WESTERN BALKANS PLAYBOOK

COMPETITION FOR INFLUENCE AMONG FOREIGN ACTORS

Edited by GERGELY VARGA and TAMÁS LEVENTE MOLNÁR
Western Balkans Playbook: Competition for Influence of Foreign Actors

Edited by Gergely Varga and Tamás Levente Molnár

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ABBREVIATIONS

ALB – Albania
BiH – Bosnia and Herzegovina
CHN – China
CRO – Croatia
GER – Germany
KOS – Kosovo
MKD – North Macedonia
MON – Montenegro
SRB – Serbia
EU – European Union
NATO – North Atlantic Treaty Organisation
RS – Republika Srpska
RUS – Russia
TUR – Turkey
USA – United States of America
WB – Western Balkans
WB6 – Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Serbia
WB7 – Albania, Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia, Kosovo, Serbia
FOREWORD –
THE WESTERN BALKANS ARE AN ELEMENTAL AND ORGANIC PART OF EUROPE

The Western Balkans are part of Europe, geographically surrounded by EU Member States. Moreover, the peoples of the EU and the region are bound by close ties. We have a common heritage, history, and a common future, as I believe that the future of the Western Balkans lies in the European Union. The EU has long been strongly engaged in the region. The accession process has not always been plain sailing; the challenges are many, and there have been setbacks along the way. However, following five years of interruption, the Western Balkans have become a priority for this European Commission again. Bringing the region closer to the EU is our responsibility as well as in our mutual strategic interest.

As a testament to this, the EU and the Western Balkans have acted together during the COVID-19 pandemic. While the EU itself has been heavily affected by the pandemic, this has not deterred us from providing essential and unparalleled support to the Western Balkans. The EU is treating the Western Balkans as privileged partners by granting them access to many initiatives and instruments normally reserved for EU Member States only. This goes far beyond what any other partner has provided to the region and clearly reflects its strategic anchoring.

The EU is the largest investor and first trade partner of the Western Balkan economies, accounting for around 73% of total foreign direct investment and for around 70% of the region’s total trade in 2019. The EU’s aim is to contribute to the recovery after the pandemic by supporting economic growth in the region and creating jobs, which will enable these countries to prosper, to bring real change in people’s lives for the better, by overcoming the main bottlenecks preventing this region from becoming one of the most attractive investment regions globally.
To reinforce its commitments towards the success of the region, the European Commission adopted the **Economic and Investment Plan for the Western Balkans** in October 2020, which offers the region a way to accelerate economic development and convergence with the EU. Investing up to €9 billion in grants and leveraging further investments of up to €20 billion through guarantees provides a significant financial package that can be a game changer for the region. Built around key areas of connectivity in transport, energy, and digital infrastructure, it aims to create the necessary links within the region and towards the EU. These links will allow the implementation of the Common Regional Market that the leaders of the region endorsed at the Sofia Summit in November 2020, which will speed up the integration of the region into the EU internal market.

However, to implement the Economic and Investment Plan in an effective way, all the countries must deliver on its EU-related reform agenda. This will translate into better lives for citizens, including better education, a healthier environment, more jobs, more efficient institutions which serve all communities, respect for justice, and rooting out corruption.

This will also make it easier for European businesses to opt for the Western Balkans as they seek “nearshoring” opportunities in reaction to the reconfiguration of global value chains caused by the COVID-19 pandemic, to diversify their suppliers and move production facilities closer to the EU market.

This publication is a welcome contribution to our work with the Western Balkans. As it demonstrates, there is a lot of interest in the region, also from third countries. But when all is said and done, our work is not about geopolitical competition. Ultimately, the common goal is to make the Western Balkans more stable, more prosperous, and to accelerate their European path. This will mean working even more closely together with the region, as Europeans with a common destiny. This will help us project the common values that unite Europe beyond our borders onto the international stage and build a common future for the wellbeing of all our citizens and for future generations.

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**Olivér Várhelyi,**

EU Commissioner

for Neighbourhood and Enlargement
INTRODUCTION: FOREIGN ACTORS IN THE WESTERN BALKANS

The decision of the European Union in the Spring of 2020 to open accession negotiations with two Western Balkans countries, North Macedonia and Albania, is a major milestone in the long and difficult road of the region’s integration into Europe. This historically unstable region of Europe torn apart by bloody wars only little more than two decades ago, and long striving for membership in the EU badly needed a clear signal that they have a realistic prospect of European integration. After the EU failed to deliver on its promise to open up accession negotiations with North Macedonia and Albania in the fall of 2019, the EU leaders may have finally realized that the credibility of the EU is at stake. Despite the challenges posed by the corona virus pandemic, the year 2020 seem to mark a new in the EU’s approach to the Western Balkans: Montenegro opened the last chapter of the accession negotiations, the Croatian EU presidency prioritized enlargement in its agenda, the Belgrade–Pristina Dialogue gained new momentum.

However, the future geopolitical orientation of the Western Balkans is far from certain. As the region is still struggling with social tensions, economic underdevelopment, weak democratic institutions as the “last unfinished business” in terms of integration in an increasingly tense geopolitical context, the Western Balkan countries are exposed to great power competition and their strive for influence.

This emerging Western Balkans geopolitical landscape has received increased attention by think tanks and scholars. Most of these publications have focused on the increasing influence of non-Western actors in the region, such as Russia, China and Turkey and the threat of this development to Western interests. However, few have made a comparative examination of how major Western and Eastern actors who are active

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1 Chrova et al 2019; Hänsal – Feyerbend 2018; Rrusteni et al 2019
in the region project their influence by providing a detailed analysis of their political, economic, military and cultural presence and policies in the region. The purpose of this study is to give such a comprehensive analysis of five external actors who have a decisive influence on the region, the United States, Germany, Russia, Turkey and China. The United States as the world’s most preeminent power has a decisive impact on the security architecture of the Western Balkans through NATO and its bilateral engagement to regional stakeholders. Germany is a critical economic and political power in the WB region also as the most powerful member of the EU. Russia historically has ties to the region, but it is also able to exercise its influence through energy and politics. As an emerging power neighbouring the Balkans with deep historical and cultural ties to the region as well as increasing economic interest in the region, Turkey is another power to be reckoned with in the Western Balkans. China is a new player in the WB, however, its economic power makes it an increasingly indispensable player in the future of the region.

Other external stakeholders are also present in the Western Balkans, such as the Gulf countries or some EU countries, which in some dimensions may even exceed the presence of the above mentioned five external actors. However, one can make a fair case through the analysis of the contemporary political, security and economic landscape of the WB that these five powers have the greatest impact as external actors on the future development of the region. Although the EU is inarguably a decisive political actor in the region, the study intended to compare sovereign states which possesses the complete toolset of statecraft.

The research has two main objectives, the evaluation of the influence of the examined foreign actors in the WB and the comparison of how these actors pursue their interests through the use of various elements of their foreign policy toolbox. In this context, the study intends point out that the regional conduct of all relevant foreign actors - including Western powers - is primarily driven by self-interests in which power politics are employed. This is important to stress in light of how long the conviction lived on in the West that the normative power of the EU and the attractiveness of the Western model coupled with some economic incentives will be able to irrevocably transition the countries into a Western orientation in a geopolitical, institutional and to a certain
degree even cultural sense. At the same time, the research will also seek to highlight the differences between Western actors and the emerging Eastern powers in how they pursue their interests, the forms of foreign policy tools they employ.

The study examines the presence of these five external actors in seven Western Balkans countries, Albania, Croatia, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia. Although Croatia is already a member of the European Union, and as such, is usually not included in the contemporary Western Balkans terminology, the focus of our research explains its inclusion in the volume. Since one of the main objectives of our study is to provide a comparative analyses of great power influence in the WB countries in light of their relationship to Euroatlantic structures, the inclusion of an EU member from the region in the research allows us to provide a more nuanced picture of where external influence is most contested in the region.

Each chapter investigates an external power in the region, and the chapters are structured through different power domains: political, security, economic, energy, social-cultural. Hence, at the centre of attention of the study is the power projection of the selected countries and the comparative analyses of the level of dependency of the region to these great powers, rather than an in-depth country-to-country analyses of bilateral relations. The first part of the chapters seeks to identify the most geopolitical interest and objectives of the specific foreign power in the region. Examining the political relations to the specific WB countries reviews the current state of the relationships, the instruments of projecting political power, major political issues effecting the relationships with individual countries, their approach to democracy and rule of law issues. Concerning economic relations, the study reviews trade volumes, foreign direct investments, major individual investment projects and other forms of economic cooperation of the foreign powers with the given WB countries. Data on trade figures are collected from Harvard University’s Atlas of Economic Complexity, while FDI figures are collected from the Vienna Institute for International Economic Studies’ – WIIW – annual FDI reports.

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2 Harvard 2020
3 Hunyai 2018
The study also gives special attention to the energy sector, as an area of strategic importance. Concerning security and defence matters, the paper takes a look at security arrangements, military cooperation, arms transfers and military presence of the five major external powers. Data on transfers of major conventional weapons from the examined foreign actors to the WB countries are collected from SIPRI database\(^4\), using SIPRI’s definition of major conventional weapons.\(^5\) Figures on the transfer of military weapons excluding major weapons are collected from the UN Comtrade Database.\(^6\) Finally, the paper also pays attention to the social and cultural dimensions of the foreign powers’ presence and influence in the region. In this context, different indicators are most relevant in the case of the examined external actors, however, public perceptions towards external actors are one of the few indicators which provide comparable data in this area.

The volume also contains a chapter on the comparative study of the five major powers examined. In this context it will seek to evaluate the strengths and the weakness of each external power in the WB concerning the different power dimensions examined in the previous chapters. This will entail comparative analyses of the quantifiable indicators of great power influence such as trade, investments and arms sales. Special attention will be given to the political dimension, how economic and security dependencies are translated into political influence, and how demands connected to democracy and rule of law affect the influence of the foreign actors examined.

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4 SIPRI 2020

5 Aircraft, both fixed wing and rotary (including unmanned); armoured vehicles, including tanks, armoured personnel carriers and infantry fighting vehicles; artillery above 100-millimetres in calibre; sensors (radars, sonars and many passive electronic sensors); air defence missile systems and large air defence guns; guided missiles, torpedoes, bombs and shells; ships with 100 tonne displacement or more, armed with 100-mm calibre artillery, torpedoes or guided missiles; engines for combat-capable aircraft, large military aircraft, combat ships, large support ships and armoured vehicles; gun or missile-armed turrets for armoured vehicles and ships; reconnaissance satellites; air refuelling systems.

6 UN Comtrade 2020
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UNITED STATES IN THE WESTERN BALKANS: RENEWED INTEREST, ROBUST SECURITY PRESENCE WITH SCARCE NEW INCENTIVES

Introduction

The United States has played a pivotal role in shaping the political and security landscape of the Western Balkans as we know it today. During the 1990s, Washington was the main architect of the Dayton agreement, which ended the war in Bosnia Hercegovina and secured peace through Western military presence in the country. Later it played a key role in how Kosovo seceded from Yugoslavia as a result of the US-led NATO air campaign against the Milosevic regime in 1999 and the subsequent political developments, and in the case of the Former Yugoslav Republic of Macedonia, with of the Ohrid Peace Agreement in 2001, which settled tensions between the Albanian minority and the Macedonian government. Through its leading role in the NATO-led peace-support operations in the region, its cooperation with the European Union on democracy, the rule of law, and economic reforms, together with the gravity of the promise of NATO and EU accession, the US was an indispensable power for much of the post-Cold War period in the Western Balkans.

However, changing geopolitical priorities and the relative stability of the Western Balkans gradually shifted US attention away from the region: first, the consequences of 9/11 and the wars in the Middle East, then the great recession of 2008-2009, and more recently the pivot to Asia and the re-emergence of great power competition became much more urgent and important issues for Washington. Meanwhile, political stability is far from assured in places like Bosnia, Kosovo, or Montenegro, as the developments of recent years have demonstrated, questioning the long-term durability of some of the key pillars of the Western-backed regional order, like the Dayton Agreement.
By the mid 2010s, there was a widely held perception in the US expert community that US influence and commitment towards the region, alongside with that of the EU, was waning, while the influence of competing powers, such as Russia and China, was gaining ground. In the past three years there seems to have been a partial recognition of these trends by the Trump administration, and as a result, there have been some signs that the United States is prepared to pay more attention to the region. The accession of Montenegro to NATO and North Macedonia is such an indicator. However, in order to evaluate the prospects of US influence in the region, a careful analysis of US political, economic, and military engagement is necessary.

The Western Balkans from a US geopolitical perspective

Since the 1990s, one of the main objectives of US policy in the Western Balkans has been the integration of the region into the Euro-Atlantic organizations, NATO, and the European Union. Washington considers these organizations as the bedrock of peace and stability in Europe and as primary tools in securing the long-term US and Western orientation of the countries at play. Integration in these organizations is also seen in the context of other key US strategic objectives, namely, strengthening democracy and the rule of law, fostering good governance, and fighting corruption.

While the George W. Bush administration played an active role in undertaking the first enlargement of NATO in the region, with the accession of Croatia and Albania at the beginning of the Obama era in 2009, the enlargement process of the Alliance was halted in the subsequent years. Unresolved regional conflicts, the domestic challenges of the countries concerned, as well as a lack of US attention all played a role in this stalemate. The Obama administration largely ceded Western leadership in the region to the EU and only gave general, shallow support to the NATO and EU enlargement processes. The lack of attention to the region was reflected by the key strategic documents. Although the two

1 Conley – Stefanov 2016, Atlantic Council 2017, Graham et al 2018
2 Dordevic 2010
national security strategies, adopted during the Obama administration in 2010 and 2015, only mentioned the Western Balkans as a region worthy of US support, the Trump administration’s National Security Strategy of 2017 failed to even mention the region.³ This meant that the “carrot” of US policy in the region was missing for years.

At the same time, the re-emergence of great power competition between the US, Russia, and China has drawn more US attention to the peripheries and contested regions such as Eastern Europe or the Western Balkans. As Russia and China have also been perceived to be increasing their influence in the region, Washington has sought to push back these powers. Hence, US policy in the Western Balkans is not primarily driven by vital national security interests or economic opportunities but strategic rivalry with competitors and the objective to limit their influence. As former Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell stated, “all 49 US missions located in Europe and Eurasia are required to develop, coordinate, and execute tailored action plans for rebuffing Russian influence operations in their host countries”.⁴ Washington views China’s growing clout with even greater concern, as it views China as the peer competitor of the United States.⁵

Although the US faces significant challenges in reaching this objective, it has some considerable advantages. To begin with, its network of alliances and partnerships. As highlighted above, the United States has played a crucial political and diplomatic role in the region since the mid-1990s. Neither the resolution of the Bosnian war through the Dayton Agreement framework, nor the independence of Kosovo could have been imagined without active US diplomatic support and military intervention. Since the 1990s, the only country in the Western Balkans with which the United States has had a long-standing adversarial relationship is Serbia. This is partly a legacy of the wars of the 1990s and their US-led resolution, which was unfavourable to Serbia, and Serbia’s traditional and continued strong ties with Russia. While even Serbia seeks to join the European Union, all other Western Balkans States are either already in NATO or striving for membership, which gives the US a significant tool in its hand as it competes for influence with other powers.

³ NSS 2010, NSS 2015, NSS 2017
⁴ Mitchell 2018
⁵ Lippert – Perthes 2020
Furthermore, the United States is still widely seen as the ultimate guarantor of the current region order in the Western Balkans, especially by those Western Balkan states which have aspired to become members of the alliance in the past decade (Croatia, Albania, North Macedonia, Montenegro). Due to its military power, its role in NATO, and the historical experience of the 1990s, it is considered to be the only major power which would be able and willing to intervene militarily in case the security situation seriously deteriorated in any of the conflict zones in the Western Balkans. This makes Washington an unavoidable stakeholder concerning the future geopolitical and security framework of the region.

US political interests and objectives in the Western Balkan countries

As a region with many countries struggling with weak democratic institutions and underdevelopment where the United States has national interests, the Western Balkans is an important destination for US foreign assistance. The presumption that democratization, strengthening the rule of law and market economy in the Western Balkans countries would be ultimately beneficial for US strategic interests is still valid in Washington. Although the priority and attention given to these objectives has certainly weakened, support for democratic institutions, the rule of law, and market-oriented economic reforms is still present in the US national security and foreign policy toolbox.

The United States provides considerable amounts of foreign assistance to countries in the region for strengthening democracy and the rule of law, as well as security sector development and economic assistance. In 2018, the United States appropriated USD 64.4 million to democracy, rule of law, and good governance programs, and USD 41.4 million for security and defence sector development to the countries examined here. These sums give the United States considerable leverage over the government’s policies especially in the countries of Albania, Kosovo, and North Macedonia. Democracy and rule of law funds can be channelled to NGOs and parts of civil society which are generally supportive of US and Western principles and interests.
Some of these NGOs have a strong American affiliation, and through their agenda they indirectly influence the domestic politics of WB countries. However, their impact on US political influence in the target countries or on the geopolitical orientation of these countries is to be evaluated with caution. Many forms of these assistance programs are long-term investments which do not yield short-term benefits, they are of relatively small amounts and are widely dispersed. In this context, large one-time, major investments or trade deals, whether it is the United States or another power, could have a significant impact on the politics of such vulnerable countries.

Table 1
Appropriated US Foreign Assistance to Western Balkan countries, 2008-2018 (in million USD)³

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<td>ALB</td>
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<td>29.5</td>
<td>27.7</td>
<td>22.7</td>
<td>21.5</td>
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<td>15.4</td>
<td>15.3</td>
<td>13.9</td>
<td>12.7</td>
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<tr>
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<td>35.3</td>
<td>42.8</td>
<td>48.7</td>
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<td>46.6</td>
<td>42</td>
<td>32.5</td>
<td>33.8</td>
<td>53.5</td>
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<tr>
<td>CRO</td>
<td>0.9</td>
<td>2.1</td>
<td>3.8</td>
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<td>45</td>
<td>45</td>
<td>53.8</td>
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Furthermore, some of the political objectives of US assistance funds do not have the support of local populations. Although Euro-Atlantic integration has wide support in most countries except in Serbia, this does not automatically translate into the policy preferences of the Western countries. A good example is the Prespa Agreement between North Macedonia and Greece, which resolved the name dispute of North Macedonia and opened the door for NATO accession for Pristina. The United States, alongside with other Western countries, put considerable pressure on the political parties in both countries to conclude and ratify the agreement.

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³ Leontopoulos 2019
8 Foreignassistance 2019
even though a majority of voters in Greece rejected the agreement, and the turnout in the referendum held in North Macedonia (37%) fell far short of the 50% required by the country’s constitution for the referendum to be declared valid\(^9\). Hence, as elsewhere around the globe, US strategic objectives do not automatically align with democratic principles, which raises credibility issues and weakens the soft power of the United States in the respective countries.

This is all the more important for the United States, since compared to the other great powers interested in the Western Balkans, except for China, the US has only relatively weak social and cultural ties which it can use to project soft power. While in most of Eastern Europe a core element of US soft power was the democracy and freedom of the American political system, this was less so the case with the Western Balkans. Due to the ethnic wars and the quest for national survival afflicting the region throughout the 1990s, the source of soft power in the region for the US relied more on support for certain national aspirations in the name of defending human rights and the right of self-determination. Hence, while Albanians, Kosovars, Bosniaks, and Croats generally have a favourable view of the United States, Serbians living throughout the region overwhelmingly have negative views on the US. There are very few countries in the world where public spaces are named after and statues erected in honour of living American politicians, but Albania and Kosovo are among them\(^{10}\).

**Croatia and Bosnia Herzegovina**

Croatia has the most stable and comprehensive relations with the United States among the countries discussed. It is the most integrated country into Euro-Atlantic organizations through its NATO and EU membership, and it has traditionally negative perceptions of Russian influence due to the latter’s close relations with Serbia. Although the US also finds itself competing for influence in Croatia, especially on the energy front, its status as an US ally is not threatened, and its relative stability and level of development makes it a less problematic country for Washington than others in the Western Balkans.

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\(^9\) Leontopoulos 2019  
\(^{10}\) Koleka 2016
Kosovo and Bosnia-Hercegovina, which are not members of NATO, owe their independence and statehood to a large degree to the United States because of Washington's role in the Yugoslav wars and the post-war settlements. This gives Washington a very special leverage within these countries. However, the political-administrative divisions among the ethnic enclaves within Bosnia and the chronic disfunction of the Bosnian state significantly reduces the real advantages of this leverage. US political priorities include maintaining the stability and unity of the Bosnian state, and countering Russian influence and radical Islam. In this respect, one of the primary concerns of the US continues to be the strong nationalist and pro-secessionist sentiments in the Republica Srpska (RS). The United States seeks to counter this through sanctions, putting the Serb nationalist party of the RS SDS on the Specially Designated Nationals and Blocked Persons list and sanctioning Milorad Dodik for obstructing the Dayton Agreement (CRS 2019a). The US also seeks to limit the influence of those Croatian forces which challenge the Bosnian statehood, including the Croatian Democratic Union of Bosnia and Herzegovina (HDZ BiH) and its leader Dragan Čović.

Serbia, Kosovo, Albania

legacy of Serbia’s traditionally strong ties with Russia, the Yugoslav wars, and the Milosevic regime continues to shape US-Serbian relations to a large extent, and it sets limitations for US policy in Belgrade. Although bringing Serbia into the EU and NATO structures has been the official policy objective since the fall of the Milosevic regime, EU accession seems the be the only realistic goal. The overall majority of the Serbian population still has negative perceptions of the US and NATO, and the political landscape overall reflects this reality. A survey conducted in 2015 in Serbia found that less than 10% held the view that the relationship with the United States is the most important external relationship of the country, and 11% perceived the US influence on Serbian foreign policy as positive, while 52% considered it to be negative (EP 2017). While Serbian

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11 Glos 2018, 14  
12 CRS 2019, 11
President Alexander Vusic and his SNS-led coalition government strives to achieve European Union membership, Serbian perceptions of NATO are still overwhelmingly negative, not least because of the legacy of the Yugoslav wars and the US role in those conflicts. Therefore, Serbian perceptions of the US are generally more ambivalent than those of the EU countries.

Nevertheless, Washington has intensified its diplomatic outreach towards Belgrade in recent years. In July 2016 Assistant Secretary of State for European and Eurasian Affairs Victoria Nuland visited Belgrade to smooth over tensions concerning a Vucic visit to Moscow, where he sought to strengthen defence cooperation with President Putin. Then, in June 2017 President Vucic was hosted by Vice-President Pence in the White House, reaffirming US support for Serbia’s EU membership bid (EWB 2017), and in August 2019 Secretary of State Mike Pompeo met with the Serbian President in New York. US diplomacy has been underpinned by continued support for democratic institution building and economic assistance for Belgrade and increasing military cooperation among the two countries’ armed forces.13

However, tensions related to Belgrade’s long-term strategic orientation keep coming up. Serbian press close to the ruling political parties often accuse the US of interfering in Serbian domestic politics, citing for instance US criticism of support by leading politicians for convicted Serbian war criminals. Russian influence and specifically the Russian humanitarian centre in Nis is a continued concern not just in Congress but at the bilateral level as well, since Vice-President Pence has raised the issue to President Vucic. The United States is generally vocal in its criticism of the Serbian government on democracy, the rule of law, and media freedom issues.14 The US has provided over USD 1 billion in assistance to Serbia since 2001, and although financial support has fluctuated in recent years, it continues to be an important source especially for pro-Western Serbian civil society.15 However, concerning the status of Kosovo and the relationship between Belgrade and Pristina, the United States collides most often with the Serbian leadership.

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13 CRS 2018
14 GMF 2019, 18; European Parliament 2019
15 Foreign Assistance 2019
16 GMF 2019, 18-20
Albania and Kosovo are considered to be the most US-friendly countries in the region, with all major political forces inclined to have close cooperation with the US. The primary political concerns for the US have been maintaining stability vis-à-vis Serbia, and internally, state and capacity building in terms of rule of law and fighting organized crime and corruption. The US strategy continues to be pro-Albanian on regional security issues, which was recently demonstrated by the US backing the establishment of a Kosovo army in late 2018, even despite the concerns of some Western allies, including Germany, and NATO Secretary General Jens Stoltenberg\textsuperscript{17}, and the Trump administration’s green light for possible talks between Serbia and Kosovo for a land swap agreement. However, the US has also put pressure on Kosovo on certain occasions. The Trump administration has urged both Kosovo and Serbia to settle their differences through talks and pressured Kosovo to revoke the 100% tariffs imposed on Serbian imports in November 2018 \textsuperscript{18}. The United States also generally condemns statements which refer to the prospect of creating a union between Albania and Kosovo, citing them as unhelpful and damaging for regional security\textsuperscript{19}.

As tensions between Kosovo and Serbia deepened in 2018, US diplomacy became more active. Secretary of Defense James Mattis met with defence chiefs from the region in November, Mike Pompeo and John Bolton met with President Hashim Thaci, and in December President Trump sent letters to Presidents Thaci and Vucic to offer to host both presidents at the White House if they reached an agreement\textsuperscript{20}. Although an agreement has not been reached yet, a goodwill meeting took place between the two presidents in the White House in March 2020, demonstrating continued US diplomatic engagement on the issue\textsuperscript{21}.

Foreign assistance offered by the United States offers US officials and law enforcement to have close cooperation with and access to cooperating with Albanian and Kosovar authorities on these matters\textsuperscript{22}. In the case of Kosovo, US assistance for state building measures has

\textsuperscript{17} Tirana Echo 2018, DW 2018
\textsuperscript{18} Carney 2019
\textsuperscript{19} Gotev 2018
\textsuperscript{20} Carney 2019
\textsuperscript{21} Radio Free Europe 2020
\textsuperscript{22} Glos 2018, 11
targeted judiciary reform, economic governance, the building capacity of civil society independent media, and the integration of Serbian communities' institutions into the Kosovo state\(^{23}\). The United States has also pressured Kosovo to put to trial former KLA members suspected of committing war crimes during the Kosovo war. In this context, it cautioned the Kosovo government in 2017 not to support a legislation draft which would have revoked the law which established a special court for such cases\(^{24}\).

**Macedonia, Montenegro**

Ever since its independence, the United States has had a strong political influence in Northern Macedonia. The close cooperation between the two countries is reflected by the Strategic Cooperation Agreement signed in 2008, the accession of the country into NATO, in addition to the fact that the largest US embassy in the region is located in Skopje, which also serves as a regional intelligence hub for the US. The US priority is to maintain political stability in the country and keep North Macedonia on track to Euro-Atlantic integration, parallel to countering the influence of rival powers\(^{25}\). Concerning the internal stability of Northern Macedonia, US diplomatic weight was instrumental in concluding two pivotal arrangements defining the present political system and one resolving a long-standing name dispute with Greece\(^{26}\). The Ohrid agreement and the Przino Agreement among the Macedonian political parties have resolved the political crisis with the Albanian minority\(^{27}\), while the Prespa agreement has resolved the name issue between North Macedonia and Greece, opening the door for Pristina’s Euro-Atlantic integration.

US assistance funds appropriated for strengthening the rule of law, civil society, and combating organized crime and extremism, which officially serve the purpose of strengthening Macedonian democracy and helping its integration process, reached USD 11 million in 2018\(^{28}\). However, the US has also used these instruments to influence Macedonian

\(^{23}\) CRS 2018, 15  
\(^{24}\) CRS 2018, 5  
\(^{25}\) Lange 2018, 24  
\(^{26}\) Katehon 2016  
\(^{27}\) Ray 2018, 25  
\(^{28}\) Foreignassistance 2019
domestic politics. The most obvious case was during the 2015 political crisis between then Prime Minister Nikola Gruevski of the nationalist-conservative VMRO-DPMNE parties and opposition leader Zoran Zaev, head of the leftist SDMS.

It is widely perceived among large segments of Macedonian society that during the Obama administration the US embassy and USAID were supporting civil society groups positioned against the VMRO-DPMNE as well as activities aimed at undermining the Gruevski government. There were multiple reasons for the US support for the opposition, including the Gruevski government’s engagement towards other foreign powers, such as Russia and China, his perceived nationalist agenda, and the widespread corruption related to him. Although the US State Department claimed that only a very small proportion of the assistance went to organizations such as Open Society Macedonia, it was apparent that the US was supportive of the SDMS and Albanian ethnic party opposition DUI. When in March 2017 Macedonian President Gjorge Ivanov refused to give the mandate to Zaev to form a government with DUI, the US – alongside the EU – pressured the president to change his course. Similarly, during the 2016 Spring protests against President Ivanov after he had pardoned 56 officials suspected of involvement in the Gruevski wiretapping case, the US again put pressure on the President to revoke his decision. From the perspective of VMRO-DPMNE supporters, who continued to represent the largest political force in the country, the US policy was perceived as an illegitimate intrusion into Macedonian domestic politics.

The main objective of the United States in the case of Montenegro has similarly been the integration of the country into NATO and the European Union. President Milo Djukanovic and his DPS party, which has led the country for two decades, has pursued a pro-Western foreign policy with US support and has sought NATO membership since the country gained independence in 2006. The former goal was finally fulfilled when in May 2016 Montenegro signed the accession protocol to become a full member from June 2017. However, anti-US and anti-Western

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29 Gaetan 2017
30 Deliso 2017
31 Euractive 2016
32 Delisio 2017
33 Lénárt 2017, 26-27
sentiments continue to be strong in the country, and the main opposition coalition, the Democratic Front, also supported by the country’s sizable Serb minority, has opposed the accession to NATO. Furthermore, corruption, organized crime, and weak democratic institutions continue to be hallmarks of Montenegrin politics, although this has not hindered US support for the government and NATO accession.

Montenegro has been the recipient of US foreign assistance, with an annual support of around USD 4-5 million during the past decade, mostly for institution building, rule of law, and combating organized crime. It is clear that US support for Montenegro’s NATO accession was primarily motivated by geopolitical considerations, countering Russian influence in the Western Balkans, and further stabilizing the region with Western security structures. However, the significant support for anti-Western sentiments and a failed coup attempt before the 2016 elections continue to raise questions about the country’s long-term pro-US orientation.

Defence and military affairs

As referred to above, the primary tools of US statecraft in the region in the past 25 years have been its security and military engagement. In this context, the US has been the main driving force for NATO’s role in the region, including NATO expansion, stabilization operations and also the alliance’s cooperative mechanisms. From this perspective, the recent accession of Montenegro and North Macedonia to the alliance can be considered as a major success for the US. The US was also instrumental in bringing Bosnia closer to NATO. In order for a country to enter the Membership Action Plan (MAP) of NATO, the path to full membership, an Annual National Plan has to be submitted from the aspiring country to the Alliance. Since there is continued considerable opposition from the RS to NATO membership and to any steps which would officially place Bosnia on a membership track, submitting an ANP and officially entering the MAP was not a viable path for Bosnia. However, after much delay and disputes, Bosnia sent a “Reform Programme” to NATO in December 2019,

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34 Lénárt 2017, 26-27
35 Foreignassistance 2019
deliberately not specifying whether the document should be considered as an ANP or not (Wagner 2020). Hence, the RS could claim that the document is not an ANP, while the rest of the Bosnian leadership and NATO could state the opposite. According to NATO, Bosnia is now practically participating in the MAP. Nevertheless, Bosnia's entry into the MAP is a diplomatic success for Washington, which has long sought to push back on the RS's attempts to distance Bosnia from the Alliance.

