

Executive Master
in EU Studies

***EU Enlargement's Existential
Crisis in the Balkans:
Causes, Consequences and Way Out***

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Abstract

The enlargement of the European Union (EU) in the Balkans is facing its existential crisis. This crisis is not a new thing and its roots were built into the enlargement process from its onset. From the very beginning, the EU was conflicted over this idea – on one hand wanting to stabilize the Balkans and strengthen EU’s geopolitical imprint, but on the other hand worrying that such enlargement would import Balkan’s numerous unresolved issues, thus weakening EU’s economic, political and legal structure. As a result, both sides for years played a game of pretence best described by late by Bosnia's former High Representative, Lord Paddy Ashdown. *"The Balkans pretended to reform and the EU pretended to believe them. Now some in Bosnia do not even pretend to reform, but the EU still pretends to believe them."*¹

Then the arrival of the Coronavirus pandemic brought thorough changes to the world, among other things revealing EU’s inner weaknesses and deepening Balkan’s multidimensional crisis. It is in this context of a new COVID19 world that this paper takes a stock of the current state of the EU enlargement in the Balkans, looking beyond these games of pretence and lip services, which some EU and Balkan leaders still rely on. It identifies key reasons for the current state of the enlargement, assesses realistic potentials for continuation of this process, as well as possible consequences of its collapse. In this paper, the author uses diverse methodology, including pertinent literature, reports and statistical data, as well as interviews with relevant local and international officials and experts. Having in mind that the enlargement is a regional project, but also that Balkan countries as well as external actors are all deeply intertwined, this paper takes a regional, or even global view on the enlargement. However, it also puts a special emphasis on Bosnia and Herzegovina (BiH), partly because that country is currently seen as the single biggest security threat for the region, but also because space limitation of this paper prevents a more detailed analysis of country-specific data for all six countries of the Balkans. This paper also aims to transcend the gap that sometimes appears in similar reports, which observe the enlargement from mainly one – either the EU or Balkan – side. The author uses this analysis to argue that both EU and Balkans have much to win from the revitalization of a relevant, realistic and concrete enlargement perspective, and even more to lose from its collapse.

¹ Ashdown, Paddy, “Europe needs a wake-up call. Bosnia is on the edge again,” The Guardian, July 27, 2008, available on: <https://www.theguardian.com/commentisfree/2008/jul/27/serbia.balkans>

1. Introduction

*“We cannot speak only about the enlargement crisis or about insufficient efforts of the Western Balkan countries in addressing the demands of accession procedures.... It seems conversely that European integration as such is at stake here.”*²

Perspective of the EU membership was the key for the relative stability of the Western Balkan's six countries³ since the EU and Balkan leaders committed themselves to this process at the Thessaloniki summit in 2003.⁴ Since then the EU has partially opened its market to the Balkan countries and became their key trade and economic partner. Yet at the same time, Brussels proved unable or unwilling to assume a stronger political role in the region, staying in shadows of political dominance of the United States of America (USA) and EU capitals, but also opening this space to other external actors.

Eighteen years later, both the EU and the Balkans have gone through their own individual crises, which have changed the enlargement process from a transformative catalyst and relevant mid-term perspective to an abstract long-term concept and a political fig leaf for both sides. This gradual fading of the enlargement perspective has weakened the EU presence in the Balkans, halted its reform processes, and enabled strengthening of Russian, Chinese, Turkish, Gulf countries' and other foreign influences. Combined, these developments have contributed to the steady destabilization of the fragile region in recent years.

The outbreak of the COVID19 virus in early 2020 challenged internal cohesion and functioning of the EU system, and further undermined EU capitals' readiness for continued enlargement. The pandemic has also revealed widespread dysfunctionality and corruption, democratic backsliding, as well as heightened ethnic, political, economic and social tensions across the Balkans. By mid 2021, all EU-related reforms and respective accession processes have been halted across the region.⁵ Pandemic's multidimensional consequences has pushed all Balkan countries into a new depths of their individual crises, potentially threatening the stability of the entire continent. This has finally forced top EU officials to pay more attention to the region and reiterate its EU perspective. Often-repeated statements

² Sekulic 2020: p 227

³ Western Balkan Six include: Albania, Bosnia and Herzegovina (BiH), Kosovo, North Macedonia, Montenegro and Serbia

⁴ EU-Western Balkans Summit, Declaration, Thessaloniki, 21 June 2003. Available at: https://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/misc/76291.pdf

⁵ See Annex I for the status of each of Balkan countries in their respective enlargement process

and continued absence of EU's concrete actions, however, ring hollow in the ears of Balkan leaders, local and international experts and media. Since the beginning of 2020, different local and international media claimed that the EU enlargement was "dead," and wondered what the EU should now do with the Balkans.⁶ EU and Balkans faced a tough choice: on one hand, neither side seemed to be willing and/or able to honestly reengage in the process, but on the other hand a complete disappearance of the enlargement perspective – in the increasingly confrontational local, regional and international context – could have dire consequences for both the Balkans and the EU.

*"If Plan A for the region – integration with the European Union – doesn't work, then we are heading towards a Plan B involving new conflicts and borders."*⁷

2. COVID19 deepens Balkan's multidimensional crisis'

In the Western Balkans – just like in the rest of the world – the COVID19 pandemic and the subsequent inoculation race, became the ultimate test of the functionality and prowess of countries' leaders and administrations. In the race in which fatality rates and the number of acquired vaccine doses were often valued higher than the respect of the rule of law and/or other democratic principles, it was Serbia and its President Aleksandar Vucic who came out as clear winners, bettering not only the rest of the Balkans but many other European countries as well. Despite serious delays of its COVAX-dependent vaccination program and understaffed health services, Albania came out as a second runner in the region, mainly thanks to its relatively mainstream political system. Remaining Balkan countries showed that at the time of crisis, complex, multiethnic countries were in disadvantage compared to nation-states run by authoritarian leaders. This was clearly reflected in the COVID-19-related mortality rates, as well as its economic and social impact on the Balkan countries.⁸

Among them, BiH stood out as the ultimate example of systematic dysfunctionality. BiH's ethnically divided politicians proved both unwilling and unable to provide citizens with even the minimum of protection and living standards amidst the global crisis. BiH has been

⁶ "What to do with the Balkans," Frankfurter Allgemeine, January 1, 2021, available at: <https://www.faz.net/aktuell/politik/ausland/was-der-stopp-der-eu-erweiterung-fuer-den-balkan-bedeutet-17123311.html>

⁷ Bildt, Carl, "The Balkans non-paper and the dangers of Plan B," European Council of Foreign Relations, ECFR, May 10, 2021, available at: <https://ecfr.eu/article/the-balkans-non-paper-and-the-dangers-of-plan-b/>

⁸ For more details on the health, economic and social impact of COVID19 on Balkan countries, see Annex II

in a downward spiral for more than a decade, essentially since 2008, when the US administration stopped its hands-on involvement in the implementation of BiH's Dayton peace accord and transferred the responsibility to the EU and its enlargement process. BiH crisis further escalated since the last general elections in 2018, after which Bosniak (Bosnian Muslim), Bosnian Croat and Bosnian Serb parties assumed their maximalist nationalist positions. As Bosniak parties struggled to use Bosniaks' dominance in numbers⁹ to outvote other ethnic groups, Bosnian Croat and Serb leaders intensified their autonomist and separatist rhetoric – mimicking the situation that led to the beginning of BiH war in 1992.

