



BiEPAG



Policy Brief

The Western Balkans as a Geopolitical Chessboard? Myths, Realities and Policy Options

By Florian Bieber and Nikolaos Tzifakis

June 2019

The Western Balkans as a Geopolitical Chessboard?

Myths, Realities and Policy Options

By Florian Bieber and Nikolaos Tzifakis

Florian Bieber is Professor of Southeast European History and Politics and Director of the Centre for Southeast European Studies at the University of Graz, Austria. Nikolaos Tzifakis is Associate Professor of International Relations and Chairman of the Department of Political Science and International Relations at the University of the Peloponnese, Greece.

About BiEPAG

The Balkans in Europe Policy Advisory Group (BiEPAG)

is a co-operation initiative of the European Fund for the Balkans (EFB) and Centre for the Southeast European Studies of the University of Graz (CSEES) with the aim to promote the European integration of the Western Balkans and the consolidation of democratic, open countries in the region. BiEPAG is composed by prominent policy researchers from the Western Balkans and wider Europe that have established themselves for their knowledge and understanding of the Western Balkans and the processes that shape the region. Current members of the BiEPAG are: Dimitar Bechev, Florian Bieber, Blerjana Bino, Srđan Cvijić, Milica Delević, Srđan Majstorović, Natasha Wunsch, Marika Djolai, Vedran Džihić, Dejan Jović, Marko Kmezić, Jovana Marović, Milan Nič, Corina Stratulat, Dane Taleski, Nikolaos Tzifakis, Alida Vračić, Shpend Emini, Zoran Nechev, Tena Prelec, Donika Emini and Igor Bandović.

Introduction

The rationale of EU enlargement in the Western Balkans has been changing during the last couple of years. The consolidation of stability and the full implementation of liberal political and economic reforms are no longer the principal (or the sole) arguments cited to make the case for the region's EU accession. European decision-makers have been increasingly claiming that the EU should move on to contain the negative influence in the Western Balkans of other external actors, namely, Russia, China, Turkey and the Gulf countries. Those actors' engagement extends from economic investment, particularly in large-scale infrastructure, to political support for governments and parties, as well as active media engagement. Beyond that, there has been more clandestine and covert engagement, often the subject of intense speculation. The EU considers itself involved, against its will, in a traditional geopolitical game of influence in a European periphery where its competitors allegedly strive to redefine the rules of the game, to the disadvantage of the Western Balkan region and the EU.

The net effect of this shift in discourse is the resurfacing of EU enlargement in the Western Balkans on the European political agenda. Last year, the Commission published a new enlargement strategy document to reinvigorate the process. It qualified the Western Balkans EU integration as a "geostrategic investment" and put forward a best-case scenario for the accession of Serbia and Montenegro by 2025 (European Commission, 2018a, p. 1). The European Council followed suit and discussed the region's EU accession after a four-year pause (from 2014 to 2018) in which the Western Balkans had emerged only in debates about security challenges to Europe.

The authors would like to thank Marika Djolai, Srdjan Majstorović, Jovana Marović and Tena Prelec for their comments and suggestions in an earlier version of the paper. The brief is based on the research and findings of Florian Bieber and Nikolaos Tzifakis (eds), *The Western Balkans in the World. Linkages and Relations with Non-Western Countries* (Basingstoke: Routledge, 2020).

The EU concerns about the increase of external actors' activities in the Western Balkans are not unfounded. Russia has used a variety of instruments to exercise—often pernicious—influence in the region, focusing its efforts on actors with a cultural/religious affinity to appeal to, namely Serbia, Republika Srpska (the predominantly Serb entity of Bosnia and Herzegovina), Montenegro and North Macedonia. Diplomatically, it has taken advantage of its great power status in the UN Security Council to act as a spoiler of various Western initiatives. For instance, it has opposed the recognition of Kosovo independence; it has indirectly encouraged Milorad Dodik's rhetoric for the secession of Republika Srpska; and it has sought to thwart EU and U.S. diplomatic efforts to resolve the political crisis in North Macedonia following the eruption of the wiretapping scandal. At the political level, United Russia, the ruling party in Russia, has developed close ties with several like-minded political parties in Serbia, Montenegro, Republika Srpska and North Macedonia. Importantly, this interparty cooperation revolves around a common opposition to NATO expansion in the Western Balkans (B92, 2016). Moreover, Moscow has also allegedly got involved in the Montenegro coup plot (Farmer, 2017) and it has been accused of having stimulated the manifestation of popular discontent with the Prespa Agreement in Greece and North Macedonia alike (Leontopoulos, 2018). In the energy field, Russian firms have acquired a dominant position in the markets of Serbia and Republika Srpska through the purchase of local refineries and petrol stations, while Gazprom is the main gas supplier to most Western Balkan countries (Bechev, 2015, p. 2; Center for the Study of Democracy, 2018). Finally, RT and Sputnik operate services in the Serbian language, spreading anti-Western and pro-Russian ideas and (dis)information (Wiśniewski, 2016).

Turkey has paid particular attention to the enhancement of cultural, religious, educational and information linkages, predominantly with the Muslim populations in the region. The Turkish Development Agency (Turkish Cooperation and Coordination Agency, TIKA) has financed the restoration of several Ottoman-period cultural and historical monuments and mosques. The Yunus Emre Foundation, a public foundation promoting Turkish language and culture, has opened Cultural Centers in all Western Balkan countries, offering courses attended by thousands of students in the region (Vračić, 2016, p. 13). In addition, Turkey's Diyanet, the Presidency of Religious Affairs, provides religious education and facilitates the linkage of Balkan

Muslim communities with Turkey (Öktem, 2012, pp. 43–45). What is more, state-led initiatives in the fields of culture, religion and education are complemented by similar activities undertaken by a few Turkish municipal authorities and a handful of Islamic networks, the most influential being the Gülen movement, once a partner and now the archenemy of Turkey's President, Recep Tayyip Erdoğan. Lastly, in terms of information linkages, TRT, Turkey's national public broadcaster, and the Anadolu Agency, the Turkey-based news agency, operate throughout the entire region, broadcasting content in all local languages (Vračić, 2016, pp. 14, 25).