United States continues to deploy about 650 troops in the Western Balkans, mainly in a KFOR mission in Kosovo\(^\text{36}\), but also leading the NATO HQ in Bosnia Hercegovina. It also participates in the CSDP mission of the EU in Bosnia and the police mission in Kosovo. As the leading power in NATO, the US also has a military footprint through NATO in Croatia, Albania, Montenegro, and North Macedonia. US leverage is not simply based on the current level of military presence but also on the perception that the US would play a crucial role if any external intervention would be necessary again to restore stability in the region.

In the aftermath of the Bosnia and Kosovo wars, the United States took the lead in providing the bulk of the forces for IFOR and SFOR in Bosnia and KFOR in Kosovo. Since then, the US has significantly scaled down its military presence in these two countries, leaving the primary responsibility for providing troops to these stabilisation operations to the European allies. In 2019, there were about 600 US troops under KFOR command in Kosovo, and several US military officers deployed to NATO Headquarters in Sarajevo\(^\text{37}\). However, the US is expanding its military bases on the territory of its allies. In 2018, the US administration announced that it will expand its largest military base in Kucova, Albania, while the main military base for US forces under KFOR command, Camp Bondsteel is also one of the largest US military bases in Europe\(^\text{38}\).

The US seeks to influence the security and defence sector of the WB countries by providing assistance for security sector reform, combating the spread of WMDs, and by enhancing the military-to-military cooperation between the US and regional armed forces. Washington also plays a considerable role in the modernization of the armed forces of the four above-mentioned NATO members, with cooperation in NATO-led deployments,

\(^{36}\) NATO 2019  
\(^{37}\) NATO 2019  
\(^{38}\) Reka 2019
training programs, and defence acquisition. All four nations have sent troops to the ISAF mission in Afghanistan, and the Croatian military participates in the global coalition against ISIS\(^\text{39}\). These contributions can be viewed as a possibility for the Western Balkan countries to strengthen their relationship with Washington. However, the enhanced military-to-military cooperation provides the US with leverage in shaping the defence policy and military force structure of the WB countries.

Table 2
Appropriated US Security and Peace Sector Assistance to Western Balkan countries, 2008-2018 (in million USD)\(^\text{40}\)

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>9.8</td>
<td>8.0</td>
<td>11.4</td>
<td>11.5</td>
<td>11.5</td>
<td>9.3</td>
<td>7.3</td>
<td>7.3</td>
<td>8.1</td>
<td>6.9</td>
<td>5.1</td>
</tr>
<tr>
<td>BiH</td>
<td>10.2</td>
<td>13.8</td>
<td>19.1</td>
<td>19.5</td>
<td>22.3</td>
<td>18.5</td>
<td>17.2</td>
<td>13.9</td>
<td>13.8</td>
<td>14.3</td>
<td>11.8</td>
</tr>
<tr>
<td>CRO</td>
<td>0.9</td>
<td>2.1</td>
<td>3.8</td>
<td>4.8</td>
<td>4.6</td>
<td>4.8</td>
<td>4.5</td>
<td>4.5</td>
<td>2.1</td>
<td>2.1</td>
<td>0.8</td>
</tr>
<tr>
<td>KOS</td>
<td>53.5</td>
<td>41.1</td>
<td>40.9</td>
<td>14.5</td>
<td>18.8</td>
<td>16.3</td>
<td>11.5</td>
<td>15.2</td>
<td>11.4</td>
<td>10.7</td>
<td>11.1</td>
</tr>
<tr>
<td>MKD</td>
<td>5.3</td>
<td>5.3</td>
<td>7.5</td>
<td>7.8</td>
<td>6.1</td>
<td>5.6</td>
<td>6.3</td>
<td>6.1</td>
<td>6.4</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>MON</td>
<td>0.8</td>
<td>1.5</td>
<td>2.9</td>
<td>3.8</td>
<td>4.1</td>
<td>2.8</td>
<td>2.9</td>
<td>2.9</td>
<td>2.7</td>
<td>3.4</td>
<td>2.9</td>
</tr>
<tr>
<td>SRB</td>
<td>4.1</td>
<td>3.7</td>
<td>4.2</td>
<td>6.0</td>
<td>6.8</td>
<td>6.6</td>
<td>6.5</td>
<td>5.1</td>
<td>5.8</td>
<td>6.5</td>
<td>4.1</td>
</tr>
</tbody>
</table>

As for arms transfers, the United States is present in the region, but it is not a vital partner. According to the SIPRI arms transfer database, which tracks the international transfer of major conventional weapons, the US has exported such weapons to three of its NATO allies in the region, Croatia, Montenegro and Albania. In the case of Croatia and Albania, these transfers have included armoured vehicles and missiles.

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\(^{39}\) NATO 2018, Global Coalition 2019

\(^{40}\) Foreign Assistance 2020
The US has also recognized that after many years of underdevelopment in the armed forces, since 2018, there is renewed interest in the WB countries for defence purchases. In order to secure markets for the US defence industry, the Trump administration launched the European Recapitalization Incentive Program (ERIP) in May 2019, designed to provide a USD 190 million fund for six countries, Albania, Bosnia and North Macedonia, plus the EU Member States of Croatia, Greece, and Slovakia, to modernize their armed forces with US-made military equipment. The program has two main objectives: replace Russian-made defence equipment, thus decreasing Russian leverage of the countries in the region and increase the sale of US weapons. Although the sum earmarked for ERIP is relatively small, once these countries begin to use US equipment, they are likely to stay with the same equipment and spend money to buy additional units and maintenance.

Table 3
US arms exports to WB countries, excluding major conventional weapons (in USD)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>-</td>
<td>740,832</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>BiH</td>
<td>3,250</td>
<td>7,900</td>
<td>60,820</td>
<td>108,021</td>
<td>67,128</td>
</tr>
<tr>
<td>CRO</td>
<td>4,856</td>
<td>780,000</td>
<td>82,664</td>
<td>90,78</td>
<td></td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MKD</td>
<td>-</td>
<td>268,100</td>
<td>57,000</td>
<td>-</td>
<td>254,742</td>
</tr>
<tr>
<td>MON</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
<td>51,000</td>
<td>18,088</td>
<td>658,477</td>
<td>914,914</td>
<td>373,820</td>
</tr>
</tbody>
</table>

41 Mehta 2019
42 Mehta 2019
43 COMTRADE 2020
Table 4
Major US arms sales to Albania and Croatia, 2012-2019\textsuperscript{44}

<table>
<thead>
<tr>
<th>Year of order</th>
<th>Major weapons system</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>2017</td>
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<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>CRO</td>
<td>2013</td>
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<tr>
<td></td>
<td>2013</td>
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<td>2013</td>
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<td>2016</td>
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<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>2019</td>
</tr>
</tbody>
</table>

With respect to the Western Balkan countries examined, the following purchases are planned\textsuperscript{45}:

- Albania - $30 million for helicopters.
- Bosnia - $30.7 million for helicopters.
- Croatia - $25 million for infantry fighting vehicles.
- North Macedonia - $30 million for infantry fighting vehicles.
- Montenegro: $36 million for armoured vehicles

\textsuperscript{44} SIPRI 2020
\textsuperscript{45} Mehta 2019
Table 5
US exports of major weapons systems, SIPRI Trend Indicator Values (TIVs) expressed in millions

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>CRO</td>
<td>22</td>
<td>20</td>
<td>2</td>
<td>2</td>
<td></td>
<td></td>
<td>46</td>
</tr>
<tr>
<td>MON</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
<td></td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

The ERIP program has two important conditions: partner nations have to pledge not to buy any new Russian military equipment, and they have to supplement the fund provided by the US with an equal amount from their own budgets. However, as experts point out, the US initiative is not only tailored against Russian competition but even more so against European defence contractors. The weak spot of the US plans could be the demand by the potential buyers related to offset and local industrial participation in the projects. The US has more stringent regimes concerning technology transfers, which might place European competitors at an advantage.

Zagreb is considering buying F16s from the United States to upgrade its air force, after the US State Department blocked Israel’s selling upgraded F16s to Croatia due to concerns of technology transfer. In the case of Albania and North Macedonia, US arms transfers have been conducted largely through assistance programs related to participation in NATO missions. In this context, Albania received light infantry vehicles between 2017-2019 and might receive Black Hawk lift utility helicopters in the future.

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46 Trend Indicator value is an indicator of the volume of military equipment developed by SIPRI
47 Kimla - Cook 2019
48 Žabec 2019
49 Defencenews, 2017
50 Bozonski 2019
Trade, investments, energy

In comparison to the general geopolitical and security role the United States plays in the WB, its economic influence is more limited in the region. The United States is neither a crucial export market for the WB countries examined, nor is it a major source of imports. The ratio of exports and imports compared to the total exports and imports of the countries examined has remained at around 1% or below. Even in the case of Croatia, which exported the most goods to the US among the Western Balkans states, the ratio of its export to the US stood between 1-2%,\textsuperscript{51} amounting to an annual 400-500 million USD worth of exports.

Table 6
Ratio of import from USA/import from the world, WB countries\textsuperscript{52}

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>0.79%</td>
<td>1.00%</td>
<td>1.05%</td>
<td>0.94%</td>
<td>1.10%</td>
<td>1.58%</td>
<td>0.99%</td>
<td>0.70%</td>
<td>1.07%</td>
<td>1.17%</td>
</tr>
<tr>
<td>BIH</td>
<td>0.33%</td>
<td>0.28%</td>
<td>0.33%</td>
<td>0.23%</td>
<td>0.18%</td>
<td>0.42%</td>
<td>0.47%</td>
<td>0.35%</td>
<td>0.36%</td>
<td>0.29%</td>
</tr>
<tr>
<td>CRO</td>
<td>1.49%</td>
<td>0.93%</td>
<td>1.46%</td>
<td>2.11%</td>
<td>1.44%</td>
<td>1.41%</td>
<td>1.47%</td>
<td>1.56%</td>
<td>1.31%</td>
<td>1.78%</td>
</tr>
<tr>
<td>MKD</td>
<td>0.68%</td>
<td>0.74%</td>
<td>0.66%</td>
<td>0.46%</td>
<td>0.35%</td>
<td>0.89%</td>
<td>0.49%</td>
<td>0.48%</td>
<td>0.68%</td>
<td>0.58%</td>
</tr>
<tr>
<td>MON</td>
<td>1.46%</td>
<td>1.56%</td>
<td>0.63%</td>
<td>0.70%</td>
<td>0.50%</td>
<td>0.85%</td>
<td>0.69%</td>
<td>0.52%</td>
<td>0.68%</td>
<td>0.34%</td>
</tr>
<tr>
<td>SRB</td>
<td>0.92%</td>
<td>0.67%</td>
<td>0.69%</td>
<td>0.70%</td>
<td>0.78%</td>
<td>0.71%</td>
<td>0.72%</td>
<td>0.79%</td>
<td>0.85%</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

\textsuperscript{51} Comtrade 2019
\textsuperscript{52} Harvard 2020
Table 7
Ratio of export to the USA / to the world, WB countries

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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>0.85%</td>
<td>1.08%</td>
<td>1.14%</td>
<td>1.02%</td>
<td>1.19%</td>
<td>1.65%</td>
<td>1.08%</td>
<td>0.74%</td>
<td>1.13%</td>
<td>1.25%</td>
</tr>
<tr>
<td>BIH</td>
<td>0.35%</td>
<td>0.31%</td>
<td>0.36%</td>
<td>0.25%</td>
<td>0.19%</td>
<td>0.45%</td>
<td>0.5%</td>
<td>0.37%</td>
<td>0.39%</td>
<td>0.32%</td>
</tr>
<tr>
<td>CRO</td>
<td>1.61%</td>
<td>1.03%</td>
<td>1.60%</td>
<td>2.27%</td>
<td>1.58%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.61%</td>
<td>1.36%</td>
<td>1.79%</td>
</tr>
<tr>
<td>MKD</td>
<td>0.68%</td>
<td>0.84%</td>
<td>0.73%</td>
<td>0.52%</td>
<td>0.38%</td>
<td>0.94%</td>
<td>0.52%</td>
<td>0.52%</td>
<td>0.72%</td>
<td>0.58%</td>
</tr>
<tr>
<td>MON</td>
<td>1.48%</td>
<td>1.59%</td>
<td>0.63%</td>
<td>0.67%</td>
<td>0.5%</td>
<td>0.88%</td>
<td>0.69%</td>
<td>0.52%</td>
<td>0.71%</td>
<td>0.35%</td>
</tr>
<tr>
<td>SRB</td>
<td>1.04%</td>
<td>0.84%</td>
<td>0.79%</td>
<td>0.79%</td>
<td>0.87%</td>
<td>0.85%</td>
<td>0.81%</td>
<td>0.88%</td>
<td>0.91%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

The US is also a source of foreign direct investment, although not a vital one. FDI from the US on average covered 1-2% of all FDI in each country throughout the 2008-2017 period, only in the case of Kosovo did the figure reach 5-7% in certain years. However, the United States has been involved in some major infrastructure projects in the region. The main actors in these arrangements were US-based construction giant Bechtel, which has close ties to the US government and diplomatic corps, while defence company Lockheed Martin also won a considerable contract in Albania. Bechtel has won major highway construction contracts in Albania, Kosovo, and Croatia in the last two decades. At the same time, the projects were reported to have been exposed to high pricing, corruption, and lack of transparency. One of the most controversial ones among these projects was the

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53 Harvard 2020  
54 Brunwasser 2015  
55 B92 2006
construction of a highway in Kosovo between 2010-2019, where suspicion of fraud seemed to have been underpinned by the fact that Christopher Dell, who was the US ambassador to Kosovo during the time of the bidding process was later hired by Bechtel Corp\textsuperscript{56}. It is fair to assume that especially in the case of Albania and Kosovo the US used its extraordinary diplomatic leverage to secure the contracts for American companies. These cases significantly undermined the perception of the US as an impartial and transparent external power seeking to fight corruption and strengthen the rule of law.

Table 8
WB7 inward stock by US (in million EUR)\textsuperscript{57}

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<tbody>
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<td>55.9</td>
<td>57</td>
<td>43</td>
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<tr>
<td>CRO</td>
<td>236.3</td>
<td>234.4</td>
<td>225.9</td>
<td>217.2</td>
<td>231.7</td>
<td>237.5</td>
<td>222</td>
<td>245</td>
<td>207</td>
<td>222</td>
</tr>
<tr>
<td>KOS</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>69</td>
<td>89</td>
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<td>140</td>
</tr>
<tr>
<td>MKD</td>
<td>47.8</td>
<td>48.8</td>
<td>35.9</td>
<td>42.8</td>
<td>59.5</td>
<td>59</td>
<td>56</td>
<td>75</td>
<td>79</td>
<td>-</td>
</tr>
<tr>
<td>MON</td>
<td>40.5</td>
<td>47</td>
<td>54.2</td>
<td>60.1</td>
<td>45.1</td>
<td>48.4</td>
<td>51</td>
<td>54</td>
<td>71</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
<td>124.3</td>
<td>137.2</td>
<td>190.4</td>
<td>214.4</td>
<td>240.5</td>
<td>146</td>
<td>215</td>
<td>232</td>
<td>-</td>
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</tbody>
</table>

\textsuperscript{56} Brunwasser 2015
\textsuperscript{57} Hunyai 2012, 2015, 2018
Table 9
WB7 inward FDI stock by US (% of total)\textsuperscript{58}

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|}
\hline
\hline
ALB & 4.3   & 2     & 1     & -1.4  & 1.1   & 1.2   & 1.9   & 1.9   & 1.4   & 1.1   \\
BiH & 0     & 0     & 1.1   & 1     & 1     & 0.9   & 0.7   & 0.8   & 0.6   & -     \\
CRO & 1.1   & 0.9   & 0.9   & 0.9   & 0.9   & 1     & 0.9   & 1     & 0.8   & 0.8   \\
KOS & -     & -     & -     & -     & -     & 7.9   & 2.3   & 2.7   & 3.3   & 4     \\
MKD & 1.6   & 1.6   & 1.1   & 1.2   & 1.6   & 1.5   & 1.4   & 1.7   & 1.7   & -     \\
MON & 1.7   & 1.3   & 1.1   & 1.1   & 1.3   & 1.3   & 1.3   & 1.7   & -     & -     \\
SRB & 1.2   & 1.2   & 1.5   & 1.5   & 1.6   & 0.6   & 0.9   & 0.9   & -     & -     \\
\hline
AVG & 1.65  & 1.17  & 1.12  & 0.72  & 1.25  & 2.06  & 1.34  & 1.47  & 1.58  & 1.97  \\
\hline
\end{tabular}

Nevertheless, the United States plays an increasingly important role in the development of one of the strategic sectors, that is, energy. The deteriorating geopolitical relations with Russia, Europe’s and the WB’s continued reliance on energy imports, especially natural gas, as well as the expansion of US unconventional gas production and LNG has upgraded the WB region’s strategic value for Washington from an energy security perspective\textsuperscript{59}. US energy policy during the past decade has primarily manifested in opposing Russian energy infrastructure projects in the region and support for alternative regional concepts and specific projects. This includes energy projects connected to the so-called Three Seas Initiative (TSI), or the Trans Adriatic Pipeline (TAP), and the Ionian Adriatic Pipeline (IAP)\textsuperscript{60}.

The TSI, a comprehensive economic program initiated by Poland and Croatia, launched in 2015 to boost the economic connectivity of the countries lying between the Baltic, Adriatic, and Black Sea regions, and a

\textsuperscript{58} Hunyai 2012, 2015, 2018
\textsuperscript{59} Graham, 2018
\textsuperscript{60} Stein 2019
strong opposition of Russian energy projects in Central and Eastern Europe (Roberts 2017). Although Croatia is the only participant in TSI among the WB countries, the intergovernmental cooperation has great implications for the whole region as well. The Trump administration has embraced the initiative because it perceives it as a vital instrument in decreasing Russian influence in the region, fostering economic development and boosting economic opportunities for the US in the Central and Eastern European region. Although the TSI is about much more than just energy infrastructure, the main focus of US attention is on the gas sector. US commitment to the TSI has been underpinned by Donald Trump’s participation at the 2017 Warsaw Summit, Secretary of Energy Rick Perry’s presence at the 2018 Bucharest Summit, and secretary of state Mike Pompeo’s announcement in February 2020 of the establishment of a USD 1 billion fund to support TSI projects\textsuperscript{61}.

Among the Balkan countries, Croatia is a key regional partner for US energy objectives. The most important project in this regard is the Krk LNG terminal, which will have the potential to transform the energy supply of the region and enable the US to export LNG directly to Croatia\textsuperscript{62}, and from there, to other countries in the region. The terminal is expected to be complete by 2021 and would be able to deliver gas to Serbia and Montenegro (NS Energy). The US has supported the project, as Secretary of Energy Rick Perry stated “...not necessarily for the purchase of US gas, but because more routes and suppliers are a good formula for Europe which cannot be free and sovereign if it depends only on Russian gas.”\textsuperscript{63}

However, critics point out that LNG terminals in Europe are only running at about 25% of their capacity partly due to higher prices. On the other hand, the US points to the increasing need for gas in the European energy mix in the years to come, as well as to supply security considerations. Nevertheless, the US has put considerable diplomatic effort into securing new markets in the region. In this context, the US has put pressure on both Hungary and Croatia to conclude an agreement about the project.

The TAP and the IAP projects would also serve US geopolitical interests\textsuperscript{64}. TAP would bring in gas from Azerbaijan through Turkey and Greece to Albania, while IAP would stretch from Albania to

\textsuperscript{61} Virág 2020
\textsuperscript{62} Integrated Country Strategy
\textsuperscript{63} NI 2019
\textsuperscript{64} Graham 2018
Croatia through Bosnia. The United States is also putting diplomatic support behind the EastMed pipeline managed by Greece, Cyprus, and Israel, which would tap into the offshore gas reserves of the Eastern Mediterranean. EastMed also has the potential to expand the supply side of gas to the Western Balkans\(^\text{65}\).

**Social and cultural relations**

As the sole global superpower and leader of the Western world, the cultural influence of the US is still felt in the Western Balkans. The US government seeks to promote American values of democracy, freedom, individual liberty also through dedicated financial aid programs. Support for civil society and NGO’s, especially those promoting human rights, rule of law, democracy or progressive political issues is one of the cornerstones of such US engagement. All countries examined except for Croatia receive such US support on an annual basis, with Bosnia the largest beneficiary of civil society funds. These financial aid programs also serve to improve the image of the United States in local societies. However, if efficiency is measured through the lense of influencing public opinion about the role and policies of the United States, then they are not so successful if corresponding polls are examined.

Albania and Kosovo are special cases in the region where the United States still enjoys exceptional popularity as a legacy of support for Kosovo’s independence. According to a Gallup poll conducted in 2018, 80% of Kosovars and 69% of Albanians approve US leadership, much higher than traditionally pro American Poland (49%) or Romania (42%).\(^\text{66}\) At the same time, US favourability ratings in the general population is not as strong in other WB countries, with Serbian population having the least supportive view of the US. Furthermore, the weakness of US soft power in the region is also reflected in the comparison of US favourable ratings with other major powers. In the case of Serbia and Bosnia, the EU, Russia, China and Turkey have stronger public support than the United States, and in Montenegro, only Turkey is viewed more negatively.\(^\text{67}\)

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\(^{65}\) Lyaggou 2020  
\(^{66}\) Gallup (2019)  
\(^{67}\) NDI 2019
Although all ethnicities in the WB have emigrant communities living in the United States, not any of these ethnic groups are sizable or considered to have considerable political influence in the US. Therefore, the social groups with Balkan heritage don’t have a relevant impact on US policy in the region. At the same time, due to the increased geopolitical competition in the region, there is a renewed interest and focus towards the WB by leading US based think tanks and NGO’s capable of influencing US policies.

Conclusions

For much of the past decade, the Western Balkans was considered to be a region of secondary importance to the United States. The relative stability of the region as well as other domestic and geopolitical
challenges shifted US attention away after its active engagement during the 1990s. However, the return of geopolitical competition and the Trump administration’s assertive strategy to counter Russian and Chinese influence in contested frontier regions has drew attention towards the Western Balkans.

Security policy and energy are the two most important pillars of American engagement in the region. The US role in the continued NATO operations in Kosovo and Bosnia, support for Montenegro’s and North Macedonia’s accession to the alliance, as well as Croatia’s and Albania’s decade-long membership in the Alliance are the most significant elements of this security pillar in American strategy. This is further underpinned by bilateral military cooperation with WB countries and arms sales to the region. Overall, within the regional security architecture, the US is still in a dominant position. In the energy dimension, the US has made greater efforts, recently demonstrated by the Threes Seas Initiative, and enhanced American diplomatic support for new pipelines, which decrease the WB’s dependence on Russia. However, in terms of energy, it still lags far behind Russia.

These strengths of the security pillar to a certain degree need to counterbalance the economic and political deficiencies of the US presence in the WB. In terms of trade and investment, the United States is an important player but far from decisive. In certain sectors, such as energy, trade, and investments, and especially major infrastructure projects, the United States has formidable competitors in the region. These factors strengthen the political influence of rival powers in relation to the US and its European allies. Furthermore, systemic political deficiencies such as corruption and fragile democratic institutions also fundamentally undermine US and European influence, even though in certain cases these deficiencies also create short-term opportunities for them. However, Russia and China are much more capable and likely to exploit these vulnerabilities than the democratic governments of the United States and Western Europe. In order to counterbalance its disadvantages in the economic and political spheres, the United States would have to increase its economic engagement as well as cooperate more closely with its European allies, who are the dominant actors in the economic realm.
References


GERMANY IN THE WESTERN BALKANS: INCREASED COMMITMENT FROM EUROPE’S RELUCTANT HEGEMON

Introduction

Germany has a deep, diverse, and complex relation to the countries of the WB region, with a long history of economic and political involvement. The importance of the region has been recognized by the German elite since the Berlin–Baghdad railway project in the late nineteenth century.¹ The region's strategic value increased for Germany in the wake of Yugoslavia’s disintegration, when the country took an active role in pursuing political solutions for the stabilization of the WB region. To further this goal, Germany is committed to acting through intergovernmental agreements, thus the country often channels its national interest via international organizations (EU, NATO) or minilateral arrangements (Berlin Process). Despite some heavy confrontations in the recent past (e.g. Germany’s involvement in NATO’s bombing of Yugoslavia in 1999), initiatives from the German leadership today are acknowledged among the countries of the region. This gives Germany a special responsibility to show results concerning the integration of the WB7 into the Euro-Atlantic organisations.

Political relations through the lens of the EU enlargement policy

The German governments show a high degree of stability and continuity during the examined period (2008–2018), as for the four different coalition governments the conservative Union parties (CDU/CSU)

¹ Mavromatidis & Learman, 2008, p. 5.
were the major governing party every time, with junior partners of the social democrats (SPD) three times and with the liberals (FDP) once. Thus, the various coalition agreements of these four governments are useful instruments for assessing Germany’s political interests in the WB. According to these documents, Germany has a “vital interest in a lasting stabilization”\(^2\) of the region, and therefore it will “actively support the accession of the countries of the Western Balkans to EU and NATO”.\(^3\) Germany supports an EU enlargement of “sound judgement”, which respects the “strict fulfilment of the Copenhagen Criteria”, and it opposes any sort of “accession automatism”, e.g. by mentioning an accession date.\(^4\) In general, the German leadership’s view is that “all countries of the WB have an accession perspective”, provided that these fully meet the criteria laid down.\(^5\) To conclude, Germany’s primary interest vis-à-vis the countries of the region lies in the successful integration of these into the Euro-Atlantic organisations (EU, NATO) to promote sustainable democratic, economic, social, rule of law, and environmental development in its direct neighbourhood.

Germany’s current policy towards the WB can be defined as a contribution to EU enlargement policy.\(^6\) As one of the most crucial powers of the EU, Germany has considerable influence on the official EU enlargement policy course. Over the last decade, the German leadership’s reputation in Europe has changed: it is not just a “supporter of Balkan enlargement but also the one drawing the red lines for EU aspirants”.\(^7\) Berlin has noticeably increased its ambitions by offering new platforms and projects for the countries of the region at the latest since 2014. In November 2014 Germany and the United Kingdom launched an initiative to revive BiH’s membership bid to the EU.\(^8\) The initiative, approved by the EU later that year, focused on constitutional and socio-economic reforms in exchange for unfreezing the Stabilization and Association Agreement, thus providing access to EU funds. Most

\(^3\) Ibid., Koalitionsvertrag zwischen CDU, CSU und SPD, 2013, p. 115.
\(^4\) Der Koalitionsvertrag zwischen CDU, CSU und FDP, 2009, p. 117.
\(^5\) Koalitionsvertrag zwischen CDU, CSU und SPD, 2018, p. 8.
\(^6\) Wanninger, 2016, p. 8.
\(^7\) Adenahr & Töglhofer, 2015, p. 31.
\(^8\) Deutsche Welle, 2014.
observers, however, view the “Reform Agenda” as unsuccessful, partly because of the internal parties’ objection to the reform measures, and partly due to the EU’s soft conditionality approach.⁹

A more successful example of Germany’s aspiration is the Berlin Process. The Berlin Process is a Member State-driven tool for interaction with the WB, with the leadership of Germany, supported by other EU Member States.¹⁰ The Berlin Process was initiated by chancellor Merkel as a conference series, with the first summit held in Berlin in August 2014, on the occasion of the centenary of the outbreak of the First World War. The conference series was originally intended to end in 2018, but the Polish presidency continued the event series in 2019 after the end of the first summit cycle.

The Berlin Process has three main pillars:

(1) regional political cooperation and consolidation, including bilateral dispute resolution;

(2) improved economic cooperation, with particular emphasis on connectivity in the energy, transport, and digital domains;

(3) and people-to-people relations, with a focus on young people and cooperation with civil society.¹¹

As the Berlin Process functions “on the principle of the ‘three no’s’ – no new budget, no new institution, no new legislation”,¹² it works as a complementary tool to the EU’s official enlargement policy, advancing regional cooperation and connectivity. As the region’s “most important driver of resilience remains a credible EU perspective”, the “Berlin Process has to be considered in itself as a driver of resilience: it has become a unique forum in which to keep the EU perspective for the region alive for the participating actors.”¹³

While offering meaningful initiatives for the region, Germany has become, on the one hand, more confident in maximising the leverage of the enlargement conditionality, and on the other hand, more critical of the Commission’s enlargement strategy. The former strategy contains

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⁹ Ivković, 2018.
¹⁰ The participating states are (so far) Austria, Bulgaria, Croatia, France, Greece, Italy, Poland, Slovenia, and the United Kingdom.
¹¹ Flessenkemper, 2017, p. 27.
¹³ Flessenkemper, 2017, p. 28.
two important elements. First, “Germany has supported the ‘slicing’ of the association process into a sequence of small units to create incentives that allow to ‘exercise pressure time and again’”. The “slicing” enables decision-makers to “increase the leverage generated through the promise of membership by asking aspiring countries to deliver on reforms”, as well as to withstand any kind of accession automatism. Second, “Berlin is also firmly supportive of ‘political frontloading’, which (...) entails dealing with thorny issues from the early stages of the integration process. Thus, it aims to avoid a scenario wherein the pressure in the final phases of the accession negotiations is already too high to address remaining deficits.” An example of Germany’s approach to increasing the leverage of the EU enlargement process was chancellor Merkel’s meeting with Serbian president Tadić in August 2011. During the press conference, she demanded the normalisation of the Serbia–Kosovo relations and the abolition of the parallel structures from the Serbian side in exchange for the start of the accession talks. Another example was Merkel’s strict rejection of any border changes in the Balkans, after leaders of both Serbia and Kosovo suggested that the current boundaries are up for negotiation. The German leadership intended to squash any possible talks of this kind right in its early phase, as they fear it would trigger knock-on demands in the region from other nations for border changes (in particular in BiH).

German diplomacy also heavily engaged in settling the name dispute between Greece and North Macedonia, thus enabling the EU and NATO accession of the latter. Chancellor Merkel visited North Macedonia before the name referendum took place in September 2018, and Greece before the parliamentary approval vote in January 2019. These visits intended to acknowledge both political leaders, Alexis Tsipras and Zoran Zaev in their undertakings and support the Prespa Agreement. In the aftermath, both politicians received the Ewald von Kleist Award at the Munich Security Conference 2019, which was a clear sign of recognition from Germany for their successful diplomatic achievements.

14 Adenahr & Tőglhofer, 2015, p. 34.
15 Ibid.
16 Ibid.
17 BBC, 2011.
18 Gray, 2018.
Considering the common EU strategy, Germany follows the Commission’s “fair and rigorous conditionality”\(^{19}\) but retains the right to apply stricter rules than the one proposed by the EU’s executive arm. This sort of German “go-it-alone” attitude has its roots in domestic policy. Since the so-called “Lisbon Decision” of the Federal Constitutional Court in 2009, the German parliament enjoys wide-ranging rights in the control of the government’s EU policies. To gain democratic legitimacy for its EU policies, the German government has to take the considerations of the Bundestag seriously, especially in light of the hostile public perception of EU enlargement (see Table 1).

Table 1\(^{20}\)

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There are many reasons for the negative German public opinion on enlargement. Considering the multiple crises the EU was facing during the last decade – the global financial crisis, the European debt crisis, the migration crisis, and the COVID-19 pandemic – and with respect to the various cleavages which were rising within the EU as a consequence of these, German decision-makers see the internal consolidation of the EU in its current state as a clear priority to further accession. About the amount and degree of internal debates on democratic principles and the rule of law, there has been some reservation, if not even dislike developed among the German public towards aspirant countries who are witnessing a democratic backsliding in recent years (see Table 2). Thus, the “fair and

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\(^{19}\) European Commission, 2018.