There is little chance that situation will improve before the next general elections in 2022. Yet even these upcoming elections are at stake since Bosnian Croat and Bosnian Serb leaders threaten to block holding of any new elections until country's tainted electoral system is reformed in line with their expectations. An interruption in the election cycle could lead to further collapse of BiH institutions and possibly a breakup of the country. Peaceful dissolution of BiH is what Bosnian Serb leader Milorad Dodik is increasingly advocating for, despite some Bosniak officials' warnings that this would lead to a new war¹⁰.

Kosovo, North Macedonia and Montenegro are only in a marginally better situation, as each of these countries is burdened by their own ethnic, political, economic and/or social troubles. Montenegro is in especially difficult situation - besides problems deriving from its weak and divided government formed after last elections in August 2020, the country is in July 2021 supposed to start repaying one billion US dollars (USD) loan to the Export-Import Bank of China (Chinese EXIM bank), which was used for the construction of its controversial highway. As the deadline approached, Montenegrin officials warned the country was unable to service this debt and asked for assistance from the EU, which Brussels seems reluctant or at least very slow to provide.¹¹ Even Albania and Serbia, which seem to be trading somewhat better under tightening control of their respective national

⁹ According to BiH's last official census from 2013, the country has 3.5 million people, 50.1 percent Bosniaks, who occupy some 31.1 percent of the territory, 30.8 percent Bosnian Serbs who occupy 53 percent of the country and 15.4 percent Bosnian Croats occupying 15.9 percent of the country. For more detailed results of the census, see: <http://www.statistika.ba/?lang=en>

¹⁰ "Independent bloc: Whoever suggests breakup of BiH calls for a new war," Klix news report, April 15, 2021, available at: <https://www.klix.ba/vijesti/bih/nezavisni-blok-ko-god-predlaz-e-podjelu-bosne-i-hercegovine-taj-priziva-novi-rat/210415036>

¹¹ "No Clear Option for Montenegro As It Tries To Repay \$1 Billion Highway Debt To China," Radio Free Europe report, April 14, 2021, available at: <https://www.rferl.org/a/montenegro-china-billion-debt-highway/31203309.html>

leaders Premier Edi Rama and President Aleksandar Vucic, have been facing growing corruption and democratic backsliding¹². Because of all these processes, the EU accession process is effectively blocked for all Balkan countries, while the EU-mediated talks between Belgrade and Pristina, aimed at resolving the ongoing dispute between Serbia and Kosovo are also essentially dead¹³.

The depth of the Balkan political crisis was underscored by the recent publication of the “non-paper,” which was reportedly produced and/or circulated by Slovenian Premier Janez Jansa, which proposed a major territorial reorganization of the Balkans to complete the unfinished breakup of former Yugoslavia.¹⁴ While Jansa issued mild denials of his involvement, in the following days Slovenian and other European media confirmed the existence of such paper, although its authors remain uncertain.¹⁵ Different EU politicians and officials warn that this non-paper was portraying a scenario that was possible consequence of the final disappearance of the EU enlargement in the Balkans.

“One can only hope that the non-paper will serve as a wake-up call for the EU and others on the risks of a stalled enlargement process.”¹⁶

3. EU’s political and economic imprint in the Balkans

Throughout the past two decades, the EU presence in the Balkans was focused on trade, economy as well as support to technical reforms required from Balkan countries as a part of their accession process. In this period, the EU established itself as the leading trade partner¹⁷, as well as the main source of Foreign Direct Investments (FDIs) and other financial support for economic and other reforms in all six Balkan countries¹⁸.

Trade and all other relations between the EU and Balkan countries have been regulated through “Stabilization and Association Agreements” (SAAs), which the EU has over the

¹² “Biden and the Western Balkans”, War on the Rocks report, April 26, 2021, available at: <https://warontherocks.com/2021/04/biden-and-the-western-balkans/>

¹³ Interviews with EU officials and diplomats, 2021

¹⁴ “Jansa leads EU states which want ‘greater Serbia’ and partition of Bosnia and Herzegovina, Montenegro and North Macedonia, Politicki.ba, April 12, 2021, available at:”<https://politicki.ba/news/read/15926>

¹⁵ “Jansa and (Croatian Premier Andrej) Plenkovic against Sarajevo,” Necenzurirano.si, April 14, 2021, available at: <https://necenzurirano.si/clanek/aktualno/jansa-in-plenkovic-skupaj-proti-sarajevu-865547>

¹⁶ Bildt, Carl, “The Balkans non-paper and the dangers of Plan B,” European Council of Foreign Relation, ECFR, May 10, 2021, available at: <https://ecfr.eu/article/the-balkans-non-paper-and-the-dangers-of-plan-b/>

¹⁷ Trade with the EU accounts for almost 70 percent of the region's total trade, while the region's share of overall EU trade is only 1.4 percent. Trade between the EU and the Balkans has grown by almost 130 percent over the past 10 years, reaching 55 billion euro in 2019. More details are available at:

<https://ec.europa.eu/trade/policy/countries-and-regions/regions/western-balkans/>

¹⁸ For a more detailed overview of the EU relations with BiH, see the breakdown of BiH’s foreign trade in Annex III; FDI’s in Annex IV; and financial assistance in Annex V

past two decades concluded with all Balkan countries but Kosovo. Furthermore, since 2000, the EU has been granting autonomous trade preferences to all the Western Balkans, which allow exports to EU countries without customs duties or limits on quantities, with the exception of sugar, wine, baby beef and certain fishery products that enter the EU under preferential tariff quotas.

The EU also encouraged establishment of a common market among Balkan countries, presuming that this would speed up merger of the Balkans into the EU market. This was initially done through Balkan countries' involvement in the Central European Free Trade Agreement (CEFTA), which was originally considered as an interim step towards the enlargement process. A new page in the regional cooperation was turned in December 2019, with the appearance of the idea of "mini-Schengen"— regional zone for free movement of people, goods, services and capital. This initiative appeared for the first time at the meeting of the leaders of Albania, North Macedonia and Serbia – Edi Rama, Zoran Zaev and Aleksandar Vucic – in Ohrid, North Macedonia.¹⁹ Initially, this idea was met with scepticism both in the region and abroad, as some officials and experts suspected it to be a populist political trick, an attempt to reconstruct former Yugoslavia, and/or Vucic's move to strengthen his regional dominance.

