THE WESTERN BALKANS: RUSSIA’S WAR ON UKRAINE AND THE REGION’S ENDURING CHALLENGES

Preliminary Draft Report
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018 ESCTD 22 E – Original: English – 28 March 2022
The countries of the Western Balkans have made progress in economic and political transition. Two of the region’s countries are now members of the EU and four have acceded to NATO. But the region’s transition is incomplete and there are signs of backsliding which have alarmed NATO allies. Enlargement fatigue in the EU had previously dimmed the prospects for rapid integration of the region into the Union and reduced incentives in the region for making tough reforms and dealing with outstanding societal tensions in several countries. But the failure to move forward empowered those who wanted to take the region along pathways that were less conducive to stability, democratic transition and good governance.

Not coincidentally, Russian and Chinese influence in the region grew. This, in turn, became a source of mounting concern both in Europe and the United States and a shift in approach has been emerging over the past two years to refocus attention on the region. This has led to a new resolve to help the region address a range of pressing issues that account for ongoing instability and political tensions. But some of these fractures – ethnic, national, sectarian and political – are deeply rooted and exploited by political forces that do not share the integrationist and democratic agenda.

Russia’s war in Ukraine adds a further source of concern. Russia has long seen the region as a point of vulnerability for the West and has undertaken to exploit the region’s fragilities for its own advantage. How the countries of the region view Russia reflects some of the deepest fissures in the region. It is an important energy supplier to the Western Balkans and has never hesitated to exploit this for political and diplomatic gain. Now, enormous uncertainty clouds Russia’s future role in the region as a result of its brutal war on Ukraine and its people and because of powerful international sanctions against it. This could be a clarifying moment for the Western Balkans, but it is also a time of enormous risk and renewed tension.
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INTRODUCTION

1. The countries of the Western Balkans have made progress in economic and political transition. That two of the countries that had once been part of the Federal People's Republic of Yugoslavia are now members of the European Union and four plus Albania are now members of NATO has helped stabilise the region and clarified that the future for much of the region lies in the transatlantic community of nations. But the degree of progress has varied considerably by country and there remain worrying fractures in the region that have slowed this process of transformation and integration and, in some cases, even set it back.

2. The problem is also a transatlantic one. To some extent, members of the EU and NATO may have taken this region’s transition for granted and lost focus on it over the past decade while remaining formally engaged. Enlargement fatigue in the EU dimmed the prospects for rapid integration and reduced incentives in the region for making tough reforms and dealing with outstanding societal tensions in several countries. The failure to move forward empowered those who wanted to take the region along pathways that were less conducive to stability, democratic transition and good governance. Russian and Chinese influence in the region grew. This, in turn, became a source of mounting concern both in Europe and the United States and a shift in approach has been emerging over the past two years to refocus attention on the region.

3. Russia’s vicious and unprovoked war on Ukraine may now be a clarifying moment for the Western Balkans. Insofar as Russia once held out a different pathway for some players in the region, that pathway now looks more like a dead end. It offers a vision of the future that is nihilistic, bankrupt and violent. How the region responds will reveal much about where it is headed. For its part, the trans-Atlantic community of nations will have to open the door to full integration for those countries prepared to assume the responsibility for undertaking the changes that will ultimately lay the foundations for peace, security, democracy and prosperity.

I- THE REGIONAL ECONOMY AND THE IMPACT OF THE COVID PANDEMIC

4. The COVID-19 pandemic stuck the Western Balkans just as the region’s economic growth had begun to accelerate. The region had grown at roughly 2.5% per year for most of the decade following 2010, but in 2018, the rate jumped to 3.8% and was projected to rise to 3.7% for the two following years (World Bank, 2021). Instead, in 2020 regional growth contracted by 3.1% because of the COVID-19 pandemic. In fact, the positive economic performance of the Western Balkans between 2010 and 2019 belied a set of structural weaknesses that have long impeded the region’s development. Political tensions inside these societies, diplomatic tensions among them, and role played by Russia, a malign outsider seeking to stir up trouble in this fragile region, all remain a critical barrier to long-term stabilisation and continue to undermine the region’s economic potential. The pandemic, costly and environmentally problematic Chinese investments and now Russia’s war on Ukraine have both exposed and deepened these vulnerabilities.

5. A substantial deterioration in domestic and foreign demand for goods and services has contributed to the region’s economic challenges. The sudden fall in demand linked to lockdowns across the globe caused serious cash-flow problems in many Western Balkan countries. The region, moreover, was hardly immune to the global crisis in supply chains. Goods and input shortages had an outsized impact on the regions very important small and medium-sized Enterprises (SME). SMEs account for 73% of private sector employment in the Western Balkans (OECD report, n.d.). But there is a significant share of the region’s economy that is not captured in official numbers. Between 2016...
and 2020, hidden employment in the region rose in most Western Balkans economies. Serbia is the only country in which the hidden employment declined, while as many as 80% of workers in Kosovo operate in the grey and black economies. These workers have significantly less access to normal health services and are thus more vulnerable in a public health crisis. In Kosovo, an estimated 60% of workers were not provided with health insurance through their job. It is worth noting that one of the criteria for accession to the EU would require the region to dramatically lower the size of the informal sector (EBW, 2020).

6. Fiscal policy support in most OECD countries has been critical to helping the private sector weather the COVID-19 shock. A key challenge for the Western Balkans, however, has been the lack of fiscal space enjoyed by national governments. This has impeded state capacity to provide substantial fiscal support to economies struck by this public health shock (OECD report, n.d.). Montenegro has the highest level of debt in the region at roughly 72% of GNP while Kosovo has the lowest at around 17%. The crisis has also dealt a blow to foreign exchange reserves. Remittance payments by workers living in Western Europe have long been a key source of foreign exchange earnings in the region, but lockdowns and impaired European economic growth have undercut this important revenue source. This, in turn, has impeded consumer demand which is an essential component of GDP. The pandemic has also impeded productivity growth particularly in Montenegro, Albania, Kosovo, and Serbia (Djurovic, 2020). Trade deficits are typically financed by a combination of remittances and foreign direct investments, but both have fallen substantially during the crisis. On the positive side, the region’s financial systems were made more resilient due to financial reforms undertaken after the 2008 financial crisis. Banking systems now enjoy a degree of capital and liquidity buffers that have helped finance external imbalances and underwrite investment. Unfortunately, those financial systems will be challenged by the economic consequences of Russia’s war in nearby Ukraine and the disruptive mass migration it has triggered.

7. The pandemic may also have exacerbated the perennial problem of corruption in the Western Balkans. The European Commission has explicitly linked this pervasive challenge to a degree of democratic backsliding in the region (European Commission, 2019). Parliamentary lockdowns and weakened journalistic scrutiny have contributed to the problem. Systemic corruption has long posed a primary challenge to the region’s fledgling democracies and has prevented the countries of the region from achieving their economic potential. It is also acted a driver of conflict insofar as some elites have stoked ethnic and sectarian divisions both to maintain their grip on power and distract attention from insider self-dealing. Corruption effectively poses a costly tax on the region’s societies, undermines public investment and raises risk premia while discouraging both domestic and foreign investment. It also undermines faith in public institutions and in democratic government, particularly as it suggests that participation in the democratic life is less impactful than insider self-dealing in determining policy outcomes. The rule of law and functioning legal and democratic norms are critical to democratic governance, particularly when a country has been struck by economic shock. For example, the introduction of a state of emergency in Serbia was understood more as a subversion of democratic governance and basic freedoms then an as an effective vehicle for managing the crisis (Cavdarevic, 2020).

