

EUROPEAN DEFENCE STUDY — WINTER 2022

Seize the geopolitical moment

The Western Balkans
and European security

By **Paul Taylor**,
Senior Fellow at Friends of Europe





President Michel at the Berlin Process Summit with the Western Balkans leaders
From left to right: Edi RAMA (Prime Minister of Albania), Charles MICHEL (President of the European Council), Manuel SARRAZIN (Special Envoy for the Western Balkans, Germany), Olaf SCHOLZ (Federal Chancellor, Germany), Ursula VON DER LEYEN (President of the European Commission)



Scholz

von der Leyen

Plötn

This report is part of Friends of Europe's Peace, Security and Defence programme. Written by Paul Taylor, it brings together the views of scholars, policymakers and senior defence and security stakeholders.

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List of abbreviations

BI:	Building Integrity
BiH:	Bosnia and Herzegovina
CEPS:	Centre for European Policy Studies
DG NEAR:	Directorate-General for Neighbourhood and Enlargement Negotiations
DPS:	Democratic Party of Socialists
EPC:	European Political Community
EPP:	European People's Party
ESI:	European Stability Initiative
EUFOR:	European Union Force in Bosnia and Herzegovina
EUPOR:	European Union Police Mission
FYROM:	Former Yugoslav Republic of Macedonia
GDP:	Gross domestic product
GRU:	Main Directorate of the General Staff of the Armed Forces of the Russian Federation
HR:	High Representative
KFOR:	Kosovo Force
OCG:	Organised crime group
OFAC:	Office of Foreign Assets Control
OHR:	Office of the High Representative
PfP:	Partnership for Peace
QMV:	Qualified majority voting
RCC:	Regional Cooperation Council
SNS:	Serbian Progressive Party
VMRO-DPMNE:	Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity

Methodology and acknowledgements



Paul Taylor
Senior Fellow at
Friends of Europe

This is the eleventh in a series of reports I have written for Friends of Europe on European security and defence issues. It follows studies on [France](#) and [Germany](#) in 2017, the [United Kingdom](#) and [Poland](#) in 2018, [Italy and the Mediterranean](#) in 2019, [transatlantic defence cooperation in the Trump era](#) and [European security in the Arctic](#) in 2020, [Europe and the Sahel](#) in 2021, and the [Black Sea](#) and [European security in space](#) in 2022.

My research was conducted in the midst of Russia's war of aggression in Ukraine, which has upended European security and sent tremors through the Western Balkans. I completed the manuscript at a moment of heightened tension in northern Kosovo and intensive diplomacy between Belgrade and Pristina, the outcome of which was unknown at the time of writing.

I have used the term 'the Western Balkans' throughout to denote the six countries in the region which aspire to join the European Union – Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia – but not Croatia and Slovenia, the two former Yugoslav republics that have already joined. I have used the term 'the Balkans' to denote the wider region, including all those countries plus Romania, Bulgaria and Greece. I have used the abbreviation 'BiH' to denote Bosnia and Herzegovina, except in first reference in each chapter.

This report is based partly on interviews with 42 current and former ministers and officials in governments, the EU and NATO, other international organisations, the military, the European Parliament, diplomacy, universities, think tanks and civil society in Europe and the

United States. The interviews were conducted between July and October 2022.

Many serving officials, soldiers and diplomats were able to talk only on the condition that they were not identified, due to the nature of their positions. Others, including Kosovar Deputy Prime Minister Besnik Bislimi, former Serbian minister for human and minority rights and social dialogue Gordana Čomić, and EU Special Representative for the Belgrade-Pristina Dialogue Miroslav Lajčák, agreed to on-the-record interviews, for which I am most grateful.

In addition to the many interlocutors named in the report, I would like to thank the following for their kind assistance and insights: Dimitar Bechev, Chris Bennett, Florian Bieber, Milica Delević, Heather Grabbe, Gerald Knaus, Jovan Kovačić, Srđan Majstorović, Pierre Mirel, Maja Piščević, Hugh Pope, Jacques Rupnik, Manuel Sarrazin, Enis Sulstarova, Loukas Tsoukalis and Jeton Zulfaj. Once again, I am deeply grateful to Irina Novakova in the NATO press service for arranging top-notch briefings despite the war in Ukraine.

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A handwritten signature in blue ink, appearing to be 'Jamie', written in a cursive style.



Executive summary

A quarter of a century after Western-imposed political settlements brought an end to the wars sparked by the breakup of Yugoslavia following the end of the Cold War, the Western Balkans are stuck in a dangerous limbo.

Large majorities in the region, and across the West, agree that the best way to overcome isolation, lagging economic development, corruption and poor governance lies in integration into Euro-Atlantic institutions. Yet nearly 20 years after European Union leaders pledged that all Western Balkan countries had a 'European perspective', only Slovenia and Croatia have joined the bloc.

The other six states, with a combined population now of fewer than 18mn, have made scant progress towards this promised land. While the EU remains the desired destination of a majority of their citizens, a large proportion do not believe that they will ever become members. **This credibility gap has diminished the incentive to make difficult reforms and has been exploited by ethno-nationalists to entrench their power and sideline democratic reformers.**

"In the former Soviet space, we have more or less frozen conflicts. In the Western Balkans, we have frozen solutions," says Bulgarian political scientist Ivan Krastev. ⁽¹⁾

In the new geopolitical Europe shaped by Russia's invasion of Ukraine, there is an urgent need for fresh momentum in the EU's integration of the Western Balkans, with more practical benefits for citizens and businesses upfront. Fortunately, there are some glimmers of hope.

EU membership for all can only become a viable solution if there is fundamental change in the way that countries of the region are governed. With a few fragile exceptions, there is little sign of that, as the European Commission's 2022 enlargement reports document in unvarnished detail. ⁽²⁾

The return of major inter-state war to Europe has sharpened unresolved problems in the Western Balkans, as great-power rivalry has filled the vacuum left by the long-stalled EU enlargement process. Russia is helping to rearm Serbia, encouraging irredentist Serb nationalists in Bosnia and Herzegovina (BiH) and Kosovo, and stoking conflicts and hostility to the West wherever it can.

Images of devastation in Ukraine and refugees fleeing the fighting have brought back harrowing memories of the Yugoslav Wars between 1991 and 1999, stirring fears that bloodshed could return. The fragile region is also feeling economic shock waves from the COVID-19

(1) Interview with the author, October 2022

(2) https://neighbourhood-enlargement.ec.europa.eu/2022-communication-eu-enlargement-policy_en

pandemic and the impact of Russia's war in Ukraine, with energy supplies endangered, growth falling and inflation soaring. These shocks have also affected EU countries, but they are better equipped to cope.

With the credibility of the EU's conditional offer of membership widely doubted, players other than Russia, notably China, Hungary and Gulf Arab states, have also expanded their economic, cultural and political footprint in the region. Their increased presence undercuts EU efforts to promote transparency and the rule of law and, as a big Chinese motorway project in Montenegro has illustrated, it can push local clients into a debt trap. EU member Hungary is expanding its influence in the region to promote Prime Minister Viktor Orbán's model of authoritarian, illiberal democracy rather than the Brussels model of diverse, liberal democracy.

Beijing has made substantial economic inroads, offering loans for large infrastructure projects in Montenegro, Albania and Serbia under its Belt and Road Initiative. Serbia, which produces half of the region's gross domestic product (GDP), is the hub for Chinese political and economic investments in the Western Balkans, although 70% of foreign direct investment (FDI) still comes from EU countries. Beijing scored a propaganda coup by sending Serbia vaccines early in the COVID-19 pandemic before EU

assistance got into gear. Belgrade also recently bought Chinese air defence missiles and is co-producing Chinese drones. The Ottoman Empire ruled the region for nearly four centuries and its successor, Turkey, is pursuing economic opportunities and funding mosque-building in BiH, Albania and Kosovo, while the United Arab Emirates (UAE) has become an investor in the region.

Most states in the region remain politically unstable. The 1995 Dayton peace agreement ended the war in BiH, but while there has been progress in democracy and co-existence at the local level, complex state institutions have not managed to knit the country back together or produce a sustainable polity. Corruption is rife and the judiciary is paralysed. The Bosnian Serbs have threatened to break away from the weak central state and the Bosnian Croats have chafed at Bosniak ascendancy.

Relations between Serbia and Kosovo remain conflictual, with Belgrade refusing to recognise the independence of its former province, and the Serbian minority in northern Kosovo unreconciled to Pristina's authority. Five EU countries – Spain, Greece, Romania, Slovakia and Cyprus – also do not recognise Kosovo, fearing a precedent for their own separatist regions or minorities. Montenegro has suffered a spate of government collapses amid

pressure from a Serbian nationalist minority. Violent nationalist protests have flared in North Macedonia over the conditions imposed by Bulgaria for Skopje to start EU accession talks.

Any of these disputes could spark incidents of political violence that might escalate. The risk of a broader armed conflict appears low due to war-weariness, a shortage of young, trained fighters and the presence of NATO and EU forces in Kosovo and BiH. Yet the possibility of a clash that could suck in outside powers cannot be ruled out.

Violence is not the only form of potential instability emanating from the region. Migration from Africa, the Middle East and Asia via the Western Balkans remains a serious concern for EU governments. They have pressed Serbia in particular to align with EU visa policies and to stop serving as a conduit for would-be migrants exploited by people smugglers.

For nearly two decades, Western Balkan states have watched new EU members on their doorstep enjoy faster economic growth, rising living standards, free movement of labour and democratic alternation in power, while their own path towards European integration has remained blocked – partly due to French and Dutch ill will. Slovakia's GDP now exceeds that of the whole Western Balkans.

The widening economic gulf, reflected in the vastly different scale of payments received from Brussels, has caused disillusionment, anger and emigration. Hundreds of thousands of

young people have voted with their feet, taking advantage of educational and job opportunities abroad, or swelling the informal labour force in the EU.

Yet examples of local economic empowerment, functioning democracy and civil society resilience offer patches of hope for a brighter future in all the Western Balkan countries, as do EU-funded efforts for regional cooperation. Reformists have managed to lead governments in Montenegro, North Macedonia and Kosovo. Despite their frustration at the snail's pace of membership negotiations, a UNICEF survey shows young people remain strongly supportive of joining the EU.

Western Europe, on the other hand, has suffered from 'enlargement fatigue' ever since the 'Big Bang' eastward expansion of the EU in 2004, which contributed to referendum defeats for an EU constitutional treaty in France and the Netherlands in 2005, and Dutch voters' rejection of an EU trade agreement with Ukraine in an advisory referendum in 2016. Fears of uncontrolled migration, loss of national identity and the undercutting of indigenous workers' rights were prominent in those campaigns.

Difficulties in integrating the central European countries that joined the EU in 2004 and 2007 – particularly backsliding in Hungary, Poland and Slovenia on civil rights, media freedom and the rule of law, and persistent corruption in Romania and Bulgaria – have given a bad name to the most effective policy to stabilise the EU's neighbourhood. As a result, while the recent EU members are strong supporters of

admitting the Western Balkans, governments in Paris, The Hague and also Copenhagen have used every opportunity to slam the brakes on further enlargement.

In addition, **the founding members of the EU are concerned about the increasing difficulty of reaching agreements in the current 27-nation Union, where many key decisions require unanimity. That has made them determined to insist on a reform of decision-making, notably on sanctions and tax matters, before any further members are admitted – a high hurdle given the strong opposition of smaller and new member states.**

The European Commission department that manages the accession process has itself undergone a profound crisis. The Directorate-General for Enlargement, a powerhouse in the 1990s and 2000s, was folded into a dual-purpose Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) in 2014, when then Commission president Jean-Claude Juncker said there would be no enlargement for the next five years. Then, in 2019, DG NEAR was handed to Hungarian Commissioner Olivér Várhelyi, a close ally of populist Orbán. The DG has since lost much of its drive and talent. Key posts have remained unfilled for more than a year. Várhelyi has intervened to soften criticism of Serbia in country reports, and his close aides are often absent or silent in inter-departmental Commission meetings.

Moreover, the leading EU political families –

the European People's Party (EPP) and the Party of European Socialists (PES) – have woefully failed to hold their sister parties in the Western Balkans to European standards of democracy, transparency and the rule of law. This is particularly true of the EPP, whose associates in the region feature a rogues' gallery of ethno-nationalist strongmen.

While the EU and the United States say they are working in lockstep in regional diplomacy, Washington has lent enthusiastic support to the Open Balkan initiative launched by Serbia, Albania and North Macedonia to create an open-border trade zone, while the EU wants all six countries to work through a Western Balkans Common Regional Market under EU supervision. That long-stalled project at last shows some signs of progress with agreement at a Berlin summit in November 2022 on visa-free movement with only identity cards among the six countries, as well as mutual recognition of professional qualifications and university diplomas.

For its part, NATO has admitted Albania, Montenegro and North Macedonia, as well as Slovenia and Croatia, while Serbia is an active member of its Partnership for Peace (PfP), an extended family of the US-led defence alliance without the security guarantees. NATO soldiers keep a lid on ethnic tensions in northern Kosovo and a NATO headquarters helps provide security assistance in BiH. **But while NATO's expansion has tethered much of the region to Euro-Atlantic structures, it has done little for its prosperity or to counter autocracy and corruption.**

The Russian war against Ukraine has driven an additional wedge into the Western Balkans. Although Serbia voted in the United Nations to condemn Russia's invasion, it refused to join EU sanctions, kept its door open to Russian citizens and businesses, and signed a favourable three-year gas deal with the Kremlin. Its pro-government media parrot the Russian narrative on the war in Ukraine and public sympathy for Russia is strong, not least because of widespread resentment over NATO's 1999 bombing of Serbia to halt ethnic cleansing in Kosovo.

Albania, North Macedonia, Montenegro and Kosovo have aligned themselves fully with the EU sanctions, while BiH's formal support for the policy has been shackled by entity Republika Srpska's ties with Russia.

Western officials saw Moscow's hand behind Bosnian Serb leader Milorad Dodik's threat in late 2021 to secede from BiH. Dodik met Russian President Vladimir Putin days before the Bosnian Serb parliament adopted a resolution to withdraw from the federal army, judiciary and tax administration, and again in June and September 2022. Dodik has postponed the breakaway moves for now, citing the "complex geopolitical situation". Were he to go ahead and declare Republika Srpska's independence, there is a high chance that Bosniaks would react violently. That is probably the single greatest risk of armed conflict in the region.

The EU's decision to grant candidate status to Ukraine and Moldova could push the Western Balkan countries further down the ladder of care

and attention in Brussels unless there is a rapid renewal of their accession process. A more optimistic view is that the historic decision has highlighted the need to make the enlargement prospect more real for all aspirants.

There is at last serious discussion in Brussels on how to rebalance incentives, rewards and conditionality in the EU accession process and embed this in a broader framework. Proposals for a staged accession by the Centre for European Policy (CEP), the Centre for European Policy in Belgrade, the European Stability Initiative (ESI), as well as an unpublished paper by the Austrian government, point the way.⁽³⁾

The inaugural meeting in October 2022 of the European Political Community (EPC) – a geopolitical family including all EU states, the United Kingdom, Norway, Switzerland, all six Western Balkan countries, Ukraine, Moldova, Georgia, Turkey, Armenia, Azerbaijan and Israel – was a first step in that direction. **However, it is no substitute for an energetic revival of the EU accession process.**

This study explores what the EU and the Euro-Atlantic community need to do to advance the economic and political integration of the Western Balkans into Europe, provide bigger incentives for reforms and prevent a drift from ethnic nationalism and corrupt governance into potential armed conflict.

It examines how the international community exercises stewardship in BiH and what changes might be made to the EU and NATO missions in the region. It also considers whether border

(3) <https://www.ceps.eu/wp-content/uploads/2021/10/A-Template-for-Staged-Accession-to-the-EU.pdf>, <https://www.robert-schuman.eu/en/doc/questions-d-europe/qe-633-en.pdf>

changes would resolve problems or create a dangerous precedent that undermines multi-ethnic states.

It recommends a swift revival of the European integration process with tangible benefits for citizens, businesses and authorities in the region and a greater focus on civil society. EU governments should start by granting visa liberalisation to Kosovo immediately and making BiH a candidate as soon as it has met a slimmed-down list of key benchmarks, as recommended by the Commission. Larger EU payments should be disbursed earlier in the accession process as countries meet benchmarks and provisionally close negotiating chapters.

Key recommendations of this study include associating countries that make progress in accession negotiations more closely with EU policymaking by attending sectoral councils with speaking but not voting rights. They should be involved systematically in the energy, climate, infrastructure and public health programmes. The EU should also include the Western Balkan countries in their proposed framework for collective purchases of gas from energy suppliers.

To make the benefits of membership tangible at an earlier stage of the enlargement process, the EU should give candidate countries a proportion of the structural and cohesion funds to which member states are entitled as they meet key milestones within the accession negotiations.