\(^{20}\) Standard Eurobarometer 70, 72, 74, 76, 78, 80, 82, 84, 86, 88, and 90.
rigorous conditionality” agenda is not only “a means to ensure that the integration goes hand in hand with the transformation of the aspiring countries. It is also necessary to overcome reservations towards potential newcomers in domestic context...”\textsuperscript{21}

<table>
<thead>
<tr>
<th>Status</th>
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<th>Bosnia and Herzegovina (BiH)</th>
<th>Croatia (CRO)</th>
<th>Kosovo (KOS)</th>
<th>Macedonia (MKD)</th>
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Furthermore, as a motion of the German parliament from 2013 concludes, the “progress on the way towards accession should not only be assessed by the EU Commission but also regularly by the Federal Government, involving its diplomatic representations.”\textsuperscript{23} German officials do not rely solely on the assessment of the European Commission’s reports, as they are considered to be “too technical and dependent on a ‘transformation automatism”, and they are “criticized for often painting a too rosy picture of the reform progress in aspiring countries...”\textsuperscript{24} On the other hand, Germany would like to keep the integration dynamics alive, hence it does not restrain itself from taking a different position to the European Commission’s. Such a

\textsuperscript{21} Adenahr & Tőglohofer, 2015, p. 33.
\textsuperscript{22} Freedom House (n.d.), results of the annual reports 2008-2018.
\textsuperscript{23} Deutscher Bundestag, 2013, p. 5.
\textsuperscript{24} Adenahr & Tőglohofer, 2015, p. 35.
statement was made on 15 July, 2014, when President Juncker presented his political guidelines in the European Parliament in Strasbourg, which concluded among others that “no further enlargement will take place over the next five years.” At the same time, about a thousand kilometres away, chancellor Merkel attended the Brijuni-Brdo summit in Dubrovnik, where she strongly supported the EU aspirations of the WB7 in her speech.

Berlin is aware of the strategic importance of the WB region. Since 2014 the German government has raised its engagement spectacularly, offering new platforms and projects for the countries in the region to accelerate their integration in the Euro-Atlantic organisations. Nonetheless, Germany’s support is also due to geopolitical reasons to “counter growing Russian and Chinese influence in the region”. At the same time, with growing domestic scepticism towards the accession of new member states, German decision-makers are sticking to a “fair and rigorous conditionality” agenda, to make sure that the fulfilment of all necessary criteria is completed prior to the accession.

To conclude, Germany is following a “yes, but’ approach (...) towards Balkan enlargement”. This approach, however, may strike back in the future. A tedious accession process and the continuous demands from the German government (which is sometimes interpreted as interference with internal affairs, e.g. the request to normalize the Serbia–Kosovo relations, or to strengthen the rule of law and minority rights) could lead to enlargement fatigue in the aspiring countries. Following the aspirant countries’ disappointment with the Bundestag’s decision of postponing the vote on starting accession talks with North Macedonia and Albania in June 2019, the German parliament finally gave its consent in September 2019 by a large majority to open negotiations with Skopje and Tirana. German diplomats are committed to keeping the enlargement portfolio high on the agenda during Germany’s EU Council Presidency in the second half of 2020. This would, however, require showing some meaningful progress in the enlargement process, as both countries have

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27 Emmott, 2018.
28 Adenahr & Tőglhofer, 2015, p. 39.
carried out meaningful reforms that were prerequisites for the opening of the negotiations (the former the settlement of the name dispute, the latter the judicial reform). If the EU does not offer real membership perspectives for the WB6, they will perceive it as a response that they got stuck in the “waiting room” of the EU. If the countries chose a different primary partner than the EU because of their frustration, it would be fatal for the German enlargement efforts.

Economic and trade relations

Germany has been one of the most important economic and trade partners of the WB7, but the size and nature of the bilateral business relations is deeply unequal. On the one hand, for the WB7 Germany is a key economic partner. According to Eurostat, in terms of goods trade Germany was both the biggest exporter to (16 percent) and importer from (23 percent) the WB7. During the examined period, both the total annual value of German exports to the WB7 (from 9.2 billion USD to 11.1 billion USD), and the WB7’s exports to Germany (from 3.8 billion USD to 8.8 billion USD) has increased. The WB7 were able to reduce their trade deficit with Germany, but despite this development, Germany still has a chronic trade surplus over the WB7. Croatia, North Macedonia, and Serbia have a trade value with Germany above the regional average, while Albania, Kosovo, and Montenegro are below the regional average (see Tables 3 and 4). German trade volumes fell extraordinarily following the 2008 financial crisis and surpassed the 2008 value for the first time in 2017.

Core features of the export-oriented German economic model can be observed by analysing the specific product groups of the bilateral trade. From the German perspective, it means, in simple terms, generating trade surplus through the import of low-end and mid-end products and raw materials on the one hand, and the export of high-end products on the other. German trade relations with the WB7 are a good example of an effective assertion of Germany’s economic interests.

30 Eurostat, 2018a.
31 To measure the specific product groups of the bilateral trade I used the database of the International Trade Centre (ITC).
Table 3^{32}

The WB7’s goods export to Germany (in million USD, gross)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<tbody>
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<tr>
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<td>555</td>
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<td>701</td>
<td>621</td>
<td>706</td>
<td>735</td>
<td>658</td>
<td>695</td>
<td>819</td>
<td>956</td>
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<tr>
<td>CRO</td>
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<td>1,260</td>
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<td>1,340</td>
<td>1,550</td>
<td>1,840</td>
<td>2,100</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>-</td>
<td>15.5</td>
<td>24.1</td>
<td>14.9</td>
<td>10.9</td>
<td>11.3</td>
<td>11.6</td>
<td>13.8</td>
<td>20.1</td>
<td>24.8</td>
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<td>MKD</td>
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<td>483</td>
<td>765</td>
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<tr>
<td>SRB</td>
<td>1,140</td>
<td>834</td>
<td>987</td>
<td>1,270</td>
<td>1,300</td>
<td>1,650</td>
<td>1,720</td>
<td>1,610</td>
<td>1,880</td>
<td>2,140</td>
<td>2,390</td>
</tr>
</tbody>
</table>

Table 4^{34}

The WB7’s goods import from Germany (in million USD, gross)

<table>
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<td>204</td>
<td>225</td>
<td>233</td>
<td>190</td>
<td>213</td>
<td>226</td>
<td>348</td>
<td>310</td>
<td>295</td>
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<tr>
<td>BiH</td>
<td>1,090</td>
<td>855</td>
<td>852</td>
<td>1,040</td>
<td>981</td>
<td>1,010</td>
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<td>981</td>
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<td>2,710</td>
<td>3,170</td>
<td>2,870</td>
<td>2,720</td>
<td>2,970</td>
<td>2,910</td>
<td>3,290</td>
<td>3,700</td>
<td>4,260</td>
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<td>-</td>
<td>281</td>
<td>293</td>
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<td>273</td>
<td>291</td>
<td>343</td>
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<td>604</td>
<td>742</td>
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<td>732</td>
<td>908</td>
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<td>1,180</td>
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<td>106</td>
<td>87</td>
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<tr>
<td>SRB</td>
<td>2,700</td>
<td>1,910</td>
<td>1,920</td>
<td>2,290</td>
<td>2,200</td>
<td>2,300</td>
<td>2,480</td>
<td>2,370</td>
<td>2,560</td>
<td>2,910</td>
<td>3,480</td>
</tr>
</tbody>
</table>

^{32} Harvard University (n.d.).

^{33} As per the Kosovo Agency of Statistics Statistics (in million EUR, gross).

^{34} Harvard University (n.d.).

^{35} As per the Kosovo Agency of Statistics Statistics (in million EUR, gross).
Considering WB7 export, two trends can be noticed. Countries with more developed economies have a mixed trade with Germany: high-end (vehicle, machinery, electrical machinery), mid-end (vehicle and machinery parts, chemical products, furniture), and low-end products (clothes and textiles), raw materials (iron, aluminium, wood, etc.), as well as food products. Among the seven examined countries these are Croatia, Serbia, and North Macedonia. The relatively high presence of German subsidiaries in these countries increases the mixed nature of the trade relations. These firms (and their local suppliers) are more integrated into globalized supply chains, thus their production activities are more advanced than many of their local competitors’, who have no integration into global processes. Countries with less-developed economies and a lower presence of German subsidiaries export in particular low-end products, raw materials, and food products to Germany. These countries are Albania, BiH, Kosovo, and Montenegro. The WB7 import high-end products (vehicle, industrial and electrical machinery, pharmaceutical products) from Germany above all, which is the main reason for the German trade surplus over the WB7.

The share of bilateral trade in the respective countries’ trade balance is extraordinarily disproportionate. The average share of German trade (cumulated value of export and import) in the WB7’s balance is around 10 percent, with a high rate of dispersion (Albania has the lowest value with 4 percent and North Macedonia the highest one with 20 percent). On the other side, the WB7 trade volume in the German trade balance has very little significance for the country’s overall trade, with an average of only 0.12 percent. According to the official German trade statistics, Croatia was in the first (50th place) and Kosovo in the last place (112th place) among the WB7 in 2018 in Germany’s trading partner rankings.36

German FDI stock in the region increased between 2008 and 2011 and then decreased until 2015, below the level of the 2008 basic value (see Table 5). This trend is mainly due to the negative impact of the 2008 financial crisis. In 2017 German investors were at the sixth place in the WB7 aggregated list (with a high rate of dispersion among the countries), with 4.5 percent of FDI. Nevertheless, it is to be noted that the share of German FDI is usually underrated, as many German companies operate through their local affiliates, such as from Austria or from

36 Destatis, 2019a.
Hungary. An example for the latter is Makedonski Telekom AD, which is an affiliate of the Magyar Telekom Group, a fully consolidated subsidiary of Deutsche Telekom.\textsuperscript{37}

The German presence in the WB is lower than in the Central and Eastern European region “due to the absence of manufacturing FDI (a sector where Germany is particularly strong), but it also has to do with geographical distance and the small size of WB7 economies”.\textsuperscript{38} Also, “given a late start in transition, the WB7 is behind in important reforms, but also in skills and physical infrastructure” compared to the EU member states, which joined with the 2004 and 2007 enlargement rounds.\textsuperscript{39}

\begin{table}
\centering
\caption{The WB7’s inward FDI stock by Germany (in million EUR)}
\begin{tabular}{|l|cccccccccc|}
\hline
\hline
ALB & 66.2 & 76.2 & 84.2 & 83.6 & 92.1 & 115.3 & 130 & 137 & 123 & 116 & 7-10 \\
BiH & 262.9 & 255.3 & 285 & 287.4 & 308.2 & 332.9 & 329 & 347 & 286 & - & 6-7 \\
CRO & 2,884 & 3,558 & 3,664 & 3,266 & 2,718 & 2,612 & 1,698 & 1,846 & 2,046 & 2,145 & 3-6 \\
KOS & - & - & - & - & - & 223.8 & 216.7 & 300 & 319 & 375 & 2 \\
MKD & 66.2 & 62 & 71.4 & 86.3 & 83.5 & 111.3 & 154 & 191 & 248 & - & 6-13 \\
MON & 87.5 & 104.8 & 115.6 & 120.2 & 44.5 & 62.4 & 83 & 100 & 91 & - & 10-13 \\
SRB & 1,196 & 1,238 & 1,272 & 1,348 & 1,318 & 1,366 & 1,137 & 1,219 & - & - & 3-5 \\
\end{tabular}
\end{table}

\textsuperscript{37} Mavromatidis & Leaman, 2008, p. 19. \\
\textsuperscript{38} Hunya, 2018, p. 19. \\
\textsuperscript{39} Jirasavetakul & Rahman, 2018, p. 4. \\
\textsuperscript{40} WIIW, 2012, 2015, and 2018.
Table 6\textsuperscript{41}

The WB7's inward FDI stock by Germany (in % of total)

<table>
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<tr>
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<td>2.8</td>
<td>2.8</td>
<td>2.2</td>
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<tr>
<td>BiH</td>
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<td>5.9</td>
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<td>-</td>
</tr>
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<td>CRO</td>
<td>13</td>
<td>14</td>
<td>14</td>
<td>13.7</td>
<td>11.3</td>
<td>11.1</td>
<td>7.1</td>
<td>7.7</td>
<td>7.8</td>
<td>7.7</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.9</td>
<td>8.6</td>
<td>9.2</td>
<td>9.3</td>
<td>10.6</td>
</tr>
<tr>
<td>MKD</td>
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<td>2</td>
<td>2.1</td>
<td>2.4</td>
<td>2.3</td>
<td>2.8</td>
<td>3.8</td>
<td>4.3</td>
<td>5.3</td>
<td>-</td>
</tr>
<tr>
<td>MON</td>
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<td>3</td>
<td>2.8</td>
<td>2.7</td>
<td>1.2</td>
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<td>2.1</td>
<td>2.4</td>
<td>2.2</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
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<td>10.4</td>
<td>9.9</td>
<td>9.1</td>
<td>8.9</td>
<td>8.7</td>
<td>4.7</td>
<td>4.6</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

Several advocacy groups are aiming to promote German business interest in the region. The most comprehensive among them is the German Eastern Business Association (OAOEV), a major umbrella organization of the German economy for 29 countries from Central Europe to Central Asia, also including the WB. Another organization with a stronger link to the local economy is the German Chambers of Commerce Abroad (AHK), which has regional representations in Belgrade, Sarajevo, Skopje, and Zagreb. The German economic footprint is recognizable in various economic sectors in the region, including the automotive, machine, manufacturing, and energy industries (Robert Bosch Group, Siemens AG, Dräxlmaier Group, Continental AG, Dunkermotoren GmbH, Messer Group) in the first place, but in the telecommunication (Deutsche Telekom), banking (ProCredit Bank), insurance (Allianz SE) retail (Schwarz Gruppe, dm), transport and logistics (DB Schenker), pharmaceutical (Bayer AG), chemical and consumer goods (Henkel), clothing (Falke Group), food (MEGGLE, Oetker Group), and the medical care (Fresenius Medical Care) areas as well.

\textsuperscript{41} Ibid.
According to the German Bundesbank’s official data, German companies have increased both the number of their employees and their annual revenue in the region (see Tables 7, 8, and 9). As German companies have a diversified investment portfolio, grandiose and spectacular investment projects in a specific area are not typical, and therefore a clear-cut pattern of German investment strategy cannot be identified.

### Table 742 43 44

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>42</td>
<td>40</td>
<td>42</td>
<td>39</td>
</tr>
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<td><strong>CRO</strong></td>
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<td>113</td>
<td>110</td>
<td>107</td>
<td>103</td>
<td>110</td>
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<td><strong>MKD</strong></td>
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<td>18</td>
<td>17</td>
<td>19</td>
<td>18</td>
</tr>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SRB including KOS</strong></td>
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<td>72</td>
<td>71</td>
<td>74</td>
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<td>76</td>
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</table>

### Table 845 46

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<td>4.4</td>
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<td>26.3</td>
<td>27.6</td>
<td>25.8</td>
<td>25.8</td>
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<td>5.3</td>
<td>7.6</td>
<td>9.3</td>
<td>10.5</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>SRB including KOS</strong></td>
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<td>20.6</td>
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42 Deutsche Bundesbank, 2017, p. 4-10.
43 Deutsche Bundesbank, 2019, p. 4-10.
44 It is to be noted that the figures of the German Bundesbank differ from the ones indicated at the German Federal Foreign Office’s official website (the latter shows higher figures).
45 Deutsche Bundesbank, 2017, p. 4-10.
46 Deutsche Bundesbank, 2019, p. 4-10.
Medium-scale German greenfield investments have arrived in most of the WB7 in recent years, e.g. German-based construction company Lindner’s investment of EUR 100 million to construct the Tirana Business Park\textsuperscript{47}, or ZF Friedrichshafen AG’s investment of EUR 160 million for a plant to produce drives for hybrid and electric vehicles in Pančevo (Serbia)\textsuperscript{48}. According to Michael Harms, director of OAOEV, the regional markets’ high fragmentation and small size is problematic for German investment.\textsuperscript{49}

Besides, the countries in the region have some structural problems in common, as the European Commission’s latest (2019) Economic Reform Programmes conclude: high level of informal employment, low labour force participation among women, and high levels of youth unemployment, difficulties with the independence and effectiveness of the judicial system, inefficiencies in the energy sector, a slow public administration system, corruption, a weak education system and health services, etc.\textsuperscript{50} These issues are all hampering European (and German) investment in the WB.

Table 9\textsuperscript{51,52}
Annual revenue (in million EUR)

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<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>-</td>
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</tr>
<tr>
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<td>373</td>
<td>448</td>
<td>510</td>
<td>540</td>
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<td>662</td>
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<tr>
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<td>2,219</td>
<td>2,511</td>
<td>2,511</td>
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</table>

\textsuperscript{47} Hunya, 2016, p. 24.
\textsuperscript{48} Jovanović, 2018.
\textsuperscript{49} Arbutina, 2018.
\textsuperscript{50} European Commission, 2019a.
\textsuperscript{51} Deutsche Bundesbank, 2017, p. 4-10.
\textsuperscript{52} Deutsche Bundesbank, 2019, p. 4-10.
Germany plays a very active role in the region in the form of providing development assistance. According to official data, Germany spent over EUR 1.5 billion of bi- and multilateral official development aid (ODA) in transfers for the WB7 during 2014-2017 (see Table 10). The vast majority of German bilateral ODA is realized by the GIZ (German Corporation for International Cooperation GmbH), whose shareholders are two German ministries (the Federal Ministry for Economic Cooperation and Development and the Federal Ministry of Finance). The GIZ is currently supporting over 100 different projects to the value of EUR 377 million in the region.

Table 10

German bi- and multilateral ODA-transfers (in million EUR, net)

<table>
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<th></th>
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<td>57.2</td>
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<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>KOS</td>
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<td>32.8</td>
<td>69.6</td>
<td>47.9</td>
<td>31.4</td>
<td>79.3</td>
<td>37.8</td>
<td>21.3</td>
</tr>
<tr>
<td>MKD</td>
<td>26.9</td>
<td>22.4</td>
<td>49.2</td>
<td>1.2</td>
<td>27.8</td>
<td>29.0</td>
<td>-1.0</td>
<td>19.2</td>
</tr>
<tr>
<td>MON</td>
<td>4.2</td>
<td>12.1</td>
<td>16.3</td>
<td>9.4</td>
<td>12.4</td>
<td>21.7</td>
<td>15.1</td>
<td>9.8</td>
</tr>
<tr>
<td>SRB</td>
<td>18.7</td>
<td>56.1</td>
<td>74.8</td>
<td>45.9</td>
<td>69.4</td>
<td>115.3</td>
<td>82.0</td>
<td>69.1</td>
</tr>
</tbody>
</table>

At the multilateral level, German financial means are channelled through several international partners to the recipient countries, including the European Bank for Reconstruction and Development (EBRD), the Western Balkans Investment Framework (WBIF), and various EU development agencies. Involving European and international agencies in German development assistance increases not just the number of donors and knowledge, but it also improves the overall legitimacy of the development activity. Many of the projects (both bi- and multilateral ones) are financed and monitored by the KfW, a German state-owned development bank. The ODA projects support a broad range of goals, among others improving socio-economic conditions (rural development, sustainable infrastructure, better water quality, developing the competitiveness of the private sector, boosting employment, etc.), enhancing regional connectivity and cohesion, supporting civil society, and strengthening democracy and good governance. These development activities are essential for supporting the overarching German political interest of bringing the countries of the region closer to the EU and preparing them for the accession.

Defence and security relations

Germany’s long-term goal is to foster peace, stability, and security in the WB. To achieve these, the country is following a two-fold strategy: maintaining stabilisation operation(s) in the region and supporting the countries’ efforts in joining NATO. Concerning the first objective, the 2016 German White Paper sets out the country’s interests in participating in international missions, and it describes the necessary obligations to achieve these. “NATO’s stabilisation operations, for instance in Afghanistan and the Balkans, show that containing and managing conflicts in a complex security environment requires long-term and reliable commitment to maintain and consolidate progress.”54 Showing “reliable commitment” is heavily emphasized in German security policy thinking as a result of the “Munich consensus” in 2014, when high-level German decision-makers – then federal president Joachim Gauck, then foreign minister Frank-Walter Steinmeier, and then defence minister Ursula von der Leyen – announced at the Munich Security Conference that Germany was ready to take on more responsibility in international security affairs.

Germany engaged in two military operations in the region during the examined period. Since 1995, about 63,500 German troops of the Bundeswehr participated in the EU-led EUFOR Althea mission in BiH, which was one of the longest and largest military operations in the country’s history.\(^{55}\) In the early period of the mission, German troops focused mostly on supporting the refugees and returnees of the Yugoslav Wars, while in the later phase they supported and advised the Bosnian armed forces as part of the non-executive part of the operation. Together with Austria, Germany provided a reserve battalion as well. In November 2012, after 17 years of service, Germany withdrew its last troop from the mission.\(^{56}\)

The other military mission in the region where German troops are involved is the NATO-led KFOR mission in Kosovo. The Bundeswehr has been present in Kosovo since June 1999, and after the country’s declaration of independence in 2008, the German troops’ main task is to monitor the development of professional, democratic, and multi-ethnic security structures.\(^{57}\) At the end of 2018, the Bundeswehr’s operational base in the Prizren camp was handed over to UNMIK, and the remaining forces operate from the KFOR headquarters in Pristina.\(^{58}\) As of June 2020, they number 70 people.\(^{59}\) In June 2019 the Bundestag extended Germany’s participation in KFOR until 30 June, 2020\(^{60}\) but at the same time decreased the upper staff limit from 800 to 400 people.\(^{61}\) Since the beginning of the operation over 130,000 German troops have served in the KFOR mission.\(^{62}\)

The other key element of the strategy is to support the WB7 in their aspiration of joining NATO. On this matter Germany follows two principles, as chancellor Merkel said at a press conference in 2018 with Duško Marković, prime minister of Montenegro: “One is: that the countries should decide for themselves what future they are looking for (...) The other is: we want good relations with Russia.”\(^{63}\)

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\(^{55}\) The operation began with the NATO-led IFOR (1995-1996), succeeded by the much larger SFOR (1996-2004), until it was replaced by EUFOR Althea in December 2004.

\(^{56}\) Bundeswehr, 2014.

\(^{57}\) Bundeswehr, 2019a

\(^{58}\) Bundeswehr, 2019b

\(^{59}\) NATO, 2020, p. 1.

\(^{60}\) Deutscher Bundestag, 2019a, p. 1.

\(^{61}\) Deutscher Bundestag, 2019b, p. 1.

\(^{62}\) Martens, 2018.

\(^{63}\) Die Bundeskanzlerin, 2018.
Regarding the NATO enlargement process, considerable development took place during the examined period: in 2009 Albania and Croatia joined the organisation, followed by Montenegro in 2017, giving NATO full control over the Adriatic Sea, a clear strategic advantage for the organization. The German government was committed to supporting North Macedonia's aspirations as well, so that the country “can be accepted into the family of NATO and the European Union”, as chancellor Merkel said in a press interview with Zoran Zaev in 2018. North Macedonia finally joined the organisation in March 2020. With BiH, the situation might be a bit more difficult due to its complicated federal structure, but the German leadership sees “pretty good conditions” to forge closer cooperation with NATO, especially after the NATO ministers approved the Membership Action Plan for the country in December 2018.

Reflecting on Angela Merkel’s principles on Germany’s NATO enlargement strategy, it seems that it strives to achieve two mutually exclusive goals at the same time. On the one hand, Germany is ready to provide real political support for the respective countries if they are asking for it. On the other hand, upholding good relations with Russia while NATO is expanding on the Balkan Peninsula would be a naïve idea to believe, considering the official Russian statements following the latest developments around the NATO enlargement.

There is at least one more reason why Germany supports the WB7’s aspiration to join NATO, beside the stability and security aspects described above. Evaluating the annual arms export reports of the Federal Government, published by the Federal Ministry for Economic Affairs and Energy, it seems clear that NATO membership is good for business in general. German arms

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64 Die Bundesregierung, 2018.
66 Lakic, 2018.
67 Following Montenegro’s accession to NATO in April 2017, the Russian Ministry of Foreign Affairs denounced the Montenegrin parliament’s ratification of membership, stating that the “adoption of fundamental acts, affecting core issues of national security, with a bare majority of individual MPs cobbled together in defiance of the opinion of the people of the country openly flouts all democratic norms and principles.” (MID, 2017) Following the Macedonian ratification of the Prespa agreement in January 2019, but before the corresponding ratification of the Greek parliament, the Russian Ministry of Foreign Affairs issued a statement calling the vote in the Macedonian parliament “a continuation of the process of artificially rearranging the state name imposed from outside with the aim of forcing Skopje into NATO. This violates Macedonian law. The position of the President of the Republic of Macedonia and the opinion of the majority of its population, who reject the Prespa deal, are ignored.” (MID, 2019).
export to the region was outstandingly high between 2008 and 2018 in the case of Albania (EUR 20.7 million) and Croatia (EUR 73.2 million), both members of the organisation since 2009 (see Table 11). German arms sales approval procedures run much smoother if the respective country is a military ally, thus it is also in the interest of the German arms industry to integrate the countries of the WB to the Western military alliance.

### Table 11

Approved arms export from Germany to the WB7 (in thousand EUR)

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>15.5</td>
<td>593.0</td>
<td>1,621.7</td>
<td>133.3</td>
<td>-</td>
<td>-</td>
<td>8.7</td>
<td>16,732.4</td>
<td>27.4</td>
<td>1,345.0</td>
<td>275.6</td>
<td>20,752.9</td>
</tr>
<tr>
<td>BiH</td>
<td>131.6</td>
<td>112.7</td>
<td>4.0</td>
<td>100.8</td>
<td>103.7</td>
<td>218.4</td>
<td>19.0</td>
<td>249.5</td>
<td>539.5</td>
<td>191.7</td>
<td>734.8</td>
<td>5,741.0</td>
</tr>
<tr>
<td>CRO</td>
<td>11,566.1</td>
<td>6,777.2</td>
<td>6,227.9</td>
<td>5,345.5</td>
<td>5,219.7</td>
<td>561.8</td>
<td>458.0</td>
<td>35,259.0</td>
<td>590.3</td>
<td>674.6</td>
<td>569.7</td>
<td>73,240.2</td>
</tr>
<tr>
<td>KOS</td>
<td>275.3</td>
<td>3,447.5</td>
<td>1,655.2</td>
<td>1,156.0</td>
<td>1,519.1</td>
<td>538.9</td>
<td>366.2</td>
<td>100.0</td>
<td>24.5</td>
<td>11.0</td>
<td>57.4</td>
<td>9,151.5</td>
</tr>
<tr>
<td>MKD</td>
<td>420.4</td>
<td>220.3</td>
<td>105.5</td>
<td>5.8</td>
<td>13.3</td>
<td>20.0</td>
<td>79.8</td>
<td>145.0</td>
<td>9.8</td>
<td>26.3</td>
<td>79.8</td>
<td>1,126.5</td>
</tr>
<tr>
<td>MON</td>
<td>-</td>
<td>1,089.9</td>
<td>1,505.0</td>
<td>-</td>
<td>175.4</td>
<td>-</td>
<td>62.2</td>
<td>9.1</td>
<td>34.4</td>
<td>64.5</td>
<td>2,584.4</td>
<td>5,525.1</td>
</tr>
<tr>
<td>SRB</td>
<td>503.7</td>
<td>1,455.1</td>
<td>386.9</td>
<td>479.6</td>
<td>409.0</td>
<td>228.4</td>
<td>148.6</td>
<td>591.1</td>
<td>439.7</td>
<td>479.1</td>
<td>-</td>
<td>5,121.7</td>
</tr>
</tbody>
</table>

### Energy relations

The export of energy sources (iron, steel, wood, mineral oils) account for a small share in the trade balance of a few WB7 countries (Albania, BiH, and Croatia) with Germany, but in general, the trade of fossil

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68 BITS, 2019.
fuels and raw materials between Germany and the WB7 is not of relevance. German private and public entities support the energy transition and the decarbonisation of the region through various means, thus helping the WB6 energy sector potentially join the EU. This support is along with the Berlin Process agenda, as the countries involved agreed in the final declaration of the 2014 Conference on the Western Balkans in Berlin that regional cooperation (connectivity), energy security, energy efficiency, and climate protection are of importance within the framework of the Energy Community for South East Europe. 69

The energy situation in the WB6 is a complex issue. One major obstacle concerning the EU accession is the high share of coal in power generation. According to an analysis of Energy Community Secretariat, a Vienna-based institution, “coal still represents 97 percent of electricity generation in Kosovo, 70 percent in Serbia and Bosnia and Herzegovina, more than half in North Macedonia, around half in Montenegro”. 70 Beside the well-known environmental and public health problems the coal industry causes, it also consumes a considerable amount of public resources in the form of direct and indirect subsidies: “in 2015-2017 alone, Serbia, Bosnia and Herzegovina and Kosovo paid more than EUR 160 million to the coal sector...” 71 Without subsidies, the price of electricity for households would increase in the range of 23-49 percent in the WB6, which would pose a serious threat to the fragile social peace. On the other hand, if WB6 “would become EU Member States and would thus have to respect the Emission Trading Scheme Directive, all coal-based electricity generation incumbents would go bankrupt at once”. 72

In this regard, German investments in renewables are not just good for business, but they also make a valuable contribution to lowering the coal-dependency of the WB6. In the wind energy industry, the Bremen-based wpd AG plays an important role in the region. The company already operates four wind farms in Croatia (with a

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70 Miljević, Mumović & Kopač, 2019, p. 7.
71 Ibid.
72 Ibid.
total value of EUR 111 million\textsuperscript{73}) and intends to invest EUR 1.5 billion in BiH and Croatia (Livno-Grahovo-Knin area)\textsuperscript{74}, and another EUR 100 million in Montenegro (Brajići locality)\textsuperscript{75}.

The other regional obstacle is the low level of energy connectivity of the WB7. To improve connectivity within the WB as well as between the WB and the EU, the EU has introduced five Connectivity Agenda packages so far. Since the launch of the first Connectivity Agenda package in 2014, the EU has allocated EUR 880 million in grants, while total investments leveraged reach EUR 3.2 billion\textsuperscript{76}. The grants support 39 projects (32 transport and 7 energy), among others the Albania–North Macedonia Power Interconnection, the Trans-Balkan Electricity Corridor, and the Serbian–Bulgarian Gas Interconnector. The EU connectivity funds are channelled through the WBIF, which are meant for improving regional energy connectivity. Among the EU Member States Germany is the fourth biggest donor to WBIF, contributing EUR 13 million between 2009 and 2018.

**Social affairs**

An intensive social and cultural exchange has characterized the relationship between Germans and the peoples of the Balkans for centuries. Both in Germany and the WB7 a significant number of the “other side's” ethnic minorities are present, although their number and composition have changed during the last century. While in the 1920s almost 500,000 German-speaking people lived in Yugoslavia,\textsuperscript{77} their number barely reaches the 10,000 limit today – the majority of them living in Serbia (4,000) and Croatia (3,000) according to FUEN’s statistic.\textsuperscript{78,79} According to German statistics, the number of citizens from the WB7 living in Germany in 2018 accounted for 1.2 million people (the vast majority of whom arrived at the time of the Yugoslav Wars), which is an increase of roughly 400,000 people compared to 2012 (see Table 12).