China has sought to sign economic and technical cooperation agreements with all Western Balkan countries with the exception of Kosovo, whose independence it refuses to acknowledge. China acts mainly as an investor in the region, disposing billions of dollars in the form of low-interest loans with long maturity periods for the execution of projects in the fields of power generation, mining and heavy industry, and transport infrastructure (Tonchev, 2017, p. 4). China's primary interest seems to be the improvement of the region's internal connectivity in order to facilitate the transport of Chinese manufactured products from the Greek port of Piraeus to Europe and along other transport lines. In this respect, Beijing has been financing several projects, such as the reconstruction of a Belgrade–Budapest railway; the construction of the Bar–Boljare highway (connecting Montenegro and Serbia); the construction of a highway between Albania and Montenegro; and the construction of highways within Albania, Bosnia and North Macedonia (Tonchev, 2017, pp. 2-3; Dhimolea, 2017).

Finally, the UAE has increasingly been showing interest in the region's economic development. In 2017, the UAE gave to Serbia the largest part of its Official Development Assistance, disbursing two loans, amounting, in total, to US\$1.2 billion (OECD, n.d.). Interestingly, in that year, the UAE was Serbia's largest donor, ahead of the EU institutions whose development assistance was worth US\$500 million (OECD, n.d.). In addition, the Emirates have made substantial commercial investments in the region in the fields of construction, agriculture, defense and aviation (Bartlett et al., 2017). Most investments have been directed towards commercial real estate and tourism in Bosnia and Herzegovina and Serbia. The iconic cases are without doubt the 'Belgrade Waterfront' and 'Buroj Ozone'.

The first is a US\$3 billion project by Eagle Hills, an Abu Dhabi-based company, for the redevelopment of the Sava riverbank in Belgrade, with the construction of thousands of residencies, several hotels, the largest shopping mall in the Balkans and a 200-meter-high tower (Bartlett et al., 2017, p. 104). The second is a US\$2.5 billion project by Buroj Property Development, a Dubai-based company, for the construction of a tourist city in Trnovo, Bosnia, that would contain thousands of housing units, luxurious hotels, a shopping mall and a hospital (Brunwasser, 2016). The UAE has also been active by forging a partnership with the Serbian government in the creation of Air Serbia.

While the renewed EU interest in the Western Balkans is without doubt positive, it rests on several myths and misconceptions. Between the view of regional governments, who often perceive this plethora of external involvement as a boon to a region suffering from Western neglect and much reduced foreign investments following the global economic crisis, and the view that a sinister threat emanates from all engagement by non-Western actors, a more nuanced understanding has to emerge. This policy brief identifies these fallacies and articulates some policy recommendations.

Myth #1

The Western Balkans are drifting away from their Euro-Atlantic orientation

The EU and NATO bear considerable responsibility for the rise of influence of external actors in the Western Balkans. First, the region's Euro-Atlantic integration has not advanced as originally planned. While the EU offer (unequivocally pronounced at the Thessaloniki Summit in 2003) has never been withdrawn from the table, the emergence of new challenges and more pressing priorities have shifted the attention of the EU and its members elsewhere since 2009. The economic crisis followed by the Eurozone crisis, the migration/refugee crisis and Brexit have completely sidelined the enlargement policy within the EU, whereas developments in the neighbourhood (ranging from the Arab Spring and the Syrian conflict in the South to the Ukrainian conflict

and renewed tensions with Russia in the East) have taken precedence over the Western Balkans. Similarly, the United States has prioritized its engagement in Asia and the Pacific (the “Pivot” to Asia), followed by a struggle to win the “war on terror” and stabilize the Middle East, and manage Russian revisionism. In this respect, although the processes of EU and NATO enlargement have not been paused, the West has increasingly followed a hands-off approach towards the Western Balkans, contenting itself with preventing a recurrence of hostilities.

Moreover, the low popularity of EU enlargement among European societies, as registered in consecutive Eurobarometer surveys, and the critical stance of several European decision-makers concerning the prospect of the Western Balkans EU integration have shaken the conviction of citizens of the Western Balkans on the accession perspective of their countries. According to the data from the 2018 Balkan Barometer, 26 percent of citizens in the Western Balkans believe their country will never join the EU, with particularly high rates in Bosnia and Herzegovina (39 percent) and Serbia (32 percent) (RCC 2018, 52). Besides, the brittle state of the transatlantic relationship, not least since the election of Donald Trump as U.S. president, and the intra-West divisions on several Balkan issues from the Kosovo question to the Macedonian name dispute until recently, have impaired the credibility and the attractiveness of the EU and NATO engagement in the Western Balkans. Therefore, it is the Euro-Atlantic allies rather than the Western Balkans that have been drifting away from their partnership. As for the external actors, they have risen as the footprint of the EU and the United States has weakened in the Western Balkans.

