. The EP had already addressed the issue during the communist period, expressing alarm over reports of religious repression, linguistic prohibitions, and restrictions on movement. In 1992, members of the European Parliament, notably Sotiris Kostopoulos and Luigi Moretti, raised concerns about “*violent incidents against the Greek minority in the Sarandë region*”¹⁶⁴, where a quarter of the population was of Greek origin. It had also been reported that the political party representing the Greek minority, OMONIA, had been barred from taking part in the forthcoming elections. In this report, the Members asked, “*Should reports of such intolerance towards Greek citizens of the Community be confirmed, what measures does the Commission intend to adopt with regard to Albania in the light of the EEC/Albania economic cooperation agreement, which is shortly to be approved?*”¹⁶⁵

The Commission expressed its regret at the breakdown of law and order in Albania, which had led to incidents of violence against Albanian citizens, members of the Greek minority in the southern parts of the country. It had also received reports of violent incidents, including attacks on Greek citizens, involving Albanian nationals who had crossed the frontier illegally into northern Greece.

According to the report aforementioned, amendments to the electoral law were voted by on by the Albanian Parliament before its dissolution, which had the effect of depriving the Greek minority social organisation OMONIA of the right to submit candidates for the elections held on 22 and 29 March. However, the OMONIA organization was able before the elections to set up a political party, the Union for Human Rights, which obtained two seats in the election.

The Commission welcomed the fact that most observers, including those from the European Parliament, found that the elections were, in general, conducted fairly. The

¹⁶⁴ HAEU, Parlement européen, Troisième législature, Actes de violence à la frontière entre l'Albanie et la Grèce, 1992, (PE3-8019)

¹⁶⁵ *Ibid.*

formation of the new government led the Commission to sign the new agreement with Albania on trade, commercial, and economic cooperation on 11 May 1992.

It was also noted that the Commission would continue to follow the situation closely and would not hesitate to draw to the attention of the Albanian authorities any development that gave cause for concern.¹⁶⁶

Later that year, concerns intensified following reports of a local referendum in Himarë, where 98.5% of the population allegedly voted to regain Greek nationality. Between 90% and 95% of the inhabitants of the villages of Drymadas and Kaliassa also declared themselves in favour of this. The Council of Ministers, replying to a parliamentary question by Kostopoulos, reiterated its commitment to monitor minority rights and referred to the earlier discussion on "*human rights and minorities in Albania*".¹⁶⁷ Meanwhile, local authorities in the region of Agioi Sarandë, reported that Community food aid was not reaching the Greek population, prompting the Commission to consider reviewing the distribution mechanisms.¹⁶⁸

By the early 1990s, the European Parliament was framing the subject of minority rights as central to Albania's democracy and European integration. A 1991 resolution called on Albania to maintain "*closer relations with all Member States of the European Union, in particular Greece, guaranteeing full respect for human rights and the rights of minorities, including their right to education and religious freedom in accordance with CSCE principles and provisions*"¹⁶⁹, recalling its previous resolutions on the subject.

These exchanges highlight the complexities of the human rights situation in early post-communist Albania: while the government took steps toward democratization, international observers, particularly those from the European Community, remained vigilant for ethnic tensions and the potential marginalization of minority groups. The debates in the European Parliament show that protecting the Greek minority was more

¹⁶⁶ HAEU, Parlement européen, Troisième législature, Actes de violence à la frontière entre l'Albanie et la Grèce, 1992, (PE3-8019)

¹⁶⁷ HAEU, Parlement européen, Troisième législature, Référendum à Himarë (Albanie), 1992, (PE3-9204)

¹⁶⁸ HAEU, Parlement européen, Troisième législature, Aide alimentaire à l'Albanie, 1992, (PE3-10057)

¹⁶⁹ HAEU, Parlement européen, Troisième législature, Relations entre le Communauté européenne et l'Albanie, 1994, (PE3-12865)

than just a bilateral issue between Albania and Greece; it was part of a larger European effort to ensure that the new Albanian state adhered to international human rights norms and the democratic principles that underpin its relations with the EEC.

2.3 Conclusions

The development of EEC-Albania relations between the 1980s and the early 1990s reflects a larger shift in both Albanian foreign policy and European external activity. What started as a time of mutual distance and ideological incompatibility evolved into a framework of collaboration based on common economic and political objectives. Albania's cautious diplomatic openings toward Western Europe in the late 1980s, particularly the normalization of relations with key EEC member states such as the Federal Republic of Germany and the United Kingdom, marked the end of decades of isolation and laid the groundwork for eventual contact with the Community.

The 1992 Trade and Cooperation Agreement and Albania's entry to the PHARE program formalized this relationship, changing Albania from a recipient of emergency aid to an active participant in European projects. Albania was introduced to the European model's administrative, legal, and economic norms through PHARE, while also being subject to the notion of political conditionality, which linked assistance to democratic growth, market reform, and human rights respect. In parallel, the European Parliament's continued focus on the Greek minority issue demonstrated that the EEC's approach was both economic and normative, reflecting its commitment to human rights as the foundation of external relations.

By the mid-1990s, Albania's path to Europe had become irrevocable. The EEC, later the European Union, had established itself as the principal guarantor of Albania's stability and transition, anchoring the country's recovery within the larger framework of post-Cold War Europe. The beginnings of EEC-Albania ties are thus not in major diplomatic breakthroughs, but in a long process of reciprocal adaptation, in which humanitarian aid, trade cooperation, and conditionality converged to redefine Albania's place in Europe. This formative phase set the framework for the Stabilization and Association Process, as well as Albania's long-term political and economic integration with Europe.

CHAPTER 3: THE EEC'S POLICY TOWARDS ALBANIA IN THE 90s

3.1 Strategic interests of the EEC in the Western Balkans

This chapter examines the evolution of the EC's and later the European Union's (EU) policies toward Albania throughout the 1990s, a decade defined by profound political, economic, and social transformations in the Western Balkans. It takes a straight course through Albania's trajectory, beginning with its participation in the EU's larger regional framework and progressing to humanitarian emergency management, structured stabilization, and, ultimately, integration.

The first paragraph examines the strategic interests of the EC/EU in the broader Western Balkans, situating Albania within the Community's emerging post-Cold War security structure, linking political stability, economic development, and regional cooperation. The subsequent sections concentrate on Albania's internal crises, including the 1991 economic and migratory collapse and the 1997 pyramid-scheme implosion, which were watershed moments, revealing both the fragility of the country's transformation and the limits of European remedies. They also demonstrate how these crises prompted the EU to develop new foreign governance mechanisms, merging assistance, conditionality, and crisis management under a unified stabilizing rationale.

Finally, the chapter examines the evolution of Albania's European journey through the Stabilisation and Association Process (SAP) and its official acceptance in the 2003 Thessaloniki Agenda, which paved the path for long-term Europeanisation. The chapter argues that the 1990s were a watershed moment in the EEC/EU's transition from a reactive humanitarian actor to a proactive agent of reform in Southeastern Europe.

3.1.1 Political stability, economic development and regional security: stabilizing a region marked by ethnic conflicts

The Western Balkans in the 1990s presented the European Community with a multifaceted challenge in which political fragility, economic collapse, and ethnic conflict were mutually reinforcing. The feeling of ineffectiveness and the need to recover from the crisis in the region led the EC to become the main actor in Western Balkans affairs. The wars of Yugoslav disintegration, the fall of communism, the 1997 crisis in Albania, and the exodus of refugees from Bosnia and later Kosovo all

contributed to a continuum of instability that stretched from the Adriatic to the Aegean. European policymakers approached regional security through the interdependence of democratic governance, market recovery, and regional collaboration, rather than the conventional lens of deterrence¹⁷⁰. In EC/EU official discourse, the expression Western Balkans started to get used around late 1998 and 1999, when the question of enlargement entered the political discourse of the EU's member states. The term was coined to craft a regional approach and to recreate some sort of post-Yugoslav cooperation among the countries in the area. The EEC, and later the EU, defined its commitment in terms of an interconnected triad: political stability, economic development, and security, each conceived as a prerequisite for the others. Therefore, the Community sought to foster regional cooperation among the countries of former Yugoslavia, with the main goals to promote and sustain democracy and the rule of law, to relaunch economic activity in the region through the restoration of infrastructure and switching to a market economy. It stressed how there could be no long-term political stability in the region without a return to a significant degree of cooperation between each country concerned and its neighbours. This approach would eventually be reflected in significant meetings and summits, such as those held in Zagreb and Thessaloniki, where the prospect of enlargement was formally included on the EU's agenda¹⁷¹. Although the early 1990s demonstrated increased European involvement in Western Balkan dynamics, they also highlighted the profound limitations of the Community's ability to manage the aftermath of Yugoslav collapse. During the Croatian and Bosnian conflicts (1991-1995), the Community mostly depended on reactive tools such as arms embargoes and economic sanctions against aggressor states, which were not successful in stopping ethnic cleansing or preventing the escalation of bloodshed¹⁷². Ultimately, the EU's inability to implement a military intervention created a strategic vacuum, thereby relocating the initiative for crisis management to the United States and NATO.

¹⁷⁰ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

¹⁷¹ *Ibid.*

¹⁷² *Ibid.*

Within this context:

NATO intervention under US leadership against the Bosnian Serb army – which was broadly identified by the international community as mainly responsible for the war and ethnic cleansing in Muslim enclaves in Serb-controlled areas of Bosnia and Herzegovina – led to the conclusion of the conflict¹⁷³, effectively bringing the Bosnian war to an end in 1995.

This pattern was repeated in Kosovo: brutal persecution of ethnic Albanians in 1998-1999 presented the EU with a situation it couldn't handle on its own, and NATO's intervention in April 1999 brought Belgrade's campaign in Kosovo to an end. In both situations, the EU's credibility as a regional security actor suffered, and a consensus arose that a new strategic approach was required. The Union's diplomatic measures failed to prevent racial cleansing, and its inability to intervene militarily left the strategic initiative to the United States and NATO, giving rise to widespread perceptions of a European "*diplomatic failure*" in the Balkans¹⁷⁴.

Politically, the Community determined that weak institutions and unrestrained nationalism were the greatest threat to stability. The Yugoslav wars demonstrated how fragile transitions could devolve into violence when democratic mechanisms failed to mediate ethnic competition. This paradox can be seen in the state-building process of BiH, where, in order to establish some forms of democracy, Western policymakers were using authoritarian methods by establishing a political dynamic that lacked any kind of legitimacy from the bottom-up process of state-building.

The Community's initial diplomatic failures in Croatia and Bosnia convinced it that post-authoritarian states needed external incentives and supervision to consolidate pluralism. Consequently, all subsequent European instruments in the Western Balkans, from the 1992 Trade and Cooperation Agreements to the 1999 Stabilization and Association Process, embedded explicit conditionalities on human rights, the rule of law, and minority protection. This was evident in the report by the Committee on

¹⁷³ *Ibid.*

¹⁷⁴ *Ibid.*

External Economic Relations on the proposal for a Council decision on the conclusion of the agreement between the European Economic Community and the Republic of Albania on trade and commercial and economic cooperation stating that respect for the democratic principles and human rights established by the Helsinki Final Act and the Charter of Paris, shall constitute an essential element of the Agreement, in the sense that should such policies be incompatible with democratic principles and human rights, the Agreement may be suspended with immediate effect¹⁷⁵. The Community viewed these clauses as tools for conflict prevention: societies anchored in democratic procedures (Eastern Balkan countries) were presumed to be less likely to relapse into ethnic confrontation. Whereas, in Western Balkan countries, the EU had to deal with weak central authorities (BiH), unresolved territorial issues (Serbia, Montenegro), and societies with secessionist desires (Republika Srpska, Kosova)¹⁷⁶.