8. Unemployment remains a critical long-term economic, social and political challenge in the Western Balkans. It has triggered an exodus of workers to Europe which, while generating a degree of foreign exchange earnings through remittances, also constitutes an important brain drain which undermines the region’s economic potential, particularly if the best-educated and highly skilled elements of this workforce never return home. In 2019, the region’s youth unemployment rate stood at roughly 32% (World Bank, 2020). Today, that figure stands at 37%.

9. The pandemic has had an outsized impact on the tourism industry. Tourism accounts for 15% of the region’s GDP and in 2019 generated more than 550,000 jobs (RCC Int, 2020). That sector constitutes approximately a third of GDP in Montenegro and a quarter in Albania. The tourist sector,
however, slumped by half in 2020 and is not expected to achieve 2019's record levels until 2026 at the earliest (European Committee of the Regions, 2021). Montenegro's per capita GDP is estimated to have contracted by around 15% in 2020, while less tourism-dependent economies like Serbia were more insulated from this sectoral decline: its per capital income surprisingly fell by only 1% in 2020 (Council of Europe Development Bank, 2021). Montenegro's tourist sector was just emerging from the COVID recession when Russia attacked Ukraine. The conflict could have an extraordinarily negative impact on this tourist-dependent economy. Russian and Ukrainian tourists typically account for between 20 and 30% of foreign tourists in that country and are also a critical component of Albania's tourist trade (BiEPAG, 2022). On the other hand, migrants from both Russia and Ukraine are now flowing to Montenegro due to war and sanctions. It is too early to foresee what economic impact this will have. Indeed, the entire region is now preparing for a significant influx of Ukrainian refugees and Russians fleeing from an ever more authoritarian government (Balkan Insight, 2022).

10. Women in the Western Balkans have some of the lowest labour market participation rates in Europe. In 2017 roughly two-thirds of working-age women in the region were either inactive or unemployed. The problem is particularly acute for those women with lower levels of education. But other factors contribute to the problem including inadequate childcare and family leave policies, tax disincentives and early retirement policies. Addressing the problem will require: improved access for women to higher education in contravention to existing cultural attitudes; promoting return migration by improving the economic policy climate; developing affordable childcare options; improving family leave; introducing progressive labour taxation; and reviewing social assistance and pension frameworks to raise incentives for women to work (Atoyan and Rahmen, 2017). This gender disparity has posed a serious cost on the region and undermines its economic and democratic progress. The IMF suggests that improving educational opportunity, introducing family leave policies and encouraging female participation in the labour market are all essential. Unfortunately, the pandemic has only worsened the situation. While the gender employment gap was in fact narrowing in 2019, the female participation rate in the job market fell during the pandemic.

11. Pervasive black and grey markets remain a serious problem in the Western Balkans. This has meant that a significant share of the region's work force does not enjoy the normal protections the official labour markets afford. Those employed informally were more vulnerable to exploitation during the pandemic as many had no access to safety nets. This phenomenon also deprives the region's governments of essential income while undermining the rule of law.

12. Of course, where black and grey markets are pervasive, there is a heavy presence of organised criminality, and this is a systemic problem throughout much of the Western Balkans. This represents a serious impediment to the EU accession process. NATO’s Building Integrity Initiative has looked at corruption problems in the defence sector in particular and identified these as a threat to regional security, democratic governance and economic development (Baldwin, 2022). In some instances, there are sometimes links between transnational organized crime and government authorities including those overseeing the police, public finance, public works and regulations. Such links undermine national economic potential, democratic development and regional security. Transparency International notes that the problem has grown more serious in recent years, and the countries of the region stand far below the lowest-ranking EU member countries on that organisation’s Corruption Perception Index (Cuckić, 2021).

13. The COVID-19 pandemic also created new economic opportunities in the region. In 2019, relatively underdeveloped infrastructure supporting a digital economy, low levels of connectivity and a lack of investment in digital transformation constituted several limiting factors to the region’s longer-term economic outlook (Civil Society Forum, 2019). Remote work and distance learning, driven by the need to maintain social distancing, coupled with EU funding support for digital transformation have marked an important change in the Western Balkans. The pandemic and government responses to it have created opportunities for new firms to meet changing consumer
demands with previously underdeveloped services. The changes introduced over the past two years could have long-term transformational impacts which will help transform the region’s economies and better align them with the technological changes that are driving global economic development (OECD report, n.d.). Indeed, this transformation has already begun to alter the structure of regional labour markets by creating new opportunities for self-employment and enhanced productivity. In 2020 as containment measures forced workers out of the workplace, internet traffic in the Western Balkans expanded dramatically. Nearly half of all households lack computer access, but policies like providing internet access for free or at a reduced price and partnerships with the ICT have invigorated the region’s digital sector (WeBalkans, 2021).

14. Over the course of 2021, Western Balkans economies began to recover more quickly than expected. The reopening of businesses and a rise of external demand for the region’s exports have driven growth over the past year. For example, Montenegro’s economy, which had been mired in recession, was expected to grow by an estimated 10.8% in 2021, the highest rate among the six Western Balkan countries (World Bank, 2021). While analysts had previously estimated that tourism levels would only reach 55% of its 2019 levels, they began to rise in 2021. Sadly, the expected collapse of Russian and Ukrainian tourism will represent a setback. Employment remains a concern and the government will have to balance the need for fiscal rectitude and employment levels over the coming months.

II- RUSSIA’S WAR ON UKRAINE: IMPLICATIONS FOR THE WESTERN BALKANS

15. The Kremlin has sought to fill perceived power vacuums when doing so somehow seemed to be in the regime’s interest. Putin’s decision to invade Ukraine is only the latest and most consequential example, but Ukraine’s powerful resistance and the international community’s united response demonstrate how badly he has miscalculated. The consequences of Putin’s illegal invasion of Russia’s large neighbour are myriad but include the possibility that tensions could rise in certain parts of Europe where Russia has a certain degree of influence. This unfortunately includes the Western Balkans. What might ultimately impede the recrudescence of violence and war in the Western Balkans is the international community’s united and swift response to Russian aggression, a strengthening of its deterrence posture and a reassertion of its commitment to continental security and stability. The high price Russia will play for Putin’s miscalculation could act as a powerful deterrent to those contemplating following Putin’s example or already under his influence.