\textsuperscript{73} wpd, (n.d.).
\textsuperscript{74} Spasić, 2019.
\textsuperscript{75} Spasić, 2018.
\textsuperscript{76} European Commission, 2019b, p. 11.
\textsuperscript{77} Sretenovic & Prauser, 2004, p. 47.
\textsuperscript{78} FUEN, (n.d.)a.
\textsuperscript{79} FUEN, (n.d.)b.
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2018</th>
<th>Change in % (2012=100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>11.3</td>
<td>55.4</td>
<td>487.5</td>
</tr>
<tr>
<td>BiH</td>
<td>155.3</td>
<td>190.4</td>
<td>122.7</td>
</tr>
<tr>
<td>CRO</td>
<td>224.9</td>
<td>395.6</td>
<td>175.9</td>
</tr>
<tr>
<td>KOS</td>
<td>157.0</td>
<td>218.1</td>
<td>138.9</td>
</tr>
<tr>
<td>MKD</td>
<td>72.9</td>
<td>106.5</td>
<td>146.1</td>
</tr>
<tr>
<td>MON</td>
<td>16.3</td>
<td>22.2</td>
<td>136.3</td>
</tr>
<tr>
<td>SRB</td>
<td>202.5</td>
<td>231.2</td>
<td>114.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>840.5</td>
<td>1,219.8</td>
<td>-</td>
</tr>
</tbody>
</table>

There is a broad range of institutional networks available to promote German cultural and political values in the region. German cities have established altogether 65 town twinning agreements with various cities throughout the WB region, most of them with Croatian ones (37 town twinnings).\textsuperscript{81} Town twinning is, in general, a valuable tool for fostering interpersonal relations, which could have substantial social impact. A widespread network of political foundations closely associated with German political parties is established throughout

\textsuperscript{80} Destatis, 2019b, p. 24-27.
\textsuperscript{81} RGRE, (n.d.)
\textsuperscript{82} The WB7 average in the number of town twinning agreements is below the average of the countries in its direct neighbourhood.
Germany in the Western Balkans

German political foundations represent a bridge between their associated home parties (including their political network) and the local likeminded parties (including their associated organizations), thus they contribute to the regional spread of German political values and interest in a meaningful way.

Germany’s main cultural and language mediator, the Goethe-Institut, has affiliates in five of the WB7 capitals, in Zagreb, Sarajevo, Belgrade, Skopje, and Tirana (one Goethe-Zentrum, a cooperation partner of the Goethe-Institut, is located in Pristina). Promoting German language in the region has a “fertile soil”, considering that it is the second most spoken foreign language (following English) among pupils in secondary education in the WB7. German language skills are useful not just as a mere receptor to understand German cultural goods but also because of their potential economic benefits. In this sense, Germany is actively promoting and supporting (mainly through local AHKs) the implementation of a dual education system in the region, similar to the German one, in particular in Croatia and Serbia. In the long run, the dual education system reform can help German companies’ local affiliates mobilize the “next generation” of the labour force in the region, or even to get recruitment for companies in Germany from the region’s human resource pool.

The migration crisis has resulted in a tense and sensitive situation between the WB7 and Germany in social terms. During the migration crisis, especially in the peak years of 2014 and 2015, many of the WB7 played a role as a transit and issuing country at the same time: most of the asylum-seekers from the Middle East were taking the so-called Balkan route on the way to Germany (and to other EU countries), and a considerable number of WB6 citizens (excluding Croatia) were trying to seek asylum in Germany (see Table 13). Despite the many asylum-applicants from the WB6, the recognition rate was only at 0.4 percent in 2014 according

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83 The Konrad-Adenauer-Stiftung has six (Belgrade, Pristina, Sarajevo Skopje, Tirana, Zagreb), the Friedrich-Ebert-Stiftung has seven (Banja Luka, Belgrade, Pristina, Sarajevo Skopje, Tirana, Zagreb), the Hanns-Seidel-Stiftung has two (Belgrade, Zagreb), the Heinrich-Böll-Stiftung and the Rosa-Luxemburg-Stiftung have one regional office each (both in Belgrade).

84 According to a study of ALDA, 24 percent of the pupils from the non-EU members of the WB7 learn German as a foreign language. (Popović & Gligorović, 2016, p. 55.) In Croatia, their proportion is 63 percent, still the second most spoken language after English, according to Eurostat. (Eurostat, 2018b).

85 In 2017 the Serbian National Assembly adopted the Law on Dual Education, which introduced the dual education model into the vocational secondary education system. (Eurydice, 2019).
to BAMF (and never rose above 1 percent in the later years either).\textsuperscript{86} Mainly for this reason, in a two-stage process the German parliament classified all non-EU member countries of the region as “safe countries of origin”, making it easier and swifter for German authorities to reject WB6 citizens’ asylum-applications, and thus disencumber the German asylum system on the whole.

\textbf{Table 13}\textsuperscript{87}
Number of asylum-applicants from the WB7 in Germany

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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>75</td>
<td>55</td>
<td>45</td>
<td>85</td>
<td>250</td>
<td>1,295</td>
<td>8,110</td>
<td>54,760</td>
<td>17,230</td>
<td>6,090</td>
<td>2,895</td>
<td>90,890</td>
</tr>
<tr>
<td>BiH</td>
<td>215</td>
<td>250</td>
<td>355</td>
<td>405</td>
<td>2,370</td>
<td>4,845</td>
<td>8,475</td>
<td>7,475</td>
<td>3,105</td>
<td>1,435</td>
<td>845</td>
<td>29,775</td>
</tr>
<tr>
<td>CRO</td>
<td>20</td>
<td>25</td>
<td>15</td>
<td>20</td>
<td>55</td>
<td>45</td>
<td>30</td>
<td>20</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td>245</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>1,900</td>
<td>2,205</td>
<td>1,885</td>
<td>2,535</td>
<td>4,425</td>
<td>8,920</td>
<td>37,095</td>
<td>6,485</td>
<td>2,400</td>
<td>1,210</td>
<td>69,060</td>
</tr>
<tr>
<td>MKD</td>
<td>135</td>
<td>160</td>
<td>3,545</td>
<td>1,755</td>
<td>6,890</td>
<td>9,415</td>
<td>8,905</td>
<td>14,130</td>
<td>7,010</td>
<td>4,760</td>
<td>2,420</td>
<td>59,125</td>
</tr>
<tr>
<td>MON</td>
<td>55</td>
<td>95</td>
<td>95</td>
<td>125</td>
<td>395</td>
<td>380</td>
<td>1,270</td>
<td>3,635</td>
<td>1,625</td>
<td>730</td>
<td>370</td>
<td>8,775</td>
</tr>
<tr>
<td>SRB</td>
<td>2,250</td>
<td>890</td>
<td>6,795</td>
<td>6,990</td>
<td>12,810</td>
<td>18,000</td>
<td>27,145</td>
<td>26,945</td>
<td>10,260</td>
<td>4,915</td>
<td>2,555</td>
<td>119,555</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,750</td>
<td>3375</td>
<td>13,055</td>
<td>11,265</td>
<td>25,305</td>
<td>38,405</td>
<td>62,855</td>
<td>144,060</td>
<td>45,725</td>
<td>20,335</td>
<td>10,295</td>
<td>377,425</td>
</tr>
</tbody>
</table>

\textsuperscript{86} Alscher, Obergfell & Roos, 2015, p. 5.
\textsuperscript{87} Eurostat, 2019.
At the same time, the Bundestag passed a law in October 2015 which made it easier for the citizens from the WB6 to apply for work visas in Germany, with a temporary end date of 2020. The main objective of the “Western Balkan Regulation” was to create legal and controllable pathways to reduce irregular migration to the country. According to a study of IAB, the new regulation seems to reach its main objective in the short term: while the number of asylum applicants from the WB6 was dropping continuously from 2015 onward, between November 2015 and September 2017 around 100,000 work visas were issued with an approval rate of 80 percent. While in Germany decision-makers are thinking of testing the “Western Balkan Regulation” with other countries as well, the regulation had created its problems in the affected countries. Due to the eased visa regulation, the transfer of skilled labour force from the WB6 to Germany received a new push, causing far-reaching demographic and economic problems in the WB6. In 2018 the German embassy in Sarajevo became one of the biggest German visa offices worldwide, issuing 14,100 national visas.

The German reaction to the increased number of asylum applicants from the WB6 successfully disencumbered the German social system, and due to the “Western Balkan Regulation” the country’s economy registered some material gains as well. Remittances that migrants send home to their families account for an essential share of the WB6’s GDP, but the overall brain drain the German regulation has led to hits the regional countries’ fragile economic and social system hard, causing a shortage of labour in many sectors. In this case, the German economic and social interest is in contradiction with the main German political interest of creating stability and economic development, both prerequisites of bringing the countries of the WB closer to the EU.

Conclusion

The German political has elite increased its ambitions towards the WB by offering new platforms and projects for the countries of the region, such as the Berlin Process. However, these initiatives can be understood as an alternative for the EU accession at best, something like a “waiting
room” for the EU. Although Germany’s explicitly political, economic, and security interests lie in the successful integration of the WB6 into the Euro-Atlantic structures, there are some obstacles in the path of a real engagement, i.e. opening accession negotiations with the remaining non-EU countries of the WB and increasing the pace of the negotiation talks.

One of these obstacles is the enlargement fatigue of the German public. The Eurobarometer results of low public support are a clear indicator that EU enlargement is not the topic with which elections can be won. With these conditions it makes sense why the Bundestag hesitated so long to give the green light for starting accession talks with North Macedonia and Albania, although both countries have already made great efforts to do their “homework”. The other obstacle has to do with internal EU developments. From a German perspective, the consolidation of the existing centrifugal forces within the EU has clear priority over further enlargement.

Germany is the biggest trade partner for the WB7 in terms of goods in general, but the trade relations are extraordinarily disproportionate – for one thing, because of the high German surplus in the trade balance and because of the share of the bilateral trade compared to the total trade volume. A broad network of German companies operates in the WB, which play an important role as interconnectors between the local companies and globalized supply chains. Concerning ODA-transfers, Germany is one of the largest donors of the WB, financing various projects that are relevant for improving socio-economic conditions (including the support of green energy transition), thus contributing to the overarching German interest of preparing the WB6 countries for EU accession. Due to these factors, Germany has considerable leverage over the WB7 in economic matters.

The way ahead will remain uncertain. Leading politicians in the WB7 with a clear engagement towards the EU will face difficult times at home if they are not able to deliver results for the internal reforms they put in place to fulfil requirements for the EU accession. The German political elite and the public in general, on the other hand, has to be more aware of the efforts the WB6 has undertaken to join the EU. Both sides should have more strategic patience to accomplish the overarching goal, i.e. the enlargement of the EU in the Western Balkans. For German decision-makers, the litmus test for success will be if they can maintain their position as the primary contact partner for the WB7, or if they will lose ground to foreign powers other than the EU.
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INTRODUCTION

The aim of this chapter is to present on the Russian presence and policies in the Western Balkans (WB). In light of the many highly critical works by Western think tanks on Russian policy in the Western Balkans, our aim is to avoid a “dangerous degree of over-simplification” by providing a nuanced, in-depth understanding of the Russian motivations, perspectives, and interests in the region.

The WB countries have always played an important role in Russia’s foreign policy. This was not just due to the strong cultural, religious, and linguistic ties between Russia and the region but also due to geopolitical considerations. A brief historical outlook will help understand Russian foreign policy in the region, otherwise according to Paul Kolbe, “we don’t get that it’s based on a deep history, that Russia’s actions now are tied to Russia’s experience in the ’90s, to Russia’s experience with the collapse of Soviet Union, to Russia’s experience as a superpower, to Russia’s experience in World War II, to Russia’s experience as an empire. We forget history and think and see Russia suddenly popping up with actions that are new and inexplicable.”

In the early 1990s, the Balkans seemed to be on the periphery of Russia’s foreign political and economic interests. The Yugoslav Wars of the 1990s demonstrated that the Kremlin had a relatively weak position in the region. It was only during the Kosovo War when Moscow played a more significant role supporting Serbia; however, even then it could
not decisively alter the course of the conflict. On the one hand, Russia's economy was very weak during this period. The former system of Russian (Soviet) economic relations with the countries of the region disintegrated, and Russia's economic performance could not support its foreign policy goals. On the other hand, most countries of the region, except for the predecessor of Serbia, the Federal Republic of Yugoslavia, turned away from Moscow and chose to move towards the West and the Euro-Atlantic institutions. Furthermore, Russian foreign policy during this period (1991-1999) was more Euro-Atlantic oriented and more open towards cooperation with the West. Even during the first half of the 2000s (2000-2007) Russia was counting on building close relations with the European Union and the United States. During this period, Russia was mostly present in the Balkans through low-intensity economic and cultural diplomacy. However, according to the Russian interpretation, a decisive series of events took place in the region which led to a gradual alienation from the Western partners.4

Among these, the NATO air campaign against Yugoslavia in 1999 had a significant impact. It was the first time that NATO used military force based on humanitarian grounds but without the authorization of the UN Security Council5. The intervention sparked a series of anti-Western and anti-NATO demonstrations in Russia. Demonstrators demanded arms deliveries to Yugoslavia, and state and individual participation in the conflict based on the idea of Slavic brotherhood (exemplifying the historical influence of Pan-Slavism). According to Russia, its Western partners ignored the Russian position and the situation later worsened when Kosovo unilaterally declared its independence in 2008. However, Russia later cited this development as a precedent to its own favour. At the G8 summit in 2007, President Putin repeated his previous assertion that universal principles should apply to granting any nation the right of self-determination, “be it in the Balkans or in the post-Soviet Caucasus... I see no difference between [Kosovo] and [post-Soviet separatist states]. [...] Russia’s assertions that independence for Kosovo would set a precedent for Eurasian de facto states and legitimize their own claims to independence has been strongly rejected by the West, which argues that each conflict should be resolved on its own merit. It is difficult to see, however, how the

Kosovo solution could be completely detached from the politics of secession in other parts of the world.” The latter fear is reinforced by the fact that several countries inside and outside the European Union have not recognized Kosovo’s independence, including Slovakia, Spain, Greece, Cyprus, and Romania, as well as non-EU states like Moldova, Georgia, Ukraine.

Considering all of this, although the region was not one of Russia’s foreign policy priorities in the 1990s, the developments in the region had a strong impact on Russian foreign policy thinking as a whole. Moreover, this experience has had a large impact on Russian foreign policy globally and in the region.

From the second half of the 2000s, as an increasingly assertive and self-confident Russia emerged, the disagreements between Moscow and Brussels and Washington began to multiply, and other topics, for example, military and political issues, also came to the fore.

The new assertive and aggressive foreign policy approach of the Kremlin has also had an impact on the Russian WB policy. From a European and American perspective, the Kremlin’s main motivation was to slow down the region’s integration into Euro-Atlantic institutions and tarnish the image of Western-style democracy in the WB. From a Russian perspective, the Kremlin’s main motivation is more defensive in nature: “In essence, Russia’s foreign policy in the Balkans is based on the principle of using the minimum required resources to maintain a working atmosphere at the inter-country level and prevent the loss of existing tangible assets. [...] Russia’s withdrawal from the Balkans means a loss of standing in Southeast Europe [...] it is also interested in preserving various forms of the presence it has historically enjoyed in the region.” At the same time, it is not just defensive steps that Russia can take to maintain its presence in the Balkans.

The heightened tensions between the East and the West over Crimea and Ukraine transformed the geopolitics of the Western Balkans into a more intense competition. This has created new challenges for the region’s leaders. Before 2014, with many Balkan states internally divided between more liberal elements that look to Europe and conservative

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6 Antonenko, 2007. 15.
7 Entina & Pivovarenko, 2019.
8 Stronski & Himes, 2019.
10 Kofman, 2018.
groups that are more receptive to Russia, it was easier for WB countries to balance their country's foreign policy between Russia and the West. In this context, since Russian influence has been traditionally stronger in Serbia, Republika Srpska (RS), Montenegro, and North Macedonia, the heightened geopolitical tensions have had a greater impact on these countries, and as a consequence, the balancing act has become much more difficult since the annexation of Crimea.

As one of the last regions of Europe that has not yet been fully integrated into the Euro-Atlantic structures (before the former Soviet space), the Western Balkans present an obvious target for Russian operations that are geared towards slowing down EU and NATO enlargement (in the latter case even preventing enlargement) and definitely preserving Russia's presence/stance in WB regardless. According to one of the best-known experts on Russia, “Russia is seeking to create distractions and potentially bargaining chips with the EU, especially as this push coincides with the EU’s own renewed attention to the region. The aim is not to assert authority over the region for its own sake so much as to harness and magnify existing tensions. In Russian eyes, the EU’s approach towards the Western Balkans is neither serious or systematic and so offers Moscow opportunities to create leverage.”

Political affairs

Russia's goals in the WB region are fundamentally defensive in nature, wanting to maintain a relevant geopolitical presence. Moscow does not aim to dominate the region, which it would not realistically be able to achieve in the current geopolitical environment due to its limited power projection capabilities across the spectrum of all power domains. One of the most important objectives of Russia’s aspirations in the region is to take advantage of the weaknesses of the regional foreign policy of the European Union and the United States and try to hinder the NATO and EU enlargement efforts. As for the methods used by Moscow, according to Mark Galeotti, it seeks to take full advantage of three classic strategies:

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divide and rule, elite capture, and exploiting unrealistic expectations.\textsuperscript{14} While the Kremlin’s goal\textsuperscript{15} in is to slow down NATO and in some cases even EU enlargement efforts, Moscow’s attitudes towards the two Euro-Atlantic organizations are different. The process of NATO enlargement is obviously a more important priority for Moscow, while the enlargement of the European Union is fundamentally not in conflict with Russian interests. Nevertheless, it is in the Russian interest to reduce the EU’s influence in the WB countries. Although the Kremlin claims that it does not oppose the EU’s enlargement in the Balkans as long as it is not accompanied by NATO enlargement, its actions contradict this. Media outlets in the WB supported by Moscow usually portray the EU as weak and inefficient, while it sponsors euro-skeptic parties and fuels divisions inside the EU.\textsuperscript{16} Moscow often does not have to create entirely new problems especially in the WB, it is enough to exacerbate existing ones using the divide and rule method. One example is Russia’s subversive efforts - such as fuelling protests - and diplomatic attempts, such as questioning the legitimacy of agreements, to derail the resolution of the ‘name issue’ between Greece and North Macedonia.

At the same time, raiding\textsuperscript{17} as a strategic approach taken by Russia also occasionally emerges in the region. One of the most spectacular examples of the Russian use of raiding in the region in recent years was the Montenegro coup attempt\textsuperscript{18} in 2016. According to the High Court in Podgorica, the coup d’état was planned and prepared by some Montenegrin opposition leaders and two Russian nationals, who allegedly work under the supervision of the Main Intelligence Directorate (GRU), the foreign military-intelligence agency of Russia. The Russian government has denied any involvement in the incident ever since, though Nikolai Patrushev, the head of the Russian security council, reportedly flew to Belgrad immediately after the incident to contain the scandal (The Guardian 2016). However, Russian meddling in political processes seems to have backfired many times. Montenegro officially

\begin{flushright}
\textsuperscript{14} Galeotti, 2018.
\textsuperscript{15} Secriéru, 2019.
\textsuperscript{16} Samorukov, 2019. (1)
\textsuperscript{17} Kofman, 2018. “At the heart of a raid is the desire to achieve a coercive effect on the enemy. Even if unsuccessful, a raid can positively shape the environment for the raider by the damage and chaos it can inflict.”
\textsuperscript{18} BBC, 2019.
\end{flushright}
joined NATO in June 2017. The Kremlin’s attempt\textsuperscript{19} to prevent North Macedonia joining NATO created some difficulties, but it ultimately also proved to be rather clumsy and damaging to Russia’s own interests. Not only did Russia fall out with the Macedonian government, but it also irked a historical ally, Greece, who expelled\textsuperscript{20} two Russian diplomats over interference in the name dispute.

Historically, Serbia has been the closest partner for Russia in the WB, with which it has well developed historical, cultural, and religious ties and this close relationship is still present.\textsuperscript{21} On 24 May, 2013, a Declaration\textsuperscript{22} on Strategic Partnership between the Russian Federation and the Republic of Serbia was signed, demonstrating the wide-ranging partnership between the two countries. While for the Kremlin it is essential to have a strong ally in the WB, for Serbia one of the main reasons to maintain good relations with Moscow is to keep Russia vetoing the Kosovo question in the UN. Russia also uses its leverage in the UN Security Council to remain an indispensable player in the security architecture of the region. In this context, the Kremlin also established contacts with different Serb nationalist political forces\textsuperscript{23} when it became a possibility that President Aleksandar Vučić is prepared to make major concessions on Kosovo, exemplifying the elite capture method. If the conflict between Serbia and Kosovo was resolved through the European or American conditions, Russia might lose the leverage it has over Serbia, and Belgrade’s prospect for joining the EU would significantly increase. Therefore, Russia has an interest in keeping the status quo, which gives it a say in forming the future political development of the region.

Despite the partnership between Russia and Serbia, Belgrade has realised that some of Moscow’s actions on its territory have gone too far. In the summer of 2018, the Serbian police closed\textsuperscript{24} a ‘patriotic youth camp’ organised by the Russian nationalist group E.N.O.T Corp, whose members had fought in Donbas.

\textsuperscript{19} Samorukov, 2019. (2)
\textsuperscript{20} Guardian, 2018.
\textsuperscript{21} Bjeloš, 2019.
\textsuperscript{22} Declaration, 2013.
\textsuperscript{23} CEAS, 2019.
\textsuperscript{24} RFE/RL’s Balkan Service, 2018.
Belgrade has also not caved\textsuperscript{25} to Russia’s demands to offer diplomatic immunity to the Russian officers at the Serbian–Russian Humanitarian Centre in Nis. It seems\textsuperscript{26} that Belgrade is happy to be Russia’s privileged partner and extract dividends accordingly, but it has no desire to become its military bridgehead in the region.

Russia’s political interests and presence is also significant\textsuperscript{27} in the Republika Srpska in Bosnia and Herzegovina through the close ties between the Kremlin and Milorad Dodik, the current Serb member of BiH’s tripartite presidency. Russian influence is also underpinned by its position as the main source of oil and gas imports into BiH. Apart from the energy sector, Moscow’s economic presence is mostly concentrated in the RS.\textsuperscript{28} Similar as with the case with Serbia, Russia is able to exploit the political division of BiH to its own benefit, and therefore, it does not have an interest in encouraging political unity within the Bosnian entities.

Dodik also cultivates ties to Russian non-state actors, like the Night Wolves\textsuperscript{29} motorcycle gang, which has become a public symbol of Russia’s unofficial diplomatic outreach. The Night Wolves have regional affiliates across Central and Eastern Europe\textsuperscript{30}, including Bosnia, Bulgaria, North Macedonia, and Serbia, and they support the Balkan Cossack Army, another pro-Russian organization in the region. These examples show that Russian non-state actors are building relationships with regional non-state actors and thus ensure a Russian presence in the region at this level, too.

Russia values the symbolism of displaying the good relations through meetings both at the ministerial and at higher levels. President Putin himself has often travelled\textsuperscript{31} to the countries of the WB, first and foremost to Belgrade. The “Skripal affair” in March 2018 has actually been a good measure of how diplomatic relations stand between Russia and the countries in the WB. While Croatia, North Macedonia, and Montenegro each expelled one Russian diplomat, Albania expelled two diplomats, while Bosnia and Herzegovina, Slovenia, and Serbia did not expel\textsuperscript{32} any diplomats.

\textsuperscript{25} Dolapčev, 2018.  
\textsuperscript{26} Secrieru, 2019.  
\textsuperscript{27} Gutić, 2020.  
\textsuperscript{28} Latal, 2019.  
\textsuperscript{29} Kovacevic, 2018.  
\textsuperscript{30} Laruelle, 2019.  
\textsuperscript{31} Kuczyński, 2019.  
\textsuperscript{32} Entina & Pivovarenko, 2019.
According to some researchers\textsuperscript{33}, Russia is able to slow down or hamper the cooperation between the countries of the region and the EU. At the same time, this influence is limited and does not significantly determine the political realities in the region, as they have been much more determined by the EU and American decisions and by the internal development of the WB countries. It is difficult to evaluate whether Russia’s political influence has grown or decreased in the region in the past ten years; however, it is safe to say that Russia’s presence in the region remains visible, it is still an unavoidable stakeholder in some of the region’s most significant conflicts, and from this perspective, Russia has achieved its goal.

**Military and security affairs**

Russian presence in the region is also noticeable in the military and security arena. However, its presence in this area is not outstanding and should not be overestimated. The military ties and security partnerships focus mostly on supplying weapons and providing training to partners. Three countries in the region, namely Serbia, Kosovo, and Bosnia and Herzegovina, are of special interest to Russia from a security policy perspective. Russia’s traditional close ties to Serbia and the RS in BiH, the unresolved relationship between Serbia and Kosovo, as well as the fragile political structure and continued ethnic divisions in Bosnia Herzegovina provides Russia an opportunity to influence security developments in these countries. By supporting the RS in security matters, pro-Serbian political actors as well as non-state actors in Kosovo, it is able to hinder or slow down the Euroatlantic integration, including NATO membership, of these countries.\textsuperscript{34,35}

One of the most remarkable Russian security-related projects of the past few years was the establishment of a Russian–Serbian Humanitarian Centre\textsuperscript{36} in Niš in 2012. On 25 April that year, Minister of

\textsuperscript{33} Zorić, 2017; Ambrosetti 2019
\textsuperscript{34} Reljić, 2019.
\textsuperscript{35} Dr. Arlinda Rrustemi, Professor Rob de Wijk, Connor Dunlop, Jovana Perovska, Lirije Palushi, 2019.
\textsuperscript{36} RSHC, 2019: “The RSHC was established to provide a number of humanitarian tasks on the territory of Serbia and other countries of the Balkan region.”; EURACTIVE, 2011.
the Russian Federation for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters.\[37\] Vladimir Puchkov and Minister of Internal Affairs of the Republic of Serbia Ivica Dačić signed an agreement on establishing an intergovernmental humanitarian non-profit organization in the field of disaster management, emergency prevention and response in the Serbian city. However, Washington and Brussels have accused the Centre of being a disguised intelligence centre and a military base, while Russia and Serbia claim that the base serves disaster management, emergency prevention, and response roles. The organization was mainly criticized because Russia requested that their staff be granted diplomatic status, a move which raised suspicions\[38\] that the Centre might be performing undisclosed functions in the field of security and intelligence gathering in addition to its declared civilian goals. Belgrade has not caved\[39\] to Russia’s demands to offer diplomatic immunity to the Russian personnel at the Serbian-Russian Humanitarian Centre in Niš. However, the Centre continues to be actively involved with several countries in the region. In recent years, the Center has participated in a number of emergency response operations including in Serbia, Albania, Bosnia and Herzegovina and Slovenia.\[40\]

Despite Serbia’s military neutrality, the military partnership between Belgrade and Moscow has been intensifying for years. Serbia became an observer\[41\] to the Collective Security Treaty Organization (CSTO) military alliance in 2013 and participates in military exercises with Russia and other CSTO partners such as Belarus. Serbia ratified the related agreement on military technical cooperation with Russia in 2015 and with Belarus in 2017.\[42\] At the same time, relations between Serbia and NATO have also improved in recent years. Although membership will likely remain off the agenda for years to come, high-level meetings between the Serbian President and NATO leaders and officials in 2017 and 2018 signalled a new era of partnership between the Western alliance and Belgrade (NATO 2017, NATO 2018).

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37 Ministry of Emergency Situations of the Russian Federation (EMERCOM of Russia).
38 EURACTIVE, 2017.
40 RSHC, 2019.
41 CSTO, 2013.
42 Djokic, 2018.
Another key area of cooperation which has significantly intensified in recent years between Russia and Serbia is arms sales. Moscow and Belgrade also signed a military technical assistance agreement in 2016 to support Serbia’s military modernization program, by upgrading and replacing its Yugoslav-era military stocks with used MiG-29 fighter jets, T-72 tanks, and combat patrol vehicles and more donated by Russia. Moscow and Belgrade concluded further defence procurement arrangements in 2019, including Mi-35M helicopters and S1 air defence systems, which were delivered in early 2020, despite US pressure on Serbia to step away from the agreements.

Table 1
Major Russian arms supplies to Serbia, 2014-2018

<table>
<thead>
<tr>
<th>Year of arms order</th>
<th>Type of Arms</th>
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<tbody>
<tr>
<td>2015</td>
<td>2 Mi-8MT/Mi-17 transport helicopter</td>
</tr>
<tr>
<td>2016</td>
<td>30 BRDM-2 reconnaissance AV</td>
</tr>
<tr>
<td>2016</td>
<td>1 MiG-29 Fighter aircraft</td>
</tr>
<tr>
<td>2016</td>
<td>5 MiG-29S FGA aircraft</td>
</tr>
<tr>
<td>2016</td>
<td>30 T-72B Tank</td>
</tr>
<tr>
<td>2017</td>
<td>2 An-26 Transport aircraft</td>
</tr>
<tr>
<td>2018</td>
<td>14057E6 SAM</td>
</tr>
<tr>
<td>2018</td>
<td>696K9 Pantsyr-SI mobile AD system</td>
</tr>
<tr>
<td>2018</td>
<td>4 Mi-35M Combat helicopter</td>
</tr>
<tr>
<td>2018</td>
<td>3 Mi-8MT/Mi-17 Transport helicopter</td>
</tr>
</tbody>
</table>

43 Sputnik, 2017 (1).
44 Sputnik, 2017 (2).
45 *Kulenovic, 2019.
46 Zivanovic 2020, VOA News 2019
47 SIPRI 2020
Another country of considerable Russian security interest in the WB is Bosnia Herzegovina. According to some sources, local police and security officials of the RS have received military-style training from Russia and acquired military equipment.\textsuperscript{48} Bosnian officials in Sarajevo claim that Milorad Dodik is trying to procure Russian-manufactured anti-aircraft Igla 1-V missiles\textsuperscript{49} that can be mounted on helicopters. Based on an agreement between the RS Ministry of Interior and the Moscow police for RS special police training, official police units from the Republika Srpska have received Russian training in both RS and Russia, including anti-terrorism and crowd control trainings.\textsuperscript{50}

Although Moscow is first of all Serbia and the RS that Moscow is interested in regarding military cooperation, Russia has other objectives in other WB countries as well. In 2013, Russia reportedly approached\textsuperscript{51} the Montenegrin government with a request for regular access to the seaports of Bar and Kotor for its battleships. Russia sought to gain access to the ports of Bar and Kotor under a privileged status which would have allowed for the extensive use of territorial waters. However, Podgorica, which was seeking NATO membership at the time, rebuked the request.

Russia is also positioning itself as an important counter-terrorism partner in the region. With a disproportionate number of Muslims from Bosnia, Albania, and Kosovo joining jihadist insurgencies in the Middle East and then returning home, it has significant stake in the scope of radicalization and jihadi activities in the WB. However, in the process Russia is not only playing the ‘Orthodox Christian solidarity’ card, but it’s involvement also allows it to try and play some Balkans countries’ vulnerabilities off against others.\textsuperscript{52}

Overall, we can see that the Russian presence in the regional military and security sphere is rather modest and is more limited to arms sales, joint training programs, disaster management, and police cooperation. While its security relations with its partners in the region provides it enough space to be a power to be reckoned with, it has also had failures in recent years, primarily with regard to further NATO expansion in the region.