Community Brussels recognized that post-communist restructuring led to socioeconomic disruption, which contributed to political instability throughout the region¹⁷⁷. The fast collapse of centralized systems caused the loss of employment opportunities, weakened governmental capability, and provided fertile ground for populism and organized crime.

Between 1990 and 1992, GDP in Albania fell by 30-40% (Albania: From Isolation Toward Reform, IMF), while the former republics of Yugoslavia experienced similar declines as sanctions and warfare severed regional trade networks. The Community's response was to link security and development via coordinated support. The European Commission funded privatization expertise, SME growth, and agricultural reform across the region under the PHARE programme, initially primarily focused on Central Europe,

¹⁷⁵ HAEU, Parlement européen, Troisième législature, report by the Committee on External Economic Relations on the proposal for a Council decision on the conclusion of the agreement between the European Economic Community and the Republic of Albania on trade and commercial and economic cooperation, 1992, (PE3-13002).

¹⁷⁶ Othon, A., & Bojicic-Dzelilovic, V., *Balkan Regional Cooperation & European Integration*. London School of Economics and Political Science, Centre for the Study of Global Governance, 2002, p. 29.

¹⁷⁷ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

but was expanded southward after 1992. Economic governance was recast as a security instrument, with fiscal stabilization and property reform intended to weaken the networks of smuggling economies that fuelled militant groups.

The European Union's regional strategy was also deeply influenced by the refugee and displacement problems which accompanied the Yugoslav Wars and Albania's collapse. Between 1991 and 1995, over three million people were displaced across the Balkans, while hundreds of thousands crossed into the EU in search of refuge in neighbouring countries such as Italy, Greece, and Austria¹⁷⁸. For the front-line member states aforementioned, uncontrolled migration became a security and political concern. European assistance strategies, therefore, focused on both humanitarian relief and border management. Food-aid regulations for Albania in 1991–1992 were justified not only on moral grounds but also as measures to “*avoid a further deterioration and ultimately the complete collapse of the existing system*”¹⁷⁹. A similar framework guided the EU’s response to the Yugoslav wars. By 1993, the EU was the largest single humanitarian contributor in the former Yugoslavia, accounting for more than half of all foreign food and aid deliveries coordinated by UNHCR¹⁸⁰. The logic was consistent: humanitarian stability alleviated political tensions that might spread into EU territory.

A further element of the EC’s/EU’s stabilizing logic in the 1990s was regionalism. This argument was founded on the belief that Southeastern Europe's peace depended on restoring the economic and infrastructure interdependence that had been shattered by conflict and change. The dissolution of Yugoslavia resulted in the fragmentation of customs space and transportation networks, replacing collaboration with isolation and, eventually, protectionism. Taking into account these regional shifts, the European Commission's 1996 report on Balkan rebuilding urged for “*regional cooperation to*

¹⁷⁸ Kemp, W., *Rebuilding Lives: Regional Solutions to Displacement in the Western Balkans*. New York: International Peace Institute, 2012, pp. 1–14.

¹⁷⁹ HAEU, Parlement européen, Troisième législature, written question no. 1976/92 by Mr Victor Manuel Arbeloa Muru (S) to the Commission. Needs of hospitals in Albania, 1992, (PE3-9249).

¹⁸⁰ United Nations. *UN launches new initiative to find durable solutions for refugees and displaced persons in Western Balkans*. UN News, 3 April 2012. Retrieved from <https://news.un.org/en/story/2012/04/407932#:~:text=%E2%80%9CToday%2C%20most%20of%20those%20forced,of%20those%20considered%20most%20vulnerable>.

achieve long-term stability"¹⁸¹. This insight would subsequently serve as the foundation for the Stability Pact for South-Eastern Europe, which was established in 1999, as well as the Stabilization and Association Process, which was formalized the same year.

European security policy itself evolved alongside the EU's new economic regionalism. As stated in the report of the Committee on Foreign Affairs and Security on relations between the European Community and Albania, the EP "*is aware of the close link between economic and social achievements and confidence in democratic politics*"¹⁸². This emphasized the EU's role as a civilian security actor. Instead of relying on force, the EU linked security to democracy, the rule of law, and economic reform (confirmed in the European Security Strategy): "*the best protection for our security is a world of well-governed democratic states*"¹⁸³, which is achieved by "*spreading good governance[...] establishing the rule of law*"¹⁸⁴ and protecting human rights. In the aftermath of the Yugoslav wars, this idea emphasized that "*the outbreak of the conflict in the Balkans was a reminder that war has not disappeared from our continent*"¹⁸⁵. It also strengthened the notion that the postwar period in the Western Balkans was the first real test of Europe's ability to export stability¹⁸⁶.

Within this broad framework, conditionality was the principal enforcement mechanism. Aid, commercial benefits, and even political discussion were conditioned on substantial progress toward democratic administration and human rights respect. This significant principle was formalized in the 1997 Regional Approach, when the General Affairs Council "*spelled out the so-called 'conditionality approach' (namely compliance with*

¹⁸¹ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

¹⁸² HAEU, Parlement européen, Troisième législature, report of the Committee on Foreign Affairs and Security on relations between the European Community and Albania Rapporteur: Mr Alexander LANGER, 1994, (PE3-12865).

¹⁸³ Council of the European Union. *European Security Strategy: A Secure Europe in a Better World*. Brussels: Council of the European Union, 2009, pp. 37. Retrieved from <https://www.consilium.europa.eu/media/30823/qc7809568enc.pdf>

¹⁸⁴ *Ibid.*

¹⁸⁵ *Ibid.* p. 28.

¹⁸⁶ *Ibid.*

political and economic criteria to develop bilateral relations)"¹⁸⁷, adding that "while the exact level of relations with each of the countries varies, certain general conditions apply to all of them"¹⁸⁸. However, the policy was administered unevenly. While BiH "remained with trade measures and PHARE assistance but not a Trade and Cooperation Agreement"¹⁸⁹, Croatia was excluded from PHARE and from establishing a Trade and Cooperation Agreement, and the FRY was excluded from the majority of aid programs, regional initiatives, and trade advantages. This was intended to penalize political misbehaviour. In fact, this meant that if a government failed to achieve these standards, it could face suspension of cooperation, as verified in an oral question by the EP (1992-1993), which "includes a suspension clause that can be brought into effect in case of violation by one of the parties"¹⁹⁰.

Ethnic conflict remained the main obstacle to this strategy and represents a geopolitical risk¹⁹¹.

Unlike the CEE countries, the candidates from the Western Balkans face problems of contested statehood and unresolved ethnic conflicts due to recent legacies of civil war¹⁹².

¹⁸⁷ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

¹⁸⁸ *Ibid.*

¹⁸⁹ Othon, A., & Bojicic-Dzelilovic, V., *Balkan Regional Cooperation & European Integration*. London School of Economics and Political Science, Centre for the Study of Global Governance, 2002, p. 22.

¹⁹⁰ HAEU, Parlement européen, Troisième législature, Oral Question No. H-1183/92 by Mr KOSTOPOULOS on the rights of the Orthodox Church in Albania, H-0403/93 by Mr PIERROS and H0441/93 by Mr LAGAKOS on protection of human rights in Albania, 1993, (PE3-35149).

¹⁹¹ Vachudova, M. A., EU Enlargement and State Capture in the Western Balkans. In J. Džankić, S. Keil, & M. Kmezić (Eds.), *The Europeanisation of the Western Balkans: A Failure of EU Conditionality?* Cham: Springer International Publishing, 2018, pp. 63–85.

¹⁹² Zhelyazkova, A., Damjanovski, I., Nechev, Z., & Schimmelfennig, F., *European Union Conditionality in the Western Balkans: External Incentives and Europeanisation*. In J. Džankić, S. Keil, & M. Kmezić (Eds.), *the Europeanisation of the Western Balkans: New Perspectives on South-East Europe*. Cham: Palgrave Macmillan, 2019, p. 17.

This reinforced the notion that, while the EU gradually created mechanisms for reconstruction and aid, it struggled to handle ethnic-based conflicts, resulting in internal division and slower and more limited integration. By incorporating political, economic, and security criteria, the EU's Balkan participation shifted from reactive crisis management to proactive state-building efforts. Stability was to be attained not by freezing borders or deploying troops, but by integrating governments into dense and binding networks of rules, aid, and markets. The strategy's coherence lay in its sequencing: immediate humanitarian stabilization (food, refugees, medical systems) was followed by economic normalization (trade and infrastructure) and finally by political association under EU supervision. Each layer reinforced the others.

3.1.2 Albania's role within the broader Western Balkans strategy

Albania's predicament lies within the delicate Balkan framework. The EU could no longer regard Western Balkan countries as a marginal or purely humanitarian concern, but rather as a direct security path into the European stage. The early 1990s exodus across the Adriatic revealed with great clarity that the collapse of state power in Tirana would not be contained inside national borders, but would be instantly externalized on the territory, ports, coasts, and asylum systems of Member States. In this regard, Albania, within the broader regional framework, emerged as an early southern anchor in the Union's expanding security perimeter. Its position on the Adriatic demonstrated that political fragility in Tirana may have immediate regional consequences, illustrating how Albanian instability might translate directly into vulnerabilities for the European project.¹⁹³ As a result, “*Stability – rather than ‘change’ or ‘turn’ – remained the leading principle*”¹⁹⁴ in the EU framework, and it had to contribute to “*the general stabilisation and development of the region*’.”¹⁹⁵

The focus on ‘stability’ linked the Western Balkan scenario with the broader Mediterranean basin”¹⁹⁶: the waves of displacement in the 1990s (the Yugoslav wars

¹⁹³ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

¹⁹⁴ *Ibid.*

¹⁹⁵ *Ibid.*

¹⁹⁶ *Ibid.*

and the 1991 and 1997 crises in Albania), demonstrated how insecurity in the Balkans could rapidly translate into Mediterranean migration flows, a pattern that would become even more evident in the following decades, with the growing migration crisis post-2010 and the peak of Mediterranean migration in 2015–2016.

When the EC/EU subsequently designed its Western Balkans strategy, Albania's path acquired a significant role. After being in complete isolation for decades, Tirana demonstrated a willingness to establish diplomatic relations with the Community. The involvement of the European Investment Bank (EIB) marked the inclusion of Albania within the EU economic engagement, signalling that despite its instability, the country was no longer excluded from European reconstruction efforts.¹⁹⁷

By the time the Stabilisation and Association Process and the Thessaloniki Agenda were developed, Albania had transformed from a minor example to a significant reference point for how the EU wanted to engage in the Western Balkans. As stated in Chapter 2, Albania's early contacts with the Community in 1991-1992 (humanitarian aid, inclusion in PHARE, and the 1992 Trade and Cooperation Agreement) demonstrated a change from emergency assistance to a stabilisation-first strategy. Its experience thus proved that the Union's geopolitical security rested not only on managing the violent disintegration of Yugoslavia, but also on ensuring that weaker but strategically located states, most notably Albania, did not become systemic producers of insecurity at Europe's maritime frontier.