Most Western Balkan governments have welcomed external actors’ increased interest in the region for several reasons. Economically, all of these external non-Western actors have been filling a gap left in terms of investments, loans and infrastructural projects. Importantly, these investments often do not come with the usual strings attached to EU support. At the political level, Russia’s spoiler role represents a unique source of support for all those actors in the region who oppose certain Western initiatives and proposals for peacebuilding and crisis management or alternatively a welcome bogeyman to bargain for more or less critical Western support. In the case of the Kosovo question, China’s approach is an additional support for

Serbia's position. Besides the cultural and economic aspects of the Turkish engagement, its role, together with the UAE and other Middle Eastern countries, is appreciated by those who would like to see Islam playing a greater role in the region.

Last but not least, in a region that has long been a periphery with competing influences, there is a strong historical pattern of both looking for outside models and patrons, and for playing different actors off each other. Thus, the outsiders are also increasing the choice of local political elites who no longer exclusively rely on Western or EU support and can play up (or down) different actors for their own advantage. In this respect, Western Balkan leaders are given the opportunity to convey to Brussels the message that if their countries' EU accession does not advance, they may examine alternatives for their countries' external orientations. Nevertheless, the danger here is that sceptics of the Western Balkans' EU accession may perceive the linkages of external actors with the region as a confirmation of their belief that the process of EU enlargement should discontinue.

Myth #2

External actors propose alternatives to the region's Euro-Atlantic integration

The rise of non-Western actors is part of a wider global change of power that is not unique to the Western Balkans. Nevertheless, while China and the UAE are newcomers to the region, Russia and Turkey have a long history of strong ties to and interest in the Balkans in modern times.

As far as Russia is concerned, this region is not part of the area where its vital national interests are at stake. The Balkans lie well beyond the former USSR territory. Diplomatically, as Dimitar Bechev put it, Russia's approach to the Balkans "is by and large a function of its relations with the U.S. and Europe" (Bechev, 2020, p. 188). Whenever Russia and the West are at a collision course, Moscow acts as a spoiler of western initiatives in the region. Although Russia opposes the advancement of NATO expansion in the Balkans, it does not pragmatically expect the region's incorporation in the Collective

Security Treaty Organization (CSTO), or in the Eurasian Economic Union (EEU). Economically, Russia has a weak footprint in the Balkans when compared with the EU. In 2018, Russia accounted for 4.9 percent of the region's imports and 3.1 percent of its corresponding exports (Eurostat, 2019). A similar picture emerges in FDI, with only 4.6 percent of inflows during the 2007–2015 period originating from Russia (European Commission, 2018b, p. 1). Still, Russia's economic involvement in the region should not be underestimated for three main reasons: a. it is frequently masked as Russian capital flows are transferred through third countries, b. it is strategically focused and concentrated on a few key economic sectors (e.g. energy and banking), and c. the Russian state exerts substantial influence over the decisions of the country's private corporations (Center for the Study of Democracy, 2018, 13-14). Indeed, if Russia has any region-wide plan for the Balkans, this is to establish another gas transit route to Europe. While such a perspective appears threatening to European energy security, it does not constitute a political alternative plan to the region's Euro-Atlantic integration.

In Turkey's case, the Balkan region is indispensable for both its political and economic connection to Europe. Still, in terms of Turkish foreign policy priorities, the region is less important than the Middle East, or the country's relations with the EU, the United States and Russia. Neo-Ottomanism, Turkey's overarching ideology and policy framework towards the Balkans, aims at restoring Ankara's position as a regional patron. It consists of a variety of messages that include the promotion of Turkish language, culture, and Sunni Islam, and the reinterpretation and glorification of Ottoman legacy (Öztürk and Akgönül 2020, pp. 233-234). As such, it is mainly a cultural and political programme that has had only moderate results even among the region's Muslim people due to the fact that it has entirely disregarded how the Balkan people have interpreted themselves the period in which they were subjects of the Ottoman empire. Indeed, Turkey's Neo-Ottomanism is more about Turkey's self-image and its perception of its own mission. It is primarily inwards oriented towards the Turkish society and it is instrumental in AKP attempts, on the one hand, to portray the country as an emerging regional power whose influence radiates in the area where the Ottoman empire once ruled and, on the other, to present Erdoğan as the leader of all Sunni Muslims in Europe (Aydıntaşbaş, 2019, 18; Bechev, 2019).

Above all, Turkey being a NATO member itself, its Neo-Ottoman policy in the Balkans is not designated to compete with the region's Euro-Atlantic orientation.

China, as an emerging global economic and political actor, has grown its influence and engagement in the Western Balkans. Here, Beijing focuses on a regional and in fact a broader strategy that includes Central Europe and the Balkan EU members as well in the 17+1 format (widely known as 16+1 until the recent entry of Greece), and even more broadly in the "Belt and Road Initiative". Thus, the Chinese engagement is embedded in a wider strategy of improving physical connectivity in Afro-Eurasia to facilitate and speed up the access of its products to their destination markets. It also attempts to exploit investment opportunities in sectors with some presumed untapped potential. To be sure, we cannot exclude the possibility that China may in the future attempt to use these economic linkages to extract concessions from Western Balkan countries on national interest matters (e.g. on Taiwan). Still, we ought to acknowledge that China has not so far advanced any political vision for the region. Furthermore, Chinese policy towards the Western Balkans does not seek to prevent European integration and most participants in the 17+1 format are EU members. Beijing has confined itself to the role of an economic partner that seeks new investments and deals, without promoting its own path to development, or interfering in the recipient countries' domestic affairs.