All Western Balkan countries should hold elections in parallel with the 2024 European elections to choose observers who would attend plenary sessions and have occasional speaking rights and observer status in committees.

Most of the Western Balkan countries remain a long way from EU membership in terms of their governance, rule of law and democratic standards. To reward the most advanced candidate(s), when a country has provisionally closed more than half of the 35 chapters in the negotiations, the EU should propose an indicative timeline for its accession.

The European Commission should also use its new power to recommend applying the reversibility principle adopted in 2020 to suspend some negotiations with a candidate country in the case of an egregious case of backsliding on rule of law, media freedom or civil rights. Serbia could be a test case. The main EU political families, notably the EPP, should set tough conditions for maintaining ties and assistance to affiliated parties in the region and distance themselves from strongmen.

EU and US leaders should encourage Open Balkan participants to merge the initiative with the Western Balkans Common Regional Market and ensure that it is compatible with EU standards and that all countries are involved on an equal footing.

The EU should radically reduce the number of veto points in the accession process by enabling most intermediate decisions to be taken by qualified majority voting (QMV), with

only the granting of candidate status, the initial opening of negotiations and the conclusion of the overall accession treaty to be decided by unanimity. Member states should be able to use constructive abstention or footnotes to record dissatisfaction with particular chapter outcomes without preventing the negotiations from proceeding.

NATO, for its part, should develop and exercise rapid reinforcement plans for both Kosovo and BiH in case of flare-ups of violence. The EU and NATO should keep their peacekeeping forces at maximum strength and readiness while current tensions persist. NATO should also make contingency plans to redeploy forces to BiH under the Dayton Agreement in case of need. The EU and the US should maximise pressure for an early deal on the normalisation of relations between Serbia and Kosovo.

As always, things can still get worse as well as better in the Western Balkans. Both the EU and NATO need to be prepared to prevent the worst, while realistically aiming for the best outcomes.



CHAPTER 1

How we got here – from the death of Yugoslavia to ‘Absurdistan’

Borderland of empires

The Balkan peninsula has historically been a borderland of empires with frontiers that have shifted many times without ever corresponding to homogeneous ethnic, linguistic or religious population groups. Traversed by mountain ranges and forests, the region has for centuries been a patchwork of multi-ethnic, multi-faith communities with relatively few highways and rail connections because of the challenges of topography and the distance from the imperial hubs of Vienna and Istanbul. Its poor agrarian societies were late to develop an industrial economy compared to other parts of Europe, in most countries only after World War Two.

The entire region was part of the Roman Empire; however, the delimitations of the Roman provinces correspond only partially with today's Western Balkan states, which are mostly the result of the breakup of Yugoslavia at the end of the Cold War. After the fall of Rome, the Balkans came under a mixture of Byzantine, Venetian and Hungarian rule until the expanding Ottoman Empire extended its rule in the 15th century.

Almost the whole region was part of the Ottoman Empire at its greatest extent in 1683, except for parts of present-day Slovenia and Croatia's Dalmatian coastline. The Ottomans did not force conversion to Islam and the majority of the population remained Christian. The

region was under Ottoman rule until the 19th century, when the aftershocks of the French Revolution, the decline of Turkish power and the advance of the Austro-Hungarian Empire triggered a series of national uprisings and wars that gave birth to modern-day Greece, Albania, Serbia, Montenegro, Bulgaria and Romania as independent states.

The Great Powers of the 19th century – Austria-Hungary, Russia, the Ottoman Empire, Great Britain and France – all played a role in shaping the emergence of independent states in the Balkans to serve their own interests and contain the ambitions of their rivals. They supplied several of them with monarchs from lesser branches of European royal families, often unfamiliar with their new kingdoms, and took a hand in drafting constitutions and appointing advisors.

The Balkan Wars of 1912 and 1913 rolled back further the borders of the Ottoman lands. But they did not satisfy the wider territorial ambitions of Greek, Serbian, Bulgarian or Albanian nationalists, all of whom sought to gather their ethnic kin in a single state. This gave rise to irredentist movements calling for a Greater Albania, a Greater Serbia and a Greater Bulgaria, which raised their heads again at the end of the Cold War.

The struggle of Bosnian nationalist fighters against Habsburg rule led to the event that triggered the outbreak of World War One in 1914 when a Bosnian Serb nationalist student shot dead Archduke Franz Ferdinand, heir to the imperial throne, in Sarajevo.

At the end of World War One, the kingdom of

Yugoslavia – the land of the southern Slavs – was created, bringing together the State of Slovenes, Croats and Serbs that had been part of the Austro-Hungarian Empire with the Kingdom of Serbia, including present-day Montenegro and North Macedonia. It was the first union of the southern Slavic peoples as a sovereign state with a Serbian monarch.

Tito, Ustashas and Chetniks

Nazi Germany invaded the Balkans in 1941, forcing the Yugoslav government to surrender after 11 days. Parts of Yugoslavia were annexed by Germany, Italy, Bulgaria and Hungary. The rest of the territory came under the nominally Independent State of Croatia, a fascist one-party puppet state garrisoned by German and Italian troops. Extreme Croat nationalists, called the Ustashas, allied themselves with the Axis powers and banned the Cyrillic alphabet. Serbs loyal to the monarchy and Orthodoxy formed armed resistance units, called Chetniks. The deep enmity between these two forces set the backdrop for ethnic violence as communist rule crumbled in eastern Europe four decades later.

The Nazis encountered fierce communist-led resistance in Serbia and Greece. Yugoslav partisans, led by Josip Broz “Tito”, leader of

the Yugoslav communist party, liberated their country from the Axis powers in 1944 and 1945 without the direct intervention of allied armies, although they received arms and clandestine support from military advisors abroad. Tito was born of a Croat father and a Slovene mother in the village of Kumrovec in Austria-Hungary, now in Croatia.

After World War Two, the monarchy was abolished and the Federal People’s Republic of Yugoslavia was proclaimed, with six constituent republics – Bosnia and Herzegovina (BiH), Croatia, Macedonia, Montenegro, Serbia and Slovenia. Kosovo, populated mostly by Muslim ethnic Albanians, was a southern province of Serbia with broad autonomy. Vojvodina, the most northerly province, also enjoyed autonomy.



Although the ruling ideology remained communist, Tito quarrelled with Stalin about policy in the Greek Civil War and over Albania's status. He rejected Soviet hegemony and was expelled from the Cominform organisation through which Moscow imposed its hegemony on eastern Europe. The Yugoslav-Soviet split in 1948 put paid to Tito's efforts to incorporate Albania and Bulgaria in a wider federation ruled from Belgrade. It also prompted the US to provide economic assistance to Yugoslavia.

Held together by the aura and authoritarianism of Tito, who was president from 1945 until his death in 1980 and a founder of the non-aligned movement, Yugoslavia struggled to keep an indebted economy afloat under International Monetary Fund (IMF) supervision in the 1980s. The federal state was run by a weak rotating collective leadership to the increasing frustration of ambitious Serbian leader Slobodan Milošević.

Weaving a narrative of Serb victimhood and grievance, Milošević stripped Kosovo and Vojvodina of their autonomy and placed himself at the head of a nationalist movement bent on building a Greater Serbia by carving off swathes of Croatia and BiH, if he could not rule the whole country. That prompted Slovenia and Croatia to declare independence in 1991, triggering an assault by the Serbian-dominated Yugoslav army that hapless EU diplomacy and monitoring efforts proved powerless to stop.

War and state capture

Thus, during a decade in which central European countries freed from Communist rule were racing to transform themselves into democracies and market economies and to join NATO and the EU, the peoples of the Western Balkans were locked in a series of ethnic and nationalist wars that caused some 140,000 deaths and one of the largest refugee crises in recent European history. Some 2.4mn people fled the region and another two million were internally displaced.

Croatia fought a bloody war with Serbia before recapturing rebel Serb-held areas and driving the Yugoslav army off its soil in 1995. BiH declared its own independence in 1992, prompting an immediate armed revolt by Bosnian Serbs backed by Belgrade. Repeated EU and UN mediated ceasefires and peace plans failed to halt the Serb assault.

The war in BiH was the longest and deadliest of the conflicts and left the deepest scars. After three years of savage fighting and ethnic cleansing, in which the Serbs besieged Sarajevo, took UN peacekeepers hostage and massacred some 8,000 Muslim Bosniaks in a so-called UN 'safe area', it took NATO military intervention and forceful US diplomacy to put an end to the war in 1995. A 21-day peace conference, led by US negotiator Richard Holbrooke with the presidents of Serbia, Croatia and BiH at a military base in Dayton, Ohio, clinched a complex deal

creating a very loose union with convoluted institutions and a patchwork map in which the Bosniaks and Croats jointly received 51% of the territory and the Bosnian Serbs 49%.

That was not the end of the fighting in the region. Kosovo, stripped of its autonomy by Milošević in 1989, rebelled against Serbian rule in 1998, prompting a brutal crackdown. NATO waged an air war to halt ethnic cleansing by Serbian forces and drive them out of the province in 1999 after Belgrade had rejected a diplomatic solution.

By 2000, the former Yugoslavia was divided into five states, all of which had experienced some fighting.* Slovenia, the most northerly republic, escaped with the least damage and was the first to join the EU in 2004.

The legacy of the wars was a group of countries run by ethnic nationalists who had essentially captured state institutions, sometimes in league with organised crime networks that trafficked arms, drugs and people. With rare and usually temporary exceptions, those nationalist parties still hold power across the Western Balkans today. Their opponents are often barely less nationalist.

Census figures suggest roughly as many people have left the region to seek their fortune in the EU since the end of the war as the two million

* For more detailed accounts of the collapse of Yugoslavia and the wars of the 1990s, see the further reading list.

who fled the fighting in the 1990s. Emigration is seen by many young and educated people in the Western Balkans as a more secure and promising future than staying home and trying to change their own societies.

NATO established a stabilisation force under a UN mandate in BiH in 1996, which was reduced in size and eventually handed over to a lightly armed EU-led force in 2004. The international Office of the High Representative (OHR) was established to oversee implementation of the Dayton peace agreement in BiH, with powers to overrule local politicians if they were unable to reach their own agreements on running the country. Despite downsizing and proposals to wind up the office and hand over full sovereignty to BiH leaders, the system endures. The latest incumbent, former German minister Christian Schmidt, has used his so-called Bonn powers three times in 2022.

The extremely complex institutional structure of BiH created by the Dayton Accords – a loose union of two entities, Republika Srpska and a Federation of Bosniaks and Croats, with a tripartite state presidency and weak central institutions – led to political and legal deadlock. In the words of veteran Bosnian journalist Srećko Latal, who served as a political advisor to the EU and a Balkan analyst for the International Crisis Group: “All the states in the region have similar clientelist, populist ruling systems, but Bosnia is different and worse because we have three parallel clientelist systems in one country.”⁽¹⁾

The Bosnian rock band Dubioza Kolektiv popularised the term ‘Absurdistan’, used by Václav Havel to ridicule communist repression in Czechoslovakia, to depict the state of former Yugoslav countries racked by nationalism, corruption and the disenfranchisement of youth.⁽²⁾

In Kosovo, an interim UN administration mission oversaw the transition to an elected government, led by former guerrilla leader Hashim Thaçi, that declared independence in 2008. Some 100 of the 193 members of the UN have recognised Kosovo’s statehood, but crucially Serbia has not. Nor have five of the 27 EU member states – Spain, Greece, Romania, Slovakia and Cyprus – anxious about the precedent for their own separatist-minded regions or minorities. That has left Kosovo in limbo for two decades, unable to get on the first rung of the ladder to UN, EU or NATO membership.

An international peacekeeping force led by NATO after the 1999 war remains present on a smaller scale 22 years later. The Kosovo Force (KFOR) was deployed in 2022 after Kosovo Serbs barricaded roads and staged violent protests against an attempt by Pristina to make them swap their Serbian-issued licence plates for Kosovo-issued ones.

The aftershocks of the wars also led to the peaceful but sullen breakup of the last remnant of rump Yugoslavia in 2006 when Montenegro voted for independence from Serbia.

(1) Interview with the author, October 2022

(2) https://m.youtube.com/watch?v=moN_5PDu7-k

A promise or a challenge?

Western Balkan countries received what many in the region regarded as a firm promise of EU membership at a summit to which they were invited with much fanfare in 2003 in Thessaloniki, Greece.

A joint declaration by leaders of the then 15 EU member states, plus all acceding and candidate countries, as well as the presidents of the European Commission and the European Parliament, and the High Representative for Foreign and Security Policy said: “The EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union. The ongoing enlargement [...] inspire[s] and encourage[s] the countries of the Western Balkans to follow the same successful path.”

For their part, the countries of the region declared that they fully shared the objectives of economic and political union. But the joint declaration also contained an implicit warning that the pace of integration would depend on their own capacity to reform themselves comprehensively and become modern European states.

“Preparation for integration into European structures and ultimate membership into the

European Union, through adoption of European standards, is now the big challenge ahead. The Croatian application for EU membership is currently under examination by the Commission. The speed of movement ahead lies in the hands of the countries of the region,” it said. ⁽³⁾

The Thessaloniki declaration ushered in two decades of mutual disillusionment and recrimination.

There is much dispute about why the Western Balkan states have made so little progress in their accession process since 2003. Brussels mostly blames state capture by corrupt, ethno-nationalist political leaders in the region. Balkan politicians minimise their own responsibility and blame EU ‘hypocrisy’ and enlargement fatigue, particularly in western Europe.

The transformation challenge was undoubtedly bigger in the Western Balkans than in central Europe. It entailed not just reform but state-building.

Philosophically, Western Balkan peoples who had struggled to establish independent states free from the domination of outside powers and ideologies, or of hostile neighbours, were ill prepared to join a Union in which pooling sovereignty, peer pressure and intrusive

(3) https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/misc/76291.pdf

supervision by Brussels were the organising principles.

“The long struggle to create a nation-state – of which the Yugoslav wars could be seen as the final phase – had taken the entire 20th century. The irony was that just as this struggle ended, economic and political changes at the international level threw the very idea of the nation-state into question,” writes historian Mark Mazower.⁽⁴⁾

NATO, which has fewer criteria for membership and focuses mostly on security sector reform and military interoperability, has admitted more Western Balkan countries than the EU, which requires broad regulatory alignment. Slovenia was first to join NATO in 2004, followed by Albania and Croatia in 2009, Montenegro in 2017 and, most recently, North Macedonia in 2020, after the country had changed its name to meet Greek objections to its calling itself the Republic of Macedonia.

Their membership was part of the Euro-Atlantic integration pledged after the end of the Yugoslav Wars. It reduced the risk of armed conflict in the region and raised the professionalism of their armed forces, but it did not guarantee political stability or prosperity. Nor did it involve accepting supranational monitoring of clean governance, human rights, democratic standards, the rule of law or economic regulation.

Moreover, as long as BiH, Serbia and Kosovo remain outside both NATO and the EU, the scope for other powers – particularly Russia but also China – to exploit the Western Balkans in order to destabilise the continent, weaken the West or use the region as a gateway for their own ambitions remains considerable.

(4) Mazower, Mark. *The Balkans; From the End of Byzantium to the Present Day*, London, Phoenix, 2000



CHAPTER 2

The state we're in – the Western Balkans today

Stagnation and frozen conflicts

Despite some improvements in Montenegro, Albania, North Macedonia and Kosovo, recognised by the European Commission in its 2022 enlargement reports, the dominant political and economic features of the Western Balkans remain stagnation, emigration, state capture by ethnic nationalist politicians, authoritarian leaders, pervasive corruption and deadlock on enduring frozen conflicts in Bosnia and Herzegovina (BiH) and Kosovo.

The widespread wishful thinking among Western policymakers that after a decade of catastrophic wars, the countries of the region would turn away from ethnic nationalism and embrace a more prosperous and fraternal future in Europe proved unfounded. Most have remained in the grip of their wartime political class, who have doubled down on beggar-thy-neighbour identity politics even while they espouse a commitment to European values and a desire for EU membership.

While the origins of those problems are endogenous, many are being exacerbated by malign Russian influence in an effort to weaken and embarrass the EU and NATO in their 'backyard'. Russia's trade with the region

is small, but its media penetration, diplomatic influence and Orthodox kinship reach deep into some Balkan societies. Most importantly, it is by far the biggest energy supplier, giving it the power to cause severe economic and social damage if it turns the gas taps off. Serbia is 90% and BiH is 100% dependent on Russian gas.

Asked whether they believed the region was making progress, stagnating or going backwards, 42 ministers, politicians, US and European diplomats, EU and NATO officials, academics, economists and think-tankers interviewed for this report overwhelmingly chose 'stagnation' as the most accurate description. More thought the region was going downhill than improving.

"The overall feeling is one of stagnation, but negative stagnation because it has worsened in the last decade, not with a dramatic shift but in slow motion," said Florian Bieber, a professor of southeast European politics at the University of Graz in Austria. ⁽¹⁾

"The situation is not at a level that would require immediate intervention to prevent new violence.