3.2 The grave social and economic situation in Albania in 1991

The year 1991 marked one of the deepest social and economic crises in Albania's modern history. The fall of communism, the paralysis of public administration, the collapse of the state-planned economy, and the sudden liberalization of prices and trade generated conditions of near anarchy.

A mission of Commission experts acting as coordinators of the G-24, which visited

¹⁹⁷ HAEU, Banque européenne d'investissement, Communiqués de presse 1998, 09 January to 29 December 1998, (BEI-134).

Tirana in mid-1991, described the situation as “*alarming*”¹⁹⁸. They noted that the population faced “*urgent needs for food*”¹⁹⁹, and that the Albanian authorities lacked the “logistical” means to ensure their distribution.²⁰⁰

The breakdown of Albania's state-controlled economy in 1991 caused a severe recession and showed the instability of the country's internal market systems. A Commission fact-finding mission on Albania, describing a country which was in an extremely difficult situation, having to cope with acute food shortages and industrial collapse²⁰¹. Because of that, without fiscal capacity and international reserves, the government was unable to import necessary products.

The social dimension of the collapse was both severe and immediate. As state enterprises closed, unemployment reached dramatic levels, placing mounting pressure on the already strained safety net²⁰². This was real in urban areas, while in rural regions, the demolition of collective farms left many without employment or access to the state's food distribution system. Strikes, protests, and spontaneous demonstrations became commonplace, undermining the government's grip and necessitating frequent cabinet changes. The Albanian leadership's failure to resolve the situation through reform or repression created a climate of collective uncertainty that pervaded all aspects of daily life.

The humanitarian consequences soon became visible beyond Albania's borders. Although the historical phenomenon known as the Albanian crisis will be discussed in

¹⁹⁸ HAEU, Secrétariat général de la Commission Européenne, Proposai for a Council regulation (EEC) on emergency action for the supply of certain agricultural products to Albania, 1991, (CEUE_SEGE-COM(1991)0309).

¹⁹⁹ *Ibid.*

²⁰⁰ HAEU, Secrétariat général de la Commission Européenne, Communication de la Commission au Conseil. Le développement des relations de la Communauté avec l'Albanie, 04/09/1991, (CEUE_SEGE-SEC(1991)1637)

²⁰¹ HAEU, Secrétariat général de la Commission Européenne, Rapport sur la visite de la “Factfinding mission” de la Commission en Albanie, 9-11 Juillet 1991, (CEUE_SEGE-SEC(1991)1457).

²⁰² HAEU, Secrétariat général de la Commission Européenne, draft proposal for a Council decision providing long-term financial assistance to Albania, 1992, (CEUE_SEGE-COM(1992)0307).

depth in the following paragraph, it is important to note how thousands of Albanians began to cross into Greece and Italy, signalling the start of one of Europe's first post-Cold War migration crises. It is worth noting that the migration was a direct result of the country's economic collapse.

For the European Community, the Albanian issue was more than just a humanitarian disaster; it showed the possibility of state failure on the Community's southern borders. The EEC had no prior experience of managing the collapse of an entire economic system; nonetheless, it acted immediately, implementing an emergency action authorising free food and bread-making supply to the Albanian population²⁰³. This decision launched the Community's first large humanitarian intervention in a non-member European state. According to Regulation (EEC) No 2938/91 of 1 October 1991, the Commission, due to the severe constraints on the Albanian port and rail unloading facilities, was tasked with implementing the operation and covering the transport and delivery costs of all foreign food deliveries in order to minimise blockages and delays. Moreover, the Community had already financed independent expert studies of the distribution and unloading facilities in Albania and sought to cooperate closely with the Italian unarmed military personnel and trucks that had managed to distribute the supplies to all regions²⁰⁴.

In addition to the emergency food operation, the Commission suggested steps to improve Albania's access to the Community market. An important proposal for a Council Regulation amending Regulation (EEC) No 3420/83 in order to liberalize or suspend quantitative restrictions in respect of Albania, thereby extending to Albania the same preferential regime previously applied to the countries of Central and Eastern Europe²⁰⁵.

These activities also have an intrinsic political dimension. Members of the European

²⁰³ HAEU, Parlement européen, Troisième législature, QXW1779/91EN written question no. 1779/91 by Mr Georgios ROMEOS (S) to the Commission, 1992, (PE3-5810).

²⁰⁴ *Ibid.*

²⁰⁵ HAEU, Secrétariat général de la Commission Européenne, Proposition de Règlement (CEE) No du Conseil du portant, par modification du règlement (CEE) No 3420/ 83, libération ou suspension de restrictions quantitatives à l' égard de l' Albanie ; prorogation de la suspension de certaines restrictions quantitatives à l' égard de pays d' Europe centrale et orientale et définition du régime commercial à l' importation applicable aux produits originaires des Etats baltes, 1991, (CEUE_SEGE-COM(1991)0460).

Parliament questioned the Commission on how it intended to assist Tiranë in “consolidating democracy”²⁰⁶. It stressed how the Community should take practical measures to assist democratization, for example, by drawing up education and training programmes on human rights to be followed by civil servants, judiciary officials and the security forces, and by consolidating legal democratic institutions. It called, therefore, on the Commission to draw up a list of priorities to make optimal use of the budget heading providing support for the democratization process, which, it must be said, has insufficient financial resources and should be increased. By addressing the population's urgent needs, the Community hoped to maintain the fragile political opening that had emerged following the collapse of the communist state.

European authorities were aware of the broader regional repercussions of Albania's disintegration. The crisis fuelled concerns that similar failures would occur elsewhere in the post-communist Balkans. This perception helped to shape the eventual development of a specialized framework for the Western Balkans, in which humanitarian aid, technical support, and political conditionality were all incorporated into a single stabilizing logic.

3.2.1 Uncontrolled mass migration of Albanian citizens and the EEC's response to the crisis

A massive issue during the beginning of the 1990s was the “Albanian crisis”. Albania, after the fall of the Berlin Wall, became the last remaining communist country in Europe. Between 1990 and 1991, the country fell into civil unrest, and the political and social infrastructures had collapsed completely. Because of this, there was a massive exodus of Albanians.

Italy, which until then had been a country of emigration, had never dealt with the issue of migration, not even at the legislative level. The episode of the ship *Vlora* is emblematic: thousands of Albanians arrived on the coast of Puglia.

The humanitarian emergency that engulfed Albania in 1991 quickly spilled beyond its borders. Albania's 40 years of isolation, combined with the disastrous economic, social and political situation, had shocking effects on its citizens. Their knowledge of

²⁰⁶ HAEU, Parlement européen, Troisième législature, proces-verbaux des seances plenieres, 1993-1994, (PE3-22597).

neighbouring countries was based solely on what they had heard or seen on Italian television. During mid-July 1990, Eastern embassies in Tiranë were surrounded by thousands of nationals, and around 5,000 people sought to leave the country.

Thanks to the mediation of international organisations, and after intensive negotiations, a large number of them managed to obtain visas and were granted political asylum in several European countries, particularly Germany, Italy and France. Some have apparently since returned to Albania²⁰⁷.

By early 1991, more than 3,000 Albanians had crossed the border between Tiranë and Athens without meeting resistance from the Albanian police. According to a Report on the exodus of Albanian nationals by the Council of Europe, 20,000 Albanians, many of whom were of Greek ethnic origin, had entered Greece by mid-March 1991. The report stated that the mass exodus was linked to the economic and social situation in Albania, and it was not merely politically motivated.

It stated clearly that:

The Greek authorities granted work permits to those who found a job and temporary residence permits to the others. Repatriation programmes for all those wishing to return voluntarily were carried out in close co-operation with the Office of the United Nations High Commissioner for Refugees (UNHCR)²⁰⁸.

Between March and August of that year, tens of thousands of Albanians fled by sea to Italy or crossed on foot into Greece, producing one of the first large-scale migration movements in post-communist Europe. The phenomenon was chaotic and spontaneous, reflecting both the desperation of the population and the total collapse of state control.

²⁰⁷ Parliamentary Assembly of the Council of Europe. *Stability and Reconstruction of South-Eastern Europe* (Doc. 8750). Strasbourg: Council of Europe, 2000. Retrieved from <https://assembly.coe.int/nw/xml/XRef/X2H-Xref-ViewHTML.asp?FileID=6888&lang=EN>

²⁰⁸ *Ibid.*

On 7 March 1991 alone, 20,000 Albanians reached the Italian ports of Bari, Brindisi, Otranto, and Monopoli, many aboard overcrowded fishing vessels or merchant ships seized from Durrës²⁰⁹. The unprecedented images of refugees flooding Italian harbours stunned European audiences and exposed the direct connection between Albania's domestic disintegration and the stability of the European Community's southern periphery.

The Albanian authorities had attempted to prevent citizens from fleeing the country by placing the ports under military control; however, the situation was such that they were forced to request the organisation of an emergency mission by the United Nations Development Programme to undertake an assessment of the country's urgent humanitarian crisis.

In the field of migration, the mission concluded that the great majority of Albanians who had left the country were seeking improved economic conditions and recommended to the Albanian government that it provide incentives so as to encourage Albanians to remain in their country.²¹⁰

However, the exodus continued throughout the summer, with estimates suggesting that up to 10,000 Albanians left the country again, forcing their way to the southeastern coast of Italy. Italy, overwhelmed by the arrivals, was forced to declare a state of emergency in several coastal regions. After several hours of waiting in the port of Bari, the Italian authorities allowed Albanians to disembark and led them to "La Vittoria Sports Stadium"; however, clashes broke out between the policemen and Albanians who barricaded themselves in the stadium, refusing to return to their country.²¹¹

Were the Albanians in Italy asylum seekers or immigrants? At first, they were considered political refugees. The solution was to concentrate them in a stadium. Clashes with the police erupted because there was a fear that they would be repatriated, under pressure from what remained of the Albanian government. These fears proved to

²⁰⁹ *Ibid.*

²¹⁰ *Ibid.*

²¹¹ *Ibid.*

be well-founded: of the more than 20,000 Albanians who arrived in Puglia on the *Vlora*, about 17,000 were repatriated, and only 1,500 were accepted as political refugees. The Italian government's first reaction was humanitarian aid, providing temporary accommodation, food, and medical care, but soon shifted toward repatriation once it became clear that the influx could not be absorbed. At the same time, Italy increased its financial aid to Albania, where food and emergency aid were sent to the country. Moreover, on 12 August 1991, the European Community announced 2.3 million US dollars of emergency aid to be used for food and medicine. Initially, public opinion in Italy was positive, sympathetic, viewing the Albanians as victims of a collapsing communist regime; however, public opinion soon hardened as fear of uncontrolled migration grew, leading Italy to increase its financial support in order to prevent further mass departures.²¹²

These legislative initiatives, however, took place against a backdrop of displays of desperation, revealing the human dimension of the crisis and shocking European public opinion.