16. Putin’s Russia has long sought to exploit the region’s instability to reinforce its geo-strategic advantage. The regime has maintained particularly close ties with Serbia and the separatist Serb leadership in Bosnia and Herzegovina and has played on their shared sense of grievance – long an animating force of Serbian nationalism. Both countries have taken aim at NATO – in Serbia’s case due to the NATO intervention during the war in Kosovo and in Russia’s case out of its long opposition to NATO enlargement and residual Cold War concerns. The Kremlin has cultivated and exploited these grievances and presents itself as the only genuine and legitimate defender of Serbian interests. Indeed, the problem of course is that grievances in the Western Balkans are often sectarian and nationalist and have in the past led to violence and war. When Putin exploits these sentiments, he is perfectly aware of their explosive potential. There are legitimate concerns now that Russia’s invasion could encourage new attempts by extremists in the region to redraw borders – efforts that would likely lead to violence and military conflict in this fragile region.

17. The problem is particularly acute in Bosnia and Herzegovina (BiH) where the government of the largely Serb-speaking entity, Republika Srpska, is now actively seeking to break out of the federal state structures that have held that country together since the signing of the Dayton Peace
Agreement. Prior to the outbreak of war in Ukraine, the parliament of the Republika Srpska announced its intention to pull out of the federal tax, judicial and military systems and to establish their own instead. Dragan Covic, the leader of the Croatian-Bosnian nationalist party HDZ-BIH, has also challenged the current electoral law in Bosnia and Herzegovina which some analysts suggest needs reform. Russia was in discussions with the leader of Republika Srpska, Milorad Dodik, in December to provide additional support, but the nature of those talks has not been entirely clarified. In yet another indication of how the war in Ukraine is changing strategic calculations in the region, Dodik has since changed his tactics and adopted more moderate rhetoric (Szpala, 2022).

18. It is worth noting that while Bosnian federal officials and the presiding member of the Bosnia and Herzegovina presidency, Željko Komšić, condemned Russia’s invasion of Ukraine, Milorad Dodik appeared at a public event with the Russian ambassador to BiH to support Russia’s aggression. One MP from Dodik’s SNSD party, Dušanka Majkić, threatened a Russian military intervention should Bosnia and Herzegovina join NATO. Dodik also unsuccessfully tried to block his country’s vote to condemn the Russian action in the United Nations (BiEPAG, 2022). Dodik and his party may initially have seen in Putin’s decision to invade Ukraine an opportunity to advance their goal of breaking up Bosnia and Herzegovina (Krastev, 2022), but they are now employing the rhetoric of defending the constitutional order. Dodik is trying to show himself as truly committed to the Dayton Peace Agreement and taking advantage of failed negotiations between Bosniaks and Croats on electoral reform. The EUFOR decision was published one day before the invasion.

19. Russia’s global isolation and the sharp sanctions it now faces may precipitate a rethinking in Banja Luka as well as in Belgrade as pressure from Europe and the United States is likely to ratchet up over the coming months. Just prior to the outbreak of war, the EU’s foreign policy chief, Josep Borrell, announced that the size of EU’s EUFOR Althea peacekeeping forces in the country would jump from 600 to 1,100 troops – a significant increase but not sufficient to contain a significant outbreak of violence should one occur. EUFOR characterised the deployment of these forces as a precautionary measure to strengthen stability in BiH by positioning sufficient, capable forces in country to support the BiH Government efforts to maintain a safe and secure environment. Their mission will be to demonstrate the EU’s determination to maintain stability in Bosnia and Herzegovina and to express its unequivocal commitment to the territorial integrity and sovereignty of that country (Shannon, 2022). Serbia along with Belarus (which its illegitimate leader Lukashenko has transformed into a mere vassal of Russia) are among the European countries that have not imposed sanctions on Russia. Serbia itself has seen an opportunity in Russia’s isolation and launched more Air Serbia flights to Russia. Divisions in Montenegro and Bosnia and Herzegovina have so far blocked adoption of sanction, while North Macedonia, Kosovo and Albania have joined with the EU and US in imposing sanctions on Russia (Kajosevic, 2022). After the launch of the Russian invasion, Serbian President Aleksandar Vucic said that “Undermining the territorial integrity of any country is a very bad thing”, but then added that Serbia has “its vital interests and its traditional friends” and would thus not impose sanctions on Moscow (Vale, 2022). Serbia voted for the UN resolution condemning Russia’s aggression, but its reluctance to participate in sanctions on Russia has disappointed EU governments. Russia has long backed Serbia on a range of issues including on matters pertaining to its relations with Kosovo. Years of pro-Putin rhetoric have made it very difficult for the government to re-gauge its positions on relations with Russia. It is noteworthy that during this crisis, Belgrade is the only European capital city that has held a sizeable rally supporting Putin’s war.

20. Recent polls, for example, suggest that two thirds of Serbs see Russia as their most reliable international partner (Hajdari, 2022). This does not reflect genuinely positive feelings about Russia but rather originates from grievances against the West. The Kremlin exploits this and works to identify potential allies within a certain strain of Serbian nationalist movements perceive their own state/government as corrupted and traitorous. This view of Russia puts Serbia at odds with consensus view in Europe where even those politicians that once trumpeted their close personal ties
with the Russian president have been compelled to scurry away from that position and now repudiate him. In a resolution condemning Russia’s war on Ukraine, the European Parliament singled out Serbia for special criticism for refusing to back sanctions. In a resolution adopted on 1 March 2022, the European Parliament “Notes with grave concern the persistent efforts by the Russian Federation to destabilise the Western Balkan countries and interfere with their democratic processes; denounces those who expressed support to the Russian Federation following its aggression against Ukraine and commends the support shown by those Western Balkan countries that are Euro-Atlantic allies; strongly regrets Serbia’s non-alignment with EU sanctions against Russia, which damages its EU accession process, and reiterates its expectation that EU accession candidates align not only with the EU acquis but also with the EU’s common foreign and security policy” (European Parliament, 2022).

21. There are signs that this crisis could effectively end the accession process for Serbia, particularly if it continues to buck the European consensus on sanctions. Serbia’s position grows increasingly untenable as Putin’s crimes become ever starker and more horrifying. The risk is that the government could grow increasingly isolated in Europe. As the European Parliament’s resolution suggests, Serbia’s already troubled candidacy is now in greater jeopardy. There are also energy matters at stake. Serbia was already highly dependent on Russian energy when it signed a large gas deal with Russia in Sochi in November 2021 that locked in substantial gas supplies at relatively low prices. Both Serbia and Bosnia and Herzegovina were slated to import Russian gas through the TurkStream pipeline (Vucsanovic 2021).

22. European sanctions on Russia are likely to adversely affect Serbia’s energy position. An EU ban on cooperation with Gazprom Neft, for example, will impact Serbia’s oil company Naftna Industrija Srbije (NIS) which is majority-owned by the Russian company. The EU is now working to adjust its sanctions to allow Western Balkans to continue importing needed fuel from Russia. The ban as drafted would mean that NIS can no longer purchase Russian oil from European companies like the big traders such as Glencore and Vitol. However, the new sanctions do not prevent EU members from importing Russian crude. Serbia had complained that new restrictions would precipitate an energy crisis there (Spasić, 2022).