Much like China, the UAE is mainly an economic actor in the region. It has become engaged through both highly personalized ties, as in the case of Serbia and Montenegro, resulting in significant economic engagement, or through the more decentralized engagement in tourism and real estate in Bosnia and Herzegovina. Neither is based on a clear regional political strategy or a plan for the Balkans. The UAE involvement in the region is part of its overall attempt to make long-term investments that will help the diversification of its economy and prepare its transition to the post-oil era. What is particular about the Balkans, is that the local business environment is compatible with the UAE culture of doing business that is characterized by informality, interpersonal relations and non-transparent procedures (Bartlett and Prelec, 2020).

From the above analysis we discern that Russia and Turkey are the two external actors that display a stronger political and social engagement in the region, both shaped by proximity, historical ties and specific political agendas. As a result, the relationship to several countries of the region benefits from the creation of multiple channels for the transmission of influence. Russia and Turkey have been supportive of governments that have followed their agendas. The most notable examples are Serbia's foreign policy alliance with Russia and the support of regional governments to Erdoğan at a time when he is being increasingly isolated from the West. Both Russia and Turkey have also reprimanded governments when they failed to conform with their expectations. For instance, Russia has rebuked the governments of North Macedonia and Montenegro for pursuing their NATO bids, and it has additionally expressed its disapproval of the former's ascent to power through the 'colourful revolution'. Turkey has, likewise, criticized those who have not cracked down on allegedly Gülen Movement's institutions. Eventually, the political influence of both external actors over these matters is limited. Russia comprehends that it cannot stand in the way of any Western Balkan country's accession to the Atlantic Alliance and Erdoğan's pressure towards his Balkan fellows to extradite Gülenists and close down Gülen-affiliated education establishments has been only of limited success and came at a price. Neither have been able to offer much in exchange for compliance.

In any case, the engagement of external actors with close religious or cultural ties has often created expectations among populations sharing the connections but has also generated sentiments of fear among other, neighbouring communities. Both are often based on misconceptions. Whether Serbian citizens grossly overestimate Russian economic engagement, or whether Bosnia's non-Muslims worry about investments from the UAE in their country, external actors are rarely viewed in the region as mere neutral investors. As a result, external actors' engagement, in its true scale or perceived through the lenses of cultural affinity and blown out of proportion, has at times increased tensions. Displays of cultural proximity are often trumped by the reality of economic pragmatism, as highlighted by the example of Turkey's greater investments in Serbia than in Bosnia and Herzegovina (Hake and Alice Radzyner, 2019, p. 11), or the orientation of UAE's development assistance to Serbia and Montenegro instead of Bosnia and Kosovo (OECD, n.d.).

Myth #3

External actors form a single rival block

It is commonly believed that non-Western actors align closely their policies. For instance, Erdoğan and Putin are reportedly in regular contact over several matters and both Russia and Turkey have been promoting the construction of Turkish Stream (a pipeline that will transfer gas from Russia to Turkey) and its extension through the Balkans in Central Europe. Moreover, China and Russia are eventually contributing to the construction of different segments of the same, new Belgrade–Budapest railway (Railtech 2019a and 2019b). However, non-Western actors do not form a single block in the region. They do not share common interests and they do not coordinate their policies. On major issues, external actors are found on diametrically opposite sides. For instance, Turkey supports Bosnia and Herzegovina's NATO bid and the Bosniak struggle through the SDA for a more centralized state. On the other hand, Russia opposes Bosnia's NATO accession and backs up Milorad Dodik, the main advocate of Bosnian Serb separatism. Similarly, Turkey and the UAE have recognized Kosovo's statehood, whereas China and Russia have been defending Serbia's sovereignty claim over Kosovo in the UN Security Council.

What emerges is that some actors are primarily important in the field of economic relations, such as China or the UAE, but without matching political or societal ties. Others, such as Russia and Turkey, often develop greater political or societal linkages, but maintain more limited economic ties. Thus, no single actor is deeply engaged with the Western Balkans in all dimensions.

Moreover, not only do external actors concentrate their engagement in different sectors, they also privilege their relations with different Western Balkan countries, with Serbia being the notable exception owing to its size and location. In addition, the economic, political and social engagements of external actors in the region do not always overlap. While Turkey has extended most social and political support to governments and political leaders from Muslim majority countries or parties appealing to a Muslim electorate, its economic engagement has been strong in Serbia and North Macedonia, disregarding these religious affinities. Russia has found most reception for cultural and

social engagement among the Serb population in Serbia, Montenegro, and Bosnia and Herzegovina, but has also engaged politically in North Macedonia, without much success, however. Economically, Russia has also been involved in Croatia, despite the absence of strong societal ties.

Myth #4

External actors attempt to subvert the region's EU accession

External actors do not inherently oppose the region's EU accession. In many respects, their economic interest in the Western Balkans is stimulated by its European perspective. The prospects of political stability, economic growth and full membership in the single market explicate much of the Chinese and UAE strategic economic investments in the region. Turkey, formally an EU candidate itself, is not against EU enlargement in the Western Balkans either. While Ankara is frustrated to observe that Western Balkan candidates move at a faster pace towards the EU than it itself does, it reasonably expects that these countries, once they become EU members, will join the camp of the advocates of Turkey's EU accession (Aydintaşbaş, 2019, 25). As for Russia, the EU accession of countries with which it shares strong linkages and religious and cultural affinity implies that the number of EU members that may function as 'Trojan horses' in foreign policy matters and undermine unity of purpose may increase.

While external actors do not disapprove the Western Balkans' EU integration, some of their practices seriously undermine it. The next section explains how.