\textsuperscript{48} Kulenovic, 2019.
\textsuperscript{49} Bajrović, Kraemer, Suljagić, 2018.
\textsuperscript{50} Bajrović, Kraemer, Suljagić, 2018.
\textsuperscript{51} Bajrović, Garčević & Kraemer, 2018.
\textsuperscript{52} Galeotti, 2018.
Economic relations

Russia’s economic presence in the WB region is also rather defensive in nature, with its goal to maintain its positions or “to leave a foot in the doorway.” Russia’s economic presence in the WB has steadily declined in recent years, while other actors have increased their economic influence. Overall, the Russian economic presence lags far behind the EU presence, slightly behind the Chinese and slightly ahead of the Turkish presence, almost coinciding with the latter. This is reflected in the trade figures as well as the small amount of investments to the region originating from Russia. However, Russia’s economic activity should not be underestimated. On the one hand, it is concentrated in the strategic energy sector, where its presence is of strategic importance even now, and on the other hand, this economic situation is also satisfactory for the Russian presence in the region as a whole.

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<tbody>
<tr>
<td>ALB</td>
<td>193.0</td>
<td>116.0</td>
<td>96.6</td>
<td>99.3</td>
<td>118.0</td>
<td>91.3</td>
<td>105.0</td>
<td>90.6</td>
<td>83.4</td>
<td>94.6</td>
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<tr>
<td>BiH</td>
<td>244.0</td>
<td>556.0</td>
<td>765.0</td>
<td>1,110</td>
<td>932.0</td>
<td>971.0</td>
<td>833.0</td>
<td>490.0</td>
<td>392.0</td>
<td>468.0</td>
</tr>
<tr>
<td>CRO</td>
<td>3,040.0</td>
<td>1,910</td>
<td>1,730</td>
<td>1,560</td>
<td>1,500</td>
<td>1,340</td>
<td>1,520</td>
<td>986.0</td>
<td>576.0</td>
<td>737.0</td>
</tr>
<tr>
<td>MKD</td>
<td>29.6</td>
<td>470.0</td>
<td>525.0</td>
<td>650.0</td>
<td>344.0</td>
<td>155.0</td>
<td>133.0</td>
<td>146.0</td>
<td>136.0</td>
<td>44.3</td>
</tr>
<tr>
<td>MON</td>
<td>89.9</td>
<td>59.4</td>
<td>29.0</td>
<td>70.7</td>
<td>30.1</td>
<td>17.8</td>
<td>29.9</td>
<td>27.1</td>
<td>22.5</td>
<td>11.4</td>
</tr>
<tr>
<td>SRB</td>
<td>3,320.0</td>
<td>1,870</td>
<td>2,050</td>
<td>2,520</td>
<td>1,970</td>
<td>1,810</td>
<td>2,220</td>
<td>1,660</td>
<td>1,430</td>
<td>1,510</td>
</tr>
</tbody>
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54 Harvard 2020
Alongside the energy sector, Russian investors have discovered other economic sectors to invest into in these countries. In the past decade, Russian presence has mainly affected the banking sector and the real estate market in the WB. Three Western Balkans countries, Albania, Bosnia and Herzegovina and Serbia, have bilateral trade agreements with Russia, while a trade agreement with Montenegro is currently under negotiation. Russian entities enjoy significant influence in several Balkan countries’ real estate and tourism markets, particularly in Montenegro. For Russia it is an attractive region because of the low real estate prices, the closely related language, the culture of the Slavic countries, and geographical proximity to the European Union. Russia’s Novaya Gazeta claimed in 2011 that Russian citizens own about 40 percent of real estate in Montenegro, particularly along the Adriatic coast. By 2016, roughly one-third of all foreign companies registered and operating in Montenegro were Russian-owned, making it the Balkan country with the greatest Russian investment.

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55 Harvard 2020
56 Hake & Radzyner, 2019.
57 Stronski & Himes, 2019.
58 Novaya Gazeta, 2011.
59 Tomovic, 2016.
Visa liberalization, which gave non-citizen landowners visa-free access to the country for up to a year, has led to a spike in Russian visitors and potential investors to the country.

Table 4
The WB7's inward stock by Russia (in million EUR)\textsuperscript{60}

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<td>2919</td>
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<td>326</td>
</tr>
</tbody>
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Table 5
The WB7's inward stock by Russia (in % of total)\textsuperscript{61}

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<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>BiH</td>
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<td>8.8</td>
<td>8.3</td>
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<td>8.7</td>
<td>7.8</td>
<td>6.3</td>
<td>-</td>
</tr>
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<td>1</td>
<td>1.2</td>
<td>1.2</td>
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<tr>
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<tr>
<td>MKD</td>
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<td>0.1</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.6</td>
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<td>-</td>
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<tr>
<td>MON</td>
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\textsuperscript{60} Harvard 2020
\textsuperscript{61} Hunya 2012; Hunya 2015; Hunya 2018
Russian entities have also invested in other sectors across the region: banking, retail, real estate, and tourism. In 2012, Russia’s state-owned Sberbank purchased Volksbank International, formerly the Eastern European subsidiary of an Austrian banking group, now called “Sberbank Europe.” Sberbank’s corporate lending activities over time have transformed it into one of the largest creditors in the region. Its loans to Croatia’s Agrokor food group (now Fortenova Grupa), one of the largest private companies in Southeast Europe with over 60,000 employees, are notable given Agrokor’s recent bankruptcy protection filing and later debt settlement deal. As part of a debt-restructuring deal, Sberbank and Russian state-owned VTB Bank are poised to gain close to a controlling stake of the new company Fortenova Grupa, with Sberbank gaining direct control of several Agrokor subsidiaries.

One of the largest Russian economic investments in the WB materialized in 2013, when Russia gave Serbia a loan of 800 million USD to modernize the country’s railway infrastructure. Since 2013 Serbian Railways Infrastructure and Russian Railways have signed a few more agreements on the modernization of Serbia’s railways. Russia’s interest in regional transport networks is paralleled by China’s similar interest.

Just like the reactions to the Skripal case showed the standing of Moscow’s diplomatic advocacy force abroad, the sanctions on the Russian economy after the annexation of Crimea have also provided a picture of the Kremlin’s political and economic ties with the countries in the WB. Following the Western introduction of sanctions against Moscow in 2014, Albania, Croatia, Montenegro, and Slovenia also imposed sanctions, while Bosnia and Herzegovina, North Macedonia, and Serbia refused to do so.

On the whole, while Russia remains a relevant economic player in the region through its significant acquisitions in strategic sectors such as energy, heavy industry, mining, and banking, it is likely that Russia’s economic presence as a trading partner and investor in the Western Balkans will decrease compared to other major powers.

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63 Reuters, 2018.
64 Ralev, 2017.
66 Bechev, 2014.
67 Anđelković, 2018.
Russian energy policy in the region

Moscow’s proven ability\(^{68}\) to transform energy into a diplomatic tool reflects the dominant role hydrocarbons play in the Russian economy and Russian foreign policy. Russia’s presence in the region’s energy sector is the primary economic tool of Russian influence in the region. In addition to economic considerations, Russian energy investments may also influence political processes in the region, among others, through the elite capture method. When it comes to Russia’s economic interests in the WB, energy sector is the most important field. The Kremlin has considerable influence in the energy sector particularly in Serbia, Bosnia and Herzegovina, and North Macedonia, where crude oil and natural gas comprise between 75 and 95 percent of imports from Russia.\(^{69}\)

However, it would be misleading to talk about Russian dominance in the energy or gas sector. The countries of the region are diversifying their procurement routes, for example, through the Croatian LNG project - an import terminal on the Croatian island of Krk - and the Greek Adriatic pipeline projects, the Trans Adriatic Pipeline (TAP), and the Eastern Mediterranean pipeline (EastMed). At the same time, Russia is seeking to strengthen its energy position in the region through a major gas pipeline project of its own.

Following the gas disputes\(^{70}\) between Russia and Ukraine that began in 2005, Moscow hoped to reduce its reliance on Ukraine as a transit state for gas exports partly by building an alternative route through Southeast Europe instead. Russia’s first attempt to realize this plan was the South Stream pipeline, originally announced in 2006. However, South Stream\(^{71}\) was delayed many times, and eventually the project was shut down. This Russian failure clearly demonstrated the influence of the European Union at the time. On 1 December, 2014, at a press conference in Ankara, President Vladimir Putin announced\(^{72}\) that Russia had abandoned the construction of South Stream due to the European Union’s objections to the project (the European Commission said it may be breaking EU competition rules) and Bulgaria failing to issue the construction permit.

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\(^{68}\) Stronski & Himes, 2019.

\(^{69}\) Hake & Radzyner, 2019.

\(^{70}\) Khrennikova, Shiryaevskaya, Krasnolutskaya, 2019.

\(^{71}\) Reed, 2014.

\(^{72}\) BBC, 2014.
Right after abandoning this project, Moscow announced that it would start working on a new stream, which would pass through the Balkans, in tight cooperation with Turkey. The start of the building of TurkStream was announced by Russia’s President Vladimir Putin on 1 December, 2014 during his state visit to Turkey, when a memorandum of understanding was signed between Gazprom and BOTAŞ. Construction started in May 2017, and gas deliveries to Turkey via the pipeline began on 1 January, 2020.

According to the official plans, the gas pipeline would have two strings with a combined throughput capacity of 31.5 billion cubic meters. The first string would deliver gas to Turkey, while the second string is intended for gas transit to Southeastern Europe and Central Europe through Turkish territory. The pipeline would go through Bulgaria, Serbia, Hungary and would end in Austria. If completed, the pipeline would lock in the Russian firm’s dominance in much of Southeast Europe. According to a narrative shared by many in Serbia and others in the WB, previous similar investment projects, such as the South Stream were cancelled due to Western interests, and as a result, Balkan states lost potential revenue from transit fees along with other economic benefits.

Alongside gas pipeline projects and gas deliveries, Moscow has many other interests in the energy sphere in the WB. Most of the Russian investments started in the second part of the 2000s, when it became clear that the Russian economy would heavily rely on energy exports in the long run. Russian firms have gained stakes in or control of electricity generation, nuclear power projects, refineries, and gasoline sales in the Western Balkans. In 2003, the Russian energy corporation LUKoil acquired a 79.5% share in Beopetrol in Serbia. Later on, the company was able to expand further in the region, and as of 2018 the company has a network of 13 subsidiaries, two oil refineries, and 350 gas stations in the Balkans. In 2007 Zarubezhneft bought the Brod oil refinery and

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73 GAZPROM, 2014.
74 GAZPROM, 2020.
75 GAZPROM, 2020.
76 Bechev, 2020
77 Stronski & Himes, 2019.
79 CSD, 2018: “Most of Russia’s economic footprint in Bosnia and Herzegovina is concentrated in Republika Srpska. Russia has consistently been the largest foreign investor in the entity and the fourth largest in Bosnia and Herzegovina...”
lubricant producer Modrice in the RS part of BiH. Despite this market penetration, some of Russia’s major investments have proven to be\(^{80}\) money-losing exercises. Zarubezneft has reported significant financial losses in Bosnia and Herzegovina but at the same time has signalled no intention to leave.

On 24 December 2008, the Government of Serbia and Gazprom signed an agreement for the Russian state-owned company to acquire 51 per cent of the shares in Naftna Industrija Srbije (NIS) for 400 million euros.\(^{81}\) The Russian side later invested some 600 million euros in the company. As of 2018, Gazprom owns 56.15 per cent of NIS stock.\(^{82}\) Through the acquisition, Gazprom has gained assets – including storage facilities, drilling and exploratory rights - throughout the Balkans, including in BiH and Croatia.\(^{83}\)

### Social and cultural presence

The popularity of the European Union in the WB region is unquestionable, and the relatively strong Russian presence does not seem significant in comparison. Russian soft power in the region relies mostly on historical, cultural, and religious foundations. Russia’s soft power tools are partially effective, but Russia’s positive perception is boosted mostly by mistakes made by the European Union. At the same time, the Russian presence in this dimension should not be overestimated either, which is challenged not only by the dominant European Union but also by Turkey and China, which are both increasing their weight in the WB. According to Russia-expert Eleonora Tafuro Ambrosetti, “Russia cannot compete with the EU as an attractive role model for the Western Balkans: Moscow’s increased political presence in the region does not change the fact that the majority of people in the Balkans seem to prefer the EU model. Furthermore, there are other actors at play apart from Moscow, especially Ankara and Beijing.”\(^{84}\)

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80 Djurdjevic, 2016.
81 Socor, 2009.
82 Marketscreener 2019
83 Socor 2009
84 Ambrosetti, 2019.
Although there is no doubt that Russia plays an important position in the region, its perception in the countries of the region is generally positive, it is worth reckoning with the European Union. According to a 2018 survey\textsuperscript{85}, all countries in the region will clearly join the European Union in the event of a referendum. In the region, Serbia and Montenegro have a more positive attitude towards Russia (60% and 45%, respectively). In these two countries, Russia's popularity is ahead of all other international players. In Serbia, the positive attitude towards Russia has increased by 20% since 2013. Montenegro has maintained a positive attitude towards Russia despite its NATO membership. In the case of BiH, there are obviously large differences within the country, but still 33% of the population has a positive attitude towards Russia. In North Macedonia, 32% of the population is positive towards Russia.

According to another 2020 survey\textsuperscript{86}, in BiH 48% of the population has a positive attitude towards Russia (with 20% highly favourable towards it), in Kosovo this ratio is 9% (highly favourable 5%), in North Macedonia 60% (highly favourable 22%), in Montenegro 64% (highly favourable 32%), and in Serbia 87% (highly favourable 51%). At the same time, support for EU membership also remains high. When asked how they would vote if a referendum were held tomorrow, majorities in all countries said they would vote in favour of EU integration.\textsuperscript{87}

Not only Russia’s popularity but also the acceptance of President Putin can be observed in the region. For example, according to a recent survey\textsuperscript{88} from 2019, President Putin seems to be consolidating his popularity and strongman image in Serbia: with a 57% approval rating there, he is the most trusted foreign leader.

Soft power tools emanating from the private sector constitute a large part of Russia’s public diplomacy to the WB region, complementing more formal Russian state outreach through embassies, cultural centres, friendship societies, the church, and honorary consuls. A visible presence in the local media is also shaping the image of Russia in the region. Russia and the WB countries are connected in many ways when it comes to the social and cultural dimensions. Moscow likes to emphasize and remind

\textsuperscript{85} NDI, 2018.
\textsuperscript{86} IRI, 2020.
\textsuperscript{87} IRI, 2020.
\textsuperscript{88} BalkanEU, 2019.
of the mutual origins of the Slavic nations, the importance of the “Slavic brotherhood”, with an obvious leading role for Russia. The Kremlin-controlled Russian presence in the media, sport, or cultural life of the Balkans has a clear intention, and it is to squarely show that it is Russia who understands these nations better and not the Western countries that often misunderstand or underestimate the region.

The coverage of Russian-friendly or Moscow-supported media has been growing significantly in the region in recent years. These narratives generally present the West as the cause of the region’s democratic deficiencies, economic troubles, and continued ethnic divisions. The Balkan outlets of the Russian propaganda machine invariably portray the EU as weak, inefficient, and unable to bring prosperity to the region (i.e. exploiting the unrealistic expectations method). Sputnik Srbija was launched in 2015 in the Serbian language, and it imports the Moscow narrative not just on a website but also via mobile applications in different languages. The social media presence of different Russian websites is also growing, often with a clear anti-NATO and anti-EU narrative.

Russia also uses religion to boost its soft power in the region. There are sizable orthodox communities in the Western Balkans (Serbia 88%, Montenegro 72%, North Macedonia 65%, Bosnia and Herzegovina 31%), and religion plays a crucial role in people's private lives (88% of respondents in North Macedonia, 72% in Serbia, and 71% in Montenegro declared themselves to be religious). Meanwhile, in the other Balkan countries with smaller orthodox communities (Bosnia, Albania, Kosovo) Russia acts as a patron of the minorities: it supports orthodox churches and communities and maintains relations with them. Russia consciously uses the orthodox community as a tool of influence to build stronger interstate relations in the countries with an orthodox population, while it undoubtedly sees itself as the leader of the orthodox world at least among the Slavic nations. Sometimes, these soft power tools of Moscow are visible at the highest political levels. In 2014, for example, Patriarch Kirill awarded prominent politician Milorad Dodik (Republika Srpska) the ‘Prize of the Unity of Orthodox Nations’.

89 Stojanovic, 2018.
90 Sputnik, 2015.
91 Smith, 2018.
92 SPC, 2014.
At times non-state actors also like to take part in spreading the Kremlin’s voice. Konstantin Malofeev93 is the most prominent to mention, who has financially supported the spread of the Russian orthodoxia in the WB and also backed94 the construction of a monument of Russian Czar Nicholas II in the Republika Srpska as a sign of friendship between Russia and the Bosnian Serb population.

Russian presence can be observed not only in the media or religious spheres but also in the sport sector. Sponsorship of Russian state-owned companies, especially in the field of football, is a rewarding PR campaign not only for companies but also for Russia. In 2010, Russian gas giant Gazprom signed a contract95 with Serbian professional football team Read Star (Crvena Zvezda), for the company to be the official T-shirt sponsor of the club, which has a great tradition of national importance and a large fan community. The contract was worth about 19 million USD overall, or about 3.8 million USD annually. Russian millionaire Sergei Samsonenko96 purchased the Macedonian handball club RK Vardar in 2012. In 2017 the club won the European Handball Federation Champions League. The good international position of the supported teams only increases the value of the sponsorships.

Conclusion

The Georgian war in 2008 and the crisis in Ukraine from 2014 have had a major impact on Russia's foreign policy in the Western Balkans. The conflict in Ukraine has drawn more attention to the rivalry between the West and Russia regarding the WB. For Russia, however, the Balkans are still not a prime area of strategic interest, and Moscow is unlikely to use force as it did in Ukraine to prevent NATO or EU expansion into the region, and it does not have the capacity to substantially increase its presence in the region. In the WB, Russia’s attitude is more defensive, aiming to maintain its rather limited influence and challenge the interests of rival powers, especially the US and Europeans, where it collides with Russian

93 Bugriy, 2014.
94 RAA, 2014.
95 Long, 2010.
96 RBC, 2017.
interests, as much as possible. Russia’s primary goal in these endeavours is to slow down, if not stop, Balkan states from integrating into the EU and especially NATO. Uncertainty in the European policy towards the WB could only give more space for Russia to increase its influence. The slow pace of EU and NATO accession for those hopeful aspirants provides Moscow with space to make inroads, although Russia is not necessarily an attractive alternative for countries in the region.

Russia’s strategy in the Western Balkans is of doubtful efficiency and has repeatedly backfired in recent years. Despite the obstacles put in place by Russia, Montenegro and North Macedonia have become NATO members, while Bosnia and Herzegovina has practically received a NATO Membership Action Plan. Furthermore, the EU integrations process has gained new momentum with respect to North Macedonia and Albania in light of the EU’s decision in the Spring of 2020 to open accession talks with these two countries. Still, it is highly unlikely that the Kremlin is contemplating significant changes to its strategy in the coming years.

Nevertheless, the region remains of considerable importance for the Kremlin. For Moscow it is essential not to lose the WB because it would complete the division of Europe into the “EU zone” and the “border dispossession zone”, and therefore, it would untie Brussels’ hands and open new opportunities for the European Union to expand eastward. Serbia remains Russia’s primary partner and launching pad for projecting influence in the region. At the same time, while it continues to be a force to be reckoned with in Bosnia, Montenegro, and North Macedonia mainly through energy, political, and security instruments, it is struggling to maintain its position vis-à-vis Western powers, as well as China and Turkey.
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Introduction

Modern Turkey cannot be understood without taking into consideration its deep Balkan heritage, a region ruled by the Ottoman Empire for centuries. As several writers point out, the Balkans have had a major role in the history of the empire and defining the Ottomans themselves.¹ The presence of millions of people in Turkey who have roots in the Balkans, the common cultural and historical background, and the growing economic and political exchange make the region important for Turkey. The increasing Turkish interest during the last decade has brought international attention to Ankara’s manoeuvres in the region.

Politics

Ahmet Davutoğlu’s (then Turkish Minister of Foreign Affairs) speech at Sarajevo in 2009 about the ‘golden era’ of the Ottoman Empire for the Balkans and the need for Turkish attachment in building a prosperous region marked the ‘return’ or ‘comeback’ of Turkey to the region. This (re)launched an immediate debate about Neo-Ottomanism and the positive or negative effects of rising Turkish diplomatic, economic, and social involvement, but it is the “packaging, not the substance.”²

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¹ See more: Maria Todorova. 1997.
² Dimitar Bechev. 2019.
The WB countries and Turkey have witnessed an amelioration of relations and growing trade during the roughly ten years following Davutoğlu’s speech. The WB presents incomparably fewer problems for Turkish foreign policy than the Middle East. This has made it possible to evaluate this period as an ‘apogée’ of the relations.³

Due to their geographical proximity, the security dimension dominated the relation between the WB countries and Turkey during the 1990s and early 2000s.⁴ Beyond the economic (not just mutual trade and business relations but the transport routes towards Europe were also crucial) and social considerations (strong cultural relations and sympathy towards Muslim communities), the arrival of refugees (e.g. during the Yugoslav wars), and the escalation of conflicts constituted a threat. Ankara made diplomatic efforts to stop the war in Bosnia, and it was among the first countries to recognise Kosovo. That is why Turkey supported peace keeping operations, the settlement of conflicts (e.g. it welcomed the Prespa agreement),⁵ and the integration of WB countries to the NATO and the European Union.

The end of the wars transformed the priorities and traits of Turkish foreign policy by opening the way towards soft power capacities. This transformation was facilitated by the changing political dynamics in the WB itself, which took place in parallel with fundamental domestic political developments in Turkey, as Islamic rooted AKP rose to power in 2002, ending the period of relative political instability and government crises of the 1990s. In the 2000s, Turkey went through robust economic growth, which nourished a more ambitious foreign policy agenda and also favoured soft power capacity building. The WB was one of the first regions where these (new) institutions gained ground. During the late 2000s and early 2010s, the WB received special attention in Turkish diplomacy, as new diplomatic mechanisms and mediation attempts were established or implemented, indicating Turkish readiness to play a more active role in regional affairs.

Changes in the regional constellation affected the country’s diplomacy again when the Arab Spring channelled Turkish diplomatic capacities towards the Middle East, even if its tenets did not alter in the 2010s. Similarly to the previous decade, domestic political dynamics like the Gezi park protests, a growing discord with the Gülen movement raised

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3 Mehmet Uğur Ekinci. 2014.
4 Uzgel Ilhan. 2001. 49-69.
5 AnadoluAjansı 2019.
the question of regime security not just at the internal but at the external level as well. After 2016, following Davutoğlu’s resignation and the failed military coup attempt, the AKP’s political hegemony building was extended to abroad in the form of fighting against the Gülenist movement through more confrontational discourse and even direct actions. This also had an effect on Turkey’s relations with the WB countries.

During the post-Cold War period, Turkey paid great attention to the Muslim groups in the region and tried to establish itself as a kin state. In this endeavour Muslim majority countries like Bosnia and Herzegovina, Kosovo, and Albania, as well as North Macedonia (having a strong Albanian minority) received special attention. Bosnia and Herzegovina acquired a unique role, which is not only rooted in their shared history and Ottoman heritage but stems from the great sympathy received from the whole political spectrum of the Turkish public in the 1990s. Then, the emerging Turkish Islamist movement established its first humanitarian NGO (İHH) to help the ‘abandoned Bosnian Muslims’. This faith-based togetherness did not end after Dayton. The anniversary of Srebrenica is commemorated in Turkey with events and television programs every year; the Turkish state media follows similar events in the Balkans closely. The Turkish Cooperation and Development Agency has opened a Srebrenica Museum in the downtown of Sarajevo.

Personal considerations have also shaped the growing Turkish interests: as Ahmet Davutoğlu taught Bosniak students in Malaysia during the war in Yugoslavia, he had a special connection to the country. Having this social and personal background, it is not surprising why BiH played a special role in Turkey’s ‘comeback’ to the Western Balkans. In his famous book Stratejik derinlik (Strategic Depth) Davutoğlu points out that Turkey should rely on the Bosniak and Albanian communities in the region.

More than a decade and half later, as Minister of Foreign Affairs, Davutoğlu penned a document that is more inclusive of all states of the region. This paper outlines the principles for the relations among the regional states, namely 1) regional ownership and inclusiveness (stating that “all ethnic, sectarian and linguistic groups are an integral part of the region”), 2) regional reintegration (“to bolster macro-level integration”), 3) European integration process (“It is in the hands of the policy makers of the region to
make the Balkans a centre of attraction for the EU and an area of mutually-beneficial economic interaction”), 4) development of a common stance and position in regional and global organizations (establishing intra-regional platforms).9

By this time, Turkey was showing a strong commitment to the regional organisations, e.g. SEECP (South East European Cooperation Process) or RCC (Regional Cooperation Council). It even created its own mechanisms and forums 'proactively'. In 2009 it initiated the ‘Bosnia’s friends’ group’ within the NATO10 and later on, after many negotiations it launched the Turkey-BiH-Serbia tripartite mechanism. The latter has become an important forum with regular meetings (with a hiatus of a few years after 2013),11 and it also pushed Zagreb to initiate the Turkey-BiH-Croatia tripartite meetings, which lost their momentum after Croatia joined the EU in 2013. Turkey perceived it as a huge diplomatic victory when the Serbian parliament accepted a resolution about Srebrenica, as well as the establishment of diplomatic relations between BiH and Serbia. In 2010, at the SEECP’s Istanbul Summit the participants, including BiH and Serbia, signed the Istanbul Declaration, signalling their commitment to maintaining peace and stability in the region.12

Ankara also built a new mechanism for closer, bilateral cooperation. In the 2000s it launched the so-called High-Level Strategic Cooperation Council (HLSCC), the meetings of which are attended by Ministers from Turkey and the partner countries. This it is not just a tool to show Turkey’s growing interest in the given country but also a useful way to broaden the cooperation. Despite the remarkable Turkish interests in the region, until today only one HLSCC has been established, the one with Serbia in 2018.13 The creation of a High-Level Cooperation Council with Albania is still under evaluation.14

The start of HLSCC meetings with Serbia highlighted how the situation in the WB had changed. After many years of rather hostile relations, it can be evaluated as a new stage in the bilateral relations between Belgrade and Ankara. Especially under Alexandar Vucić’s presidency, diplomatic visits

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9 Davutoğlu, 2012.
14 TMFA. 2020.
became frequent and Turkish economic activities gained momentum. Interestingly, while Ankara built a cordial relation with Belgrade, it failed to create the same atmosphere in Banja Luka. Serbs in Bosnia perceived the Turkish activities as partial and strongly favouring the Bosniaks. Several minor scandals also fuelled this view, but the parties managed to overcome them.\footnote{Đorđe Pavlović. 2016.} This development also coincided with the transformation of the priorities of Turkish foreign policy, which made the fight against the Gülenist movement a priority. Simultaneously with the change in Turkey, pragmatic and personal links with prominent leaders also gained more influence. Over the last decade, Recep Tayyip Erdoğan has also built personal ties with political figures from the region,\footnote{Hamdi Fırat Büyük – Ahmet Erdi Öztürk. 2019.} such as Bakir Izetbegović (son of Alija Izetbegović), whom he has had frequent meetings with. This close relation is nurtured by several means; according to a famous anecdote, on his death bed Alija Izetbegović asked Erdoğan to ‘take care of the country’.\footnote{Alida Vračić, 2016. 30. p.} The good relations have manifested in other symbolic affairs as well. While Western leaders avoided attending Erdoğan’s presidential inauguration ceremony in 2018, WB states’ Presidents or Prime Ministers, e.g. Bakir Izetbegović, Edi Rama, Hasim Thaçi, Gjorge Ivanov, or Aleksandar Vučić participated in the event.\footnote{Ahmet Erdi Öztürk – Samim Akgönül. 2019. 236. p.}

Finally, it is important to emphasise that beyond the frequent meetings, Turkish political leadership intends to capitalise on the good relations with the local Muslim and Turkish communities in its domestic political discourse.\footnote{Birgül-Demirtaş, 2015. 135-136. p.} Images of political support from these groups for Erdoğan are broadcasted in the homeland and even appear in political campaigns, showing the complex nature of the relations between the Turkish kin state and the Balkan Muslim communities.

**Economic relations**

Although diplomatic relations are considered prosperous, economic successes and trade volume have not reached the same level of success. The small WB markets are seemingly less attractive for Turkish businessmen than European or Middle Eastern markets, since
they also have to face bureaucratic obstacles and corruption. Despite these difficulties, in line with the political elites’ full backing, trade and investment activities started to grow during the last ten years.

To foster economic relations, Ankara has concluded free trade agreements with the WB countries (due to the war in Yugoslavia, this had to be postponed), the latest ones with Serbia and Kosovo (see Table 1.)

Table 1
Free Trade agreements between Turkey and the WB countries
(Source: Ministry of Trade)

<table>
<thead>
<tr>
<th>Country name</th>
<th>Signature</th>
<th>Entry to force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>22/12/2006</td>
<td>01/05/2008</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>03/07/2002</td>
<td>01/07/2003</td>
</tr>
<tr>
<td>Croatia*</td>
<td>13/03/2002</td>
<td>01/07/2003</td>
</tr>
<tr>
<td>Kosovo</td>
<td>27/09/2013</td>
<td>01/09/2019</td>
</tr>
<tr>
<td>Macedonia</td>
<td>07/09/1999</td>
<td>01/09/2000</td>
</tr>
<tr>
<td>Montenegro</td>
<td>26/11/2008</td>
<td>01/03/2010</td>
</tr>
<tr>
<td>Serbia</td>
<td>1/06/2009</td>
<td>01/09/2010</td>
</tr>
<tr>
<td>Serbia updated</td>
<td>30/01/2018</td>
<td>01/06/2019</td>
</tr>
<tr>
<td>Slovenia*</td>
<td>05/05/1998</td>
<td>01/06/2004</td>
</tr>
</tbody>
</table>

*Replaced by the EU-Turkey Customs Union after these countries’ accession to the EU

Regardless of the efforts, the WB countries have a low share among Turkey’s trading partners, and Turkey has not become one of their main partners, either. For the Western Balkans region, the EU countries, especially Germany and Italy are the economic gravity point, and even some smaller EU states, such as Austria and Hungary have a bigger influence. The WB countries’ share in Turkey’s total foreign trade has not attained even five percent. On the other hand, Turkey reaches some 10 percent of trade only the in case of Kosovo and Albania – with the latter one heavily dependent on Italy.
As a result, Turkey has not been able to become a major economic player in the region, even if it has managed to increase the volume of trade during the last few years. In 2013, it imported some 1 billion USD, which grew to 1.2 billion USD until 2018. Compared to 2017, this amount even decreased, which can
be related to the slowdown in the Turkish economy and the massive value loss of the Turkish lira. Meanwhile, Turkish export almost doubled between 2013 and 2018, increasing from 2.3 Billion USD to 4.6 billion. The main trade partner among the WB countries is Slovenia, although it has lost its primacy in import, as Serbian trade has had robust growth in recent years.

The disproportion in trade (Turkey exports almost four times more than it imports from the region) shows that even if the WB does not occupy a major role in its economic relations, the structure of trade is more favourable for Turkey. Thus, Ankara's efforts to become a ‘trading state’ and enter new markets have been successful in the WB countries, where it managed to double its trade surplus during the past few years. The structure of import-export products is also different. Turkey imports minerals from the region, like in case of Albania, Montenegro, and to a lesser extent, in the case of North Macedonia (iron and steel). Turkey exports to the region semi-finished and finished products, including a rising share of mechanical engineering products—highlighting a change in the Turkish economy, moving production to more value-added products.