The tone changed significantly in the course of 2020, after the EU accepted this idea and declared it as another step towards Balkan's joining real Schengen. This notion was further reinforced at the Western Balkans Summit in Sofia on November 9, 2020, where leaders of all Balkan countries signed declaration pledging to establish a joint regional market²⁰. Interestingly, most of the political and technical negotiations that led to this signing were done by the Regional Cooperation Centre, RCC, while the EU and EU member states provided important political support.

However, some local officials engaged in this process say that EU's inconsistent attitudes towards the Balkans threaten even this local success. Namely, against all odds the RCC has managed to negotiate with all Balkan leaders and Balkan telecoms ending of the roaming across the region, which effectively starts as of July 2021. In the past, the EU has

¹⁹ "Leaders agree on further steps towards "mini-Schengen" in Ohrid," European Western Balkans report, November 10, 2019, available at: <https://europeanwesternbalkans.com/2019/11/10/leaders-agree-on-further-steps-towards-mini-schengen-in-ohrid/>

²⁰ Declaration on Common Regional Market, November 9, 2020, available at: <https://www.rcc.int/docs/544/declaration-on-common-regional-market>

repeatedly told Balkan officials that it will abolish roaming with the Balkans as soon as Balkan countries abolish regional roaming. However, after Balkan countries agreed to abolish regional roaming, they were informed by the European Commission that the EU was still not in position to meet its promise and end roaming between the Balkan and EU countries.²¹ This faux pass has delivered another blow to the already poor EU image in the region.

It has also underlined the fact that the EU rarely observed its presence and actions in the region from political perspective. EU officials most often avoided participating in Balkan's political games, and/or in confrontations with local leaders, which made them look either weak or apathetic in the eyes of local counterparts. Even in those few occasions that senior EU officials engaged in political developments in the Balkans, they often made critical mistakes. One such example was the role of the previous EU High representative Federica Mogherini, whose moderation of Kosovo-Serbia talks met strong resistance and criticism from many EU and Balkan officials and experts, who complained that it opened doors to the exchange of ethnic territories.²² Another similar glitch happened only recently, in May 2021, when Enlargement Commissioner Oliver Varhelyi indicated that the EU was ready to yield to Bulgarian blockade of the start of North Macedonia's accession process²³, and start the process only for Albania. Under strong criticism from EU and Balkans alike, this position was quickly turned around by the EU High Commissioner Josep Borrell. Four days later he announced the two countries' accession process would continue in parallel.²⁴

With this approach, the EU – embodied in the European Commission that has been in charge of the enlargement process – never established itself as a strong political actor in the Balkans. This has created a political vacuum, which was used by the US, EU capitals, but also other foreign actors such as Russia, China or Turkey, who understood that politics and not economy is the name of the game in the Balkans. As a result, they proved to be much more willing and capable in playing local and regional political games than the EU.

²¹ Interview with a regional official involved in the process, April 2021

²² "Tagesspiegel: Mogherini criticized by German MPs for being open to a land swap," European Western Balkans, April 20, 2019, available at: <https://europeanwesternbalkans.com/2019/04/20/tagesspiegel-mogherini-criticized-german-mps-open-land-swap/>

²³ "EU's credibility 'undermined' if North Macedonia delayed from joining the bloc," Euronews report, May 7, 2021, available at: <https://www.euronews.com/2021/05/07/albania-could-begin-eu-membership-talks-without-north-macedonia>

²⁴ "Albania and North Macedonia's EU membership bids must go ahead together, says Josep Borrell," Euronews report, May 11, 2021, available at: <https://www.euronews.com/2021/05/10/albania-and-north-macedonia-s-eu-membership-bids-must-go-ahead-together-says-josep-borrell>

The EU so far appeared content with its economic and administrative involvement in the Balkans, but there are some important questions regarding true effects of such engagement. Some experts claim that trade relations with the EU have benefitted but also harmed the Balkan countries, by developing their trade deficit, economic dependency on the trade relations with the EU and eventually enticing the dramatic brain drain.²⁵ All these elements individually but also jointly undermine long-term stability of the Balkan region. Dusan Reljic from the German Institute for International and Security Affairs and CIFE's fellow Tobias Flessenkemper, for example, argued that with such an approach the “*EU enlargement policy in the Western Balkans has been a story of failure*” so far.²⁶ Instead of focusing on trade, the EU should focus its funds on development of infrastructure and other larger projects in the region, Flessenkemper and Reljic argued. Many Balkan officials and experts share the same views, stressing that only major investments rather than limited, technical pre-accession (IPA) funds can be EU's relevant “carrot” in the region.

Nevertheless, when confronted with such statements, many EU officials respond by saying that Balkan countries are not ready to receive larger structural funds, due to the widespread corruption, weak judiciary and underdeveloped controlling and supervisory governmental mechanisms and systems – which is why they are the main points of the enlargement process in the first place.²⁷ While this point is true, there are ways that could mitigate such risks while at the same time enabling the EU to employ its structural funds in the Balkans.

4. EU and Balkans – divergent views on the enlargement

From being EU's success story and Balkan's main aspiration, the enlargement process has in 18 years become one of the most controversial issues in the relationship between the Union and the Balkans. Region's EU perspective looked completely different at its beginning two decades ago. Guided by their still fresh experiences from the Balkan conflicts in 1990's and encouraged by the EU's political and economic expansion in early 2000's, that-time EU leaders came to conclusion that further enlargement of the European Union in the Western Balkans was of critical importance for security of the Balkans, and all of Europe. A realistic EU perspective was guaranteeing normalization and long-term stability to Balkan countries, while at the same time further strengthening EU's position as the aspiring geopolitical actor. This realization resulted in the “Thessaloniki agenda” – a

²⁵Carragher, Allison: “The EU Is a Dishonest Broker on Western Balkan Demographics.” Carnegie Europe, March 21, 2021, available at: <https://carnegieeurope.eu/strategieurope/84049>

²⁶Flessenkemper, Tobias, and Reljic, Dusan: “EU Enlargement: A Six Percent Target for the Western Balkans”, German Institute for International and Security Affairs, SWP, June 27, 2017, available at: <https://www.swp-berlin.org/en/point-of-view/eu-enlargement-a-six-percent-target-for-the-western-balkans/>

²⁷ Interview with a senior European Commission official, 2013

declaration adopted at the session of the European Council in Thessaloniki on June 21, 2003 by the heads of the EU and Balkan states, which confirmed common shared values as well as region's EU perspective.²⁸