23. Energy security clearly remains a serious challenge for much of the region. Several Western Balkans countries heavily rely on Russian oil and gas imports, and this leaves them vulnerable to Russian political suasion – a problem that Russia’s war on Ukraine has clearly amplified. The region is also dependent on ageing and inefficient coal-fired power plants and has not sufficiently invested in more sustainable energy solutions. It suffers from some of the worst air quality in Europe and blackouts are all too common as demand often outstrips capacity. The EU has pushed for a clean energy transition in the Western Balkans and efficiency improvements to ensure that energy is not wasted. Albania is the exception here insofar as it has substantial hydro-electric facilities. Cross-border energy trade is poorly developed, and more integrated networks are needed. More efforts are needed to broaden the scope of electricity generation and demand to introduce scale economies, lower costs, reduce emissions and enhance energy security. EU support, however, is essential to this effort and it is, indeed a priority for the Commission.

24. More generally, given Russia’s economic interests in the region, global sanctions on it and the burdens of that terrible war are likely to have an adverse, albeit variegated, economic impact on the Western Balkans which had only just begun to recover from a Covid-induced recession when the war started. Of course, the consequences of the war and sanctions will have a very negative global economic impact and will affect commodities prices, oil, gas and electricity prices and food prices while further fouling up global supply chains. The Western Balkans may be particularly vulnerable to these adverse economic impacts. Russia’s economic weight in the Western Balkans has often been overstated. The region has shifted its trade relations strongly towards the EU over the past quarter of a century. Still, the overall weight of Russia in the region’s economy varies considerably. Even if
Serbia is Russia’s closest regional partner, trade with and investment from Russia only accounts for a relatively small share of its GNP. Direct investment from Russia in Montenegro, by contrast, accounts for roughly 30% of that country’s GNP. The figure is substantially less for other countries in the region (Vale, 2022).

25. Russia’s presence is most impactful in the energy and financial sectors and has also played a role in the property markets of several countries including Montenegro. For most of the region, only 2% of the exports go to Russia but the region is far more dependent on Russian gas than is most of Western Europe. North Macedonia and Bosnia and Herzegovina are completely dependent on Russian gas. Serbia imports 90% of its gas from Russia which also supplies two thirds of Croatian gas and half of Slovenia’s (Vale, 2022). Despite this dependence, much of the region has taken a strong stand against Russia’s war on Ukraine. Serbia again is something of an outlier in this regard as it carry out a degree of military cooperation with Russia as well as with NATO. Its humanitarian centre in Nis serves as centre of espionage activity giving the Russians access to the local and national civil defence infrastructure, and there is an array of informal ties for example with the two countries’ national churches, charities and other organisations. Similar kinds of links have also been forged between Russia and the Republika Srpska (Miranova, 2018).

III- CHINA AND THE WESTERN BALKANS

26. China has recently emerged as third-party actor in the Western Balkans and while its interests there initially seemed largely economic in nature, this could be shifting. It saw potential benefits by including it in its so-called “mask diplomacy” initiative as the COVID-19 pandemic unfolded. This eventually included the provision of Chinese-manufactured vaccines (Vuksanovic, 2020). China’s economic footprint in the Western Balkans nevertheless remains relatively small and accounts for only 6% of the region’s trade (Zweers, 2020). That said, Beijing sees the Western Balkans as strategically located along the extensive trade route it is developing between China and Europe through its Belt and Road Initiative (BRI). China has also become an increasingly important player in infrastructure development markets both in terms of construction and finance. But the terms of these arrangements have come under increasing scrutiny. Indeed, the relative absence of the kind of financial due diligence that is customary in the West has led some critics to describe these projects as debt traps, in which selected well-connected figures make significant money while governments and taxpayers are left holding debt that is very difficult to service. Part of this has been driven by regional competition for EU funds for infrastructure development. Serbia finds it difficult to compete with the region’s EU members which have access to ample funding from Brussels and it is tempted to accept terms from China to keep up. Beyond economic relations, there are other spheres of cooperation between the countries of the region and China. This includes the sale of surveillance system to Republika Srpska and Serbia which is then used against opposition political movements and leaders, as well as in the field of education as there are cultural centres in both Republika Srpska and Serbia (Krivokapić, 2022).

27. China’s acquisition of the Greek port of Piraeus outside of Athens in the wake of the 2008 financial crisis marked something of a watershed event for China’s relations with south-eastern Europe (Shopov, 2021). This was the first major Chinese infrastructure acquisition in south-eastern Europe. China also purchased the Albanian port of Durres and the Croatian port of Zadar, as well as supporting infrastructure surrounding each of these facilities. Beijing has accumulated significant negotiating leverage in the region through infrastructure lending, and the terms of many of these contacts heavily favour the Chinese side, particularly when governments in the Western Balkans are unable to meet financing obligations.
28. Over the past decade, Chinese firms have invested more than USD 2.4 billion in Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia, and Serbia while providing USD 6.8 billion in infrastructure loans. China is the third-largest foreign direct investor in Serbia and accounts for 6.61% of all net foreign direct investments. The European Union accounts for a far higher share at 72.27% while Russia accounts for 11.21%. China holds roughly 25% of Montenegro’s public debt. On the military side, China has sold drones to Serbia and China’s Defence Minister Wei Fenghe recently visited North Macedonia and Serbia. These points to burgeoning Chinese military interests in the region at a moment when it is acquiring a degree of financial leverage over some of the region’s governments (Vuksanovic, 2021).

29. The central region-wide initiative of the Chinese government for the Western Balkans is the China-Europe Land-Sea Express Route (LSER). This is a primary transport corridor for the BRI that seeks to facilitate trade between China and Europe. Serbia and Montenegro have played a pivotal role in support of the project. Belgrade has been China’s most significant partner and was the only Western Balkans country visited during Xi Jinping’s June 2016 visit to the region. Serbia has endorsed Beijing’s “One China” policy and China’s leaders in turn support Belgrade’s position on Kosovo while endorsing negotiations between Belgrade and Pristina. China objected to NATO’s military intervention during the 1999 war and the US bombing of its embassy remains a highly emotive issue for Beijing. Serbian officials openly supported China’s position on Hong Kong but have refrained from explicit comments on the South China Sea issue, beyond calling for a peaceful settlement. Milorad Dodik, the Serb leader of Bosnia and Herzegovina, has also expressed support for China on Hong Kong (Zweers, 2020). More broadly, the region’s governments have been largely mute on the question of human rights matters in China.

30. Economic relations also shape security matters. Again, this is most apparent in Serbia which works with China across a range of security sectors including police cooperation, military equipment purchases and certain telecommunications operations. The two countries collaborated on a complex anti-terrorist and police exercise in 2019 involving almost 200 police Chinese officers (Shopov, 2021). Serbia has purchased medium-range, radar-guided surface-to-air missiles from China as well as armed drones. The scope of China’s security cooperation in the region outside of Serbia, however, remains limited particularly as NATO remains the privileged interlocutor on security for other allied and most partner countries in the region. The government of the Republika Srpska has signed a contract with a Chinese investor to construct another hydroelectricity plant on the Trebišnjica River in eastern Herzegovina. Some analysts have characterised the project as an ecological hazard that threatens the Neretva River (Trkanjec, 2022).

