

THE BALKANS: OLD, NEW INSTABILITIES

A EUROPEAN REGION
LOOKING FOR ITS PLACE IN THE WORLD

edited by **Giorgio Fruscione**
introduction by **Paolo Magri**



ISPI

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Introduction

For the Western Balkans, 2019 was the year of inconclusiveness. It was the umpteenth year without progress in the dialogue between Serbia and Kosovo, one more year of delay in the EU accession process for Albania and North Macedonia, and a year of renewed uncertainty for Bosnia-Herzegovina, a country that remained without a government until December.

Western Balkan countries entered 2020 with slim hopes, and the novel coronavirus outbreak seemed to have dashed them altogether. It would have been the perfect scapegoat for putting many processes almost indefinitely on hold. Yet, paradoxically, this year and the next might prove crucial for the future of the region. Dialogue between Serbia and Kosovo is restarting. On March 24, during a meeting held by teleconference, the EU agreed to open negotiation talks with Albania and North Macedonia. And Bosnia-Herzegovina finally has an official government. Interestingly enough, the outbreak of the novel coronavirus has pushed the whole of Europe towards unexpected togetherness, stimulating cross-border solidarity involving Western Balkan countries as well.

In a nutshell, as the title of this Report makes clear, this is a region looking for stability between “old and new instabilities”. Since the collapse of socialist regimes in the early 1990s, the region had been in transition for so long that one could never have foreseen such breakthroughs taking place this very year, as the worst pandemic in a century is sweeping across Europe. All this shows that something is undoubtedly, albeit slowly,

moving. And it shows both the extent of the Western Balkan countries' ambition and determination and the magnitude of the challenges ahead. It is indeed, as the second part of the title of this Report states, a European region "looking for its place in the world".

In fact, the Western Balkans are "in transition" along many dimensions. At the political level, the transition has been stunted: democratic institutions are still weak and many countries are ruled by leaders with autocratic tendencies. It is no surprise, then, that many Western Balkan leaders have been attracted by models of "illiberal democracy" such as those embraced by Putin's Russia. Economically, the region continues to be highly dependent on EU countries, with 72% of Western Balkan exports going to the EU, and 58% of imports coming from there. Even in terms of foreign direct investment, the EU continues to be in a dominant position, with 70% of total flows. By comparison, Russia makes up around 5% of FDIs towards the region, Turkey 2% and China just 1%. Despite this, Russia, Turkey, a number of Gulf countries, and recently even China, have been exerting a disproportionate amount of influence on the region.

This condition also puts the Western Balkans at a geopolitical crossroads. As a result, many countries in the region have been reshaping their foreign policies – just as socialist Yugoslavia used to do – by attempting to rebalance their interests between the East and the West. The recent return of the United States in the region is no surprise, then, especially in its attempts to shape the dialogue between Serbia and Kosovo. Since 2013, thanks to the Brussels Agreement, this dialogue had been led by the EU. However, in the latter half of 2019 the US started trying to compete with the EU over who should be in charge of mediating the normalisation of relations between Kosovo and Serbia.

Finally, Western Balkan societies are at a crossroads, too. On political allegiances and ideologies, citizens are increasingly split between the West and the "rest". Many others are leaving their

families behind, as they look for work or a new life elsewhere in Europe. Indeed, the Balkans have one of the highest rates of emigration in Europe, and their population is shrinking fast. Many educated, talented youths are leaving their countries in search for their place in the world.

A region in transition calls for a thorough investigation of the many dimensions of this transition process, and this is what the current Report sets out to do.

In the first chapter, Giorgio Fruscione explores this “never-ending transition”, intended as a long journey away from former Yugoslavia and towards Western Europe. However, after various wars in the Nineties, the region’s instability actually morphed into the pursuit of stability. Democratic institutions are often merely a facade, only partially hiding what turn out to be leaderships with autocratic tendencies, but which nevertheless enjoy endorsement from the West. Rulers play the card of nationalism only to reinvigorate and bring their constituencies together. These leaders still fan the flames of nationalism, taking advantage of the destructive rhetoric of the 1990s that left open a series of bilateral disputes. This instability has also been exacerbated by competing external powers. On one side, there is the European Union, which has treated the region as its “friendzone” for too long, losing credibility in the process; on the other, there are shady partners from the east, which have succeeded in presenting themselves as more credible from time to time.

What has the European Union failed to do so far? Nikola Burazer argues that the fault can be found in the “stop-and-go” approach of EU institutions over the last three decades. In particular, EU conditionality has faded away, after failing to reward countries of the region when needed – as in the recent case of Macedonia, which became “North Macedonia” to please the West. After that failure, EU methodology was reformed, but doubts remain as to the real will of the EU to enlarge to the Western Balkans. At the same time, there is no certainty as to the real intent of regional governments to join the EU, despite

this being their common stated intention. In other words, it seems as if the failing EU conditionality processes and allegedly pro-EU leaders feed off each other.

And if the West fails in the Balkans, here come the actors from the East, namely China, Russia, Turkey and the UAE. Their presence in the region is analysed by Dimitar Bechev, who delves deeper into each actor's interests. While Russia exploits the rhetoric of Orthodox brotherhood, it has geopolitical aims, i.e. to counterbalance the EU and to support Serbia against the recognition process of Kosovo. In a similar way, Turkey presents itself as the supporter of Muslims in the region, but its cultural influence is used to divert attention away from domestic politics. And China, the new kid on the block, with no desire to interfere with local politics, is deepening trade relations through its Belt and Road projects with a view to turning the Balkans into an important hub.

Foreign powers' interference and competing interests risk further undermining security in the region. Katarina Djokic analyses security in the Western Balkans, with a particular focus on the role of NATO and the EU. She focuses on the evolution of intraregional relations among Balkan countries in the decades after the Yugoslav wars, and asks: what is still tearing them apart, and what can bring them together? She finds that developing a peace-building project is pivotal for any region exiting a war and looking for political stability.

Moving on to economics, Tena Prelec asks what the region needs in order to stimulate economic growth. She analyses the role of foreign direct investment, partly reversing the myth that it is the only way to boost flagging economies. The good news is that these investments do indeed have positive macroeconomic effects. The bad news is that they are often non-transparent, exploit the weaknesses of local democratic institutions and do not improve the lives of local citizens. After the good and the bad news, comes the ugly news. The lack of rule of law in Western Balkan countries allows investments to exacerbate state capture and environmental problems – a real scourge for the whole region.

To end on a positive note, Chiara Milan shows that lack of transparency and weak rule of law are finding less fertile ground than in the past, due to the growing role of progressive mass movements. Over the last few years, the region has witnessed growing engagement by civil society and social movements, which can be interpreted as the most striking reaction to drifts towards autocracy in some countries. In Macedonia, mass protests helped the country to shift from a nationalist-conservative government to a reform-oriented one that eventually adopted the Prespa Agreement, resulting in the country changing its name to North Macedonia.

This important breakthrough stands as the success story for the whole region, and as the symbol of successful transitions. It is evidence that civil society engagement can be key to untangling remaining knots, and to moving towards a bargaining stance that has often been shunned until the recent past in favour of power plays. And, as a region in perpetual transition, the Western Balkans may be in need of just that.

Paolo Magri
ISPI Executive Vice President and Director

1. After the Nineties: A Never-Ending Political Transition

Giorgio Fruscione

With the collapse of Yugoslavia, the countries of the Western Balkans have embarked on a long journey called “transition”. It is a process whose beginning is more or less defined, i.e. the first multi-party elections after decades of one-party system and the opening to market economy. However, is not clear when this journey will end. Its drivers are manifold. On one hand, rulers who have been leading – or pretending to do so – their countries towards democratic institutions, political accountability, rule of law and economic reforms; on the other, those institutions from the West that have been assisting the former to complete the process. As a matter of fact, the transition process has been overlapping with EU accession, giving the idea the two could be completed at the same time. This also reflects the promises the EU made back in 2003 at the Thessaloniki summit with the countries from the region: “The EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union”.¹ The summit took place one year before the big EU enlargement, when most of the former Soviet bloc countries joined the Union. From the EU perspective, it was the right time to make promises; for the Balkans, it was the best time to believe them.

¹ “EU-Western Balkans Summit Thessaloniki”, 21 June 2003.

Seventeen years after Thessaloniki, that promise is still pending. In October 2019, the Council of the EU failed to open negotiation talks with Albania and North Macedonia, due to the opposition of France, further postponing the entire region's hopes to end the transition process. With no end in sight, the "stop-and-go" approach by the EU has deepened the sense of instability the Balkans have been experiencing in the last twenty years.

During this time, the transition of the Balkans has morphed into the pursuit of political stability through democratic institutions that often proved too weak, when they weren't a *façade* hiding authoritarian drifts. Transition and democratisation are therefore interdependent. While the former was meant mainly as the consolidation of institutions after a decade of violent state succession, it resulted in the affirmation of "hybrid regimes" whose rulers exploited democracy to keep themselves "leading the nation" without genuine regime changes. In other words, the regimes in the Western Balkans are outwardly democratic— as pluralist elections are adopted — but illiberal in their essence, because of the fragile rule of law, limited press freedom, and the lack of political accountability. In addition to Thessaloniki and the French *non*, the situation is further complicated by the fact that the EU is undergoing a period of transition, compounded by the uncertainty caused by the current coronavirus pandemic. The same enlargement process is under review and a new methodology for accession has been introduced. The decision adopted in October 2019 was finally reversed last March, as the General Affairs Council gave the green light to opening negotiation talks for Albania and North Macedonia.

The new methodology will be applied for these two countries and be an option for the "frontrunners" Montenegro and Serbia. But the summit in Zagreb that had to consecrate it was postponed due to the outbreak of the pandemic.

This chapter will analyse the features of the political transition of the Western Balkans focusing on three aspects.

First, how the quest for stability transformed the countries into “stabilitocracies”, where rulers exploit the mask of democracy while allegedly following the EU accession path, increasing the risks of authoritarian drifts. The second aspect regards the unifying role of the nation and how political elites use it as container to gain consensus – through the analysis of the case studies of Serbia & Kosovo, Bosnia and Herzegovina and North Macedonia. Finally, it looks at how foreign policy relations contribute to destabilising the region.

A Realm of “Stabilitocrats”

One of the characteristics of the political transition in the Balkans is the chameleonic nature of its leaders. Some of them were in power on the eve of the Yugoslav collapse, some others took office right after. But all of them accepted the challenge to move on from their previous political positions and promise to undertake – or, at least, seemed to do so – the democratisation process and the EU path. To better understand this transformation, it is enough to consider the current presidents of Serbia, Montenegro, and Bosnia and Herzegovina. Aleksandar Vucic, former general secretary of the nationalist Serbian Radical Party and Minister of Information in the Milosevic administration – when journalists and dissidents were killed – is now the leader of the pro-European Serbian Progressive Party. Milo Djukanovic, who has ruled Montenegro since 1991 either as prime minister or – like today – president, was first an ally of Slobodan Milosevic, then his opponent; he leveraged Montenegrin national identity and presents himself as a social-democrat with a European orientation. Equally transformist, albeit in a different manner, is Milorad Dodik, a former opponent of the Serb Democratic Party that had political responsibility for the war in Bosnia. In 2006 Dodik took office as the prime minister of the Serb entity of Bosnia (Republika Srpska) as a moderate reformist but gradually turned into a hardline nationalist.

The transformation of these leaders reflects the legitimacy and endorsement they have been looking for from the West, rather than genuine change. While the EU and Western institutions looked for pragmatic politicians who could deliver reforms, the leaders from the Balkans enjoyed their new status as warrantors of political stability in the region and gained external legitimacy.

In defining the case of Montenegro's strongman Milo Đukanovic, Professor Srdja Pavlovic coined the pithy definition "stabilitocracy", which broadly speaking captures both the Balkans' relationship with the West and the way their leaders rule.

Stabilitocracy enables the West to maintain its rhetoric of promoting democracy [...] At the same time, it enables the local partner to establish a façade democracy while diminishing the role of parliament, holding unfair elections, criminalising the local political arena, assuming dictatorial powers, enacting predatory laws aimed at eliminating political competition, and stifling dissent as well as plundering a country's resources for the benefit of political leaders and their closest associates.²

In other words, the more a government is outwardly committed to the EU, the more the West will endorse it. The stability achieved is thus the absence of regime change in which the local government keeps the EU path as a goal in foreign policy, and – in exchange – the EU turns a blind eye to the fragility of its democratic system. Political stability becomes a dogma, as regime changes are excluded from the game.

Therefore, instead of a genuine transition towards the consolidation of democracy, many countries in the region have been developing an authoritarian model masked with the acceptance of "Western values". Western values are thus exploited to maintaining strong relationships with, and legitimacy by, EU institutions, whose failing conditionality

² S. Pavlovic, "Montenegro's 'stabilitocracy': The West's support of Đukanović is damaging the prospects of democratic change", London, LSE, 23 December 2016.

is prolonging the transition of the Balkans. The worst case is Serbia, as the weakening of its democratic institutions is such that the latest report by Freedom House put the country among the ten worst 10-year declines of democracy in the world.³ A decline that the ongoing state of emergency due to the outbreak of coronavirus could not but continue. Many countries of the region, especially Serbia and Montenegro, are *de facto* exploiting the pandemic to strengthen the powers of government, reduce those of the parliaments, impose mass-surveillance (allegedly for monitoring curfew) and limit the work of independent media in the attempt to contrast the spread of “fake news”. As a matter of fact, when the state of emergency will be removed, it could be hard to see the re-establishment of all limited individual freedoms by governments with autocratic tendencies.

As explained by Professor Florian Bieber, stabilitocrats were able to capture the imagination of Western policymakers by portraying themselves as relatively young, pragmatic reformers. This is the case of Serbian President Aleksandar Vucic, former Macedonian Prime Minister Nikola Gruevski, the Serb member of the Bosnian Presidency Milorad Dodik, and the Montenegrin President Milo Djukanovic. These characters’ ascent to power was thus met with approval in Western media and governments. Hence, the ability to secure domestic and external legitimacy became crucial for stabilitocracies.⁴

All above-mentioned leaders have softened their rhetoric and adapted their politics in light of the socio-political changes that took place from the 1990s to the present. In their political lives, they have all been both extremist and moderate; progressive and conservative; nationalist and pro-European.

In order to get endorsement from Western cabinets, they all allegedly committed to the EU path: they appear pragmatic and reformist but, despite their new look, they never really changed.

³ Freedom House Report “Freedom in the World 2020” Freedom House, *Freedom in the World 2020*, 2020.

⁴ F. Bieber, “The Rise (and Fall) of Balkan Stabilitocracies”, Center for International Relations and Sustainable Development (CIRSD), no. 10, 2018.

As a result, this two-way street where the EU and local governments feed off each other⁵ produces a Kafkaesque situation: the more stabilitocracy continues, the less the country will be stable. In fact, the only stabilisation achieved is the continuation of the rule of the same party, a warranty for the West, that will continue to support rulers that maintain the pro-European orientation of the government.

Finally – in the attempt to complete the model given by Pavlovic – stabilitocrats pursue a social pact that is based not only on EU promises, but on the interest of the nation as well, thus gaining support from conservative elements of society that are still easily moved by nationalist rhetoric. This latest feature will be analysed in the next section.

Shaping the Nation, Controlling the State

The break-up of Yugoslavia had nationalism as its main cause and consequence. When communism collapsed, the constituent peoples of the Yugoslav federation found themselves without the references that had been shaping their social, economic and cultural life. This void was quickly filled by the different national identities, whose projection into new separate nation-states was boosted during the war period. While during the Yugoslav era the nations were meant as constituent elements of the state, and stood on equal footing, the break-up of the war reinforced nationalism in a separatist, centrifugal direction. National groups that used to live together for decades suddenly found their togetherness incompatible.

Since the 1990s, the nation has thus been the most powerful aggregating force, an awareness almost all post-Yugoslav leaderships have been exploiting in their politics. “Interest of the nation”, “goal of the nation”, and even “enemy of the nation” are just few examples of the rhetoric used by political elites as fodder for their constituencies and to consolidate

⁵ S. Pavlovic (2016).

post-Yugoslav states. And as the wars of the 1990s left open a series of national quarrels, it was all too easy for the new ruling parties and the new states to come together. Leaders leveraged national disputes to unify their own ethnic groups, so as to gain as much electoral support as possible within them, with the promise to defend the interests of the state.

However, this dynamic had more success in prolonging the *status quo*, i.e. the political instability in the region. Furthermore, it consolidates “fathers of the nation”, rather than pragmatic, reformist leaders. In a nationalist fashion, this contributed to the erosion of the rule of law, and to the stigmatisation of liberal and progressive political forces – regularly labelled by leaders as “enemies of the nation”. Unlike what we saw above, i.e. European values used by leaders to please the West, nationalism is the element of continuity in post-Yugoslav internal politics.

The following section analyses the three case studies of Serbia & Kosovo, Bosnia and Herzegovina, and North Macedonia, whose open national disputes contributed to both prolonging the instability in the Balkans and consolidating authoritarian regimes through the same nationalist, destructive rhetoric inherited from the war in the 1990s.

Together with stabilitocracy, the prolongation of the *status quo* over national disputes is a feature of the never-ending transition of the region.

Serbia-Kosovo: From Milosevic to Vucic, and back

Kosovo is the cradle of Serbian nationalism and of its nationalist myth since 1389. Six hundred years later, Slobodan Milosevic proclaimed himself the “father of the nation”, promising local Serbs they would no longer suffer abuses from Albanians. It was the cornerstone of the Yugoslav collapse. Twenty-one years after the end of the war in Kosovo, political leaderships might have changed, but the rhetoric between Belgrade and Pristina is pretty much the same. Even though the European Union in 2013 launched a dialogue through the process of normalisation of relations between Kosovo and Serbia, no political and social

dialogue truly occurred in post-war Serbia. Vucic's Serbian Progressive Party (SNS), in power since 2012, has manipulated the issue of Kosovo for political support. From one side, SNS presents itself as guardian of the Serbian province, as it promises no recognition will take place under its rule; on the other, it established its local political franchise, the Serb List, promoting it as the only Kosovo-Serb party that could protect and represent the nation in the province. As a matter of fact, by inviting local Serbs to support a party in Kosovo's elections, authorities in Belgrade are indirectly recognising the independence of the Kosovar political system. It should thus not come as surprise that the Serb List took ministerial posts in both the former and today's governments.

However, relations between Belgrade and Pristina have been periodically jeopardised by *ad hoc* crises, such as the provocative Kosovo-bound train sent and then stopped by the Serbian government in early 2017,⁶ that had as its goal to reinvigorate national sentiment, as well as to prolong the *status quo* over the issue, as a recognition of Kosovo's independence by Serbian government would undermine its internal political support.

Today, the status of Kosovo remains undefined. The EU-led dialogue between Belgrade and Pristina – initiated with the Brussels agreement in 2013 – has been frozen for more than a year because of Kosovo's imposition of 100% tariffs on goods coming from Serbia (and Bosnia and Herzegovina), a reaction to the Belgrade-led diplomatic bloc against Kosovo's accession to INTERPOL organisation. This was just the latest crisis between the two states, showing how ineffective Western diplomacy has been. As a matter of fact, both parties gain more internal support with the prolongation of the *status quo*: such crises involving the national question help consolidating their respective constituencies.

⁶ F. Bieber (2018).

The limbo of Bosnia and Herzegovina

The case of Bosnia and Herzegovina deserves special attention as its instability is the result of its own structure. Since the end of the war in 1995, the country is stuck in a political limbo provoked mainly by the constitution adopted as annex of the Dayton peace agreement. While this sought to prevent further political instability, it turned to be the source of it. The Dayton agreement, in fact, imposed a representative system based on ethnicity and on the balance among the three constituent peoples – Bosnjaks, Croats, Serbs – that expressed a tripartite presidency. The entities composing the country – the Federation of Bosnia-Herzegovina (FBiH), mainly inhabited by Bosnjaks and Croats, and the Serb-dominated Republika Srpska (RS) – have completely different administrations. While the FBiH is a federation with ten regional governments, RS has a highly centralised system.

Moreover, the “ethnopolitical” system created at Dayton is discriminatory towards all those citizens who do not belong to the three constituent peoples (like Jews or Roma), as well as towards those living in the “others’ entity”. This was expressed in the European Court of Human Rights’ 2009 ruling on the *Sejdic and Finci Case*,⁷ but no reforms have taken place since. Additionally, the political course followed by post-war Bosnia has contributed in deepening the crisis. From the end of the war, politics have remained strictly tied to ethnonational parties. Although a few cross-national parties exist, ethnonational parties have been in control of state institutions for decades, promoting no real reform and without any interest to change the Dayton system. The two entities live on their own as two separate states and – paradoxically – local institutions are far more important than the central ones. While in the FBiH Bosnjaks and Croats

⁷ Case *Sejdic and Finci v. Bosnia and Herzegovina* Press release issued by the Registrar Grand Chamber judgment, *Sejdic and Finci v. Bosnia and Herzegovina* (application nos. 27996/06 and 34836/06), “Prohibiting a Rom and a Jew from Standing for Election to the House of Peoples of the Parliamentary Assembly and for the State Presidency Amounts to Discrimination and Breaches Their Electoral Rights”, 986, 22 December 2009.

struggle for control over the ten regional *Kanton*, authorities in the RS have been acting against central institutions in Sarajevo. The President of the RS had *de facto* always been ruling as the head of an independent state, strengthening relations with Belgrade, in a secessionist prospective or even a future reunification with the Serb “motherland”.

This is evidenced by the case of former RS President Milorad Dodik, now the Serb member of the tripartite presidency, whose political career blossomed thanks to his frequent threats to hold a referendum for the secession of RS from Bosnia and Herzegovina.

At the central level, the presidency – which works through the *primus inter pares* principle – has mainly a ceremonial role, and while it represents Bosnia and Herzegovina abroad, the two entities have been developing their own foreign policies. This is particularly evident for Republika Srpska, given that Dodik met in Moscow with Russian President Vladimir Putin nine times during his last mandate as president, and that Russia’s foreign minister Sergej Lavrov went to Banja Luka, the RS capital, in support to Dodik’s party right before the general elections held in October 2018.

That vote partly confirmed the Bosnian “ethnocracy”. The Alliance of Independent Social Democrats was confirmed in RS and elected Dodik as the Serb representative of the tripartite presidency, while the Bosnjak Party of Democratic Action was confirmed for both the presidency and at the parliament of the FBiH. It was the victory of the *status quo*, as these are the parties that are most firmly rooted in the institutions. It was, above all, the victory of what historian Alfredo Sasso called “heavy politics”. It is the peculiarity of the Bosnian ethnocratic clientelism, made of membership cards, social pressure, posters everywhere, identification between state and party, promises, and welfare measures. In fact, in Bosnia and Herzegovina, 20% of inhabitants are members of a party and politics is still regarded as a tool to access wages, welfare, or contacts to obtain them.⁸

⁸ A. Sasso, “Post-elections in Bosnia and Herzegovina: heavy politics”,

In the Bosnian scheme designed by the Dayton agreement, the nation will continue to be the main catalyst of social and political affairs.

The success story of (North) Macedonia

Finally, the case of North Macedonia stands out as a regional success story. Until 2015, the country was ruled by the nationalist and conservative VMRO-DPMNE (The Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity) party. In spite of his alleged euro-Atlantic perspective, the former Prime Minister Nikola Gruevski never attempted to solve the name dispute that forced the country to use the acronym FYROM (Former Yugoslav Republic of Macedonia). For almost three decades this was the main obstacle for Skopje to access both the EU and NATO, as Greece used veto power against Skopje claiming Macedonia is the name of its own historical region in the north.

In 2015, the scandal that unmasked Gruevski's system of corruption and state capture eventually led to the end of this post-Yugoslav bilateral dispute. The scandal involved wiretapping efforts by the government and led to prolonged mass protests in front of the Parliament. The political crisis officially ended two years later with the parliamentary elections in which the progressive, reform-oriented Social Democratic Union of Macedonia took power.

In 2018, the new government led by Zoran Zaev reached the Prespa Agreement with Greece and changed the country's name to North Macedonia. While Gruevski was put under indictment for corruption and eventually fled to Hungary the day he was expected in jail, his VMRO-DPMNE – now at the opposition – fingered the agreement as a betrayal of national interests. This difference in approach reveals the true nature of those who rely on alleged pro-European sympathies only to gain support from the West, as opposed to those who truly

apply it in order to actually advance in the Euro-Atlantic path.

The Prespa Agreement – which was later validated by both the Greek and North Macedonian parliaments – showed that a real pro-European orientation and a progressive approach to politics, as opposed to a nationalist and conservative one, can successfully solve national questions through negotiation. In a region where it had mostly failed for the last twenty years,⁹ the success of the negotiation between Athens and Skopje served as a wake-up call for those governments in the Balkans that have been exploiting national issues and prolonging the *status quo* over their open disputes instead of solving them.

It thus comes as no surprise that during the Macedonian crisis, then-Prime Minister of Serbia Aleksandar Vucic and pro-government tabloids fearful of a regime-change accused opposition parties of provoking “a Macedonian scenario”.

The case of North Macedonia is thus a regional success story, as it ran counter to the above-described scheme used by stabilitocrats and showed that negotiation – together with civil society engagement – still has a say in the Balkans. Last March, North Macedonia became the thirtieth member of NATO, and the green light given by the General Affairs Council in March will finally lead to the opening of negotiation talks with the EU. In a certain sense, one could even argue Macedonia became North Macedonia in order to get its transition process done and to pursue true political stability.

Friends from the West, Lovers from the East

Concerning foreign policy, the countries of the Western Balkans all share the same desire to join the European Union. However, this has not prevented them from simultaneously developing relations with other partners, making the region a crossroad of global geopolitics and contributing to its destabilisation.

⁹ G. Fruscione, *Don't Keep the Balkans in Europe's Friendzone*, ISPI Commentary, 22 January 2020.

This wavering between the West and the East is also the result of the gradual disappearance of EU conditionality in the region. Since the promises made at Thessaloniki in 2003, only two former Yugoslav countries entered the Union – Slovenia in 2004, and Croatia in 2013 – while the others are at different stages. In the aftermath of Croatia’s accession, the applied EU conditionality in the Western Balkans has not managed to fulfil its potential and deliver expected results.¹⁰

The resignation of the Macedonian government after the decision of the Council of the EU is thus the best example of the consequences of the fading EU conditionality. For years, the change of the name was the main condition the EU requested from Skopje in order to progress in its accession. The government that invested in the EU more than its predecessors – and more than others in the region –resigned for not being properly rewarded for the results achieved. A disappointment whose symbolism should warn EU institutions about their failure. “I am disappointed and angry and I know that the entire population feels this way,” said Macedonian then-Prime Minister Zoran Zaev calling for snap elections, so Macedonians could now “decide the road we are going to take”.¹¹

The failure to open negotiation talks in October 2019 risks hindering the EU integration path of Albania and North Macedonia, causing a backslide from the progresses the two countries achieved in the last years in their EU perspective. The disappointment could now lead to a regime change in Skopje and the eventual return of national-conservative VMRO-DPMNE could have consequences for the country’s foreign policy. In fact, VMRO-DPMNE has always opposed the Prespa Agreement, so the possibility of a political regression and of further obstacles on the accession path is a likely one should it come back to power.