Concerning investment, Turkish companies are gaining ground in the region, especially in Albania and Kosovo, where Turkey has become one of the largest investors.

Table 4
WB7's inward stock by Turkey (in million EUR)\(^{23}\)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>190</td>
<td>234</td>
<td>279</td>
<td>188</td>
<td>235</td>
<td>370</td>
<td>413</td>
<td>411</td>
<td>513</td>
<td>520</td>
</tr>
<tr>
<td>BiH</td>
<td>51</td>
<td>112</td>
<td>126</td>
<td>145</td>
<td>149</td>
<td>133</td>
<td>140</td>
<td>183</td>
<td>199</td>
<td>-</td>
</tr>
<tr>
<td>CRO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
<td>127</td>
<td>146</td>
<td>167</td>
<td>224</td>
<td>230</td>
<td>214</td>
</tr>
<tr>
<td>KOS</td>
<td>51</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>262</td>
<td>291</td>
<td>349</td>
<td>411</td>
<td>492</td>
</tr>
<tr>
<td>MKD</td>
<td>43</td>
<td>49</td>
<td>48</td>
<td>117</td>
<td>145</td>
<td>168</td>
<td>182</td>
<td>215</td>
<td>248</td>
<td>-</td>
</tr>
<tr>
<td>MON</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>24</td>
<td>27</td>
<td>28</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SUM</td>
<td>335</td>
<td>395</td>
<td>453</td>
<td>450.1</td>
<td>656</td>
<td>1103</td>
<td>1220</td>
<td>1410</td>
<td>1628</td>
<td>1226</td>
</tr>
</tbody>
</table>

\(^{23}\) Hunyai 2012, 2015, 2018
These firms occupy a broad spectrum, from construction to textile production and the hotel sector. Like elsewhere, Turkish construction companies have had major success in the region. The Enka group, in partnership with Bechtel, has won a highway construction tender in Kosovo (2010) and some 420 million USD in Albania (2006) for the construction of the ‘Patriotic highway’ to connect the two countries, accompanied later by corruption scandals and criticism of poor planning and ‘inflating prices’.

The team won a new tender of EUR 600 million to build a highway from Pristina to the North Macedonian border in 2014. The same Enka-Bechtel consortium was successful in Serbia as well, as they were awarded a EUR 745 million tender for building the Morava highway in late 2019. In 2018, the Taşyapı company won a tender worth EUR 24 million for the reconstruction of the Novi Pazar-Tutin road (in the South Serbian region inhabited by Bosniaks). Taşyapı started the construction of the Belgrade-Sarajevo highway’s first phase in fall 2019. The opening ceremony, presented as a historical development and supported by Turkey, was attended by Recep Tayyip Erdoğan, Aleksandar Vučić, and the members of BiH’s tripartite presidency.

These successes were repeated when winning tenders for regional airports. As of 2020, Limak Holding runs the Kosovo International Airport in Pristina in cooperation with the French Aéroport de Lyon. Another Turkish airport operator, TAV Airports Holding won the tender for Skopje’s and Ohrid’s airports in 2008 and for Franjo Tuđman Zagreb Airport in a consortium, in 2013. For tenders of 30-year concessions to run Montenegro’s two international airports, three main Turkish airport operators (TAV, Limak Holding, Cengiz Holding) also submitted a bid.

Turkish banks have also raised their market share in the region. Halkbank entered North Macedonia in 2011 after buying the Export and Credit Bank, and now it is the fourth largest bank in the country. It also purchased a majority share in a Serbian bank in 2015. Ziraat Bank has opened offices in three countries: in BiH (1996/1997), Kosovo (2015),

25 Balkan Insight. 2014.
26 SEENEWS. (2019a).
28 SEENEWS. (2019b)
29 SEENEWS. (2019c).
30 YeniŞafak. (2019).
and Montenegro (2015). Türk Ekonomi Bankası (TEB) is present in Kosovo, Çalık Holding purchased the Albanian BKT (Banka Kombetare Tregtare) in 2006, which has branches in Albania and Kosovo, and Türkiye İş Bankası opened a branch in Kosovo.\(^{31}\) In 2011, Eksen Holding purchased a Croatian Bank, which operates under the name Kentbank.\(^{32}\)

Turkish companies have entered the smaller countries’ market as well. In Montenegro, Tosçelik (part of the Tosyali Holding) acquired the aluminium factory of Nikšić in 2012 by pledging to invest EUR 35 million in the upcoming 5 years.\(^{33}\) In 2013, Global Ports Holding signed a concession contract of the cargo terminal of Bar’s port for 30 years.\(^{34}\)

The economic success of Turkish companies in the region is a relatively new phenomenon. Serbia presents the most striking case, where they have won several infrastructural tenders, and the number of Turkish firms has increased steadily, ‘heralding’ a new era in bilateral relations. Despite the developments, these firms are rather catching up compared to other regional rivals because only a handful companies were operating in the country just five, ten years ago. Lagging behind other competitors, Turkish economic presence is still modest both in the country and the whole region. Nevertheless, the increasing activities of Turkish companies may change this picture in the future.

### Security and military affairs

As it was already mentioned, security has played a major role in shaping the Turkey-Balkans relations. Turkey supported the multilateral settlement of the conflicts in the 1990s and also tried to mediate between the belligerent parties, like in the case of Kosovo, prior to 1999. During the same time, Turkey signed several military agreements with South-eastern European countries about training and cooperation.\(^{35}\) This policy has remained constant, as Turkey keeps establishing successful military collaborations with the Balkan countries.

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\(^{32}\) SEENEWS. (2013a)

\(^{33}\) SEENEWS. (2014).

\(^{34}\) SEENEWS. (2013b).

\(^{35}\) Uzgellihan. 2001.
Beyond bilateral military cooperation, Ankara has participated in NATO and EU-led military missions to foster regional security. Turkey was active in Bosnia and Herzegovina, as it was involved in UNPROFOR and IFOR (later on SFOR and Althea) in Bosnia-Herzegovina. It also took part in Operation ALBA, which aimed at ensuring the safe delivery of humanitarian aid to Albania during the 1997 pyramid scheme crisis.\(^{36}\)

The unrest in FYROM also brought Turkish military involvement into the region. Ankara contributed to Operation Essential Harvest in 2001 by a company team. Turkey participated in the following NATO missions as well, e.g. Amber Fox and Allied Harmony between 2001 and 2003. It took part in the EU military mission Concordia and the Proxima Police Mission in 2003-2005.\(^{37}\)

Turkey still participates in two contemporary missions in the Balkans. Since 2004, it has deployed troops within the EU-led EUFOR in Bosnia and Herzegovina, in Sarajevo. Thus, it took part in Operation Althea with one manoeuvre company and five liaison monitoring teams consisting of 183 personnel.\(^{38}\) NATO’s Kosovo Peace Force (KFOR) is the second mission Turkey partakes in. As of March 2020, Turkish military composed of 368 personnel is present with one motorized infantry company, six liaison and monitoring teams with other supporting troops, which are deployed in Prizren, a town situated in the south of the country and inhabited by several minority groups, among them the tiny Turkish community of Kosovo.\(^{39}\) Ankara also sees regional cooperation as well as EU and NATO integration as a key element for the stability of the region.\(^{40}\) That is why it has shown support for the Western Balkan states’ accession to NATO by facilitating their involvement in NATO missions (e.g. North-Macedonia in Afghanistan). Moreover, bilateral considerations have also appeared in these multilateral relations.\(^{41}\)

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\(^{36}\) Turkish Armed Forces. Webpage. 2020.

\(^{37}\) Ibid.

\(^{38}\) Ibid.

\(^{39}\) Ibid.

\(^{40}\) See: “The EU and NATO are the key instruments of the European and Euro-Atlantic structures. It is crystal clear that membership perspectives of these institutions have been the overwhelming impulse for progress for most political and economic stakeholders in the region.” Ahmet Davutoğlu: Address by H.E. Ahmet Davutoğlu, Minister of Foreign Affairs of the Republic of Turkey at the Ministerial Meeting of the SEECP, 22 June 2010, Istanbul. Turkish Ministry of Foreign Affairs (2010)

\(^{41}\) E.g. Turkey indicated in a footnote in all relevant NATO documents that it recognises Macedonia in its constitutional name.
Energy

While the WB countries do not have great oil or gas reserves (Albania, Croatia, and Serbia possess some fields, but their size is limited), they are less significant for the energy-seeker Turkish economy. The relatively rich coal mines could attract some interest, but Turkey also has huge reserves. Consequently, energy cooperation has remained narrow, as the region cannot contribute to the Turkish energy market.

On the other hand, Turkey can contribute to the energy security of the region, as the region’s states are dependent on Russian gas import. One tenet of Ankara’s foreign policy is to become an energy hub. Despite its vicinity to the great oil and gas fields of the Middle East and the Caucasus, it does not have any measurable reserves. Consequently, political leaders have tried to use the location of Turkey as a transit country between the Middle East and the energy-seeking EU and become an energy hub.

These endeavours have met with the European Commission’s Southern Gas Corridor projects, e.g. the Interconnector Turkey-Greece-Italy Pipeline (ITGI), the Nabucco pipeline, and the Trans-Adriatic Pipeline (TAP). Nevertheless, the first two were not realized (especially the Nabucco pipeline project aiming to bring Middle Eastern gas via Turkey-Bulgaria-Serbia-Hungary to Austria). According to expectations, TAP will be finished by the end of 2020, and it can be connected to the Trans-Anatolian Natural Gas Project (TANAP), which receives gas from Azerbaijan. TANAP was finished in 2019, thus Turkey has increased its influence over EU gas supply. Greece, Albania, and Italy may benefit from pipelines passing by their territories, although other WB countries’ prospects to capitalise on it still remain problematic.

Turkey increased its hub position when Vladimir Putin stated that instead of building the Southern Stream pipeline via Bulgaria and Serbia, Russia was ready to make an agreement to build a new pipeline with Turkey (along the already existing Blue Stream pipeline) in 2015. This new pipeline did not decrease the region’s energy dependency on Russia but made it easier to bypass Ukraine and avoid an energy crisis like the one the Balkans had to face in January 2009. The TurkStream project to Turkey was finished in 2020 with a great opening ceremony in Istanbul, with the participation of the two countries’ presidents.

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43 Reuters. 2020.
TurkStream has two pipelines, one for the Turkish market, and another one for the European market (Bulgaria, Serbia, and Hungary), even if the pipelines are not ready in the Balkan partner states. For other WB states, e.g. BiH or North Macedonia, it is also important to benefit from TurkStream. To demonstrate Turkey’s commitment, Erdoğan has expressed his support for extending the pipeline to Bosnia. Along with its hub and transit country position, Turkey has appeared in the energy sector of various Balkan countries. Companies have invested in renewable energy, e.g. Gürüş in a wind farm in Kosovo, and Kürüm in hydroelectric power plants in Albania. Probably the most important acquisition by Turkish companies was when Kosovo sold its state-run power distributor to the Limak-Çalık consortium in 2012.

Turkish firms are less influential in the WB energy sector, although they have the capacity to broaden their presence. High-level political and business meetings signal their interest. The energy structure transition of the region and opening to renewable energy would provide more opportunities.

Social and cultural relations

Turkey has a myriad cultural and historical ties with the Balkans. This background puts cultural and social relations into the limelight of the relations. For instance, one of the tangible results of these links is the increase in the number of sister city relations during the last few decades. As Turkey has a large Balkan diaspora due to the various immigration waves in the 20th century, this community tries to act as an interlocutor between their respective countries.

Having in mind the millions of people with ties to the Balkans living in Turkey, who are actively organising their communities by creating associations and even gaining town-level influence, the frequent visits of Turkish presidents and ministers have not only resulted in

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45 Haberler. 2018.
46 Dünya, 2013.
47 Reuters. 2012.
48 Ahmet İçduygu – Deniz Sert, 2015
49 About their influence see more: Nurcan Özugür-Baklacioglu, 2006.; Schad Tomas, 2015.
bilateral negotiations with their counterparts, but they have been used to strengthen links with the Muslim (and Turkish) communities as well as for domestic political considerations in Turkey. Turkish support has been welcomed by several politicians in the WB.\textsuperscript{50}

For example, during their visits Turkish leaders have been welcomed by local Muslim groups with enthusiasm, especially by members of the Turkish minority. Although Turkish politicians’ speeches, which are understandable in the local Muslim and Turkish context, and usually strengthen the sense of collective belonging between local Muslim communities and Turkey, they have sometimes led to diplomatic crises. For example, in 2013, when Erdoğan made a speech in Kosovo stating that “Kosovo is Turkey and Turkey is Kosovo,”\textsuperscript{51} it triggered a harsh diplomatic response from then Serbian president Tomislav Nikolić, who cancelled the upcoming tripartite meetings with BiH and Turkey.

The strong relations between the AKP and the Turkish communities provide the Turkish minority with a comfortable position. Turkey as a kin state has supported the cultural life of Turkish groups through various institutions and backed their integration in the given country’s political leadership.\textsuperscript{52} Although the biggest Turkish community lives in Bulgaria and only some 70-80,000 Turks reside in North Macedonia and some 15-20,000 in Kosovo, these communities have always been present in the parliament and even in the government.

In Kosovo, thanks to the liberal constitution of the country, a large number of minority groups have 20 seats reserved from the total of 120 mandates. Thus, Turks gain at least two seats in every election. This mandate is usually taken by the Kosovo Democratic Turkish Party (or KDTP), and its party chairman, Mahir Yağcılar has served in various ministerial posts in the fast-changing Kosovar governments. In North Macedonia minority parties usually run in an electoral coalition with the main left or right-wing parties, which usually makes it possible for at least one Turkish deputy to be present in the Sobranie (Table 5.).

\textsuperscript{50} Hürriyet, 2018a
\textsuperscript{51} Yavuz Baydar, 2013.
\textsuperscript{52} Kader Özlem, 2016
Table 5
Turkish parties’ parliamentary presence in the WB countries

<table>
<thead>
<tr>
<th>Country name</th>
<th>Parties</th>
<th>Election years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macedonia</strong> (120-140 seats)</td>
<td>Democratic Party of Turks in Macedonia (TDP)(1990/1992)</td>
<td>2 2 1 1 1 1</td>
</tr>
<tr>
<td></td>
<td>Party for the Movement of the Turks in Macedonia (THP)</td>
<td>1 1 1</td>
</tr>
<tr>
<td></td>
<td>Movement for National Unity of Turks (TMBH) (before 2008)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Kosovo</strong> (120 seats)</td>
<td>Kosovo Democratic Turkish Party KDTP (2001)</td>
<td>3 3 3 3 2 2 2</td>
</tr>
<tr>
<td></td>
<td>Kosovo Turkish Union Party (KTBP) (2010)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kosovo Turkish Justice Party (KTAP) (2013)</td>
<td></td>
</tr>
</tbody>
</table>

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Thus, Turkish minority politicians are embedded in the majority political leadership, regularly gaining ministerial or secretary of state positions and having parliamentary presence. While their number is small, the respective WB governments usually see them as useful and loyal partners in forming a government and in gaining international leverage; these communities also constitute a bridge between Turkey and their respective countries. As the diplomatic and economic relations are good, their status and room for manoeuvre in politics is relatively large.

Beyond the minority groups, other non-state actors have also gained importance in mutual relations. Prior to the Turkish snap elections in 2018, Erdoğan held a great rally in Sarajevo, organised by its party’s foreign branch. The Union of European Turkish Democrats (UEDT) was founded in Germany in 2004, later changing its name to UID in order to open to non-Turkish members. The mass gathering took place with the participation of thousands of Turks coming from EU countries (mainly from Germany) that prohibited the electoral campaign for Turkish parties due to previous conflicts and diplomatic tensions and served to mobilize the Turkish voters for domestic political causes, with the assistance of Bosnia.

In recent years the UID has opened offices in the WB countries (namely in BiH and North Macedonia), although its influence is still limited. It may gain leverage within the growing Turkish diaspora, which has increased during the last decades. Based on the Turkish Ministry of Foreign Affairs’ statistics, 8,000 Turkish citizens live in Albania, 10,700 in BiH, 3,500 in Kosovo, 2,000 in Montenegro and 12,000 in North Macedonia. In Serbia (600), Croatia (250), and Slovenia (200) their number remains below 1000.54

The Turkish diaspora has remained small despite continuous immigration to the region. The number of voters enlisted for the 2018 general and presidential elections was 1,350 in Albania, 2,462 in Bosnia and Herzegovina, 1,667 in Kosovo, 2,517 in Macedonia, and 571 in Serbia55 according to the statistics of the Turkish Electoral Committee. The growing diaspora certainly increases the presence of Turkey in the region.56

54 Hürriyet. 2019.
55 TurkishElectoralCommittee. 2018.
56 Balkan Insight. 2019.
Faith-based social networks also play an important role in the relations. As a great number of religious movements such as Nurcusi, Işıkçıs, Süleymançus exist in Turkey, it was not a surprise that they would create their own network in the region after 1989/1991. Among them, the Gülenists have gained the greatest influence. They have established foundations and school networks in every WB country since the early 1990s. They have universities in Albania, Bosnia and Herzegovina, and several high schools in North Macedonia and Kosovo. The organisation runs medreses in Albania, playing a major role in religious education in the country. The presence of the Gülen movement is much smaller in the countries with an overwhelming Christian majority, although it has also established foundations and cultural associations in the last few decades in Slovenia, Croatia, and Serbia. Thus, during the 1990s the Gülenist movement appeared as a sort of soft power tool for Turkey, and not just in the Balkans. They established close relations with local authorities and beyond the primary, high school, or university activities have also organised cultural programs and Turkish language courses.

The internal struggle between the Turkish government and the movement since 2013 has affected the Western Balkans as well. Especially after the 15 July, 2016 coup d’état attempt, when the Turkish government detained people related to the movement en masse, closed its media and education institutions, and confiscated its remaining firms. The AKP government also expanded this conflict to other countries, making it one of the main goals of the country’s diplomatic endeavours. Requests were sent to WB countries’ governments to close the Gülenist networks and their associations and educational institutions. Furthermore, requests were also sent to extradite members of the movement. To weaken the movement’s position in education, in mid-2016 the government established the Maarif Foundation, which started to take over their schools (especially in Asia and Africa), or where that was not possible because of the resistance of the authorities, it started to buy already existing educational institutions or opened new ones. Subsequently, the WB states have witnessed a rising Maarif Foundation network in their territories. Like the Gülenist institutions, they also endeavour to co-opt local elites and middle classes, not just the Turkish diaspora or minority
groups. Several countries have been more cooperative with the Turkish authorities on this issue. In 2018, a huge political scandal began when Kosovo extradited six Gülenists to Turkey.\textsuperscript{57} There were detentions in Albania and Montenegro, too.\textsuperscript{58}

To conclude, the struggle against the Gülenist movement has become a part of Turkish diplomatic activities and negotiations and applies a stick-and-carrots policy.\textsuperscript{59} This backs the WB countries into the corner: in theory, their political leaders may gain possible political or even economic concessions from Turkey if they are cooperative and possible ‘punishment’ when they are less so. However, this cooperation can become a double-edged sword, as it may incur criticism from various NGOs and even the European Union.

Even before the struggle with the Gülenists, Ankara started to invest heavily in building its ‘soft power’ capabilities in the region. The main pillars of this institutional network are the Yunus Emre (YE) cultural centres, the Turkish Cooperation and Development Agency, the Presidency for Turks Abroad and Related Communities, and the Directorate of Religious Affairs.

One of the most important ‘soft’ tools in shaping relations is the YE cultural centre network, with the very first one opened in Sarajevo. In the following years, the YE has created new offices in the region: Tirana (2009), Skopje (2010), Fojnica (2011), Pristina (2011), Prizren (2011), Bucharest (2011), Constanța (2011), Shkoder (2012), Peja (2012), Podgorica (2014), Belgrade (2015), and Zagreb (2016). Consequently, Turkish cultural activities have become more apparent than before the AKP and attract hundreds of students from these countries to learn the Turkish language and become familiar with Turkish culture. This is especially the case in Bosnia, where three centres are operational.

The Turkish Cooperation and Development Agency (TİKA) has also increased its activities, not only realising ‘classical’ development projects but also renovating Ottoman mosques, buildings, etc. These activities to (re)build the common cultural memory seem to be accepted by the Muslim people in the region and criticized by Christians. Nevertheless, this move cannot be conceptualised at the

\textsuperscript{57} Reuters. 2018.
\textsuperscript{58} Maja Zivanović – Hamdi FiratBüyük. 2018.
bilateral level: it has an impact on the domestic public, as Turkish state institutions (TRT programmes, Anatolian News Agency, etc.) and non-state actors can show the survival or revival of Ottoman heritage, which is also a tool for today’s Turkish identity-building run by AKP.60

According to TİKA, it completed 3,401 projects in the Balkans between 1992 and 2017. Based on their nominal distribution, Bosnia and Herzegovina and North Macedonia were the two main beneficiaries, together accounting for some 50 percent of the projects. Around 17 percent of the projects went to Kosovo, while Albania (13%), Montenegro (9%), and Serbia (6%) received much less. Croatia’s proportion is almost negligible, probably due to the fact that the TİKA office was only opened in 2016, while in the other countries they had been opened during the 2000s.61

Nevertheless, cultural relations and kin state policies were not the AKP’s inventions. Concerning religious issues, after the collapse of the Communist regimes, the Turkish Directorate of Religious Affairs, better known as Diyanet, was welcomed by many countries in the WB (but also by Romania and Bulgaria) to help (re)organise the religious life of the Muslim populations. During the last thirty years, it has gained prominence. Diyanet has helped local communities by sending religious materials and granting education opportunities and scholarships. The Diyanet Foundation has taken part in projects building new mosques in the region, for example in Tirana.62 It has also appeared as a mediator in Montenegro and helped successfully mend the fences within the Islamic Community, although its mediation in Serbia in the early 2010s ultimately led to a fiasco.63 As it also took part in combating the Gülenist network, it received mixed reception in the Muslim communities’ leadership. Some of them were more cooperative, for instance in the case of Montenegro, while others, like in Albania criticized them harshly.64 Educational relations also constitute a traditional field of cooperation, although they have

60 Bus trips bringing young students to historical places demonstrate this endeavour well: Hürriyet. 2018b.
61 TİKA. 2018.
increased in intensity. The Turkish government has made efforts to bring more international students to the country and the number of those coming from the Balkans has also increased.

Table 6
Number of foreign students studying at Turkish universities
Source: ÖSYM, YÖK

<table>
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<tbody>
<tr>
<td>ALB</td>
<td>520</td>
<td>532</td>
<td>545</td>
<td>499</td>
<td>507</td>
<td>748</td>
<td>858</td>
<td>955</td>
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<tr>
<td>BiH</td>
<td>352</td>
<td>462</td>
<td>494</td>
<td>516</td>
<td>430</td>
<td>390</td>
<td>415</td>
<td>464</td>
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<td>CRO</td>
<td>12</td>
<td>12</td>
<td>15</td>
<td>10</td>
<td>19</td>
<td>25</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>735</td>
<td>1,139</td>
<td>1,235</td>
<td>1,255</td>
</tr>
<tr>
<td>MKD</td>
<td>275</td>
<td>292</td>
<td>309</td>
<td>307</td>
<td>535</td>
<td>720</td>
<td>748</td>
<td>860</td>
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<tr>
<td>MON</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22</td>
<td>150</td>
<td>146</td>
<td>180</td>
<td>209</td>
</tr>
<tr>
<td>SRB</td>
<td>-</td>
<td>188</td>
<td>239</td>
<td>180</td>
<td>217</td>
<td>540</td>
<td>569</td>
<td>662</td>
</tr>
<tr>
<td>WB total</td>
<td>1,159</td>
<td>1,486</td>
<td>1,602</td>
<td>1,534</td>
<td>2,593</td>
<td>3,708</td>
<td>4,032</td>
<td>4428</td>
</tr>
<tr>
<td>WB share</td>
<td>7.72%</td>
<td>10.04%</td>
<td>10.08%</td>
<td>8.45%</td>
<td>6%</td>
<td>5.46%</td>
<td>4.85%</td>
<td>4.33%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15,017</td>
<td>14,794</td>
<td>15,893</td>
<td>18,158</td>
<td>43,251</td>
<td>67,838</td>
<td>83,068</td>
<td>101,877</td>
</tr>
</tbody>
</table>

* Serbia and Montenegro until the 2006/2007 academic year

The Presidency for Turks Abroad and Related Communities, the main task of which is to deal with the Diaspora Turks, is also active in the WB countries. It also organises events and conferences inviting people from

the WB, but its main leverage is the so-called Turkey scholarship, which enables hundreds of students from the region to conduct their university studies in country.

During the last more than one decade, Turkey has established a strong institutional background in the WB and managed to create close ties with the Balkan Muslim communities not just by using its classical diplomatic capabilities but by relying on its soft power.

**Conclusion**

Turkey’s relations with the WB countries has gone through many changes after the Cold War; the transformation has become even more apparent during the last fifteen years. Under the AKP, the visibility of Turkish state agencies, such as TİKA, the Yunus Emre institutes, Maarif Vakfı, or Diyanet Vakfı has increased in the region significantly. The spread of these institutions is happening in parallel with the growing activity of Turkish foreign policy championed by Recep Tayyip Erdoğan and Ahmet Davutoğlu (between 2009 and 2014).

This activism has been based on the growing economic capabilities of the state and the government’s ambition to establish a kin state position over the Muslim communities in the region. Certainly, they have had strong domestic incentives: the economic opening was supported by the Turkish business elite, while the kin state role stemmed from the diaspora groups with roots in the Balkans, and in the larger context, it relied on the sympathy of the Turkish population towards fellow Muslims. This support was even more important for the AKP, whose political core (in the form of Refah) campaigned with the desperate situation of the Bosniaks during the war in Yugoslavia.

Davutoğlu’s diplomatic manoeuvres after 2009 could be characterised by an activist approach to become primus inter pares in the region and by a glorified Ottoman past, which mirrored the AKP’s domestic narrative. However, like in Turkey, this narrative met with mixed reception.

The Turkish point of view about the prosperous and peaceful Ottoman period was not shared by many. Even if some ethnic groups, e.g. Bosniaks or some Albanians in North Macedonia or Kosovo may tend to accept this narrative, the majority of the WB people do not.
The Serbian nation-building process in the 19th and early 20th century was based on fighting against the Ottomans. Concerning the Albanians, their case is complicated; even if the majority became Muslims, they also revolted several times against the Sublime Porte. To demonstrate the ambiguities, it is enough to think about Tirana's main square with its iconic Skanderbeg statue – an Albanian hero who led the resistance against the Ottomans in the 15th century.

Subsequently, more pragmatic relations based on political and economic cooperation met with more success, or at least less debate about the rising Turkish involvement in the region. The best case for this development is Serbia, where a great number of Turkish enterprises have appeared in a variety of sectors.

The coup attempt in 2016 has had a great effect on Turkish diplomacy. The need to fight against the Gülenist movement at the international level has gained priority and started to shape bilateral relations with the WB countries. Requests to close down Gülenist educational institutions and foundations were sent in line with demands for the extradition of some members of the movement. Since their settlement in the early 1990s, the Gülenists have created strong links with local communities and authorities and have been embedded in the host society. This direct, state-led intervention in the Balkan societies has provoked criticism but also granted an opportunity for several governments to improve their relations with Turkey by playing the ‘Gülenist card.’

Even if Turkey’s diplomatic manoeuvres and slow economic expansion generate debates within and beyond the region, the extent of its influence remains bounded to the behaviour of the WB countries and other actors, such as the EU or Russia. Ankara has usually supported WB accession to NATO and the EU, although the region’s integration in these organisations is slow and problematic. NATO has managed to incorporate more states compared to the EU (the newest member, North Macedonia joined the alliance in March 2020). But in the upcoming years, no change is expected in the case of Serbia, BiH, or Kosovo. The EU accession process is even more problematic and has slowed down recently as the public opinion and political leadership of the main EU countries does not support these countries’ (fast) accession, as France and the Netherlands vetoed North Macedonia's
and Albania’s membership talks in 2019. This unfavourable message is happening in parallel with signs of crises in the community itself (like the euro crisis in the early 2010s, the refugee crisis in 2015-16, and the continuing internal debates nowadays), weakening its appeal to the prospective members. Rising disappointment among the WB elites opens the way towards other actors, like Russia or China to interfere in the region and gain influence.

Ankara having its own problems with the EU and the fading accession negotiations may emerge as a new gravity point to fill a possible EU vacuum. This will depend significantly on how the WB states are behaving. Probably they will turn to balancing between the EU, the United States, Russia, and even China, which can present opportunities for Turkey to acquire some concessions in the region. The more Turkey is alienated from the EU (and the U.S.), the more it will appear in the WB as an independent and influence-seeking actor ready to compete with EU interests.
References


Maria Todorova (1997): Imagining the Balkans. Oxford University Press


China’s role as a global investor and financier has grown rapidly in recent decades, including in Europe. From German robot manufacturers to Greek ports and power plants in Great Britain, as well as across the Western Balkans (WB), Chinese investments, acquisitions, and construction projects have risen rapidly in the past few years, especially after the global financial crisis and the European debt crisis. Since China initiated the Belt and Road Initiative (BRI) with Europe as one of its destinations, this process has accelerated even more.

The aim of this chapter is to provide an overview of China’s political, economic, and cultural engagement in the Western Balkans. Unlike the rest of the chapters that assess the role of external great powers in the region, this one is exceptional in a couple of ways. First, China’s presence in the Western Balkans is clearly lagging behind that of Russia or Germany. While the Chinese economic presence is yet to deepen to be more tangible, this lag is most obvious in the field of military relations. Even with Serbia, arguably Beijing’s closest partner in the region, military ties boil down to joint police patrols in Belgrade and a planned military exercise between Chinese and Serbian special forces in 2020.¹ Serbia has also purchased 15 Chinese Wing Loong drones in 2019, also known as Chengdu Pterodactyl-1drones, with the possibility of buying 15 more of them in the future.² Importantly, the rest of the Western Balkans cannot report anything in the volume or

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¹ N1, 2020
² Allison, 2019
intensity of military connections enjoyed by Serbia. This means that the discussion on China's military ties to the Western Balkans is limited to these few instances.

Second, by the nature of Beijing's approach to the region, the economic and political efforts China invests across the Western Balkans cannot be neatly disentangled. Though the Beijing government often boasts of its no-strings-attached policy in other regions of the globe, it prefers to proceed in a holistic way, according to which opportunities of investment and improved trade relations present themselves only when some level of friendship is reached at the official level. This means that the chapter's separation between political and economic developments may not accurately reflect how these two spheres of interest are mutually implicated. Nevertheless, for the sake of consistency within the playbook, this chapter will follow the structure of the other chapters. That is, we discuss China's engagement in the Western Balkans across four dimensions – political, economic, military, and social. We summarize our thoughts in the conclusion.

Political affairs

The appeal of the Central and Eastern (CEE) European region for China is due to two key factors. On the one hand, it plays an important role in China's BRI initiative, primarily by serving as a gateway to Western Europe. On the other hand, the CEE region's appetite for investment and infrastructure projects has not been sufficiently satisfied by Western European economic actors so far. Though the Western Balkans is most certainly not a low-hanging fruit for Beijing to simply reach out and grab, China does offer an alternative source for much-needed investments. Its political presence is also deepening across the region, particularly within the 17+1 format. China's outreach is thus likely to create both challenges and opportunities for the WB region. Construction projects can help develop the WB countries' infrastructure, but they also pose risks in terms of increased reliance on Chinese loans. At the same time, the EU remains the top donor and investor in the WB region. While faith in the prospect of EU membership is still present, its prospects

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3 Zeneli, 2020
are dimming as the EU remains preoccupied with bigger challenges, such as managing the Covid-19 crisis and its impact on member state economies.