IV- THE EU AND THE WESTERN BALKANS

31. The European Union’s partnership with the Western Balkans has been premised on support for the region’s stabilisation through partnership, integration and ultimately accession. In 1999, the EU launched a double-track approach aimed at stabilising the region and increasing its regulatory alignment with the EU. The two ambitions were meant to be complimentary because as the region’s countries moved to elevate good governance and best practices by gradually adopting the Acquis Communautaire, they would also be reinforcing national governing institutions and practices essential for stability and economic development (Rant et al, 2020). In 2003, the Thessaloniki European Council confirmed that all countries participating in this double-track process were potential candidates for membership and that “the future of the Balkans would ultimately be within the European Union” (Dabrowski and Myachenkova, 2018). So far, however, the only former Republics of the old Socialist Federal Republic of Yugoslav to have joined the EU are Slovenia (2004) and Croatia (2013).
32. For the rest of the region, progress towards membership has been slow. Following the “Big Bang” accession in Eastern Europe from 2004 to 2007, accession criteria were toughened because of lessons learned in the first series of enlargements (Miščević and Mrak, 2017). This slowed the process considerably. During this period, the European Union itself confronted other challenges including a global economic and financial crisis beginning in 2008, Brexit which consumed the EU for several years and worrying signs of democratic erosion in the region. These issues were sometimes referred as the “Triple Crisis” of the 2010s. Croatia’s accession in 2013 proved a notable exception to what many saw as a worrying set of developments for the region.

33. To counter these trends, in 2014, Germany and its European partners launched the Berlin Process to advance the EU’s agenda in the Western Balkans across three sectors: economic growth and connectivity; good neighbourly relations, regional cooperation and civil society development; and people-to-people connectivity (Marciaq, 2017). This Process sought to reinforce the EU’s enlargement process and engaged the Western Balkan states on an ad hoc format in mini lateral negotiations to allow more flexibility outside of the traditional enlargement framework. Ultimately, this was a way to reengage the subregion and address a range of concerns that had emerged from 2007 to 2014. The Berlin Process suggested that the EU remains dedicated to the notion of fostering regional cooperation and continues to see itself as both a pole of attraction and a central protagonist in the region’s economic and political development. This vision remains valid and has become even more important in a period when Russia and China are holding out very different visions for the region – plans that the EU sees as constituting fundamental challenges both to the region and to itself (Marciaq, 2017).

34. In 2019, the European Commission hoped to break the impasse on EU enlargement and called for accession talks with North Macedonia and Albania as soon as these would be feasible. The Commission argued that progress on regional cooperation and specifically the Prespa agreement between Greece and North Macedonia settling the name dispute, as well as ongoing reform efforts, advances in adopting the acquis, successful efforts to bolster democratic, anti-corruption measures, and other judicial, economic, and regulatory reforms were positive developments that could help put candidate countries back on track in the accession process (European Commission, 2019). The Commission recognised that transition in these countries was not complete and that there was more work to be done. But it was clearly concerned that delaying the process could strengthen anti-EU, anti-reform and anti-democratic forces throughout the region.

35. In June 2019, however, EU ministers meeting at the General Affairs Council in Luxembourg decided to postpone the decision to open talks with North Macedonia. Several member countries opposed tendering negotiation offers to kick off accession talks for several different concerns including corruption and organised crime, and the notion that the EU needed to strengthen its institutions and decision-making before embarking upon another round of enlargement (Agueru, 2019). The Council nevertheless noted the progress made by Albania and North Macedonia in these areas and in judicial reform (Palickova, 2019). Several analysts at the time suggested that the failure to begin talks would undermine the credibility of the Union and leave the region vulnerable to Russian and Chinese influence as well as anti-democratic forces within these societies (Barigazzi, 2019). Subsequent developments seemed to justify these concerns.

36. Indeed, the Commission's 2018 Western Balkans strategy and its 2020 revision betray a heightened sense of concern about the region’s fragility and vulnerability to penetration by Russia and China (European Commission, 2018 and 2020). The EU High Representative for Foreign Affairs and Security Policy/Vice-President of the European Commission, Josep Borrell, describes the new methodology as a two-way street: “The new methodology is a merit-based approach. It puts a stronger focus on fundamental reforms, such as rule of law, fundamental freedoms, economy and functioning of democratic institutions. Our partners need to address them, in the interest of their citizens and to advance on the EU path. And they need put aside their differences. On the EU side,
we need to deliver on our commitments. The EU is not complete without the Western Balkans. It's time we come together and unite in building a stronger Europe." (European Commission, 19/10/2021b).

37. The Commission is now putting enlargement back to the centre of the discussions about the region’s future. Already, at a May 2020 EU summit, EU leaders gave “unequivocal support” for the eventual accession of six Western Balkan countries and offered candidate countries additional financial support.

38. This renewed emphasis on accession seemed prompted, at least in part, by Russia and China’s growing presence and active diplomacy in the region. European leaders also outlined a robust aid package of EUR 3.3 billion after Russia and China sent medical supplies to the region to counter the impact of the Covid pandemic (Emmott, 2020). Russia, for example, has exported its Sputnik V vaccine to Montenegro, North Macedonia, Bosnia and Herzegovina, and signed an agreement to start producing Sputnik V vaccines on Serbian soil (Vuksanovic, 2021). Russian special military units were also dispatched to fight the virus (disinfection) however they also entered one or two Serbian military bases for the same purpose even though the Serbian army has its own units dedicated to such activities. The then German Chancellor Merkel said she saw the six Western Balkan states as future EU member states for “geostrategic reasons” (Radio Free Europe, 2021). Following the announcement of Russian and Chinese aid, the Commission conveyed that it expected the Western Balkan candidates to share EU foreign policy objectives, a clear expression of mounting concern about candidate countries aligning themselves too closely with Russia and China. Russia’s attack on Ukraine has further clarified this position and the choice is now a stark one for the candidates, including Serbia.

V- ACCESSION HESITATION/ENLARGEMENT FATIGUE

39. As noted above, after Croatia became the 28th EU member state, “Enlargement Fatigue” altered the signal from Brussels about member state enthusiasm for rapid enlargement. This pessimism not only infused the upper echelons of many European governments, but it was also reflected in public opinion where scepticism about EU enlargement and even the greater European project appeared to have mounted. A 2019 European Council on Foreign Relations poll confirmed that many EU citizens harboured a doubtful view of enlargement, particularly regarding those countries that would not immediately become net contributors to the EU budget (Dennison, 2019). Respondents also affirmed, paradoxically perhaps, that while enlargement might be slowed, the EU’s global role should be further developed – a perspective that seemed to pit the notion of enlargement against the ambition to deepen Europe.

40. The failure to endorse continued enlargement in 2019 led Serbia’s President Vucic to suggest that the decision had left the region feeling it could not rely on its western neighbours alone (Hopkins, 2019). He called for deeper economic cooperation in the Western Balkans, something which the EU has long supported and endorsed, for example, in the Berlin process. But Vucic’s real meaning was that China and Russia should be integral to this process. Vucic’s argument had a degree of resonance in the region but was hardly welcome in Brussels.