¹⁰ G. Madhi, *EU and the Western Balkans: When Enlargement Gets Politicised*, ISPI Commentary, 6 February 2020.

¹¹ “North Macedonia calls snap election after EU talks setback”, *BBC*, 19 October 2019.

Concerning Montenegro and Serbia – which the EU Commission labelled “frontrunners”¹² in the integration path of the region – both have intense relations with Russia, even if of different types. While the former has mainly economic and trade relations, as the Montenegrin coast is one of the preferred places in Europe for Russian businessmen to buy real estate, Serbia has a solid political alliance with Moscow, based on the support Belgrade receives in the international community against the recognition of Kosovo’s independence.¹³

But China, Turkey and the United Arab Emirates (UAE) have also been developing their presence in the region. All of them in different ways.

China is building in the Balkans one its European hubs for the Belt and Road Initiative (BRI). In particular, Chinese projects aim to connect Athens’ Port of Piraeus with Central Europe through Serbia and Hungary, making Belgrade a pivotal crossroad in the region. One of these projects is the Belgrade-Budapest railway,¹⁴ worth more than \$3bn, the most expensive infrastructure investment in the recent history of Hungary. On the other side, Belgrade will be connected to Bar, Montenegro, through a motorway that includes about 165 km of roads, 48 tunnels and 107 bridges and viaducts.¹⁵ The project has been criticised as it heavily indebted Montenegro towards China, to an extent that could become unsustainable for the tiny Montenegrin economy, as the country’s debt soared from 63% of gross domestic product in 2012 to almost 80%.¹⁶ In case Montenegro will not be able to repay, it would fall prey to the

¹² R. Jozwiak, “EU: Serbia, Montenegro ‘Could Join In 2025’”, RadioFreeEurope Radio Liberty (RFERL), 15 January 2018.

¹³ See chapter 3 on Russia by Dimitar Bechev in this volume.

¹⁴ “Serbia starts construction of Chinese-funded railway to Budapest”, *Reuters*, 28 November 2017.

¹⁵ H. Semanić, “Controversial Chinese motorway the largest Montenegrin project since independence”, *European Western Balkans*, 16 April 2019.

¹⁶ V. Hopkins, “Montenegro fears China-backed highway will put it on road to ruin”, *Financial Times*, 10 April 2019.

so-called “debt-trap diplomacy”,¹⁷ through which economic dependence could make Montenegro vulnerable to political influence as well. For Serbia, cooperation with China in the field of security brought about the installation of as many as one thousand Huawei cameras with facial recognition technology in Belgrade,¹⁸ placed in locations unknown to the public. This would be illegal in the EU, marking a divergence between Serbian and European standards. Unlike Russia and China, Turkey’s influence in the region is more cultural and political. As the successor of the Ottoman Empire that once ruled in the Balkans, Ankara has been presenting itself as a reference point for Muslims in the region. More specifically, Turkish President Recep Tayyip Erdogan uses the Balkans for electoral purposes, to make a case that he is the leader of the wider (Sunni) Muslim community in Europe and the Middle East,¹⁹ much like Russia does with Orthodox countries. Moreover, Erdogan pushed Balkan countries to close Gulen-linked schools and other institutions and hand over suspected “Gulenists”,²⁰ the followers of Fethullah Gulen, a Turkish preacher accused by Ankara for the organisation of the failed coup in July 2016. Along the same lines was the erection of a memorial for the victims of the coup in Tirana, Albania, which extradited its first alleged “Gulenist” activist early in 2020²¹.

Finally, there is case of the UAE, which in recent years have been intensifying their investments in many Balkan countries, mainly in construction projects. While the long-term character of the Emirati investments would be a good fit

¹⁷ B. Chellaney, “China’s Debt-Trap Diplomacy”, *Project Syndicate*, 23 January 2017.

¹⁸ G. Fruscione and G. Sciorati, *Serbia: China Exports “Security” Too*, ISPI Commentary, 9 October 2019.

¹⁹ D. Bechev, *Turkey’s Policy in the Balkans: More than Neo-Ottomanism*, ISPI Commentary, 12 April 2019.

²⁰ H.F. Buyuk “Anniversary of Failed Turkey Coup Marked in Balkans”, *Balkan Insight*, 16 July 2018.

²¹ H.F. Buyuk “Turkey Hails ‘Gulenist’ Deportation From Albania as MIT ‘Success’”, *Balkan Insight*, 3 January 2020.

to spur much-needed economic development in the region, what is troubling is the lack of transparency that surrounds the transactions.²² The deals are usually closed without a tender, or with what looks like a tailor-made one; it is at times difficult to determine who the real investor is; information on the contracts is very difficult to obtain; and journalists and activists investigating these topics are frequently subjected to extreme pressure.²³ The best example is Belgrade Waterfront, a project Serbian President Vucic called “of national interest”, but whose investor, tender procedures and construction have been characterised by scandals and shadowy circumstances.²⁴

In conclusion, these foreign relations foster increasing anarchy in the political orientation of the Balkans, turning them into a kind of crony capitalist paradise.

At the geopolitical level, this combination makes the region more precarious and increases rivalry with the European Union. In spite of China’s principle of non-interference in domestic affairs, some may argue that the BRI projects could hamper Western Balkan-EU integration in three ways: trapping countries into debt, lowering environmental standards, and perpetuating corruption.²⁵ This was the case of Sinohydro, a Chinese state-owned firm that was contracted to build two highways in North Macedonia but whose tender was assigned after a bribe of €25m, as the wiretapping scandal of 2015 would eventually reveal. The fight against corruption and the achievement of economic stability are in fact priorities for the future of the region within the EU, but as this goal becomes less credible, cases such as economically non-viable Chinese projects can only multiply.

²² See the chapter 6 on the UAE investments by Tena Prelec.

²³ T. Prelec, *Doing Business in the Balkans, UAE Style*, ISPI Commentary, 12 April 2019.

²⁴ F. Rudic, M. Zivanovic and I. Jeremic, “Serbians Protest as Controversial Demolitions Remain Unexplained”, *Balkan Insight*, 24 April 2019.

²⁵ A. Doehler, “How China Challenges the EU in the Western Balkans”, *The Diplomat*, September 2019.

The more the EU drags its feet on the promises made at Thessaloniki, the more the Western Balkans will lose faith in it, understanding Western institutions as nothing more than good friends, while deepening relations with other actors from the East able to present themselves as credible partners. This condition will perpetrate the political volatility of the region.

Conclusion

Since the 1990s, the political stagnation of the Western Balkans has reflected a combination of factors. While internal politics have been prey to the nationalism that shaped post-Yugoslav states, the EU has failed to spur an effective reform process, by entrusting it to a handful of politicians whose European orientation is often merely a facade. Rulers with autocratic tendencies exploit it in order to gain external legitimacy while at the internal level an apparent pro-EU outlook conceals a crackdown on democratic institutions. In other words, the authoritarian drift in the Balkans took the shape of what we called a stabilitocracy: an ostensible EU orientation of local governments backed by the EU itself, combined with a backslide in democratic standards. This authoritarian drift worsened during the state of emergency due to the outbreak of coronavirus, as governments imposed their rule over parliaments.

The transition of the region will thus last until true stability – made of genuine regime-changes – is achieved. One of the main obstacles concerns the open national questions, exploited by stabilitocrats only to rally their constituencies through nationalism. While many local leaders present themselves as “post-transition” rulers, no real progress has taken place since the end of the war in Yugoslavia. Kosovo is an excellent example of this dynamic: the prolongation of the *status quo* through *ad hoc* crises reinvigorates nationalism on both sides and delays the achievement of a real political stability for the region as a whole.

The case of North Macedonia proves instead that a regime-change in favour of a reform-oriented government with a real pro-EU outlook can mark a turning point in resolving national disputes stuck at stalemate. This is where the European Union's mistakes come in. Although the opening of negotiation talks for Albania and North Macedonia has been finally agreed upon, reversing the decision taken in October, this continuous "stop-and-go" approach undermines EU credibility. As a matter of fact, the loosening of EU conditionality is making it more difficult to achieve stability in the region. This destabilisation is compounded by the fact that, at the same time, other powers have been intensifying their presence in the Western Balkans, making it a geopolitical crossroad. As the presence of competing powers is often at odds with the European standards allegedly adopted by local governments, the region will continue to swing between the West, its supposed partner, and the East, a lover with ever more strings attached. This condition will only continue as long as the EU fail to consolidate the accession path.

This never-ending instability – and the so-called transition – of the Balkans will end only once they rely on credible partners able to support local leaders who are really interested in completing the democratisation process, solving their national questions, and maintaining a coherent foreign policy.

2. Europe and the Balkans: The Need for Mutual Integration

Nikola Burazer

Despite recent good news about opening accession negotiations with North Macedonia and Albania and the adoption of the new enlargement methodology, the process of enlargement of the European Union in the Western Balkans remains in doubt. Even before the emergence of the crisis triggered by the lack of decision on opening accession negotiations with North Macedonia and Albania in October 2019, the results of the process appeared highly uncertain. None of the countries are currently close to EU membership, and despite the recent decision on North Macedonia and Albania, none have actually changed their status in the accession process since Albania was granted candidate status in 2014. But while it is easy to assess the process as slow and unsuccessful, it is much harder to explain its failures. Due to the “French veto”, the methodology of accession negotiations found itself at the centre of debates about enlargement, but much bigger questions remain.

Perhaps the most important one is the question of political will, which comes in two forms. The first is whether the EU and its member states are actually willing to accept new members from the Western Balkans, and the second is whether Western Balkan governments are genuinely determined to fulfil the requirements for membership. As many experts have pointed out, no methodology can resolve the problem of political will, and the debates about reforming the process may have been therefore misplaced.

But one other question that is frequently overshadowed by perpetual discussions about the failures of the enlargement process is whether enlargement is actually in the interest of all sides involved. What does the EU have to gain by integrating the Western Balkans and what could be the damage if it does not? How much would Western Balkan countries gain with EU membership and is this a goal worth fighting for? These are the questions we will try to address in this chapter, along with the question of political will on both sides.

The “French Veto”: Enlargement in Question

When the European Council could not reach consensus about opening EU accession negotiations with North Macedonia and Albania in October 2019, the entire enlargement process in the Western Balkans seemed to be in question. The Council of the EU postponed its decision first from June 2018 to June 2019 and then again to October 2019, due to some member states’ reservations⁷ about taking this step with the two Western Balkan hopefuls. When the October meetings of both the Council of the EU and European Council also failed to result in a positive decision about opening negotiations, several EU officials – including former President of the European Commission Jean-Claude Juncker – labelled this as a “historic mistake”.¹

This decision was widely anticipated primarily because the credibility of the EU was at stake in the case of North Macedonia. Mainly concerned with making further progress towards EU membership, the reformist government in Skopje resolved a decades-long dispute with Greece regarding the country’s name, successfully reaching and implementing the 2018 Prespa Agreement, after which the Greek veto over opening accession negotiations was finally lifted. Granting the newly renamed

¹ EU failure to open membership talks with Albania and North Macedonia condemned, J. Rankin, “[EU failure to open membership talks with Albania and North Macedonia condemned](#)”, *The Guardian*, 18 October 2019.

North Macedonia the date for opening negotiations was of fundamental importance for the credibility of the EU and EU enlargement conditionality, not least because of the message it sent to other governments in the region.

Even though President Emmanuel Macron objects to the term “French veto” and claims that in fact several countries were against opening accession negotiations with North Macedonia and Albania at that time,² it was clear that French reservations were the main reason why there was no positive decision on at least one of the countries. Although it may be true that other countries with similar reservations about enlargement might have been “hiding” behind France, it was still France’s political weight that counterbalanced Germany and other EU member states with a strongly pro-enlargement stance.

France justified its opposition to opening negotiations in different ways. Some French government officials explained that the countries need to make more progress in order to warrant opening negotiations.³ Another official stressed that the enlargement process does not work and needs to be reformed.⁴ Macron himself pointed out that as a matter of fact it was the EU which was not ready to accept new members in its present state.⁵ All of this made it seem as if France has reservations about enlargement itself, and that a short-sighted decision such as not rewarding North Macedonia with accession negotiations did not have to do much with the states’ actual progress.

However, the French veto had other consequences as well. First, the strong reactions among high-level EU and US officials, as well as officials of the member states, demonstrated strong

² A. Jamieson, “Macron hints at progress on EU enlargement for Albania and North Macedonia”, *Euronews*, 15 February 2020.

³ N. Burazer, “[EWB Interview] Mondoloni: France is for opening negotiations, but only after conditions are fulfilled, European Western Balkans”, *European Western Balkans*, 18 October 2019.

⁴ “France: Deal with ‘endless soap opera’ of EU accession process before seeking new members”, *DW*, 15 October 2019.

⁵ L. Tregoures, *By blocking enlargement decision, Macron undercuts France’s Balkan goals*, Atlantic Council, 30 October 2019.

support for enlargement in the Western Balkans. Even the European Parliament adopted a resolution supporting opening accession negotiations with North Macedonia and Albania, with only President Macron's party La République En Marche (LaREM) and the extreme right opposing it.⁶

Second, the crisis sparked a debate about the future of the enlargement process and the membership perspective of Western Balkan countries on a level that had been absent for years. First, France presented its non-paper about reforming the enlargement methodology, suggesting a seven-stage process which would be reversible, and according to which gradual accession and benefits would be linked to progress in specific areas, now changed from negotiating chapters into policy blocks.⁷ The non-paper was met with suspicion, as the process with seven successive stages appeared to make it even harder for Western Balkan countries to successfully integrate into the Union, remaining stuck somewhere in the early stages.

But soon nine other EU member states published their own non-paper, according to which negotiating chapters should also be grouped into clusters, but would be simultaneously opened.⁸ Several other think tanks came out with their own proposals and recommendations, including a group of seven Serbian think tanks and civil society organisations, which provided their own recommendations at the beginning of February 2020.⁹

When the European Commission presented its own proposal for reforming the enlargement process on 5 February, the document did not surprise anyone. The Commission also proposed merging negotiating chapters into clusters,

⁶ “EP adopts a resolution supporting negotiations with Albania and North Macedonia”, *European Western Balkans*, 24 October 2019.

⁷ “Non-Paper: Reforming the European Union accession process”, EURACTIV, November 2019.

⁸ “Nine EU Members release a new proposal for the reform of enlargement process”, *European Western Balkans*, 11 December 2019.

⁹ *Integrating the Western Balkans: Completing Future Europe*, Recommendations for the European Union, February 2020.

introducing stronger political steer through intergovernmental conferences and yearly EU-WB Summits, enabling reversibility and putting fundamental rule of law issues at the forefront of the process. However, none of the proposed changes represented a fundamental change in the process, and the proposal suggested that even countries currently negotiating for membership could accept the new methodology without changing their negotiating framework.¹⁰

The proposed changes to the methodology appeared to satisfy France and other countries with reservations about opening accessions with the two Western Balkan countries, as North Macedonia and Albania finally got the green light from both the Council of the EU and the European Council on 24 and 26 March respectively. The Commission's reformed methodology was itself adopted by the member states on the same occasion, arguably enhancing the membership perspective of all Western Balkan countries.¹¹

However, as previously mentioned and as many experts have pointed out, the main problem with EU enlargement in the Western Balkans was never the methodology but rather the lack of political will on both sides. Even though the EU and the member states support enlargement in the Western Balkans and all the governments in the region have designated EU membership as their long-term goal, there appears to be a lack of sincerity and commitment to this goal, which raises serious doubts about the potential for success of the process. This paradox will be examined in the following sections.

¹⁰ European Commission, Brussels, 5.2.2020 COM(2020) 57 final, *Enhancing the accession process - A credible EU perspective for the Western Balkans*, February 2020.

¹¹ "New enlargement methodology officially endorsed by the Member States", *European Western Balkans*, 27 March 2020.

Where Are the Western Balkan Countries Now?

At the EU Thessaloniki Summit in 2003, all Western Balkan countries were given an EU membership perspective.¹² However, this “Thessaloniki promise” has so far been largely unfulfilled, as only one country considered to be part of the Western Balkans at the time – Croatia – managed to become a member in 2013. Seven years on, none of the other countries are even close to attaining EU membership, and the fact that Croatia was a part of the same “pack”, having just a small head start over the others when the process was initiated, is now practically forgotten.

Today’s six Western Balkan countries can be divided into three categories. The first are the “frontrunners” Montenegro and Serbia, which are currently in the process of accession negotiations. The second are the candidate countries whose accession negotiations have not yet begun, North Macedonia and Albania. The third category are the so-called “potential candidates”, Bosnia and Herzegovina and Kosovo, whose membership perspective seems quite unclear at best.

Montenegro and Serbia might be at the forefront of the EU accession process compared to other Western Balkan countries, but they are, as EP rapporteur on Serbia and co-chair of the EU-Montenegro SAPC (Stabilisation and Association Parliamentary Committee) Vladimir Bilcik pointed out, “frontrunners without hardly doing any running”.¹³ Montenegro was granted candidate status in 2010 and opened accession negotiations in 2012, but is still far from completing the process. The country opened thirty-two out of thirty-three chapters, but provisionally closed only three of them, and faces significant problems when it comes to the state of democracy,

¹² European Commission, *Declaration from the EU-WB Thessaloniki Summit*, C/03/163, Thessaloniki, 21 June 2003.

¹³ N. Burazer, “[EWB Interview] Bilčik: EU perspective a matter of domestic reform, democracy and rule of law”, *European Western Balkans*, 1 November 2019.

the rule of law and media freedom. Also, the massive protests surrounding the controversial Law on the Freedom of Religion at the beginning of 2020 suggest that there is significant potential for a political crisis in the only Western Balkan country which has never seen the opposition winning national elections.

Serbia's track record is even more abysmal, as the county, which was granted candidate status in 2012 and opened accession negotiations in 2014, managed to open only eighteen out of thirty-five chapters and provisionally close only two after more than six years of negotiations. The slow pace of reform coupled with significant problems when it comes to the rule of law and the state of democracy casts a shadow over the negotiation process, further complicated by the uneasy normalisation of relations with Kosovo, an important requirement for EU membership.

North Macedonia was granted EU candidate status significantly earlier than the two frontrunners in 2005, but now finds itself behind in the race towards membership primarily because of the bilateral dispute it had with Greece. The southern neighbour blocked North Macedonia's progress towards both EU and NATO membership due to the name issue, which was finally resolved in 2019 when the Prespa Agreement was ratified in both countries, leading to the country officially adopting the name "North Macedonia". But while the country managed to reap the benefits from this dispute resolution with NATO membership without any setbacks, the failure to open EU accession negotiations in the past two years has led to widespread disappointment. Bearing in mind that North Macedonia resolved one of the most important bilateral disputes in the region because of the promise of EU accession negotiations, last year's lack of decision on opening negotiations dealt a particularly painful blow to the country and the credibility of EU enlargement. The long-awaited green light to open negotiations were finally given by the member states on 25 and 26 March, and the first intergovernmental conference with the EU is expected to be held in the coming months.

Albania finds itself in the same position as North Macedonia, having had the decision on opening EU accession negotiations postponed three times in the last few years, with member states finally agreeing to make this step on 25 and 26 March. The country was granted candidate status in 2014 and started a demanding vetting process as a pre-requisite for opening accession negotiations, which was met with more serious opposition than in the case of North Macedonia, with some countries even calling for the EU to reinstate visas for Albanian citizens, primarily due to problems with organised crime and the rule of law.¹⁴ Unlike North Macedonia, Albania is now expected to fulfil certain conditions before the first intergovernmental conference is held.¹⁵

Bosnia and Herzegovina is considered to be in a perpetual state of crisis, as its national institutions frequently clash with those of the entity of Republika Srpska on issues of competences. These clashes have practically led to a stalemate in both EU and NATO integration of the country, whose very existence is occasionally challenged by Serb representatives. As both Serbia and Croatia have interests and influence in Bosnia and Herzegovina, developments in the country are likely to depend on other developments in the region, with potential for both progress and destabilisation.

Kosovo finds itself in an even more difficult position, as it is not recognised as an independent state by five out of the twenty-seven EU member states and is unable to obtain candidate status before this issue is resolved. Changes brought by the Lisbon Treaty allowed Kosovo to reach a Stabilisation and Association Agreement (SAA) with the EU without ratification by the member states, but further steps are highly unlikely before the process of normalisation of relations with Serbia is successfully completed.

¹⁴ “European Commission Rejects Dutch Request to Suspend Visa Liberalization”, *Exit News*, 3 July 2019.

¹⁵ “EC: Albania to make further progress on elections and judiciary before its first ICG”, *European Western Balkans*, 25 March 2020.

This brief overview demonstrates the complexities and the abysmal state of affairs when it comes to EU enlargement policy in the region. Bilateral disputes, disputed statehoods, problems with the state of democracy and the rule of law are clearly the main obstacles in the way of EU membership of Western Balkan countries, and they appear not to be adequately addressed by either the EU or the governments in the region.

Is the EU Serious About Enlargement in the Western Balkans?

When in 2014 then President of the European Commission Jean Claude Juncker said that there will be no enlargement during his mandate, he was merely stating the obvious.¹⁶ Still, his remarks are quoted to this day as an example of a mistake by the EU and as evidence that the lack of political will when it comes to EU enlargement is the main culprit for the apparent failure of the process. At the time of his statement, all Western Balkan countries were at the same stage of the EU accession process as they are now: Montenegro and Serbia negotiating, (North) Macedonia and Albania enjoying candidate status and Bosnia and Herzegovina and Kosovo being potential candidates.

When Ursula von der Leyen took over as European Commission President in 2019, she could easily have said the very same thing. Even the most optimistic scenario today projects 2025 as the accession date for the countries that have advanced most in the process, but it is a matter of debate whether even this date remains realistic. However, both von der Leyen and her predecessor in the second half of his mandate avoided making such claims and seemed to encourage EU enlargement in the region.

Speaking at the recent informal EU-WB meeting, von der Leyen stated that the Western Balkans are “a priority for our

¹⁶ European Commission, Press Corner, *The Juncker Commission: A strong and experienced team standing for change*, Press Release, Bruxelles, 10 September 2014.

Commission” and that it is both EU’s and Western Balkans’ “common geostrategic interest to have the Western Balkans as close as possible to the European Union”.¹⁷ The European Commission president made similar remarks even before her mandate began. Speaking in Berlin in November 2019, she said that she “firmly believes that it is of great strategic importance for us [EU] to link the Western Balkans as closely as possible to the EU”. On this occasion she criticised the lack of decision on opening negotiations with North Macedonia and Albania, fearing that others would “fill the vacuum”.¹⁸

Her predecessor Jean Claude Juncker first announced stronger engagement by the Commission in his September 2017 State of the Union speech, in which he said: “If we [EU] want more stability in our neighbourhood, then we must also maintain a credible enlargement perspective for the Western Balkans”.¹⁹ Juncker followed this up with a letter of intent sent to European Parliament President Antonio Tajani calling for a strategy for EU accession of Serbia and Montenegro by 2025.²⁰

The document titled “A credible enlargement perspective for an enhanced EU engagement with the Western Balkans”, commonly known as the “Western Balkans Strategy”, was presented by the European Commission on 6 February 2018, but instead of representing an accession strategy for just Serbia and Montenegro, it dealt with the entire region. Repeating Juncker’s words about the links between stability and enlargement perspective, the Strategy went further in addressing the question of why the EU needs enlargement.

¹⁷ European Commission, Press Corner, *Doorstep by President von der Leyen at the EU-Western Balkans Informal Meeting*, Speech, Bruxelles, 16 February 2020.

¹⁸ H. Von Der Burchard, “[Von der Leyen: EU path for Western Balkans is of ‘great strategic importance’](#)”, *Politico*, 8 November 2019.

¹⁹ European Commission, Press Corner, *President Jean-Claude Juncker State of the Union Address 2017*, Speech, Bruxelles, 13 September 2017.

²⁰ [State of the Union 2017: Letter of intent to president Antonio Tajani and prime minister Juri Ratas](#), 13 September 2017.

This firm, merit-based prospect of EU membership for the Western Balkans is in the Union's very own political, security and economic interest. It is a geostrategic investment in a stable, strong and united Europe based on common values", it was claimed in the document, which also stated that enlargement policy must be "part and parcel of the larger strategy to strengthen the Union by 2025" and is an "investment in the EU's security, economic growth and influence and in its ability to protect its citizens."²¹

The previously mentioned European Commission's enlargement methodology proposal, published almost exactly two years after the Strategy, also touched upon this fundamental question. It repeated the exact statement from the Strategy about enlargement being in EU's very own political, security and economic interest, but added that "in times of increasing global challenges and divisions, it remains more than ever a geostrategic investment in a stable, strong and united Europe".²² It could be said that the wording of the new document symbolically demonstrated the even greater importance given to this problem by the European Commission amidst the ongoing debate about the future of enlargement.

The arguments used by the European Commission in the relevant documents and by its highest officials seem clear. The EU needs to integrate the Western Balkan countries in order to avoid destabilisation and strengthen the EU's own security, economy and influence. This is in line with recently repeated claims by experts that the Western Balkans are the "soft underbelly" of the EU and its own "backyard", where the Union has to prove the effectiveness of its foreign policy in order to maintain global influence.

Similar statements can be found in the EU Global Strategy 2016. The document states that "a credible enlargement

²¹ European Commission, COM(2018) 65 final, *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*, Strasbourg, 6 February 2018.

²² European Commission, COM(2020) 57 final, *Enhancing the accession process - A credible EU perspective for the Western Balkans*, Brussels, 5 February 2020.

policy represents a strategic investment in Europe's security and prosperity, and has already contributed greatly to peace in formerly war-torn areas", as well as that the "challenges of migration, energy security, terrorism and organised crime are shared between the EU, the Western Balkans and Turkey" and can only be "addressed together".²³

But while it may appear from these documents and statements that the policy of EU enlargement does matter to the European Union and that political will is obviously there, there are two major reservations regarding this conclusion that make the overall picture much less clear. The first is the difference in position between the European Commission and the member states, a difference seen clearly on numerous occasions during the enlargement process, where the Commission was almost by default supportive, and (some) member states cautious. The same discrepancy could be seen in previous months with the controversy about opening accession negotiations with North Macedonia and Albania.

The second reservation comes from the fact that the goals of stabilising the Western Balkans and furthering the EU's security, political and economic interests in the region can be achieved even without actual enlargement. The EU has been frequently criticised for the policy of "stabilitocracy", which refers to giving preference to stability over democratic reform in order to protect the EU's own short-term interests at the expense of long-term democratic transformation and therefore membership perspective.²⁴ "Stabilitocracy" is usually considered to come in the form of more or less explicit EU support to undemocratic leaders in the region in return for the promise of controlling migration flows, resolving bilateral disputes or preventing ethnic conflict. Critics see this policy as cynical, as

²³ European Union Global Strategy, *Shared Vision, Common Action: A Stronger Europe, A Global Strategy for the European Union's Foreign And Security Policy*, June 2016.

²⁴ S. Pavlovic, "West is best: How 'stabilitocracy' undermines democracy building in the Balkans", London, LSE, 5 May 2017.

no matter how important these issues might be, turning a blind eye to democratic deficits for the sake of their resolution works directly against the countries' membership perspective.