However, this plan was derailed by the 2009 global recession; start of the migrant crisis in 2014; rise of right wing populism across Europe; UK's BREXIT referendum in 2016 and finally COVID-19 pandemic in 2020. These developments, most of which have had heavy impact on both the EU and Western Balkans, have decimated popular support for the enlargement in the EU, which has in turn undercut democratization processes in the Balkans. Continued enlargement is additionally burdened by the EU disappointments with the results of the last few enlargement cycles, such as Cyprus's failure to resolve its internal divisions, poor economic and social performance of Bulgaria, Romania and Croatia, and open challenges to key EU principles by Hungary and Poland. These examples have taught the EU that *"there is no cutting corners to democracy"* as it loses leverage for further reforms once a country becomes a member.²⁹ For this reason, *"each enlargement of the EU has added complexity for subsequent candidates"* some experts warn, but stress that *"the entire (enlargement) process continues to be a political process, an art, not a science."*³⁰

Furthermore, some of those officials and experts who call for faster and more concrete enlargement, stress that the reforms required by the EU make little sense having in mind that several EU member countries have been in recent years directly or indirectly ignoring or violating those same rules and principles. Erhard Busek, a veteran Austrian politician and former special co-ordinator of the Stability Pact for South Eastern Europe, calls the EU to immediately offer full membership to all Balkan countries, stressing that EU's insistence on conditions is *"nonsense"*³¹ since many EU countries today also violate the so-called Copenhagen criteria³² required for the membership.

²⁸ EU-Western Balkans Summit, Declaration, Thessaloniki, 21 June 2003. Available at: https://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressdata/en/misc/76291.pdf

²⁹ Interview with James Ker-Lindsay, visiting professor at the London School of Economics and Political Science, LSEE and one of the leading security experts for South East Europe, May 24, 2021

³⁰ Emmert, Frank and Petrovic, Sinisa (2014). "The Past, Present, and Future of EU Enlargement". Fordham International Law Journal Volume 37, Issue 5, p 72. Available at: <https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=2350&context=ilj>

³¹ Interview with Erhard Busek, May 17 2021

³² The accession criteria, or Copenhagen criteria (after the European Council in Copenhagen in 1993 which defined them), are the essential political, economic and legal conditions all candidate countries must satisfy to become a member state. For further details see https://ec.europa.eu/neighbourhood-enlargement/policy/glossary/terms/accession-criteria_en

All this said, it is not a surprise that some 18 years after the Thessaloniki summit, the EU and the Balkans do not see eye to eye on a number of issues related to the enlargement process. This divergence represents a problem by itself, parallel to other concrete issues and challenges, as it impairs good communication between the two sides, which is needed for finding compromises and solutions. This in turn contributes to confusion and misunderstandings between different sides, even in the situation where a compromise solution could be found.

Probably the most important difference stems from the fact that many EU leaders and officials view the enlargement mostly from the economic perspective, seeing little benefit and many risks in region's underdeveloped market and economy. Furthermore, eventual membership of Balkan countries in recent years is often seen as an additional, unnecessary threat to EU's rule of law system, which is already deeply shaken by other internal and external challenges. The EU administration and EU member countries still mostly blame the current blockade of the enlargement on Balkan leaders and their stalled reforms.

Many EU officials publicly or privately share the view of the French President Emmanuel Macron, who in 2019 publicly declared that he would “*refuse any kind of enlargement before a deep reform of our institutional functioning.*”³³ This was all but a new opinion. European Commission's former Western Balkans director, Pierre Mirel, says that ever since the Thessaloniki summit, EU countries were conflicted between the need for further integration on one side and preservation of nation state prerequisites on the other.³⁴ It is because of this same internal EU conflict that former German Minister of Foreign Affairs Joschka Fischer as early as in 2010 predicted that “*expansion of the EU to include the Balkan states, Turkey, and Ukraine should also be ruled out*” in at least next two decades.³⁵

Following Macron's statement European Commission adopted a new enlargement methodology, which put even greater focus on reforms and offered EU member states'

³³ “French leader vows to block enlargement until EU is reformed” by AP news on July 1, 2019. Available at: <https://apnews.com/article/b742d6d8c7e1406a8eba4a8d1d64f77a>

³⁴ Interview with Pierre Mirel, May 26, 2020.

³⁵ Benjamin, Daniel (2010): Europe 2030, Brookings Institution Press, p 10

greater role in supervision of the process.³⁶ Yet some experts stressed the new methodology was focused more on appeasing Macron and removing his veto, rather than really improving the accession process.³⁷

Others went even further, explaining that the enlargement is hampered by Commission's technocratic and bureaucratic focus on technical implementation of the structural reforms rather than on their true effects and real needs of local communities. *"Focusing on fundamental reforms is not the solution, it is part of the problem and will remain part of the problem as long as its correlation with the State and society, in which these reforms are implemented, is not understood."*³⁸

Another divergence stems from the fact that contrary to EU's economic and bureaucratic focus, the Balkans, observes eventual membership in the EU as mainly political, national and security assurance. Namely, the breakup of the former Yugoslavia in the early 1990's brought to the surface renewed ethnic tensions and conflicts, which led to ethno-political disputes which even today haunt the region – such as Kosovo-Serbia relations, the status of BiH, North Macedonia or Montenegro. Amidst these unresolved issues and recently renewed nationalists tensions, many Albanians, Bosniaks, Croats, and Serbs prefer to live within the same borders with their ethnic kin and only the EU has borders broad enough to accommodate and eventually put to rest their concerns. In this context, the EU membership became a synonym for peace and stability, even long after it became clear that EU too was facing some serious internal challenges. For this particular reason, eventual disappearance of the enlargement perspective could have unforeseen consequences for the stability of the region.

*"[The] Balkans needs the EU at least as a context. BiH and North Macedonia can exist as states only within the EU context."*³⁹

³⁶ Enlargement Commissioner Oliver Várhelyi at the press conference announcing revised enlargement methodology, February 5, 2020, available at:

https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_20_208

³⁷ Maliqi, Agon: "EU enlargement is dead. Long live EU enlargement", Sbunker, February 2020, available at: <https://sbunker.net/rajoni-2020-blllogje-tematike/90414/eu-enlargement-is-dead-long-live-eu-enlargement/>

³⁸ Mustafaj, Andi (2020): "Advocating a true reform of the European Union's Enlargement Process" Robert Schuman Foundation Open Horizons, No 2, available at: https://www.robert-schuman.eu/en/doc/ouvrages/Advocating_a_true_reform_of_the_European_Unions_enlargement_process.pdf

³⁹ Interview with Remzi Lani, the executive director of the Albanian Media Institute in Tirana, May 19, 2020.