41. In October 2019, Albania, North Macedonia and Serbia signed a ‘Mini-Schengen’ declaration on regional economic cooperation, which called for the free movement of goods and people, modelled on the passport-free zone of the EU (Zivanovic, 2019). The expectation was that by 2021, due to this Open Balkan initiative, citizens of these three countries would be able to cross shared borders using only their ID cards. In fact, the 2017 “Trieste Summit” established a framework for cooperation among six Western Balkan countries called the Multi-annual Action Plan on Regional Economic Area in the Western Balkans and dubbed the partnership the “WB6” (Sekularac, 2017).
This framework was spearheaded by the European Bank of Reconstruction and Development (EBRD). Closer cooperation among the states of the Western Balkans is very welcome as it more deeply engrains the habit of cooperation and the sense of a shared destiny. But outstanding concerns about the motives of various actors, including worries that as the region’s largest economy, Serbia, would be positioned to dominate this process, have stalled progress on this effort.

42. Some argued that delayed European enlargement has been a contributing factor to democratic backsliding in the region. In Serbia, the government-controlled press incorporated the enlargement veto into a narrative suggesting that the EU would invariably oppose Serbian membership whatever progress it made (Laurent, 2021). This then became a kind of excuse to dismiss certain democratic standards established in the acquis. The region’s more pro-European media expressed disappointment with the entire negotiating process and characterised the veto on enlargement as an effort to maintain the status quo despite significant concessions from certain countries like North Macedonia which had negotiated a difficult agreement on the name change.

43. In March 2020, as the COVID pandemic took hold, the European Council agreed to begin accession talks with Albania and North Macedonia. The President of the European Commission, Ursula von der Leyen, said that “North Macedonia and Albania did what was asked of them, and they have continued making progress in the reforms needed. Today marks the start of the journey to a bigger and stronger European Union. And this decision is in the European Union's geostrategic interest.” The Commissioner for Neighbourhood and Enlargement, Olivér Várhelyi, added that “Opening of accession talks sends a loud and clear message not only to the two countries, but to the Western Balkans as a whole. It reaffirms and delivers on the EU's commitment to the European perspective of the region: its present is with the EU and its future is in the EU.” (European Commission, 25 March 2020).

44. How the EU is linked to democratic construction is a theme of tremendous importance in the region. Research in Serbia and North Macedonia, for example, has demonstrated that conditionality tied to the EU’s enlargement has tied the very idea of democracy to the European project, while nationalism and authoritarianism are more closely bound to Euro-scepticism. For reasons of diplomacy, the EU has sometimes demonstrated a certain reluctance to call democratic backsliding by its name and, instead, has publicly embraced minor reform steps as promising signals when what has been transpiring more broadly is deeply worrying (Gafuri and Muftuler-Bac, 2019).

VI- WHERE ACCESSION NEGOTIATIONS NOW STAND

45. Currently Serbia, Montenegro, North Macedonia and Albania are all candidates for EU membership while Bosnia and Herzegovina and Kosovo have applied to begin the negotiating process and have been recognised as potential candidates by the EU. Serbia and Montenegro are the only two of these countries to have initiated accession negotiations, but these talks have moved very slowly. Although Serbia’s candidacy was formalised in 2012, it has made little progress in closing negotiating chapters. As of December 2021, when Belgrade simultaneously opened four chapters in the negotiation process, it had opened 22 of 35 negotiating chapters but it has only provisionally closed two chapters (Radio Free Europe, 2021).

46. Real progress will require Serbia to make significantly more progress on judicial independence, rule of law, media freedom and the fight against corruption and organised crime. The problem of Kosovo looms very large in this process and poses a serious obstacle to progress in the negotiations (Radio Free Europe, 2021). In 2017, a majority of the Serbian public affirmed the goal of acceding to the Union, but the same poll revealed that an overwhelming majority opposed recognising Kosovo’s independence (NSPM, 2017). This remains a fundamental stumbling block.
47. After a 2006 referendum vote to declare independence from Serbia, Montenegro initiated the process of accession to the European Union in 2007. In its 2016 assessment of the accession progress, the Commission noted that Montenegro demonstrated the highest level of preparation for membership among negotiating states. Considering the widespread support among EU members’ officials, accession of the country to the EU is considered possible by 2025. In fact, the government elected at the end of 2021 campaigned on the promise to meet all the criteria for membership by 2025 (Kajosevic, 2021). The view from Brussels is that Podgorica still has work to do to improve media freedom, take on the twin challenges of organised crime and corruption, and reform the judiciary. 80% of Montenegrins strongly support EU membership as compared with 63% of Serbians (Crowcroft, 2021). Rising Serbian nationalism, however, has had some spillover impact in Montenegro with a minority pushing for closer links with Belgrade. Moscow has played on this minority to muddle the accession process, weaken Montenegrin democracy and assert greater influence in the region. This has been a serious concern in Brussels. Both Serbian elements and Russia were understood to be involved with an attempted coup in 2020 which sought to replace the current President with a pro-Serbian official.

48. Bulgaria blocked the initiation of accession talks with North Macedonia and Albania at the end of 2021 over several unresolved bilateral issues with North Macedonia regarding history and identity (Marusic, 2021). Sofia’s new government, however, has signalled its intention to find an agreement with North Macedonia to kick-start accession talks. After a final endorsement by Council members, expected this year, the Commission will submit proposals for a negotiating framework with the two countries which will establish the guidelines and principles governing the accession negotiations with each. Albania will be expected to make further progress on electoral, judicial, asylum and media reforms and deepen the fight against organised crime and corruption.

49. While the Commission has taken note of Kosovo’s progress in improving the rule of law and the fight against corruption, its candidacy remains blocked due to non-recognition by several EU member countries while its dispute with Serbia obviously remains a serious concern. The final potential candidate, Bosnia and Herzegovina, has been a source of continuing concern for the EU. If anything, this concern has mounted. Although the Commission noted progress in a 2019 assessment, it suggested the country still needed to enact fundamental constitutional changes and develop a national program for the adoption of the EU acquis.

VII- RETHINKING UNDER WAY IN BRUSSELS

50. A recent study suggested that a possible problem has been that EU has adopted a “leader-oriented approach” and has not sufficiently engaged parliaments and civil society organisations in the accession process (Zweers, 2022). Thus, while the EU has allocated a great amount of humanitarian assistance for Bosnia and Herzegovina it has done so through the International Organization for Migration (IOM) instead of actual capacity building with BiH institutions to provide an adequate crisis response. This approach transfers state responsibilities to an international organisation and places focus on short-term stability rather than fostering better internal coordination and domestic capacities for crisis management.

51. The Commission has recently sought to revivify the enlargement process driven by concerns that the status quo poses serious risks to regional stability and European security. The Croatian presidency of the EU in the first half of 2020 and the EU-Western Balkan summit in Zagreb and a second summit in Slovenia in October 2021 have put the region back on radar screens in Brussels. The EU, moreover, provided substantial support to the region to help it weather the COVID-19 pandemic and made a significant funding pledge under the Economic and Investment Plan to reinforce the foundations for sustainable economic growth in the region. These developments are
part of the broader European Commission effort to provide clear trajectories for immediate stabilisation and future accession. Russia’s invasion of Ukraine has clearly raised the stakes for Europe and made stabilisation and integration of the Western Balkans more essential. Ukraine has made it clear that it wants a fast path to EU membership proving how those who see democracy at threat see the EU as a democratic anchor. How this resonates in the Western Balkans will be telling (Brzozowski, 2022).