Myth #5

External non-Western engagement is altogether negative

The self-confidence and engagement of powers that, until recently, were too weak or remote in the Western Balkans is not negative per se, as it includes some important economic investments and diversification. There is no doubt that this inflow of money from both

governments and private investors creates jobs and contributes to the economic development of the Western Balkans. To the extent that the region's infrastructure – measured, for instance, in terms of motorway density, railway density and energy production capacity – seriously lags behind the EU corresponding levels (Holzner and Schwarzhappel, 2018, 6-9), its improvement will not only serve the interests of external actors (e.g. Chinese exports to Western Europe). The benefits will primarily go to the Western Balkan countries themselves. For instance, the upgrade of the region's transport infrastructure will make the Balkans a more attractive investment destination; it will reduce the cost of trade and facilitate its diversification; and it will contribute to the enhancement of regional cooperation and the stimulation of economic growth. All these developments are indispensable for a region that is expected to reach the average EU GDP per capita in 60 years from now according to the EBRD baseline scenario (Sanfey and Milatovic, 2018, 5). Moreover, some of those external actors' loans have been directed to local projects for which there was no investor interest at all. In addition, as Vangeli (2020, 215) points out in China's case, Beijing has demonstrated in the Balkans that it has the know-how to reinvigorate old industrial units and increase their production capacities, saving thousands of precarious job posts. What is more, Turkey's support to the restoration of the region's Ottoman-period monuments contributes to the preservation of the region's cultural heritage and helps the efforts of the Balkans to emerge as a tourist destination.

In this respect, some of this engagement can or could help in the transformation of the region. However, most Western Balkan leaders, who are not reformists by conviction, have come to believe that they have found alternative sources of financial assistance to consolidate their stay in power and, thus, they do not need to carry out reforms prescribed by the EU or international financial institutions (Makocki, 2017). For instance, Russia's loans to Serbia in 2012–2013 helped Belgrade to avoid getting assistance from the IMF that is linked to the implementation of structural reforms. At the same time, the Russian credit had higher repayment interest than typical loans provided by European financial institutions and included a clause on Russian contractors' exclusive access to Serbian modernization projects in breach of EU-dictated public procurement and competition norms (Center for the Study of Democracy, 2018, 16-17).

Moreover, many of those external actors' investments have benefited from and contributed to authoritarian patterns in the region. A great number of these investments has been initiated by contacts among governments and in many cases among leaders themselves. As a result, many investments have circumvented conventional public procurement procedures that require competitive bids, transparent processes and accountability. In some cases, local governments have adopted special legislation to bypass ordinary procedures (e.g. in the case of the UAE 'Belgrade Waterfront' investment), whereas, in others, feasibility and benefit-cost analyses were not publicly released, casting doubts on whether they have been conducted at all. In several investments (e.g. China's financing coal-fired power plants in Bosnia), environmental concerns have entirely been put aside (in defiance of EU environmental norms and the region's high pollution levels), while, in others, the Western Balkan states have made unjustifiably large concessions. In addition, Western Balkan authorities have frequently neglected to monitor the investors' compliance with their commitments to modernize production units and inject new money in their operations. In the case of Chinese investments, Balkan decision-makers have routinely agreed that Chinese corporations would carry out the construction works, thus minimizing those projects' positive externalities to the local economies. What is more, in the case of some Russian energy investors, once in place, they have allegedly exerted influence on local authorities to refrain from further liberalizing their markets that would allow the entry of competitors and the diversification of supply of resources (Center for the Study of Democracy, 2018, 21-22). This practice not only runs against the EU prescriptions on energy policy, it is also detrimental to public interest as it facilitates the emergence and consolidation of near-monopolies. In this regard, it is little wonder that several Western Balkan countries purchase gas at higher prices than most EU members.

Arguably, this pattern of investments has raised concerns about whether this external economic engagement is weakening state institutions and formal procedures, but also whether the resources prop up autocratic rulers, either by directly syphoning off funds or by funding politically profitable prestige projects. It also facilitates the prevalence of corruption and the ceaseless operation of clientelist networks and it can lead to economic dependencies, as some of the externally funded projects risk creating debt traps for the countries of Western Balkans, such as the 'highway to nowhere' in Montenegro

(Makocki and Nechev, 2017). Overall, the lack of transparency, the economic dependencies and political considerations connected with many of the investments create political risks that could result in bolstering authoritarianism, economic failure and becoming a wedge in the links between the region and the EU.

The political engagement of external actors is often more detrimental, as it actively seeks to undermine the ties between the countries of the region and the West, but also among each other. The political influence of Russia and Turkey has favoured undemocratic actors, as well as parties who emphasize ethnic and religious affinity to them, often undermining cross-cutting cooperation. In addition, their political engagement has also been a useful tool to play up regional xenophobia and nationalist antagonism or disguise and even justify authoritarian policies on countries of the region, such as Montenegro. Finally, Turkey's pressure to the local governments to extradite Gülenists represents a direct challenge to their rule of law systems.

Myth #6

Western Balkan countries cannot insulate themselves from negative external influences

We should not reduce the countries and societies of the Western Balkans to mere objects of global geopolitical conflicts. Local governments, acting as gatekeepers, shape the role external actors can play and have been using the interests of third countries to maximize their positions towards their own populations and other external players. Indeed, the role of external actors is often highly personalized, as epitomized by the close ties between Turkish President Recep Tayyip Erdoğan with the leader of the Bosniak SDA, Bakir Izetbegović, the Prime Minister of Albania, Edi Rama and the President of Serbia, Aleksandar Vučić. This is the result of the personalized style of government in the Western Balkans and in some of the external countries under discussion, in particular Turkey, Russia and the UAE. Apparently, in these cases, the personal interests of Western Balkan decision-makers and the public interest of their countries do not necessarily coincide, nor are they put in proper order.