(1) Interview with the author, September 2022

But there are sources of tension that create a dynamic that could move towards a dangerous place at some point. Managed tensions can always get out of control,” Bieber said.

He cited three potential flashpoints: tension between Kosovo Serbs and the Albanian-led Kosovo government in northern Kosovo; the risk of the Bosnian Serb entity making good on its threat to secede from BiH; and political instability in Montenegro. Other analysts added the possibility of political violence in North Macedonia over a proposed constitutional amendment to recognise the historical place and linguistic rights of the Bulgarian minority at Sofia’s insistence.

Another astute observer of the region, Aleksandra Tomanić, Executive Director of the European Fund for the Balkans, said: “I wouldn’t exclude armed conflict in this region. War is still being waged by different means. People are very emotional and only blaming others. No one is looking at their own responsibility.”⁽²⁾

A possible conflict might not be conducted between regular armies and security forces, but there are plenty of guns in private hands in BiH, Kosovo and Serbia. “Look at the opinion polls in Serbia. They reflect ten years of brainwashing that the Serbs are under threat and have to protect themselves,” Tomanić said.

(2) Interview with the author, August 2022

POPULATION GROWTH IN CENTRAL AND EASTERN EUROPE BETWEEN 1990 AND 2021



Common features

One common feature of the region is depopulation, as mostly young and educated people have gone west and north in search of work and higher living standards. Notably, the rate of emigration is just as high in neighbouring Romania and Bulgaria, which joined the EU 15 years ago, but those countries have enjoyed faster economic growth due to the influx of EU money.

The exodus has significantly raised the average age across the region, and older people tend to be more conservative and to get their news from regime-controlled old media. The average age of the population in Serbia rose from 33.2 to 41.6 between 1990 and 2020. The ageing was even more extreme in BiH, which went from 29.8 to 43.1 in the same 30 years. Only Kosovo still has a relatively young population with an average age of 30.5 in 2020. To be fair, the average age is even higher in Italy at 45.9 and in Germany at 45.1, mostly due to low birth rates.

On the plus side, democratic alternation has brought reformists into government in Montenegro, Kosovo and North Macedonia, but in each case their administrations are fragile to different extents and subject to destabilisation by internal opponents and external forces. The new authorities have chalked up some

progress on democracy, media freedom, the rule of law and the fight against corruption. However, they were starting from a very low level by international standards.

In the annual ranking of corruption perceptions of 180 countries published by the NGO Transparency International, Montenegro was the region's best performer in 2021 in a modest 64th place, ahead of EU member Hungary, which ranked 73rd. Kosovo and North Macedonia were tied for 87th. The good news was that this was a 17-place improvement on Kosovo's 2020 position. Serbia was 96th, while Albania and BiH were equally worst in the region at a dismal 110th.⁽³⁾

In terms of democracy, political rights and civil liberties, all Western Balkan countries were classified as 'hybrid regimes' in Freedom House's annual 'Nations in Transit' survey in 2022. But while the US-based NGO reported progress towards 'semi-consolidated democracies' in Montenegro and North Macedonia, it recorded further democratic decline in Serbia and Albania, while BiH and Kosovo still ranked significantly lower than the rest of the region. Only Kosovo improved its National Democratic Governance rating significantly in 2021.⁽⁴⁾

In terms of the rule of law, Kosovo achieved the

(3) <https://www.transparency.org/en/cpi/2021/index/dnk>

(4) <https://europeanwesternbalkans.com/2022/04/20/freedom-house-western-balkan-countries-remain-hybrid-regimes-decline-for-serbia-and-bih/>

highest ranking of Western Balkan countries in 57th place out of 140 countries surveyed by the Rule of Law Project Index – far ahead of EU member Hungary in 73rd place. North Macedonia ranked 63rd, BiH 79th, Serbia 83rd and Albania 87th. The index assesses a range of factors, including legal and parliamentary constraints on executive power, as well as the absence of corruption, fundamental rights, the state of the civil and criminal justice system, security and order, regulatory enforcement and open government. ⁽⁵⁾

Here is a country-by-country analysis of the state of the region.

Serbia

BALANCING ACT

Serbia, the strongest and most populous state in the region with 6.8mn people, remains firmly in the grip of President Aleksandar Vučić, who was once a member of the ultra-nationalist Radical Party and information minister under Milošević in the 1990s. Vučić was comfortably re-elected in the 2022 general election, in which his Serbian Progressive Party (SNS) lost its absolute majority in parliament but remains the dominant party. Critics say he has continued to tighten his control over the media, judiciary and public administration. He makes frequent and unchallenged television appearances. The

opposition is weak and divided.

The president maintains a balancing act between the West, Russia and China, buying arms and welcoming vaccines from all sides, while avoiding throwing in his lot with a single partner. In the last year, Belgrade has taken delivery of Russian tanks and Chinese air defence missiles and launched co-production of Chinese military drones in Serbia, fanning fears in Kosovo about Vučić's intentions. It has also bought helicopters and military transport aircraft from France and is reportedly negotiating to buy advanced French fighter aircraft.

Serbia is a member of NATO's PfP, an outer ring of cooperation, and its armed forces conduct more joint exercises with NATO than with Russian forces. Yet many Serbs remain hostile to the West because of NATO's bombing of Serbia in 1999 to force the withdrawal of Serbian troops engaged in ethnic cleansing against ethnic Albanians in Kosovo.

Asked why Serbia was re-arming now, one veteran Belgrade analyst close to government thinking suggested the diversified weapons purchases made political rather than military sense. They were an attempt to show Serbia was strong, secure protective ties with powerful allies and help the largely state-owned arms industry, one of the largest in central Europe, which is a source of patronage, export earnings and commissions for the ruling elite. ⁽⁶⁾

Vučić's fence-sitting foreign policy has changed

(5) <https://worldjusticeproject.org/rule-of-law-index/global/2022>

(6) Interview with the author, August 2022

little since Russia's invasion of Ukraine and annexation of four Ukrainian regions. It follows a long tradition of Balkan countries playing great powers off against each other. But it also reflects the balance of political forces within Serbia, in which hardline nationalists, including veterans who deny Serb war crimes during the wars of the 1990s and are still bitter over NATO's 1999 bombing of Belgrade, have a strong public voice – and own guns.

These groups are presumed to be behind public murals in central Belgrade lionising Putin and wartime Bosnian Serb military commander Ratko Mladić, convicted of genocide by The Hague war crimes tribunal. Police have tried to protect the murals against attempts by activists to erase or deface them.

Whipping up fear that foreigners are plotting to harm Serbia, state television and tabloid newspapers loyal to Vučić seethe with war talk over Kosovo and parrot the Russian narrative on the conflict in Ukraine. The Serbian services of Russian media channels Sputnik and RT have a sizable audience and Russians own Serbia's big circulation Novosti newspaper.

“The narrative being pushed mostly by media under government influence is dangerous for Serbia itself,” said Sonja Licht of the Foundation BFPE for a Responsible Society, a veteran civil society activist and Co-Founder of the Belgrade Security Forum. ⁽⁷⁾

This constant conditioning of public opinion

helps explain why Serbians are the least enthusiastic about EU membership among the peoples of the Western Balkans. An annual Balkan Barometer opinion survey published by the EU-funded Regional Cooperation Council (RCC), based in Sarajevo, found in 2022 that, while 81% of Serbians support regional cooperation, only 31% think EU membership would be good for their country and 41% think it will never join the Union. ⁽⁸⁾

HEDGING ON UKRAINE

Vučić condemned the Russian invasion of Ukraine and refused to recognise Moscow's annexation of four Ukrainian provinces after sham referendums. But he has maintained friendly diplomatic ties with Moscow, concluding an agreement on regular consultations after the war began, and refused to join EU sanctions against Russia.

This is partly payback for Moscow's help for Serbia during the Yugoslav Wars and its continued UN Security Council veto on the recognition of Kosovo's independence. But it also reflects Belgrade's dependence on Russian gas, for which it pays far less than current market prices. Russians are allowed to fly freely to Serbia and park their money there while they are shut out of most of the rest of Europe. Belgrade has become a magnet for Russian tech firms and skilled professionals, as well as for young Russians opposed to the war. ⁽⁹⁾

(7) Interview with the author, August 2022

(8) <https://www.rcc.int/balkanbarometer/results/2/public>

(9) <https://www.wsj.com/articles/in-race-to-lure-russian-talent-and-capital-serbia-emerges-as-front-runner-11666793707>

Vučić's refusal to align with the sanctions has angered many in Brussels. "We have to confront Serbia with a very clear message that they have to choose their path," said Austrian MEP Lukas Mandl, a member of the centre-right EPP. "Serbia has driven itself into a black-and-white situation. A contribution to sanctions and recognition of Kosovo are the steps that are required."⁽¹⁰⁾

Yet several sources said Belgrade had been secretly more helpful to Ukraine than has been publicly acknowledged. A Ukrainian cargo plane transporting Serbian mortar bombs and mines crashed in northern Greece in July 2022 on a mystery flight officially bound for Bangladesh via Jordan. The Serbian Defence Ministry denied reports that the arms may have been destined for Ukraine. There have also been unconfirmed reports that a Serbian dealer has supplied arms to a US company used by the Pentagon to purchase arms for Kyiv, and that Belgrade has allowed the transit of non-combat military equipment from other countries on its way to Ukraine.⁽¹¹⁾

Awkwardly for Serbia, Putin has drawn parallels between his own recognition of the independence of the Russian-speaking Ukrainian regions of Donetsk and Luhansk, and Western recognition of Kosovo's independence after NATO forced Serbian forces out.

OPEN BALKAN INITIATIVE

In his own region, Vučić has combined rhetorical support for 'Serb unity' and Bosnian Serb leader Milorad Dodik, who has threatened to secede from BiH, with repeated statements that he recognises the borders of all states in the region. "We have our country. We are not interested in expanding our borders and getting into any fights with our neighbours," he told *The New York Times* in an interview in 2022. Belgrade diplomats say Vučić has privately warned Dodik against secession, which would put Serbia in a difficult position, but he continues to give him a platform in pro-government Serbian media.⁽¹²⁾

He also distanced himself from talk by his ultra-nationalist former police minister Aleksandar Vulin of a 'Serbian world', mirroring the concept of a 'Russian world' used to justify Russia's seizure of areas outside the Russian Federation populated by Russians. Vučić said this was "not part of the official policy of Serbia".

Vučić has built a cooperative relationship with Albanian Prime Minister Edi Rama, which led to the launch of the Open Balkan initiative in 2019. This is an attempt to create a Schengen-style zone of open borders, free trade and labour mobility based on EU principles within the Western Balkans. North Macedonia was a co-founder of the initiative, which is supported by the US administration but regarded with suspicion by some in Brussels and Berlin. The founding members insist Open Balkan is open to all Western Balkan countries, but

(10) Interview with the author, July 2022

(11) <https://www.dw.com/en/mystery-plane-crash-were-serbian-weapons-headed-for-ukraine/a-62574069>

(12) <https://www.nytimes.com/2022/08/12/world/europe/serbia-vucic-russia.html>

Montenegro, BiH and Kosovo have stayed out so far.

Critics see Open Balkan as a rival to efforts to create a Common Regional Market led by the EU-backed RCC and to the Berlin Process of economic integration promoted by the German government. “It’s like putting a second ball on the field in a soccer game to create a distraction from the real game,” said a European economic official critical of the initiative. ⁽¹³⁾

Gordana Čović, who was minister for minority rights and social dialogue in the Serbian government from 2020 until 2022, said the Open Balkan initiative partly reflected frustration at the snail’s pace of EU enlargement. It added value because the countries of the region were taking ownership of their own economic integration and not waiting for someone in Brussels, Berlin or Paris to tell them how to develop the Western Balkans, she said.

“We are taking our future into our own hands. The added value is ownership, and we know a lot of people don’t like that,” she said in an interview. ⁽¹⁴⁾

The Open Balkan initiative is also strongly backed by Alex Soros, son of US billionaire philanthropist George Soros and Vice-Chair of his Open Society Foundations. “The Open Balkan initiative is not discriminatory at all,” he said in an interview. “Everyone is invited to be there, but they don’t show up. The impetus was that the European project wasn’t delivering

anymore. Open Balkan is the only game in town that’s moving.” ⁽¹⁵⁾

EACH-WAY BET

Diplomats and political analysts in Belgrade believe Vučić would like to lead his country towards EU membership but he is sceptical that the EU is ready to admit Western Balkan countries any time soon and hence unwilling to take big political risks for such an uncertain prospect. They say he would also like to reach a normalisation of relations with Kosovo, provided the terms are not humiliating for Serbia.

“When you look at the political spectrum in Serbia, it’s hard to find someone more open on Kosovo than Vučić,” says a Western figure who has spent hours talking to the president. Yet in public he continues to vow that he will never recognise Kosovo’s independence. Diplomatic efforts are focused on possible staged normalisation, similar to relations between West and East Germany during the Cold War. ⁽¹⁶⁾

With Serbia’s economy increasingly interlinked with European partners – its prime source of foreign investment, the business community and civil society organisations are pleading for closer integration into the EU, better relations with the US and reduced dependency on Russia.

Some companies with big investments in Serbia, such as German automotive components

(13) Interview with the author, September 2022

(14) Interview with the author, July 2022

(15) Interview with the author, October 2022

(16) Interview with the author, October 2022

manufacturer Continental, have also pressed Belgrade to come off the fence. “When the CEO of Continental called Vučić and asked, ‘are we really in the right country if you can’t make up your mind between Russia and the EU?’, that really made him clarify his position in the UN General Assembly vote,” said German Greens MEP Viola von Cramon-Taubadel, who follows the Western Balkans closely. ⁽¹⁷⁾

Vučić is eager to diversify Serbia’s energy sources away from Russia and has pleaded for the EU to speed up completion of a gas pipeline interconnector with Bulgaria, due to be opened in late 2023, and another with North Macedonia that would give it access to gas from Azerbaijan piped across Turkey and liquefied natural gas (LNG) imported via Greece. He is also working on electricity links with Hungary, a close ally. “It’s crazy that we didn’t think about connecting with each other and building this infrastructure network before,” he told the *Financial Times* in November 2022. “We were not in the habit of wars in Europe, but now it is different. Almost everything changed. That’s why we are in a hurry.” ⁽¹⁸⁾

A senior US official said this realisation would lead Vučić over time to a broader change of strategic outlook. “I think he’ll come to realise that Russia is not going to be a long-term strategic partner for anybody,” the official said. ⁽¹⁹⁾

Serbia has also irked Brussels and its neighbours by allowing visa-free travel to Asian and African nationals who use it to seek asylum in the EU

or enter the bloc illegally. Under pressure from the European Commission, which complained in its annual enlargement report that Serbia had taken “no steps to align with the EU’s list of visa-required third countries, in particular with those third countries that present irregular migration or security risks to the EU”, Belgrade promised to align its visa policy with the Schengen zone from 2023. ⁽²⁰⁾

The new government unveiled in October 2022, six months after elections, appeared to be another each-way bet by Vučić, aiming to please the EU without burning bridges with Moscow. The two main casualties of the reshuffle were Vulin, the outspoken pro-Russian nationalist, and former deputy prime Minister and minister of energy and mining Zorana Mihajlović, who was strongly critical of Russia and admired in the West. Both lost their cabinet posts. However, the personalities in government make little difference since it is Vučić himself who takes all the major decisions. Moreover, there were unconfirmed reports that Vulin would be the new head of the Serbian security and intelligence service, BIA. That would alarm Western counterparts, given his close relations with Moscow.

The oath of office that Vučić swore at his inauguration, enshrined in the constitution, says the president must “dedicate all [his] efforts to preserving the sovereignty and the entire territory of the Republic of Serbia, including Kosovo and Metohija as its integral part.”

(17) Interview with the author, September 2022

(18) <https://www.ft.com/content/bbbe1edc-6c7c-4d6a-ab1f-06982942d694>

(19) Interview with the author, September 2022

(20) https://ec.europa.eu/commission/presscorner/detail/en/country_22_6089

A key test of his intentions will be whether he decides to conclude an agreement promoted by the EU and the US with active Franco-German involvement under which Serbia would accept the de facto independence of Kosovo, enabling it to join international institutions, but without granting it formal state recognition, in return for an accelerated path to EU membership, increased Western financial support and concessions on the rights of Kosovo Serbs. The two sides would establish ‘permanent missions’ in each other’s capital, just as East and West Germany did during the Cold War. It was unclear at the time of writing whether Kosovo’s left-wing government would accept such a deal, which falls short of its demand for full state recognition, and how it would be sequenced with the creation and status of a long-agreed association of Serb municipalities in Kosovo, which Pristina has been delaying.⁽²¹⁾

ORBÁN’S MAN?