One more frequent source of misunderstandings and frustrations in the communication between EU and Balkan officials is the fact that both sides blame each other for failing to fulfil their promises. While the Brussels and EU capitals often point to stalled reforms and democratic stagnation or even backsliding across the region, local and other international officials and experts stress that the EU is equally guilty for failing promises and shifting and changing its criteria. The current trouble with North Macedonia's accession process, which was blocked first by Greece and now by Bulgaria, is a good example of much deeper, structural problem with the enlargement. On one hand, the accession process is managed by the European Commission, be it by Brussels or by local EU delegation offices in aspiring countries. On the other hand, EU member countries and their leaders are those who make all main decisions based on their national or personal political interest and the Commission has little or no influence on them.

Besides destabilizing North Macedonia's pro-EU government, Sofia's blockade further undermined EU's position in the region, as it reminded Balkan countries of similar EU's inconsistencies and failed promises from the past. Another such example was the Council's 2019 decision not to open accession talks with Albania and North Macedonia, because of the whims of French President Emmanuel Macron – which some European officials called EU's "*historic mistake*."⁴⁰ EU leaders finally agreed to give the two Balkan countries dates for start of their respective accession talks on March 20 2020, but by that time this "breakthrough" went almost unnoticed in the region that was already preoccupied by the pandemic. Another example is the ongoing postponement of the long-expected visa-free regime for Kosovo, which remained blocked by several EU countries despite the fact that European Commission publicly announced that Kosovo has fulfilled all requirements already in 2016. Over the years, these and other similar cases have convinced regional leaders that the enlargement perspective for the Balkans has been effectively removed from the table.

Following Bulgaria's decision to block North Macedonia's EU path, its Premier Zoran Zaev warned in his interview to Brussels' "Politico" that the EU risks losing its influence

⁴⁰"European Union warned of 'historic mistake' as Emmanuel Macron blocks Balkan enlargement talks" The Telegraph on October 18, 2019, available at <https://www.telegraph.co.uk/news/2019/10/18/europe-union-warned-historic-mistake-emmanuel-macron-blocks/>

in the Balkans. *“A lot of issues were not how our citizens expected and because of that Euroskepticism increases.”*⁴¹

While the EU still remains preferred option for most Balkan people, some public surveys show worrisome trend of weakening of trust in and support for the EU. One such poll, conducted in Montenegro in December 2019, showed the “all-time low” support for the EU at some 55 percent. Support for NATO has sunk even lower, to 42 per cent of respondents, while 46 percent of them think Montenegro is going in the wrong direction.⁴²

Growing Euroscepticism in the Balkans has only helped other foreign actors like China and Russia, to strengthen their foothold in the region. These two parallel developments have eventually contributed to the recent escalation of ethnic and political tensions across the Balkans.

5. COVID19 intensifies geopolitical competition in the Balkans

*“2021 will be a year of growing conflicts between the West and Russia for the future of the Western Balkans.”*⁴³

Renewed ethno-political tensions, weak economies, unregulated and corrupt administrative and judicial systems, as well as waning Western presence in the Balkans, have created a fertile ground for steady increase of divergent foreign influences in the region over the last decade. Presence of some of the global actors, especially China and Russia, increased even more following the outbreak of the COVID-19 pandemic, thanks to their “mask and vaccination diplomacy” as well as EU’s poor response to this challenge.

As an international COVID-19 vaccination race by mid 2021 turned into a full-fledged inoculation war, Brussels’ strategy – focused primarily on safety and reliability of vaccines as well as on achieving good prices in negotiations with pharmaceutical companies – has pushed EU member states towards the end of the global list of countries regarding the number of inoculated citizens. Besides angering EU citizens and causing increased pressure on their respective national governments, Brussels’ slow bureaucracy has also undermined

⁴¹“North Macedonia PM: EU risks losing sway in Balkans”, Politico, May 19, 2021, available at: <https://www.politico.eu/article/north-macedonia-pm-zoran-zaev-eu-risks-losing-ground-in-balkans-membership-talks/>

⁴² “Support for EU membership decreases in Montenegro,” Western Balkans web portal, December 16, 2019. Available at; <https://europeanwesternbalkans.com/2019/12/16/support-for-eu-membership-decreases-in-montenegro/>

⁴³ General Philip Breedlove, retired four-star general in the United States Air Force, who served as the commander of the U.S. European Command, NATO Allied Command Operations, and US Air Forces Europe, online press conference March 9, 2021.

EU positions in the Balkans, where most of the countries have put their faith in the EU and WHO-supported COVAX system. More easily available Chinese and Russian vaccines, EU's failing inoculation plan and continued lack of new ideas on what to do with the Balkans, as well as new US administration's difficult internal agenda, are threatening to further undermine Western and strengthen Eastern influences in the region.

Balkan nations' old and new links with key regional and international actors, as well as growing global tensions between the USA, the EU, China and Russia, are threatening to reopen the old East-West geopolitical tectonic rift, which runs deep in this region. At the same time, Balkan's revived ethno-political rivalries could add fuel to the burning geopolitical tensions. Therefore, the outcome of this new phase of the ongoing geopolitical war for the dominance over the Balkans will have serious security and political impact for the region and all of Europe.

Interestingly, all external actors from both East and West in recent years focused most of their regional political and economic efforts on Serbia, whose President Vucic proved very successful in attracting foreign political and economic attention, both by opening Serbia for trade and investments, as well as persuading foreign capitals that he is the main stabilizing factor in the Balkans.⁴⁴

5.1 The new US administration brings new hope for continued EU enlargement

Throughout the past two decades, the US played one of the main roles in security, political, economic and cultural developments in the region of the former Yugoslavia. During Bill Clinton's presidency, the US pushed for NATO military intervention against Bosnian Serb military positions in Bosnia and Herzegovina in August 1995, which eventually led to BiH's peace agreement. In 1999 the US also led NATO airstrikes against Serbian military targets in Serbia and Kosovo, which ended the war in Kosovo.

In 2006, American diplomats initiated a major constitutional reform in BiH, which was supposed to be a part of their exit strategy. Although the initiative failed by just two votes in the BiH Parliament, the US disengaged from hands-on approach to BiH's daily politics.

⁴⁴ EU and US diplomats admit that Serbian President Vucic indeed has significant influence across the region, but stress that he has been using that influence for years to either destabilize or stabilize the situation, pending his own political agenda and needs, interviews with EU and US officials and diplomats, 2019-2020

Nevertheless, America remained more closely engaged in Kosovo, openly supporting its declaration of independence in February 2008.

Following Kosovo's independence and preoccupied with other geopolitical priorities, the US disengaged from the region even further, leaving it in the hands of the EU and its enlargement process. The US strongly supported the enlargement process and often provided the EU with political leverage that Brussels lacked. Nevertheless, EU's repeated failures in the Balkans, and growing presence of other foreign powers, namely Russia, China, Turkey and the Gulf States, has in recent years forced the US to return its attention to the Balkans. American geopolitical positions in the world – the Balkans included – suffered a new blow following the 2016 presidential election of Donald Trump. Trump's erratic foreign policy mostly ignored the Balkan region.