The linchpin of China’s economic presence and political influence in the Western Balkans is Serbia. The two sides have a commendable historical relationship, which started under Josip Tito’s rule. During the time of Yugoslavia’s break-up, the Serbian regime under Milosevic continued to enjoy Chinese support. A key incident in this regard was the US bombing of the Chinese embassy in Belgrade in 1999, which brought the two countries even closer in their common anti-American stance. In 2009, Serbia signed a strategic partnership with China. Today, Serbia is a member of the 17+1 cooperation and claims to be “China’s best and most stable friend” in South-eastern Europe. In exchange, China continues to withhold diplomatic recognition of Kosovo, excluding what it sees to be a renegade Serbian province from the 17+1 framework. For Belgrade, the appeal of Beijing lies in its willingness to lend for large-scale infrastructure projects, all the while refraining from “pressuring” the country's leaders, unlike the European Union. While Brussels expects Belgrade to recognize Kosovo’s independence, the development of Sino-Serbian ties progresses essentially unobstructed by the Kosovo issue.

Since Xi Jinping dubbed Serbia as a milestone on the new ‘Silk Road,’ there has been no shortage of high-profile meetings between Serbian and Chinese politicians. In April 2019, Serbian President Aleksandar Vucic visited Beijing and participated at the Second Belt and Road Forum for International Cooperation. This came after Chinese State Councillor and Minister of Public Security Zhao Kezhi visited Belgrade in May 2019, with the objective of expanding bilateral cooperation beyond trade and investment opportunities. The two sides agreed to deploy joint police patrols in Belgrade, Novi Sad, and Smederevo, as well as to share cutting-edge technology to help police Serbian cities and apprehend criminals. In August 2019, Huawei also approached

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4 Le Corre & Vuksanovic, 2019
5 B92, 2019
6 Sekularac, 2016
7 Xinhuanet, 2019
8 N1, 2019
9 Stojkovski, 2019
the Serbian government to inquire about a possible cooperation to establish the 5G network in the country.\textsuperscript{10} All of this confirms Western fears about how Beijing is strengthening its presence by turning the Western Balkans away from Europe. While Serbia and China have not yet held joint military exercises, the two parties have agreed to pursue cooperation in this area, following the Serbian defence minister's successful visit to Beijing in July 2018.\textsuperscript{11} To make sure the bilateral “steel friendship” – referring to HBIS’s acquisition of the Smederevo steel plant in particular and the countries’ common socialist past in general – stays as crisp as ever, Belgrade is also committed to a range of cultural programs, from Confucius Institutes to student exchanges.\textsuperscript{12}

Serbia was also clearly interested in making the best of China’s so-called \textit{mask diplomacy}. The expression gained much traction after the Beijing government embarked on a global campaign to repair its reputation by providing medical assistance to countries hit by the Covid-19 outbreak.\textsuperscript{13} The reception of Chinese aid was exceptionally friendly in Belgrade. Beside kissing the Chinese flag and personally welcoming the Chinese medical teams at the airport,\textsuperscript{14} President Aleksandar Vucic made it clear that “\textit{the only country that can help us is China}.”\textsuperscript{15} In addition, the Serbian government awarded military memorial medals to the six-member Chinese medical team at the end of April 2020.\textsuperscript{16} The Beijing government is known to encourage other countries to show signs of appreciation,\textsuperscript{17} but the success story its mask diplomacy reached in Serbia is outstanding and thus unlikely to be reproduced elsewhere. Belgrade has a vested interest in driving a wedge between the EU and China, scoring easy political points domestically and hoping to convert its deepening ties with Beijing into political leverage against Brussels.\textsuperscript{18}

\begin{itemize}
\item \textsuperscript{10} bne IntelliNews, 2019
\item \textsuperscript{11} Ministry of National Defense of the People’s Republic of China, 2018
\item \textsuperscript{12} Karr, 2019
\item \textsuperscript{13} Wong, 2020
\item \textsuperscript{14} CGTN, 2020
\item \textsuperscript{15} CGTN, 2020
\item \textsuperscript{16} Xinhuanet, 2020
\item \textsuperscript{17} Mozur & Wong, 2020
\item \textsuperscript{18} Vuksanovic, 2020
\end{itemize}
Belgrade’s commitment came at the end of May 2020, when President Vucic announced Serbia’s support for China’s controversial new national security law for Hong Kong.\textsuperscript{19}

Bilateral ties between Croatia and China have been steadily developing in the last few years. Though a member of NATO and the EU, Croatia is committed to developing its relationship with China in the context of the BRI.\textsuperscript{20} In April 2019, Dubrovnik hosted the annual 17+1 summit, and Chinese Premier Li Keqiang paid a visit to the Peljesac Bridge project, the single largest infrastructural initiative between the two countries to be built by a Chinese consortium.\textsuperscript{21} The bridge has become a symbol of Chinese–Croatian cooperation, designed to connect the Croatian mainland with the country’s southernmost region by bypassing Bosnia and Herzegovina (BiH)’s access to the Adriatic Sea.\textsuperscript{22} Showcasing Croatia’s improving ties to China, Prime Minister Andrej Plenkovic visited Beijing in November 2018 and reaffirmed his support for the ongoing political dialogue with Beijing.

Cooperation in other fields is expected to blossom based on this bilateral political platform. At the 2019 Dubrovnik summit, the two prime ministers inaugurated the China–Croatia Year of Culture and Tourism, with the objective of deepening people-to-people connections.\textsuperscript{23} Chinese tourists are also flocking to Croatia in ever larger numbers.\textsuperscript{24} In the first six months of 2019, for instance, 180,000 Chinese tourists visited Croatia, which is a 41% increase over the same period of 2018.\textsuperscript{25} The Croatian Prime Minister also welcomed Chinese Minister of Public Security Zhao Kezhi in Zagreb in May 2019, where the two politicians agreed to increase cooperation in law enforcement and combating terrorism.\textsuperscript{26} In this vein, for the second consecutive year, Chinese police patrols joined their Croatian counterparts in patrolling the Croatian capital of Zagreb and a few other cities.\textsuperscript{27}
While China and Croatia allege that they are entering the ‘diamond’ phase of their relationship, the Peljesac Bridge has come under scrutiny, as the EU finances 85% of the project. The Austrian Strabag company lodged a complaint against the China Road and Bridge Corporation, claiming that the latter’s cost proposal was lower than the actual value of the project. Both Croatia and China are clearly interested in the successful completion of the bridge project. For China, it is a pilot project, much like the Budapest-Belgrade railway line, for its cooperation within the 17+1 framework as well as for its cooperation with Europe. For Croatia, this is a flagship project that cements its relationship with China, and a key infrastructure initiative that will make travel along the Adriatic much less burdensome for Croatians. To be fair, critics point out that the bridge will become somewhat useless once Croatia and BiH join the EU’s borderless area.

Much like Serbia, Croatia also received medical supplies from China in April 2020 to help in the battle against Covid-19. Though the reaction from Croatian officials was not as sensationalist as in the Serbian case, the Croatian government issued a statement praising the aid as “an example of quality and concrete cooperation between Croatia and China.” Since Croatia is an EU member, however, China’s mask diplomacy efforts are unlikely to create much tension in Croatia’s relationship with Brussels.

Compared to Serbia, Bosnia and Herzegovina’s political ties to China are much less expansive. The bilateral relationship is nonetheless fundamentally friendly. Sarajevo and Beijing established official diplomatic ties in 1995, and China has shown steady support for various peacekeeping missions operating in the country over the years, as well as pledged to help Bosnia and Herzegovina in its post-conflict reconstruction phase. In February 2020, in the midst of the Covid-19 outbreak in China, Sarajevo expressed support and praise for China’s “dedication and determination” in battling the virus. Beijing returned the gesture by providing medical support, sending the first batch of equipment

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28 Total Croatia News, 2019
29 Parrock, 2019
30 Xinhuanet, 2020
31 Xinhuanet, 2019
32 Sarajevo Times, 2020
to Sarajevo in mid-April 2020. However, as was the case for many recipients of Chinese medical assistance, the items shipped proved to be faulty. Not only were the ventilators purchased incompatible with hospital usage, the Bosnian Silver Raspberry company that received the import license paid an exorbitant price for them. In late April 2020, an investigation led by state agencies was started to look into the deal.

Historically speaking, Albania has had a mixed relationship with China. In 1949, Albania was one of the first countries to recognize the government of the People’s Republic of China, and it also supported its membership in the UN. After Beijing severed ties with many of its foreign partners in the midst of the Cultural Revolution, Tirana was the PRC’s only ally for some time. The blossoming relationship turned cold in the late 1970s and early 1980s. As Deng Xiaoping implemented his reform and opening-up policy, the Albanian leadership accused China of abandoning the socialist path. Today, China is rediscovering Albania’s geostrategic importance in the context of the BRI initiative. Given the poor condition of Albania’s infrastructure and railway system, Tirana’s turn towards Beijing is driven by the same development-focused logic as in the case of the other countries of the region.

Even though Albania is a NATO member and an official candidate for EU membership, relations with China have been developing in the past years. 2016 was a watershed year, as China became Albania’s second-largest trading partner, surpassing traditional partners like Greece or Turkey, and Chinese companies signed a few high-profile acquisitions. What makes Albania particularly appealing is its oil reserves, the largest across the region. In 2016, Bankers Petroleum Ltd., a company that generates all of its revenue in Albania, was bought by China’s Geo-Jade Petroleum Corp for approximately USD 430 million. In the same year, China Everbright Group paid USD 90 million to operate

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33 Xinhuanet, 2020  
34 BBC, 2020  
35 Djugum, 2020  
36 Sarajevo Times, 2020  
37 Shen, 2018  
38 De Munter, 2019  
39 Mejdini, 2016  
40 Rapoza, 2017
Albania’s international airport until 2027. While the deal was hailed as a key step in improving the country’s transportation capacity, the Chinese company has come under severe criticism after the airport was targeted in a number of robberies. Most recently, following a heist at the airport, Albanian officials accused the Chinese operator of irresponsibility and deployed the military police and army units to protect Tirana International Airport. Other Albanian politicians object to the use of the Chinese flag at the airport, which they consider to be incompatible with the country’s primarily Western foreign policy orientation.

Nevertheless, Tirana remains committed to exploring ties with China. In addition to the 17+1 framework, of which Albania is a member, high-level political meetings illustrate the atmosphere of friendship dominating the relationship. In April 2019, a Chinese delegation was welcomed by Albanian President Ilir Meta to commemorate the 70th anniversary of the founding of the PRC. In April 2017, then-Vice Premier Zhang Gaoli led the highest-level delegation to Albania after five decades. In June 2018, a group of senior officials from the Communist Party of China (CPC) visited Tirana to reconfirm the two sides’ commitment to cooperation. Last but not least, Tirana also received medical supplies from China in late April 2020 to help Albania’s battle against the Covid-19 pandemic.

Despite the overwhelmingly positive outlook of Albanian–Chinese ties, the question of Kosovo’s status has the potential to complicate the relationship. Peace in the Western Balkans is inevitably tied to the resolution of Kosovo’s status, an overwhelmingly ethnic Albanian country that seceded from Serbia a decade ago. The Chinese government has proven reluctant to recognize Kosovo because of its close friendship with Serbia, but also because it considers Kosovo’s status to be similar to Taiwan: a renegade province that belongs under another country’s sovereignty. Up until today, Tirana has refrained from pushing Beijing towards recognizing Kosovo, keeping in mind that the continuation of friendly ties with China remains an absolute priority.

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41 Koleka & Thomas, 2016
42 South China Morning Post, 2019
43 China-CEE 2019
44 Xinhuanet, 2019
45 Tirana Times, 2018
46 Xinhuanet, 2020
As for Montenegro, the political relationship with China is positive. Though the obvious economic discrepancy between the two countries constrains the room for development, at the April 2019 CEECs meeting in Dubrovnik, Premier Li Keqiang confirmed China’s openness to deepening cooperation in all areas. In return, Milo Đukanović, Montenegro’s pro-Western president, embraced Beijing’s support but kept the door open towards European integration. At the same time, Đukanović pointed out that the region turns to China for financial support because of the EU’s incompetence. Put differently, as long as Brussels is seen as outbidding the financial and economic charm offensives of other external powers in the region, the Western Balkans is likely to remain wedded to the prospects of future EU membership. In early May 2020, European Council President Charles Michel clarified that the EU is committed to welcoming the Western Balkans countries as members of the bloc in the future, and that the assistance provided by Brussels “outweighs” that from China and Russia.

North Macedonia forms an integral part of China’s vision in the Western Balkans. As a member of the 17+1 framework and the BRI initiative, Skopje is looking to secure funding for infrastructure and transportation projects that otherwise would not be feasible. While the two sides established diplomatic ties in 1993, the relationship was not without a major hiccup. Though North Macedonia initially confirmed its adherence to the ‘One China’ policy, the government decided to switch recognition to Taiwan in 1999. The Chinese retaliation was quick to follow. Taking advantage of its UN Security Council seat, Beijing vetoed an ongoing UN peacekeeping mission in North Macedonia, which effectively pressured Skopje into reversing its course. The incident was a warning message that resonated well beyond North Macedonia: any cooperation with Beijing is contingent upon unequivocal support for China’s territorial sovereignty. Skopje has since then learned its lesson and continues to support Beijing in global issues as controversial as the use of Huawei’s 5G technology. With its entry into NATO on 27 March, 2020, however, North Macedonia’s balancing act between the West and China is likely to become more difficult.

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47 Stojanovic, 2019
48 Emmott, 2020
As for Kosovo, China not only refuses to recognize it as an independent state also obstructs its efforts to gain membership in key international organizations, a clear sign of supporting Serbia. In November 2018, Serbia, enjoying the protection of both Russia and China in the UN Security Council, refused to back Kosovo's membership in Interpol, which triggered something of a trade war between the two countries.\(^49\) This means that any bilateral interaction between China and Kosovo inevitably features a third actor at the table, i.e. Serbia, whose interests are always to be kept in mind. In the absence of diplomatic recognition, Kosovo is excluded from the China-led 17+1 framework, and whatever mutual engagement takes place is substantively very limited. China established an Office of the Embassy of the People's Republic of China in Pristina,\(^50\) but little is known about what it does in the country.

Kosovo's political and economic appeal has so far proven insufficient for China to change its mind. Even though Enver Hoxhaj, the Deputy Prime Minister of Kosovo, confirmed in a meeting in 2017 to Zhang Wuzhuan, the Chief of the Chinese Office in Kosovo, that Kosovo supports the ‘One China’ policy, Pristina remains a remote observer of China's lucrative initiatives across the region.\(^51\) Efforts to curb relations with Taiwan have also failed. As long as China’s friendship with Serbia holds firm, there is little that Kosovo can do on its own to change Beijing’s attitude.

Economic relations

For China, the region is expected to function as a transportation corridor in the context of the BRI, carrying Chinese exports from the Greek port of Piraeus to Western European markets. The establishment of the 16+1 cooperation in 2012 (which later became 17+1) became the primary multilateral forum for China’s cooperation with the Western Balkans. After Greece’s accession to the framework, it consists of 17 members of the region and China. Leaders of the

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\(^{49}\) Filipovic, 2018

\(^{50}\) UNMIK 2020

\(^{51}\) Chrzová, Grabovac, Hála, Lalić, 2019, p. 84.
Western Balkans countries need to keep in mind that China’s secretive business practices make it more difficult to fight corruption across the region. As this is one of the endemic problems in the Western Balkans on the road to EU membership, cooperation with China is rather counterproductive to that effort.

Regarding trade relations, Serbia – together with Croatia and Slovenia – is one of the most important partners of China in the region. Serbian exports to China have continued to grow steadily since 2014, with more momentum after 2016. In addition to the decisive role of tobacco and wood products, the increase of higher added-value (e.g. mechanical) products characterizes the relation. This growth (of almost two and a half times) in mechanical products is mainly due to an increase in the export of pumps, worms, and winches. The export of various minerals (ores) is hectic year on year: it is sometimes remarkably significant, sometimes negligible. The composition of imports from China is rather diverse: it consists essentially of various machinery and electronic products, but also chemicals, textile products, metals, agricultural products, porcelain, and bricks.

Chinese foreign direct investment projects were not too common in Serbia until recently. In the past few years, however, traditional investments such as greenfield projects and acquisitions have also taken place. This typically involves five major investment cases by different Chinese companies: the Smederevo Steel Factory (acquisition), the Mining and Smelting Combine in Bor (acquisition), Mei Ta’s greenfield investment in Obrenovac (automotive spare parts), Minth’s automotive greenfield investment in Loznica, and Shandong Linglong's acquisition of the Zrenjanin tire factory. Based on the statistics of the Ministry of Commerce of the People’s Republic of China (MOFCOM), Chinese investment stock was a bit below USD 300 million in 2018 (data for 2019 was not available). This figure is likely to be much higher, since Shandong Linglong’s announced in 2019 that it will invest USD 1 billion in the construction of a new tire company in three phases.

Beside these rather few cases of greenfield investments and acquisitions, China is primarily interested in infrastructure projects in Serbia. These projects are in many cases presented as foreign direct investments in the media or by government officials, although they are based on (non-preferential) loan agreements. Some of the notable projects include the already completed Pupin Bridge on the River Danube (the total
cost of the project was USD 203 million, with 85% of its financing coming from Chinese loan), the Kostolac B power plant (the total cost will be around USD 715.6 million, 85% of which will be financed from Chinese loan), the Obrenovac–Novi Beograd central heating system network (the total value of the project will be around USD 200 million, also financed from Chinese loan), while the Chinese Power Construction Corporation will work on the ring motorway around Belgrade (the project is costing EUR 207 million and will be financed from Chinese loan). However, the most important project remains the controversial highway construction project between Serbia and Montenegro. Its first phase, the construction of the 30-kilometer Preljina–Pozega section, started in 2019. In January 2020, talks began between the China Road and Bridge Corporation (CRBC) and the Montenegrin government on the construction of the next section of the motorway, from Matesevo to Andrijevica.52

Table 1
WB countries’ imports from China (in million USD)53

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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>196.0</td>
<td>313.0</td>
<td>276.0</td>
<td>284.0</td>
<td>340.0</td>
<td>324.0</td>
<td>377.0</td>
<td>425.0</td>
<td>507.0</td>
<td>447.0</td>
</tr>
<tr>
<td>BIH</td>
<td>72.8</td>
<td>35.6</td>
<td>37.6</td>
<td>41.4</td>
<td>46.7</td>
<td>91.3</td>
<td>284.0</td>
<td>60.0</td>
<td>64.0</td>
<td>78.8</td>
</tr>
<tr>
<td>CRO</td>
<td>1,750.0</td>
<td>1,140.0</td>
<td>1,350.0</td>
<td>1,540.0</td>
<td>1,310.0</td>
<td>1,390.0</td>
<td>1,030.0</td>
<td>986.0</td>
<td>1,020.0</td>
<td>1,160.0</td>
</tr>
<tr>
<td>MKD</td>
<td>70.7</td>
<td>56.0</td>
<td>52.8</td>
<td>91.8</td>
<td>88.7</td>
<td>63.5</td>
<td>76.7</td>
<td>86.5</td>
<td>90.0</td>
<td>78.0</td>
</tr>
<tr>
<td>MON</td>
<td>86.6</td>
<td>76.8</td>
<td>71.1</td>
<td>90.0</td>
<td>146.0</td>
<td>86.4</td>
<td>157.0</td>
<td>134.0</td>
<td>108.0</td>
<td>132.0</td>
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<tr>
<td>SRB</td>
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<td>1,080.0</td>
<td>345.0</td>
<td>396.0</td>
<td>413.0</td>
<td>1,430.0</td>
<td>425.0</td>
<td>415.0</td>
<td>432.0</td>
<td>546.0</td>
</tr>
</tbody>
</table>

52 Ralev, 2020
53 Harvard 2020
Table 2

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>83.8</td>
<td>60.7</td>
<td>140.0</td>
<td>148.0</td>
<td>136.0</td>
<td>223.0</td>
<td>180.0</td>
<td>121.0</td>
<td>122.0</td>
<td>186.0</td>
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<tr>
<td>BIH</td>
<td>6.28</td>
<td>12.9</td>
<td>16.7</td>
<td>28.4</td>
<td>22.1</td>
<td>19.8</td>
<td>35.4</td>
<td>51.0</td>
<td>41.4</td>
<td>54.4</td>
</tr>
<tr>
<td>CRO</td>
<td>64.4</td>
<td>71.1</td>
<td>45.9</td>
<td>75.6</td>
<td>70.8</td>
<td>92.5</td>
<td>95.6</td>
<td>106.0</td>
<td>153.0</td>
<td>174.0</td>
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<tr>
<td>MKD</td>
<td>12.6</td>
<td>22.9</td>
<td>87.4</td>
<td>144.0</td>
<td>137.0</td>
<td>103.0</td>
<td>87.0</td>
<td>129.0</td>
<td>44.8</td>
<td>82.4</td>
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<tr>
<td>MON</td>
<td>2.0</td>
<td>0.707</td>
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<td>11.5</td>
<td>20.4</td>
<td>15.3</td>
<td>50.9</td>
<td>23.1</td>
<td>31.0</td>
<td>63.1</td>
</tr>
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<td>SRB</td>
<td>11.7</td>
<td>27.2</td>
<td>52.4</td>
<td>74.0</td>
<td>96.5</td>
<td>171.0</td>
<td>107.0</td>
<td>127.0</td>
<td>155.0</td>
<td>201.0</td>
</tr>
</tbody>
</table>

As for Croatia, its trade relations experienced a slight increase after 2015 and 2016, especially in the case of exports to China. In addition to the traditional, higher value-added export sectors (mechanical engineering, electronics) and wood, exports of transport vehicles, especially cargo ships and other vessels, surged after 2016. Transport vehicles were previously exported to China in smaller quantities and value, but in 2016 this category accounted for one third of total exports to China. However, by 2017 exports of these items had fallen slightly compared to the previous year, while those of the wood and mechanical engineering products soared and took the lead again. As regards the country’s Chinese import, the composition has similar patterns all over the region, as it consists essentially of textiles, machinery, chemicals, electronics, and metals.

Chinese companies have also shown interest in Croatian ports and airports. In March 2020, a Chinese consortium submitted its bid to a Croatian tender for constructing a new deep sea terminal at Rijeka port.\(^{55}\)

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\(^{54}\) Harvard 2020

\(^{55}\) Pavlova, 2020
The Chinese Luxury Real Estate company, owner of the Port of Zadar, is likewise interested in investing in the renovation of the Unska railway.\textsuperscript{56} There is also Chinese interest in building a logistics centre at Osijek Airport.\textsuperscript{57} On the other hand, many Chinese companies have applied for (but have not won) the renovation of the Rijeka-Zagreb-Budapest railway line, as well as the railway section between Split and Zagreb. However, Chinese company Norinco International has already been building a 160-megawatt wind farm near Senj with a USD 160 million investment. Norinco had previously bought 76% of the Croatian Energy Project that developed a wind farm project at the end of 2017.

Table 3
WB7's inward stock by China (in million EUR)\textsuperscript{58}

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>0.3</td>
<td>5</td>
<td>4</td>
<td>-3</td>
<td>-5</td>
<td>-1</td>
<td>-2</td>
<td>4</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>BiH</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>CRO</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>KOS</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>MKD</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-3</td>
<td>10</td>
<td>37</td>
<td>-</td>
</tr>
<tr>
<td>MON</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>115</td>
<td>139</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SUM</td>
<td>0.3</td>
<td>5</td>
<td>12</td>
<td>12</td>
<td>8</td>
<td>21</td>
<td>114</td>
<td>160</td>
<td>45</td>
<td>16</td>
</tr>
</tbody>
</table>

\textsuperscript{56} Rail Cluster for South-East Europe, 2018
\textsuperscript{57} Total Croatia News, 2019
\textsuperscript{58} Hunyai 2012, 2015, 2018
Table 4
Chinese investments and contracts in the WB, China Global Investment Tracker (CGIT) (in million USD)\textsuperscript{59}

<table>
<thead>
<tr>
<th></th>
<th>2005-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>-</td>
</tr>
<tr>
<td>BiH</td>
<td>2500</td>
</tr>
<tr>
<td>CRO</td>
<td>690</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
</tr>
<tr>
<td>MKD</td>
<td>650</td>
</tr>
<tr>
<td>MON</td>
<td>1220</td>
</tr>
<tr>
<td>SRB</td>
<td>10300</td>
</tr>
</tbody>
</table>

Bosnia and Herzegovina is likewise exploring relations with China. This is evident in trade bilateral volume, which reached EUR 700 million, registering a 100% increase in 2019 compared to the previous year.\textsuperscript{60} BiH has also secured a EUR 600 million loan from Beijing to construct a coal-fired power plant in Tuzla.\textsuperscript{61} While BiH’s involvement in Chinese-funded projects remains small compared with Serbia, the loan caught the attention of the European Union. For Brussels, the Tuzla plant raises the question of BiH’s compliance with European energy policies, which is seen as a necessity on the road to integration.\textsuperscript{62}

Another worry has to do with BiH’s debt reliance on Beijing. As the 2019 Munich Security Conference report made it clear, the Western Balkans embracing China risks exposing the region to Beijing’s debt-trap diplomacy.\textsuperscript{63} While a formidable 39% of Montenegro’s external debt is owed to China, Bosnia and Herzegovina owes 14% of its external

\textsuperscript{59} CGIT 2020
\textsuperscript{60} N1 Sarajevo, 2019
\textsuperscript{61} Lakic, 2019
\textsuperscript{62} Energy Community, 2019
\textsuperscript{63} Dimitrov, 2019
debt to Beijing. The financial imbalance of many of the regional countries not only threatens the sustainability of the projects for which China lends its money, but it also undermines the Western Balkans’ ability to follow a foreign policy that deviates from Chinese political preferences. As many examples have already shown, the region is more than willing to acquiesce to China’s stance in important global matters. Most recently, Milorad Dodik, the Serb member of Bosnia and Herzegovina’s presidency with a keen interest to invite Chinese capital to the country, said in Sarajevo that Bosnia and Herzegovina supports China’s efforts to maintain peace and stability in Hong Kong.64

The country’s exports to China are growing at a rather modest pace year on year. Raw materials are dominant in the export basket (mainly wood products), while other low value-added industry products such as textiles are also among the most important export products to China. As regards the Chinese, Bosnia and Herzegovina experienced a more significant increase between 2012 and 2014 (Chinese exports to BiH has more than tripled between 2013 and 2014), followed by a decline, then moderate growth. Both the increase and the subsequent decline were driven by China’s mechanical engineering exports, in particular the export of steam boilers and turbines, which means that growth in this category was intense in 2014 compared to 2013, followed by a significant decrease in this category between 2014 and 2015.

Traditional types of investments such as greenfield investments or acquisitions do not characterize this relation, while infrastructural projects are on the rise. Such projects proposed within the 17+1 framework and the BRI initiative also point in the direction of the intensification of the relationship. In addition to the Tuzla plant, Chinese companies contribute to building and financing the coal-fired Stanari power plant. In the future, Serbia also counts on Chinese companies and money to realize the Banja Luka–Mliniste–Split highway, as well as the Banovici thermal power plant.65 In September 2018, China’s COSCO shipping lines inaugurated its first branch in Sarajevo, after having established similar operating branches in Croatia and Serbia.66

64 Xinhuanet, 2019
65 Lakic, 2018
66 Ibid.
Albania’s exports to China consist almost exclusively of minerals (chromium and zinc ores), which means that primary, low value-added products are predominant in the export basket. Exports have fallen relatively significantly after 2013 but have since experienced a more moderate growth. In fact, there was a significant increase between 2012 and 2013 due to an increased amount of chromium ore purchase from China, while after 2013 exports to China returned to the previous trend. Chinese goods exported to Albania are, as in the case of other WB countries, mainly textiles and machinery, electric machinery, metals, and stone.

As for Montenegro, its relationship with China is quite typical in the Western Balkans. With limited access to foreign capital for large-scale infrastructure and energy projects like railways and power plants, Podgorica followed its neighbours and seized upon China’s BRI initiative. As a member of the 17+1 framework, Montenegro took up a substantial loan of EUR 800 million from China Exim Bank in 2014 to begin construction work on the Bar-Boljare highway.\textsuperscript{67} This amount, however, only covers 85% of the first of the four construction phases. As the whole project is estimated to be around USD 2 billion,\textsuperscript{68} the other three phases are currently in limbo because Montenegro is unlikely to be able to take on more debt.\textsuperscript{69} Montenegro’s external debt skyrocketed after the loan – its public debt to GDP ratio reached 80% – with a record 39% of it owed to China. This raises the prospect of another case of debt-trap diplomacy, as it remains questionable whether the country will be able to pay back Beijing and see the completion of this megaproject.\textsuperscript{70} If Montenegro does not comply with the terms of the loan agreement and defaults on its payments, it may force the Montenegrin government into political or other concessions towards China, which would only exacerbate the country’s exposure to Beijing.

As regards trade relations, here again primary and low value-added products are predominant in the export basket: China purchases almost exclusively minerals (aluminium ore and lead ore) from Montenegro, with wine products being the third important export.

\textsuperscript{67} Barkin & Vasovic, 2018
\textsuperscript{68} Savic, 2019
\textsuperscript{69} Semanić, 2019
\textsuperscript{70} FT 2019
product (with less than 4 %). When it comes to Chinese exports to Montenegro, those are basically electrical transformers and various types of machinery products, as well as textiles, chemicals, and metals.

North Macedonia’s top export products to China are also low value-added products, such as ferroalloys (above 55 %), electrical capacitors, and marble. The country’s export to China experienced an intense recovery between 2014 and 2015: ferroalloys accounted for 80 to 90 percent of total export to China during those years, while this share later decreased to 55 percent. Exports are on the rise again since 2016, but this rise is rather modest. As for products coming from China, similarly to other countries, the main import products are electrical machinery and equipment (transmission apparatus, air conditioners, computers), as well as textiles, chemicals, and agricultural products such as peanuts.

In North Macedonia, Chinese companies are working on a number of highway construction projects, one of which has come under serious scrutiny as the government discussed a ‘commission’ for inflating the costs of the project. The incident also illustrates what is often called elite capture, the tendency of Chinese companies to pay exorbitant fees for the local elite to make sure a particular business goes through. Furthermore, the highway project has been criticized by the EU for lack of transparency, which is a typical point of contention when it comes Chinese-financed projects in the region. Nevertheless, North Macedonia, much like most of the Western Balkans, remains committed to drawing closer to the European Union. The agreement to settle the ‘name issue’ between North Macedonia and Greece has shown that Skopje still considers its future within the European Union. Until that settlement is reached, however, North Macedonia continues to expand its relations with China.

Military affairs

As noted in the introduction, China’s military ties in the region are limited to Serbia. To date, the rest of the Western Balkans have no meaningful military or law enforcement cooperation with China.