Vučić has also fostered close relations with Hungarian Prime Minister Orbán, who makes no secret of wanting to extend his own political model of authoritarian, illiberal democracy across the region. Many democracy campaigners see the Western Balkans as a battleground between the diverse, tolerant liberal democracy promoted by Brussels and the populist, conservative nationalistic system pushed by Orbán, who vilifies the Commission as a Soviet-style bureaucracy seeking to force gay propaganda and Muslim migration on central Europe.

While US and EU officials are uncomfortable with Vučić’s autocratic tendencies and his relations with Putin, they are reluctant to criticise him publicly for fear of driving him into Russia’s arms. “I don’t think Vučić is an Orbán or a Putin, and it’s important not to push him into that corner,” said the Western figure who has spent time with the Serbian leader.

However, democracy activists and members of the European Parliament complain that Belgrade is being given too soft a ride by Brussels and Washington for diplomatic reasons at the price of undermining Western values of human rights, media pluralism and the rule of law.

“We had a horrendous farewell visit of [former German chancellor] Angela Merkel who praised Vučić as a dear friend and said she wasn’t afraid for democracy in Serbia. Then, [European Commission President] Ursula von der Leyen praised the very fundamental reforms and great job he was doing. Such visits do much more harm than good. They undercut the civil society that is pushing for EU values,” Tomanić said.

Ultimately, the path that Serbia takes is likely to be determined mostly by Vučić’s perception of the prospect of rapid progress towards EU membership and Russia’s residual power after its failed war in Ukraine. “I think he’ll come to be a long-term strategic partner for anybody,” a senior US official said.

The Balkan Barometer and other surveys make

(21) <https://www.euractiv.com/section/enlargement/news/leak-franco-german-plan-to-resolve-the-kosovo-serbia-dispute>

clear that Serbian public opinion is significantly more sovereigntist and eurosceptical than in other countries in the region due both to recent history with Western sanctions and the bombing of Belgrade in the 1990s, but also a deeper historical sense of the country's exceptionalism.

Political scientist Dimitar Bechev said Vučić's goal was to emulate Orbán's ability to run an authoritarian system with the benefits of EU membership. "If EU membership was on offer, he'd grab it with both hands so he can build his version of Hungary inside the EU with more money from the EU," Bechev said. ⁽²²⁾

Kosovo

GETTING BEYOND SQUARE ONE

Almost 15 years after it declared independence – recognised by 119 countries as of July 2022 – Kosovo is still struggling to get beyond square one in terms of integration into the international community and the EU. It is also plagued by the refusal of a large part of its Serb minority to accept the authority of the Albanian-led government in Pristina.

More than 90% of Kosovo's 1.8mn population are ethnic Albanians. However, almost half of the 145,000 Serbs in Kosovo live in four northern municipalities bordering Serbia, where they form the majority. These districts are

notorious for sheltering large-scale organised criminal activities, according to NATO, EU and US intelligence reports. Time has more or less stopped since 1999. The Serbian dinar is still widely used, whereas the rest of Kosovo uses the euro, and Belgrade continues to finance their health and education systems. Many of the residents have only Serbian citizenship while living on Kosovo territory.

On the international front, Russian and Chinese vetoes prevent Kosovo from joining the UN or its agencies, while the continued refusal of five EU member states – Cyprus, Greece, Romania, Spain and Slovakia – to recognise its independence bars it from becoming a candidate for EU membership, unless and until it can reach a normalisation agreement with Serbia. The same obstacle is blocking its aspiration to join NATO's PfP and move towards membership of the Western alliance.

While Pristina signed a Stabilisation and Association Agreement with the EU in 2015, Kosovo is the only country in the Western Balkans whose citizens still do not benefit from the EU's visa liberalisation policy, under which people are allowed to enter the Union for up to 90 days without a visa. The European Commission has certified since 2018 that Kosovo has met all the technical criteria for visa liberalisation. But a handful of member states led by France and the Netherlands have held up the decision, notably to demand that Kosovo take back citizens who have claimed political asylum in western Europe. Their latest

(22) Interview with the author, September 2022

excuse is to argue that Kosovo should wait until a European Travel Information and Authorisation System (ETIAS) is working – not before late 2023.

On the internal front, Kosovo Serbs in the northern corner of the country, with support from the government in Belgrade, have repeatedly rebelled against attempts to make them carry Kosovo identity cards and passports or put Kosovo licence plates on their cars. Disputes over these symbols of Kosovo's sovereignty have triggered street violence in northern Kosovo, particularly in the ethnically divided city of Mitrovica.

A NATO peacekeeping force, known as KFOR, deployed after the end of the 1999 war, has remained in the country ever since. It was recently reinforced to 4,000 soldiers after a flare-up of violence in August 2022 over the licence plate dispute, in which one person was killed.

However, the situation in northern Kosovo remains tense with both Kosovo police and KFOR patrols to deter armed Kosovo Serbs, some of whom have ties to organised crime in the region and across the border in Serbia. Attempts by Kosovo police to raid premises, seize contraband goods or detain suspects often lead to shootings. Some Kosovo Serbs display the 'Z' sign in sympathy with Russian invasion forces in Ukraine, as well as hang Serbian flags in the streets.

Serb mayors, members of parliament, local

councillors, judges, prosecutors and members of the Kosovo police resigned collectively in November 2022 after the Pristina authorities moved to enforce the change of licence plates, heightening tension. The EU brought in gendarmerie reinforcements to take their place temporarily.

Diplomatic deadlock, together with perceived corruption and weak rule of law, have until recently held back Kosovo's economic development and discouraged investment, prompting many young Kosovars to move abroad in search of higher education and work opportunities.

A decade of EU-mediated dialogue between Pristina and Belgrade has yielded a number of agreements – only partially implemented – but there has been no overall breakthrough on the normalisation of relations.

In 2018, Vučić and then Kosovo president Hashim Thaçi discussed the idea of a territorial exchange involving the predominantly Serb-populated northern districts of Kosovo and the predominantly Albanian-populated Preševo Valley in southern Serbia, adjoining Kosovo. The proposal raised widespread alarm in the EU over the precedent that any land swap based on ethnicity could create, notably for Republika Srpska but also more widely in central Europe.⁽²³⁾

The land swap idea, rejected at a 2019 Berlin summit on the Western Balkans chaired by Merkel, was taken up by the US. Then US president Donald Trump's special envoy,

Richard Grenell, tried to persuade the EU to drop objections to a deal he said was acceptable to both sides.

Perhaps the most surreal sideshow in this sequence occurred in 2020 when Trump invited the leaders of Serbia and Kosovo to the White House in the midst of his re-election campaign to sign two agreements on economic cooperation that had been negotiated by Grenell and contained a pledge to move their embassies in Israel to Jerusalem, which Israel claims as its capital but the Palestinians also want as their capital. The proposed shift, which ran counter to EU foreign policy, was politically important to Trump but irrelevant to either Kosovo or Serbia. Following a warning from Brussels, it has not been implemented.

Thaçi, the charismatic political leader of the Kosovo Liberation Army in the 1999 war, who went on to become prime minister and president, was indicted by a specialist prosecutor for Kosovo in 2020 on ten counts of crimes against humanity and war crimes including murder, forced disappearance of persons, torture and persecution. He resigned and is awaiting trial in The Hague.

Long Washington's go-to man in Pristina, Thaçi was also alleged in unpublished reports by foreign intelligence agencies to have extensive links with organised crime and corruption in Kosovo. But he has never faced prosecution or trial over those accusations, which he denies.

WIND OF CHANGE

Since Thaçi's departure from the political stage, a wind of change has swept through Kosovo politics, bringing the nationalist left-wing Vetëvendosje party of Prime Minister Albin Kurti to power in 2021 on a mandate to promote social equality, clean up corruption and take a more uncompromising line with Serbia in the normalisation negotiations.

The government, which also holds the state presidency and has a solid majority in parliament, has achieved some progress in strengthening the justice system and the fight against organised crime, terrorism and violent extremism, according to the 2022 EU country report and the annual Corruption Perceptions Index of Transparency International. It has also presided over the fastest economic growth in the region, partly due to catch-up after the COVID-19 pandemic.

Kurti has sought to separate Kosovo's bid for EU visa liberalisation and progress towards EU candidate status from its negotiations with Serbia, arguing that they are two entirely separate issues and that Kosovo's European path should be judged on its own merits.

"Dialogue with Serbia cannot be used as a precondition for any progress of Kosovo because that would give Serbia a right of veto on any progress," Deputy Prime Minister Besnik Bislimi said in an interview for this report. ⁽²⁵⁾

(25) Interview with the author, September 2022

That is not the way it looks from Brussels, where normalisation between Pristina and Belgrade is seen as a precondition for EU candidate status and some see visa liberalisation as a lever to persuade Kosovo to implement parts of the normalisation agenda that it dislikes, notably granting legal status to the association of Serb municipalities. “The decision won’t be taken in a vacuum,” an EU official said. “It is related to issues in the Belgrade-Pristina dialogue. It’s difficult to justify a reward if we don’t have a clear picture on the relevant implementation.”⁽²⁵⁾

Despite the lifting of a 100% tariff on imported Serbian goods, relations with Serbia have deteriorated under Kurti due to his determination to push through new rules on vehicle registration requiring Kosovo Serbs to use licence plates with the Republic of Kosovo’s initials – seen as a symbol of recognition of Pristina’s independence.

An imminent deadline led to clashes in northern Kosovo in August 2022 and stepped up patrols by KFOR troops in the region. It was extended twice after negotiations involving the US and the EU. An interim agreement allowing for free cross-border movement of all Kosovo and Serbian citizens with a simple identity card eased tensions somewhat, but the licence plate issue remains unresolved. Another last-minute deal was reached in November 2022 under which Kosovo agreed to take no further measures on enforcing its licence plates and Serbia agreed to stop issuing licence plates with Kosovo Serb town names. But the two sides

were no nearer to normalizing their relations.

Bislimi said Kosovo had ample grounds to fear the possibility of violent escalation because of Serbia’s lack of recognition of his country, its maintenance of “illegal parallel structures” in northern Kosovo and what he called its obstruction of the implementation of past agreements on freedom of movement.

“Serbia has deployed 48 bases, 28 military and 20 gendarmerie around the border zone with Kosovo. There are many elements that make us worry and the NATO KFOR presence is an element [of reassurance] but not sufficient to ensure a high probability of avoiding political risks,” Bislimi said. He said the Serbian authorities would still prefer to partition Kosovo and their actions on the ground, handing out Serbian passports, identity cards and welfare benefits to Kosovo Serbs, may be aimed “to create a situation on the ground which will make potential talks on partition attractive again”.

Bislimi cited Serbian-backed Kosovo Serb businessman and politician Milan Radoičić, indicted in the murder of moderate Serb politician Oliver Ivanović in 2018 and also wanted on corruption charges, as the key linkman between Kosovo Serb politicians, armed militia, and organised crime. Radoičić, Vice President of the Serb List party, was placed on a US sanctions list in 2021 and escaped arrest at the border when trying to enter Kosovo from Serbia in February 2022.

The US Treasury's Office of Foreign Assets Control (OFAC) said Radoičić was associated with an organised crime group (OCG) led by the brothers Zvonko and Žarko Veselinović. "The Veselinović OCG is engaged in a large-scale bribery scheme with Kosovar and Serbian security officials who facilitate the group's illicit trafficking of goods, money, narcotics, and weapons between Kosovo and Serbia," OFAC said in a press release. ⁽²⁶⁾

Bislimi and other officials said any partition or exchange of territory with Serbia was anathema to the Vetëvendosje government. "We believe redrawing borders is not the solution, but reducing the relevance of borders is the solution," he said.

Kurti caused controversy after he was elected in 2021 by declaring that if the constitution were amended to allow a referendum on the issue, he would vote to unite Kosovo and Albania. The notion of a Greater Albania, just like Milošević's quest for a Greater Serbia, raises alarm bells around the region, not least because it would raise the sensitive question of the ethnic Albanian minority in North Macedonia. Bislimi clarified that unification with Albania might be a "vision" for the future, but it was not part of the government's programme. ⁽²⁷⁾

(26) <https://home.treasury.gov/news/press-releases/jy0519>

(27) <https://www.euronews.com/2021/02/16/i-would-vote-to-unify-albania-and-kosovo-election-winner-albin-kurti-tells-uronews>

CHAPTER 3

The state we're in – the Western Balkans today, part two

Bosnia and Herzegovina

THE ROAD TO NOWHERE

Bosnia and Herzegovina (BiH) suffered most in the Yugoslav Wars of the 1990s and it is still the place where many analysts say violence is most likely to erupt again in the Western Balkans. An estimated 100,000 people died between 1992 and 1995 and two million refugees fled the country. About one million have returned since the fighting ended, but the population has shrunk to 3.3mn from 4.5mn in 1990.

An unhappy marriage between Bosniaks, Croats and Serbs, the country struggles along thanks mainly to functioning regional and municipal administrations in the ten cantons of the Bosniak-Croat Federation, one of the two self-governing entities that form the BiH state. But at the central state level, government has been paralysed for years by ethnic-nationalist feuds, pitting both the other entity, Republika Srpska, against the Federation, and therein, the Croats against the Bosniaks.

“Bosnia’s trajectory since 2006 has been consistently downwards, with the pace of descent accelerating every year,” wrote former international official Christopher Bennett in a 2016 book. “Bosnia’s ethno-national elites continue to pursue the same goals they did in

the war, albeit using different tactics.”⁽¹⁾

Fundamentally neither the Bosnian Serbs nor the Bosnian Croats want to share state institutions with the Bosniaks, although ethnic mixing, practical cooperation and religious tolerance often work better at local level than they do at the top echelon. An International Crisis Group report in 2022 concluded that “Bosnia and Herzegovina is disintegrating in slow motion.”⁽²⁾

As elsewhere in the region, the prospect of EU membership has faded and is no longer a powerful magnet for governance reforms, if it ever was. The European Commission proposed in October 2022 granting BiH candidate status, provided it met a list of conditions. But it was not clear that the offer, if approved by EU governments, would be sufficient to change the behaviour of the country’s politicians.

The fact that Ukraine and Moldova have now overtaken BiH on the path to EU accession by being granted candidate status in June 2022, even though BiH signed a Stabilisation and Association Agreement with Brussels back in 2008, has added to the sense of frustration and neglect among the population without stimulating any perceptible change of approach by their leaders. “We feel we are on a road to nowhere,” one Sarajevo civil society activist said.⁽³⁾

Central state institutions, including the courts, have been neutered mostly by the refusal of

(1) Bennett, Christopher. *Bosnia's Paralysed Peace*. London. Hurst. 2016

(2) <https://www.crisisgroup.org/europe-central-asia/balkans/managing-risks-instability-western-balkans>

Republika Srpska to agree to the appointment of judges and other office holders. In the Federation, the Bosnian Croats complain that they are underrepresented and disadvantaged by the voting system. The country's schools teach different ethnic-national history curricula depending on the community, fuelling prejudice rather than building any sense of a common heritage or destiny.

HIGH REP FOREVER

BiH is still under the tutelage of an international High Representative (HR) – a position created by the 1995 Dayton peace agreement – despite frequent calls to abolish the office with the aim of forcing feuding Bosnian Serb, Bosnian Croat and Bosniak politicians to work together. As early as 2006 plans were announced to shut down the OHR, yet it is still there and the time never seems ripe, given frequent tensions among the country's politicians.

The current incumbent, former minister of state in the German Chancellery Christian Schmidt, has controversially used his so-called Bonn powers three times since he took office in August 2021 to impose decisions when local politicians are unable or unwilling to act, or where laws violate the constitution.

After a general election in October 2022, Schmidt imposed rules designed to prevent obstruction of the functioning of the state and ensure timely implementation of the election

results. He also changed the Federation's constitution and electoral law to increase Bosnian Croat representation in the upper chamber of the entity's parliament.⁽³⁾

While the US and the UK were quick to applaud his use of the Bonn powers, there was no public praise from Germany, France or Italy – the EU members in the Quint, the informal five-power steering group on European security matters. The EU's High Representative for Foreign and Security Policy Josep Borrell merely took note of Schmidt's action and, in a veiled criticism, said: "We recall that his executive powers should be used solely as a measure of last resort against irreparable unlawful acts."⁽⁴⁾

Russia, China and the Bosnian Serbs regard Schmidt as illegitimate because his mandate was not approved by the UN Security Council, where Moscow holds a veto. However, among Western nations, there is broad agreement that it is not the right time to remove the viceroy when local tensions are so high and amid a geopolitical crisis over Russia's invasion of Ukraine.