The engagement of external actors is domestically not uncontested. The Russian influence is highly polarizing in Montenegro, Bosnia and Serbia and far from uniformly welcomed. In Bosnia, it is due to the support from the nationalist position of Milorad Dodik and his attempt to buy Russian favour, whereas in Montenegro it is the support of Russia for Serb nationalist opposition groups, as well as past murky investments, while in Serbia, the liberal opposition views Russia as backing the increasingly authoritarian rule of Aleksandar Vučić (who can also count on Western backing). Turkey and the UAE are similarly polarizing for supporting projects of regional strongmen and their (presumed) preference for parties and leaders with a Muslim political agenda. China has been to some extent polarizing the Montenegro society, especially when it comes to the controversies surrounding its investments (e.g. benefits granted, lack of transparency, etc.) as well as the rising debts and disregard for the environment.

Altogether, the regimes in power in the Western Balkans determine with their choices the extent of their countries' openness to these external actors. Conversely, the latter's influence in the Western Balkans is more volatile than the support given to the region's EU integration.

The attractiveness of the Western Balkans for investments from these external actors is also to some extent explicated by the weakness of their domestic rule of law systems. The ability of those countries' leaderships to put aside competition rules, public procurement procedures and environmental and energy norms coupled with the weakness of their public institutions' capacity to monitor agreement implementation and safeguard public interest are largely responsible for most of the negative effects of this external economic engagement in the region. Therefore, the consolidation in the Western Balkans of the rule of law institutions would act as a firewall against the disruptive effect of external actor involvement in the region.

Myth #7

The end justifies the means (or, to put it differently, any reasoning that advances EU enlargement is welcome)

While the West's work in the Western Balkans is incomplete and the region can use all international attention it can get, the discourse on the emerging geopolitical competition in the Western Balkans is not risk-free. The 'return of geopolitics' has resulted in the increasing significance of global strategic power (or weakness) in relations of Western Balkan countries with external powers and reduced the relevance of norm-based alignment. Thus, the EU and the United States in their policies towards the Western Balkans have, over the past decade, often emphasized the strategic containment of radical Islam or of Russian influence over value-driven policy goals such as democracy consolidation and the rule of law. For instance, the EU has disregarded democratic backsliding in Montenegro and it has defied its own rules (e.g. the so-called "balance" principle) by advancing accession negotiations while the candidate country has not made any progress in the adoption of rule of law reforms, prescribed in chapters 23 and 24 of the *acquis communautaire* (Marović et al., 2019, p. 14). In this way, the EU has rewarded Milo Đukanović, Montenegro's President, for his opposition to the spread of Russian influence in the region and his rhetorical (but not substantial) commitment to his country's Euro-Atlantic integration. Similarly, Johannes Hahn, the EU Commissioner for Accession Negotiations, and, Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy, rushed to lend their support to the idea of exchange of territories between Serbia and Kosovo notwithstanding that such a settlement would not only run against core European norms but could also create a destabilizing precedent for other protracted conflicts such as in Bosnia and Herzegovina. The readiness of Brussels to resolve the Kosovo question at any cost manifested its urge find a way to diminish Serbia's dependence on the veto of Russia in the UNSC. In this respect, local leaders have come to realize that the validity of EU conditions can be relativized and try to use their connection to external actors as a bargain chip to extract concessions in their EU accession process. Consequently, the symbiotic relationship between the West's state of disunity and the relative weakness of its norms-driven policy in the Western Balkans has facilitated the rise of external actors.

Policy Recommendations

The links of non-Western external actors with the Western Balkans are complex, multifaceted and based on varying motivations. The main four actors should not be treated as a single bloc, or presumed to advocate political alternatives to the region's Euro-Atlantic integration. They mostly do not strive to undermine the region's EU accession and, to be fair, their engagement in the region is not only negative. The investments cover a gap left by the EU; bring more employment opportunities; contribute to improvements of the region's infrastructure; help the restructuring of loss-making corporations; and assist the regional efforts to restore its cultural heritage. The EU should comprehend that the Western Balkans seriously need development assistance and foreign investments. Still, if linkages with non-Western actors are at the service of aims that conflict with aspects of the West's diplomatic initiatives and its liberal reformist agenda (e.g., promotion of democracy, rule of law and a market economy), they are a cause of serious concern.

The links of external non-Western countries with the Balkans should not be overestimated. In economic terms, the position of EU28 in the region is unrivalled. In 2018, the EU28 accounted for 71.9 percent of the region's exports in goods and 57.7% of its corresponding imports. As for China, Russia and Turkey, they were distant seconds in the trade in goods, representing 8.2 percent, 4.9 percent and 5.1 percent of the region's imports and 0.7 percent, 3.1 percent and 1.7 percent of the exports respectively (Eurostat, 2019). A similar picture emerges in FDI, with 72.5 percent of inflows during the 2007–2015 period coming from the EU28 and only 4.6 percent originating from Russia (European Commission, 2018b, p. 1). The fact that Western Balkan people tend to overestimate the importance of linkages with China, Russia or Turkey should not be overlooked. It implies that these external countries take the maximum credit (i.e. influence) out of their linkages, with the EU28 failing to make its role fully appreciated.

Whereas the region is replicating global trends, its specificity arises from the promise of EU membership. Presumably, to the extent that all Western Balkan countries are EU member aspirants, processes of identification and internalization of EU norms and policies should increasingly come into play if the region's EU integration advances

vigorously. Hence, the EU is right to reinvigorate its enlargement policy towards the region. Accession conditionality has a transformative power if it is credible and linked to a realistic membership perspective.