The election of Joe Biden as the new US president at the end of 2020 has divided the Balkan region. It brought major expectations, especially among Bosniaks and Kosovars, who hoped that Biden's expertise in foreign policy and his past connections with the region would bring back the old, hands-on American engagement. On the other hand, most Serb politicians mourned Trump's electoral loss, because his departure from American traditional democratic principles enabled a unique rapprochement between American and Serbian administrations. Biden's arrival revived old animosities among many Serbs, and their fears of new American interventions in the Balkans. Some of the American and Balkan experts proposed that the new US administration should go back to using more of executive powers, sanctions, and even reinforcing the current NATO-led peacekeeping forces in order to halt and reverse Bosnia's crisis.⁴⁵ Other pundits, however, warned that such proposals were unrealistic and even potentially harmful as they ignored changes that in recent years took place on local, regional and global scene.

Several US officials and diplomats confirmed that the new US administration will indeed strengthen its positions in the Balkans, yet they stressed that this will mainly take place as a part of Biden's plan to rebuild American relations with and presence in Europe.⁴⁶ Biden's administration will be preoccupied with internal and bigger external challenges and will

⁴⁵ For details see "Fixing Dayton: A New Deal for Bosnia and Herzegovina", WilsonCenter publication, November 2020, Available here:

https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/GE_201116_report%201_v2%20%281%29.pdf

⁴⁶ Interviews with and statements from different US diplomats participating in online events, December 2020 – February 2021,

pay little attention to the Balkans in the first few years, these officials said. Some American diplomats and academics went even further to admit that even before Trump took over the White House the US has lost its exclusivity and moral high ground, and will need to restore it before it jumps into new international adventures.⁴⁷ In the situation, US's old "bull in a china shop" approach in the Balkans would risk doing more harm than benefit, they said⁴⁸. However, most experts hope that the new US administration will rebuild old connections with the EU and provide badly needed new impetus for EU enlargement.

5.2 The EU fails the COVID-19 test in the Balkans

EU institutions and member states reacted poorly when the COVID-19 crisis started, initially blocking export of medical equipment to other countries – be it from the EU, Balkans or others – and closing down their national borders. These measures drew angry reactions from a number of Balkan officials. Serbian President Vucic publicly declared that "*European solidarity is dead*" and turned to China and Russia for help in obtaining badly needed protective and other medical supplies.⁴⁹

Growing criticism from Balkan and some EU countries finally drew Brussels' attention. EU officials blamed some of this criticism on Chinese and Russian disinformation campaigns,⁵⁰ yet others also admitted the EU had to change its attitude in order to improve its regional and geopolitical positions. Josep Borell, EU's High Representative for Foreign Affairs and Security Policy, stressed that the EU has to prove that EU solidarity "*is not an empty phrase*."⁵¹ After its poor start, the EU eventually managed to stage a comeback by offering a 3.3 billion euro assistance package for the Western Balkan countries, aimed at helping them to deal with the challenges caused by the Coronavirus pandemic.⁵² All Balkan leaders welcomed the proposal, which they saw as one of few concrete EU gestures

⁴⁷ Interviews with US diplomats and experts, December 2020 – February 2021,

⁴⁸ Ibid,

⁴⁹ "European solidarity is dead. It is only paper fairytale," Vucic was quoted by local media on March 15, 2020. Available at news portal srbijadanas.com, at <https://www.srbijadanas.com/vesti/info/evropska-solidarnost-je-mrtva-samo-ova-zemlja-moze-pomoci-srbiji-protiv-korone-2020-03-15>

⁵⁰ "Coronavirus used to promote anti-EU narrative in Balkans, report finds." Euractiv, April 1, 2020. Available at: <https://www.euractiv.com/section/eastern-europe/news/coronavirus-used-to-promote-anti-eu-narrative-in-balkans-report-finds/>

⁵¹ Borrell, Josep: "The Coronavirus pandemic and the new world it is creating," a blog published on EC web sites and numerous media worldwide, March 24, 2020. Available at: https://eeas.europa.eu/delegations/china/76401/eu-hrvp-josep-borrell-coronavirus-pandemic-and-new-world-it-creating_en

⁵² The 3.3 billion euro package includes immediate support for the health sector from the Instrument for Pre-Accession Assistance (IPA) worth 38 million euro; 389 million euro earmarked for social and economic recovery needs; 455 million economic reactivation package; 750 million euro of Macro-Financial Assistance and a 1.7 billion euro assistance from the European Investment Bank. European Commission press release, April 29, 2020. Available at: https://ec.europa.eu/commission/presscorner/detail/en/IP_20_777

towards the region in recent years, as well as a sign of renewed EU interest in the Balkans. In subsequent months, the EU also continued providing support to Balkan countries' overstretched health systems in dealing with the pandemic.

However, EU's renewed engagement in the Balkans gradually lost momentum and then suffered a new major blow at the end of 2020, when Bulgarian government blocked opening of the EU accession process for North Macedonia. German European Affairs Minister Michael Roth told media that this move by Bulgaria "*would be a very severe political mistake at the expense of stability and security in the western Balkans, and that ultimately would massively endanger the security of Europe as a whole.*"⁵³ Yet despite intense efforts of Germany, which at the time held the EU presidency, and some other EU countries, Bulgaria remained determined to continue blocking the start of North Macedonia's accession talks over several unresolved issues linked with two countries' historic relations.

Further deterioration of EU's position in the Balkans came as a result of the collapse of EU and WHO-supported COVAX system for acquisition of vaccines, which all Balkan countries – with the exception of Serbia – relied upon. Being left without a single dose of any type of vaccine, witnessing the success of Serbia's open-door vaccination policy, and facing growing pressure from their citizens, all Balkan leaders at the beginning of 2021 followed Vucic's example and opened direct talks with different producers, including Chinese and Russian ones.

5.3 Russia – pushing for status quo in the Balkans

Besides the Middle East, the Balkans is one of the region which is set to suffer most from the escalation of geopolitical tensions between Russia, the US and the EU in recent years.