"My personal conviction is that the Office of [the] High Representative has overstayed the mandate. But to close the OHR now would send a strange signal in a very sensitive situation," said Miroslav Lajčák, who served as HR from 2007 to 2009 and proposed phasing the role out in two steps, initially shutting down the OHR and giving over-the-horizon Bonn powers to someone outside the country. Perpetuating the office had created "a political culture of

(3) <http://www.ohr.int/measures-to-improve-federation-functionality/>

(4) https://www.eeas.europa.eu/eeas/bih/C2%A0statement-high-representativevice-president-josep-borrell-elections%C2%A0_en

dependency” in which local politicians went to the HR to complain about everything and asked him to fix everything, he said. ⁽⁵⁾

However, the US and the EU see no benefit in removing a trusted mechanism for keeping a lid on political conflict in BiH at a time when the Bosnian Serbs are threatening to break away and Russia is looking for opportunities to foment instability. “We’d be crazy to pull the plug now,” said a senior EU official. ⁽⁶⁾

Latal, now BiH Country Editor of the Balkans Investigative Reporting Network, said Schmidt’s timely action had pre-empted an imminent collapse of the BiH state that could have led to violence.

“The HR’s intervention really prevented possibly a much more serious crisis from developing,” Latal said. “The [Bosnian] Croats were ready to withdraw from all joint institutions. Dodik would have followed suit and Bosnia could have broken up by the end of the year.” ⁽⁷⁾

READY FOR TROUBLE?

The initial 60,000-strong NATO-led international peacekeeping force (IFOR) that ensured the implementation of the Dayton Agreement was gradually reduced to a smaller Stabilisation Force (SFOR) and then in 2004 replaced by a small EU-led force, the European Union Force in Bosnia and Herzegovina (EUFOR), known as Operation Althea.

Some Western officials looked to the Bosnian elections in October 2022 in the forlorn hope that what they regard as ‘civic’ forces with cleaner hands will oust the entrenched ethno-nationalist powerbrokers. But Latal said: “What EU officials don’t understand is that there are very few civic parties or politicians in Bosnia because it’s essentially about clientelism and populism.”

In the elections, the main change came in the Bosniak-Croat Federation with the defeat of Bakir Izetbegović, son of the state’s founder and wartime leader, in the vote for the Bosniak representative of the tripartite state presidency. Izetbegović’s Party of Democratic Action (SDA), which has run the most powerful patronage network among Bosniaks since the days of the war, also lost power over the Sarajevo canton, which controls substantial resources, and lost ground in municipal elections in 2020.

Among the Bosnian Croats, the Croatian Democratic Union (HDZ) party, closely tied to Croatia’s centre-right governing party, won most seats although a maverick Croat politician who favours dialogue and cooperation, Željko Komšić of the Democratic Front (DF), retained his seat on the state presidency.

In Republika Srpska, Dodik won the entity’s presidency after a recount ordered by the independent electoral commission amid accusations of ballot fraud. His candidate for the BiH state presidency – Željka Cvijanović – won her contest and their ethnic nationalist Alliance of Independent Social Democrats (SNSD) party

(5) Interview with the author, September 2022

(6) Interview with the author, September 2022

(7) Interview with the author, October 2022

retained its control of the Republika Srpska assembly.

Whether Dodik makes good on his threat to secede from BiH or continues to use his power to block the functioning of the central state's institutions, he holds a sword of Damocles over the future of the country.

He postponed the initial deadline for withdrawing from Bosnian state institutions in June 2022, citing the international situation, an apparent reference to Russia's invasion of Ukraine. This suggested to some analysts that the threat was a bluff to raise his profile with voters ahead of the elections. However, the postponement may also have been due to very clear private messages from Vučić that Serbia would not support a unilateral breakaway.

Russia could have vetoed the annual rollover of Operation Althea's mandate by the UN Security Council in reaction to Western sanctions over its aggression in Ukraine. However, in the end Moscow agreed to keep EUFOR in place, partly at Dodik's request, rather than the alternative of seeing a more powerful NATO force return under an existing defence agreement with the country.

SOLUBLE IN EUROPE

The basic assumption of Western policymakers since the end of the war in BiH has been that the problems of the country are ultimately soluble in European integration. Few have questioned

the leap of faith required to envision Bosniaks, Bosnian Croats and Bosnian Serbs cooperating and pooling sovereignty, with borders becoming invisible, to reach the EU's promised land of prosperity, freedom of movement and good governance.

The evidence of the last 20 years since Thessaloniki suggests the contrary. The deep homegrown divisions of BiH may be insurmountable by the traditional EU method of salami-slicing governance reforms into chapters in an attempt to depoliticise difficult decisions.

Perhaps the greatest optimist on BiH is Gerald Knaus, Chairman of the ESI, who lived in Sarajevo from 1994 to 1999. He argues that BiH is not a failed state, that power has regularly changed hands at municipal and cantonal level through elections, and that the country is similar to Belgium with endless wrangling to reach complex compromises. Knaus believes that if the EU were able to rekindle a credible accession perspective, with the prospect of joining the EU's single market even before full membership, it could transform the most bitterly divided of Western Balkan states.

Montenegro

POSTER CHILD OR CRIME SCENE?

Montenegro, which broke away from Serbia after a 2006 referendum, is in some ways the most advanced of the Western Balkan countries in adapting to EU laws and policies. Some analysts such as Knaus see the Adriatic NATO ally as a strong candidate for early membership, which should be given a target date for accession to create a competitive dynamic with its bigger neighbours – Serbia, BiH and Albania. Montenegro already uses the euro as its national currency even though it is not a member of the EU or the euro zone.

Yet the country is plagued by political instability, polarisation and corruption, which cloud its prospects of rapid progress towards accession.

For 30 years since the breakup of Yugoslavia, the small state of 620,000 citizens has been dominated by the towering figure of Milo Đukanović, leader of the Democratic Party of Socialists (DPS), who has served either as prime minister or as president except for a few brief interludes. Đukanović, currently president again, projects the image of a progressive, pro-European leader who has led the former Yugoslav republic to independence and NATO membership and put it on the road to EU accession.

However, the great survivor of Balkan politics is accused by investigative journalists and Italian prosecutors of having had extensive links with the smuggling of cigarettes and narcotics, and of money-laundering. The Organized Crime and Corruption Reporting Project (OCCRP) nominated him as their 2015 “person of the year in organized crime and corruption”.⁽⁸⁾

The journalists’ cooperative concluded an investigation of his rule by saying he had built “one of the most dedicated kleptocracies and organized crime havens in the world.” Đukanović was indicted in Italy for cigarette smuggling but asserted diplomatic immunity to have the charges dropped in 2008. He has not been convicted of any criminal offence.

In its 2020 annual report, the watchdog Freedom House categorised Montenegro as a ‘hybrid regime’ and no longer as a democracy for the first time since 2003, citing “a number of ongoing political crises and scandals in all spheres of the society.”⁽⁹⁾

Đukanović’s party finally lost control of parliament in 2020, enabling the election of a fragile, heterogenous coalition government of pro-European reformists and pro-Serbian nationalists. The toppling of two governments in 2022 over fraught relations with the Serbian Orthodox Church has left the country with a caretaker administration led by Prime Minister Dritan Abazović and the prospect of having to return to the polls soon. Đukanović refused to accept a three-party proposal for a new prime

(8) <https://www.occrp.org/en/pov/2015/>

(9) <https://freedomhouse.org/country/montenegro/freedom-world/2022>

minister, hoping to force early elections, but the legislature rejected his bid for a snap poll. His DPS suffered major setbacks in local elections in October 2022.

JUSTICE ON HOLD

“The inability of political parties to reach agreement on top appointments to the judiciary holds the country hostage in both the EU integration process and much-needed results in the fight against corruption and organized crime,” Freedom House said in its 2022 report.

Political deadlock could turn violent in a country where supporters of Serbia and Russia can count on outside help. Russian intelligence agents were accused of involvement in an alleged coup plot in 2016 on the day of a parliamentary election, apparently designed to thwart Montenegro’s entry into NATO. Two Russian agents were among 13 accused persons convicted by the Montenegrin Higher Court in 2019 for “terrorist acts”. The two alleged GRU military intelligence agents were sentenced in absentia after Russia refused to extradite them. However, an appeal court crushed the verdict and sentence against all of the accused in 2021, citing procedural and legal violations, and ordered a retrial before a different panel of judges.

A 2022 report by the Council of Europe’s Group of States against Corruption said: “Montenegro must strengthen public trust in preventing and

fighting corruption at top executive level and in the police.” It set out 22 recommendations with which Podgorica’s compliance will be assessed in a review by the end of 2023. ⁽¹⁰⁾

The European Commission’s annual country report said the proper functioning of Montenegro’s institutions was affected by political volatility, government instability and tensions within the ruling majorities. This had stalled decision-making and implementation of reforms, undermining the proper functioning of the main judicial bodies. The report cited limited progress in public administration reform, the judicial system and fight against corruption and organised crime in 2022 but said there was still a problem with tobacco smuggling. ⁽¹¹⁾

The fundamental problem of fighting corruption in Montenegro is that it requires investigating the president, who still wields considerable power.

POLARISATION

Most of the country’s political polarisation relates to the split with Serbia, which was opposed by nearly 45% of the electorate in the 2006 referendum, including most of the roughly 180,000 Serbs who make up more than 28% of the population. Many of them still deny Montenegrin nationhood and are not reconciled to separation from Belgrade. They are politically represented mostly by the Democratic Front, a right-wing, pro-Russian populist party close to Serbian President Vučić’s

(10) <https://www.coe.int/en/web/human-rights-rule-of-law/-/greco-publication-of-the-5th-round-evaluation-report-on-montenegro>

(11) https://ec.europa.eu/commission/presscorner/detail/en/country_22_6103

SNS. Some 45% of the population declared themselves to be Montenegrin in the 2011 census, which recorded sizeable minorities of Slavic and Albanian Muslims.

Montenegro has been subject to disinformation campaigns by Serbian and Russian media and internet activities, which have exacerbated controversy over the relationship between the state and the Serbian Orthodox Church. Abazović's government, composed mostly of technocrats, was toppled by a parliamentary no-confidence vote over a charter that he signed with Patriarch Porfirije on the church's status, including its property rights. Đukanović opposed the agreement, saying it gave too much power to one religious community.

"We haven't solved the biggest problem which is the role of the Serbian Orthodox Church,

which is a tool of the Serbian state trying to position itself above the law in Montenegro," said Ljubo Filipović, an independent political analyst and civil society activist who has served as acting mayor of the port of Budva. ⁽¹²⁾

Filipović says the Serbian and Russian security services are using the issue to divide Montenegrin society and undermine supporters of the EU and NATO. He said Montenegro has a problem of radicalisation among Orthodox Brotherhood fraternities, paramilitary black-shirt groups and pro-Russian biker gangs promoting a youth culture of ideological devotion to Orthodoxy and autocracy.

"There could be riots and demonstrations, but I don't see it getting out of hand and turning into an armed civil conflict," he said.

(12) Interview with the author, July 2022

North Macedonia

EXHIBIT A

North Macedonia is Exhibit A for the dysfunction and hypocrisy of the EU's enlargement process, which allows individual member states to take candidate countries hostage over issues unrelated to the terms of membership. Next to Montenegro, it is probably the aspirant best aligned with EU legislation, but it has faced endless political obstacles and has barely started its accession process.

After the breakup of Yugoslavia in 1991, the poor country of 1.8mn people was only able to join international organisations under the provisional appellation of the Former Yugoslav Republic of Macedonia (FYROM) because Greece objected to its constitutional name of the Republic of Macedonia. Successive governments in Athens argued that the name implied territorial claims on areas of northern Greece that are part of its own Macedonian region and were once part of the historic homeland of Alexander the Great. Greece blocked Skopje's applications to join NATO and the EU to insist on a name change.

It took nearly two decades of US-led mediation – and the coincidence of hardline nationalists being out of government in both countries – before an agreement was finally clinched in 2018 under which Skopje agreed to rename the country as the Republic of North Macedonia. It

was admitted to NATO in 2020 and was due to start EU membership talks in 2019. However, it was denied the long-awaited reward because France, which has never liked enlargement, vetoed the start of negotiations with North Macedonia and Albania to demand an overhaul of the accession negotiating process.

Reformist Prime Minister Zoran Zaev, who had risked his political career and sparked nationalist fury by reaching the Prespa deal with his leftist Greek counterpart, Alexis Tsipras, and putting it to a referendum, was hung out to dry. It took 18 months to rejig the negotiating process to satisfy Paris. But that wasn't the end of Skopje's agony.

Balkan neighbour Bulgaria, which had signed a friendship treaty with Skopje in 2017 pledging to resolve historical issues between the two, then demanded that the candidate country change its constitution to recognise the Bulgarian version of its history and the linguistic rights of Bulgarians in North Macedonia. EU officials privately call the Bulgarian demands outrageous, but they cannot do anything about them. Sofia used its veto power as an EU member to force the Skopje government, despite vehement protests by opposition nationalists, to accept a deal under which it promised to pass such an amendment in 2023.

That unlocked the doors to EU accession negotiations in mid-2022 for North Macedonia and also Albania, which had been taken hostage by the dispute. But it set a worrying precedent

for all Western Balkan candidates and it stores up potential trouble for Skopje when the government tries to push the amendment through parliament. Without opposition votes, it does not have the required two-thirds majority to alter the constitution. With the country's EU path at stake, some analysts think the government may have to link the amendment to an early general election.

“This is very dangerous for North Macedonia. There will be a political crisis next year because the government won't get a constitutional majority,” a senior regional official warned. ⁽¹³⁾

Simonida Kacarska, Director of the European Policy Institute in Skopje, said the constitutional vote would not be easy and could further polarise society, especially since there is no parallel requirement on Bulgaria to recognise the Macedonian community on its soil. “Our concern is whether there will be enough societal capacity to make the required reforms,” she said. “There's a big risk that the upcoming constitutional change will undermine the legitimacy of the EU accession process and undermine the reformist government and the EU's role as a democratic anchor.” ⁽¹⁴⁾

Seasoned EU veterans are worried that even if the amendment passes, Bulgaria could come back with more linguistic and historical issues if and when a more nationalistic government takes over in Sofia.

TOXIC POLITICS

North Macedonia's politics have long been toxic with fierce hostility between the ruling centre-left Social Democratic Party (SDSM), which governs in coalition with the main ethnic Albanian party, and the conservative nationalist Internal Macedonian Revolutionary Organization – Democratic Party for Macedonian National Unity (VMRO-DPMNE) of former prime minister Nikola Gruevski, who held power from 2006 to 2016. He opposed the name change and the deal with Bulgaria.

Gruevski was convicted of corruption and sentenced to two years in prison in 2018 but was smuggled out of the country to Hungary and granted political asylum by Orbán's government despite attempts by Skopje to secure his extradition. In 2022, he was placed on the US Treasury's list of sanctioned individuals. A court in Skopje handed down another seven-year sentence in absentia for money laundering and illegal acquisition of state property in 2022.

By sheltering Gruevski, Orbán not only made an ideological statement but also acquired a lever with which to destabilise North Macedonia. Right-wing Hungarian media magnates close to Orbán have purchased media outlets in the country. Orbán, who praised Gruevski's help during the migration crisis in 2015 and 2016, when Skopje tried hard to stop refugees heading northward from Greece, sent a video message in support of VMRO-DPMNE that

(13) Interview with the author, September 2022

(14) Interview with the author, July 2022

was broadcast during a mass rally against the name change. ⁽¹⁵⁾

Hungarian influence in North Macedonia is playing a similar role to that of Russian influence elsewhere in the region – sowing doubt about the sincerity and values of the EU and NATO. Opinion polls show increased support for Turkey and Serbia as North Macedonia's best friends. Belgrade opened its borders to all comers from the region to receive COVID-19 vaccinations at a time when the EU was slow to provide

support. There were lines of cars heading to Serbia for free vaccinations.

“Vučić never forgets to tell us, ‘I’m your friend and I don’t demand anything from you’,” Kacarska said.

The government, in which 10 of the 23 ministers are from ethnic minorities, will need lots of international support and practical EU benefits for the population to help push through the constitutional amendment.

(15) <https://www.politico.eu/article/viktor-orban-defends-granting-asylum-to-ex-macedonia-pm-nikola-gruevski/>;
<https://www.reuters.com/article/us-macedonia-hungary-idUSKCN1NS0ZF>

Albania

FROM NORTH KOREA TO NATO

In just a generation, Albania has gone from being the North Korea of Europe to becoming a functioning state and NATO member. Public authority crumbled in violent anarchy in 1997 after tens of thousands lost an estimated US\$1bn in personal savings in the collapse of pyramid investment schemes, prompting Adriatic neighbour Italy to lead a brief European multinational force to restore order.

Yet Albania, a country of 2.8mn people, has transformed its economy and embarked on difficult reforms of a state structure that – like most in the region – suffers from a weak administrative capacity and pervasive corruption. Ruled by the last Stalinist dictator in Europe, Enver Hoxha, from 1944 to 1985, the country joined the Atlantic alliance in 2009 and contributed to NATO forces in Afghanistan and Kosovo.