The EU should not be hysterical about the engagement of those external actors in the region. Nor does Brussels need to change its overall approach to the Western Balkans. The EU has considerably more leverage in structuring the region and engaging with external actors to limit their pernicious effects. If this fails in the Western Balkans, it is unlikely to succeed elsewhere.

Thus, confronting other actors, the EU needs to remain committed to its core strategic advantages, including the offer of membership as equals and a value based integration. At the same time, it can learn from others on how to communicate its commitment and win the hearts and minds of the citizens of the Western Balkans. Such a strategy needs to include the following components:

1. Enforce and emphasize the rule of law. The EU is and remains an actor that is stronger in setting norms than in playing geopolitical games. The best way to regulate the role of external powers in the Western Balkans is to insist on and promote rule-based engagement. Thus, in order to help the region become immune to the disruptive aspects of external engagement, the EU should focus on the fundamentals and on rule of law reforms. The EU should also prioritize the transfer of the *acquis* to the chapters on energy, environment, public procurement and competition policy.
2. Associate the Western Balkan countries more closely to the EU in policy domains such as energy and transport where third parties have already vested their interests. The region's inclusion in EU policy-making on these matters could raise the level of its resilience to external interests.
3. Support citizens' empowerment, engagement and involvement throughout the region. An empowered civil society would act as a watchdog against opaque deals, abuses of power, conflicts of interest and cases of mismanagement. Also, endorse its demand for greater transparency with respect to decisions on these topics and the implementation of relevant projects.

4. Provide independent media access. Much of the more negative or biased influence is communicated through media channels that lack independence and closely mimic external actors, in particular Sputnik and similar news outlets. The EU needs to support free and independent media and help them secure access to independent information and content to confront the easy and cheap availability of alternative content.
5. Seek more persistently for EU common positions on all bilateral disputes in the Balkans (especially on Kosovo where there is a major divergence among EU members) and deal consistently with them. Bilateral disputes offer unique opportunities to external actors to gain some influence in the region without investing much in it. A clear and coherent EU approach to conflict resolution in the Balkans reduces the destructive leverage of others.
6. Coordinate EU participation in the 17+1 initiative. With Greece joining the 16+1 initiative, the number of involved EU members is increasing. For a long-term, non-antagonistic relationship between China and the EU, the EU should define the terms of engagement and secure a common position.
7. Develop greater EU self-confidence in the Western Balkans. The EU needs to confront other actors with greater self-confidence, as citizens continue to aspire to European integration and non-Western actors offer no alternative long-term future of the region. The attractiveness and availability of the European integration path trumps other actors.
8. Improve the EU's soft power. Learning from the public diplomacy and self-presentation of other external actors is crucial. In particular culturally proximate countries are regularly overestimated in the region due to their visible and high-profile support. The EU needs to take a cue from this engagement and also have flagship support initiative that increase the visibility of EU engagement. In particular, sites of high symbolic capital should receive EU support, such as cultural heritage sites. This would also help to communicate that the Balkan cultural heritage, including the Orthodox, Muslim and Catholic heritage, are part of European, i.e. EU heritage and not left to other external actors.

References

Aydıntaşbaş, A. (2019). *From Myth to Reality: How to Understand Turkey's Role in the Western Balkans*. ECFR Policy Brief, March.

B92 (2016). Serbian Parties Sign Declaration with United Russia, 29 June. https://www.b92.net/eng/news/politics.php?yyyy=2016&mm=06&dd=29&nav_id=98469

Bartlett, W., J. Ker-Lindsay, K. Alexander, K., and T. Prelec, (2017). The UAE as an Emerging Actor in the Western Balkans: The Case of Strategic Investment in Serbia. *Journal of Arabian Studies*, 7 (1), 94–112.

Bartlett, W. and T. Prelec (2020). UAE: Sultanism meets illiberal democracy. In: F. Bieber and N. Tzifakis (eds), *The Western Balkans in the World. Linkages and Relations with Non-Western Countries* (Basingstoke: Routledge), pp. 241-259.

Bechev, D. (2015). *Russia in the Balkans: How Should the EU Respond?* Brussels: European Policy Centre, Policy Brief, 12 October.

Bechev, D. (2019). Turkey's Policy in the Balkans: More than Neo-Ottomanism. *ISPI*, 12 April. <https://www.ispionline.it/it/pubblicazione/turkeys-policy-balkans-more-neo-ottomanism-22835>

Bechev, D. (2020). Russia: Playing a weak hand well. in F. Bieber and N. Tzifakis (eds), *The Western Balkans in the World. Linkages and Relations with Non-Western Countries* (Basingstoke: Routledge), pp. 187-204.

Brunwasser, M. (2016). Bosnia's Biggest Foreign Investment: Bonanza or Threat? *BBC News*, 23 September. <https://www.bbc.com/news/business-37429682>

Center for the Study of Democracy (2018). *Russian Economic Footprint in the Western Balkans: Corruption and State Capture Risks*. Sofia.

Dhimolea, A. (2017). Chinese Economic Cooperation in the Balkans: Challenges and Future Expectations. *Balkananalysis.com*, 11 May. <https://www.balkananalysis.com/blog/2017/05/11/chinese-economic-cooperation-in-the-balkans-challenges-and-future-expectations/>

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

European Commission (2018b). European Union, Trade in Goods with Western Balkans 6. Directorate-General for Trade, Units A4/G2, 16 April. http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111477.pdf

Eurostat (2019). Western Balkan countries-EU - international trade in goods statistics. May. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Western_Balkan_countries-EU_-_international_trade_in_goods_statistics

Farmer, B. (2017). 'Russian state bodies' behind Montenegro coup plot says prosecutor. *The Telegraph*, 20 February. <https://www.telegraph.co.uk/news/2017/02/20/russian-state-bodies-behind-montenegro-coup-plot-says-prosecutor/>

Hake, M. and A. Radzyner (2019). *Western Balkans: Growing economic ties with Turkey, Russia and China*. Bank of Finland, BOFIT Policy Brief, 1.