Today both of these factors are influencing EU enlargement policy, but they also appear in combination. For example, France is now perhaps the main opponent of enlargement due to, in least in part, fears about the state of democracy and the rule of law in Western Balkan countries. But, at the same time, President Macron was introducing something akin to a substitute for EU membership of Western Balkan countries, which would link them to the EU and perhaps partially include them in some EU programmes but leave membership out of the picture for the foreseeable future. The first time such messages were sent was at the Sofia EU – Western Balkan Summit in May 2018, when President Macron practically torpedoed the enlargement-themed event by saying that enlargement was a mistake and that Western Balkan countries should be “anchored” to the EU instead.²⁵

The unpopularity of enlargement among the citizens of the EU and the current problems with “disobedient” member states such as Hungary and Poland certainly have a significant effect on many member states' decision as to whether to accept countries in the Western Balkans in the medium-term. Major geostrategic interests force them to keep the region close to the Union, but not necessarily to integrate it into it. The member states differ greatly in their approach to this dilemma, but the EU decision-making process requires a consensus among the states in order to build a functioning approach.

Of course, there are doubts as to whether anything less than democratic transformation and full membership of Western Balkan countries can lead to EU's success in protecting its interests in the region. For example, stability in the region is practically impossible without functioning representative

²⁵ A. Gray, “Macron pours cold water on Balkan EU membership hopes”, *Politico*, 17 May 2018.

democracy and inter-ethnic reconciliation, as the ongoing crises in Montenegro and Bosnia and Herzegovina and the lack of progress in Serbia-Kosovo normalisation very clearly demonstrate.

Also, preventing the influence of “external actors” in the region will be virtually impossible if the countries are left without membership perspective. Finally, several of the EU’s long-term goals, such as making Europe (or at least the EU) a carbon-neutral continent by 2050 within the European Green Deal²⁶ cannot be achieved, or will have a reduced impact, unless Western Balkan countries undergo serious reforms as well, and membership is practically the only guarantee of such an outcome.

But most explanations of the failures of the enlargement process that put the blame on the member states and the lack of political will in the EU have a major flaw. Namely, they tend to view the countries in the region simply as objects of EU policy, and not as independent actors that have agency of their own. If Western Balkan countries themselves do not demonstrate the political will to tackle the problems of state capture, the rule of law and resolving bilateral disputes, it will be hard for them to find supporters among all member states. Even if the extreme version of the stabilitocracy thesis is true and the EU is in fact the main culprit for the emergence of state capture across the region, the vicious circle has to be broken from within. This will be discussed in the following section.

Do Western Balkan Governments Actually Want To Join the EU?

As mentioned above, all Western Balkan countries have EU membership as their long-term goal. European integration in a broader sense has been a major political process in all the countries for the past two decades, and despite significant

²⁶ European Commission, COM(2019) 640 final, *The European Green Deal*, Brussels, 11 December 2019.

differences among the countries, their citizens tend to support EU membership²⁷ and would vote in favour in a potential accession referendum.

However, despite the historical link between EU integration and democratisation, and the EU's ever-stronger focus on democracy and the rule of law as the main criteria for membership, the two processes no longer seem to be going hand in hand. Democracy in some countries has stagnated, while in others it has seriously deteriorated. Problems in areas such as media freedom and independence of the judiciary plague the entire region, leading the European Commission to note in its 2018 Strategy that there are elements of state capture in (all) Western Balkan countries.²⁸

Especially paradoxical is the situation with the two frontrunners, Montenegro and Serbia. Despite their progress in EU accession negotiations, both countries are regressing in media freedom according to international measurements, and the European Commission reports did not notice any progress in this field for at least five years, presenting these problems as a matter of "serious concern".

But despite these concerns, making progress in accession negotiations does entail fundamental reforms in areas such as the rule of law, the fight against corruption and human rights, thereby strengthening the relevant institutions which are the bedrock of representative democracy. Contrary to the cynical approach, the fact that the countries with state capture did not make any significant progress in crucial chapters could be interpreted as evidence that the process works, and that fulfilling conditions for EU membership would in fact mean democratic transformation. The question of whether the process works in encouraging countries to actually pursue this path is another matter.

²⁷ *Balkan Barometer 2019: Public Opinion Analytical Report*, Regional Cooperation Country, Year V, no. 5, May 2019.

²⁸ European Commission, COM(2018) 65 final, *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*, Strasbourg, 6 February 2018.

The second major argument in favour of joining the EU is economic. Currently the candidate countries get much smaller financial injections through IPA funds than what member states get from structural funds. Comparing Serbia with Bulgaria, an EU member state of roughly the same size, can be a good example. According to some estimates, from 2014 to 2020 Serbia had access to €1.5bn through IPA funds while Bulgaria received €11.7bn through structural funds.²⁹ With this in mind, there is no doubt that EU membership would provide a huge economic boost for countries in the region.

Some experts believe that economics is the main issue to be discussed when talking about relations between the Western Balkans and the EU. Dusan Reljic argues that Western Balkan countries will have a hard time catching up with the EU average in GDP per capita at current levels of growth, and that the EU has spent much less on funding than it gained through the region's trade deficits with the EU. According to his estimates, EU member states had a trade surplus of 100 billion Euros with the Western Balkan countries in the last ten years, which is less than the total EU funding provided for the region's development.³⁰

Having access to structural funds, either through EU membership or the opening of these funds (or similar funds) for candidate countries – as Reljic³¹, Pierre Mirel³² and Serbian CSOs³³ suggested – would surely bolster economic development. And in both of these cases the countries in question would have to make progress towards EU membership. Trade with EU member states and resulting trade deficits are a matter of

²⁹ P. Mirel, *European Union-Western Balkans: for a revised membership negotiation framework*, Fondation Robert Schumann, Policy Paper, European Issues no. 529, September 2019.

³⁰ J. Georgievski, “[EWB Interview] Reljić: Economic relations with EU are more important than new rules for enlargement”, *European Western Balkans*, 16 December 2019.

³¹ Ibid.

³² P. Mirel (2019).

³³ *Integrating the Western Balkans: Completing Future Europe...*, op. cit.

fact for Western Balkan countries today but being a part of the Union could significantly improve this relationship.

But focusing on democratic transformation and economic growth overlooks one crucial aspect of EU integration that many observers tend to disregard: having access to decision-making. Much of the opposition to EU membership in Western Balkan countries is based on the claim they should protect their national sovereignty and not be ruled from Brussels. But the nature of the current challenges, from the environment to migration, and the fact that these countries are already very much integrated into the EU economy, mean that many issues of vital importance for the region will be decided upon at the EU level. This being the case, EU membership would actually allow Western Balkan countries to have a voice in such matters and protect their interests and thus be “at the table” instead of “on the table”.

The question then arises: why is there not enough political will among Western Balkan countries to join the European Union? Also, is this assessment actually true? The second question can be easily answered. Given the lack of progress made by the countries in the region, it is evident that at least for some of them EU accession is not a priority. Lack of will to achieve enlargement within the EU can hardly be an excuse for lack of fulfilment of action plans and national programmes for adopting the EU *acquis* (NPAAAs) to which the governments committed themselves, or for backsliding when it comes to the rule of law and media freedom, some of the basic preconditions for EU accession.

It is a matter of fact that EU accession negotiations are now a much more complicated process than was the case when previous candidate countries joined the Union. This is the consequence of both lessons learned by the EU and the different circumstances that the EU finds itself in. As Andrew Moravcsik recently pointed out, “the combination of the degradation of democracy in countries like Poland or Hungary and the concern about migration [...] means that it is going to

be harder for them than it otherwise would have been”.³⁴ This is a widely accepted opinion. Therefore, if the “carrot” is too far and uncertain, the incentives to go through a demanding reform process might be significantly smaller.

The second argument is perhaps somewhat more controversial. If EU integration leads to democratic reform, why would the countries with “state capture” want to destroy the foundations their regimes are built upon? The stabilitocracy argument can once again be useful here. If the EU is focused on regional stability and Western Balkan governments are focused on staying in power and establishing control over their countries, would it not be good for everyone if the EU accession process dragged on forever, stabilising countries but never getting them into the EU? This cynical argument is a serious concern for many EU integration experts in the Western Balkans.

Conclusion

In the previous sections we argued that EU enlargement to the Western Balkans is in the interest of both the Union and the countries in the region. However, we have also argued that political will on both sides remains doubtful, and that there is a danger that the short-term interests of the EU and the governments in the region might also align in stabilitocracy.

Integrating Western Balkan countries into the EU requires political will on both sides. Putting the blame on the EU for not wanting to include “captured” Western Balkan states is perhaps unjustified, but so is holding Western Balkan governments fully responsible for lack of reform in a situation where the EU sends discouraging signals. The most discouraging one was certainly the lack of decision on opening accession negotiations with North Macedonia and Albania in October 2019, which

³⁴ N. Burazer, “[EWB Interview] Moravcsik: EU enlargement in the Western Balkans is in the interest of member states”, *European Western Balkans*, 26 February 2020.

provoked negative reactions from all sides for good reason. Despite the fact that the member states did reach a positive decision in March 2020, the opposition to this move in 2018 and 2019 remains a symptom of serious reservations among at least some member states and should not be considered to have withered away.

However, one thing seems certain: integrating Western Balkan countries into the EU is in the interest of the citizens of these countries. And since it is not the EU and its member states but the governments of the Western Balkan countries that are accountable to their citizens, they should bear primary responsibility for the success of this process. The governments should explain to their citizens why EU membership is in their interest and try to persuade EU member states that it is in theirs as well.

The new enlargement methodology will not substantially change the accession process, but it obviously contained sufficient improvements to persuade France and other member states to open accession negotiations with North Macedonia and Albania. It may also provide an impetus for stronger and more honest engagement of the EU and the member states when it comes to enlargement, as there appears to be a consensus that this is necessary. However, what will actually happen or not also depends on political will – in this case, certainly the political will of the member states.

3. Making Inroads: Competing Powers in the Balkans

Dimitar Bechev

On 8 January 2020, Istanbul hosted the launch of the TurkStream pipeline. It was a landmark occasion. The metropolis straddling the Bosphorus welcomed the Russian President Vladimir Putin, whom many in the West had come to view as a doppelganger of Turkey's own strongman, Recep Tayyip Erdogan. Back in December 2014, the power duo had originally proposed the plan for a natural gas pipeline running under the Black Sea up to the Turkish coast and from there to the Balkans and Central Europe. TurkStream has come, in part, as a rebuke to the European Union. Brussels' regulatory disputes with Gazprom compounded by the Ukraine crisis and the sanctions against Russia had dealt a mortal blow to South Stream, an earlier pipeline project. Now Putin and Erdogan capitalised on their partnership, reviving it after the failed coup in Turkey in July 2016.

What also drew attention was the attendance of two Balkan leaders at the Istanbul launch: President of Serbia Aleksandar Vucic and Prime Minister of Bulgaria Boyko Borisov. The two countries in Southeast Europe, one a member of the EU and the other engaged in EU accession talks, have been keen on deepening ties with both Russia and Turkey. They tout TurkStream as a vehicle for attracting foreign investment, generating revenue from gas transit and gaining bargaining power in future commercial negotiations. Serbia has few qualms

about assigning a 51% stake in the section of TurkStream passing through its territory to Gazprom, potentially leading to a clash with EU competition rules in the future. For his part, Prime Minister Borisov portrays the extension of TurkStream (or BalkanStream, as Sofia prefers to style it) as a free-standing project, rather than a supplement to the pipeline connecting Russia and Turkey.¹ BalkanStream, he reportedly told US President Donald Trump during his visit to the White House in November 2019, could ship gas from a variety of sources.

What TurkStream shows is that both the Western Balkans and Southeast Europe as a whole are no longer only a periphery of the EU, but also an area where external players project their influence. Since its seizure of Crimea, Russia has stepped up its efforts to undercut the West. Through a variety of means, it seeks to stymie NATO expansion, undermine trust in the EU and co-opt governments and other political actors. In Serbia, Republika Srpska (RS) – one of the two entities composing Bosnia and Herzegovina – but also elsewhere, Vladimir Putin enjoys widespread support thanks to the grudges against the West dating back to the 1990s.² Turkey, too, though officially still involved in accession talks with the EU and a member of NATO, pursues a unilateralist foreign policy rooted in its self-image as a regional power as opposed to a second-rate member of the Western club. Erdogan views himself more as leader of all (Sunni) Muslims across former Ottoman lands and in Europe than as a president of a nation state. Last but not least, soft loans and high-visibility infrastructure projects have raised the profile of resurgent China, even though Beijing avoids involvement in political and security issues. Underscoring this point, Johannes Hahn, EU enlargement commissioner in 2014-2019, stated in an interview for the *Financial Times* that the EU had

¹ Further on TurkStream: D. Bechev, “Russia’s Pipedreams are Europe’s Nightmare”, *Foreign Policy*, 12 March 2019.

² D. Bechev, *Rival Power: Russia in Southeast Europe*, New Haven (CO), Yale University Press, 2017.

“overestimated Russia and underestimated China”.³ In May 2019, Dubrovnik hosted the 17+1 Summit bringing together the Chinese government and prime ministers and presidents from across Central and Eastern Europe, the Western Balkans and, lately, Greece. In previous years, Romania, Serbia and Bulgaria had all hosted the annual meeting.⁴

This chapter explores the root dynamics accounting for the influence wielded by non-Western actors over regional affairs. At the macro level, the Western Balkans as well as the broader region of Southeast Europe is deeply embedded in the EU. Individual countries in the region are either members of the EU or aspire to join it. The EU is by far the main trading partner and source of financial transfers, in the shape of direct subsidies, foreign direct investment and remittances by migrants. NATO and the US, for their part, remain the guarantors of security. The Alliance keeps boots on the ground in Kosovo, welcomed Montenegro as a member in 2017 and is on the cusp of taking in North Macedonia too. Yet Western dominance has not dissuaded the likes of Russia, China and Turkey (which, again, differs from the first two because of its membership of NATO and Customs Union arrangement with the EU) from asserting their interests. The chapter argues that non-Western actors have benefited from several factors: 1. the weakening pull of the EU; 2. the stalling and in some cases reversal of the process of democratisation; and 3. local players’ preference for diversifying their international links. The chapter starts off by examining the conditions enabling external actors’ actions in the Balkans. Then, it turns to the objectives, strategies and tools deployed by Russia, Turkey and China, and goes on to offer some final thoughts about the international politics of Southeast Europe.

³ “Brussels says EU has ‘underestimated’ China’s reach in the Balkans”, *Financial Times*, 5 March 2019.

⁴ See the chapters on Turkey (by A. Erdi Öztürk and S. Akgönül) and on China (by A. Vangelì) in F. Bieber and N. Tzifakis (eds.), *The Western Balkans in the World: Linkages and Relations with Non-Western Countries*, Abingdon, Routledge, 2020.

Enabling Conditions

The freer hand of external powers in the Balkans reflects the weakening of Western influence. Much has been said and written about the existential threats facing the EU and, looking at the global level, the gradual decline of US-led world order. Evidence suggests that the European Union has muddled through challenges such as the Eurozone crisis, the influx of migrants from the south, Russia's bid to reassert its hegemony over the post-Soviet space and Brexit. At the same time, the cornerstones of European integration such as the vitality of democratic institutions and the rule of law, open borders and multilateral cooperation are at risk. The periphery of the Union, the Western Balkans but also Southeast Europe more broadly, is exposed to repercussions.

EU integration in the region is facing headwinds. Opposition to the start of membership negotiations by North Macedonia and Albania proves the point. In the Macedonian case, France defied all other EU countries with the argument that the Union needs internal consolidation first before expansion. Kosovo in the meantime has not been granted visa liberalisation despite fulfilling all the technical conditions set by Brussels. Even Montenegro, the frontrunner in the enlargement process, is unlikely to join the Union before the late 2020s. The EU's unwelcoming attitude substantiates the view that Europe is moving towards a differentiated model of integration where the Western Balkans, along with Romania and Bulgaria and other post-communist member states, find themselves in the outer circles of Europe.

Democracy is also coming under strain. In 2018, the international watchdog Freedom House downgraded Serbia, an EU candidate country, to "partly free".⁵ It did the same with its neighbour Hungary, a member state. To be sure, democratic regimes in the Balkans have never fully moved

⁵ Freedom House, *Freedom in the World. Democracy in Crisis*, January 2018.

towards consolidation, even in the 2000s when the pull of EU conditionality was arguably at its strongest. But the 2010s have seen a resurgence of phenomena such as high-level corruption, pervasive clientelism and the erosion of the rule of law.⁶ Nationalism is back, sadly not just in former Yugoslavia but also in core EU too. However, unlike the time when Slobodan Milošević and Franjo Tuđman held power, wars are not fought on the battlefield. Rather, they take place on the front pages of the tabloids, beholden to the government of the day, on TV talk shows and growingly in social media.⁷

The weakening pull of Brussels has a negative fallout on domestic politics. The embracing of authoritarian-minded elites by European dignitaries does even greater damage. Pro-EU constituencies in countries like Serbia and Montenegro are disheartened by Brussels and the reticence of member states' officials when it comes to dealing with ills such as state capture. At the same time, the apparent pro-EU consensus at the level of political parties does not translate into unqualified support for reforms to foster accountability and strengthen the rule of law. Put in simpler terms, Balkan politicians talk the EU talk but do not walk the walk. Sure enough, the *status quo* may not be as dire as that of the 1990s, but it is hardly a confirmation of Europe's "transformative power". The real litmus test is not the number of negotiation chapters open or closed, or benchmarks fulfilled, but the strong desire of large groups in the region to emigrate as evidenced by surveys.

In such circumstances, political and business elites are presented with strong incentives to partner with non-Western players. Connections with Russia, Turkey and China offer a range of benefits. These include:

1. Access to financial resources with fewer strings attached compared to the inflows from the EU. Large-scale

⁶ J. Mujanovic, *Hunger and Fury: the Crisis of Democracy in the Balkans*, Oxford – New York, Oxford University Press, 2018.

⁷ F. Bieber, *The Rise of Authoritarianism in the Western Balkans*, Abingdon, Routledge, 2019.

- infrastructure projects like highways and gas pipelines generate rental income which is distributed to political clientele.
2. Popularity with constituents. For Aleksandar Vucic and the Serb member of the Bosnian presidency Milorad Dodik, as well as others, links with Putin, a foreign leader with high approval ratings, bring dividends with voters. The same is true of other high-profile international figures such as China's Xi Jinping and Turkish President Erdogan. These links and the symbolic capital they carry are showcased by the media – e.g. TV and tabloids – which is often under the direct or indirect control of political elites.
 3. Leverage against political competitors. External powers provide support and patronage which strengthens one's hand in domestic contests and international disputes. Thus, for some Bosniak politicians, e.g. Bakir Izetbegovic's SDA, the partnership with Erdogan provides political advantage. Similarly, successive Serbian leaders from 2008 onwards reached out to the Kremlin as an ally on the Kosovo dispute.

These (potential) payoffs far outweigh the potential costs of engagement with non-Western actors. The EU and the US have been reluctant to censor or impose penalties for links with their competitors. For instance, there were no negative consequences for Serbia and (North) Macedonia in 2014 when they declined to join the Western sanctions against Russia. Despite the alarm in both Brussels and Washington, there has not been any pushback against Chinese inroads into the Balkans. One should bear in mind that the West does not have a unified position. There is a divergence of views with regard to China across the Atlantic, with the US being more hawkish than the Europeans. Similarly, although Western states have adhered to the sanctions, some leaders – notably Donald Trump and Emmanuel Macron in France – have advocated a reset with

Russia. Germany's commitment to the Nord Stream 2 pipeline, despite American objections, is also a case in point. In a nutshell, Balkan decision-makers have considerable room for manoeuvre and rarely find themselves in an either-or situation.

Russia: Playing the Spoiler

Russia is the external power that has carved the largest niche in Southeast Europe. Despite assertions that Moscow is making a comeback, the truth is that it was never really gone. Political, economic (especially in the energy sector) and human links survived the collapse of the Soviet Union. Since the 1990s, the Balkans have been part and parcel of Russia's strategy to establish itself as a first-rate player in European security affairs. As a consequence of the wars in Bosnia and Herzegovina, and Kosovo during this early period, the region came to the forefront of debates on critical issues such as transatlantic relations, the EU's security and defence policy and NATO/EU enlargement. Having a foothold in the Balkans means having a say on these strategic matters, which are of direct consequence to Russia. Moscow is driven by geopolitics, with other concerns such as economic interests and historical ties with the South Slavs or other Orthodox nations playing a secondary role. It sees the Balkans as a vulnerable periphery of Europe where Russia can establish a foothold, recruit supporters, and ultimately maximise its leverage *vis-à-vis* the West.⁸

There is no doubt that Southeast Europe lies well beyond what Russia considers its privileged sphere of geopolitical interest. Russia withdrew its troops from Bosnia and Herzegovina and Kosovo in 2003, on Putin's watch. In economic, social and also purely geographical terms, the former Yugoslav republics and Albania gravitate towards the West. Russia is not a large investor in Southeast Europe, although it enjoys a near monopoly on the natural gas market and a large share with regard to crude

⁸ P. Stronski and A. Himes, *Russia's Game in the Balkans*, Carnegie Endowment for International Peace, 6 February 2019.

oil.⁹ The region imports hydrocarbons but its exports to the Russian market are limited, even though Serbia has a free trade agreement which it is keen to extend to the entire Eurasian Economic Union (EEU).

Russia's only option is to act in an obstructionist manner to undermine the EU and NATO, making use of the Balkans' own vulnerabilities, whether through nationalism-fuelled disputes inherited from the 1990s, pervasive corruption and state capture or citizens' distrust in public institutions. Rather than drawing the Western Balkans into its own orbit, a costly exercise for a nation whose gross domestic product (GDP) is comparable to that of Spain, Russia is looking for leverage in the region which it could then apply to the EU and the United States. Influence in Serbia, Bosnia and Herzegovina, Montenegro or elsewhere is a bargaining chip in Russia's strategic competition with Western powers. From Moscow's perspective, projecting power in the Balkans is tantamount to giving the West a taste of its own medicine. If the Europeans and the Americans are meddling in its backyard – Moldova, Ukraine, Georgia, or any other part of its “near abroad” –, Russia is entitled to do the same in theirs.

The perception that the United States humiliated Moscow during the Kosovo crisis of 1999 is also at play, justifying engagement with the region as a means to right past wrongs. Russia's so-called return to the Balkans, in no small measure occurring through invitation from local officials, is payback to the West for its own arrogance. Lastly, active involvement in the region underscores Russia's role in European security, particularly on salient and politicised issues such as NATO's expansion, the talks between Serbia and Kosovo and the situation in Bosnia and Herzegovina. This grants Moscow the coveted status of top-tier power, whose interests and networks spread far and wide across the Old Continent and beyond. Russia can leverage scarce resources to

⁹ O. Shentov, R. Stefanov, and M. Vladimirov. *The Russian Economic Grip on Central and Eastern Europe*, Abingdon, Routledge, 2018; D. Bechev (2017), see chapter 7.

attain maximum payoff, be they diplomatic or commercial gains, or simply confirmation of Moscow's status as an indispensable international actor. Not being bound by any particular ideology or normative aspirations, as was the case with its Soviet predecessor, gives present-day Russia an added advantage.

To implement its objectives, Russia uses a variety of instruments,¹⁰ the most visible being *diplomatic alliances*. Since 2008, Belgrade has enlisted support from Moscow to equalise the balance of power with Pristina, which has traditionally been backed by the US and leading EU/NATO countries. Russian support accounts for Serbia's refusal to join Western sanctions following the annexation of Crimea as well. Russia has also been nurturing relations with Republika Srpska. For instance, it supported President Milorad Dodik against the West in 2016 when he staged a referendum to designate 9 January as "Statehood Day" for the predominantly Serbian entity. Stopping short of encouraging secession, Moscow has done its utmost to prevent the Peace Implementation Council from censuring the Bosnian Serb leadership.

Another influence mechanism is *defence and security cooperation*. Since concluding a defence cooperation agreement with Serbia in 2013, Russian and Serbian soldiers have been training together on a regular basis in both Serbia and Russia. Serbia has procured weapons systems, including MiG-29 fighter jets, T-72 tanks and armoured reconnaissance vehicles from Russia and Belarus. Serbia furthermore holds observer status in the Russian-backed Collective Security Treaty Organization. Russia has been helping the Republika Srpska's semi-covert efforts to upgrade the entity's police force into a military force in all but name. While the 2,500 automatic rifles purchased by RS came from neighbouring Serbia, there were reports of Russian advisors providing anti-terrorism and crowd-control training to the new units.

¹⁰ For a comprehensive account of Russia's toolbox in the Balkans: D. Bechev, *Russia's Strategic Interests and Tools of Influence in the Balkans*, NATO Strategic Communications Center for Excellence, September 2019.

Humanitarian assistance is yet another tool. In December 2011, for instance, the Russian government despatched a twenty-five-vehicle convoy carrying power generators, food, blankets and other supplies to Kosovo Serbs who had taken over the border crossings to Serbia and placed roadblocks across the northern region in defiance of the government in Pristina and the EU mission EULEX. The standoff put the spotlight on the Serbian-Russian Humanitarian Center (*Srpsko-ruski humanitarni centar*, SRHC) located at the airport of Niš – a Serbian city not too far from Kosovo, which was channelling some of the aid. From the outset, officials from the US State Department and analysts have suspected it of being an intelligence outpost under the guise of a disaster preparedness and response operation.

Trade and investment account for a substantial part of Russia's leverage. On the surface it is easy to discount Russia's economic presence. While the Russian Federation supplies gas and crude oil to the region, it is not a significant export market or source of foreign direct investments (FDI) or other forms of financial transfers. For instance, Russia accounted for 4.9% of FDI in Serbia in 2014, 4.6% in 2015, and 3.9% in 2016. The EU's share is between 70 and 80%. Russian capital corresponds to around 10% of the economy, largely thanks to the Serbian oil and gas company NIS. In Montenegro, where Russian individuals and businesses play an outsized role in the real estate and tourism sectors, Russia's share in terms of corporate revenues fell from a high of 29.4% in 2006 to 5.5% in 2015.¹¹

The oil and gas sector matters the most. Russia accounts for the bulk of gas deliveries to Bulgaria, Serbia, Bosnia and Herzegovina and North Macedonia, and is a significant supplier of crude oil to Serbia and Bulgaria. In addition, Russian companies have a solid foothold in oil refining and in wholesale and retail sales. As elsewhere in Eastern Europe, gas sales to Serbia are carried out

¹¹ Data in R. Stefanov and M. Vladimirov, *The Kremlin Playbook in Southeast Europe: Economic Influence and Sharp Power*, Sofia, Center for the Study of Democracy, January 2020.

through opaque intermediate business entities, something that raises suspicions of side payments. Gazprom is Srbijagas's near exclusive supplier and, together with TurkStream, will acquire a 51% majority stake in a critical piece of Serbia's infrastructure. In Bosnia's Republika Srpska, the sale in 2007 of the only local refinery to a Russian bidder, Zarubezhneft, without a tender has also been a matter of controversy. It was overseen personally by Milorad Dodik, who was prime minister at that time. As a result, Russia is now the largest investor in Republika Srpska (€547m over the period 2005-2016). TurkStream opens a new chapter in energy relations between the Western Balkans and Russia. Serbia has declared its readiness to start construction. Gastrans, the company in charge, is 51% owned by Gazprom. Once completed, TurkStream, with an annual capacity of some 13.88 billion cubic meters, will likely perpetuate Russia's monopoly of the Serbian gas market and strengthen its grip in Bulgaria.¹²

Russia has considerable *influence over domestic politics* in several Balkan countries. In addition to official government-to-government contacts, Moscow has established ties with a range of parties and civic association with an anti-NATO, Eurosceptic and nationalist bent. In the case of North Macedonia, Moscow instrumentalised political rivalries and fissures between the majority Slav, Macedonian and Albanian communities. In Montenegro, it threw its weight behind anti-government protests in 2015-2016 which were harnessed by anti-NATO, Serbian nationalist forces. They culminated in the discovery of a *coup d'état* plot by the authorities in October 2016 involving rogue security operatives from Serbia and agents of the Russian military intelligence (GRU).¹³

The Russian Orthodox Church (ROC) is one of the channels for projecting soft power. Just like the Russian state has built strong ties with governments, the Church profits from links

¹² Ibid.