However, unemployment and low wages remain a challenge. At barely US\$500 a month, Albania has the lowest average wage in Europe. Many Albanians take advantage of visa-free travel to the EU to melt into the informal economy in Germany or Italy, where they can earn money to remit back to families in Albania. They are easy prey for people smugglers and organised crime networks. Thousands end up requesting

asylum in EU countries or the UK, not because they face persecution at home but because they have lost hope of a better life at home.

Under Socialist Prime Minister Edi Rama, Albania has undertaken major judicial reform and increased prosecutions for corruption. However, it remains near the bottom of most tables for corruption perceptions – 110th out of 180 countries in the annual Transparency International Index for 2021. Indeed, its ranking has not improved in a decade. The problems that put Albania at the bottom of the class among Western Balkan states are corruption, organised crime, the lack of adequate checks and balances on government actions and poor regulatory enforcement.

The European Commission's 2022 annual enlargement report acknowledged “good progress in comprehensive judicial reform”. Some 64% of judges who have been subject to an internationally supervised vetting process have been dismissed, resigned or were terminated, and new judges and prosecutors have been recruited. However, the report said: “Overall, corruption remains an area of serious concern. More convictions are needed to tackle a culture of impunity.”⁽¹⁶⁾

The 2022 World Justice Project report on Albania gave the country particularly low scores on the venality of judges and members of parliament, who abuse their office for personal gain.⁽¹⁷⁾

(16) https://ec.europa.eu/commission/presscorner/detail/en/COUNTRY_22_6091

Albania has close ties of ethnic and historical kinship with Kosovo. Asked whether Albania, which was never involved directly in the Yugoslav Wars of the 1990s, could be drawn into violence in the region, Fjoralba Caka, a law lecturer at Tirana University and former deputy justice minister, said there was always a risk if the conflict between Serbia and Kosovo flared up seriously.

“It’s always possible. The Kosovo–Serbia relationship is so delicate. If it escalated, it will pull other countries into the conflict. That’s the real threat,” she said. ⁽¹⁸⁾

TWO STRONGMEN

The country’s post-communist history has largely been dominated by two strongmen – Sali Berisha and Edi Rama.

Berisha, who was Albania’s second non-communist president from 1992 to 1997 and prime minister from 2005 to 2013, led the privatisation of state property and companies, and the liberalisation of the exchange rate and of prices in the 1990s, as well as the reintroduction of Islam, which had been banned under Hoxha. His right-wing opposition Democratic Party (DP) has alternated with the Socialists in power since the 1990s and has been plagued by divisions over his role since he was defeated in 2013.

Berisha was singled out by the US government for personal sanctions in 2021 for his alleged

links with corruption. He and his wife and children were barred from entering the US.

“In his official capacity as Prime Minister of Albania in particular, Berisha was involved in corrupt acts, such as misappropriation of public funds and interfering with public processes, including using his power for his own benefit and to enrich his political allies and his family members at the expense of the Albanian public’s confidence in their government institutions and public officials,” US Secretary of State Antony Blinken said in a statement announcing the personal sanctions against the ex-premier. ⁽¹⁹⁾

The US government gave no details of the case and Berisha angrily denied the allegations, blaming them on US philanthropist George Soros, whose Open Society Foundations have played a role in supporting democratic development and civil society in Albania since the fall of communism. ⁽²⁰⁾

“We have a special relationship with Albania because that’s where the foundation was able to have the biggest impact as a service provider,” said Alex Soros, son of the philanthropist. “We helped it to transform from the North Korea of Europe to a modern, functioning state.” ⁽²¹⁾

Rama, a charismatic, two-metre-tall former artist, sculptor and basketball player, was a popular mayor of Tirana, who led the transformation of the Albanian capital before becoming prime minister. He has developed close relations with the US. Critics say he,

(17) <https://worldjusticeproject.org/rule-of-law-index/country/2020/Albania/Absence%20of%20Corruption/>

(18) Interview with the author, August 2022

(19) <https://www.state.gov/public-designation-of-albanian-sali-berisha-due-to-involvement-in-significant-corruption/>

(20) <https://balkaninsight.com/2022/07/22/albania-former-pm-sali-berisha-says-uk-banned-him-based-on-lies/>

(21) Interview with the author, October 2022

too, has autocratic reflexes and is insufficiently constrained by judicial and democratic checks and balances.

BALKAN BRIDGE

Rama has developed a close working relationship with Serbia's Vučić, which led to their agreement in 2019 along with North Macedonia, to launch the initiative for a so-called mini-Schengen open border zone of passport-free travel in the Western Balkans. The plan became known as the Open Balkan initiative and has led to a series of summits with agreements on cooperation in emergency situations, exchanges of energy and food products, easier movement of labour, passport-free travel and 'green lanes' for goods transit.

This strange personal alliance of opposites – Rama, an Albanian social-democrat who strongly supports Kosovo's independence, and Vučić, a conservative Serb publicly committed to keeping Kosovo as part of Serbia – has the potential to be a key Balkan bridge, supporters say. "It looks a bit like the old Franco-German alliance [after World War Two] that will eventually serve the whole region," Caka said. She dismissed complaints by Kosovar leaders that the Open Balkan initiative is a Serbian effort to assert hegemony and shut out Kosovo. "Kosovo is continuously invited to participate so that the region becomes more connected," she said.

The joint initiative was born out of deep frustration at the long delays and numerous ambushes faced by candidates for EU membership. Rama vented his anger over these delays after an EU leaders' summit with Western Balkan countries in Brussels in June 2022, which again failed to advance the accession process. At the time, Albania's start of EU negotiations was taken hostage by Bulgaria's obstruction of North Macedonia's candidacy over historical issues.

"I told them that it is both good and bad to be here. It is good because we are here among Europeans, but it is bad because we are still not heard here as Europeans, but as guests in a divided house," Rama told a joint press conference with Vučić and Macedonian Prime Minister Dimitar Kovačevski.

"Let's tell the truth. Bulgaria is a disgrace, but it is not simply Bulgaria. The reason is the crooked spirit of EU enlargement, and Bulgaria is its most stunning expression. The enlargement spirit has gone from a shared vision of an entire community to the kidnapping vehicle of individual member states and we have already seen it. Every time there is something happening in a member state, this vehicle is put in motion immediately." Rama complained. "And please don't get me wrong. It is a nice place, nice people, nice pictures and nice words. But it would be nicer if they delivered. One day we will become nice members of the EU."⁽²²⁾

Albania and North Macedonia were finally able to commence the lengthy negotiating process

(22) <https://www.kryeministria.al/en/newsroom/bruksel-konference-e-perbashket-per-shtyp-e-kryeministrit-edi-rama-presidentit-te-republikes-se-serbise-aleksandar-vucic-dhe-kryeministrit-te-republikes-se-macedonise-se-veriut-dimitar-kovacevs/>

in July 2022. But fear of further roadblocks was revived when German Chancellor Olaf Scholz declared the following month that the EU would have to reform its decision-making process to remove national vetoes and move to majority voting on key areas such as foreign policy and taxation, where unanimity is currently the rule, before new members could join. French President Emmanuel Macron has taken a similar stance.

To many in region, that sounds like an indefinite wait. “There’s an Albanian joke that we will enter the EU when the EU won’t exist anymore,” Caka said.

OUTSTANDING BILATERAL AND BORDER DISPUTES IN THE WESTERN BALKANS



- ★ NATO member countries
- ★ Hotspots of territorial dispute
- █ Bilateral political dispute
- ✕ EUFOR
- ✕ KFOR

CHAPTER 4

The EU and the Western Balkans

Lost appetite

After the end of the Yugoslav Wars, the EU took on the generational challenge to integrate the Western Balkans into Europe. Whatever EU officials or national politicians may say now, this was widely understood at the turn of the century to mean full membership for all countries of the region in the EU.

There has been a loud and largely futile blame game about where things went wrong and why so little progress has been achieved. The incentives that worked so effectively to transform central European countries from dictatorships with command economies in 1989 into functioning market democracies ready to join the EU in 2004 or 2007 did not work in the Western Balkans. One reason was that those countries needed deeper state-building.

To be sure, Slovenia, the most northerly republic of former Yugoslavia, managed to catch up and join the first wave of eastward expansion in 2004. And Croatia, which had suffered significant war damage, eventually completed the obstacle course in 2013 – the last country to accede until today. But the other six aspirants fell by the wayside and are still a long way from qualifying for membership.

While each country is responsible for its own course, at least part of the responsibility lies with

the EU. Member states lost their appetite for further enlargement or suffered buyer's remorse after the 'Big Bang' enlargement of the 2000s. They were distracted by other, more pressing problems: the eurozone financial crisis, the fight against terrorism, the migration crisis, the UK's decision to leave the EU, the COVID-19 pandemic and the Russian war against Ukraine.

When fighting stopped in 1999, the EU made a deep commitment to the Western Balkans in terms of diplomacy, peacekeeping, state-building, financial support and economic development. Much of that effort remains in place, but until Russia's invasion of Ukraine abruptly thrust Europe's unresolved conflicts and grey areas back onto the geopolitical radar screen, not much was happening. The enlargement process had descended into a slow-motion technocratic box-ticking exercise with no political impetus.

Mentalities have begun to change since the electric shock of 24 February 2022, but much remains to be done. "We in the EU have shifted from a phase of complacency to a phase of new awakening," said Lajčák.

"We understand that we are not winning in the Balkans, that we risk losing the Balkans. But we still need to do the next step and we're

not there yet,” he said. “We must make sure that the democratic European Balkans prevail over the Balkan autocratic model of society. We must not leave a vacuum. If we don’t engage, others will.”⁽¹⁾

EU achievements

Before reviewing the state of the EU’s interaction with the region today, it is worth recalling what the EU has achieved.

On the diplomatic front, then EU high representative Javier Solana helped negotiate a power-sharing agreement between FYROM’s leaders and the large Albanian minority that ended an embryonic civil war in 2001. Working closely with NATO, the EU helped police that accord with the Concordia military stabilisation mission and the EU Police Mission (EUPOL), Proxima, that monitored and mentored policing in the country and helped embed the rule of law.

Solana also brokered in 2002 and 2003 the creation of the legal successor to Yugoslavia – the state union of Serbia and Montenegro, then set the rules for the referendum in which Montenegro voted for independence in 2006. His role was so central that the short-lived state union was nicknamed ‘Solania’ or ‘Solanistan’ by Balkan wags.

In Bosnia and Herzegovina (BiH), the EU played an important role in implementing the Dayton peace agreement by providing the leadership of the OHR and taking over the peacekeeping function from NATO in 2004 with the deployment of EUFOR. It provided the bulk of financial support. For a while, it also sent the EUPOL mission to support the BiH police. However, as discussed in the previous chapter, the OHR has not enabled the creation of a fully functioning state.

In Kosovo, the EU took charge of the civilian side of state-building alongside the UN Mission in Kosovo by deploying the rule of law mission EULEX. Solana’s successor, Catherine Ashton, launched and personally engaged in the EU-facilitated dialogue between Belgrade and Pristina in 2011 on the normalisation of relations between Serbia and Kosovo, yielding a set of agreements that have yet to be fully implemented. The key 2013 deal said that, while Serbia did not recognise Kosovo as a state,

(1) Interview with the author, September 2022

it conceded its legal authority over the whole territory. In exchange, the Kosovo authorities conceded a level of autonomy to ten Serb-majority municipalities within Kosovo.

Ashton's successor, Federica Mogherini, had other priorities and was less personally engaged. The ball was picked up only recently by Lajčák, appointed by Mogherini's successor, Borrell. In an effort to get a normalisation agreement over the line, the US, Germany, France and the UK have all piled in to support him. Although the EU wields the cheque book and the carrot of progress towards membership, the US carries arguably more weight in both Belgrade and Pristina.

Financially, the EU has spent at least €20bn in pre-accession assistance and other financial grants to the region in the last two decades – a fraction of what it has distributed to its new eastern member states. The European

Commission insists the EU provided most of the COVID-19 vaccines for the Western Balkans, but the grassroots perception in several countries was that Serbia and Hungary were most helpful, allowing citizens of neighbouring countries to enter for free vaccination, often with vaccines supplied by Russia and China. Whatever the facts, perceptions matter.

The overall perception measured by the Balkan Barometer is that in 2022 public support for EU membership fell for the first time since 2015. While it remains high at 60% on average in the region, it is only at 38% in Serbia and 50% in BiH. Moreover, the latest barometer recorded a six-percentage point drop in those who think EU membership is “a good thing”. Perhaps reflecting disillusionment at hopes of ever joining, a massive 67% of Western Balkan youth said they were thinking of leaving to work abroad.

“No further enlargement”

Warning signs of enlargement fatigue came from the referendums in France and the Netherlands in 2005 that defeated the proposed EU constitutional treaty. In both countries, key themes of the ‘no’ campaign were fear of immigration, claims that wages and labour standards were being undercut by cheaper eastern workers, protests at job losses as production moved east, and a sense of loss of national identity and of their own country’s influence. The votes were also influenced by hostility to an EU directive on the free movement of services, symbolised in France by a stereotyped ‘Polish plumber’ supposedly taking work from local craftsmen.

Western Balkan countries that were in the waiting line to join the Union saw their prospects dim as western European politicians took fright and clamped down on enlargement. There was no formal decision to halt the process, but high-level meetings with candidate countries ceased to occur, at least partly because some EU leaders did not want to be photographed embracing further expansion.

The then Luxembourgish prime minister Jean-Claude Juncker articulated the mood in his 2013 keynote speech to the European Parliament seeking confirmation as president of the EU’s executive.

“The EU needs to take a break from enlargement so that we can consolidate what has been achieved among the 28,” he declared. “This is why, under my Presidency of the Commission, ongoing negotiations will continue, and notably the Western Balkans will need to keep a European perspective, but **no further enlargement will take place over the next five years.**” (The bold type was in the published text of his speech.)⁽²⁾

Although this was a statement of the obvious, since no candidate country was close to meeting the conditions for membership, it was received as a deeply negative signal to the region. “It was taken as an emotional rejection, as if your lover has left you,” said Tomanić of the European Fund for the Balkans.

To underline the point, Juncker changed the name of the Commission’s Directorate-General for Enlargement to the Directorate-General for Neighbourhood and Enlargement Negotiations. There would still be negotiations, but there would no longer be enlargement. Candidate countries would henceforth be handled by the same department that dealt with Morocco, Egypt and Belarus.

Juncker came to realise late in his term that the EU had to restore hope in the Western Balkans.

(2) https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_14_567

In 2018, the Commission published a policy document outlining what it called “a credible enlargement perspective”, which included a target date of 2025 for Serbia and Montenegro to join, provided they speeded up ambitious reforms, in carefully hedged language. It also recommended opening accession negotiations with Albania and North Macedonia, which had just changed its name to settle a long-running dispute with Greece. ⁽³⁾

It was not followed up by member states. In 2019, France vetoed the start of talks with Skopje and Tirana, demanding a complete overhaul of the negotiating process to make it reversible if countries began backsliding on commitments, as 2004 joiners Poland and Hungary had done on the rule of law. The French move was a shock to the region. It led

to a nominal reorganisation of the cumbersome negotiating framework but no new political impulse for enlargement. No one mentions the 2025 target date anymore. Nor any other time horizon for accession.

Politically, enlargement has ceased to be ‘sexy’. In the early 2000s, Germany, the EU’s biggest member, secured the job of enlargement commissioner for Günter Verheugen, a political heavyweight who pushed through the ‘Big Bang’ enlargement to ten new members in 2004. By the end of the decade, the portfolio was only of interest to countries geographically close to the candidates. Štefan Füle of the Czech Republic held it from 2010 to 2014, Johannes Hahn of Austria from 2014 to 2019 and Olivér Várhelyi of Hungary from 2019 until the present day. His tenure has been the worst.

(3) https://ec.europa.eu/info/sites/default/files/communication-credible-enlargement-perspective-western-balkans_en.pdf

DG nowhere

Budapest's former permanent representative to the EU, known for his loyalty to Orbán, Várhelyi stands accused in Brussels of a multitude of sins, but chiefly of trying to turn his department into a bastion of illiberalism inside the Commission. He left DG NEAR without a director-general for more than a year after a thwarted effort to shoe-horn a politically like-minded friend and external candidate – Poland's permanent representative to the EU – into the key job. ⁽⁴⁾

The post was finally filled in November 2022, when Commission veteran Gert Jan Koopman was “transferred in the interest of the service” from heading the EU's budget department. However, five of the six directors, including the head of department responsible for the Western Balkans, are lower-ranking officials serving in an ‘acting’ capacity. Commission insiders say the department has bled talent because of low morale and discomfort with Várhelyi's policies and personality. Várhelyi's cabinet members rarely attend inter-service meetings at which Commission policies are coordinated, and their main concern is to prevent mention of “managed migration” in official documents. ⁽⁵⁾

Várhelyi has also been accused of intervening in his department's annual progress reports on candidate countries to soften criticism of

the rule of law and political freedom in Serbia, which is politically close to Orbán, and Turkey. ⁽⁶⁾

Várhelyi and Acting Director-General Maciej Popowski declined to be interviewed for this report. A Commission spokesperson said in an emailed statement that the appointments bottleneck was due to normal, rigorous procedures and denied it had harmed the effectiveness of the organisation. “Whilst selection procedures are being launched or carried out, the Commission's Rules of Procedure ensure administrative continuity, either by an official designated to deputise, or by the most senior official present. Consequently, no management function is left uncovered.” ⁽⁷⁾

EU officials note that DG NEAR did produce an assessment of the fitness of Ukraine, Moldova and Georgia for candidate status in record time after the Russian invasion of Ukraine, leading to the European Council decision in June 2022 to make Kyiv and Chişinău candidates and to give Tbilisi a membership perspective, provided it met a series of conditions.