All of Europe witnessed the dramatic scenes, captured on television news, showing the Albanians being expelled by Italian officials. Although repatriation was legally justified, the way in which the operation was conducted was problematic. The vast majority of the Albanians, according to their accounts of the exodus, fled their country because they felt "buried alive" there. They explained that when the news spread like wildfire that it was possible to leave Albania, lorries were seized in the ensuing rush, ships commandeered, and their crews forced to set sail. It was a form of mass psychosis. It is difficult to determine whether this psychosis was triggered deliberately; rumours suggest that this was the case, but there is no

²¹² Varsori, A., *L'Italia e la fine della guerra fredda: la politica estera dei governi Andreotti (1989-1992)*. Il mulino, 2012.

conclusive evidence to support this²¹³.

The International Organization for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR) sent a combined mission to Albania from August 15 to 17. It discussed migration-related problems with Albanian authorities, including: the continuation of voluntary return programs from neighbouring countries; the planned and organized emigration of a small number of Albanians to work in industrialized countries; Implementing an information effort to inform Albanians about the economic and social situation in neighbouring countries; and the need to facilitate, in the medium term, the reintegration of returning Albanians through proper vocational training prior to their return. Some programmes for voluntary return were also established at the request of the Italian authorities, IOM, UNHCR, and the Italian Red Cross.²¹⁴

Although this issue concerned primarily Italy, this was as much a European problem. For the European Community, these events crystallized the new nature of security threats in post-Cold War Europe. Migration, humanitarian breakdown, and state failure were no longer distant issues: they were immediate and transnational. The crisis prompted urgent discussions within the Council and the European Parliament about how to balance humanitarian obligations with border management²¹⁵.

According to this report, by neglecting Albania for decades, European countries have played into the hands of Albanian communists. It is stated that the “*exodus is a symbol of the Albanians' wish, as Europeans, to rejoin Europe and participate as free people in European life. They have a right to do so*”²¹⁶.

Considering the fact that Albania was a relatively young country, with an average age of 27 years, it needed its young population to rebuild the country after the disastrous effects of communism. However, being a country that had only recently begun a process

²¹³ Parliamentary Assembly of the Council of Europe. *Stability and Reconstruction of South-Eastern Europe* (Doc. 8750). Strasbourg: Council of Europe, 2000. Retrieved from <https://assembly.coe.int/nw/xml/XRef/X2H-Xref-ViewHTML.asp?FileID=6888&lang=EN>

²¹⁴ *Ibid.*

²¹⁵ *Ibid.*

²¹⁶ *Ibid.*

of democratisation, this mass exodus of children and young men constituted a significant demographic loss. It is important to note that the fact that numerous young women had been abandoned in Albania made this situation even more difficult²¹⁷. Thus, this difficult situation became a test of European solidarity emphasizing that migration from Albania was the visible symptom of a deeper economic and social breakdown.

European aid programmes should aim to provide young Albanians with the opportunity to study abroad for a period of time, so that they can utilise their knowledge for the benefit of Albania on their return²¹⁸.

The Council of Europe took a decision in December 1991 to open an account for Emergency Aid to Albania,

in addition to the assistance provided to Albania in the framework of the "Demosthenes programme" in the field of constitutional reform, media legislation, education, social affairs and local authorities²¹⁹.

This situation led the EC to acknowledge that uncontrolled flows could destabilize not only Albania but also its neighbours, urging the Commission to coordinate assistance aimed at reducing push factors within the country²²⁰.

The Commission's immediate response to the crisis was the expansion of humanitarian aid and integration of migration concerns into its economic assistance programmes. The emergency wheat deliveries under Council Regulation 2938/91 (authorized in late 1991)²²¹ could be supported by the argument that food security would inhibit subsequent mass departures. In this way, humanitarian aid became an indirect instrument for migration management. Parliamentary questions confirmed this approach: Community's aid combined emergency assistance with measures to

²¹⁷ *Ibid.*

²¹⁸ *Ibid.*

²¹⁹ *Ibid.*

²²⁰ *Ibid.*

²²¹ HAEU, Parlement européen, question écrite n° 1779/91 de M. Georgios ROMEOS à la Commission. Octroi d'une aide alimentaire à l'Albanie, 1991, (PE3-5810).

reestablish basic services and prevent repeated migratory pressures, including support for technical and institutional capacity through the PHARE initiative²²²

Regionally, the crises accelerated the Europeanization of Albania's problems: instability in Albania had direct spillovers for Italy and Greece, whose ports, coastlines, and labour markets were immediately affected. Community debates moved swiftly to the Trade and Cooperation Agreement and the inclusion of Tirana in PHARE-linked actions. This realization led to the integration of migration management into the EEC's early framework for external relations. Discussions within the EP stressed that the EC and its Member States should increase their economic and technical assistance to Albania in order to foster the development of democracy and to discourage illegal immigration²²³.

Beyond institutional changes, the 1991-1992 migratory crisis altered European public opinion. Images from Bari and Brindisi sparked both solidarity and concern, emphasizing the importance of integrating foreign policy, development aid, and border or migration management into a cohesive strategy, one that would gradually inform the EU's external approach in the Western Balkans. At the same time, Italy and Greece encouraged Brussels to situate Albania's migratory dilemma within a larger European context of burden-sharing. This unique crisis caused member states to contend that unilateral national measures were insufficient and needed coordinated Community procedures to prevent similar calamities in the future²²⁴. In 1991, a resolution of the EP explicitly called on the Council to “*propose measures to the Member States so that the burden of taking in the refugees does not fall on Italy alone*”²²⁵, highlighting the need

²²² HAEU, Parlement européen, question écrite n° 3001/91 de Mme Patricia RAWLINGS à la Commission. Aide communautaire à l'Albanie, 1991, (PE3-7016).

²²³ HAEU, Parlement européen, Proposition de résolution avec demande d'inscription au débat sur des problèmes d'actualité, urgents et d'importance majeure déposée conformément à l'article 64 du règlement par Mme von Alemann au nom du groupe libéral, démocratique et réformateur sur le différend qui oppose l'Albanie et la Grèce, 1993, (PE3-29627).

²²⁴ HAEU, Parlement européen, motion for a resolution with request for inclusion in the debate on topical and urgent subject of major importance pursuant to Rule 64 of the Rules of Procedure by the following Members DR PICOOLI, PAPAYANHAKIS, on behalf of the Group for the European Unitarian Left on Albanians in Italy, 1991, (PE3-25808).

²²⁵ *Ibid.*

for solidarity between states to manage the Albanian refugee crisis. It also called on the Commission to set up a European unit to monitor population movements in order to provide accurate information and forecast trends in migration towards the Member States. Such debates anticipated later EU instruments on asylum and migration policies across member states, such as the European Refugee Fund and the Dublin Regulation. However, in 1991, the EEC lacked the institutional competence to take such measures, leaving the response to bilateral diplomacy and Community aid.

The migration emergency also transformed the way European institutions perceived Albania in regional terms. Whereas in 1990 the country had been viewed primarily as a humanitarian concern, by 1991 it was understood as a security variable within the wider Balkan context. Its instability had direct consequences for EU member states, particularly Italy and Greece, whose ports, coastlines, and labour markets were the first to absorb the shock. The migration waves thus accelerated the Europeanization of Albania's problems: what had begun as a national collapse became a European priority. In retrospect, the uncontrolled migration from Albania in 1991 marked a watershed point in post-Cold War European strategy. It illustrated how a neighbouring state's domestic breakdown might have far-reaching humanitarian, political, and security ramifications. The EEC's complex reaction, which included aid, repatriation assistance, and conditional cooperation, paved the way for the migratory diplomacy that would eventually define EU ties with the Western Balkans. More crucially, it proved that stabilization in Southeastern Europe required not just economic support but also the restoration of human security.

3.3 Second Albanian crisis: the collapse of pyramid schemes of 1997

By 1997, Albania was once again at the center of a national and regional crisis, this time caused by a massive financial collapse that pushed the country to the verge of civil war. Inadequate formal financial systems were a major contributing factor to the rise of pyramid schemes. The main actors of this phenomenon were the three state banks that

dominated the “*deposit-taking market (holding over 90 percent of deposits)*”²²⁶. They were unreliable partners, and private banks were slow to emerge, considering that they were not attracted by domestic currency deposits. The problem in the state bank was that they promised extraordinarily high returns, sometimes exceeding 100% within a few months²²⁷. Their abrupt implosion revealed the fragility of Albania’s post-communist transformation: a weak state with stalled structural reforms (particularly in the banking sector), minimal and inadequate regulation, and an impoverished population eager for rapid enrichment²²⁸.

The two factors that precipitated the pyramid crisis occurred in 1996: the relaxation of sanctions against the Socialist Federal Republic of Yugoslavia (SFRY) in late 1995 and the Albanian parliamentary elections in May 1996. According to the first point, it was well known that after the UN sanctions on SFRY, oil and other goods were smuggled through Albania into SFRY; they “*were estimated to amount to 1 percent of GDP*”²²⁹. As stated by an IMF working paper, the smuggling of these pyramid companies could not be proved; however, during the sanction period, they were set up as “trading companies” and were believed to be highly involved. On the other hand, the May 1996 elections had a more direct impact. In response to the upcoming parliamentary elections and the prospects of consolidation of power by the DP, the pyramid schemes sharply increased their interest rate, ranging from 6% to 8% per month.²³⁰

Following decades of autarky, the unexpected dismantled of price controls and trade monopolies resulted in a quasi-market environment with no institutions to monitor it. The financial system remained primitive, credit was scarce, and the public lost faith in state banks. Into this vacuum, dozens of private “investment firms” stepped, such as VEFA, Gjallica, and Kamberi, which initially offered interest rates amounting to 4-5%

²²⁶ Jarvis, C. *The Rise and Fall of the Pyramid Schemes in Albania*. Washington, D.C.: International Monetary Fund, European I Department, 1999, pp. 1–35. Retrieved from <https://www.imf.org/external/pubs/ft/wp/1999/wp9998.pdf>

²²⁷ *Ibid.*

²²⁸ *Ibid.*

²²⁹ *Ibid.*

²³⁰ *Ibid.*

per month²³¹. These rates later rose, as previously mentioned, to between 6-10% in the first half of 1996. These three major companies were soon joined by three new schemes: Xhafferi and Populli, as well as Sude, which offered greater interest rates (ranging from 12-19% per month in May 1996) despite lacking real assets. VEFA was the largest scheme in terms of liabilities, yet it only held approximately 85,000 deposit accounts. By contrast, in a country of 3.5 million people, Xhafferi and Populli attracted roughly two million depositors in only a few months. This, in turn, placed growing pressure on the current schemes to grow further.²³²

In the second half of 1996, disorder took hold. In July, Kamberi upped its monthly interest rate to 10%. In September, Populli started providing more than 30% per month. In November, Xhafferi offered to triple depositors' money in three months (44% monthly rate), whereas Sude offered to double the principal in two months (41% monthly rate). By November, liabilities had a face value of US\$ 1.2 billion. However, these figures do not accurately reflect the chaos that spread across Albania at the time. Queues formed to deposit funds with both pyramid schemes and legitimate companies, resulting in a large number of new depositors, particularly in high-interest schemes. The audience included not only the poor and gullible, but also those who believed the schemes had government support or were funded by illegal activities. Individuals sold their homes and apartments to invest in the schemes, while farmers sold their cattle.²³³

Political tolerance, the fact that many were related to government officials, and the lack of effective monitoring from the Ministry of Finance or the Central Bank all contributed to the rapid expansion of pyramid schemes. Visible consumption, such as new buildings, fancy automobiles, and foreign imports supported by depositors' money, further contributed to the sense of prosperity while concealing structural insolvency²³⁴. It was not until October of the same year that the Minister of Finance drew attention to the public regarding the risks of the schemes. This paradox may be observed in the fact

²³¹ *Ibid.*

²³² *Ibid.*

²³³ *Ibid.*

²³⁴ *Ibid.*

that it was suspected that these companies were used to launder money for the Italian mafia, but the President of the time, Sali Berisha, supported them, claiming that they were "*legitimate and successful Albanian companies*"²³⁵. Later, in response to outside criticism, a committee was formed to study the schemes; however, it never convened. This highlights the government's role as a passive observer.