¹³ D. Bechev (2017), see also chapter 1 by G. Fruscione in this volume.

with independent Churches in Balkan countries with an Orthodox majority such as Serbia, Greece and Bulgaria. The main interlocutor in the Western Balkans is the Serbian Orthodox Church (SOC), which finds itself in a somewhat similar situation as the ROC in the post-Soviet space. Beyond Serbia, the Church controls parishes in Republika Srpska (Bosnia and Herzegovina), Kosovo, Montenegro and Croatia, and has jurisdiction claims over North Macedonia.

Russia's *presence in the information space* is central to its influence. Tabloids, online portals and TV channels across Southeast Europe fuel the cult of Putin, praise Russia's role in world affairs and condemn the West. On the one hand, there are outlets funded and controlled by the Russian state, which deliver its point of view on international affairs and prominent regional issues such as the Kosovo dispute to Balkan audiences. In 2015, the Sputnik agency opened a Serbian language news service that operates through both a website and a radio station. On the other hand, there are local media – often under direct or indirect control of the elites – that spread (pro-)Kremlin narratives. As a report by the German Marshall Fund contends, “[r]egime-controlled public and private media seem to be the most active promoters of pro-Russia sentiments in Serbia”.¹⁴ These include pro-government tabloids such as *Kurir*, *Informers*, *Alo* and *Sprski Telegraph*.

Turkey: An Aspiring Regional Power

Turkey is in some respects Russia's mirror image in that it leverages links with Balkan Muslims. It acts in unilateralist fashion rather than through multilateral institutions and alliances such as NATO. Ankara is asserting its interests by providing economic assistance, supporting domestic political players aligned with

¹⁴ A. Metodieva, *Russian Narrative Proxies in the Western Balkans*, Policy Paper No. 16, Rethink, CEE Fellowship, The German Marshall Fund of the United States, June 2019, p. 13.

the governing Justice and Development Party (AKP), funding schools, stepping in as mediator in regional disputes, and so on. Ottoman imperial legacy is now a central part of Turkish policy in the Balkans, similarly to Russia's strategy of using religious and cultural links with the nations in the region as an asset. The Directorate of Religious Affairs (*Diyanet İşleri Başkanlığı*, Diyanet) has a network across the Balkans, funding imams, mosques and other pious institutions.¹⁵

At the same time, there are key differences between Turkey and Russia. Turkey is, strictly speaking, not an outside player in Southeast Europe. Indeed, thanks to its history and geographic location, Turkey is part of the Balkans. It is also connected to its neighbours to the west through numerous diasporas as well as the continued presence of Turks and Muslims across Southeast Europe. Since its establishment in the 1920s, the Republic of Turkey has always participated in and contributed to regional initiatives bringing together the Balkan states.

Is Turkey a rival of the EU and the US in the Balkans? Since the EU membership talks reached an impasse in late 2000s, Turkey – under Erdogan's leadership – started seeing itself as a growingly independent regional power with a presence in the Middle East, the Balkans and the Caucasus rather than as an outpost of the West. Especially in the Middle East, the focal point of Turkish foreign policy, Ankara's interests are often at odds with those of the US and major European countries like France, Germany and Great Britain. Tensions are also visible in the Balkans. At a pre-election gathering held in the Zetra Olympic Centre in Sarajevo, Erdogan accused "certain European countries" of working against Turkey to divide citizens by exposing ethnic and sectarian divides.¹⁶ The Turkish

¹⁵ Turkey's influence in the Balkans is covered in a special section in *Südosteuropa Mitteilungen*, vol. 59, no. 5-6, 2019. See also A. Erdi Öztürk and S. Akgönül (2019); and A. Vracic, *Turkey's Role in the Western Balkans*, Berlin, Stiftung Wissenschaft und Politik, December 2016.

¹⁶ "Erdogan Bosna Hersek'te: Avrupa'nın bize karşı tavrının sebebi oradaki Türklerin dağınıklığıdır" ("Erdogan in Bosnia and Herzegovina: The reason for

President went to Bosnia after the German and the Dutch governments banned him from campaigning for elections within their countries. In Sarajevo, he could rally his supporters from all over Western Europe and the Balkans, staking a claim for leadership over Muslims across the continent.

At the level of practice however, Turkey acts in parallel but not necessarily *against* the EU and the United States. Its goal is to maintain its presence without replacing the West.

For one thing, Turkey is tightly connected to the European economy, a fact highlighted by the ongoing recession which puts EU investors at risk too. The Customs Union makes the country part of the EU economic space, similarly to the Balkans. Enlargement to new members also means expanded market access for Turkey. Notably, Turkey is amongst the top 5 export markets for Romania, Bulgaria and Greece, all of them members of the European Union.¹⁷

On the security side, Ankara acts independently of NATO and has deepened its ties with Russia. Yet it remains part of the Alliance and contributes to its policies, including deterrence initiatives aimed at Moscow. Despite its strained relationship with the West, Ankara continues to support NATO enlargement to the Balkans. Rather than pursue an obstructionist strategy, as Russia does, and try to wean countries away from NATO and draw them into its diplomatic orbit, it ratified Montenegro and North Macedonia's NATO accession treaty without delay. There is also no opposition, rhetorical or substantive, from Ankara *vis-à-vis* EU expansion, which benefits Turkey. Turkish soldiers

Europe's attitude towards us is the scattering of 'Turks there'), *BBC Türkiye*, 20 May 2018.

¹⁷ Turkey's major export markets in Southeast Europe in 2018 were as follows: Romania, \$2.5bn; Bulgaria, \$1.7bn; Greece, \$1.4bn; Slovenia, \$1.06bn; Serbia, \$586m; Albania, \$308m; Bosnia and Herzegovina, \$294m; Croatia, \$272m; North Macedonia, \$253m; Kosovo, \$215m; Montenegro, \$80m. Turkey's imports from the region: Romania, \$1.557bn; Bulgaria, \$1.527bn; Greece, \$918m; Serbia, \$233m; Slovenia, \$211m; Croatia, \$150m; Bosnia and Herzegovina, \$120m; North Macedonia, \$69m; Albania, \$13m; Montenegro, \$10m; Kosovo, \$3m. Data from the Turkish Statistical Institute (www.turkstat.gov.tr).

serve in the EU peacekeeping mission in Bosnia (EUFOR). When it comes to the Balkans, Turkey has no alternative to offer the countries in the region to woo them away from Euro-Atlantic institutions.

The go-it-alone course has not delivered any substantial results for Turkey. Foreign Minister Ahmet Davutoglu's shuttle diplomacy between Serbia and Bosnia and Herzegovina in 2010-11 looked impressive on paper. Yet, beyond some initial concessions such as the Serbian parliament's condemnation of the war crime in Srebrenica (even though the term "genocide" was avoided), it has failed to settle conflicts. Bosnia and Herzegovina is arguably more fragmented and dysfunctional now than it was a decade ago, when Turkey embarked on its mission as a troubleshooter aspiring to replace the EU and the US. The main achievement of that era turned out to be the opening with Serbia which, though initiated by Abdullah Gul and Davutoglu, blossomed when Erdogan and Vucic took charge. Though present in Bosnia, Turkey is not involved in the most significant security issue in the Balkans: Kosovo. "Normalisation talks" between Belgrade and Pristina are presided over by the EU, with the US and occasionally Russia coming into the picture. All in all, Turkish ambitions have been scaled down. The Serbia-Bosnia-Turkey trilateral summits are now focused on more immediate issues such as the highway connecting Belgrade and Sarajevo.¹⁸

The AKP has made Islam the centrepiece of Turkish policy. Yet it was never altogether absent from the picture. The involvement of the Directorate of Religious Affairs dates back to the 1990s. Back then, one of its main concerns was counteracting Salafism coming from the Gulf. Nowadays, its imperative is to stamp out the Gülenists, who managed to expand their influence in the 2000s, when they were allied with the AKP. On the one hand, Turkey plays a hegemonic role in Balkan Islam. On the other,

¹⁸ D. Bechev, "Turkey's Policy in the Balkans – Continuity and Change in the Erdoğan Era", *Südosteuropa Mitteilungen*, vol. 59, no. 5-6, pp. 34-45.

religious communities are the arena of struggles emanating from Turkish politics – drawing on the country’s soft power. Fethullah Gülen’s *cemaat* was once the vanguard of Turkey’s influence in the Balkans. Now it stands as the state’s enemy number 1.

As is the case with Russia, Balkan elites do not necessarily see a trade-off between ties with Western organisations and with Turkey. This is clearly visible in the policy of non-aligned Serbia, which has also been courting Russia, China and the Gulf, while negotiating its membership of the EU. But it is also the case of Bulgaria, which has emerged as a leading advocate of engagement with Turkey within the European Union. The only country in Southeast Europe that has deep-seated concerns and fears about Turkish expansionism is Greece, which has long-standing territorial disputes with its neighbour, exacerbated by the looming conflict over gas deposits off the coast of Cyprus.

China: The New Kid on the Block

China is also planting its flag in Southeast Europe. The 16+1 (now 17+1) initiative has raised its stock amongst local politicians, businesspeople and pundits. In 2019, the summit attended by Chinese Prime Minister Li Keqian took place in Dubrovnik. In April, Serbian President Vucic travelled to China, where he met his counterpart Xi Jinping. The Presidents of Bulgaria and Greece did as well, though they certainly hold much less power than their counterpart in Belgrade. Amidst escalating trade disputes between Beijing and the West, governments continue to court China for investment. The five Western Balkan countries have attracted more than half of the \$9.4bn channelled to the 16+1 grouping, with Serbia taking the lion’s share. China, in turn, is leveraging its growing foothold to advance the Belt and Road Initiative (BRI) and lock in access to the EU. Beijing aims to secure maritime and land corridors into core European markets passing through Southeast and Central Europe. Lastly, the BRI also helps Chinese state-owned corporations invest and recycle excess capital.

China does not have a region-specific policy. Rather, it treats the Balkans as part of a larger Central and East European cluster which now also includes Greece. China seeks to play divide-and-conquer *vis-à-vis* the EU. One of the chief complaints by Europeans as well as the Americans is that trade ties with Beijing are not on a level playing field, due to various forms of protectionism, theft of intellectual property, subsidies and exchange rate manipulation. Special links with the East Europeans help dilute efforts to forge a common European position in favour of greater reciprocity. The countries concerned do not export much to China, unlike their neighbours to the west (though they are part of the supply chains centred around Germany, which accounts for half of Europe's exports to the Chinese market). What Eastern Europeans prioritise is FDI and infrastructure development backed by soft loans from China, BRI's trademark. That is why they are amenable to Beijing's overtures and have none of the ambivalent attitudes of the core EU countries.

In the Western Balkans specifically, China seems to be popular because it accords a higher status to the countries in the region. Rather than being outsiders kept at arm's length by the EU, they get to sit at the same table with member states. What is also at play is the symbolic capital of former Yugoslavia. At least some decision-makers in Beijing appear to have fond memories of that communist country yet independent from the Soviet Union and committed to a policy of non-alignment.¹⁹ No doubt, Serbia is currently playing the neutrality card, donning the mantle of Yugoslavia's successor. By contrast, Albania, which aligned with China during the Sino-Soviet split and through to the late 1970s, has failed to capitalise on old ties.

In contrast to Russia and Turkey, China is exclusively focused on economic ties and avoids becoming ensnared in local disputes. It is true that like Moscow, Beijing opposes Kosovo's independence.

¹⁹ A. Vangeli, "China: A New Geoeconomic Approach to the Balkans" in F. Bieber and N. Tzifakis (eds.), *The Western Balkans in the World: Linkages and Relations with Non-Western Countries*, Abingdon, Routledge, 2020.

This has allowed it to build strong links with Serbia. However, China sees its role in the region primarily through the lens of trade and investment rather than meddling in Balkan quarrels. This posture has helped its outreach in the region.

What follows below is a brief overview of China's main ventures in Southeast Europe.

Western Balkans

China has made remarkable inroads into the Western Balkans. Beijing is mostly financing infrastructure projects which are then implemented by Chinese contractors.

Serbia has gone further than its neighbours in developing ties, with Xi Jinping visiting Belgrade in June 2016. Loans to the tune of \$1.3bn by China's Exim Bank are funding the modernisation of the Serbian section of the Belgrade-Budapest railway. Other projects include a motorway in Western Serbia built by the state-owned China Communications Construction Company (CCCC) and the acquisition of the Zelezara Smederevo steelworks by Chinese steelmaker HBIS. Vucic has been touting the sale of a new tyre factory at Zrenjanin, and the sale of RTB-Bor mines to another Chinese company.²⁰

Other countries are going down the same road. In Bosnia, the Federation's electricity utility Elektroprivreda BiH has commissioned a new block at the Tuzla thermal power plant to a consortium of three Chinese companies. Backed by a \$777m Eximbank loan, the project is the largest industrial undertaking since the war in the 1990s. China Road and Bridges Corporation (CRRB) is building sections of the highway running from the Montenegrin port of Bar to the border with Serbia. The first 41-km section is scheduled for completion in 2020 and involves some 20 bridges and 16 tunnels. Yet there have been concerns about the lack of transparency of the Eximbank-funded project, which accounts for 80% of the country's GDP.

²⁰ Oxford Analytica, "Chinese BRI in Balkans will raise West's concerns", *Oxford Daily Brief*, 11 September 2019.

CRBC, which won the contract without an open tender, is exempt from VAT and customs duties. In North Macedonia, two highways contracted in 2013 with Sinohydro Corporation under a 20-year loan by Eximbank, have triggered corruption charges against former Prime Minister Nikola Gruevski and top officials in his cabinet for siphoning off €150m from the state's budget. As a result, the 56.7 km Ohrid-Kichevo road has been delayed well past its original May 2017 target date. The government estimates that an additional investment of €70m is needed for completion. The case illustrates the less appetising aspects of Chinese ventures.²¹ Lastly, the airport in neighbouring Albania's capital of Tirana is operated by the Hong Kong-based China Everbright Limited (CEL).

China is also selling its technology to the Balkan countries. In March 2019, Serbian Interior Minister Nebojsa Stefanovic announced that Huawei would install 1,000 surveillance cameras in Belgrade equipped with facial and license-plate recognition software, as part of the Safe and Smart City project. At least 100 cameras appear to be already in operation. For Chinese ICT companies, Belgrade could become a launching pad for other cities in Central and Eastern Europe, in line with Beijing's "Digital Silk Road" strategy. Belgrade is eager to host a Huawei Innovation Center for Digital Transformation. In the summer of 2019, Serbia and China launched joint police patrols in cities visited by Chinese tourists.²²

The Covid-19 crisis highlighted Beijing's growing appeal in the region. Serbian President Vucic praised China for sending medical supplies to Serbia. "European solidarity does not exist. That was a fairytale on paper", he lamented. "These are the same people who have asked us to fix our tender procedures to exclude the Chinese so that EU companies would get Serbian money. Now our Serbian money is no longer good enough for

²¹ Ibid.

²² V. Vuksanović, "Light Touch, Tight Grip: China's Influence and the Corrosion of Serbia's Democracy", *War on the Rocks*, 24 September 2019.

them”.²³ Belgrade saw billboards thanking “Brother Xi”, paid by the pro-government tabloid *Kurir*. While Chinese financial assistance is a tiny fraction of the funds EU disburses in the region, the coronavirus challenge helped Beijing score points against the West, as it did in pandemic-stricken Italy.²⁴

Russia and Turkey also jumped on the bandwagon. After a phone call between Vucic and Putin, Russian military planes delivered 87 medics, virologists, as well as medical equipment and 16 vehicles to Serbia.²⁵ North Macedonia’s Foreign Minister meanwhile thanked Turkey for helping out.²⁶ Albanian Prime Minister Rama similarly turned for assistance to Erdogan.²⁷ Yet again, the Western Balkans were at the epicentre of a soft-power race.

EU members

There is a growing Chinese presence in EU member countries in the Balkan region. In January 2018, CRBC won a tender for a bridge on Croatia’s coast. The project, which has unnerved neighbouring Bosnia and Herzegovina as it cuts through its minuscule access to the Adriatic, is funded largely by the EU. Bulgaria too is pursuing Chinese investment. The energy ministry in Sofia maintains that the China National Nuclear Corporation is interested in the Belene nuclear power plant, a project carried out by Russia’s energy corporation Rosatom. Bulgaria used to host a factory assembling Chinese-made cars, which went bankrupt in 2017.²⁸

²³ *Nedeljnik*, 15 March 2020.

²⁴ D. Bechev, *Covid-19 in the Western Balkans*, *New Atlanticist*, Atlantic Council, 3 April 2020.

²⁵ “Serbian president informs of Russian humanitarian aid deliveries to combat COVID-19”, *TASS*, 2 April 2020; “Russian military physicians begin treating suspected Covid-19 cases in Serbian capital”, *RT*, 7 April 2020.

²⁶ “Turkey despatched aid to Spain and Italy too, through a mechanism established by NATO”, *Daily Sabah*, 6 April 2020.

²⁷ COVID and international assistance to Albania, *Tirana Times*, 23 March 2020.

²⁸ Oxford Analytica (2019).

In 2018, Greece became the first developed country to sign up for BRI, and last year it also joined the 16+1 platform. China's flagship project remains the port of Piraeus which is majority owned by COSCO Shipping. In August, the company submitted a €800m plan for a new container terminal. Together with the upgrades of road and rail infrastructure across former Yugoslavia, the expanded port could boost Chinese exports to the EU.

Conclusion

In the 2010s, Balkan politics became growingly competitive. Multiple players willing to challenge Western dominance or simply to exploit gaps and opportunities have entered the region. Nowhere is this more conspicuous than in the successor states of former Yugoslavia, with Serbia and Bosnia and Herzegovina standing out. Yet the rest of the region is not immune either, as the inroads made by China suggest. While the EU and NATO are still the principal centre of gravity, their transformative impact on Balkan countries' foreign policies, but even more importantly on domestic institutions, has proved limited. Local elites have been eager to diversify their international partnerships beyond core Europe and the US and to cash in on opportunities offered by non-Western players. This should come as no surprise, not least because such behaviour is hardly uncommon within the EU too. Yet foreign influence also carries costs in that it exacerbates indigenous problems such as state capture, deficiencies in the rule of law and toxic nationalism. Any strategy by the West to counter its rivals should therefore focus on the underlying conditions making Southeast Europe vulnerable.

4. EU, NATO and Beyond: The Security Dynamics of the Western Balkans

Katarina Djokic

After violent conflicts in the 1990s and early 2000s, the Balkans has enjoyed a period of stability. The UN,¹ EU and NATO still maintain a crisis-management presence in Bosnia and Herzegovina (BiH) and Kosovo, but in the 2000s the dominant narrative became one of transforming the region from security recipient into security provider.² The pull factor of Euro-Atlantic integration played a considerable role in post-conflict stabilisation after 2000. However, by the end of the last decade, this factor began to show its limitations. While 2019 started with huge optimism surrounding implementation of the Prespa Agreement³ and NATO nations signing the Accession Protocol of the Republic of North Macedonia,⁴ it ended in

¹ United Nations Interim Administration Mission in Kosovo (UNMIK) is still present, in accordance with UN Security Council Resolution 1244, although majority population and part of international community perceive it has outlived its mandate. However, its presence is still important in North Kosovo with ethnic Serb majority. H. Dijkstra et al., *Partners in conflict prevention and peacebuilding: How the EU, UN and OSCE exchange civilian capabilities in Kosovo, Mali and Armenia*, EU-CIVCAP Report, DL 4.2, 2017, pp. 19 and 22-23.

² D. Emini and D. Marku, *Rethinking security: Western Balkans as a security provider*, SEE Think Net, July 2018.

³ Final Agreement for the Settlement of the Differences as Described in the United Nations Security Council Resolutions 817 (1993) and 845 (1993), the Termination of the Interim Accord of 1995, and the Establishment of a Strategic Partnership between the Parties, 17 June 2018.

⁴ NATO, "NATO Allies sign Accession Protocol for the future Republic of

disappointment, with North Macedonia and Albania failing to start EU accession negotiations.⁵ Out of all Western Balkan countries, only Croatia has become an EU member and the process of enlargement seems to be derailed indefinitely. NATO enlargement, on the other hand, has been effectively completed. BiH is the only candidate remaining, but NATO membership is a divisive issue for the country rather than a consensus-building one as it was, for instance, in North Macedonia.

Relative stability has withdrawn the region from the focus of global and European security policy practitioners. However, there is an increasing awareness of the impact of the region's security dynamics on the European Union through, for example, small arms proliferation, drug and human trafficking, and the management of irregular migration. In recent years, the presence of Russia and China in the Balkans has also been in the spotlight.

This chapter looks at security dynamics, key strategic orientations, allegiances and partnerships within and beyond the region at the beginning of the new decade. The focus is on the Western Balkans, i.e. countries remaining outside the European Union, although Croatia will frequently be included in the analysis as it maintains strong ties with the rest of the region in terms of conflict legacy, the challenges it faces, security sector reforms and previous Euro-Atlantic integrations.

Regional Security Environment

In 2020, the Balkan region is stable, but volatile. Low-intensity conflict is fuelled by rising populism, which goes hand in hand with EU enlargement fatigue. In the years after 2000, the EU perspective acted as a carrot for democratisation and long-term peacebuilding in the region, including security sector reform,

North Macedonia”, 6 February 2019.

⁵ “EU blocks Albania and North Macedonia membership bids”, *BBC News*, 18 October 2019.

promotion of intercommunal dialogue and transitional justice, but EU accession began to lose its appeal well before 2020. In parallel, democratic backsliding and state capture tendencies are undermining internal stability and risking regional spillover.

The key factors influencing regional stability can be divided into three groups:

- those dividing the region, such as conflict legacy, long-standing disputes and ethnonationalist populism, spiced with a return of geopolitics;
- common security threats and risks related to weak institutional frameworks;
- the shared external (outside governance) security threats and risks that could potentially bring the region together.

What is tearing us apart: unresolved disputes, populism and “arms races”

In most of the region, policy makers tend to believe that Euro-Atlantic integrations have significantly improved the security environment.⁶ Croatia is a member of the EU and NATO; Montenegro and Albania are NATO members, North Macedonia became full NATO member in March 2020 and BiH has initiated the NATO Membership Action Plan (MAP) process. In their official policy framework, all countries agree that the threat of aggression or conventional warfare is minimal. Still, national strategic documents are wary of the possible effects of “past events and unresolved disputes” on regional security dynamics. Most point to interethnic relations as a potential source of insecurity, with different wording used to describe the issue, ranging from “political use and non-fulfilment of the rights of certain ethnic groups or minorities” (Albania) to

⁶ References to this can be found, *inter alia*, in Albanian National Security Strategy, BiH Foreign Policy Strategy, Kosovo Strategic Security Sector Review, Macedonian Strategic Defence Review, Montenegrin National Security Strategy and Serbian Defence Strategy. An overview of relevant strategic documents is provided in Annex 1.

“political radicalisation and populism in certain states” (Croatia) and “ethnic and religious extremism” and outright “separatism” (Serbia).

The status of Kosovo is a persisting challenge deriving from the ramifications of past events: it affects relations between Belgrade and Pristina and complicates the situation in Northern Kosovo where Serbs are in the majority. In fact, recent Serbian security strategies identify Kosovo’s independence as the biggest threat to national security.⁷ Kosovo’s statehood is not recognised by a number of countries including some EU and NATO members. In the last decade, the EU extended its engagement in stabilisation and peacebuilding to cover running the EULEX rule of law mission, which is now being phased out,⁸ support for rule of law reforms and certain civil society interethnic dialogue initiatives under the Instrument for Pre-Accession Assistance (IPA), and political dialogue facilitated by High Representatives. Such EU facilitation has resulted in a range of agreements, whose implementation is showing a mixed track record.⁹ Dialogue stalled after the authorities in Pristina introduced 100% tariffs on Serbian goods in November 2018 as a retaliation for Serbia foiling their membership of Interpol.¹⁰ On the other hand, the US became more involved in 2019, appointing two special representatives/envoys with the aim of resuming political dialogue.¹¹ In the shadow of the “tariff war”, the Kosovo Security Force (KSF) is being transformed into a proper military force based on legislation passed in December 2018.¹² NATO remains in charge of providing hard security and

⁷ J. Pejic Nikic, *Military neutral European Serbia between the Republic of Srpska and the Greater Albania*, Belgrade Centre for Security Policy, 2019.

⁸ EULEX, “About EULEX”, n.d., <https://www.eulex-kosovo.eu/?page=2,60>.

⁹ Cf. M. Russell, *Serbia-Kosovo relations: Confrontation or normalisation?*, European Parliamentary Research Service, February 2019.

¹⁰ “Kosovo hits Serbia with 100% trade tariffs amid Interpol row”, *BBC News*, 21 November 2018.

¹¹ N. Burazer, “The Game of Envoys: Are the EU and the US taking the Western Balkans more seriously?”, *European Western Balkans*, 8 November 2019.

¹² “Kosovo Votes to Turn Security Force Into Army”, *BalkanInsight*, 14 December 2018.

leads KFOR, the UN-mandated crisis-management operation. As an organisation, NATO has cautiously warned against any change to the KSF mandate.¹³ For Serbia, continued KFOR presence remains vital and is currently the key driver of political dialogue with NATO. Overall, transformation of the KSF has not dramatically increased tensions in the region so far, but it will certainly prove a thorny issue in the long term, as Kosovan authorities endeavour to assume control in the field of defence.

Throughout the region, interethnic issues are interwoven with interstate disputes, as the politically strongest minorities tend to enjoy support from their kin states. Both Croatia and Serbia define protection of ethnic brethren beyond their borders as national security interests, with an eye on Bosnia.¹⁴ At the same time, their strategic documents identify the “greater state” ideologies of others as a security challenge. Whereas Croatia is not naming names,¹⁵ Serbia has singled out the “greater Albania project” as a threat to peace in the region “and beyond”.¹⁶ There is no empirical evidence that “greater state” projects are actually being pursued; Serbia’s rhetoric is merely indicative of a trend towards populist policy making. It is not clear who the intended recipients of the message are, nor what the purpose of the message is: to keep the population in a state of agitation, deter nationalist policies in neighbouring countries or merely justify defence investment. The latter issue in particular has come under the spotlight of regional media in recent years, with news of arms procurement in various countries, especially Serbia and Croatia, triggering sensationalist announcements of new arms

¹³ “Foggo Meets with Kosovo’s Senior Security Officials”, *JFC Naples*, 23 May 2019.