Throughout the last decade, Russia saw the Western Balkans as "*the soft underbelly of Europe*"⁵⁴ where a controlled crisis could hurt Western positions and distract them from other more pressing global issues, such as Ukraine. This strategic importance of the Balkan region and its capacity to trouble the West, was considered one of the main reason for Russian interest and presence there. Still, Moscow was not openly opposing EU's

⁵³ "Bulgaria's block on North Macedonia's bid to join EU 'massively endangers Europe's security," Euronews, December 8, 2020. Available at: <https://www.euronews.com/2020/12/08/bulgaria-s-block-on-north-macedonia-s-bid-to-join-eu-massively-endangers-europe-s-security>

⁵⁴Krastev, Ivan: "The Balkans are the soft underbelly of Europe" Financial Times, January 14, 2015. Available at: <https://www.ft.com/content/2287ba66-8489-11e4-bae9-00144feabdc0>

enlargement process in the past, part because it was focused more on blocking NATO enlargement, but also because it also understood that the accession of Balkan countries was going nowhere. In this situation, Kremlin's main interest in the Balkans was to keep what it saw as its status quo, and discourage resolution of disputed issues, which kept destabilizing the region. However, gradual escalation of tensions between East and West in recent years, as well as EU's recently renewed insistence on constitutional changes in BiH and Serbia, have resulted in significant hardening of Russian positions in the Balkans, including those towards the enlargement. One small example was a statement of Vladimir Chizhov, Russia's ambassador to the EU, who welcomed Macron's criticism of NATO and EU enlargement in November 2019.⁵⁵

Continued global tensions between Russia on one side and the US and EU on the other, could have major security implications for the Balkans and the Middle East, where Moscow is planning "*diplomatic counter-offensives*" against what Kremlin sees as continued American anti-Russian politics, a senior Russian security and foreign affairs expert says.⁵⁶ Similar tones could be heard from Washington as well. Former General Philip Breedlove told an online press conference on March 9: "*This year will mark the intensification of the conflict between the West and Russia for the future of Southeast Europe.*"⁵⁷ According to Breedlove, Russian Foreign Minister Sergei Lavrov has already used his visit to the region in December 2020 to target Bosnia and Herzegovina and Serbia, which "*allow Moscow to pursue its regional 'divide and rule' policy.*" Moscow will continue to vehemently oppose Bosnia's progress towards the European Union, and support the so-called Greater Serbia project – expansion of Serbia on Kosovo, Montenegro and Bosnia, Breedlove predicted⁵⁸.

Local and international experts warn that Russia is well positioned, and well equipped to make trouble in the Balkans, if it decides to do so. Russian engagement in the region is built on the perception of historically close links between Russia and Serbs, which Russian and Serb political and religious leaders in Serbia, BiH and Montenegro have been carefully grooming for years. Interestingly, the actual Russian political imprint in the Balkans significantly surpasses its concrete political, economic or cultural investment in the region – the fact that has been puzzling many local and international experts for years.

⁵⁵"Russian envoy praises Macron stance on EU enlargement" Financial Times report, November 17, 2019, available at: <https://www.ft.com/content/14629414-0577-11ea-a984-fbbacad9e7dd>

⁵⁶ Interviews with Moscow-based Russian security and foreign affairs experts, December 2020-March 2021

⁵⁷ Press conference with former General Philip Breedlove, March 9.

⁵⁸ Ibid

One of the reasons for that is the fact that many Serbs in the region want to be associated with Russia, be it for historical, ideological, political or security reasons. This is why the perception of the Russian influence was always larger than the Russian influence itself. A significant portion of Russian positive image in the region is also based on strong propaganda, built on Sputnik news agency, Russia Today and other Russian media, which are being reproduced and multiplied by numerous local media organizations, portals and NGOs controlled by the Orthodox Church or Serbian rightist politicians.

The start of the COVID-19 pandemic provided Russia with a perfect opportunity to strengthen its geopolitical positions even further. In the early days of the pandemic, as EU member countries blocked exports of medical equipment to other states, Russia engaged in its “mask diplomacy,” delivering one planeload of masks and other medical equipment after another, mainly to Serbia and Republika Srpska. While these Russian efforts marked a peak in the “historic brotherhood” of the Serbs and Russians, the situation took a different turn in the summer of 2020, after Serbian and Montenegrin officials and media blamed Russia for supporting – if not instigating – a series of violent protests against their governments.⁵⁹ Russian and Serbian experts stated that Moscow was indeed involved in the protests in Serbia and Montenegro, in an attempt to increase their political control there.⁶⁰ Vucic’s conflict with Kremlin reached its peak in September 2020, when he and ‘Kosovo Premier Hoti signed Trump’s controversial Serbia-Kosovo “peace deal” in the White House, which most local and international observers saw as his ultimate turn away from Russia, China and even the EU,⁶¹ and towards the US as his new main strategic partner.⁶²

Nevertheless, this shift was quickly reversed at the end of 2020, following Joe Biden’s victory in the US presidential elections, continued deepening of the COVID-19 pandemic, as well as perceived slowness of the EU bureaucracy and Western pharmaceuticals in the production and distribution of vaccines. Serbian president Vucic proved once again to be a regional champion in geopolitical games as in parallel to all other developments he

⁵⁹ “Attack on Serbia: Rightist pro-Russian forces are behind the protests!” Serbian news portal Kurir.rs, on July 9, 2020. Available at: <https://www.kurir.rs/vesti/politika/3494521/udar-na-srbiju-desnicarske-proruske-snage-stoje-iza-protesta>

⁶⁰ Interviews with Russian and Serbia-based experts, 2020

⁶¹ “Why Serbia’s President Vucic chose Richard Grenell over Angela Merkel”, April 30, 2020, available at: <https://www.euractiv.com/section/enlargement/opinion/why-serbias-president-vucic-chose-richard-grenell-over-angela-merkel/>

⁶² Milic, Jelena; “As Serbia strengthens ties with West, Russia seeks to destabilise,” New Eastern Europe, September 3, 2020, available at: <https://neweasterneurope.eu/2020/09/03/as-serbia-strengthens-ties-with-west-russia-seeks-to-destabilise/>

negotiated purchase of Chinese and Russian COVID-19 vaccines in June and September 2020 respectively. Vucic's success in acquisition of vaccines brought Serbia among top countries in relation to inoculation of its citizens. It also reinforced Vucic's position as a leading geopolitical strategist in the region and provided an example to other Balkan and EU leaders in acquisition of vaccines. Vucic also reaffirmed his position of the regional inoculation champion by donating batches of vaccines to Bosnia, North Macedonia and Montenegro, and even opening Serbian health system for free vaccination of foreigners in March 2021, to use up excessive jobs with fast-approaching expiry date.

But Vucic did not stop there. In what seemed to be his another big shift back towards his Eastern allies, Vucic said Serbia would start producing Sputnik V vaccines at Serbia's Torlak institute. After speaking to Russian President Vladimir Putin on February 3, Vucic announced that Serbia would build a new plant with Russian help to further expand production of vaccines. He later made the same deal with Chinese officials on the production of their vaccines. In the situation where all Balkan countries are expected to remain behind the European curve on the vaccination of their citizens for several more months, the start of production of Russian and Chinese vaccines in Serbia will likely reinforce Russian and Chinese political and economic positions in the Balkans. This situation strengthens Kremlin's hand in the new diplomatic clashes which are expected in this and next year between Russia, the US and EU in the Balkans and elsewhere.