The leading international financial institutions, such as the IMF and the World Bank, issued warnings about pyramid schemes in 1996, but they were ignored, and, in any case, came too late. The problem was too deeply rooted.

Both institutions had expressed concern as far back as December 1994 about the dangers of criminal enterprises operating in the informal market, though the concern was as much about money laundering as about pyramid schemes²³⁶.

Only in October, when the Bank of Albania discovered that VEFA's deposits in the banking system were US\$120 million (5% of GDP), that the scope of the situation became obvious. During the same month, the IMF and World Bank reaffirmed their concerns in Washington, prompting the Minister of Finance to issue a public warning. The press and public reacted primarily negatively, accusing the IMF of attempting to close down Albania's most profitable enterprises. The president of VEFA, a former street cleaner organizer, stated that the IMF was incapable of cleaning Tirana's streets. Finally, during a press conference on November 19, another visiting IMF team warned the public about the schemes and requested the government to look into them all. Sude failed on its obligations on the same day, triggering the collapse.²³⁷

The remaining pyramid schemes collapsed over four months, bringing down the Democratic Party administration and plunging Albania into anarchy. The immediate collapse of Sued sparked panic. People began to heed the IMF and World Bank's

²³⁵ *Ibid.*

²³⁶ *Ibid.*

²³⁷ *Ibid.*

warnings, leading to a halt in the flow of new deposits. In an attempt to restrict this, VEFA's owners, Kamberi, Silva, and Cenaj, agreed to lower interest rates to 5% per month, but this was not successful.²³⁸

In January 1997, both Sude and Gjallica, one of the funds with real investments, declared their bankruptcy, triggering riots, especially in the southern city of Vlore, where Gjallica was based. As the riots intensified and spread, the remaining schemes ceased payments²³⁹.

As previously indicated, public outrage led to organized resistance, particularly in the southern cities of Vlora, Saranda, and Gjirokastër, where the initial schemes failed. The government's cautious approach, alternating between repression and negotiation, served to exacerbate, rather than alleviate, popular resentment. Demonstrators attacked police stations after the government stuck firmly to the principle that “*depositors would not be compensated for their losses from the budget*”²⁴⁰, looted weapons, and set off a wave of armed uprisings that quickly spread across most of the country. The consequences were catastrophic, and finally, the government began to move against some companies.

On January 26, 1997, the Albanian government froze Xhafferi and Populli's bank accounts, which held funds amounting to 10 % of GDP (US\$250 million). To prevent similar schemes from emptying their accounts, the Bank of Albania began limiting daily withdrawals from bank accounts to 30 million leks (then around US\$300,000). These steps were important: Xhafferi and Populli's seized assets amounted to almost half of their liabilities, and the funds were repaid to depositors over the following months²⁴¹.

However, the government's initiatives were insufficient and came too late to prevent the situation from deteriorating any further. Albania was in chaos.

²³⁸ *Ibid.*

²³⁹ *Ibid.*

²⁴⁰ *Ibid.*

²⁴¹ *Ibid.*

The government's authority, shaky since the May 1996 elections, had evaporated. When Tirana fell into civil disorder in late March, the government resigned, the President agreed to hold new parliamentary elections by the end of June and an all-party interim coalition government led by members of the former opposition Socialist Party was appointed²⁴².

The collapse of law and order caused the evacuation of foreign nationals and embassies, while tens of thousands of Albanians once more sought to flee by sea to Italy.

The World Bank and IMF suspended their programs, and international investors withdrew. The European Union, which had only lately begun to consider Albania as a potential candidate for long-term stabilization, was taken aback by the 1997 collapse.

As noted in the next section, the 1997 crisis had a far-reaching impact on the EU policy towards Albania. Community Brussels' cautionary measures towards the Western Balkans served as a reminder that democratization and economic transition could not be sustained in the absence of functioning institutions. The EU's post-1997 engagement centred on state-building, judicial reform, fiscal transparency, and public administration, rather than quick liberalization. For Albania, the collapse signalled the painful end of the fantasy of immediate transformation and the start of a more measured, Europe-guided route toward reconstruction and integration.

3.3.1 Albanian civil unrest and the migration crisis

Albania's pyramid schemes collapsed in early 1997, bringing the country into political and social chaos. Their failure was more than just an economic collapse; it also highlighted institutional disintegration, resulting in a severe political crisis.

Within weeks, economic panic had grown into a widespread political and social breakdown, and the instability continued throughout the first half of 1997. Since political institutions are usually viewed as symbols of societal compromise and oversee the problems faced by different groups and society as a whole, citizens demanded responsibility within them. However, due to the institution's indifference, the loss of citizens' life savings triggered widespread protests that soon turned violent, while the

²⁴² *Ibid.*

dissolution of the security system allowed armed uprisings to spread throughout the country.

“By January 1997, public protests had erupted, accusing the government of causing financial losses for many citizens”²⁴³. However, the civil unrest erupted from Vlora (where some of the companies' headquarters were) to Tirana, Berat, Krujë, Shkodër, Kurbin, Korçë, Fier, and Gjirokastrë, resulting in intense battles with the police and injuries on both sides. The protests resulted in 84 police officers being injured, 30 individuals being detained, and material losses estimated at 5 billion lekë (4.5 million US dollars).

An emblematic period dates to January 19th, when the opposition held a rally at Skanderbeg Square in Tirana to emphasize the need to protect citizens' rights. This specific gathering aimed at addressing the political and economic issues in the country caused by the pyramid crisis. It is stated that

The opposition's demands were not only focused on addressing the fraud and police brutality associated with these schemes but also called for new parliamentary elections and the establishment of new democratic and legal institutions to extricate the country from its multifaceted crisis²⁴⁴,

thus the opposition was calling for the resignation of President Sali Berisha and also the dissolution of the parliament and the instauration of a transitional government capable of restoring order.

However, this protest was short-lived since it was deemed illegal by the police, who used physical force to suppress it. “DP described the opposition's protest as an attempt by “leftist extremists to politically exploit people's suffering and misfortune”²⁴⁵.

²⁴³ Nexhipi, A., & Nexhipi, E. *From Reforms to Ruin: The Pyramid Schemes Crisis and Its Impact on Albania's Transition. The Journal of European Economic History (JEEH)*, Vol. 54, No. 2, Rome: Associazione Bancaria Italiana, 2025, p. 61. Retrieved from <https://www.econstor.eu/bitstream/10419/326740/1/1936071339.pdf>

²⁴⁴ *Ibid.*

²⁴⁵ *Ibid.*

Some of the initiatives to overcome this crisis were the January 30th, 1997, Law passed by the Albanian Parliament. The Law regarding "Distribution of Wealth of Foundations Operating on Pyramidal Schemes" created protocols, standards, and criteria for distributing assets from pyramid schemes, as well as identifying responsible entities. The law required creditor claims to be validated using provided documentation, foundation distribution coefficients to be calculated based on frozen funds and depositor obligations, and funds to be disbursed in cash or through savings books.²⁴⁶

Another key step was the establishment of the "Forum for Democracy," which was created by opposition parties and the "Organization of Former Political Prisoners," to build an anti-government alliance to lead public action through institutional methods.

This Forum attributed the cause of the crisis to the:

manipulation of the parliamentary elections held on May 26, viewing the pyramid scheme debacle as a result of erroneous economic policies underpinned by corruption, illicit trafficking, and the misappropriation of properties²⁴⁷.

The chaos exposed the fragility of the Albanian government to deal with the issues. As tensions intensified, President Berisha called for a meeting with different political parties, leading to the resignation of Prime Minister Meksi's. Following the resignation of the Prime Minister on March 2nd, the Albanian Parliament passed legislation and resolutions to address the increasing crisis.

The Laws on "the State of Emergency"; "Declaring the State of Emergency in Albania"; "Integrating the National Information Service with the Ministry of Interior Affairs"; tasked SHIK (State Intelligence Service) and the Ministry of Interior Affairs with suppressing armed gangs, and "Certain Measures in Terms of the State of Emergency."

Among these laws, the "State of Emergency" temporarily suspended some

²⁴⁶ Nexhipi, A., & Nexhipi, E. *From Reforms to Ruin: The Pyramid Schemes Crisis and Its Impact on Albania's Transition. The Journal of European Economic History (JEEH)*, Vol. 54, No. 2, Rome: Associazione Bancaria Italiana, 2025, pp. 43–83. Retrieved from <https://www.econstor.eu/bitstream/10419/326740/1/1936071339.pdf>

²⁴⁷ *Ibid.* p.64.

“constitutional rights and freedoms; public gatherings, as well as political, sporting, cultural, and trade union activities, were prohibited”. These emergency measures would stay in effect until constitutional and public order were restored. Furthermore, the SHIK would be included under the Ministry of Internal Affairs.²⁴⁸

During the state of emergency, the Armed Forces of the Ministry of Internal Affairs and SHIK were responsible for restoring public order and suppressing armed rebellions.

The Council of Europe underscored that Albania, as a Member State of the Council of Europe, must demonstrate full respect for human rights in any use of force to restore order. The measures taken (...) must not exceed ‘the extent strictly required by the exigencies of the situation’²⁴⁹.

Political discontent and civil unrest prevailed in Albania following Sali Berisha's return as President. Revolts became more violent, and control over southern Albania deteriorated quickly, causing the country to disintegrate within days. The enraged crowd set fire to public buildings, blocked national thoroughfares, and plundered food and weapon caches. State responses were as fierce. This incident just highlighted how the problem had worsened.

The civil conflict also resulted in a significant new wave of migration to neighbouring countries. As public unrest and violence intensified, tens of thousands of Albanians fled to Italy and Greece, following the 1991 exodus. Italian authorities estimated that since May 1997, 13,000 Albanians had arrived by sea, and Greece was also experiencing immense cross-border flows from southern Albania as civilians sought safety from the war.

Both Greece and Italy had a vested interest in encouraging Albania to establish acceptable social and legal conditions and to secure its territory to mitigate the flow of migrants. As part of these efforts, Italian troops patrolled Albanian territorial waters up to the Albanian shores, encapsulated

²⁴⁸ *Ibid.* p.66.