¹⁴ *The Republic of Croatia, National Security Strategy*, 2017, p. 8; Republika Srbija, *Strategija odbrane (Defence Strategy of the Republic of Serbia)*, 2019, p. 12.

¹⁵ “The strengthening of radical nationalism based on ‘greater state’ ideologies – including ideas about changing internationally recognised borders – as well as activities aimed at undermining the credibility of Croatia, constitute a threat to the security, interests and reputation of Croatia”. (*The Republic of Croatia, National Security Strategy...*, cit.

¹⁶ Republika Srbija, *Strategija nacionalne bezbednosti...*, cit., p. 5.

racism.¹⁷ Such statements evidently overlook the fact that article IV of the Dayton Agreement¹⁸ and the Vienna Document,¹⁹ which provide for sub-regional arms control, are still in force and official sources have not complained of breaches.

The current Serbian leadership is confidently approaching Republika Srpska, one of the entities comprising Bosnia and Herzegovina, as an area of defence and security policy influence. New strategic documents passed in 2019 made waves by defining the preservation of Republika Srpska's identity within BiH under the terms of Dayton Agreement as a defence policy and not a foreign policy objective.²⁰ This formulation is not necessarily hostile towards BiH, yet it does not help that Serbian minister of defence has on several occasions stated that "Republika Srpska does not have its own army, but Serbian people do".²¹ On a practical level, the Serbian government is attempting to get Serbian defence companies to invest in Republika Srpska.²² The accumulation of these actions and populist rhetoric undermines trust in the region.

¹⁷ "Balkan is in arms race; Neighbours, beware!", *Deutsche Welle/B92*, 7 November 2019.

¹⁸ Organization for Security and Cooperation in Europe (OSCE), "Article IV", "Article IV of the Dayton Peace Accords provided the framework for negotiations of a sub-regional arms control agreement, which was concluded in Florence on 14 June 1996. It engaged the three parties within Bosnia and Herzegovina as well as Croatia and Serbia and Montenegro".

¹⁹ Organization for Security and Co-operation in Europe (OSCE), *Vienna Document 1999*, 16 November 1999.

²⁰ J. Pejić Nikić, *Military neutral European Serbia between the Republic of Srpska and the Greater Albania*, Belgrade Centre for Security Policy, 2019. In Sarajevo, this raised concerns and calls for BiH to "strike back" by adopting new national security strategy, see E.L., "BiH ima zastarjelu Strategiju odbrane iz 2006, hitno se mora odgovoriti Srbiji" ("BiH has an outdated security strategy, an urgent response to Serbia is required"), *Faktor*, 26 December 2019.

²¹ "Minister Vulin: Republika Srpska does not have its own army, but the Serb people have it", Ministry of Defence, 12 May 2019.

²² "Minister Vulin: As long as Vučić leads Serbia, Srpska may be calm", Ministry of Defence, 20 September 2018; "Pogon srpske fabrike „Jumko” otvoren u Drvaru" ("A workshop of Serbian Jumko factory opened in Drvar"), *Politika*, 29 January 2020.

Serbia's policy framework surely reflects the strong populist flavour of the new wave of securitisation in regional relations. Apart from certain officials, tabloids close to the government are major stakeholders in this process. For instance, in 2018 two of the most widely read Serbian tabloids published around 260 "war announcements" on their front pages, meaning that each of them was "announcing" war every second or third day.²³ In view of this, it is barely surprising that almost 70% of Serbian citizens are worried that their country could find itself one again at war.²⁴ A comparative poll by the International Republican Institute (IRI) indicates that Serbian respondents are more likely to pinpoint regional tensions/war as the biggest security threat to their country than those in BiH, Kosovo or North Macedonia.²⁵ Based upon available findings, however, it appears that the Serbian population is an exception when it comes to fear of conflict, as the region's citizens generally feel more threatened by unemployment and economic instability. Still, the outlook for regional relations is indeed getting grimmer. The annual Balkan Barometer surveys show that only Montenegro is more optimistic about relations in South Eastern Europe.

²³ "Rat je najjeftinija reč srpskih tabloida" ("War is the cheapest word for Serbian tabloids"), *Fake News Tragač*, 11 March 2019.

²⁴ R. Krumm et al., *Security Radar 2019: Wake-up call for Europe!*, Friedrich Ebert Stiftung, 2019, p. 54.

²⁵ *Public Opinion in Kosovo, Serbia, Bosnia and Herzegovina, and North Macedonia*, IRI - Center for Insights in Survey Research, November 2018.

Tab. 1.1 - PERCENTAGE OF RESPONDENTS WHO TOTALLY AGREE OR TEND TO AGREE THAT RELATIONS IN SOUTH EASTERN EUROPE ARE BETTER THAN THEY WERE 12 MONTHS AGO²⁶

	2017	2018	2019
Albania	52%	62%	52%
Bosnia and Herzegovina	31%	21%	33%
Kosovo	62%	48%	50%
Montenegro	47%	53%	55%
North Macedonia	53%	57%	42%
Serbia	32%	38%	31%

Strained relations between Russia and the West, especially after the annexation of Crimea in 2014, have more ostensibly divided the region. The countries which have clearly opted for NATO membership unambiguously define the “emergence of increasingly aggressive countries adopting an unfriendly attitude to the West”²⁷ as a threat to national security. On the other hand, Serbian official policy, decision makers and public opinion alike see Russia and China as partner countries. In fact, from the perspective of Serbian public opinion, the largest threat to national and European security is posed by the US and NATO.²⁸ This image is reversed in Kosovo, where over 80% of population perceive Russia as a hostile country.²⁹

²⁶ Data from: Regional Cooperation Council, *Balkan Barometer 2019*, p. 34; *Balkan Barometer 2018*, p. 47, and p. 52.

²⁷ Republic of Albania – Ministry of Defence, *Defence Directive 2019*, p. 1.

²⁸ R. Krumm (2019), pp. 23 and 34.

²⁹ D. Emini and D. Marku, *Kosovo Security Barometer Special Edition: Public Perceptions toward Kosovo's Foreign Policy and Dialogue With Serbia*, Kosovar Centre for Security Studies, February 2018, p. 22.

What we have in common:
Institutional flaws, corruption and elements
of state capture

In most countries' policy framework, corruption as such is not recognised as a security threat, risk or challenge. An interesting exception is Albanian national security strategy, which links organised crime to institutional deficiencies, corruption and politicisation,³⁰ resonating with the advocacy efforts that Western Balkan civil society has undertaken within the framework of the Berlin process.³¹ A particular challenge is the process recently termed "state capture", which entails "links with organised crime and corruption at all levels of government and administration, as well as strong entanglement of public and private interests".³² An example of state capture in the security sector can be found in Serbian legislative amendments designed to decrease the transparency of security governance, enhance the discretionary powers of political officials and limit internal control and external oversight.³³ Furthermore, the security sector and especially security services are likely to be misused as a tool of state capture, as was shown by the mass surveillance revealed in North Macedonia in 2015.³⁴

³⁰ That said, the timing when the strategy was drafted – immediately after a change of government – ought to be noted.

³¹ Politicisation of human resource management was singled out as a particular weakness of law enforcement. See: S. Stojanovic Gajic, *Security Issues in the Western Balkans*, Civil Society Forum of the Western Balkan Summit Series Policy Brief no. 5, European Fund for the Western Balkans and Belgrade Centre for Security Policy, April 2018.

³² Cf. European Commission, *A credible enlargement perspective for and enhanced EU engagement with the Western Balkans*, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 6 February 2018, p. 3.

³³ S. Đurković (ed.), *preUgovor Alarm: Report on the Progress of Serbia in Chapters 23 and 24*, Belgrade Centre for Security Policy, September 2019, pp. 26-27.

³⁴ See J. Pejić and S. Stojanovic Gajic, *Why Do We Need Priebe Report as Well: How to Reverse the Trend of State Capture in the Western Balkans*, Belgrade Centre for Security Policy, November 2018.

Corruption and the undermining of institutional powers prevent institutions from addressing security threats such as organised crime and providing even basic services to citizens, worsening social insecurity and contributing to mass emigration – one of the issues some countries in the region recognise as a challenge to national security. Another consequence of corruption is environmental degradation: for example, the Bosnian Ministry of Security links ecological problems to systematic corruption.³⁵

What could bring us together:

Organised crime, extremism and natural disasters

The threat of organised crime has been recognised by governments; it appears in all recent strategic documents and is among the priorities recognised at interstate (regional) level. It has long been known that the region's geographic position makes it a route for trafficking in people, drugs, cigarettes and weapons. A recent analysis identifies the hotspots of organised crime as places of strategic location afflicted by weak government and economic vulnerability.³⁶ This suggests that the challenges described in the previous section must be addressed in dealing with organised crime.

The proliferation and misuse of small arms and light weapons (SALW) is a related threat. It is estimated that there are around 3.8 million unregistered firearms in the Western Balkans, mainly as a result of conflicts in the 1990s and instability (including the collapse of the Albanian government in 1997).³⁷

³⁵ Bosna i Hercegovina - Ministarstvo sigurnosti, *Informacija o stanju sigurnosti u Bosni i Hercegovini u 2017. godini* (Information about State of Security in BiH in 2017), Sarajevo, June 2018.

³⁶ The Global Initiative against Transnational Organized Crime, *Hotspots of Organized Crime in the Western Balkans: Local Vulnerabilities in Regional Context*, May 2019, p. 7.

³⁷ J. Carapic and R. Gassmann, *Strengthening Resilience in the Western Balkans: Mapping Outreach and Assistance for Small Arms Light Weapons Control*, Republic of Austria - Federal Ministry of Defence, 2018, p. 9.

SALW proliferation has made its way on to the agenda of the Berlin Process, but illegal possession, misuse and trafficking in SALW is still insufficiently recognised as a threat by national strategic documents.

Natural and man-made disasters are recognised as serious threats across the region. Empirically speaking, in the last decade, people were more affected by natural disasters than by ethnic violence or terrorism. For example, in May 2014, thirty-three people perished and 32,000 had to be evacuated³⁸ in major flooding that struck several countries in the region.

The Albanian earthquake of November 2019 took 51 lives and, according to preliminary estimations, left at least 4,000 people homeless.³⁹

Terrorism is assessed as a major risk in BiH, Montenegro, Albania and Kosovo, as well as at regional level.⁴⁰ Albania and Kosovo in particular link the risk of terrorism to NATO membership i.e. to their aspiration to join the Alliance. The radicalisation of the resident population and the return of foreign fighters also add to the risk. Further threats identified across the region include energy insecurity, economic instability, mass emigration (of own nationals), the migration crisis and cyber-attacks.

Strategic Interests, Alliances and Partnerships

Judging by official policy documents, the countries in the region share various key strategic interests and goals: EU membership, regional stability, building resilience and contributing to a

³⁸ M. Janković, “Pet godina od poplava u Srbiji: Bujica vode, ali i ‘kriminalnog nemara’” (“Five years after the flooding in Serbia: a torrent of water as well as of ‘criminal recklessness’”), *BBC News*, 14 May 2019.

³⁹ “Albania’s search for quake victims ends as death toll rises to 51”, *Al Jazeera Balkans*, 30 November 2019.

⁴⁰ Summit of the South East European Cooperation Process (SEEC) Declaration, 8-9 July 2019. <http://predsjednistvobih.ba/saop/default.aspx?id=85332&langTag=en-US>

more secure global environment through participation in peace support operations. All of them have been through very similar security sector reform processes, often relying on guidance from the same international partners and consultants. Importantly, by 2006, all countries had opted for collective security through the Partnership for Peace (PfP).

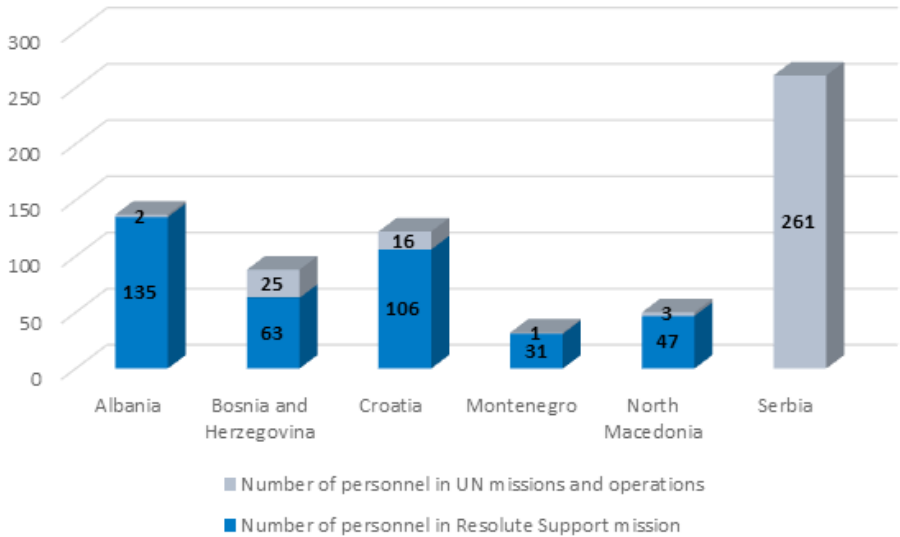
Most countries in the region have opted for collective defence through NATO membership. Albania, Croatia and Montenegro are NATO members and the Republic of North Macedonia has gained full membership in March 2020. All these countries are fully committed to NATO, as can be observed by comparing their participation in NATO missions and operations to those led by the United Nations. In terms of capability building, the focus has been on contributing to NATO crisis management. The units declared ready for deployment abroad in line with NATO standards have enjoyed priority when it comes to equipment and training⁴¹ – not least because they have benefited most from NATO and the support of individual members. At the same time, these nations have recognised the challenge of relying on their own resources to sustain deployment under NATO membership.⁴² All of them have formally committed to increasing defence expenditure to 2% of GDP in line with the Wales Summit Declaration.⁴³

⁴¹ For instance, this is underlined in Macedonian Long-term defence capability development plan 2019-2028.

⁴² E.g. Montenegro states its defence policy objectives are derived from commitments stemming from NATO membership. Crna Gora - Ministarstvo odbrane, Strategija odbrane Crne Gore (Defence Strategy of Montenegro), Podgorica, February 2019, p. 10.

⁴³ As stated in Albanian Long-term Armed Forces Development Plan 2016-2025, Croatian National Security Strategy (p. 26), Macedonian Long-term Defence Capability Development Plan (p. 4), and Montenegrin Defence Strategy (p. 13).

FIG. 4.1 - DEPLOYMENT IN RESOLUTE SUPPORT IN COMPARISON TO DEPLOYMENT IN ALL UN MISSIONS AND OPERATIONS IN 2019⁴⁴



Kosovan authorities are interested in NATO membership once the statehood issue has been settled and are currently hosting not only KFOR but also a NATO Advisory and Liaison Team adjoined to the Kosovo Security Force Ministry. On the other hand, Bosnia and Herzegovina remains divided along ethnic lines. The country was invited to join the Membership Action Plan (MAP), the first step in NATO accession, in 2010. Nevertheless, NATO has made MAP activation conditional on military property registration, a process foiled by disputes between Sarajevo and the Serb entity Republika Srpska. The parliament of Republika Srpska voted to declare military

⁴⁴ NATO, “Resolute Support Mission (RSM): Key Facts and Figures”, June 2019; UN, “Contributors to UN Peacekeeping Operations by Country and Post Police, UN Military Experts on Mission, Staff Officers and Troops”, December 2019. The UN data include police officers.

neutrality in 2017⁴⁵ in a purely symbolic move considering that the central government has had full competence for defence since 2015. In 2018, NATO finally invited BiH to submit its first Annual National Plan (ANP), but the drafting of such a document was obstructed by Serb officials. After a year of stalemate, BiH submitted a document called “Reform Programme”, which largely resembles an ANP, but is officially not one.⁴⁶ NATO membership will continue to be a politically sensitive question, especially since public opinion is polarised: according to a poll conducted in 2019, 76% of respondents in Sarajevo supported NATO membership while 77% of respondents in Banja Luka (the capital of Republika Srpska) preferred military neutrality.⁴⁷

TAB. 4.2 - TIMELINE OF PFP/NATO INTEGRATION

Country	PfP member since	Joined MAP (submitted ANP)	Member since
Albania	1994	1999	2009
Bosnia and Herzegovina	2006	2019	
Croatia	2000	2002	2009
Montenegro	2006	2010	2017
North Macedonia	1995	1999	2020
Serbia	2006		

Serbia remains a unique case: military neutrality was first referred to in a National Assembly resolution passed in 2007, in anticipation of Kosovo’s declaration of independence.⁴⁸

⁴⁵ D. Kovačević, “Bosnian Serbs Adopt Resolution on Military Neutrality”, *BalkanInsight*, 18 October 2017,

⁴⁶ D. Kovacevic, “‘Reform Program’ Fails to Clarify Bosnia’s NATO Ties”, *BalkanInsight*, 21 December 2019.

⁴⁷ Centar za lobiranje, “Uporedna analiza istraživanja javnog mnjenja – stav građana BiH: Vojna neutralnost ili NATO. Avgust 2018/Avgust 2019” (“Comparative analysis of public opinion poll – BiH citizens’ attitude: Military neutrality or NATO. August 2018/August 2019”), 5 October 2019.

⁴⁸ Narodna skupština Republike Srbije, “Rezolucija Narodne skupštine o zaštiti

For Serbia, military neutrality means refraining from NATO membership; it is also an expression of discomfort about the different approaches taken to Kosovo's statehood by Serbia and the leading NATO nations. Nonetheless, in more recent years, Serbia, already part of the PfP since 2006, has significantly increased its political and military cooperation with NATO. The tide turned when the current ruling party was consolidating its power after 2012 and political leaders started increasingly referring to military neutrality as a justification for balanced defence cooperation with NATO and Russia. The new national security and defence strategies, passed in December 2019, duly establish military neutrality as a crucial strategic orientation in national policy. Serbia is still a NATO partner and finds the rationale for maintaining this relationship in the need to work with KFOR and in other regional security considerations.⁴⁹

However, Serbia is becoming an increasingly reluctant partner. For instance, it only adopted the current Individual Partnership Action Plan after a delay of two years⁵⁰ and, judging by the content of this document, the government has no ambition to deepen cooperation with NATO on new projects or initiatives. At the same time, security cooperation with Russia and, more recently, with China, has been widely publicised and has caused quite a few dilemmas concerning Serbia's geopolitical position.

Comparing Serbian cooperation with NATO and Russia at a practical level nevertheless speaks in favour of the former. Serbia is involved in more military exercises with NATO and its individual member nations than with Russia.⁵¹ The US is the

suvereniteta, teritorijalnog integriteta i ustavnog poretka Republike Srbije” (“National Assembly Resolution on Protection of Sovereignty, Territorial Integrity and Constitutional Order of the Republic of Serbia”), 2007.

⁴⁹ K. Djokic, “Living on its own: what does Serbian military neutrality mean in practice?”, Belgrade Security Forum, 24 September 2019.

⁵⁰ “Serbia adopts new IPAP with NATO”, *European Western Balkans*, 8 November 2019.

⁵¹ For instance, in 2019 it took part in thirteen exercises with the former and four with the latter. (“Srpska vojna saradnja u 2019: 13 vežbi sa NATO i četiri sa Rusijom” (“2019 Serbian military cooperation: 13 exercises with NATO and four

country's biggest donor according official statistics issued by the Ministry of Defence (MoD), which, however, do not include major arms donations arranged by the Russian Federation in 2016 and partially delivered in 2018-19.⁵² When it comes to procurement, Serbia is maintaining a balance between Russia and NATO by making acquisitions from both sides, although arms procurement from Russia is more headline-grabbing and plays along with populist rhetoric. Still, beyond the mixed foreign policy messages that Serbia is sending by acquiring arms from Russia, there is also a financial and tactical logic to these purchases, as Russian arms are cheaper to buy and integrate in the national defence system. A humanitarian centre in the city of Niš, set up in 2012 as an intergovernmental humanitarian non-profit organisation has been a controversial item on the Serbian-Russian security cooperation agenda.⁵³ Its purported aim is cooperation in emergency management, though it frequently appears in the spotlight as a "centre of espionage".⁵⁴ Complicating these sensationalist controversies are the non-transparent financing and lengthy procedures involved in obtaining equipment from Russia,⁵⁵ which calls into question the efficiency of this arrangement.

with Russia"), *Balkan Security Network*, 17 November 2019.

⁵² "Rusija najveći donator Vojske, u Informatoru nisu prikazane donacije koje su u toku" ("Russia is the biggest donor of the Serbian Armed Forces, the [MoD's official] Information Booklet does not show donations which are currently being delivered"), *Beta/Danas*, 31 July 2019.

⁵³ *Zakon o potvrđivanju Sporazuma između Vlade Republike Srbije i Vlade Ruske Federacije o osnivanju Srpsko-ruskog humanitarnog centra* (Law on Ratification of Agreement between the Government of the Republic of Serbia and the Government of the Russian Federation on Establishment of Serbian-Russian Humanitarian Centre), 2012.

⁵⁴ M. Djurdjic, "US Sees Russia's Humanitarian Center' in Serbia as Spy Outpost", *Voice of America*, 15 June 2017.

⁵⁵ M. Stojanović, "Kiša jedina pomoć iz vazduha gašenju požara na Staroj planini, 'Ilyushina' nema" ("Only rain helps put out fire from air, Ilyushin is missing"), *N1*, 1 November 2019.

In 2019, China drew some attention away from Russia as a controversial partner of Serbia in the field of security. This is in line with growing interest in China's policy towards the region.⁵⁶ However, China has been a long-term donor to Serbia's MoD on the basis of an agreement signed in 2005.⁵⁷ Defence cooperation with China gained speed in 2018 and 2019, with two major episodes. Firstly, Serbia is in the process of acquiring Chinese technology for UAVs (unmanned aerial vehicles), a capability it has not possessed so far.⁵⁸ Secondly, smart video surveillance systems were installed in Belgrade in cooperation with the Chinese company Huawei. This sounded alarms among the Serbian public due to evident violations of personal data protection.⁵⁹ After pressure from civil society and a watchdog institution Serbian Ministry of the Interior decided to review its assessment of the impact of this project.⁶⁰

Another interesting partner for Serbia has been The United Arab Emirates, whose companies have invested in a variety of projects, from long-range missiles to the management of military agricultural land.⁶¹

⁵⁶ “[BSF] China is deeply in the Balkans and plans to stay there”, *European Western Balkans*, 19 October 2019.

⁵⁷ Ministry of Foreign Affairs of the Republic of Serbia, “*Međunarodni bilateralni ugovori*” (“International bilateral agreements”), 15 November 2016.

⁵⁸ “*Vulin posetio stručnjake Vojske Srbije koji rade u Pekingu*” (“Vulin visited experts from the Serbian Armed Forces who are working in Beijing”), *Beta/N1*, 23 October 2019.

⁵⁹ SHARE Foundation, Partners Serbia and Belgrade Centre for Security Policy, *Serbian government is implementing unlawful video surveillance with face recognition in Belgrade*, 2019.

⁶⁰ D. Vukosavljevic, “*Pametne kamere nisu dobile ‘zeleno svetlo*””, *Politika*, 2 December 2019.

⁶¹ W. Bartlett et al., “UAE Policies towards the Western Balkans: Investment Motives and Impacts”, memo presented at a workshop organised by the LSE Middle East Centre on “*Mapping GCC Foreign Policy: Resources, Recipients and Regional Effects*” on 7 October 2015; “*Arapske investicije u poljoprivredu: Al Ravafed izmirio obaveze, država i dalje na gubitku*” (“Arab investment in agriculture: Al Ravafed has settled obligations, the state still making losses”), *Insajder*, 27 April 2018.

At the same time, Serbia has also availed itself of the Administrative Arrangement with the European Defence Agency to participate in a number of initiatives, at least at an information exchange level. The country's new Defence Strategy also specifies cooperation with the EU in the field of defence research and development as one of Serbia's interests. All things considered, it appears that Serbia, at least when it comes to defence, is acting very pragmatically and accepting offers regardless of who makes them. On the other hand, in combination with deteriorating rule of law, inadequate transparency of governance, and international security cooperation with countries lacking normative support for democracy and fundamental rights, this could be detrimental to Serbian citizens, as the video surveillance example shows.

Though Serbia is the first country that springs to mind in discussions of "third party influence" in defence cooperation, this does not mean that other countries are not "exploring their options" too. Turkey, a NATO member, has bilaterally increased its presence in the region through arrangements with BiH and Montenegro among others, and provides financial assistance to these countries to purchase Turkish arms and military equipment.⁶²

Regional Security Cooperation

South Eastern Europe has seen a number of regional initiatives for security cooperation in different fields. Roughly, three waves can be identified. The first was launched in the 1990s, with the aim of facilitating political dialogue, good neighbourly relations and confidence building. Prominent examples include two still-active initiatives launched in 1996: the Southeast European Cooperation Process (SEECP), praised as a genuine,

⁶² R.D., "Turska sa 60 miliona KM jača Oružane snage Bosne i Hercegovine" ("Turkey is strengthening the Armed Forces of Bosnia and Herzegovina with KM 60 million"), *Klix.ba*, 17 January 2020.

When it comes to **EU integration in the fields of defence and security**, the region's nations have, to varying extents, used available mechanisms for attaining interoperability with EU member states and preparing for future requirements. All regional armed forces have taken part in Common Security and Defence Policy (CSDP) missions and operations by deploying a number of personnel per rotation. Civilian capacities for peace support operations are still insufficiently developed in the region, but there is an interest in building and using them, especially within the framework of EU integration.¹ Serbia joined the HELBROC Battle Group in 2016;² North Macedonia took part in a Belgian-led battle group on two occasions (in 2012 and 2014),³ and has held observer's status in an Italian-led battle group.⁴ In addition to this, Serbia signed an administrative arrangement with European Defence Agency (EDA) in 2013, opening the door for Serbia to participate in individual projects and programmes.

NATO has played an important role in EU integration in the field of defence. Given that the EU itself is still in an early phase of asserting itself as a defence actor, reliance on a single set of forces with NATO has been crucial in the region, not only in regard to crisis management, but also with a view to defence reforms and interoperability. Given that the US is still widely regarded as the key strategic NATO partner in the region, it is certain that, regardless of future developments in the EU's defence and enlargement policies, NATO will continue to be recognised as the dominant defence actor and that the US will maintain leverage in national defence policies.

¹ M. Bjelos, *Building Civil Capacity in the Western Balkans – A Comparative Analysis*, Belgrade Centre for Security Policy, 2017.

² "Serbia joins EU's HELBROC battlegroup", *Tanjug/B92*, 9 November 2016.

³ Republic of Macedonia-Ministry of Defence, *Strategic Defence Review 2018 of the Republic of Macedonia*, June 2018.