Holzner, M. and M. Schwarzhappel (2018). *Infrastructure Investment in the Western Balkans: A First Analysis*. European Investment Bank and Vienna Institute for International Economic Studies, September.

Leontopoulos, N. (2018). Who's been meddling in Macedonia? Not only who you think. *Investigative Europe*. <https://www.investigate-europe.eu/whos-been-meddling-in-macedonia-not-only-who-you-think/>

Makocki, M. (2017). China in the Balkans: The Battle of Principles. European Council on Foreign Relations Commentary, 6 July. https://www.ecfr.eu/article/commentary_china_in_the_balkans_the_battle_of_principles_7210

Makocki, M., and Z. Nechev (2017). Balkan Corruption: The China Connection. Paris: EUISS Issue Alert, 22 July.

Marović, J., T. Prelec and M. Kmezić (2019). *Strengthening the Rule of Law in the Western Balkans: Call for a Revolution against Particularism*. BiEPAG Policy Study, January.

OECD (n.d.). Aid Statistics by Donor, Recipient and Sector. <https://www2.compareyourcountry.org/aid-statistics>

Öktem, K. (2012). Global Diyanet and Multiple Networks: Turkey's New Presence in the Balkans. *Journal of Muslims in Europe*, 1 (1), 27–58.

Öztürk, A. E. and S. Akgönül (2020). Turkey: Forced marriage or marriage of convenience with the Western Balkans? in F. Bieber and N. Tzifakis (eds), *The Western Balkans in the World. Linkages and Relations with Non-Western Countries* (Basingstoke: Routledge), pp. 225-240.

Sanfey, P. and J. Milatovic (2018). *The Western Balkans in transition: diagnosing the constraints on the path to a sustainable market economy*. European Bank for Reconstruction and Development, February.

Railtech (2019a). Two new railway deals between Russia and Serbia. 21 January. <https://www.railtech.com/infrastructure/2019/01/21/two-new-railway-deals-between-russia-and-serbia/>

Railtech (2019b). China signs two railway agreements with Serbia. 1 May. <https://www.railtech.com/infrastructure/2019/05/01/china-signs-two-railway-agreements-with-serbia/>

Regional Cooperation Council (2018). *Balkan Barometer 2018: Public Opinion Survey*. Sarajevo.

Tonchev, P. (2017). *China's Road: Into the Western Balkans*. Paris: EUISS, Issue Brief, p. 3.

Vangeli, A. (2020). China: A new geo-economic approach to the Balkans. in F. Bieber and N. Tzifakis (eds), *The Western Balkans in the World. Linkages and Relations with Non-Western Countries* (Basingstoke: Routledge), pp. 205-224.

Vračić, A. (2016). *Turkey's Role in the Western Balkans*. Berlin: Stiftung Wissenschaft und Politik, SWP Research Paper 11.

Wiśniewski, J. (2016). Russia Has a Years-Long Plot to Influence Balkan Politics. The U.S. Can Learn a Lot from It. *The Washington Post*, 19 September. https://www.washingtonpost.com/news/monkey-cage/wp/2016/09/19/heres-how-russias-trying-to-sway-opinion-in-serbia-and-the-balkans/?utm_term=.d8689e74850c.

About the European Fund for the Balkans

The European Fund for the Balkans is a joint initiative of European foundations that envisions, runs and supports initiatives aimed at strengthening democracy, fostering European integration and affirming the role of the Western Balkans in addressing Europe's emerging challenges.

The up-to-date programme strategy is based on three overarching areas – Capacity Development, Policy Development and Regional Cooperation - and channelled via flagship programmes and selected projects, complemented with a set of actions arising from EFB's regional identity as a relevant player in its fields of focus.

Their synergetic effects are focussed on continuous "Europeanisation" of the policies and practices of the Western Balkans countries on their way to EU accession, through merging of the region's social capacity building with policy platform development, and a culture of regional cooperation.

Contact:

IGOR BANDOVIĆ Senior Programme Manager, European Fund for the Balkans igor.bandovic@balkanfund.org +381 (0) 69 62 64 65 European Fund for the Balkans Resavska 35, 11 000 Belgrade, Serbia Phone/ Fax: +381 (0)11 3033662 www.balkanfund.org

About the Centre for Southeast European Studies, University of Graz

The Centre for Southeast European Studies was set up in November 2008 following the establishment of Southeast Europe as a strategic priority at the University of Graz in 2000. The Centre is an interdisciplinary and cross-faculty institution for research and education, established with the goal to provide space for the rich teaching and research activities at the university on and with Southeast Europe and to promote interdisciplinary collaboration. Since its establishment, the centre also aimed to provide information and documentation and to be a point of contact for media and the public interested in Southeast Europe, in terms of political, legal, economic and cultural developments. An interdisciplinary team of lawyers, historians, and political scientists working at the Centre has contributed to research on Southeast Europe, through numerous articles, monographs and other publications. In addition, the centre regularly organizes international conferences and workshops to promote cutting edge research on Southeast Europe.

Contact:

UNIV.-PROF. DR. FLORIAN BIEBER Professor of Southeast European Studies florian.bieber@uni-graz.at +43/316/380 6822 Centre for Southeast European Studies, University of Graz, Universitätsstraße 15/K3 A-8010 Graz www.suedosteuropa.uni-graz.at

Notes:



www.biepag.eu