²⁴⁹ *Ibid.* p.67.

by the policy aimed to keep Albanians in Albania²⁵⁰.

These uncontrolled flows exacerbated Albania's domestic problems, creating a regional emergency with ramifications for European stability and border management.

The European Union's first response was to prevent further escalation and expedite the delivery of humanitarian aid. In March 1997, Italy launched "Operation Alba" to control ports, airports, and important routes to ensure the safe transfer of supplies and to help restore order. Parallel to the security mission, the EU increased its humanitarian and reconstruction efforts. PHARE emergency funding was transferred to restore electricity, water, and transportation services, as well as to rebuild the public administration. However, the international community's response to the second Albanian crisis will be discussed in detail in the next paragraph.²⁵¹

From a strategic standpoint, the 1997 civil unrest and migration crisis were pivotal in redefining the EU's role toward the Western Balkans. The pyramid scheme crisis convinced European policymakers that crises on the Union's periphery required comprehensive approaches combining humanitarian, economic, and security instruments. More broadly, Albania and the wider region were described as a "test case" for the emerging European Security and Defence identity²⁵².

To sum up, Albania's crisis did not resemble a civil war. The unexpected collapse of a state's financial system triggered a spontaneous rebellion without apparent political support.

In the long run, the 1997 turmoil altered the EU's general Western Balkans approach. The EU recognized that democracy and market transformation necessitated not only incentives, but also security guarantees and ongoing institutional support. Albania's crisis served as a catalyst for the development of the EU's approach to regional stability,

²⁵⁰ *Ibid.* p.72.

²⁵¹ Pugh, M. *The Evolution of Peacebuilding*. In F. Carey, C. Constantinou, M. Pugh, C. Sriram, A. Watson, & R. B. J. Walker, *Rethinking Peace and Conflict Studies*, edited by O. P. Richmond, Professor, School of International Relations. London: Palgrave Macmillan, 2004, pp. 27–52.

²⁵² *Ibid.*

which incorporated crisis management, migration restriction, and reconstruction into a single, coherent policy.

3.3.2 The international community's response to Albania's internal instability

The collapse of the Albanian government in 1997 necessitated an immediate and comprehensive response from the European Community. In Brussels, there was a growing consensus that the country's disintegration was caused by a combination of economic mismanagement, poor state infrastructure, a lack of structural reforms in the banking sector, deficiencies in the formal financial system, large amounts of foreign currency, underdeveloped legal frameworks, political interference, and insufficient coordination between supervisory institutions and the government.

As a result, the community organized its reaction around interconnected goals: an end to the security situation, a national reconciliation process and peace-making action, and the rehabilitation of institutions and infrastructure²⁵³. Nonetheless, the international community's response to the crisis was unclear and slow, demonstrating the difficulty in reaching a unified view of the problem.

The crisis was viewed differently across Europe: countries such as Italy and Greece, which had firsthand experience with economic, political, and public upheaval, claimed that a fast deployment of military action was required to prevent the crisis from escalating into civil conflict. In contrast, Germany and the United Kingdom remained sceptical about the deployment of any military force, expressing:

the fear that foreign peacekeeping troops could become hostage to the domestic political struggle and hence contribute to exacerbate it rather than facilitate national reconciliation²⁵⁴.

At the same time, the EU Council of Ministers decided to send an advisory mission to Albania on March 24, citing fundamental differences and a lack of confidence among

²⁵³ Greco, E. (1998). *Delegated Peacekeeping: The Case of Operation Alba*. Rome: Istituto Affari Internazionali. pp. 1-17. Retrieved from <https://www.iai.it/sites/default/files/iai9801.pdf>

²⁵⁴ *Ibid.* p. 4.

EU countries. The failure of this “Advance Team” was poorly greeted in the nations favouring a unified military action, with sharp criticism aired, in particular, by the French press. The Community’s policy towards Tiranë, also, was criticized by Italian leaders, notably the Italian Foreign Minister, Lamberto Dini, who “*defined the way in which the EU had faced the Albanian crisis totally inadequate*”²⁵⁵.

Meanwhile, the implications of Albania's government for Balkan regional security remained uncertain. The potential main threat was concentrated in Kosovo and Western Macedonia, where the ethnic majority of Albanians lived. However, even though the involvement of radical Albanian factions in the areas was uncertain, the risk that the weapons looted by the rebels in Albania would eventually fall into their hands was hardly negligible to the international community²⁵⁶. The Albanian government formally requested NATO action, but the United States refused to participate in any military intervention. The Clinton administration had some doubts: it did not see an impending risk of a spillover effect in the broader region; the Congress was unlikely to give its approval for another US participation in EU soil (after BiH); and finally, Washington strongly believed that Sali Berisha should step down and “*feared that an international intervention could be exploited by him to remain in power*”²⁵⁷.

In this context, the EU's priority was to ensure the delivery of humanitarian aid and avoid additional displacement to Italy and Greece. The Multinational Protection Force (MPF) in Albania, approved by the UN Security Council in Resolution 1101 on March 28, 1997, is a significant example of the mid-1990s trend of Council devolution of peacekeeping tasks to regional organizations. More specifically, Operation Alba was carried out by a “coalition of the willing” consisting solely of European countries commanded by Italy²⁵⁸. This *ad hoc* MPF force in Albania became pivotal after the Euro-Atlantic institutions (NATO, Western European Union, and OCSE) opted not to undertake or otherwise directly engage in a military campaign in Albania (a direct UN

²⁵⁵ *Ibid.* p.8.

²⁵⁶ *Ibid.*

²⁵⁷ *Ibid.*

²⁵⁸ *Ibid.*

operational role was never even discussed)²⁵⁹.

The stakes for Italy in the upcoming expedition were immense. It was a critical test of the country's ability to exercise effective leadership in both diplomatic and military settings, in an area where Rome saw stability as one of its key foreign policy goals. “*By taking the lead of the international efforts to bring the Albanian crisis to an end, Italy aimed at enhancing its international prestige*”²⁶⁰.

Conducted between April and August 1997 (initially, MPF was authorized only for three months, from 28 March to 28 July, but later extended for another 45 days), the mission's 7,000 troops were from eleven European countries (mainly Mediterranean and Southern European countries ²⁶¹). In accordance with Security Council Resolution 1101 (1997), the force's mission was “*to facilitate the safe and prompt delivery of humanitarian assistance and to help create a secure environment for the missions of international organizations in Albania*”²⁶².

According to the Italian report to the UN, by early May, the force had completed 98% of its planned deployment and was providing direct logistical support to the World Food Programme (WFP), UNICEF, the International Committee of the Red Cross (ICRC), and the European Community Humanitarian Office²⁶³.

Within this security context, the European Commission intensified its humanitarian efforts in Albania. On June 27, 1997, it approved ECU 1.7 million in new ECHO funding, implemented through partners such as InterSOS, Première Urgence, Humanitarian Cargo Carriers, and Cooperazione e Sviluppo, to supply food and medicine, rehabilitate schools and clinics in Lezhë and Shkodër, and restore water and

²⁵⁹ *Ibid.* pp. 1-17.

²⁶⁰ *Ibid.* p. 9.

²⁶¹ Greece, France, Italy, Portugal, Romania, Slovenia, Spain, and Turkey with slight participation from three other countries Austria, Denmark, Belgium

²⁶² United Nations Security Council. *Letter dated 18 April 1997 from the Secretary-General addressed to the President of the Security Council (S/1997/362)*. New York: United Nations, 1997. Retrieved from <https://docs.un.org/en/S/1997/362>

²⁶³ *Ibid.*

sanitation facilities²⁶⁴. These actions supplemented previous ECHO funding of ECU 3.25 million, bringing 1997 humanitarian assistance to approximately ECU 5 million. The multinational force and the Commission's relief efforts worked together to restore the basic circumstances of normal life: trade routes reopened, schools resumed, and key services were progressively restored²⁶⁵.

A key innovation was the appointment of Admiral Guido Venturoni as Chief of the Italian Defense Staff and the implementation of a “Steering Committee”. The establishment of this body (convened 19 times throughout the mission) was an innovative aspect of Operation Alba, because its decision-making process was consensus-based, “*which facilitated the distribution of tasks and responsibilities among the participating countries and strengthened their cohesion*”²⁶⁶. A major task of this committee was to oversee the MPF's actions and assure compliance with the UN Security Council's mandate. It submitted 11 reports in total to the Security Council, OCSE, EU, WEU, and NATO. Albanian government representatives often attended Steering Committee meetings as observers. The Albanian government also established a committee in Tirana to coordinate in-country activities and maintain contact with the mission.

After security was restored, worldwide focus turned to economic stability and restoration. Coordination with the International Monetary Fund and the World Bank was improved to better match European and international initiatives. The IMF's programme, which was renewed in late 1997, called for the liquidation of pyramid schemes, strengthened banking regulation, and increased fiscal transparency. Community aid supplemented these efforts by assisting in the recovery of

²⁶⁴ European Commission. *Commission Approves ECU 1.7 Million in Humanitarian Aid for Albania (IP/97/576)*. Brussels: European Commission, 27 June 1997. Retrieved from https://ec.europa.eu/commission/presscorner/detail/en/ip_97_576

²⁶⁵ United Nations Security Council. *Letter dated 18 April 1997 from the Secretary-General addressed to the President of the Security Council (S/1997/362)*. New York: United Nations, 1997. Retrieved from <https://docs.un.org/en/S/1997/362>

²⁶⁶ *Ibid.*

administrative and financial capacities required for proper governmental functioning²⁶⁷. The reconstruction project also focused on the physical and institutional infrastructure of the state. Recognizing that connectivity was essential for both administrative control and economic recovery, the European Investment Bank (EIB) granted in February 1998 a loan of ECU 22 million for the construction of the Durres-Tirana road, the first large-scale European investment in post-crisis Albania²⁶⁸.

From mid-1998 onward, the Community purposefully linked Albania's reconstruction to its regional ambitions. Albania, along with other Western Balkan countries, would receive financial assistance from the Community through programs such as Community Assistance for Reconstruction, Development, and Stabilisation (CARDS) and the Stabilisation and Association Agreement²⁶⁹. These regional links foreshadowed the Stabilization and Association Process (SAP), initiated in 1999, which united Albania and its neighbours under a unified framework of conditional cooperation aimed at harmonizing domestic reforms with European norms²⁷⁰.

Ultimately, although the EU was not attempting to replicate its own model of institutionalized integration in the Balkan region, it was demonstrating how interdependence and economic cooperation based on common interests, such as regional trade, investment, environment, and common infrastructure, could serve as catalysts for the development of a more prosperous and secure region²⁷¹.

²⁶⁷ Jarvis, C. *The Rise and Fall of the Pyramid Schemes in Albania*. Washington, D.C.: International Monetary Fund, European I Department, 1999, pp. 1–35. Retrieved from <https://www.imf.org/external/pubs/ft/wp/1999/wp9998.pdf>

²⁶⁸ HAEU, Banque européenne d'investissement, Communiqués de presse 1998, 09 January to 29 December 1998, (BEI-134).