⁴ T. Kington, "EU Battle Group Preparation Picks Up Steam in Italy", *Defense News*, 1 November 2016.

bottom-up initiative⁶³ and the Southeastern Europe Defence Ministry (SEDM), formed following a US proposal. In 1999, the European Union stepped in with its Stability Pact for South Eastern Europe. In the years following, this proved the most influential regional initiative, spawning a number of security cooperation processes and projects.

The second wave of regional cooperation, in the 2000s, was prevalently oriented towards support for disarmament, demobilisation and reintegration (DDR), security sector reform (SSR) and Euro-Atlantic integration across the region. Prominent initiatives from this period include the RACVIAC – Centre for Security Cooperation, established in 2000 to promote arms control verification⁶⁴ but later broadened in scope to include SSR and support for Euro-Atlantic integration;⁶⁵ the South Eastern and Eastern Europe Clearinghouse for the Control of Small Arms and Light Weapons (SEESAC), set up under the auspices of the Stability Pact for SEE and operating under a United Nations Development Programme (UNDP) mandate, and the Adriatic Charter. The latter was initially set up by the US, Albania, Croatia and the Republic of North Macedonia to channel their efforts more efficiently towards NATO membership; Montenegro and BiH joined later. An important feature of these regional initiatives was networking between countries in South Eastern Europe (Balkans) and international donors. For instance, the South East Europe Clearinghouse (SEEC) was launched by Slovenia and the US European Command (USEUCOM) with the aim of coordinating donors in the field of defence reforms. This initiative disbanded in 2014, but left behind the Balkan Medical Task Force as a kind of practical “spinoff”. Defence reform was not the sole interest of regional cooperation, though: within the

⁶³ OSCE, “[The South East European Cooperation Process Summit](#)”, 1 June 2016.

⁶⁴ The full name of the centre is Regional Arms Control Verification and Implementation Assistance Centre.

⁶⁵ RACVIAC, Centre for Security Cooperation, “[Timeline](#)”.

framework of the Stability Pact there was a relatively rapid shift from defence to home affairs related to areas such as terrorism and organised crime,⁶⁶ as well as to disaster preparedness and prevention⁶⁷ and migration, asylum and refugee management.⁶⁸

Another significant trend from this period was the push towards local ownership of regional cooperation. This resulted in the transformation of the Stability Pact into the Regional Cooperation Council (RCC), with permanent secretariat in Sarajevo, in 2008. A number of international actors nevertheless remain on the RCC, including the European Union and several individual member states.⁶⁹ Moreover, the Council is set up to work under the political guidance of the SEECP. The RCC has helped diversify regional security cooperation by promoting “mechanisms with low-cost activities and high impact” in specific areas like classified data exchange, military intelligence, and gender mainstreaming.⁷⁰

The third wave of regional cooperation initiatives, launched post-2010, is marked by a narrowed geographical focus on the Western Balkans and a thematic focus on emerging security challenges, primarily violent extremism, radicalisation, organised crime, cyber threats and irregular migration. The most prominent new initiative from this period is the Integrative Internal Security Governance (IISG), whose three pillars include

⁶⁶ V. Bojic-Dzelilovic, D. Kostovicova, and E. Randazzo, “EU in the Western Balkans: Hybrid Development, Hybrid Security and Hybrid Justice”, Paper commissioned by the Human Security Study Group, Friedrich Ebert Stiftung, SiT WP 03/16, London School of Economics, 2016, p. 9.

⁶⁷ DPPI SEE, Disaster Preparedness and Prevention Initiative for South Eastern Europe was launched by the Stability Pact for SEE in November 2000, “About Us”.

⁶⁸ European Commission, Migration and Home Affairs, *Migration, Asylum, Refugees Regional Initiative (MARRI)* was formed in 2003 within the context of the Stability Pact for South Eastern Europe, EMN Glossary Search.

⁶⁹ Regional Cooperation Council, “RCC Board”, <https://www.rcc.int/pages/98/rcc-board>.

⁷⁰ Regional Cooperation Council, “Security Cooperation”, <https://www.rcc.int/pages/8/security-cooperation>.

counter-terrorism, operations against serious organised crime and border security.⁷¹ The IISG was endorsed by the Council of the European Union in 2016 and is due to merge functionally with the RCC in 2020. The aforementioned security challenges have also found an increasingly important place on the agenda of existing regional initiatives, such as the Adriatic Charter, whose priority areas now entail terrorism, the return of foreign fighters, irregular migration and disaster response.⁷²

Overall, it appears that the US has been the most influential driver of hard security cooperation, while the EU has played a vital role in the field of home affairs. It is remarkable that NATO has not sufficiently exploited its potential as a facilitator of regional security cooperation, considering the fact that all countries except Serbia are either members or interested in membership of the Alliance and Serbia has been in the PfP since 2006. The reasons for this can be found in NATO's fragmented approach to the region, its focus on bilateral relations with candidate and partner countries, its lack of synergy with regional initiatives, its lack of legitimacy in some countries and in the fact that countries in the region have not yet switched from being donation recipients to being allies or equal partners of NATO.⁷³ Apart from the major players mentioned above, Austria is showing an interest in facilitating defence cooperation in the Western Balkans, with a focus on illegal migration and hybrid threats.⁷⁴ This country can be an interesting facilitator, considering its EU membership and neutral status. Looking at the future of security cooperation in the region, there are several challenges that need to be addressed. The disputed statehood of

⁷¹ Western Balkan Integrative Internal Security Governance, <https://wb-iisg.com/#>.

⁷² "Minister of Defense of Bosnia and Herzegovina attended US-Adriatic Charter", *Sarajevo Times*, 12 December 2019.

⁷³ K. Djokic, *Does NATO Facilitate Regional Defence and Security Cooperation in the Balkans?*, Belgrade Centre for Security Policy, March 2019.

⁷⁴ Ministry of Defence of the Republic of Serbia, "Meeting of the Western Balkans and Austria Defense Policy Directors", 25 September 2019.

Kosovo is a major one. Kosovo has so far either been excluded from regional security initiatives and mechanisms (especially those in the field of defence) or included with a “disclaimer” that its participation is without prejudice to positions on status (SEECP/RCC, MARRI, IISG). Political friction surrounding its status still tends to impede the work of initiatives. Most notably, representatives from Pristina refused to take part in the SEECP Summit in Sarajevo in 2019, though Kosovo chaired SEECP at the time, due to disagreements with the BiH Presidency on the wording of the invitation.⁷⁵ BiH is one of the countries that have not recognised Kosovo.

At the moment, populist rhetoric is attracting too much public attention in the region and certainly appears to pay more politically in the short term than the hard work required to foster regional cooperation. In this sense, a few reckless statements by high officials are sufficient to undermine years of background work by security sector professionals. A more substantial challenge, even if the tide of “political will” turns in favour of increased cooperation, will be building genuine local ownership of regional cooperation. One challenge related to this is funding. For instance, research has shown that the budget of the Disaster Preparedness and Prevention Initiative for South Eastern Europe has been cut to almost a third after its transfer to “regional ownership” i.e. once the countries in the region had to fund it themselves.⁷⁶ Foreign funding means foreign agenda setting, which could explain why violent (Islamic) extremism has been so much in focus in recent years even though empirically it does not pose a major threat for the region. Finally, coordination between different initiatives and the international partners supporting them has been quite volatile, and this resonates with the broader challenge

⁷⁵ D. Kovacevic, “Kosovo, Albania Boycott Sarajevo Summit over ‘Humiliation’”, *BalkanInsight*, 8 July 2019.

⁷⁶ Z. Kesetovic and V. Samardzija, “Regional Civil Security Cooperation in South Eastern Europe: The Case of Disaster Preparedness and Prevention Initiative”, *Viešoji Politika ir Administravimas*, vol. 13, no. 2, 2014, p. 215.

of international coordination of peacebuilding efforts in the region.⁷⁷

In spite of all these issues, the achievements of the various regional cooperation mechanisms and initiatives should not be underplayed. They have enabled honest discussion between governments in low key settings,⁷⁸ strengthened personal connections among security sector professionals⁷⁹ (who now “know the face behind the phone number” when dealing with certain situations), and promoted knowledge transfer and interoperability for participation in multinational operations outside the region.⁸⁰

The key to future success lies in making the effort to constructively overcome fundamental political differences, such as that concerning the status of Kosovo, and in identifying common security needs and interests that bring the countries closer together regardless of immediate funding opportunities. Disaster response and cyber security have already been recognised as such, given previous experience with disasters and acknowledged weaknesses in managing cyber threats.

Conclusion

There are several takeaways worth noting.

Peacebuilding in the Balkans is an incomplete process. It is challenged by political regressions (the “retreat of liberalism”), resurgent ethnonationalist populism that plays upon old

⁷⁷ G. Algar-Faria et al., *International capacity building in the Western Balkans and the Horn of Africa: Lessons on coherence and coordination*, EU-CIVCAP report DL 6.2, 2018.

⁷⁸ An good example of this within NATO is SEEGROUP, see K. Djokic, *Does NATO Facilitate Regional Defence and Security Cooperation in the Balkans?...*, cit.

⁷⁹ M. Ignjatijevic, *How Can NATO Contribute to Regional Cooperation in the Field of Training and Education?*, Belgrade Centre for Security Policy, 2019, p. 14.

⁸⁰ See, for example, “[Minister of Defense, Olta Xhaçka’s speech at the plenary session on the draft law on SEEBRIG](#)”, Republic of Albania – Ministry of Defence, 3 February 2020.

grievances, and exhaustion of the driving force of Euro-Atlantic integration. A decrease in security governance transparency and an increased regional presence of actors seen as geopolitical rivals of the West additionally undermine trust among governments and communities. Public pessimism reflects the deterioration of regional relations at the political level. Messages supposed to mobilise domestic voters tend to agitate the public of neighbouring countries and could, without any intention on the part of those who send them, lead to a dangerous spiral of provocations and counter-provocations. This does not mean that a full-scale conflict is likely in the short term, especially given the deterrence factor that NATO represents not only for Serbia, but also for irresponsible actions by its own members. Still, a low-intensity conflict could spread through the use of proxy right-wing extremist and hooligan groups and affect the security of people belonging to ethnic and religious minority groups.

The character of governance is not just an internal political issue, which can be isolated from regional and European security dynamics. Internal politics and external security are intrinsically linked. Corruption thus remains the most concerning security challenge in the region. It undermines the authority of institutions, rendering the overall security climate more volatile (individual decision-makers not being restrained in their actions) and less conducive to maintaining regional political and security arrangements that depend upon trust. It also depletes institutions of their capacities to tackle organised crime, manage developments such as irregular migration and provide basic services to their own citizens, raising social insecurity and prompting a brain drain.

The completion of peacebuilding processes and the strengthening of regional security demands both an improved internal political climate and constructive engagement of external actors like the EU, NATO and individual member states. External actors therefore need to develop a more comprehensive understanding and a coordinated approach to

the region that, surprisingly, has often been missing to date. Furthermore, rather than just focusing on elites, it is important to understand public perceptions and keep an open mind to bottom-up input to political processes. The European Union has tried to do so, for instance, by supporting the participation of civil society in the normalisation process between Belgrade and Pristina,⁸¹ but there is still plenty of scope for advancing efforts of this kind and space for citizens to be heard.

The US will remain the region's key strategic partner. Hence, regardless of future developments in the Common Security and Defence Policy (CSDP) and in EU enlargement policy, NATO will continue as the region's key defence actor, channelling US influence over national policies. This can already be noticed in the rapid promises made by the region's NATO members to comply with the so-called Defence Investment Pledge, i.e. to spend 2% of GDP on defence and earmark 20% of defence expenditure for equipment. However, sustaining defence spending, developing capabilities in accordance with NATO targets and providing contributions to operations at their own expense is a sobering challenge. Similarly, Serbian military neutrality will require a substantial investment in defence resources. In this light, it is vital to avoid securitisation and sensationalist defence spending.

Regional security cooperation has a future and its impact should not be underestimated, as it provides a platform for dialogue, networks security sector professionals and potentially enables joint solutions to be found for common security threats. However, local ownership needs a local agenda, i.e. the identification of genuine needs for which countries are willing to cooperate. As long as security cooperation is donor driven and project based, it is unlikely to produce a sustainable impact, especially because strengthening any particular cooperation initiative requires more time than most internationally sponsored projects last.

⁸¹ Kosovo Serbia Policy Advocacy Group (KSPAG), "About Us", n.d. <http://www.k-s-pag.org/about-us>, accessed 17 February 2020.

ANNEX. Overview of the Strategic and Planning Documents Referred to in the Chapter

Albania	<ul style="list-style-type: none"> • National Security Strategy (2014), http://www.mod.gov.al/images/PDF/strategjia_sigurise_kombetare_republikes_se_shqiperise.pdf • Long-term Armed Forces Development Plan 2016-2025 (2016), http://www.mod.gov.al/pdf/PAZHFA-2016-2025.pdf • Defence Directive (2019), http://www.mod.gov.al/eng/images/PDF/2019/Defence-Directive-2019.pdf
Bosnia and Herzegovina	<ul style="list-style-type: none"> • Foreign Policy Strategy 2018-2023 (2018), http://www.predsjednistvobih.ba/vanj/?id=79859
Croatia	<ul style="list-style-type: none"> • National Security Strategy (2017), https://www.morh.hr/wp-content/uploads/2018/04/strategy_18012018.pdf
Kosovo	<ul style="list-style-type: none"> • Analysis of the Strategic Security Sector Review (2014), http://www.kryeministri-ks.net/repository/docs/Analysis_of_Strategic_Security_Sector_Review_of_RKS_060314.pdf
North Macedonia	<ul style="list-style-type: none"> • Strategic Defence Review (2018), http://morm.gov.mk/wp-content/uploads/2018/07/COП-мкд-верзија-05-07-2018.pdf • Long-term defence capability development plan 2019-2028 (2019), http://www.mod.gov.mk/wp-content/uploads/2019/10/LTDCDP-2019-2028-finalna-verzija.pdf
Montenegro	<ul style="list-style-type: none"> • National Security Strategy (2018), https://bit.ly/2SGi4Co • Defence strategy (2020), https://bit.ly/2HAQTSP
Serbia	<ul style="list-style-type: none"> • National Security Strategy (2019), http://www.parlament.gov.rs/upload/archive/files/cir/pdf/ostala_akta/2019/2206-19%20(RS61).pdf • Defence strategy (2019), http://www.parlament.gov.rs/upload/archive/files/cir/pdf/ostala_akta/2019/2207-19%20(RS60).pdf

5. FDI in the Balkans: The Good, the Bad and the Ugly

Tena Prelec

In 2020, at the outset of a new decade, the mantra of a globalised, free and prosperous world (a.k.a. *The End of History*¹) that drove much of the optimism of the early 1990s seems well and truly behind us. The promise of the return to imperial grandeur and to the “good old times” that underpinned much of the narrative behind Brexit² and the rise of Donald Trump in the US,³ indicated that the *Zeitgeist* of the late 2010s was no longer one of openness, but of closure. While the consequences of the momentous Covid-19 crisis are yet to seen, political and economic retrenchment has gained ground again, with buoyant economies linked to autocratic regimes in small (Hungary), mid-sized (Turkey) and large economies (China) alike. Hipsters may be aging, but vintage politics is back in fashion.

Arguably, nowhere is this truer than in the Western Balkans. From the Danube to the Vardar, history has staged a grand comeback over the course of the 2010s in the form of old problems, old politicians, and old quarrels. Although some

¹ F. Fukuyama, “[The End of History?](#)”, *The National Interest*, 1989, pp. 3-18.

² D. Dorling and S. Tomlinson, *Rule Britannia: Brexit and the End of Empire*, Biteback Publishing, 2019; D. Bell and S. Vucetic, “[Brexit, CANZUK, and the Legacy of Empire](#)”, *The British Journal of Politics and International Relations*, vol. 21, no. 2, 2019, pp. 367-82.

³ W. Streeck, “[The Return of the Repressed](#)”, *New Left Review*, vol. 104, 2017, pp. 5-18.

were solved by the end of 2019 (the North Macedonia – Greece dispute), most were not (Kosovo – Serbia being the most glaring example). With EU membership still a highly uncertain prospect for any of the Western Balkan countries, the six states are now entering their fourth decade of transition. This is as true politically as it is economically.

While economic transition is still ongoing, the Western Balkan states have not (or at least: not yet) given up on the neoliberal economic model to which they signed up at the beginning of transition (1990s-2000s). Nominally, all of the “WB6” countries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia) are still pursuing the neoliberal ideal of privatisation, deregulation and market openness and, through it, trying to catch up with the living standards of the EU member states they hope to join: an achievement that might take up to 200 years, according to 2018 estimates.⁴

The modes by which neoliberal reforms are pursued, however, are complex and need to be seen in the context of multiple factors: the retreating allure of the Western model, the geo-economic influence of external actors (such as China, Russia, Turkey and the Gulf states), a return to authoritarianism in several WB6 countries and a flare-up of pseudo-nationalist rows and skirmishes that keep the region in what can be defined as a “stable instability” and that helps various elites maintain a firm grip on power.

That of Foreign Direct Investments (FDI) is a critical, multi-layered, and often misinterpreted economic indicator. FDI was one of the elements unreservedly promulgated as positive by the Washington Consensus, together with other key neoliberal principles such as fiscal discipline, financial and trade liberalisation, privatisation and deregulation.⁵ As such, FDI was

⁴ “Western Balkans Economies Could Take up to 200 Yrs to Catch up with EU - EBRD”, *Reuters*, 26 February 2018.

⁵ J. Williamson, “The Strange History of the Washington Consensus”, *Journal of Post Keynesian Economics*, vol. 27, no. 2, 2004, pp. 195-206.

universally (with the partial exception of Slovenia⁶) embraced as positive by the transitional governments of the Yugoslav successor states and other South East European countries.

This chapter will consider the latest data on FDI in the Western Balkans and also outline a number of issues that are underreported in the literature. While pointing to some positive developments connected to the overall increase of foreign investments (though in some countries more than in others), our analysis will problematise the assumption that FDI are good a priori. In so doing, it will consider their interaction with the topics of governance and environment while exploring the critical question: who do FDI in the Western Balkans benefit in 2020? Relying mostly on data illustrating the case of Serbia, it will show that high foreign investment does not necessarily correspond to a high level of public investment as a whole. Indeed, it is doubtful whether an increase in FDI actually benefits the whole population. Finally, the paper will suggest policy recommendations and avenues for future research.

The Good: FDI Is on the Rise and Is Shown To Have, by and Large, Positive Macroeconomic Effects

In analysing FDI, it is first necessary to define what the object of observation is, as well as to establish why this topic is of relevance for the Western Balkans. According to economist Imad Moosa, FDI is “the process whereby residents of one country (the source country) acquire ownership of assets for the purpose of controlling the production, distribution and other activities in another country (the host country)”. Its most critical feature is the “lasting interest and control of a resident entity in one economy”.⁷ The most important characteristic

⁶ M. Feldmann, “Emerging Varieties of Capitalism in Transition Countries”, *Comparative Political Studies*, vol. 39, no. 7, 2006, pp. 829-54.

⁷ I.A. Moosa, *Foreign Direct Investment: Theory, Evidence and Practice*, Basingstoke and New York, Palgrave, 2002, p. 1.

that distinguishes FDI from “portfolio investment” is therefore that a portfolio investor does not seek a controlling interest, while foreign direct investors do. There is disagreement over what exactly a “controlling interest” is, but most commonly a 10% share is considered sizeable enough for the investors to exert significant influence over a company or a project (the view, for instance, of the US Department of Commerce).⁸

This is precisely the type of long-term investment in and control over companies that is preferred by financiers operating in emerging markets, including the Western Balkans – hence the relevance of the topic to the region. Making short-term investments in emerging countries is more difficult than it is in developed countries, as the former tend to have less developed stock markets and bond markets. Where they exist, stock markets in emerging economies are small (i.e. with a relatively limited number of companies whose shares are listed on the exchange); furthermore, the companies that do have listed shares tend to have small “free floats”, i.e. only a small proportion of their total shares are regularly traded, while most of their shares tend to be held by company insiders such as managers and directors, rarely trading openly. Hence, as explained by a Western investor specialising in Eastern Europe:

Investments into the Western Balkan countries tend to be long-term in their nature simply because there are few short-term investment possibilities. If you want to invest 30 million euros into a Balkan country you have to buy shares in a private enterprise (whose shares are not listed on a stock market), which takes time. It takes time to buy the shares (I reckon months) and time to sell them (also months). Contrast that with investing in the UK. I reckon I could invest 30 million euros in the UK stock market and it would take me less than an hour to invest that money.⁹

⁸ Ibid.

⁹ Western investor in emerging markets, “Interview with the Author”, London, 2020.

Considering these issues, and in the absence of high government savings and spending power among the population, it is clear that this type of investment has the potential to spur economic growth. Governments are aware of this potential, and often offer handsome subventions for foreign investors (a measure that is implemented not without controversy, as addressed in the third section of this chapter).

By and large, economic studies have confirmed that the effect of FDI in the region is a positive one. The study published by Klodian Muco, Enzo Valentini and Stefano Lucarelli in 2018 found a “positive impact of both investments and FDI on productivity growth” in the Western Balkans, adding a note of caution that “the results confirm that FDI effects may have positive consequences in the host country depending on its level of economic development and institutional quality”.¹⁰ In other words, the benefits carried by FDI are contingent on the level of development of a country and on the quality of its institutions.

The good news is that the amount of FDI in the region is, on the whole, on the rise. At the beginning of the 2010s, there was little in the way of FDI going into the Western Balkans. Writing in 2013, Saul Estrin and Milica Uvalić found that “even when size of their economy, distance, institutional quality and prospects of EU membership are taken into account, Western Balkans countries receive less FDI [than countries in the rest of Europe]”.¹¹ By the end of the decade, the situation had changed somewhat: although the accuracy of FDI data remains

¹⁰ K. Muço, E. Valentini, and S. Lucarelli, “The Impact of Foreign Direct Investment on the Productivity of the Balkan Countries”, *Transition Studies Review*, vol. 25, no. 2, 2018, pp. 37-54.

¹¹ S. Estrin and M. Uvalic, “Foreign Direct Investment into Transition Economies: Are the Balkans Different?”, *LEQS Papers*, vol. 64, 2013.

a notoriously thorny issue,^{12,13} most reputable organisations registered an increase in the level of foreign investment flowing into the region.

The following figures from the United Nations Conference on Trade and Development (UNCTAD)¹⁴ show a noticeable increase in the amount of FDI into the Western Balkans (Table 5.1): between 2014 and 2018, the overall influx of FDI per annum rose from \$4.6bn to \$7.4bn. It is, however, also clear that this increase in FDI is unevenly spread among the WB6 countries, with Serbia leading the way (from \$1,996m to \$4,126m); North Macedonia registering a significant increase (from \$272m to \$737m); a more moderate increase in Albania (from \$1,110m to \$1,294m) and Kosovo (from \$201m to \$251m) and a slight decrease in Montenegro (from \$497m to \$490m) and Bosnia and Herzegovina (from \$550m to \$468m).

How does the data on FDI map on to growth? In spite of a handful of very optimistic projections from some analysts and some positive media coverage, especially in the case of Serbia,¹⁵ the picture is complex. On the encouraging side, the latest estimates from the Faculty of Economics of the University of Belgrade assess that growth in the country increased in Q3 and Q4 of 2019, noting that, alongside FDI, infrastructure projects (such as Turk Stream) and construction projects are also boosting spending and growth. A positive impact is facilitated by a

¹² In reporting any data, a caveat is indeed in order, as inconsistencies among FDI databases are “the rule rather than the exception”. Issues include the gaps in the statistics available from the source and host countries, either due to negligence or due to the decision of some countries not to divulge comprehensive information on the foreign operations of their companies for reasons of secrecy. Furthermore, breakdowns by sector are very rare, with dubious accuracy of investment outflows even at national level, and “no readably comparable – and reliable enough – data available on an international basis”.

¹³ M. Duce, *Definitions of Foreign Direct Investment (FDI): A Methodological Note*, 31 July 2003.

¹⁴ Invest in SEE, “[Investors Confidence](#)”, 2020.

¹⁵ G. Filipovic, “[Serbia’s Economic Growth Surges to Fastest Since Lehman Collapse](#)”, *Bloomberg*, 19 February 2020.

combination of two elements, i.e. (i) highly beneficial conditions on international financial markets, with easy access to loans, and (ii) a stable macroeconomic situation in the country.¹⁶

TAB. 5.1 - FDI INFLOWS IN THE WESTERN BALKANS 2014-2018,
MILLION US DOLLARS

	2014	2015	2016	2017	2018	Total	Share
Western Balkans	4,626	4,935	4,613	5,515	7,366	27,055	100.0%
Albania	1,110	945	1,100	1,146	1,294	5,595	20.7%
Bosnia and Herzegovina	550	361	319	448	468	2,146	7.9%
Kosovo	201	343	244	288	251	1,327	4.9%
Montenegro	497	699	226	557	490	2,469	9.1%
North Macedonia	272	240	374	205	737	1,828	6.8%
Serbia	1,996	2,347	2,350	2,871	4,126	13,690	50.6%

Source: UNCTAD / *Invest in SEE*, 2019

However, the European Bank for Reconstruction and Development (EBRD)'s 2019 Regional Economic Prospects Report¹⁷ analysed the situation in terms of growth for the Western Balkans in less than glowing terms, even for "frontrunner" Serbia:

In contrast [to Central Europe], growth was already weak in the first half of 2019 in the Western Balkans, weighed down by slowing Eurozone growth. Growth disappointed in Serbia, with weak industrial production; exports from Fiat's Serbian car plant have been falling. While the region has benefited from FDI, the local supplier base remains small, limiting the positive spillovers from FDI to the local economy.¹⁸

¹⁶ Forthcoming, S. Randelovic et al., Faculty of Economics, University of Belgrade.

¹⁷ European Bank for Reconstruction and Development (EBRD), *Regional Economic Prospects in the EBRD Regions*, London, 2019.

¹⁸ *Ibid.*, p. 11.

The figures laid out in Table 5.2 underpin this appraisal. In contrast to most of Central Europe and the Baltic states, where the economy has been supported by high wage growth and strong absorption of European structural funds, growth has weakened in most of South Eastern Europe. The EBRD's assessment is that growth is expected to moderate in most of South Eastern Europe, "in line with weakening Eurozone growth and headwinds to global trade".¹⁹

TAB. 5.2 - REAL GDP GROWTH IN THE WESTERN BALKANS

	Actual			Forecast (November 2019)		Change from May 2019 REP	
	2017	2018	H1 2019	2019	2020	2019	2020
Western Balkans	2.5	4.0	2.9	3.2	3.4	-0.2	0.1
Albania	3.8	4.1	2.4	2.8	3.5	-1.1	-0.4
Bosnia and Herzegovina	3.2	3.6	2.7	3.0	3.0	0.0	0.0
Kosovo	3.7	3.8	4.2	4.0	4.0	0.0	0.0
Montenegro	4.7	5.1	3.1	2.8	2.6	0.0	0.0
North Macedonia	0.2	2.7	3.6	3.2	3.2	0.2	0.2
Serbia	2.0	4.4	2.8	3.2	3.5	-0.3	-0.3

Source: EBRD, 2019

While allowing some ground for cautious optimism, this brief outline of the data at hand also indicates that an increase in the level of FDI has, by and large, not been adequately matched by economic development across the Western Balkans. The findings of a February 2020 World Bank paper – which cost one of its authors his job²⁰ – offer a partial explanation: a significant

¹⁹ Ibid., p. 13.