Officials in two Western Balkan candidate countries, speaking on condition of anonymity, said the hollowing-out of DG NEAR had left them feeling deprived of a supportive “grown-up” in Brussels.

(4) <https://www.politico.eu/article/polish-envoys-bid-for-top-eu-post-sparks-brussels-backlash/>

(5) Interviews with the author, July-September 2022

(6) <https://www.politico.eu/article/oliver-varhelyi-eu-commissioner-enlargement-western-balkans-serbia-human-rights-democracy-rule-of-law/>

(7) Emailed statement to the author, September 2022

Dodgy partners

The European Parliament has only a limited say on enlargement. Its most important power is to give its assent before any country joins the Union. This power is exercised only at the end of a negotiating process in which it has no direct involvement. Before that, its role is largely in monitoring the negotiations, approving pre-accession financial assistance in the budget, questioning the Commission and the EU's rotating presidency in committee about the progress of talks, and dialogue with the parliaments of candidate countries.

The EU's biggest political families bear some responsibility for the failure to transform Western Balkan political parties from opaque, top-down patronage networks into the thriving democratic forces that are the backbone of healthy democracies. Most blame here must lie with the centre-right EPP, which has been the dominant force among EU governments and in the European Parliament for most of the last two decades.

Ethno-nationalist autocrats, some of whom are suspected of ties with organised crime

and corruption, are prominent among its associates in the Western Balkans. In Serbia, the EPP's partner is Vučić's SNS. In Albania, it is Berisha's Democratic Party of Albania. In North Macedonia, it is Gruevski's VMRO-DPMNE. Merkel, who was the dominant figure in the EPP for 16 years, made little visible effort to change the way they operate.

In previous decades, taxpayer-financed German, European and US political foundations provided money and mentoring to help build democratic parties in countries that had lived under dictatorship. Exemplars of this system included Mário Soares in Portugal and Felipe González in Spain. Discreet US financial and organisational support helped build the grassroots Otpor youth movement that led to the overthrow of Milošević in 2000. ⁽⁸⁾

Caka said both Germany's Social Democratic Friedrich Ebert Foundation and the Christian Democratic Konrad Adenauer Foundation were active in trying to support progressive young leaders within Albania's two main parties.

(8) Interview with the author, September 2022

Leadership missing

The parlous state of DG NEAR would not matter so much if strategic political leadership from the top floor of the Commission and member states were pushing forward the integration of the Western Balkans into the EU. That is not the case.

Von der Leyen succeeded Juncker as president of the EU executive declaring that hers would be a “geopolitical Commission”. But her focus has largely been on dealing with the US, Russia, China and, more intermittently, Africa. To be sure, she has had to deal with an unprecedented pandemic that wrought huge economic disruption and a major war on Europe’s borders with consequences for energy supplies and inflation. Compared to such challenges, the Western Balkans must seem a lesser risk.

Von der Leyen has turned her attention to the region with two recent visits on the themes of building cross-border road and rail links and gas and electricity interconnections to reduce dependency on Russian energy supplies. In 2021, the Commission launched an Economic and Investment Plan for the Western Balkans, aiming at closer integration and bridging the socio-economic gap between the region and the EU, assisting its post-COVID recovery and bringing the Western Balkans closer to the EU

single market. It is supported by a package of €9bn of EU grants and a guarantee facility to mobilise up to €20bn in investments.⁽⁹⁾

The UK, amongst the strongest supporters of the 2004 and 2007 enlargements, is no longer at the EU table. Germany was another strong advocate of enlargement – though not to Turkey. But Merkel was never willing to invest Berlin’s diplomatic capital to combat French and Dutch obstruction. Her successor, Olaf Scholz, spelled out his vision of an enlarged Europe with the centre of gravity moving eastwards in a keynote speech in Prague in August 2022. But insisted that the EU must reform its decision-making system to remove national vetoes on issues, such as foreign policy and taxation, and allow majority voting instead before it could admit new members.⁽¹⁰⁾

In the absence of progress in the enlargement process, other initiatives have arisen to try to find ways of binding the region to the EU.

In 2014, shortly after Juncker announced the moratorium on enlargement, Merkel launched the Berlin Process, an intergovernmental cooperation effort to promote a common regional market and help Western Balkan countries prepare their economies for membership of the EU’s single market. All

(10) https://ec.europa.eu/commission/presscorner/detail/da/ip_22_6478

six Western Balkan aspirants were joined by Austria, Bulgaria, Croatia, France, Greece, Germany, Italy, Poland, Slovenia and the UK, which has remained a party to the initiative after leaving the EU.

But the Berlin Process too got stuck, partly because of the Serbia-Kosovo deadlock, which was one reason why Vučić and Rama launched their parallel Open Balkan initiative in 2019. Scholz sought to revive the process in November 2022 at a summit in Berlin where the Western Balkan countries signed three agreements to facilitate citizens' free movement throughout the region and the mutual recognition of the professional qualifications of doctors, dentists and architects.

Macron launched an ambitious initiative in May 2022 in the wake of the Russian invasion in Ukraine. He called for an EPC to bring together leaders of EU and non-EU European countries

– including Ukraine, Moldova, Georgia, the Western Balkan states, as well as the UK, Switzerland and Norway – effectively all of 'free Europe' without Russia or Belarus. Critics suggested this was intended as an outer circle alternative to full EU membership. Macron denied any such intention, arguing that it would realistically take decades before a country like Ukraine could join the EU. But the suspicion remains among Western Balkan aspirants that it could become an indefinite waiting room. ⁽¹¹⁾

The first EPC summit was held in Prague in October 2022, offering a group photograph of a united Europe from the Atlantic to the Caspian Sea and opportunities for bilateral diplomacy on the sidelines, notably between Azerbaijan and Armenia, and between Serbia and Kosovo. But it remains to be seen whether it will establish a durable utility and whether it will bring concrete benefits and assist the enlargement path of Western Balkan countries.

(11) <https://www.bundesregierung.de/breg-en/news/scholz-speech-prague-charles-university-2080752>

Make enlargement great again

Among EU governments and in the think tank community, a serious debate has begun on how to make the enlargement process credible again and its benefits more tangible at an earlier stage. European Council President Charles Michel, who chairs EU summits, has endorsed some of these ideas and is pressing the Commission to bring forward proposals for improving the incentives for reform, which it failed to do in the 2022 enlargement package.

“It seems to me that we should speed up reforms to the enlargement system,” Michel told EU ambassadors in October 2022. “These reforms should allow us to deliver initial benefits more quickly as part of the accession process, and to dispel the impression that it is a question of all or nothing: nothing during the accession process, then everything once accession has been granted. I think this is a legitimate expectation on the part of the countries concerned. It is also a legitimate expectation to try to mobilise their populations in support of ties with the European Union.”⁽¹²⁾

Austria circulated a policy paper in 2022 calling for gradual integration of candidate countries into EU policies before accession and a phased access to the related funding programmes. “On the way to full membership, we should create possibilities to gradually integrate these

countries into policy areas which are of particular benefit for them,” it said, citing integration into the EU single market as an example. Vienna suggested candidates should be invited to informal EU ministerial meetings and be given observer status in other EU institutions.⁽¹³⁾

Some think tanks have gone further with detailed proposals for phased integration. The ESI has proposed offering the Western Balkan countries plus Ukraine and Moldova access to the Four Freedoms at the heart of European economic integration – freedom of movement of goods, people, services and capital – as an interim step ahead of full membership, once they meet the conditions.⁽¹⁴⁾

The ESI argues there is a precedent for such a two-step accession process. The EU allowed Sweden, Finland and Austria to join its single market in 1994, a year before they became full members of the Union. But those countries were in a far more advanced state than any of today’s candidates. Moreover, such a deep economic integration would require conditions of democracy and the rule of law that exist nowhere in the current batch of aspirants.

CEPS put forward a detailed template for a phased enlargement process in a 2021 proposal. The core idea was to divide accession

(12) <https://presidence-francaise.consilium.europa.eu/en/news/speech-by-emmanuel-macron-at-the-closing-ceremony-of-the-conference-on-the-future-of-europe/>

(13) <https://www.consilium.europa.eu/en/press/press-releases/2022/10/10/discours-du-president-charles-michel-lors-de-la-conference-annuelle-des-ambassadeurs-de-l-ue/>

(14) Unpublished “non-paper” seen by the author

into four stages. In the first stage called “initial accession”, a candidate that achieved a certain measured degree of progress in negotiations would receive 50% of the funding granted to full members and observer status in selected EU institutions. In the second stage called “intermediate accession”, a country that achieved higher ratings in its alignment with EU law would get 75% of full funding and more substantial participation in the institutions. The third phase, “full member state”, would mean full membership and 100% funding with voting rights in all EU bodies but no veto right and no right to nominate a member of the Commission. The final phase, in which the new member acquires all the same rights as other member states, would arrive once the EU had worked out solutions to reform its decision-making processes. ⁽¹⁵⁾

Pierre Mirel, a veteran of the Commission’s past enlargement negotiations and long-time director for the Western Balkans, put forward a similar step-by-step framework for gradual accession in a paper for the Robert Schuman Foundation, with a probation period of three to four years once a member joined before acquiring a veto and a commissioner. ⁽¹⁵⁾

A senior US official expressed a strong wish to see the EU recalibrate its procedures to make

the candidate countries feel more involved and rewarded at an earlier stage. “It needs to show that these countries really are integrating. We would like to see these countries sit at the [EU] table and get the money when they have closed [negotiating] chapters,” he said. “That way you anchor them and make the process irreversible.” ⁽¹⁶⁾

The chief problem with the CEPS proposal is that it would require changes to the EU treaties, which would arguably be as complex as the enlargement negotiations themselves, and no quicker. A more realistic approach, closer to the Austrian proposal, would be to increase upfront benefits and involvement in EU institutions commensurate with progress in the negotiations but within the limits of the existing EU treaties.

Whichever of these proposals for revitalising the enlargement process gains favour, it will only restore confidence in Western Balkan countries if it is backed by the sustained political will of EU leaders and determined leadership from the Commission. We are still a long way from either.

(15) <http://www.esiweb.org/proposals/offer-four-freedoms-balkans-ukraine-and-moldova>

(16) <https://www.ceps.eu/wp-content/uploads/2021/10/A-Template-for-Staged-Accession-to-the-EU.pdf>

MAIN MIGRATION ROUTES ACROSS THE WESTERN BALKANS DURING THE 2015-2016 INFLUX OF REFUGEES AND OTHER MIGRANTS FROM TURKEY INTO EUROPE



Source: [Western Balkans Route - Refugee/Migration Crisis - ECHO Daily Map | 03/09/2015 - World | ReliefWeb](#)



CHAPTER 5

NATO in the Western Balkans

Here to stay

The Western Balkans nearly broke the NATO alliance in the 1990s before the allies eventually resolved to take decisive military action to end the war in Bosnia and Herzegovina (BiH) and later to halt Serbian ethnic cleansing in Kosovo.

The first collective military operations that NATO had ever mounted helped transform the US-led defence organisation, shifting its focus from Cold War territorial defence to crisis management and civilian-military stabilisation operations beyond its borders. It was here that NATO also engaged in its first, uneasy cooperation with the UN, the EU and even for a while with Russia.

By the end of the decade, it had become clear that, in the words of a former senior US official at the time, “NATO will be in the Balkans until the Balkans are in NATO”.⁽¹⁾

More than two decades after the fighting stopped, more than half of the states in the region have become members of the alliance – Slovenia, Croatia, Albania, Montenegro and North Macedonia. But the countries where NATO intervened militarily – Serbia, Kosovo and BiH – remain outside its gates and still require NATO’s presence as peacekeepers, partners or mentors.

Seen from NATO headquarters, Russia’s war against Ukraine has heightened anew risks to European security in and from the Western Balkans at a time when Western strategic attention is distracted from the region. “With Russia at war in Ukraine, the Western Balkans is another area that Russia could look at for horizontal escalation,” a senior NATO official said. “We continue to see Russian malign influence there.”⁽²⁾

The region’s unresolved conflicts offer Moscow opportunities to advance its own interests and cause problems for the West. Russian media, social media trolls and diplomats boost ultra-nationalists and authoritarians; fan public resentment of NATO and the EU, especially Serbia and BiH; and inflame tensions between Kosovo and Serbia, over power-sharing between Bosniaks, Bosnian Serbs and Bosnian Croats in BiH, and between Montenegrins and Serbs in Montenegro.

“There are risks of localised violence and of that violence being amplified and exploited by parties outside the region to make it serious,” the NATO official said. “Kosovo’s car licence plates and registration of vehicles is a good example of something very small that could become very big – a mundane trigger that, on the face of it, would seem absurd. But northern Kosovo is a major area of contestation.”

(1) Comment to the author and a small group of journalists in 1999 by the late Richard Holbrooke, chief US negotiator at the Dayton peace talks and former Assistant Secretary of State for European Affairs 1994-1996

(2) Interview with the author, September 2022

“Not a prime battlefield”

How strong Russia’s interest and ability to influence developments in the Western Balkans really may be debatable. Veteran strategic analyst Dmitri Trenin, a member of Russia’s advisory Foreign and Defence Policy Council, argued in July 2021 that Moscow had long accepted that the region was drifting towards integration with the West and that “the Balkans are not a prime battlefield in the Russia-West confrontation.”

“Any political influence that Russia still wields in the Western Balkans is very limited. In Serbia and Republika Srpska large parts of the population are culturally close to Russians and see Russia as a friend. Politicians have to take this into account: they visit Moscow, invite Russian officials to come and make friendly statements and gestures. Yet, even those countries gravitate to the EU [and] NATO,” Trenin said in an interview with the web portal European Western Balkans. “I do not think that Russia is pursuing an active policy in the Western Balkans. Moscow’s strategic decision was taken in 2003 when it decided to withdraw from KFOR and pulled its peacekeepers out.”⁽³⁾

It is unclear whether the war in Ukraine has changed the Kremlin’s calculus or, on the contrary, further sapped its attention and resources to play spoiler in the region. Either

way, NATO and the EU cannot afford to drop their vigilance in key trouble spots.

NATO and EU monitors noted a spike of Russian disinformation activities during the Kosovo licence plate protests in August 2022, including disseminating fake news on multiple websites and social media channels that a Kosovo Serb had been shot and wounded, that Serbian troops were massing along the border and that an attack by Pristina’s forces on Serbs was expected.

Concern was serious enough for NATO Secretary General Jens Stoltenberg to announce he was prepared to reinforce the 3,700 soldiers in the Kosovo peacekeeping force if required after Kosovo Serbs erected barricades and fired at Kosovo police over the licence plates issue. KFOR did not have to intervene, but it held two high-profile exercises in August and September 2022, and stepped up strategic communication to signal readiness to nip any future flare-up in the bud.

Kosovo’s government is convinced Russia is using a controversial Russia-Serbia Humanitarian Centre in the southern Serbian city of Niš to foment trouble in nearby northern Kosovo. Serbia and Russia insist the facility houses only disaster relief training and

(3) <https://europeanwesternbalkans.com/2021/07/31/ewb-interview-trenin-balkans-are-not-a-prime-battlefield-in-the-russia-west-confrontation/>

assistance, and denied accusations by the US State Department in 2017 that the centre, opened in 2012, was intended as a front for “espionage or other nefarious activities”. NATO officials say they see plenty of evidence of Serbia stirring Kosovo Serb resistance to Pristina’s authority, but no direct Russian hand.

“Out of area or out of business”

The history of NATO’s involvement in the region helps explain why it remains so sensitive for the alliance today.

After the end of the Cold War, some politicians on both sides of the Atlantic thought NATO had served its purpose – to deter the Soviet Union and prevent war in Europe – and could safely be wound down. On the European side, France in particular was keen to see the EU take more responsibility for security on the continent.