²⁶⁹ Xhindi, N. *Albania towards a Sustainable Regional Development: The Cases of Tirana, Shkodra and Kukes Region*. Potsdam: Universitätsverlag Potsdam, 2014, Vol. 56

²⁷⁰ European Commission. *Report from the Commission to the Council and the European Parliament: The Stabilisation and Association Process for Countries of South-Eastern Europe – First Annual Report (1998)*. Brussels: Commission of the European Communities, COM(2000) 183 final, 3 April 2000. Retrieved from <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2000:0183:FIN:EN:PDF>

²⁷¹ Othon, A., & Bojicic-Dzelilovic, V., *Balkan Regional Cooperation & European Integration*. London School of Economics and Political Science, Centre for the Study of Global Governance, 2002, pp. 1–86.

3.4 The Thessaloniki Agenda (2003): Albania's path to integration

3.4.1 The Stabilization and Association Process

Following the Bosnian war, the European Union implemented the "Regional Approach" to the Western Balkans, which combines trade preferences, financial support, and regional cooperation under the conditionality principle. Under this approach, EU assistance was contingent on each country's progress toward achieving political and economic criteria such as macroeconomic stabilization, trade liberalization, privatization, and rule-of-law reforms. This policy, like the EU's strategy toward Central and Eastern Europe, was based on conditionality, but in the Western Balkans it took a more restrictive form: a "*negative conditionality*"²⁷² that provided no clear membership perspective and, in some cases, implied sanctions. The Kosovo war of 1999 showed the limitations of this method, demonstrating that financial aid and limited conditionality were insufficient to pacify the region. In response, the EU implemented a new and more ambitious policy, the Stabilization and Association Process (SAP), which was established in 1999 to incorporate post-conflict countries into a coherent framework of political engagement, conditional assistance, and progressive alignment with EU principles. For Albania, the SAP served as the cornerstone for its European path, specifying the essential stages of reform, external relations, and adherence to the *acquis communautaire*²⁷³.

The SAP's philosophy has been apparent since its inception: stability through integration. It brought political conditionality, contractual association, and financial support into one framework, aligning the Western Balkans with the rationale of EU accession. As the Cologne European Council (June 1999) declared, "*the European Council reaffirms the readiness of the European Union to draw the countries of this region closer to the prospect of full integration into its structures*"²⁷⁴.

²⁷² Rrapaj, J. *Neo-liberal Globalization and the EU Integration of the Western Balkans: The Case of Albania*. In *Proceedings of the 5th International Conference on European Studies (ICES)*, 6–7 November 2015. Tirana: Epoka University, 2015, pp. 25-40.

²⁷³ *Ibid.*

²⁷⁴ Zaccaria, B., Obadić, I., *The EU and the Western Balkans: A Historical Perspective*. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

In practical terms, the SAP was structured around six key target areas:

development of existing economic and trade relations with and within the region; development and partial redirection of existing economic and financial assistance; increased assistance for democratization, civil society, education, and institution-building; cooperation in the area of justice and home affairs; development of political dialogue, including at regional level; and the conclusion of Stabilisation and Association Agreements (SAA)²⁷⁵.

This shift reflected the EU's conviction that "*there can be no long-term political stability in the region without a rapid return to a significant degree of cooperation between each of the countries concerned and its neighbours*"²⁷⁶. Albania's experience from 1991 to 1997, defined by state breakdown, widespread exodus, and gradual restoration, illustrated the limitations of interim aid. The SAP strengthened Albania's European perspective by integrating prior aid and rebuilding initiatives into a structured partnership based on conditionality and progressive adherence to EU principles²⁷⁷.

The European Commission defined the SAP as a single framework in which the countries of the region will move closer to the EU, through political dialogue, trade liberalisation, cooperation in justice and home affairs, and financial assistance²⁷⁸.

In 2000, the European Commission confirmed that Albania had "*made sufficient*

²⁷⁵ Rrapaj, J. *Neo-liberal Globalization and the EU Integration of the Western Balkans: The Case of Albania*. In *Proceedings of the 5th International Conference on European Studies (ICES)*, 6–7 November 2015. Tirana: Epoka University, 2015, pp. 25-40.

²⁷⁶ Zaccaria, B., Obadić, I., *The EU and the Western Balkans: A Historical Perspective*. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

²⁷⁷ European Commission. *Albania: Stabilisation and Association Report (SEC(2002) 339)*. Brussels: Commission of the European Communities, 4 April 2002. Retrieved from <http://miris.eurac.edu/mugs2/do/blob.pdf?%3Ftype=pdf&serial=1043417337094>

²⁷⁸ *Ibid.*

progress toward the objectives of the Stabilisation and Association Process"²⁷⁹, paving the way for the Council's mandate of 31 January 2003, which authorized the Commission to begin negotiations for a Stabilisation and Association Agreement.

Under the SAP, the EU used political discourse and conditionality, financial aid, and contractual association via SAAs to push Albania toward EU standards²⁸⁰. Each component was mutually reinforcing: political discussion provided oversight; assistance through the CARDS programme built institutional capacity; and the SAA offered the legislative basis for gradual inclusion into the EU's internal market.

The SAA negotiations, which took place between 2003 and 2006, represented a new chapter in EU-Albania ties. According to Article 1 of the Agreement, the goal was:

to provide an appropriate framework for political dialogue, to support Albania's efforts to strengthen democracy and the rule of law, and to contribute to political, economic, and institutional stability in the region²⁸¹.

Unlike the previous Trade and Cooperation Agreement, the SAA contained "*binding commitments across a wide range of policy areas, from trade liberalization to judicial reform*"²⁸² and created a "*Stabilisation and Association Council*"²⁸³ supported by a Committee and a set of Subcommittees, tasked with overseeing implementation.

The Agreement was structured on three primary pillars. The first, political discussion, reflected in Article 8 (TITLE II), sought to improve Albania's democratic institutions and solidify the rule of law. The second pillar, regional cooperation (Title III), obliged Albania to "*actively promote regional cooperation with other countries of the Western*

²⁷⁹ *Ibid.*

²⁸⁰ *Ibid.*

²⁸¹ Council of the European Union. *Stabilisation and Association Agreement (SAA) between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part. Official Journal of the European Union*, OJ L 107, 28 April 2009. Retrieved from [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22009A0428\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22009A0428(02))

²⁸² *Ibid.*

²⁸³ *Ibid.*

Balkans and conclude bilateral conventions with them"²⁸⁴. According to the third pillar on Free movement of goods (Title IV), *"the Community and Albania shall gradually establish a free trade area over a period lasting a maximum of 10 years starting from the date of entry into force of this Agreement"*²⁸⁵. Title VI addresses legal approximation separately, stating that *"the Parties recognise the importance of the approximation of Albania's existing legislation to that of the Community and its effective implementation"*²⁸⁶.

Beyond trade, the SAA placed a major focus on justice and domestic concerns. Title VII of the Agreement clearly mandated cooperation *"to prevent and control illegal activities such as organized crime and corruption, money laundering, and illegal immigration"*²⁸⁷. The European Commission's 2002 report emphasized the importance of such measures, stating that *"fraud, corruption, and organized crime continue to be serious threats to the stability and progress of the country"*²⁸⁸.

Politically, the Agreement established a structured engagement through the Stabilisation and Association Council, co-chaired by the Albanian Minister of Foreign Affairs and the EU High Representative. According to Article 116, the Council will *"examine any major issue arising within the framework of this Agreement and any other bilateral or international issue of mutual interest"*²⁸⁹. The Agreement improved cooperation between Albanian and EU institutions via its sub-committees on trade, justice, and

²⁸⁴ *Ibid.*

²⁸⁵ *Ibid.*

²⁸⁶ *Ibid.*

²⁸⁷ *Ibid.*

²⁸⁸ European Commission. *Albania: Stabilisation and Association Report (SEC(2002) 339)*. Brussels: Commission of the European Communities, 4 April 2002. Retrieved from <http://miris.eurac.edu/mugs2/do/blob.pdf?3Ftype=pdf&serial=1043417337094>

²⁸⁹ Council of the European Union. *Stabilisation and Association Agreement (SAA) between the European Communities and their Member States, of the one part, and the Republic of Albania, of the other part. Official Journal of the European Union, OJ L 107, 28 April 2009*. Retrieved from [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22009A0428\(02\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22009A0428(02))

human rights, enabling for gradual alignment with European principles²⁹⁰.

Regionally, Article 12 of the SAA reaffirmed that

in conformity with its commitment to international and regional peace and stability, and to the development of good neighbourly relations, Albania shall actively promote regional cooperation²⁹¹,

thus integrating Albania's Europeanization process with that of its neighbours. In this context, Albania increased its participation in regional frameworks, notably the Stability Pact for Southeastern Europe, and later acceded to Central European Free Trade Agreement (CEFTA) in 2006.

The SAP's deeper relevance stems from its dual character as a stabilizing tool and a transformation framework. It conveyed the EU's belief that "*the prospect of integration was a driver of stabilisation – albeit apparent and fragile – in the region*"²⁹². In Albania's example, it transformed the country's relationship with the EU from ad hoc aid to a rule-based cooperation, incorporating European principles into its local institutions. As a result, the SAP served as both a bridge connecting Albania to the European mainstream and a filter, ensuring that integration could only occur through sustained internal reform.

3.4.2 Albania's inclusion in the Thessaloniki Declaration

Albania's inclusion in the 2003 Thessaloniki Declaration was a formal recognition of its irreversible European trajectory. While the Stabilisation and Association Process (SAP) had already laid the structural and legal groundwork for Albania's relations with the European Union, the Thessaloniki Declaration elevated this relationship to the level of a political commitment shared by the EU and regional countries. By asserting that "*the*

²⁹⁰ European Commission. *Albania: Stabilisation and Association Report (SEC(2002) 339)*. Brussels: Commission of the European Communities, 4 April 2002. Retrieved from <http://miris.eurac.edu/mugs2/do/blob.pdf?3Ftype=pdf&serial=1043417337094>

²⁹¹ *Ibid.*

²⁹² Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

future of the Balkans is within the European Union"²⁹³, the Declaration elevated Albania's status from post-crisis stabilization partner to prospective member of the European Union. This was both a symbolic and strategic step, as the EU shifted its strategy toward the Western Balkans from one of aid to one of conditional inclusion. According to Benedetto Zaccaria, the Thessaloniki moment marked the consolidation of the EU's post-conflict engagement in the Western Balkans into a structured enlargement perspective, effectively reinforcing the Union's transformative role in the region ²⁹⁴.

The Thessaloniki Declaration, adopted at the EU-Western Balkans Summit on June 21, 2003, reaffirmed the Union's "*unequivocal support to the European perspective of the Western Balkan countries*" and emphasized that preparation for EU membership would depend on the fulfilment of the Copenhagen criteria and the SAP conditions (European Council, 2003, point 4). For the first time, all Western Balkan countries, including Albania, were recognized as possible candidates for EU membership. The European Commission Declaration specifically identified the SAP as the "*framework for the European course of the Western Balkan countries, all the way to their future accession*"²⁹⁵, which institutionalized Albania's accession path within the expansion approach.