²⁰ "The World Bank Loses Another Chief Economist", *The Economist*, 13 February 2020.

portion of foreign aid in developing countries is captured by the elites in power²¹ and there are reasonable grounds to hypothesise that the dynamics of FDI may be similar.

The next two sections will further problematise the relationship between FDI and sustainable and inclusive economic development by examining topics that, though highly relevant to understanding the nature and impact of FDI, are of a more qualitative nature and therefore often missed in economic analyses.

The Bad: FDI Is Often Non-Transparent and Its Levels Are Not Matched by Domestic Investment, with Uneven Consequences for the Population at Large

The guarded optimism expressed by the macroeconomic indicators outlined above begs the question of whether, and by whom, the positive effects of such relative macroeconomic improvement are felt. The high degree of emigration from the countries of the Western Balkans – a critical and worsening issue, with a projected demographic decline of 20-30% by 2050²² – is the clearest sign that citizens are not happy with the conditions for them to prosper in their native countries. As reflected by economist Luca Uberti's analysis on Kosovo: "In a depressingly typical case of 'growth without development', economic dynamism has yet to result in significant work opportunities for the majority of its citizens".²³

²¹ J.J. Andersen, N. Johannesen, and B. Rijkers, *Elite Capture of Foreign Aid: Evidence from Offshore Bank Accounts*, Washington DC, 18 February 2020.

²² T. Judah, "Bye-Bye, Balkans: A Region in Critical Demographic Decline", *Balkan Insight*, Belgrade, Chisinau, Cluj, Podgorica, Sarajevo, Tirana, Zagreb, 14 October 2019.

²³ L.J. Uberti, "Kosovo: Economy", in *Central and South-Eastern Europe 2020, 20th Edition*, London and New York, Routledge, 2020, pp. 315-19 (cit. p. 319).

A first consideration is that FDI is, more often than not, not matched by adequate domestic investment (be it public investment, or local private investment). This is most noticeable in the case of Serbia. In 2019, economists Miloško Arsić, Sasa Randelović, and Aleksandra Nojković, assessed that while FDI was buoyant “due to cheap labour, an extensive free-trade network, low taxes and high subsidies, as well as *ad hoc* protection against the inefficient legal and bureaucratic system offered to foreign investors”,²⁴ domestic investment was very low. Poor business conditions and low savings were seen as the main reasons behind the lack of significant private domestic investment, while non-productive spending (public wages and pensions) and the inefficiency of the government underpinned low public investment. As a result, according to their calculations, total average investment in Serbia in the second half of the 2010s stood at 16.8% of GDP, one quarter (5% of GDP) lower than average for Central and Eastern Europe (CEE) and the Western Balkans. This overall picture, they conclude, triggers “low productivity, thus affecting employment and future real wages, which in turn encourage emigration”.²⁵

Another important consideration in interpreting data on FDI and their provenience relates to the openness of financial transactions, a concern that is compounded by the distinct non-transparency of the institutions in most countries of the Western Balkans. Experts and financial sector professionals warn that any foreign investment figures by country of origin should be taken with a degree of caution, as they could easily hide the identity of the beneficial owner and therefore also the provenance of the money. An investor in emerging markets said:

²⁴ M. Arsić, S. Randelović, and A. Nojković, “Uzroci i Posledice Niskih Investicija u Srbiji” (“Causes and Consequences of Low Investments in Serbia”), Zbornik Radova, *Ekonomaska Politika u Srbiji u 2019* (Proceedings, *Economic Policy in Serbia in 2019*), Scientific Society of Economists of Serbia and the University of Belgrade, 2019, pp. 22-24.

²⁵ *Ibid.*, pp. 22-24.

If a Balkan oligarch wants to buy a factory worth €10m for half that price in a privatisation tender, but does not want their name to be revealed, they might do so, say, through a Dutch company, which is held through an off shore structure. The typical way local businessmen go about controlling their enterprises is as follows: a foreign offshore company that said businessman controls (registered in BVI, Cayman, Cyprus, Bermuda, Seychelles etc.) sets up a subsidiary which in turn owns the local enterprise. A 10m investment is neither here nor there, and it therefore does not raise much scrutiny. Small deals of under EUR 20m that pass below the radar – there is a lot of that.²⁶

This indicates a further twist: not all of the influx of money that is earmarked as “foreign direct investment” is actually foreign. Some of it may well be “domestic capital that pretends to be foreign capital”.²⁷ Things are usually different for large, powerful Western companies that carry a considerable political clout. Such firms are usually listed on major international stock exchanges and have large professional structures in place. As a consequence, they usually operate in a system that foresees a much higher degree of scrutiny, and their dealings are therefore considered to be more transparent. Such companies might also be less prone to politicisation and attempts at bribery.

The implications of the above are clear: local oligarchs, powerful businessmen, and local politicians (and often a combination of the three), by using under-the-counter methods and making use of a global offshore system that allows for beneficial ownership to remain hidden,²⁸ are in a position to make handsome profits. Their schemes are often registered as FDI when in fact the nature of their investment is nothing of the sort. Furthermore, larger foreign firms will be in a better position than smaller ones to lock in benefits. Both elements indicate that smaller and medium enterprises, as well as the

²⁶ Western investor in emerging markets, op. cit.

²⁷ Ibid.

²⁸ O. Bullough, *Moneyland: Why Thieves and Crooks Now Rule the World and How to Take It Back*, London, Profile Books, 2018; N. Shaxson, *Treasure Islands: Tax Havens and the Men Who Stole the World*, Vintage, 2012.

wider citizenry, stand to benefit much less from such dynamics (or indeed are likely to lose from them outright, if stolen public money is presented as FDI) than more powerful and less scrupulous actors.

The Ugly: Lack of Rule of Law in the Western Balkans Permits Investments That Exacerbate State Capture and Environmental Problems

The above problem of low overall domestic investment *vis-à-vis* high foreign direct investment begs the question of whether foreign and domestic investors operate under the same conditions. Some factors, such as fiscal and monetary policy, access to infrastructure and to an educated workforce are undoubtedly identical for both categories of investors. Both can also rely on the same trade agreements with the EU, Central European Free Trade Agreement (CEFTA) countries, Russia, Turkey and others. The key difference in the ways local and foreign investors operate is that the latter are shielded from the most significant institutional weaknesses and bureaucratic barriers that local firms have to confront. There are strong indications that the risks linked with legal uncertainty, the inefficiency of the bureaucratic apparatus and corruption are less prominent in the case of foreign investors because they are given *ad hoc* protection by the state, as “it is common practice that all the most significant foreign investors are assigned a government officer who helps them in overcoming the bureaucratic procedure in an efficient way, offering them protection from corruption”.²⁹

Several studies have also shown that the favourable position enjoyed by foreign investors is particularly pronounced in the first years of their activity in the country, whereas later on they are confronted with the same problems as local investors. This means that, as time goes on, virtually all investors are increasingly

²⁹ M. Arsic, S. Randelovic, and A. Nojkovic (2019).

confronted with problems of legal uncertainty, bureaucratic barriers, financial indiscipline, and the grey economy – and find themselves operating within a “devil’s circle” (a dynamic that, *mutatis mutandis*, is also shared with neighbouring EU countries Bulgaria and Romania).³⁰

It should be stressed that the above issues apply across the board, i.e. to all investors, independently of country of origin. However, the increase in investment from non-Western countries, currently at a much lower level than from EU countries, but nevertheless on the rise³¹, exacerbates the risk of *corrosive capital*. This term defines the influx of money – be it in equity or loans – that exploits weaknesses in governance and risks amplifying them, with the result that often “huge agreements are not well-documented, and countries have lost ownership of key resources to the donors”.³²

Non-transparent investments are often advanced through close relationships at the top, bypassing competition rules and public procurement procedures, and the political cultures underpinning these linkages are extremely significant.³³ A top-down approach in the way the state is led and unfettered control over public resources tend to correspond to a distinctly non-inclusive, top-down approach in the way foreign investments

³⁰ T. Vorley and N. Williams, “Between Petty Corruption and Criminal Extortion: How Entrepreneurs in Bulgaria and Romania Operate within a Devil’s Circle”, *International Small Business Journal: Researching Entrepreneurship*, vol. 34, no. 6, 2016, pp. 797-817; and *Ibid*.

³¹ M. Bonomi and M. Uvalić, “The Economic Development of the Western Balkans: The Importance of Non-EU Actors”, in F. Bieber and N. Tzifakis (eds.), *The Western Balkans in the World: Linkages and Relations with Non-Western Countries*, Abingdon, Routledge, 2020, pp. 36-58.

³² Center for International Private Enterprise, *Channeling the Tide: Protecting Democracies Amid a Flood of Corrosive Capital*, Washington DC, 2018.

³³ W. Bartlett and T. Prelec, “UAE: Sultanism Meets Illiberalism”, in F. Bieber and N. Tzifakis (eds.), *The Western Balkans in the World: Linkages and Relations with Non-Western Countries*, Abingdon, Routledge, 2020, pp. 241-59; W. Bartlett et al., 2017; T. Prelec, *Doing Business in the Balkans, UAE Style*, Commentary, ISPI, 12 April 2019.

are made, and FDI or foreign loans received. This culture of business and governance, present in investor countries such as Russia, China and the UAE, has several points of contact with the increasingly autocratic tendencies seen across the Balkan region, much of which is characterised by democratic backsliding. This lapse in governance has been shown to be correlated with the rise of competitive authoritarianism³⁴ and with the embeddedness of oligarchic networks.³⁵

Examples of problems related to *corrosive capital* include the use of political links between top actors to bypass tender processes, legislative changes introduced to favour investors, generous subventions to investors that risk leaving the state coffers at the losing end, “debt traps” and potential loss of ownership of key resources to the investor, systematic countering of criticism by failing to make information available and by smear attacks through government-controlled media and, ultimately, the creation of interest groups to support the continuation and growth of such deals.³⁶

This situation has not been helped by the European Union’s own inconsistency in following through with rewards in spite of required reforms not having been carried out by some of the WB6 (e.g. the denial of a visa liberalisation agreement to Kosovo and the delayed opening of negotiations with North Macedonia and Albania in 2019). This incoherence has further dented the EU’s capacity to strengthen the rule of law in accession countries through EU conditionality.³⁷ Experts and activists

³⁴ F. Bieber, ‘Patterns of Competitive Authoritarianism in the Western Balkans’, *East European Politics*, vol. 34, no. 3, 2018, pp. 337-54.

³⁵ L. Cianetti, J. Dawson, and S. Hanley, “Rethinking ‘Democratic Backsliding’ in Central and Eastern Europe – Looking beyond Hungary and Poland”, *East European Politics*, vol. 34, no. 3, 2018, pp. 243-56.

³⁶ T. Prelec, “The Vicious Circle of Corrosive Capital, Authoritarian Tendencies and State Capture in the Western Balkans” (working title), *Journal of Regional Security*, forthcoming in 2020.

³⁷ J. Marovic, T. Prelec, and M. Kmezić, *Strengthening the Rule of Law in the Western Balkans: Call for a Revolution against Particularism*, The Balkans in Europe Policy Advisory Group (BiEPAG), 14 January 2019.

agree that the move towards capital coming from countries like China – especially significant in the case of Serbia³⁸ – is indeed compounded by the unclarity of the European path, as expressed by one of the leaders of the Serbian movement *Ne Davimo Beograd*, Dobrica Veselinovic:

New methodology, old methodology, yes you're a candidate, no you aren't... all these unclear signals just encourage and catalyse the willingness of the [Serbian] government to engage with other actors. They just go, 'we don't need the EU then, we will get the same [money] from the Chinese, and even more of it and with less strings attached'.³⁹

However, the much-discussed problem of “foreign influence” in the Balkans, while often misunderstood as outright impositions by external actors, is, in fact, a much more nuanced phenomenon in which local actors take centre stage.⁴⁰ The problems with foreign influence are, by and large, problems of rule of law in the recipient country. “We have created our grey area ourselves”, said Veselinovic, referring to the political leadership of his country.⁴¹ As put by a Serbian entrepreneur: “When you do not have rule of law and open institutions, everyone will abuse it”.⁴²

Aside from issues of rule of law and corruption, another critical and related problem is that of potential environmental impact. There is a global call for companies to align their investment practices with the Sustainable Development Goals (SDG)⁴³ to be achieved by 2030. These include a drive for better

³⁸ S. Shehadi and V. Hopkins, “Serbia’s Embrace of Chinese FDI Raises Questions of Transparency”, *Financial Times*, Belgrade, 7 February 2020.

³⁹ D. Veselinovic, “Interview with the Author”, Belgrade, 2020.

⁴⁰ D. Bechev, *Rival Power: Russia’s Influence in Southeast Europe*, New Haven and London, Yale University Press, 2017; F. Bieber and N. Tzifakis, *The Western Balkans as a Geopolitical Chessboard? Myths, Realities and Policy Options*, Abingdon, London, 2019.

⁴¹ D. Veselinovic (2020).

⁴² Engineer and entrepreneur, “Interview with the Author”, Belgrade, 2020.

⁴³ United Nations, “Sustainable Development Goals”, 2020.

corporate governance and, even more prominently, respect for the environment. Spearheaded by the United Nations (UN), the SDGs are strongly endorsed by other multilateral organisations such as the Organisation for Economic Cooperation and Development (OECD), the World Bank and the World Economic Forum (WEF). Most OECD countries, governments and publics alike, are increasingly pushing for responsible business conduct in line with these principles,⁴⁴ though whether this will yield concrete results by 2030 remains to be seen.

Not all investor countries, however, participate in this movement in the same way.⁴⁵ Again, the non-transparent *modus operandi* of e.g. Russian, Chinese, Emirati and Turkish investments raises both speculation and concern. The careless attitude of the Russian owners of Naftna Industrija Srbije (NIS) in their exploitation of natural resources in the Vojvodina region caused significant concern to local people, as documented by a series of media inquiries.⁴⁶ Environmental damage was a side-effect of what several experts defined as a “colonial attitude” by the majority shareholders (the Russian state-owned firm Gazpromneft) in exploiting Serbian energy resources acquired at a very favourable price back in 2008.⁴⁷

China’s rapidly increasing investments could prove even more problematic. For reasons that are more structural than the Coronavirus outbreak (which could well complicate the panorama for FDI in the near future), China’s presence in manufacturing and extractive industries across the Balkans

⁴⁴ A. Novik and M. Wu, “The Bigger Picture: International Investment (Webinar)”, World Economic Forum, 2020.

⁴⁵ It is relevant to note that, in the US, Donald Trump “tried to legalise bribery” by weakening the Foreign Corrupt Practices Act in January 2020. See J. Chait, “Trump Tried to Legalize Bribery. Maybe He Wasn’t Worried About Ukrainian Corruption”, *New York Magazine*, 17 January 2020.

⁴⁶ “Srbobran, Kikinda i Kanjiža Traže Više Novca Od Rudne Rente”, *Radio-Televizija Vojvodine*, 16 September 2014; M. Zivanovic, “Novi Sad Gas – Veliki Novac Ispod Radara Države (1)”, *VOICE*, Novi Sad, 16 July 2016.

⁴⁷ Senior Diplomat, “Interview with the Author”, Baku, 2018; Nemanja Stiplija, “Interview with the Author”, 2019.

has already sounded plenty of alarm bells for its impact on the environment.⁴⁸ Because they are distinctly less transparent than investors from most Western countries, and because their contracts are typically hidden from public scrutiny, it is impossible to understand whether Chinese investors have actually committed themselves to modernising the heavy industries (ranging from steel mills to copper and coal mines) they have acquired in the Balkans. Preliminary research indicates that these plants always suffered from problems of transparency and environmental impact while they were under state ownership, but that these issues are more acute now, with the public being completely walled off from any decision-making within the companies concerned.⁴⁹ Considering that cities like Sarajevo, Belgrade and Skopje topped the world charts for the most air-polluted cities in January and February 2020, gaining a clear understanding of this issue is of vital importance.

Conclusion and Where Next

The analysis presented above gives some grounds for cautious optimism, as in the case of macroeconomic indicators in the Western Balkans at the outset of the 2020s. It was pointed out that most (though not all) WB6 countries have seen an increase in FDI over the past decade – a positive development, considering that they are still heavily reliant on this type of investment to spur growth (although for some countries, such as Albania and Kosovo, FDI remains less important than remittances for the overall development of the economy⁵⁰). It

⁴⁸ S. Jovanovic, “Western Balkan Coal Power Plants Are Health, Economic Liability for Entire Europe - Environmental Organizations”, *Balkan Green Energy News*, 19 February 2019; N. Ely, “Chinese Coal Investments Raise Concerns about EU Environmental Standards”, *Western Balkans at the Crossroads*, 31 May 2019.

⁴⁹ E. Radosevic, A. Husika, and V. Suljic, *Policy Brief: Priority Measures for Air Quality Improvement in the Sarajevo Canton*, Sarajevo, March 2019.

⁵⁰ L.J. Uberti (2020).

was, however, also shown that a multitude of issues accompany the way FDI is measured, understood and implemented in the Western Balkans. From these insights, it appears clear that we should be moving academic research (and political-economic analysis of FDI more widely) away from the strict remit of economics, to include other factors.

In particular, it was shown that very low levels of transparency in governmental institutions on the whole, as well as in specific business deals, often cloud the real origin of investors and the procedures by which contracts are awarded, and make it impossible for the public to assess whether investors are likely to implement policies that will benefit workers and the nation at large. Given the pollution emergency across much of the Balkans today, compliance with environmental standards is an especially painful subject. The weakening pull factor of the European Union has also given WB governments greater freedom to embrace investments from countries that have lower governance, environmental, and human rights standards.

It is thus high time to abandon the early 1990s dogma that foreign investments are unconditionally beneficial for overall economic development. While some Western Balkan countries have been doing well in terms of attracting FDI in the 2010s (e.g. Serbia under President Aleksandar Vucic; North Macedonia already during the Gruevski era; and Montenegro while relations with Russia were still warm, while later partially “switching” to investments from China and the Gulf countries), these trends do not map out neatly with the advancement of democracy.⁵¹ There are, in fact, reasons to believe that, in some cases, the two are inversely proportional. If not “done right”, FDI does not trickle down to the whole population but, on the contrary, risks benefiting only a small group of elite actors and becoming part of the problem rather than offering a solution to the question of how a prosperous future can be achieved for the region.

⁵¹ Freedom House, *Freedom in the World 2019: Democracy in Retreat*, 2019.

6. The Importance of Social Movements in Western Balkans

Chiara Milan

Over the last decade, the Western Balkans (WB) countries¹ experienced a crisis of democratic governance that widened the already existing gap between citizens and the institutions of representative democracy. The crisis was further heightened by the disillusionment related to the failure of post-transition governance. The delegitimisation of political institutions was compounded by the betrayal of the promises of transformation that the transition process, started after the demise of communist regimes, was expected to deliver. While the transition to market economy and liberal democracy presented itself as the only possibility to fulfil the aspirations of democratic, economic and political growth, and societal well-being, in reality the transition process failed to deliver on its promises. The advent of multi-party democracy and a market economy was expected to improve prospects for democratic change, economic conditions, and the accountability of politicians and institutions of representative democracy towards their constituencies. However, these expectations remained unmet,

¹ In this chapter, I use the term “Western Balkans” to refer to the countries that were once part of former Yugoslavia (namely Croatia, Slovenia, Serbia, Montenegro, Bosnia and Herzegovina, North Macedonia and Kosovo) plus Albania. I am aware that grouping these countries together might be disputed. However, I have decided to include them in the same group for they experienced similar protest patterns.

provoking widespread discontent amongst the citizens of the European semi-periphery.

In the last decade, this disappointment translated into a rise of contentious collective action. The wave of protest hit the Western Balkans region in 2012, one year later than the Occupy Wall Street Movement took foot in the US and the anti-austerity 15-M movement in Spain. Following the process of global diffusion of protest in the wake of the neoliberal crisis,² protest movements that emerged in other parts of the world served as inspiration for demonstrators in the Western Balkans, who often drew (and adapted) frames and repertoires of action from them. The civic mobilisations that occurred in the last decade all over the region share many commonalities. First of all, they had cross-cutting grievances at their core (mainly economic and social demands) instead of national aspirations or particularistic interests. The main requests focused on the worsening state of democracy and economy in the region, the deterioration of living standards, endemic corruption, the erosion of rule of law, cronyism and a power based on clientelistic networks. On the streets, demonstrators also demanded the end of authoritarianism, freedom of speech, access to education through the decrease of tuition fees, the protection of the environment and of common goods.

The emergence and unfolding of protest movements in the WB deserves to be explored further, as it occurred in a region which had neither a strong tradition of protest movements nor experienced wider social and political turmoil— with the exception of the mobilisation to avert the war in the 1990s,³ organised all throughout the former Yugoslav countries, and the mass protests that facilitated the ouster of then-President Slobodan Milosevic in Serbia in 2000. Following from the

² D. della Porta and A. Mattoni, *Spreading Protest: Social Movements in Times of Crisis*, Colchester, UK, ECPR Press, 2014.

³ B. Bilic, “We Were Gasping for Air: (Post-)Yugoslav Anti-War Activism and Its Legacy”, *Southeast European Integration Perspectives*, vol. 7, Baden-Baden, Nomos Verlagsgesellschaft, 2012.

observation that progressive social movements in the WB have been at the forefront of political and social life in the last decade,⁴ this chapter provides an extensive overview of the mobilisations that took place in the region by adopting a regional perspective instead of a country-based one. To that end, this chapter addresses systematically the main actors involved in the protests, the wide range of issues that have been tackled over time, the commonalities between the different waves of protests and the outcome that, in certain cases, those mobilisations have produced. This chapter purposely focuses on progressive social movements emerged in the region in the last decade. Conservative and nationalist groups, such as those staging anti-migrant mobilisations (for instance, in Serbia in March 2020), or protest rallies over religion law in Montenegro (February 2020) are excluded from the analysis as they are deemed to align with, and contribute to fuel, the increasing nationalist and authoritarian trends in the region. Although acknowledging the visibility of protest events of this type amongst the mobilisations that recently hit the region, this chapter explicitly centres the attention on these civil society groups that challenge authoritarianism, which advocate for democracy and social justice, offering thus a contribution to the democratic consolidation process of the region. The chapter is organised as follows. First, I introduce the socio-political context in which these mobilisations occurred. Next, I focus on the peculiarities of the current situation, dominated by so-called “stabilitocrats”, and on the challenges this poses to progressive social movements in the region. Then, I highlight the commonalities of these protest waves, identifying the common features amongst them.

⁴ F. Bieber and D. Brentin (eds.), *Social Movements in the Balkans. Rebellion and Protest from Maribor to Taksim*, London, Routledge, 2018; A. Fagan and I. Sircar, “Activist Citizenship in Southeast Europe”, *Europe-Asia Studies*, vol. 69, no. 9, November 2017.

The Socio-Political Context

The political and societal context of the WB, marked often by violent conflicts, shaped the ways in which individuals mobilise, as well as how social movements emerged and unfolded in the region. First of all, WB countries share a similar heritage of state-socialist regimes. Before the transition, the countries that once belonged to former Yugoslavia experienced about forty years of socialist rule (under the Socialist Federal Republic of Yugoslavia, which lasted from 1945 to 1992), while Albania was under the communist dictatorship of Enver Hoxha (People's Republic of Albania, from 1946 to 1992). In those systems, the party dominated almost all aspects of social life. Cultural and social associations were state- and party-controlled,⁵ with a detrimental effect on the independence of civil society. As a matter of fact, party dominance decreased the opportunities for the emergence of independent civic organisations and hampered the possibilities to engage in public activism.

Another commonality between the WB countries regards foreign intervention in domestic civil society development. After the collapse of socialist and communist regimes, in the late 1990s the model that dominated post-communist WB civil societies was one in which non-governmental organisations (NGOs) played a dominant role. Western financial assistance during the transition period increased the number of NGOs, bringing about the institutionalisation and professionalisation of civil society organisations. Donors' interventions pushed NGOs towards lobbying and advocacy activities, to the detriment of their outward political action and decreasing their incentives to mobilise. Existing civil society groups were co-opted and encouraged to follow the priorities of grant-givers, which in many cases did not correspond to those of the local population.⁶ This process led to competition for funds amongst

⁵ S.P. Ramet, *Balkan Babel: The Disintegration of Yugoslavia from the Death of Tito to Ethnic War*, 2nd edition, Westview Press Boulder, CO, 1996.

⁶ A. Fagan, "Transnational Aid for Civil Society Development in Post-Socialist

domestic NGOs,⁷ and also created an over-reliance on the assistance offered primarily by international donors, which domestic NGOs held *de facto* more accountable than the local constituencies.⁸

In the 2000s, a shift occurred from an NGO-dominated model of civil society to a de-NGOised one, in which progressive social movements started to play a growing role in the region.⁹ This happened in part due to the retrenchment of international donors from the area, on the assumption that the European Union was to become the primary driver of reforms in the Western Balkans. EU programmes targeted domestic civil societies organisations, endowing them to become more self-sustaining in view of the future integration of Western Balkans states into the EU. The European Union-Western Balkans summit that took place in Thessaloniki in 2003 confirmed the EU accession perspective for the countries of the region. Since then, the Western Balkans countries started a process of so-called Europeanisation, a procedure which involved adopting norms, rules and the policy prescriptions of the core EU, necessary to comply with its rule of law requirements. The Europeanisation process had a consequence on domestic civil society as well since the EU became the main donor and provider of financial assistance in the region.¹⁰

Europe: Democratic Consolidation or a New Imperialism?", *The Journal of Communist Studies and Transition Politics*, vol. 22, no. 1, 2006, pp. 115-134; P. Stubbs, "Civil Society or Ubleha? Reflections on Flexible Concepts, Meta-NGOs and New Social Energy in the Post-Yugoslav Space", in H. Rill et al. (eds.), *20 Pieces of Encouragement For awakening and change*, Belgrade-Sarajevo, Centre for Nonviolent Action, 2007, pp. 215-228.

⁷ S.E. Mendelson and J.K. Glenn (eds.), *The Power and Limits of NGOs: A Critical Look at Building Democracy in Eastern Europe and Eurasia*, New York, Columbia University Press, 2002.

⁸ S. Saxonberg and K. Jacobsson (eds.), *Beyond NGO-ization: The Development of Social Movements in Central and Eastern Europe*, London and New York, Routledge, 2016.

⁹ Ibid.