When the first fighting erupted in 1991 between the Yugoslav army and Slovenian territorial defence units after Slovenia declared independence, Luxembourg’s then foreign minister, Jacques Poos, whose country held the EU’s rotating presidency, led an EU negotiating team to the region, declaring: “This is the hour

of Europe. It is not the hour of the Americans.”⁽⁴⁾

That suited then US secretary of state, James Baker, who famously said when the Yugoslav Wars broke out, “we don’t have a dog in that fight.” At the time, Washington was rapidly reducing its forces in Europe and was initially happy for the EU and the UN to handle the crisis. When their mediation and peacekeeping efforts failed, a fierce debate flared over whether NATO, which had never fired a shot during the Cold War, should intervene militarily outside the North Atlantic Treaty area. Former US senator Richard Lugar summed up the options trenchantly when he said that “NATO will either go ‘out of area’ or it will go out of business.”⁽⁵⁾

NATO first conducted air and sea patrols to enforce a ‘no fly’ zone and an arms embargo

(4) <https://www.nytimes.com/1991/06/29/world/conflict-in-yugoslavia-europeans-send-high-level-team.html>

(5) <https://collections.libraries.indiana.edu/lugar/items/show/342#?c=0&m=0&s=0&cv=0&xywh=-2185,-375,9444,7495>

but did not get directly involved in combat until a close air support operation for UN forces in 1994 in which NATO planes shot down four Serbian fighter jets. Even then, European countries with troops in the UN force rejected proposals for US air strikes until August 1995. The turning point came after the Srebrenica massacre of some 8,000 Bosniak Muslim men by Bosnian Serb forces in a what was supposedly a UN-protected 'safe area', while the capital, Sarajevo, was under siege.

Faced with a choice between sending US ground forces to extricate beleaguered European UN peacekeepers, humiliated by Bosnian Serb fighters, or using air power to change the balance of power in the war, then US president Bill Clinton agreed to a 12-day NATO air operation in 1995. The NATO intervention led directly to a marathon 21-day conference at a US air base in Dayton, Ohio, at which leaders of Serbia, Croatia and BiH eventually accepted a peace agreement negotiated by the then US secretary of state, Warren Christopher, and his deputy, Richard Holbrooke. European diplomats played only a secondary role in the negotiation, partly because of their squabbling over whether the EU's special envoy, Carl Bildt, spoke for Europe. A key condition for the deal was that US troops should take part in the NATO-led implementation force. ⁽⁶⁾

NATO intervened again in 1999 after international negotiators failed to broker an agreement between Serbian and Kosovo Albanian leaders to end an armed conflict between Kosovo

Liberation Army guerrillas and the Yugoslav army, which was carrying out mass deportations and killings of Albanians. A NATO air campaign struck targets across Serbia, including in the capital Belgrade, eventually forcing Milošević to agree to withdraw Yugoslav forces from Kosovo.

There was a brief confrontation between Russian and NATO forces after the war when a Russian column drove in from BiH and occupied Pristina International Airport ahead of a NATO deployment. The standoff was resolved peacefully. But Western governments refused to agree to Russia taking command of its own zone in Kosovo, fearing that would lead to partitioning of the majority Serb region. Moscow in turn opposed Western moves to help Kosovo prepare for sovereignty and refused to recognise its unilateral declaration of independence in 2008.

Putin has cited NATO's air campaign in 1999 and most Western countries' recognition of Kosovo's independence as justifying Russia's own actions in launching military operations in Ukraine and recognising the independence of the self-styled republics of Donetsk and Luhansk in the occupied Donbas region and their 'requests' to join the Russian Federation.

This is politically awkward for Serbia, which relies on Moscow's UN Security Council veto to prevent wider recognition of Kosovo or its admission to UN institutions and agencies but has not recognised Russia's annexation of regions of Ukraine.

(6) Holbrooke, Richard. *To End a War*. New York. Random House. 1998

Serbian ambivalence, Bosnian risk

Serbia's attitude towards NATO is one of deliberate ambivalence, due to the alliance's enduring widespread unpopularity in public opinion there. Belgrade has nevertheless been a member since 2006 of NATO's PfP, an extended family that cooperates on security issues but is not covered by the Article 5 mutual defence clause.

NATO officials say Serbia is more involved in NATO activities than it publicises, for example, in the exchange of documents on its defence and security forces and in using NATO standards to certify units that participate in UN or EU military missions. However, it has not participated in any NATO-led missions. "They don't talk about it, but they are more engaged than you might think from reading the Serbian press," one NATO official said. ⁽⁷⁾

Similarly, Belgrade has a cooperative relationship with KFOR and regularly underlines that it expects NATO to protect all residents in Kosovo, including the Serbs. Vučić has at times made this sound like a threat, for example, saying in August 2022 that if NATO was unable to protect Serbs in Kosovo, then Serbia would have to do so. But NATO officials note that he has not followed up on such rhetoric. He is in

fact dependent on KFOR to shield the Kosovo Serbs from attack. NATO has contingency plans to reinforce KFOR at short notice should the situation demand it.

While officials at NATO headquarters reckon KFOR could keep a flare-up in Kosovo under control, they are less certain about the situation in BiH in case of an outbreak of violence.

The alliance, which once spearheaded a 60,000-strong Stabilisation Force after the Dayton Accords, has only a small 67-person headquarters in Sarajevo. About half the staff work inside the BiH Ministry of Defence. Their main mission is to support BiH with security sector reform. That is a difficult task given the lack of cross-government cooperation and finance, which obstructs measures such as the implementation of a merit-based rather than ethnic-based promotion system.

NATO helped form and train the BiH armed forces, whose units are still divided along ethnic lines with an integrated officer corps, as well as the Kosovo Security Force.

The other half of the NATO HQ staff in BiH are based near Sarajevo Airport and provide support

(7) Interview with the author, September 2022

for EUFOR, the EU-led peacekeeping presence, which was increased from 600 to about 1,100 troops ahead of the October 2022 elections. Under cooperation arrangements between the EU and NATO, the alliance provides the operational headquarters, planning and reserve support for Operation Althea.

A third function of the HQ – the hunt for war crimes suspects – ended when the last major suspects were apprehended and the International Criminal Tribunal on the Former Yugoslavia in The Hague shut down in 2017. NATO has also been involved in mine clearance and mapping, and upgrading BiH's military infrastructure.

NATO is also involved in a modest way in anti-corruption efforts in the security sector in the region through its Building Integrity (BI) programme, in which Serbia, BiH, Montenegro and North Macedonia are voluntarily engaged in a self-assessment questionnaire and peer review process. But NATO BI has only two staff handling 30 countries and they have little experience in fighting corruption.

“The average Bosnian has very little faith in EUFOR,” said an official who has served in Sarajevo. “The problem is that if anything happened outside the Sarajevo Valley, there is no military unit that could move by ground to fix it.” The official said the EUFOR presence was largely symbolic unless reserve forces deployed swiftly. If Dodik were to make good on his threat for Republika Srpska to secede, there could be

a clash anywhere along the internal boundary with the Federation.

“What most people don't see are the paramilitaries. Bosnia is awash with weapons. The Bosniaks have a degree of [paramilitary] organisation. So, if a situation were to become uncontrolled, it wouldn't take long,” the official said, noting that while KFOR could draw on US military capabilities in emergency, the EU did not have such an automatic arrangement. ⁽⁸⁾

While the risk of an armed conflict was low, there was always a chance that things could spiral out of control when leaders of the three constituent peoples were stirring up tensions. “It just takes one hand grenade in a mosque in a time of high tension,” the official said. “Rationally, no one wants or is planning for war. But if it happens at the wrong time, those incidents can take on a life of their own.”

(8) Interview with the author, September 2022

EU is NATO's exit strategy

Kosovo is by far NATO's longest deployment. The alliance handed over the BiH mission to the EU in 2004 after US focus had turned almost entirely to what then president George W. Bush called the 'Global War on Terror', following the 11 September 2001 al-Qaeda attacks on New York and Washington. It has not felt able to do so in Kosovo, even after Russia withdrew its troops. Serbia, which became an EU candidate in 2012, might have preferred an EU force to replace NATO, but the Kosovars were not willing to take that route, not least because five EU countries still do not recognise their independence.

"We look more to the US for our intended goal to be part of PfP as the first step towards eventual NATO membership," said Shaban Buza, a professor of mechanical engineering at Pristina University and former journalist. "We want a stronger US role in the EU-mediated dialogue [with Serbia] because of the lack of unity created by the non-recognisers. That's not the best environment for the two parties to come up with proposals and have full normalisation."⁽⁹⁾

Even in Belgrade, when it comes to hard security, the US and NATO are the only game in town. While Washington's special envoy is helping the EU facilitate the difficult dialogue between Belgrade and Pristina, NATO is not involved in the negotiations.

That leaves NATO without an exit strategy from the Western Balkans unless and until Serbia and Kosovo reach an EU-brokered normalisation agreement and their EU aspirations are well on the way to being realised. As the foregoing chapters have illustrated, that remains a remote prospect.

"No one in this building is looking for an exit now," a NATO official said. Indeed, for a few weeks in late 2022, it looked as if NATO might have to revive its presence in BiH if Russia had used its UN Security Council veto to block the renewal of Althea's mandate. Other fallbacks including a multilateral force or a different legal basis for the EU to stay were also under consideration, but Stoltenberg hinted that the alliance might step in if necessary. "NATO is ready to strengthen political and practical support to partners who are at risk of Russian aggression, including Bosnia and Herzegovina," he said.⁽¹⁰⁾

NATO officials said the alliance would have been ready to step in if the situation demanded it. Bosnian Serb leader Dodik urged Moscow not to veto the Althea rollover precisely because he did not want a more robust NATO force in its place.

Ultimately, NATO or EU peacekeepers can only hold the fort and buy time for political solutions and European integration. But they are likely to be there for a long time.

(9) Interview with the author, September 2022

(10) https://www.nato.int/cps/en/natohq/opinions_208037.html

CHAPTER 6

Conclusions and recommendations

Manageable but not sustainable

Despite disillusionment in the Western Balkans about the snail's pace of progress, EU accession remains the best imaginable outcome for those countries and for the rest of Europe. The possible alternatives include closer alignment with Russia, a potential non-aligned illiberal zone that could encompass Turkey and perhaps Hungary, or a downward spiral into new armed conflicts involving a toxic mixture of organised crime and weaponised migration.

In some western European capitals, notably Paris and The Hague, there is a dangerous complacency that the status quo is manageable and that nothing can happen in the region that would pose a serious threat to European security.

The situation in the Western Balkans may appear manageable but it is not sustainable indefinitely. There is no guarantee that the frozen conflicts in Bosnia and Herzegovina (BiH) and between Serbia and Kosovo will stay frozen with occasional flare-ups, or that localised political violence would not escalate, draw in outside players and fuel new flows of refugees and the trafficking of migrants, arms and drugs into the EU.

Russia's war in Ukraine has put many people on edge in the region, with support for Putin fuelling ultra-nationalism among hardline Serbs, and images of the devastation of cities and villages reviving searing memories among those old enough to recall the horrors of the 1990s.

Russia is trying to fan Slavic Orthodox nationalism and exploit societal and ethnic divisions. It has lent support to Bosnian Serb leader Dodik in his threats to secede from BiH and spread disinformation to amplify Kosovo Serbs' hostility to the Pristina government. China, for its part, has mostly pursued economic investments, using the 14+1 framework under the Belt and Road Initiative to engage with local leaders looking for ambitious infrastructure and defence projects. But it has followed Russia's lead on the Western Balkans in the UN Security Council.

The good news is that the geopolitical confrontation with Russia has raised awareness in Brussels and among EU member states of the need to address the grey zone in the heart of their continent by integrating Western Balkan states better into European structures. It has also led Vučić to distance himself cautiously

from Moscow and diversify Serbia's energy suppliers.

The bad news is that EU accession is still a distant prospect, given weak governance and the prevalence of corruption in the aspiring countries and the lack of public support in key western European member states.

"The region needs to feel more anchored into the European dream," a NATO official said. "That's not easy for North Macedonia and

Montenegro, let alone for Kosovo and Bosnia. The immediate future for them does not look good."

Membership of NATO is valuable but only decisive advances towards EU membership can provide the political and economic foundations for a better, more secure future for the peoples of the Western Balkans. Seen from the region, "NATO is life, but the EU is the good life," the NATO official said.

Geopolitical moment

EU leaders and the European Commission must seize this geopolitical moment to make the enlargement perspective credible for all Western Balkan countries. They also need to counter the impression that granting candidate status to Ukraine and Moldova came at their expense.

That begins with the long overdue decision to extend visa liberalisation to Kosovo. It is a small but symbolic step that has been blocked on flimsy pretexts by western European politicians who have been afraid to confront their own public opinion, anxious about migration, and explain the strategic benefits of enlargement.

This particularly applies in France and the Netherlands.

In the last nine months, the EU has begun to remove a few roadblocks in the accession process, notably by opening the way for North Macedonia and Albania to start negotiations. It has taken welcome steps to integrate the region into its energy, health and infrastructure programmes.

This strategic thinking led also to the creation of the EPC, which is a helpful step that embraces all Western Balkan leaders in the wider European family, along with non-members of the EU

such as the UK, Switzerland and Norway. The grouping, still in embryo, has the potential to deliver benefits for the EU aspirants but it is no substitute for enlargement.

This cannot be a one-way effort. A credible enlargement perspective must be matched by credible reforms in the Western Balkans and the willingness to grasp diplomatic solutions on offer for the normalisation of relations between Serbia and Kosovo, and the reform of institutions in BiH.

EU leaders have not yet understood the despair and cynicism that two decades of procrastination on enlargement since the Thessaloniki declaration have instilled among citizens across the Western Balkans.

The heightened recognition that the EU is in a struggle for hearts and minds with Russia – and for democratic values with China, Turkey and others – must now prompt the Union to amend its accession process to provide far more of the tangible benefits of membership before Western Balkan countries reach the finishing line.

That means ending the current all-or-nothing financial approach under which candidates receive very limited pre-accession funds until they join, whereupon they are showered with EU payments of up to 4% of their GDP. Only more money upfront will give the EU more leverage over reforms and change the incentives for political leaders in the Western Balkans.

Twin struggles

The geopolitical contest with Putin is not the only battle in the region. A struggle between two models of governance was under way before Russia marched into Ukraine and it is equally important. Put simply, it pits the Orbán-Vučić model of illiberal, authoritarian semi-democracy with extensive state capture against the European model of liberal, pluralistic democracy.

This is a struggle for the rule of law, an independent judiciary and independent media, women's and LGBTQ+ rights, competitive markets, separation from crony capitalism and corruption, and inclusive, pluralistic education against ethnic or nationalist brainwashing.

In the quest for stability in the Western Balkans, the EU has sometimes yielded to the temptation to gloss over increasingly autocratic governance, notably in Serbia, although it is documented in Commission and Parliament reports.

The political priority of working with Vučić – in an effort to keep him out of the arms of Putin and China, and secure his help in curbing migration or in reaching a normalisation agreement with Kosovo – has led senior EU leaders, notably Merkel and von der Leyen, to praise Serbia's supposed progress on democracy and the

rule of law when independent watchdogs and Serbian civil society say the situation continues to deteriorate. This allows Vučić to play Russia, China, the EU and the US off against each other to extract maximum benefits.

The EU needs to defend its values as well as its interests in the region. That means rewarding the countries that are most aligned with its values and foreign policy – notably Montenegro, Albania and North Macedonia – and being willing to get tough on backsliders.

This may be politically inconvenient for EU governments, which see Serbia as pivotal, being the most populous, economically advanced and competently administered of the former Yugoslav republics. But Belgrade must not be given a discount on the EU's justice, civil rights and freedom of speech criteria just because it is indeed strategically important.

Recommendations

TO THE EU:

- Reinvalidate the EU enlargement process for all Western Balkan countries by giving significantly greater financial and political rewards in stages prior to accession to those making the most progress in adopting EU laws and standards.
- Involve all Western Balkan countries more in EU policymaking by inviting them to attend and contribute to relevant informal ministerial council meetings, the EPC and more frequent EU-Western Balkans summits, as well as participating in the EU's Global Gateway, transport, climate, energy and public health policies.
- Encourage Western Balkan countries to elect their own observers to the European Parliament, preferably coinciding with the next European elections in 2024. These observers should be granted limited speaking rights in plenary and committee debates, but no vote.
- Propose a realistic indicative timeline for concluding negotiations with the most advanced candidate(s), provided they implement the necessary reforms, to try to stimulate emulation among Western Balkan countries.
- Implement visa liberalisation for Kosovo in 2022 without linkage to any other issue.
- Apply the reversibility principle for the first time in case of an egregious case of backsliding on the rule of law, media freedom or civil rights by a candidate country.
- Engage more with local authorities, independent media, civil society, women's groups and universities in the region to build constituencies for reform and democratic development, as well as increase economic opportunities.
- Encourage the Open Balkan initiative but suggest a timeline for merging it with the Western Balkans Common Regional Market and including all countries of the region.
- Include the Western Balkans in the proposed EU framework for collective purchases of gas.
- Reduce the number of veto points in the accession process by adopting the principle of opening and provisionally

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