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Jirouš, 2019
Jichang 2018
Belgrade’s collaboration with Beijing in the military field consists of joint police patrols in a couple of Serbian cities, the purchase of Chinese drones, and the potential future installation of Chinese facial recognition technology – most likely to be provided by Huawei Technologies. The official explanation for joint police patrols is that Chinese officers are needed because of the influx of a growing number of Chinese tourists in Serbian cities. While this is a relevant factor in the case of Belgrade, Chinese police patrols also appeared in the town of Smederevo, which hosts the Železara Smederevo mill bought by the Chinese He Steel Group in 2016.73 This development fits into a larger tendency whereby China exports domestic security personnel and services to countries involved in the BRI, specifically to places where Chinese assets or investments are in need of protection.74 Also, Belgrade’s purchasing of Chinese drones is a milestone in Beijing’s efforts to penetrate the European market. It constitutes the first case in which a European country bought a Chinese-manufactured unmanned aircraft.75

Social and cultural relations

China is seeking closer ties with the Western Balkans in cultural cooperation. A museum in Sarajevo, opened in April 2019 and dedicated to the movie ‘The Bridge’, directed by famous filmmaker Hajrudin Siba Krvavac, proved to be particularly popular among Chinese tourists. The museum reported that during its test phase, it attracted 15,000 tourists, one third of whom came from China.76 Testifying to the popularity of the movie, China’s Huahua Media reached an agreement with Sarajevo Film Centre in May 2019 to remake two classic war films from the Balkans, including ‘The Bridge’.77 The film, which has been immensely popular among Chinese viewers, tells the story of partisans during World War II tasked with blowing up a bridge of strategic importance.78

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73 Seiwert, 2019
74 Legarda & Nouwens 2018
75 Yan, 2019
76 China.org, 2019
77 Davis, 2019
78 China.org, 2019
The WB countries also seek to increase the influx of Chinese tourists in the future. In 2018, Serbia hosted 90,000 tourists from China, an 80% increase over the previous year’s figure. Though both BiH and Serbia have a visa-exempt policy in place for Chinese visitors, they still lag behind Croatia’s 160,000 arrivals from China in 2017, which amounts to a 57% rise over 2016.\textsuperscript{79} The Albanian government is interested in expanding people-to-people exchanges by boosting Chinese tourism towards the country. Until July 2018, there was a 50% surge compared with the first half of 2017 in the number of Chinese nationals visiting the country.\textsuperscript{80} These tourists, around 8,600 people, came by taking advantage of the new visa regulations that the Albanian government adopted to boost foreign travel.

In general, China is also increasing efforts at cultural diplomacy, higher educational cooperation, and scientific collaboration. There are friendship associations across the WB region tasked with promoting closer ties below the official level. The Association of Bosnian-Chinese Friendship is a particularly active one, having sent a congratulatory letter to the Chinese government in February 2020 for its commendable stand against the Covid-19 outbreak.\textsuperscript{81} WB countries also host a number of Confucius Institutes and Confucius Classrooms, both of which are meant to teach prospective students the Chinese language as well as familiarize them with Chinese cultural values.

**Conclusion**

Overall, the discussion demonstrates that China’s relations with the Western Balkans are quite diverse, which is due in large part to the individual differences that are manifest amongst the countries of this region. Though the 17+1 framework is an attempt to institutionalize Beijing’s approach, it remains to be the case that Chinese foreign policy is geared towards a bilateral logic. With a focus on pragmatism rather than regional consistency, this allows China to tailor its ambitions according to the political opportunities and economic needs of each of the WB countries.

\textsuperscript{79} Balkan Insight, 2018  
\textsuperscript{80} Tirana Times, 2018  
\textsuperscript{81} Fena.news, 2020
Beijing's approach is also defined by its stance on the Western Balkans’ future membership in the European Union. As it has been confirmed in many cases, WB countries seek improved ties with China in a way that does not overtly contradict their commitments made in the hope of joining the EU in the future. Whether this balancing act will be successful is hard to determine at this point. The EU claims that China's growing influence in the Western Balkans does not bode well for the region's integration in the EU. Beijing, on the other hand, emphasises that it has no interest in worsening ties between the WB countries and Brussels, not least because the success of the BRI is dependent upon connectivity across distant regions in Europe. Thus, if the Western Balkans is seriously punished for its relations with China, the BRI may also suffer as a result. For Beijing, this means that its charm offensive in the Western Balkans can be counterproductive, especially if it provokes a backlash by the EU.

The WB countries will also have to think strategically, specifically about their potential exposure to China. Though their interest in improving relations with the Beijing government is primarily economic in nature, most of the high-profile investment projects are funded from Chinese loans. Repaying them will seriously burden many of the region’s fragile economies, not to mention the long-term dependency such a financial commitment will most likely generate towards Beijing. There is no telling whether China would take advantage of the resulting asymmetry. It is nonetheless obvious that the ingredients of a potential ‘debt trap’ situation are present in the Western Balkans.
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FT. (2019). Montenegro fears China-backed highway will put it on road to ruin. Financial Times April 10, 2019 Retrieved from https://www.ft.com/content/d3d56d20-5a8d-11e9-9dde-7aedca0a081a


The objective of this chapter is to give an overview of the security, economic, social and political presence of the United States, Germany, Russia, Turkey and China based on the previous chapters of this volume. The chapter will conduct this overview in a comparative manner and draw assumptions on the political influence of the examined external actors in the WB region. Therefore, the chapter will follow an anomalous sequence in the analyses of the above-mentioned questions.

Departing from the structure of the previous chapters, the last chapter will first review the different power dimensions underpinning political influence, namely, the security, the economic and the social domains. The aim of this inductive approach is to provide a well-grounded analyses of the political presence and influence of each foreign actor. Within this context it will highlight the strengths and the weaknesses of each foreign power and highlight their main policy tools. It will also examine crucial economic and security data reflecting their relationship with the region and underpinning their influence. Within the social domain, the comparison of public perceptions in WB countries towards the foreign actors is given special attention. Lastly, the final part will draw down political assumptions based on the findings of these different power domains. Assessing the political influence of the five foreign powers, it will draw special attention to certain non-material political factors which influence the efficiency of the material elements of power.
Security policy and military affairs

Concerning security policy and military affairs, as a legacy of the 1990s NATO military interventions, the subsequent EU and NATO peacekeeping operations and NATO enlargements, Western powers are dominant in the security architecture of the region. Out of the seven countries examined, Croatia, Albania, Montenegro and North Macedonia are now allies of the United States, Germany and Turkey in NATO, even though the latter two WB countries just recently joined the Western alliance. In the case of BiH and Kosovo, EU and NATO troops are still present in the framework of peacekeeping operations, which are seen as the prime guarantors of the stability and integrity of these states. Therefore, their statehood is still ultimately dependent on the presence and support of Western powers, including the United States and Germany. Even Serbia has improved its relations with NATO and participates is cooperating with the Western Alliance in the Partnership for Peace program. In this context, considering the security policy orientation, membership in NATO, military to military cooperation and arms trade of the WB states examined, the United States is the most important external partner for most of the WB countries except for Serbia, with Germany lagging not far behind.

The great power status, permanent membership in the UN Security Council and special security policy relationship with Serbia positions Russia to remain a relevant actor in the security domain. Given that Serbia is the largest country and has the most capable military forces in the Western Balkans, Russia’s special relationship with Belgrade gives Moscow relevance in the security domain of the region. Moscow has additional potential to increase its influence concerning the security situation in the region given its support its support to the Republika Srpska of Bosnia Hercegovina. With its support to far-right non-state actors and covert operations, Russia is also able to effectively influence the domestic politics of certain countries with implications on political stability. However, Russia’s ability to have a formidable impact on the regional security architecture is limited. There is no formal alliance with any of the countries in the region, not even with Serbia, and only a very limited number of Russian troops are stationed there, without any permanent military base in the country. Overall, Russia’s role in
the traditional security and defence domain allows Moscow to be a potential “spoiler”, to destabilise and raise the costs for Western powers in maintaining their security position in the region.

Arms trade between the examined foreign actors and the WB countries reflect the security policy orientation of the countries in the region. However, after the Yugoslav wars of the 1990’s, the countries in the region did not have significant resources to buy major new conventional weapons¹ for a long time. Most of the regional countries have very small armies, while both Serbia and Croatia stand out in terms of the military’s size and capability. Kosovo only began to establish a national defence force in December 2018. Only recently, in the past five years has there been an uptick in defence procurement in the WB. According to SIPRI database on exports of major conventional weapons, among the foreign actors examined, the USA, Germany and Russia supplied such weapons to certain countries in the region between 2014-2019. Based on this SIPRI database and the UN Comtrade database, for WB NATO members – Albania, Croatia, North Macedonia, and Montenegro – and for Bosnia Hercegovina as well as for Kosovo, the United States and Germany are the most important source of military arms, especially considering heavy military equipment and major weapons systems. For Serbia, Russia remains the most important partner for military equipment, however, Moscow is barely present in the defence market of the other countries examined. While Turkey is now already an important supplier of arms for the WB, China has just begun to enter this sector in the region.

While Western powers have a dominant role in the traditional security and defence sphere, when it comes to security in a broader sense, China, Russia and Turkey also have strengths and significant tools at their disposal. As a major energy exporter – primarily natural gas – Russia is an important actor in the energy security of the region. China is well positioned to be a decisive actor in new technologies and infrastructure with national security relevance, like 5G networks. Turkey is in a special position to influence the developments in some of the main transnational security challenges of the region, including (illegal) migration and to combating Islamist radicalisation. This gives Turkey a special leverage concerning the internal security of the countries in the region.

¹ Major conventional weapons definition based on SIPRI terminology (Paul et al 2012).
### Table 1
Arms export of major conventional weapons based on SIPRI TIV (Trend Indicator Value) to the WB countries, cumulated value 2014-2019

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>GER</th>
<th>RUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>19</td>
<td>7</td>
<td>-</td>
</tr>
<tr>
<td>CRO</td>
<td>46</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>MON</td>
<td>15</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SRB</td>
<td>-</td>
<td>19</td>
<td>158</td>
</tr>
<tr>
<td><strong>Total export</strong></td>
<td><strong>80</strong></td>
<td><strong>48</strong></td>
<td><strong>158</strong></td>
</tr>
</tbody>
</table>

### Table 2
Arms exports of military weapons excluding major conventional weapons systems to the WB countries, cumulated value 2014-2019 (in million USD)

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>GER</th>
<th>RUS</th>
<th>TUR</th>
<th>CHN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>2,079,972</td>
<td>1,325,011</td>
<td>0</td>
<td>425,968</td>
<td>1,075</td>
</tr>
<tr>
<td>BiH</td>
<td>971,417</td>
<td>2,099,348</td>
<td>0</td>
<td>1466.69</td>
<td>0</td>
</tr>
<tr>
<td>CRO</td>
<td>2,120,324</td>
<td>2674.331</td>
<td>222</td>
<td>1,126.863</td>
<td>269.596</td>
</tr>
<tr>
<td>KOS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>MKD</td>
<td>2163.81</td>
<td>412.028</td>
<td>0</td>
<td>514.125</td>
<td>0</td>
</tr>
<tr>
<td>MON</td>
<td>82.821</td>
<td>115.546</td>
<td>0</td>
<td>524.613</td>
<td>0</td>
</tr>
<tr>
<td>SRB</td>
<td>2,612.951</td>
<td>3,295.261</td>
<td>1827.141</td>
<td>2,864.153</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total export</strong></td>
<td><strong>10,031.295</strong></td>
<td><strong>9,921.525</strong></td>
<td><strong>2,049.141</strong></td>
<td><strong>6,922.412</strong></td>
<td><strong>270.671</strong></td>
</tr>
</tbody>
</table>

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2 SIPRI 2020, No data available for Russia and China
3 Comtrade 2020
The types of security challenges of the region also have to be taken into consideration when the regional positions of the foreign actors are evaluated. The primary security threats to the WB are the vulnerable internal political stability of the countries, political tensions packaged into ethno-politics, and the economic and social costs of illegal migration and the pandemic. In case there is a political and security breakdown in the WB, it would likely have a much greater negative impact on the German security and political interests than on Russia, China or even Turkey. Although the United States would be mostly spared from the security implications, having invested in the current regional political and security framework, a major crisis would be more harmful to US interests than to Russia or China. Hence, while Western powers have greater influence to determine the security architecture of the WB, they are at the same time also more vulnerable to the regional security risks.

**Economic dimension**

In the economic domain, Germany is by far the most important partner for the WB region. Germany is the most significant destination for exports as well as the largest source of imports among the examined countries. This includes Serbia, which is politically least connected to the West, traditionally has strong ties to Russia and is building a special relationship with China. Examining a ten-year period between 2008-2017, With almost EUR 47 billion worth of goods and services, Germany imported more from the region than all the other four external actors combined. It is also by far the largest source of imports for WB countries, exporting EUR 77 billion for the same ten-year period, while second place Russia in this regard exported only EUR 46 billion. Germany also far exceeds the other actors in terms of total FDI into the region having more German FDI stock for the 2008-2017 period in the WB than all the other powers combined.

Examining the WB countries individually, Germany is the most important trading partner for both exports and imports for all WB countries except for Albania, where it comes in third after China and Turkey considering its imports and second after China with regards to its exports. Germany is also the most important economic partner for Serbia in terms of exports, imports and FDI, surpassing even Russia, which comes
in second place in all three indicators. However, Russia surpasses Germany in FDI in two countries, Bosnia Hercegovina and Montenegro. However, except for Serbia, Russia is not a significant export destination for WB countries, and much of Russian exports to the region entail energy commodities.

Table 3  
Exports of WB countries to foreign powers, 2008-2017 (in million USD)\(^4\)

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>GER</th>
<th>RUS</th>
<th>TUR</th>
<th>CHN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>508.0</td>
<td>758.5</td>
<td>121.1</td>
<td>614.3</td>
<td>1,400.5</td>
</tr>
<tr>
<td>BiH</td>
<td>551.3</td>
<td>6,140.0</td>
<td>561.8</td>
<td>1,391.1</td>
<td>288.4</td>
</tr>
<tr>
<td>CRO</td>
<td>4,326.0</td>
<td>13,360.0</td>
<td>2,759.0</td>
<td>1,655.3</td>
<td>948.9</td>
</tr>
<tr>
<td>MKD</td>
<td>1,186.7</td>
<td>12,611.0</td>
<td>713.1</td>
<td>719.5</td>
<td>850.1</td>
</tr>
<tr>
<td>MON</td>
<td>38.5</td>
<td>210.8</td>
<td>44.0</td>
<td>114.6</td>
<td>220.9</td>
</tr>
<tr>
<td>SRB</td>
<td>2,201.9</td>
<td>13,937.0</td>
<td>7,851.0</td>
<td>2,063.0</td>
<td>1,022.8</td>
</tr>
<tr>
<td>WB6 total export</td>
<td>8,812</td>
<td>47,017</td>
<td>12,050</td>
<td>6,558</td>
<td>4,732</td>
</tr>
</tbody>
</table>

Table 4  
Import of WB countries from foreign powers, 2008-2017 (in million USD)\(^5\)

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>GER</th>
<th>RUS</th>
<th>TUR</th>
<th>CHN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>504.2</td>
<td>2,503.0</td>
<td>1,087.8</td>
<td>2,918.0</td>
<td>3,489.0</td>
</tr>
<tr>
<td>BiH</td>
<td>287.5</td>
<td>9,722.0</td>
<td>6,761.0</td>
<td>3,099.0</td>
<td>812.2</td>
</tr>
<tr>
<td>CRO</td>
<td>3,523.0</td>
<td>31,820.0</td>
<td>14,899.0</td>
<td>2,778.0</td>
<td>12,676.0</td>
</tr>
<tr>
<td>MKD</td>
<td>361.1</td>
<td>8,071.0</td>
<td>2,632.9</td>
<td>3,120.0</td>
<td>754.7</td>
</tr>
<tr>
<td>MON</td>
<td>211.4</td>
<td>1,156.1</td>
<td>387.8</td>
<td>372.9</td>
<td>1,087.9</td>
</tr>
<tr>
<td>SRB</td>
<td>1,482.0</td>
<td>23,660.0</td>
<td>20,360.0</td>
<td>7,241.0</td>
<td>5,975.0</td>
</tr>
<tr>
<td>WB6 total import</td>
<td>6,369.2</td>
<td>76,932.1</td>
<td>46,128.5</td>
<td>19,528.9</td>
<td>24,794.8</td>
</tr>
</tbody>
</table>

\(^4\) Harvard 2020  
\(^5\) Harvard 2020
Table 5
FDI to WB countries, total 2008–2017 (in million USD)$^6$

<table>
<thead>
<tr>
<th></th>
<th>USA</th>
<th>GER</th>
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<th>TUR</th>
<th>CHN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALB</td>
<td>529</td>
<td>1023.6</td>
<td>0</td>
<td>3353</td>
<td>16.3</td>
</tr>
<tr>
<td>BiH</td>
<td>351.7</td>
<td>2693.7</td>
<td>3999</td>
<td>1238</td>
<td>3</td>
</tr>
<tr>
<td>CRO</td>
<td>2279</td>
<td>26435.5</td>
<td>1868</td>
<td>1108.1</td>
<td>13</td>
</tr>
<tr>
<td>KOS</td>
<td>411</td>
<td>1434.5</td>
<td>334</td>
<td>1856</td>
<td>0</td>
</tr>
<tr>
<td>MKD</td>
<td>503.8</td>
<td>1073.7</td>
<td>120</td>
<td>1215</td>
<td>48</td>
</tr>
<tr>
<td>MON</td>
<td>471.3</td>
<td>809</td>
<td>4399</td>
<td>106</td>
<td>14</td>
</tr>
<tr>
<td>SRB</td>
<td>1499.8</td>
<td>10094.3</td>
<td>5640</td>
<td>0</td>
<td>299</td>
</tr>
<tr>
<td>Total FDI</td>
<td>6045.6</td>
<td>43564.3</td>
<td>16360</td>
<td>8876.1</td>
<td>393.3</td>
</tr>
</tbody>
</table>

While the United States has far weaker economic influence than Germany, it is still an important player compared to the other great powers. However, more than a third of US investments, half of its imports and half of its exports are connected to just one country, Croatia. This places the US second place out of the five great powers for investments and export market for Croatia, while in other WB countries, it has weaker positions. When it comes to competition of the US with China in the region, the picture is mixed. Despite China’s growing economic clout and the attention it receives, the US can still compete with Beijing in certain economic domains in the WB. In terms of FDI, the US by far outstrips China with its EUR 6 billion worth of investments in the whole region compared to just EUR 0.4 billion for China. Alongside Croatia, the US is also a more important export

$^6$ Hunya 2012, Hunya 2015, Hunya 2018
market for Bosnia Hercegovina and North Macedonia. However, China is much more active in providing loans for major transportation and energy infrastructure projects in the region.

Not surprisingly, China has a clear lead over the US as well as Turkey in terms of trade exports to the region, with nearly EUR 25 billion worth of goods during the 2008-2017 period compared to just EUR 6.3 billion exports by the US and EUR 19.5 billion imports from Turkey. In the case of Albania, China even surpasses Germany as the most important trading partner, both for imports and for exports. As is the case with China in terms of its trade relations, Beijing exports far more to the region than it imports, with the latter figure not even reaching EUR 5 billion for the examined period. However, Beijing lags far behind the other examined foreign actors when it comes to FDI in the Western Balkans. Turkey has especially strong economic relations with Albania, North Macedonia and Kosovo. It is the most important source of FDI for all three countries, and the volume of its exports come in second after China in Albania and second after Germany in North Macedonia.

Energy politics

Concerning the energy politics, Russia is in a favourable position to remain a key player and a more important partner for the region than the other foreign powers. As a supplier of the overwhelming proportion of gas consumption in Serbia, BiH and North Macedonia, it is a decisive player in the gas market of the WB. Russia’s gas infrastructure investment projects, especially TurkStream, as well as its acquisitions in the regional energy sector, will likely secure its position as a decisive player in the years to come. However, Moscow’s influence is constrained by various factors and other foreign actors.

The development of alternative gas pipelines (Trans-Adria Pipeline), interconnectors and other sources of gas imports (LNG) have picked up pace in recent years. Furthermore, new gas discoveries in the Eastern Mediterranean might significantly alter the energy landscape in terms of natural gas imports of the region in the long run. With regards to these projects, Turkey, Germany – especially as member of the EU - and the US are all actively influencing the future energy map of the region, though neither of them are decisive by themselves. At the same time, from the
perspective of the WB, the diversification and alternatives in terms of energy routes and sources are decreasing the region’s reliance on Russia. Furthermore, the energy structure of WB countries – low level of natural gas in the energy mix – further limit the ability of Russia to use its gas export as a strategic tool in the region. Heavy dependence on solid fossil fuels in the energy mix provides China opportunities to expand its influence in the energy domain by providing loans and undertaking investments in the sector.

Social and cultural dimension

The Western Balkans has been historically the crossroads of cultural and social influence of Western European Christian, Eastern Orthodox and Turkish-Islamic civilizations. This legacy lives on today and the foreign actors examined build on the historic legacy and present opportunities of cultural and social interactions. In this context, due to their geographical location and the active societal interactions with the region, Germany, Russia and Turkey play a special role in the WB, while the United States and China has a more indirect and different kind of cultural presence.

As elsewhere in post-Cold War Europe, Western culture had a significant impact on societies in the region. From the perspective of WB societies, support of the Western model and integration into the West was associated with modernization, welfare, personal liberties and democracy. Recognizing this connection, the United States and Germany continues to promote Western ideas and values through the support of civil society and organizations in the region. However, support for some Western values in local societies does not necessarily translate into political influence. This is especially the case with the United States, which has a weak reputation in many of the WB countries in comparison to the other foreign actors examined, with the exception of Kosovo and Albania.

At the same time, support for EU integration remains strong throughout the region, even in Serbia. Since EU integration is a core objective of German foreign policy and it is also supported by the United States, and it reflects a willingness to align with some core Western political principles, the level of support for EU membership is an indicator of Western orientation of the countries in the region. It is also
one of the most important foreign policy tools for Germany to advance its interests in the region. Survey indicate that there is continued strong public support for EU membership in most WB countries.

On the other hand, Turkey and Russia are in a position to use identity politics successfully based on their cultural and religious connections to certain nations and communities in the WB. The current Turkish political leadership uses Islam and the Ottoman heritage to strengthen its clout in the Muslim communities in the region, which gives Turkey special influence in Bosnia, Albania, Kosovo and North Macedonia. Russia pursues a similar strategy based on pan-Slavic and Eastern orthodoxy identity towards primarily Serbs and other Orthodox communities, giving Russia strong tool to Serbia, Republika Srpska, Montenegro and North Macedonia. Russia and Turkey also increasingly use modern tools of identity politics and strategic communications – social media, alternative news channels, entertainment industry – to advance their own political narratives on contemporary political issues as well as influencing the long-term cultural characteristics of local populations. While China is heavily investing in strengthening its cultural presence through institutes and education, economic tools are the most decisive instruments in the hands of Beijing concerning projecting Chinese power in the region.

Favourability of Foreign Powers in Serbia, 2018
Comparative study

Favourability of Foreign Powers in Montenegro, 2018

Favourability of Foreign Powers in Bosnia Hercegovina, 2018
Favourability of Foreign Powers in North Macedonia, 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Favourable</th>
<th>Unfavourable</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>EU</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>32</td>
<td>33</td>
</tr>
<tr>
<td>Turkey</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>

Support for EU integration in the WB countries (%), 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Support for EU Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>87</td>
</tr>
<tr>
<td>BiH</td>
<td>56</td>
</tr>
<tr>
<td>Kosovo</td>
<td>75</td>
</tr>
<tr>
<td>Montenegro</td>
<td>54</td>
</tr>
<tr>
<td>North Macedonia</td>
<td>57</td>
</tr>
<tr>
<td>Serbia</td>
<td>26</td>
</tr>
</tbody>
</table>

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7 Balkan Barometer 2020
Comparative study

The figures highlighted above concerning favourability of foreign actors indicate that support for European integration does not translate to political or geopolitical alignment. WB societies want to enjoy the economic benefits of European integration and associate themselves with some principles promoted by Western institutions such as anti-corruption and rule of law. This is underscored by polls about what WB societies associate EU membership with. From this perspective, EU integration is primarily associated with economic prosperity, freedom to travel and freedom to study.\(^8\) However, this does not mean WB societies are automatically willing to adjust to Western geopolitical objectives or political preferences impacting their domestic politics. Nor do they prefer to give up their cultural identity or national sovereignty. Furthermore, societies also want to exploit the opportunities of economic relations and investments with China, Russia and Turkey. Striving for European integration, building economic partnership with emerging powers and maintaining historic cultural relations with non-Western powers are seen as complementary objectives.

Political dimension

Despite NATO and EU expansion into parts of the Western Balkans in the past two decades, the region continues to be a contested one among foreign powers. The political, economic and security characteristics and dependencies indicate that there is no single external dominant power shaping the geopolitical present and future of the region. The studies in this volume reinforce the conclusions of many previous analyses about the external actors active in the region. From an economic perspective, German presence in the region supersedes the others. Germany’s political and economic position is strong in its own right, however, it is further exemplified by its leading role in the European Union. If combined with the economic presence of the United States, one can argue that Western powers have a dominant role in the shaping the external economic relations of the region. The United States, through its role in NATO and its military presence also plays a decisive role in the security and defence realm.

\(^8\) Balkan Barometer 2019
At the same time, economic data as well as developments in the political and security domain indicate the ascent of non-Western influence in the region. While the overall influence of non-Western powers and Turkey have increased in the Western Balkans, the validity of the argument needs a nuanced interpretation. As the expansion of NATO to Albania, Montenegro and North Macedonia has demonstrated, Western powers are in a unique position to influence the political and security architecture of the region. Further, Western influence is more decisive in certain countries than in others. For Croatia, its embeddedness in Euro-Atlantic structures and its traditional Western orientation is still strong. In the case of Bosnia Herzegovina, Albania and Kosovo, their recent history and reliance on Western political and security support make them extremely dependent on the US and Germany. Following historical patterns, Serbia is the most open for Russian and Chinese influence, and despite their recent integration into NATO, Montenegrin and North Macedonian politics seem to be still vulnerable to especially Russian interference.

There also needs to be a distinction made between the track record of Russia, China and Turkey. As for Ankara, it has managed to increase its economic and political presence in the region even in countries which Turkey had limited presence before or had outright problematic relationship with, such as Croatia or Serbia. Turkey has not only engaged the region in bilateral formats but has become proactive in shaping the region’s multilateral political framework through its own initiatives. Turkey’s influence is further strengthened by its strong cultural and social ties to countries with large Muslim populations – Albania, Bosnia, Kosovo, North Macedonia – in the region, which Ankara successfully uses for its political objectives. However, as a relatively weaker regional power compared to the other four foreign powers, its resources and opportunities to influence the region’s political, security and economic development is limited.

Russia’s political power is backed up by stronger trade relationships with the region, however, much of that is concentrated in energy exports, and the overall economic interaction with the WB has been stagnating. Furthermore, a significant proportion of Russian engagement is concentrated to only one country, Serbia. At the same time, while Russian soft power is especially strong in Serbia, Montenegro and parts of Bosnian and North Macedonian society, this doesn't mean that Russia
Comparative study

is viewed as an alternative model to the EU. Moscow’s failure to hamper NATO expansion and gradual EU enlargement process is a strong indicator of Russia’s limits in the region.

China’s ascent as a great power in the region is the most significant development. While ten years ago it lagged far behind the other external actors powers in all power domains, by 2020 it has become a major power in the region. This influence largely relies upon its dynamically increasing economic presence, primarily loans for strategic infrastructure development, but also on increasing source of imports, with the significance of the latter underpinned by medical equipment delivered by China during the COVID pandemic. Furthermore, the expectations with regards to the continued expansion of Chinese global power in the long run further increase Beijing’s economic clout.

While the ascent of non-Western powers is unquestionable, their increased political influence is not explained by the material aspects of external dependencies. One of the main reasons of the general perception of waning Western political influence and increasing leverage of non-Western powers in the Western Balkans lies elsewhere.

To examine this question, one needs to refer to the different sources of political influence. Material elements of power – economic, military, aid – are obviously vital components of political influence. However, influence is also derived from political power in a narrower sense, through policies, strategies, attractiveness and any state action which could be a source of “soft power”. This aspect is supported by the material resources, but it also transcends them. They involve statecraft, political communication, intelligence, active measures and other “soft tools”. In all these areas, Western powers have significant deficiencies while the non-Western powers have excelled in exploiting these.

With regards to material elements of power, China and Russia excel in how to use their material resources strategically and with the most political impact. They concentrate their economic engagement in strategic sectors or highly visible, politically sensitive investments, such as major infrastructure projects. Such economic transactions are extremely useful tools for “elite capture” strategies and to attract public support. This provides Russia and China more leverage than the complete size of their economic presence would suggest. Concerning Russia, it is able to use its energy exports and in relation to Serbia, arms sales for
such purposes. The strategically used economic instruments of Russia and China are able to position them as reliable partners in comparison to Western powers.

There are additional political aspects which need to be highlighted in this context of evaluating Western influence in the Western Balkans. From the post-Cold War period, Western powers were the most influential external stakeholders in the region, decisively shaping the political and security landscape of the Western Balkans. Therefore, they have also more responsibility for the political and economic illness of the region than other external powers. In this respect, continued failure to deliver on the promise on European integration and to resolve ethnically driven political tensions has undermined the credibility of the West. Furthermore, as external stakeholders who are interested in the stability, regional order and long-term Western orientation of the region, Western actors at times pressured local countries to compromise on political issues or accept decisions which didn't have a majority public support. Such was the case with the Prespa Agreement in North Macedonia. Further, Western powers at times were biased towards certain political parties based on their geopolitical orientation or other political considerations, and not necessarily normative principles.

In this context, since corruption is systemic throughout the political systems in the region, the Western powers also usually ended up supporting parties with a dubious track record in terms of corruption and respect for rule of law. Hence, biased political support was perceived to be driven by self-interest and not based on normative principles by large segments of the WB publics. In addition, there were also examples of Western companies involved in controversial public procurement programs, which placed Western demands on anti-corruption and rule of law into a different perspective. Hence, Western powers where not exempt from certain activities and policies which undermined their soft power in the region.

The United States and Germany have a responsibility in forming viable and successful EU and NATO strategy in the region. Such a strategy has to recognize that Russia, Turkey and increasingly China will be present in the region as a competitor in many areas. While Western powers need to be prepared to counter those activities of
these emerging powers which could destabilize countries or create extreme dependencies in strategic areas, they also need to offer proper incentives for regional stakeholders. Germany and the United States have a special responsibility to coordinate transatlantic strategy along these lines described above.

Western powers also need to find a fine balance in avoiding intervention into domestic politics while maintaining support for the strengthening of rule of law, human rights and social stability in the region. In this context, keeping the EU enlargement process on a calculable path remains a vital tool. This also includes a realistic assessment of the political systems and stakeholders of countries in the WB, meaning corruption and anti-democratic practices are systemic challenges and not only features of anti-Western forces.

Concerning Russian influence, the US and Germany needs to give special focus to provide incentives for countries in the WB to decrease their energy dependence on Russia. With respect to Turkey, Western powers need to create a strategy which would not allow Ankara to gain significantly more leverage over the West in the WB especially through its political and socio-cultural presence. Turkey already has extremely powerful tools at its disposal to influence developments in the Western Balkans through its policies connected to illegal migration, conflicts in the MENA region and the Eastern Mediterranean. When it comes to China, on the one hand, Western powers need to continue to engage the region with attractive incentives. In some areas, it could look for creating synergies with Chinese investments. Sole political pressure on governments to decline Chinese economic engagement will likely not deliver favourable results for long-term Western interests.
References