¹⁰ E. Fouéré, *Western Balkans and the EU: Still in Stand-By*, Commentary, ISPI, 10

Over the years, though, the prospects of European integration cooled and nowadays no foreseeable accession date is in sight for the WB6,¹¹ which find themselves at varying stages of integration into the EU. While Slovenia had joined already in 2004, Croatia was the last state to become a member in 2013. Whereas Montenegro, Albania, North Macedonia and Serbia enjoy the status of candidate countries for EU membership, Bosnia and Herzegovina (BiH) and Kosovo are still only potential candidates. In 2018, the European Commission president at the time, Jean Claude Juncker, confirmed the European future of the region by announcing a new Commission strategy¹² for the region. Notwithstanding providing WB with a potential EU accession scenario, this perspective now appears unrealistic. In October 2019, the European Council decided not to open accession negotiations with Albania and North Macedonia, with which membership talks had already started, owing in particular to the veto of the French president Emmanuel Macron, who proposed to reform the entire EU enlargement framework before taking new countries on board. Nowadays the entire EU integration perspective is on hold, and the enlargement process seems not to be a priority for the EU, given also the multiple challenges that the European integration process is facing at the present (the main ones being Brexit and the rise of populist far-right).

In the meantime, the WB have undergone a process of democratic backsliding. Following a global trend of decline of democracy, the WB also experienced an increase of authoritarian patterns in the last decade.¹³ The political elites

July 2017.

¹¹ With the term Western Balkans 6 (WB6) we refer to the group of countries targeted by the EU enlargement policy, constituted by Albania, North Macedonia, Serbia, Bosnia and Herzegovina, Kosovo and Montenegro.

¹² European Commission, “[Strategy for the Western Balkans](#)”, Weekly Meeting, Strasbourg, 6 February 2018.

¹³ F. Bieber, *The Rise of Authoritarianism in the Western Balkans*, Palgrave MacMillan, 2019.

which gained power after the demise of communism stand out for their lack of accountability and responsiveness towards their constituencies,¹⁴ and a general absence of a constructive dialogue with civil society actors. These conditions exacerbate the already low trust in and satisfaction towards political institutions in the region. In the case of Serbia and BiH, for instance, the political elite constantly demonises protesters and opposition leaders, frequently labelling them as “traitors of the nation” or “paid by foreigners or Soros”. Repeatedly, governing elites and state officials build on the threat of instability and violent conflicts in war-torn countries¹⁵ to divert attention from the demands of the demonstrators and thus retaining their grip on political power with promises of stability.

The slide towards authoritarianism in the WB has been attributed to the rise of stabilitocrats,¹⁶ a term coined to refer to the leaders of the region acting in an authoritarian way bypassing democratic institutions, in spite of being formally committed to democracy. Those autocrats are prime ministers or presidents whose authority “largely rests on external approval and democratic institutions domestically constrain them”.¹⁷ Usually, stabilitocrats enjoy the external support of the EU,¹⁸ as they perform the role of guarantors of stability at its borders, a stability that became more pressing with the advent of the so-called “refugee crisis” that started in 2015, which led to an increase of migration flows passing through the WB region. Despite ruling in formally democratic systems, stabilitocrats “combine autocratic mechanisms of rule with

¹⁴ Ibid.

¹⁵ E. Eminagic, ‘Towards a De-Ethnicized Politics: Protests and Plenums in Bosnia and Herzegovina’, in J. Mujanovic (ed.), *The Democratic Potential of Emerging Social Movements in Southeastern Europe*, Sarajevo, Friedrich Ebert Stiftung, 2017, pp. 27-31.

¹⁶ F. Bieber and M. Kmezcic (eds.), ‘The Crisis of Democracy in the Western Balkans. An Anatomy of Stabilitocracy and the Limits of EU Democracy Promotion’, Balkans in Europe Policy Advisory Group, March 2017.

¹⁷ F. Bieber (2019), p. 7.

¹⁸ F. Bieber and M. Kmezcic (2017).

a formal commitment to EU accession and democracy”.¹⁹ Interested in granting stability at its periphery, EU bureaucrats continue to address WB stabilitocrats as valued partners. In this way, they provide legitimacy to the same local elites that their constituencies are challenging on the streets, thus placing stability before democratic consolidation in the region.

While the EU enlargement process is facing a stalemate, and the WB currently lacks a clear path towards European integration, the situation in the region remains characterised by the authoritarianism of domestic leaders, increasing social inequalities, endemic corruption, and high unemployment rates. Few signs of social or economic progress are in sight, and the growing sense of frustration at the region’s “business as usual” politics took the form of streets protests.

Mobilising in Stabilitocracies

In this context, contentious action started to emerge in various forms since 2012, such as street marches, protest events, activist networks, and the activity of social movements.²⁰ Notwithstanding that a general lack of civic trust and disaffection towards the institutions of representative democracy, coupled with widespread fear and longing for stability, constrained mobilisation, diverse actors mobilised in the region. The first group to take to the streets were students, who spearheaded a decade of unrest by protesting against higher education reforms in Croatia and Serbia.²¹ In sign of protest, in 2009 university

¹⁹ F. Bieber (2019), p. 9.

²⁰ A. Fagan and I. Sircar (2017).

²¹ M.G. Kraft, “Insurrections in the Balkans: From Workers and Students to New Political Subjectivities”, in S. Horvat and I. Stiks (eds.), *Welcome to the Desert of Post-Socialism: Radical Politics after Yugoslavia*, Brooklyn, NY, Verso, 2015, pp. 199-222; A. Reinprecht, “Between Europe and the Past – Collective Identification and Diffusion of Student Contention to and from Serbia”, *Europe-Asia Studies*, vol. 69, no. 9, 2017, pp. 1362-1382; J. Greenberg, *After the Revolution: Youth, Democracy, and the Politics of Disappointment in Serbia*, Stanford, CA, Stanford University Press, 2014.

students from these two countries occupied several faculties and blocked lectures under the slogan “*Znanje nije roba*” (“Education is not a commodity”). Between 2014 and 2016, university students took to the streets in what is now North Macedonia to protest the government’s attempts to reform the educational system,²² while in 2017 high school pupils mobilised against school segregation in BiH.²³ In 2018, students were at the forefront of protests in Albania against the approval of a law that would have increased tuition and exam fees for university students while decreasing the share of state budget devoted to public education. Beside student protests, mobilisation had occurred between 2012 and 2013 in Slovenia, triggered at first by the decision of the mayor of Maribor to sign a controversial public-private partnership to place speed radars as a way to ensure traffic safety. Enraged by the number of fines they had to pay, the citizens of Maribor took to the streets. Rapidly, the demonstrations spread to other cities in Slovenia, bringing together different social groups such as migrants, social workers, students and the unemployed²⁴ to demand the resignation of the mayor, of the back-then right-wing government leader, and of the opposition leader, all indicted on corruption charges.

Over the years, other waves of protests targeted the ruling political elite, addressing in particular the endemic corruption of their governors, denouncing increasing authoritarian tendencies and repressive state control, and asking for media freedom. Often these anti-establishment protest movements were spurred by particular, at time tangible, issues which served as “conduits for broader political, social and economic discontent,

²² L. Pollozhani, “The Student Movement in Macedonia 2014-2016 Formation of a New Identity and Modes of Contention”, *Südosteuropa Mitteilungen*, no. 5-6, 2016, pp. 38-45.

²³ M.J. Piersma, “‘Sistem Te Laže!’: The Anti-Ruling Class Mobilisation of High School Students in Bosnia and Herzegovina”, *Nations and Nationalism*, vol. 25, no. 3, pp. 935-53.

²⁴ M. Razsa and A. Kurnik, “The Occupy Movement in Žižek’s Hometown: Direct Democracy and a Politics of Becoming”, *American Ethnologist*, vol. 39, no. 2, 1 May 2012, pp. 238-58.

as rallying points for citizens to demand fundamental political and social transformation of their societies”.²⁵ This happened in BiH in 2013 with the so-called Baby revolution, which made headlines as the demonstrators occupied the square in front of the National Parliament. The protests were sparked by the impossibility of a sick baby to receive medical treatment abroad due to a political deadlock that prevented new-borns from obtaining identity and travel documents.²⁶ In the next protest wave, which took place in BiH in 2014 and became known as the Social Uprising,²⁷ the political elite once again represented the main target of protestors’ rage. In this case, the upheaval was launched by laid-off workers who had lost their jobs due to the mismanaged privatisation process of previously socially-owned factories in the area of Tuzla.²⁸ The rage was fuelled by the hardship of living and working conditions in the country. Workers, together with students and individuals from all walks of life, protested over unemployment and the failure of the privatisation process, which had deprived workers of their jobs and brought them to the brink. Besides blaming the political elite for being unaccountable and having profited from the transition process, the demonstrators articulated a broader quest for social justice both on the streets and in the direct democratic plenary assemblies known as “plenums” that emerged in the aftermath. In 2018 and 2019, the case of a student killed under unclear circumstances constituted the

²⁵ F. Bieber and D. Brentin, “Introduction. Social Movements and Protests in Southeast Europe - a New Tragedy of the Commons?”, in Idem (eds.), *Social Movements in the Balkans. Rebellion and Protest from Maribor to Taksim*, London, Routledge, 2018, p. 2.

²⁶ C. Milan, “Reshaping Citizenship through Collective Action: Performative and Prefigurative Practices in the 2013-2014 Cycle of Contention in Bosnia & Herzegovina”, *Europe-Asia Studies*, vol. 69, no. 9, 2017, pp. 1346-1361.

²⁷ C. Milan, *Social Mobilization Beyond Ethnicity: Civic Activism and Grassroots Movements in Bosnia and Herzegovina*, Abingdon, Routledge, 2020.

²⁸ C. Milan, “Bosnia and Herzegovina: From Workers’ Strike to Social Uprising”, in D. Azzellini and M.G. Kraft (eds.), *The Class Strikes Back. Self-Organized Workers’ Struggles in the 21st Century*, Amsterdam, Brill, 2018, pp. 155-75.

spark for the “Pravda za Davida” (*Justice for David*) movement²⁹ in Banja Luka, the capital of Republika Srpska³⁰ of BiH. After months of rallies and protests, police and local authorities heavily repressed the protests organised by family and friends, who claimed that the murder of David had been covered-up by local authorities.

In Serbia, after an attempt to organize the “Protests against dictatorship” in 2017, the citizenry took to the streets again against the authoritarian rule of Aleksandar Vucic. Having previously served as prime minister of the country since 2014, Vucic had become President of Serbia in 2017. Since December 2018 and for more than a year,³¹ thousands of demonstrators united under the “1 od 5 miliona” (*One out of 5 million*) movement to denounce the corruption of the ruling elite and the authoritarian turn of Vucic, taking to the streets on a regular basis. Under his rule, scandals concerning party members were revealed, media freedom worsened and free press was (and is still) under constant attack, to the extent that the website of the only non government-supporting media channel, the N1 broadcaster, has been hit by a wave of cyber-attacks on the eve of the upcoming parliamentary elections³² due by early April 2020, which a part of opposition is planning to boycott.

North Macedonia also experienced an upsurge in collective action in the last decade, with the “Citizen of Macedonia” protests taking place in 2015 and the Colourful revolution in 2016.³³ The first wave was triggered by the disclosure of

²⁹ F. Bieber, “Patterns of Competitive Authoritarianism in the Western Balkans”, *East European Politics*, vol. 34, no. 3, 3 July 2018, pp. 337-54; C. Milan (2020).

³⁰ One of the two entities composing Bosnia and Herzegovina, the other being the Federation of Bosnia and Herzegovina (FBiH).

³¹ S.M. Jovanovic, “‘One out of Five Million’: Serbia’s 2018-19 Protests against Dictatorship, the Media, and the Government’s Response”, *Open Political Science*, 2019.

³² D. Janjic, *Uoči izbora u Srbiji: Jačaju pritisci na opoziciju i medije*, Osservatorio Balcani e Caucaso, 31 January 2020.

³³ I. Stefanovski, “From Shallow Democratization to Mobilization: The Cases of the ‘Bosnian Spring’ and the ‘Citizens of Macedonia’”, *International Journal of*

a massive wire-tapping operation ordered by then- premier Nikola Gruevski, later accused of corruption, illegal influence on the judiciary, pressures on the media, and electoral violations. The controversial decision of the country's president to stop the investigation against the former premier and other politicians involved in the wiretapping scandal sparked the second wave of mass protests. The same year, in Kosovo, the #Protestoj (#IProtest) civic movement organised a series of rallies to tackle cronyism and corruption in the domestic government.³⁴ Anti-government protests also sprung up in Albania in 2019 targeting the Prime Minister Edi Rama. Street actions were led by the Democratic Party, which accused the premier of corruption and links to organised crime. In Montenegro the same year demonstrators took to the streets to protest corruption and organised crime, asking for the resignation of the president Milo Djukanovic, in power for thirty years, of the government and of key members of the judiciary.

Recently, mobilisations have been sparked by contested projects of urban (re)development, which foresaw the privatisation of public space for private use. United under the umbrella of the “right to the city”, a slogan that refers to the demand for citizen participation in the decisions affecting the use of public space,³⁵ grassroots citizen groups protested against the privatisation and commodification of public services and

Rule of Law, Transitional Justice and Human Rights, vol. 7, 2016, pp. 43-52; C. Milan, “Rising Against the Thieves. Anti-Corruption Campaigns in South-Eastern Europe”, *Partecipazione e Conflitto*, vol. 10, no. 3, 2018, pp. 826-49.

³⁴ H. Marku, “Vetevendosje and the Democratic Potential for Protest in Kosovo”, in J. Mujanovic (ed.), *The Democratic Potential of Emerging Social Movements in Southeastern Europe*, Sarajevo, Friedrich Ebert Stiftung, 2017, pp. 41-46.

³⁵ M. Mayer, “The ‘Right to the City’ in Urban Social Movements”, in N. Brenner, P. Marcuse, and M. Mayer (eds.), *Cities for People, Not for Profit*, London-New York, Routledge, 2012, pp. 63-85.

public space³⁶ in Croatia, Serbia, Macedonia,³⁷ but also BiH,³⁸ where actions to re-appropriate the urban commons targeted the main national cultural institutions,³⁹ together with parks and green areas.⁴⁰ In Skopje, for instance, citizens mobilised against the transformation of the city centre through the government building project “Skopje 2014”, which deeply modified the landscape of the capital to reflect a nationalist trend of urban renewal. By means of several campaigns, citizens brought to the fore the question of the balance of power underpinning urbanisation dynamics, altered more and more in favour of the capital at the detriment of citizens’ wishes and participation. Along similar lines, more recently citizens in the WB protested for environmental concerns, specifically against air pollution and environmental degradation.⁴¹ Other actions addressed civil rights issues such as gender equality and LGBTQ rights, with the first pride parades taking place in Kosovo (October 2017) and BiH (September 2019).

³⁶ K. Jacobsson, *Urban Grassroots Movements in Central and Eastern Europe*, Cities and Society Series, Farnham, Surrey, Ashgate Publishing Limited, 2015; D. Dolenc, K. Doolan, and T. Tomasevic, “Contesting Neoliberal Urbanism on the European Semi-Periphery: The Right to the City Movement in Croatia”, *Europe-Asia Studies*, vol. 69, no. 9, 9 November 2017, pp. 1-29; T. Tomasevic et al., *Commons in South East Europe. Case of Croatia, Bosnia and Herzegovina and Macedonia*, Zagreb, Institute for Political Ecology, 2018.

³⁷ O. Véron, “Challenging Neoliberal Nationalism in Urban Space: Transgressive Practices and Spaces in Skopje”, in G. Erdi and Y. Şentürk (eds.), *Identity, Justice and Resistance in the Neoliberal City*, Springer, 2017, pp. 117-142.

³⁸ H. Wimmen, “Divided They Stand. Peace Building, State Reconstruction and Informal Political Movements in Bosnia-Herzegovina, 2005-2013”, in F. Bieber and D. Brentin (eds.), *Social Movements in the Balkans: Rebellion and Protest in the Balkans*, London, Routledge, 2018, pp. 9-29; C. Milan (2020).

³⁹ P. Rexhepi, “The Politics of Postcolonial Erasure in Sarajevo”, *Interventions*, vol. 20, no. 6, 18 August 2018, pp. 930-45.

⁴⁰ H. Wimmen, “Divided They Stand. Peace Building, State Reconstruction and Informal Political Movements in Bosnia-Herzegovina, 2005-2013”, in F. Bieber and D. Brentin (eds.), *Social Movements in the Balkans: Rebellion and Protest in the Balkans*, London, Routledge, 2018.

⁴¹ Radio Slobodna Europa, “Protesti zbog zagađenja vazduha širom Srbije”, 5 February 2020.

What Is Tying These Protests Together? Specificities of Western Balkans Social Movements

In all cases analysed, protests took place in democratising systems characterised by authoritarian tendencies. In spite of the different episodes that sparked the protests, the inadequacy of democratic transition and consolidation constituted a central concern for all demonstrators in the WB. By taking to the streets, the citizens in the WB indicated that representative democracy and market economy established after the fall of communism did not fulfil their expectations. Quite the opposite: instead of good governance, Western Balkans citizens found themselves facing state capture by predatory political elites and dealing with the negative effects of neoliberal reforms which had led to economic hardship and austerity policies. By identifying themselves as “losers of transition”,⁴² citizens on the streets drew a line between those who had benefited from the transition process (the corrupt and predatory elite that obtained large shares of privatised state ownership) and those who did not (the impoverished population, the ordinary people affected by a strong sense of injustice). Social movement actors mobilised thus on the “people vs. the establishment” cleavage, with the novelty that “the people” did not imply anymore an ethnically-defined community. Against the odds, concepts like solidarity and commonality were rediscovered in societies traditionally considered as divided, like BiH and North Macedonia, helping to build a collective identity based on a common feeling of deprivation and injustice which cut across ethno-national boundaries. Ethno-national divisions did not disappear from the political and social landscape, yet other cleavages became more salient. On the streets, demonstrators addressed and,

⁴² B. Baca, “Civil Society against the Party-State? The Curious Case of Social Movements in Montenegro”, in J. Mujanovic (ed.), *The Democratic Potential of Emerging Social Movements in Southeastern Europe*, Sarajevo, Friedrich Ebert Stiftung, 2017, pp. 33-39.

in certain cases, managed to gather individuals from diverse national backgrounds united under the broad category of “the people”. Although not disappearing, ethno-political lines of conflict were transcended. Similarly, claims and grievances did not address the exclusive interest of a specific ethno-national group, but cut across traditional ethno-national cleavages also in countries where the question of ethnic identity usually subsumes almost any public debate and the nation remains the main framework of reference. In those cases, social mobilisation contributed to de-ethnicise politics,⁴³ as contentious episodes represented points of rupture in the ethnified state structure.

Another feature uniting the different waves concerns the re-appropriation of public space, such as streets and squares, which were (re)claimed as suitable sites for political action. Besides reclaiming the agency of the citizens, the protests managed also to repossess public space. Moreover, traditional repertoires of action, such as protests, encampments, square occupations and street walks were employed alongside more creative ones like, for instance, the spray on walls and monuments in Skopje during the Colourful revolution, and the artistic performances employed by *Ne Da(vi)mo Beograd* (We won't let Belgrade d(r)own/We will not give up on Belgrade), which carried around the city a yellow rubber duck, symbol of the movement.

Although at times mobilisations were short-lived, often they succeeded in leading to government resignations or opening new paths for substantial reforms.⁴⁴ However, most often protest movements did not bring about viable political alternatives. With some exceptions, generally demonstrators distanced themselves from existing political parties, not considered valuable political allies,⁴⁵ and privileged instead

⁴³ E. Eminagic, “Towards a De-Ethnicized Politics: Protests and Plenums in Bosnia and Herzegovina”, in J. Mujanovic (ed.), *The Democratic Potential of Emerging Social Movements in Southeastern Europe*, Sarajevo, Friedrich Ebert Stiftung, 2017.

⁴⁴ V. Dzihic et al., *Agency for Change. Alternative Democratic Practices in Southeast Europe*, Sarajevo, Friedrich Ebert Stiftung, 4 December 20

⁴⁵ T. Olteanu and D. Segert, “Movements and Parties: Trends in Democratic

a horizontal way of organising. This search for horizontality, common to other simultaneous protest movements, confirmed a tendency towards the “politics of anti-politics”,⁴⁶ a common feature of activism in post-socialist contexts. The expression refers to the disaffection toward party politics, which stems from the negative connotation that political engagement bears for ordinary citizens. Other forms of representativeness emerged though, taking for instance the form of “plenums”, horizontal assemblies adopted for the first time during the university occupations in Croatia, Serbia and later in North Macedonia. Subsequently, plenums were employed by the protesters in BiH during the 2014 Social Uprising. Recently, we witnessed a certain rapprochement to party politics in the region. In several cases, social movement actors have moved – or at least have tried to shift – from contentious politics on the streets to the realm of electoral politics, striving to change politics not only through collective action, but also by taking the institutional path. Some of the radical actors that had taken to the streets formed electoral platforms or political parties which strove to access institutions mainly at the local level. In Croatia and Serbia, right-to-the-city groups such as *Zagreb je naš* (Zagreb is Ours) and *Ne davimo Beograd* joined forces with other actors to converge into electoral platforms that ran for local elections respectively in Zagreb in 2017 and Belgrade in 2018.⁴⁷ In an attempt to move from the contentious arena to the town halls,⁴⁸ these platforms contributed to funnel the

Politics as Challenges for Social Democracy in Southern and Eastern Europe”, J. Mujanovic (ed.), *The Democratic Potential of Emerging Social Movements in Southeastern Europe*, Sarajevo, Friedrich Ebert Stiftung, 2017, p. 53.

⁴⁶ K. Jacobsson, *Urban Grassroots Movements in Central and Eastern Europe*, 28 July 2015, p. 18.

⁴⁷ The coalition led by Zagreb is Ours won 7,6% of votes, which resulted in four seats in the Zagreb City Assembly, 21 seats in city districts and 41 seats in local councils, unlike in Belgrade, where the platform did not manage to pass the threshold.

⁴⁸ N. Tiedemann, “CIDOB - New Municipalisms in Post-Yugoslav Spaces: Democratic Ruptures in Zagreb and Belgrade”, CIDOB, 2019; C. Milan, “From

aspirations of urban social movements into the electoral arena and to reinvent democratic practices starting from the local dimension.⁴⁹ The local level of government was targeted as the primary domain of political exercise and as a first step before eventually addressing the national level. However, other left-wing actors approached the institutional realm beyond the local level, at times succeeding in entering the parliament after transforming into movement-parties, like for instance Vetevendosje in Kosovo and Levica in Slovenia. More recently, the Serbian movement “1 od 5 miliona” also communicated its decision to run for parliamentary elections.⁵⁰

In terms of actors engaged in activism, educated youth played an important role in social mobilisations in the region. This partially contradicted recent studies that suggested a general lack of interest towards civic and political engagement on the part of WB youth, coupled with a low interest in both international and domestic politics.⁵¹ Besides organising and leading student protests across the region, in the 2014 uprising in BiH, for instance, high school students were amongst the first to violently attack government buildings, although they later did not take part in the plenary assemblies. Nevertheless, the youth in the region display a low level of membership in political parties or associations, a figure that seems to be correlated with the high unemployment rate that still compels many of them to leave their countries. In spite of being frequently at the forefront of street protests, middle-class, well-educated urban youth are severely affected by increasingly precarious working conditions, corruption, and clientelistic dynamics that regulate the job market. The unemployment rate is on the rise in the

the Streets to the Town Halls: Local Governance and Municipalist Platforms in Croatia and Serbia · *Mínim*”, *Mínim*, 26 November 2019.

⁴⁹ B. Caccia, “A European Network of Rebel Cities?”, *openDemocracy*, 5 June 2016.

⁵⁰ Radio Slobodna Europa, “Zašto Jedan od pet miliona izlazi na izbore?” (last retrieved on 11 February 2020).

⁵¹ M. Lavric, S. Tomanovic, and M. Jusic, *Youth Study Southeast Europe 2018/2019*, Sarajevo, Friedrich Ebert Stiftung, 2018.

region, a condition that forces the youth to emigrate in search of better opportunities abroad. The dramatic demographic change that the Western Balkans countries are witnessing is severely affecting the countries' social fabric, composed more and more by elderly people holding a lower mobilisation potential and less resources to be channeled into social protests. As a consequence, people- and brain-drain is depriving the area of the potential for political engagement and social change that critical and progressive youth constitute.

Throughout the protests, social media and digital devices facilitated communication, therefore contributing to spread the protests within national borders and counterbalancing mainstream media that, conversely, strove to ethnicise or dismiss the protests.⁵² Alternative media platforms helped to gather support from diaspora communities and the international public. The social networking service Twitter, for instance, had hashtags devoted to the endeavour, while several blogs hosted English translations of articles written in local language(s), representing an important source of counterinformation for the international public.

Conclusion

Over the last decade, citizens in the Western Balkans mobilised massively by means of street protests and occupation of public squares to voice their disappointment towards the worsening of post-transition democratic governance. Social movement actors were at the forefront of the struggle for democracy in the region, managing to mobilise so-far “quiet” societies and often resorting to confrontational forms of opposition. The emergence of contentious collective action in the WB has shaped how popular grievances are articulated and collective action enacted in the public space, in countries which have undergone profound transformations since the 1990s. As a

⁵² E. Eminagic (2017).

result, resorting to collective action in the Western Balkans is now considered an accepted form of contention employed to voice discontent and critical positions.

Frequently triggered by specific episodes, single protest events often grew into broad civic movements, at times leading to the resignation of political leaders and state officials. By taking to the streets, demonstrators pleaded for the political and social transformation of their societies, voicing in particular their disappointment towards the inadequacy of democratic transition and consolidation. By means of street protests, citizens reclaimed their agency over democratic and socio-economic processes and demanded the accountability of their ruling elites, towards which they shared a widespread feeling of powerlessness. Transforming this feeling of powerlessness into collective action, citizens turned instead into agents of change. On the streets, they demanded social justice and a deepening of democracy, besides calling for their political leaders to perform in accordance with citizens' collective will, expressed through elections. Occasionally, social movement actors opted for not limiting themselves to changing politics exclusively through collective action, choosing instead to enter the political arena as contenders for political power, by forming electoral platforms running at the local and at times national levels.

In spite of this emergence of activist citizenship, citizens in the Western Balkans region are still urging democratic institutions and governors to answer the requests for accountability, transparency and rule of law they expressed on the streets. All over the Western Balkans social movement actors continue to demand the respect of the rule of law, advancing "genuine progressive causes"⁵³ encompassing the promotion of civic values, labour rights, environmental protection, and the safeguarding of natural resources. In countries divided along ethno-national lines, those issues proved to be able to push beyond dominant

⁵³ J. Mujanovic, *Hunger and Fury: The Crisis of Democracy in the Balkans*, London, Hurst, 2018, p. 57.

ethno-political frameworks, mobilising across existing cleavages. A common feature of protest movements in the region is the salience of socio-political demands and grievances related to the state of democracy and the socio-economic problems that the ruling elite is accused of hiding and manipulating to maintain their grip on power.

Nevertheless, the challenges that social movement actors face in the region are still many and related in particular to a social and political context dominated by stabilitocrats hampering in different ways freedom of expression and of speech. At the same time, the region has to face the re-emergence of nationalism and the rise of populist parties, while the EU seems to be losing its credibility as the main actor providing stability for the region, as it has failed to offer a credible EU perspective. In this context, social movements appear to be relevant players in the process of democratisation from below, with their constant push for social and democratic transformation of Western Balkans societies and the pressure they exercise on the ruling elite to govern in line with the rule of law and government accountability.

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