This collective affirmation reaffirmed Albania's long history of progressive European participation, which had accelerated during the 1997 crisis. The EU's engagement in Albania's stabilization indicated that long-term conditional collaboration might support democratic recovery, and by 2003, Albania was cited as an example of how European external governance could change unstable governments. The Declaration, therefore, recognized Albania's accomplishments while also reinforcing its obligations: advancement toward membership was expressly stated to be dependent on "*each*

²⁹³ European Council. *Thessaloniki Declaration – EU–Western Balkans Summit, 21 June 2003*. Brussels: Council of the European Union, 2003. Retrieved from https://ec.europa.eu/commission/presscorner/api/files/document/print/en/pres_03_163/PRES_03_163_EN.pdf

²⁹⁴ Zaccaria, B., Obadić, I., The EU and the Western Balkans: A Historical Perspective. In E. Calandri, K. Golemo, & J. Ventura-Fernández (Eds.), *Routledge Handbook on Cooperation, Interdependencies and Security in the Mediterranean*, Routledge, 2024, pp. 55-66.

²⁹⁵ *Ibid.*

country's own merits"²⁹⁶ in implementing reforms and meeting the SAP standards.

The Thessaloniki Declaration also carried a strong normative dimension. The first article underlined the common ideals of democracy, the rule of law, respect for human and minority rights, and a market economy, which were regarded as "*the very foundations of the European Union*"²⁹⁷. By embracing these ideals, Albania, along with its regional counterparts, was symbolically incorporated into the European normative system. The Declaration called for more collaboration in political discussion, institution-building, and participation in Community programs, giving Albania both a real and symbolic place in the European project.²⁹⁸

In policy terms, the Declaration paved the way for the European Partnerships, which would later set reform goals for each Western Balkan country. For Albania, this resulted in a more defined and planned reform strategy. Following the Summit, European integration became the primary goal of Albanian domestic and foreign policy, as evidenced by the National Strategy for Socioeconomic Development (2003-2006), which aligned governance reform with EU standards in areas such as anti-corruption, judicial independence, and administrative efficiency²⁹⁹.

The Declaration also emphasized Albania's involvement on a regional level. It reaffirmed that rapprochement with the EU would go hand in hand with stronger regional cooperation, calling on the Western Balkan countries to pursue "*regional free trade, visa-free movement, development of transport, energy, and telecommunication infrastructures*"³⁰⁰, and the promotion of good neighbourly relations. Albania's participation in initiatives such as the Adriatic–Ionian Initiative and the Southeast European Cooperation Process (SEECPP) reflected its gradual transformation into a constructive regional actor, aligning with the EU's vision of stability through interdependence.

²⁹⁶ European Council. *Thessaloniki Declaration – EU–Western Balkans Summit, 21 June 2003*. Brussels: Council of the European Union, 2003. Retrieved from https://ec.europa.eu/commission/presscorner/api/files/document/print/en/pres_03_163/PRES_03_163_EN.pdf

²⁹⁷ *Ibid.*

²⁹⁸ *Ibid.*

²⁹⁹ *Ibid.*

³⁰⁰ *Ibid.*

From a geopolitical standpoint, the Thessaloniki Declaration gave Albania a political assurance of continuity and predictability in its dealings with the EU. Although admission remained a long-term goal, the EU's guarantee of "*full support*"³⁰¹ for Western Balkan reform initiatives provided Albania with a solid environment for reform, investment, and institutional growth. The Declaration thus functioned as both a political umbrella and a policy engine: it provided strategic direction through political commitment, while operational mechanisms such as the SAP, the upcoming Stabilisation and Association Agreement (SAA), and the CARDS assistance programme ensured pragmatic implementation.

Finally, Albania's acceptance in the Thessaloniki Declaration marked the shift from post-conflict stability to organized Europeanization. It solidified the notion that Albania's future lay permanently in Europe, and that its change would take place through conditional but genuine integration. The Declaration not only reaffirmed Albania's European identity, but it also emphasized the EU's obligation to the Western Balkans, placing the country on a shared regional path to membership. According to the European Council, "*the countries of the Western Balkans share the same European perspective*"³⁰², confirming Albania's path to Europe as a shared and achievable goal.

3.5 Conclusions

The 1990s were a pivotal decade for Albania and the EC's regional policy. Faced with state collapse, unrestricted migration, and economic disintegration, the EC's first humanitarian initiatives evolved into a comprehensive stabilization and integration program. Albania's crises, first in 1991 and then again in 1997, demonstrated the interconnectedness between domestic instability and regional security, forcing the EU to formulate a new vision of peacebuilding.

The EU's involvement in the larger Western Balkans strategy, through programs like as PHARE, ECHO, and, subsequently, the CARDS project, put emphasis on democracy and development were necessary for stability. The 1997 Albanian crisis, in particular,

³⁰¹ *Ibid.*

³⁰² *Ibid.*

illustrated that quick liberalization without robust institutions might lead to collapse, prompting Brussels to adopt a more comprehensive, conditional approach to state-building. By the end of the century, Albania's relationship with the EU had changed from one based on emergency management to one based on conditional integration, with the principles of democracy, rule of law, and market economy embedded in its reform path.

In conclusion, the 1990s not only defined Albania's post-communist transformation but also marked the emergence of the European Union as a regional power capable of exporting stability through integration. Albania's transition from a beneficiary of humanitarian aid to a potential EU member state exemplifies the EU's external policy shift from crisis reaction to enlargement.

CONCLUSION

The study has reconstructed the evolution of Albania's relations with the EEC/EU from the Cold War to the end of the 1990s, demonstrating how this was not a linear process but was greatly shaped by historical ruptures, ideological confrontations, and later, by the opportunity offered to post-totalitarian states to be integrated into the European normative framework. Although Albania was for decades a distinct exception in Europe, an isolated and rigorously ideological dictatorship that resisted any form of structural interaction with Western institutions, the post-1990 shift demonstrated something critical: profound isolation was not a permanent fate. The fact that Albania, Europe's most ideologically closed country, was gradually integrated into the European project demonstrates the European Community's, and later the European Union's, ability to act as a transformative actor through conditionality, assistance, and the projection of normative expectations. If Cold War historiography portrayed Albania as an isolationist state, the post-1990 period marked a shift in which the country gradually re-entered continental political space, primarily under the European integration framework.

The Cold War period reviewed in the first chapter demonstrated how Albania was a historical anomaly. While the EEC was establishing itself as a major commercial and increasingly political player on the global scene, Albania imposed an ideology of absolute self-reliance, prohibiting any external alliances. These parallel trajectories created a profound asymmetry: on the one side, the EEC was developing instruments for international action, while on the other, Tirana closed every available door, certain that any external channel posed a risk of ideological contamination. This context made formal contacts structurally impossible. The absence of ties was more than a political choice; it was fundamental to Hoxha's state identity. Albanians' rejection of Europe was part of their autonomy. This explains why, unlike most Eastern European countries, Albania entered 1990 in a state of complete external isolation. There were no diplomatic traditions, no institutional memory, and no rudimentary mechanisms of cooperation to be reestablished. Thus, the demise of communism required more than just political change. It necessitated creating a foreign strategy from anew.

It is within this framework that the transition period examined in Chapter 2 acquires a very specific significance. The EEC's first humanitarian operations in the early 1990s served as both material relief and a symbolic link to Europe. They started a relationship that had not existed before. The EEC took a crucial political step with the Trade and

Cooperation Agreement of 1992, establishing Albania's transition to European norms. The adoption of conditionality was not punitive; rather, it delineated a road toward democracy, the rule of law, and respect for human rights. In Albania's specific case, this was most obvious in the emphasis on human rights and minority protection as critical components of collaboration. The European Community recognised the structural fragility of Albania's institutions, but treated this fragility not as an obstacle, but as the starting point for a strategy of progressive institutionalisation through conditionality and aid.

The third chapter then highlighted how the 1990s were the decade during which all of this diplomatic progress became genuinely strategic. The EU recognised, particularly after 1997, that the Western Balkans' stability could not be left to the logic of crisis management. The Albanian collapse resulted in migrant flows, regional insecurity, highlighting that Balkan instability could immediately threaten EU territory. Albania no longer looked to be a passive recipient of emergency interventions, but rather an active participant in the EU's newly defined regional policy. With the Stabilisation and Association Process, the Union outlined a political horizon based on progressive approximation, as well as aid. Albania's trajectory became entangled with the European project from that point forward, as the future of Balkan stability was now envisioned as part of Europe's own stability.

The study presented across the three chapters demonstrates that Albania's integration was not the result of a pre-existing European institutional identity, but rather of a dynamic interaction between internal reform and foreign support. The 1990s proved that the path was uneven and prone to recurring instability, but it was precisely in the pivotal moments of crisis, most notably in 1997, that the EU solidified its role as a strategic stabilizing force. Rather than disengage, the Union acted to prevent collapse and refocus post-crisis reconstruction toward European norms. This experience crystallised the premise that would later define EU policy in the Western Balkans: stability could not be simply received but had to be gradually built via integration. Albania became an example of this strategy.

In a broader historical context, this study highlights that Albania's story is not marginal in the history of European integration. On the contrary, Albania's trajectory exemplifies the post-Cold War enlargement logic that altered Europe's borders after 1989. It

demonstrates that Europe's border is not a fixed geographical line, but rather a political barrier that can shift when the European Union deems that peace, stability, and the continent's internal balance demand the addition of new actors. In this sense, Albania helps us understand a much wider transformation: the European Union's transition from a regional economic community to a large-scale political project. The EU did not merely respond to crises; rather, the regional issues (Yugoslav wars, Albania) served as important times for rethinking Europe's core dimensions and expanding its own role as a stabilizing and transformational actor.

Albania, as part of the Western Balkans dynamics, was the area where the EU experimented, tested its instruments, learned from its limitations, and realized that European security could only be accomplished through engaging the region. When the EU understood that the Western Balkans could not remain in a state of geopolitical uncertainty, it determined that Albania, along with other nations in the region, needed to be included in the European agenda. This decision dramatically altered Albania's fate and established the EU as a gradual strategic actor capable of influencing the post-Cold War order.

Albania's re-entry into the European institutional vocabulary after decades of absence is of unique historical significance. Its presence in the EU's policy frameworks demonstrated that Albania was no longer viewed as an external anomaly, but rather as a political space to be gradually integrated and developed in accordance with the logic and objectives of the European Union. This thesis has proven that the transition was not unforeseen, but rather the product of a rising convergence between Albania's domestic transformation and the EU's strategic decisions. Albania chose Europe. Europe chose to include Albania in its future plans. In this mutual realization, both parties gained significance. Albania established a framework of guidance and legitimacy for its reforms.

In conclusion, this thesis has demonstrated that Albania's path to the European Union is not a narrative of a country that simply returned to its original European identity after communism. Rather, it is the trajectory of a state that had to become acquainted with the rules, practices, and expectations of Europe, as well as the European Union's development of the tools and knowledge required to integrate a country that did not fit into any of its prior enlargement models. If the EEC of the 1970s could not incorporate

Albania into its framework, the EU of the 1990s recognized that the continent's security necessitated the gradual integration of the Western Balkans. The legacy of this period cannot be reduced to treaties or policy tools. Its enduring influence is the irreversible alteration of Albania's external identity. Integration was not unavoidable; it was the consequence of deliberate political formation.

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