52. The worsening security situation throughout Europe because of Russia’s war on Ukraine is refocusing attention on hard security matters. Brussels announced in early 2022 that it would reinforce the European Union Rule of Law Mission in Kosovo (EULEX). The EU launched that mission in 2008 under the auspices of the EU’s Common Security and Defence Policy. It strives to support relevant rule of law institutions in Kosovo by helping them to become more effective, sustainable, multi-ethnic, accountable, free from political interference and in full compliance with international human rights standards and best European practices. It has also helped the Kosovo Correctional Service develop a consolidated and professional senior management team as well as sustainable capacities to counter undue interference and preferential treatment of inmates. At the same time, it has provided technical support to the implementation of relevant agreements emerging from the EU-facilitated Dialogue on normalisation of relations between Belgrade and Pristina.

53. On the operational front, EULEX maintains a limited capability as a second security responder and provides continued support to Kosovo Police’s crowd and riot control capabilities. EULEX supports the Kosovo Police particularly on matters pertaining to international police cooperation and facilitates information exchange between the Kosovo Police and Interpol, Europol, and the Serbian Ministry of Interior. The Mission also assists the Specialist Chambers and Specialist Prosecutor’s Office with logistic and operational support. It works with counterparts at the Institute of Forensic Medicine to determine the fate of missing persons and facilitates identification of victims from the Kosovo conflict. It also manages a witness protection programme.

54. The EU has also decided to reinforce its EUFOR peacekeeping force in Bosnia bringing the total force presence in BiH to 1,100 troops (Latal, 2022). The EUFOR Althea operation contributes to maintaining stability in the region by supporting the Armed Forces of Bosnia and Herzegovina (AFBiH) through collective and combined training and by facilitating their adoption and implementation of NATO standards. It derives its mandate from United Nations Security Council Resolutions (UNSCR) 1551 and 1575. It provides deterrence and helps to ensure continued compliance with the terms of the Dayton/Paris Peace Agreement. By extension, it seeks to contribute to a safe and secure environment in Bosnia and Herzegovina in line with its mandate, the implementation plan of the Office of the High Representative (OHR) and the Stabilization and Association Process (EUFOR, 2021).

VIII- THE BIDEN ADMINISTRATION REVIVES US ENGAGEMENT IN THE WESTERN BALKANS

55. As part of a broader effort to revamp transatlantic relations and to renew the US partnership with the European Union, the Biden Administration from its early days signalled its interest in reengaging with the Western Balkans and helping the region to work through persistent obstacles to the region’s stabilisation and development and tighten its links to the Euro-Atlantic community. This renewed US focus was generally, although not universally, welcomed in the region. President Biden immediately demonstrated a seriousness of intent when he named Christopher Hill as Ambassador to Serbia. As a deputy to Richard Holbrooke, Hill had played a leading role in the Dayton Peace Agreement that ended the war in Bosnia and Herzegovina. Ambassador Hill has an acute sense of where things need to move if the region is to enjoy a more enduring peace.
As Vice President during the Obama Administration, Biden himself had played a central role in US Western Balkans policy and had been the first senior US government official to visit Serbia in a quarter of a century.

56. In practical terms, this has meant that the United States under President Biden will push harder for a resolution of the dispute between Serbia and Kosovo and will work for a broader political settlement in Bosnia and Herzegovina. In a letter sent to the leaders of Kosovo and Serbia in February 2021, for example, President Biden urged both sides to move to peace and to do so first through mutual recognition. But the challenge for the Administration has remained democratic backsliding in the region, secessionist tendencies in Bosnia and Herzegovina and the rising influence of China and Russia, both of which hold out very different models of development and international engagement that are clearly antithetical to the liberal integrationist model held out by both the Administration and the EU (Vuksanovic, 2021).

57. The States along with the EU has also engaged in discussions about electoral reform in Bosnia and Herzegovina. Bosnia has been consumed by an extended political standoff, with the Serb entity threatening secession and Bosnian Croats arguing that they are underrepresented in the country’s ethnically apportioned structures. President Biden has appointed a special US envoy for election reform in Bosnia and Herzegovina to help facilitate “limited, targeted constitutional change” prior to elections slated for October 2022. Currently, governing structures are ethnically divided as laid out in the Dayton Peace Agreement and this has led to a high level of dysfunction. The threat of the country’s dissolution has raised alarm bells in Brussels and in Washington and the US has worked with the EU to employ its leverage to preserve Bosnian territorial integrity while maintaining peace (Radio Free Europe, 26/11/2021).

58. The Biden Administration thus seems less likely to tolerate and engage with the culture of “Stabilotocracy” in which corrupt local and national bosses actively undermine democratic institutions and exploit deep-seated public fears to maintain their grip on power. Recently there has been some progress on this front as civil societies have grown more assertive in the face of authoritarian challenges. But real problems persist in countries like Serbia where former acolytes of Slobodan Milosevic have returned to power (Vuksanovic, 2021). The State Department has underlined the problems in Serbia and elsewhere in the region in recent human rights reports.

59. US engagement with the region will likely deepen as a result of the Russian invasion of Ukraine. The Administration will see this aggression as posing a direct threat to the stability of the region and it will now push very hard to ensure that Russia is not positioned to play a spoiler role there. There are concerns in Washington and elsewhere that Moscow may well be tempted to open a second front surreptitiously in the Western Balkans which are already on edge and where it has a degree of influence among certain actors. It has played this card before, working to weaken Montenegro after it joined the Alliance and by constantly exacerbating tensions between Serbs and Kosovars and Serbs and Bosniaks (Graham, 2022). Russia holds a veto at the UN Security Council over the annual extension of EUFOR Althea – the EU military mission that is maintaining peace and security in Bosnia. Russia could be tempted to throw a wrench into the stabilisation effort by voting against renewal (Barnes-Dacey and Ruge, 2022).

IX- NATO’S ROLE IN THE WESTERN BALKANS

60. For a quarter of a century, NATO has played a fundamental role in stabilising the Western Balkans. It has done so in myriad ways. Interventions during war in Bosnia and Herzegovina and during the Serbian-Kosovo conflict are the most notable. NATO’s SFOR mission, established in December 1996, brought a multinational peace keeping force to war-torn Bosnia-Herzegovina which remained active until 2004 when it was replaced by EUFOR Althea in December of that year.
NATO does, however, retain a small Headquarters in Sarajevo. NATO’s KFOR mission was deployed to help stabilise Kosovo under UN resolution 1244 (1999). KFOR is now a conditions-based mission and plays an essential role in maintaining regional peace and security. NATO also had an advisory mission and through various initiatives promotes policies like civilian oversight of the security sector, strategic communications and human resources management.

61. NATO efforts in the region, however, have extended well beyond these two important missions to include a broad range of security-building initiatives, and most importantly, the accession process itself. Slovenia, Albania, Croatia, Montenegro, and the Republic of North Macedonia are now all fully fledged NATO members. It is worth adding that Russia worked assiduously through both covert and open means to block both Montenegro’s and the Republic of North Macedonia’s accession although it ultimately failed in those efforts. It is no coincidence that the most grave and persistent security threats within the region lie outside of the NATO membership space: ongoing tensions between Serbia-Kosovo and simmering tensions in Bosnia and Herzegovina remain deeply worrying.

62. Kosovo has made clear its desire to join NATO and has reiterated this point in the wake of Russia’s invasion of Ukraine. But four NATO member countries have not recognised it as a sovereign country: Spain; Greece; Romania; and Slovakia, which means consideration of possible membership is currently off the table. Ongoing tensions between Kosovo and Serbia remain deeply concerning. Serbia, for its part, is a partner with NATO but has repeatedly indicated that it has no interest in applying for NATO membership. Again, it actively and positively engages with the Alliance on a range of issues and works very well with KFOR.

63. For its part, Bosnia and Herzegovina has been negotiating with NATO for more than a decade and was extended an invitation to join the Membership Action Plan in 2010. But the leader of the Republika Srpska, Milorad Dodik, strongly opposes accession and seems increasingly focused on seceding from the federation. Dodik warned last year that he was prepared to bring down the 1995 Dayton Peace Agreement and reignite war, suggesting that “if anybody tries to stop us, we have friends who will defend us”. The NATO Secretary General has expressed “serious concern” with this kind of inflammatory rhetoric, adding “The unified structures of Bosnia and Herzegovina are important for the stability of the country. In particular, the Armed Forces, one of the country’s strongest multi-ethnic institutions” (Aydogan, 2021). As Russia began an invasion of Ukraine in February 2022, Bosnia and Herzegovina’s Foreign Minister warned of the threat this posed to the country (Brennan, 2022).

64. Indeed, the war in Ukraine will shift the region’s diplomatic dynamics, but it is too early to understand exactly in which way. At his press conference following Russia’s invasion of Ukraine, NATO Secretary General Jens Stoltenberg went out of his way to reassure Bosnia and Herzegovina and reaffirm NATO’s Open Door Policy, saying “The Kremlin is trying to make NATO and the EU provide less support to our partners. Our collective answer must therefore be more support to countries like Georgia, Moldova, and Bosnia and Herzegovina. To help them succeed with their democratic reforms and pursue the path that they have freely chosen” (NATO, 2022).

65. At the June 2021 Brussels Summit of heads of state and government of allied governments, the final Communiqué included a statement about NATO relations with the Western Balkans. Paragraph 67 of that statement read: “Allies strongly support the sovereignty and territorial integrity of a stable and secure Bosnia and Herzegovina in accordance with the General Framework Agreement for Peace in Bosnia and Herzegovina and other relevant international agreements, encourage domestic reconciliation, and urge political leaders to avoid divisive rhetoric. We commend Bosnia and Herzegovina, an aspirant country, for its contributions to NATO-led operations. We are committed to maintaining strong political dialogue with Bosnia and Herzegovina and offer our continued support to the implementation of all reform efforts, including through NATO HQ Sarajevo. We encourage the leadership of Bosnia and Herzegovina to take full advantage of the breadth of
NATO cooperative security and partnership tools. Allies welcome the work of the Commission for Cooperation with NATO. Allies urge political leaders to work constructively and to demonstrate political will for the benefit of all in Bosnia and Herzegovina in advancing Euro-Atlantic aspirations by implementing the much-needed political, electoral, rule of law, economic, and defence reforms, including through the country’s Reform Programme with NATO, without prejudice to a final decision on NATO membership” (NATO, 2021).

X- CONCLUSION

66. The Western Balkans continue to confront serious challenges to peace and security, stability, democracy and economic development. The Russian invasion of Ukraine risks further polarisation in this still unstable region, but it is also a clarifying moment in the sense that leaders in the region will find it far more difficult to play the Russian card when Russia has become a global pariah. This could make life more difficult for the region’s anti-democratic figures who saw in Putin’s Russia a buttress to underwrite their blend of ultra-nationalism and authoritarianism employed for the purposes of state capture. The war has put the most demagogic anti-western figures in the region in a difficult position as Putin’s regime has revealed its true colours. It is accordingly essential that the transatlantic community of nations continues to shine a light along the path leading toward regional stability, reconciliation, democracy and economic integration.

67. One thing that has united the entire region is the desire for membership of the European Union. The EU has a leading role to play in consolidating the region’s democracies and demonstrating how democratic development is in the broad interest of these societies. Efforts to foster integration and to progress the region’s advance toward Euro-Atlantic integration should be intensified and the war in Ukraine and Ukraine’s push for an accelerated accession to the EU could change the dynamics. This will demand renewed efforts to resolve some of the region’s outstanding disputes and the EU can provide a degree of reassurance by making the benefits of integration tangible while advancing the notion that this will require compromise among all concerned. What happened to this region in the 1990s and what is now unfolding in Ukraine should remind all players of the stakes here.

68. At the same time, the two-tiered system of democratic standards should be eliminated. Some of the region’s least democratic leaders have operated with a degree of impunity. Their transgressions have included opening the door for Russia’s malign influence in the region. That door must now be firmly shut, and Western policy needs to be unambiguous on this matter. Those who play the Russian card should not expect forbearance and concessions from institutions and governments dedicated to building stability and democracy in the region (Joseph, 2021).

69. This is precisely why the EU has demanded that Serbia immediately harmonise its foreign policy with that of Brussels and that it, among other things, cease flights from Serbian airports to Russia. Serbia has so far refused, and Europe will need to take stock. (Hajdari, 2022). Russia appears intent on weaponising the flow of refugees and its criminal destruction of civil infrastructure in Ukraine seems designed to do just this. Although it is the front-line states that are now bearing the brunt of this influx and making enormous sacrifices to care for these innocent victims of Russia’s vicious war, the Western Balkans will invariably be exposed to rising numbers of Ukrainian refugees. Serbia has said that it expects as many as 10,000 refugees by June (Mikovic, 2022). Russians fleeing the increasingly totalitarian rule of Vladimir Putin are also starting to move in significant numbers. While wealthier and more stable countries are going to be challenged by this massive influx of desperate people, the Western Balkans could be very seriously taxed and will need additional support to weather this very difficult storm.

70. NATO should consider enhancing its military presence in the Western Balkans to deter aggression and violence at a moment of extreme international tension. A strong signal needs to be
sent that the region’s stability remains a vital interest of the transatlantic community and the region itself and that Russia and its proxies will not be allowed to destabilise this important part of Europe. This issue will have to be carefully considered, but there are other ways to achieve stability in the region in the meantime, including enhancing NATO’s presence there. The EU can also make a strong contribution to anchor this region more firmly in the European security community and it must include the region in efforts to shield the region from energy insecurity arising out of this crisis.
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