“Russia will gladly take up any issue that can divide the EU ... This is great opportunity to show that Russia is better organized, better mobilized.”⁶³

5.4 Chinese still waters run deep in the Balkans

Among all other foreign influences in the Balkans, China is a relatively recent phenomenon, but one that has been growing steadily throughout the past decade. With its narrow focus on economy and business, ample resources and don't ask-don't tell approach, China is also one country that probably has the greatest potential for further expansion in the region – especially in case of continued EU's failure there. The 2008 global financial crisis, which marked the beginning of the decline in EU's normative influence, in parallel brought the rise of an emerging “China Model”. This geopolitical realignment was further accelerated with the creation of the “16+1” initiative in 2012, and especially with the

⁶³ “In Central and Southeast Europe, the EU is losing vaccination race to Russia,” Balkan Insight regional report, March 8, 2021. Available at: <https://balkaninsight.com/2021/03/08/in-central-and-southeast-europe-eu-is-losing-vaccination-race-to-russia/>

Chinese proactive foreign policy under Xi Jinping since 2013, embodied in the Belt and Road Initiative (BRI).

Its economic focus and political and ideological pragmatism has enabled China to avoid many of Balkan's historic and more recent ethno-political controversies and divisive issues, which have undermined positions of some other foreign actors. However, Beijing supported Serbia in the Kosovo conflict, a position further cemented with the 1999 US bombing of the Chinese embassy in Belgrade. This basic positioning remains until today. Among all of the Balkan countries that are still not members of the EU, Kosovo is the only one not diplomatically recognized by Beijing, and is also not a member of the 16+1 grouping, yet. While China's non-recognition of Kosovo's independence creates "extremely limited space for interaction" there, Chinese liaison office in Pristina is increasing its presence and activities, officials and media report⁶⁴.

The remaining five Balkan countries have all been actively courted by China and became members of both the 16+1 and BRI initiatives. Nevertheless, it is clear that in the Balkan region, Chinese main target and business partner is Belgrade, which is logical given Serbia's geopolitical position and the size of its market. The fact that Balkan countries are still far away from EU membership, and that their EU accession process has been blocked for the past several years, has suited Chinese as well as local officials. Both sides used the fact that they were not limited by the strict EU procurement, environmental and other regulations, to agree on a number of major infrastructure and energy projects, which China engaged in the region in recent years. However, many of these projects across the Balkans were marred with delays, doubts about economic expediency or environmental impact, as well as fears of debt traps.

This situation steadily raised concerns among EU officials that China's activities in the Balkans might undermine region's prospect for EU accession. Previous EU Commissioner for Enlargement, Johannes Hahn, warned against "*Chinese Trojan horses in the Balkans*" already in 2018.⁶⁵ Nevertheless, it should be stressed that China is not opposing Balkan's enlargement perspective. Quite the opposite, China would welcome speeding up of

⁶⁴ "China Increasing its Footprint in Balkan Media, Study Concludes," Balkan Insight analysis, December 9, 2020, available at: <https://balkaninsight.com/2020/12/09/china-increasing-its-footprint-in-balkan-media-study-concludes/>

⁶⁵ "Beware Chinese Trojan horses in the Balkans, EU warns" Politico report, July 27, 2018, available at: <https://www.politico.eu/article/johannes-hahn-beware-chinese-trojan-horses-in-the-balkans-eu-warns-enlargement-politico-podcast/>

Balkan's accession process, as it hopes to use its positions in the Balkans, to expand to the EU market.⁶⁶

At the start of the COVID-19 pandemic, China was the first one to realize the Balkan countries' need for protective gear and basic medical equipment, as well as the great PR potential, which this opportunity created. In the following months, China sent to Balkan countries numerous plane loads with protective gear and other medical equipment. China made sure to provide all Balkan countries with its assistance, yet its bulk remained focused on Serbia. This, as well as the fact that Kosovo received no Chinese assistance, corroborated the fact that Belgrade remained Beijing's main regional business partner.

Nevertheless, the exact quantities and value of most of this assistance remain unknown. The overall picture is further muddied by the fact that both local governments and the EU paid for some of the supplies provided by China, or at least for their transport.⁶⁷ As the COVID-19 pandemic dragged on, the Chinese presence in regional media dwindled, partially because the need for basic protective and medical gear subsided, but also because of the poor quality of its products, many of which had to be returned.⁶⁸ By mid 2020, China kept a relatively low media profile in the region, yet it continued looking for ways for further strengthening of its presence in the region. In July 2020 China delivered the first contingent of six Cai Hong (Rainbow) military drones, accompanied with eighteen FT-8C laser-guided missiles for Serbian military forces,⁶⁹ while in August Chinese companies started the construction of Block 7 of the Tuzla thermal power plant in BiH.⁷⁰

Even greater opportunity for further advancement of Chinese presence in the Balkans has been created by the failure of EU and WHO-supported COVAX mechanism, which kept all Balkan countries but Serbia without vaccines by early 2021. China did not miss this chance and provided first bigger batch of its jabs to Serbia on January 16, when one million doses of Chinese Sinopharm arrived at the airport in Belgrade, where they were greeted

⁶⁶Interview with an international expert on Chinese presence in the Balkans, March 2021

⁶⁷“Assistance to Serbia comes from EU, China, Russia – the one coming from the East gets louder ‘thanks’” N1 regional TV network, April 5, 2020. Available at: <http://rs.n1info.com/Vesti/a585896/Pomoc-Srbiji-iz-EU-Kine-Rusije-za-onu-sa-istoka-glasnije-hvala.html>

⁶⁸ LO, Alex: “Beijing loses face with ‘face-mask diplomacy’” Op Ed published in South China Morning Post. April 23, 2020. Available at: <https://www.scmp.com/comment/opinion/article/3081294/beijing-loses-face-face-mask-diplomacy>

⁶⁹ “Missile-Armed Chinese Drones Arrive In Europe As Serbia Seeks Airpower Edge” Forbes report, July 9, 2020. Available at: <https://www.forbes.com/sites/sebastienroblin/2020/07/09/missile-armed-chinese-drones-arrive-in-europe-for-serbian-military/#4dbb3ede79d2>

⁷⁰ “China Gezhouba to start building unit at Bosnia's Tuzla TPP in August” SEE News report, July 30, 2020. Available at: <https://seenews.com/news/china-gezhouba-to-start-building-unit-at-bosnias-tuzla-tpp-in-august-report-708371>

personally by Vucic, who noted that this was a “*proof of the friendship between the two countries.*”⁷¹ China also quickly negotiated with Vucic start of production of its vaccines in Serbia, which – just like in the case of Russia – will significantly reinforce Chinese positions in the Balkans in years to come.

The EU continues expressing its concerns over lack of transparency of Chinese projects in the Balkans, as well as their potential negative impact on countries’ liquidity or environment. However, such complains are undermined by the fact that more and more of the EU countries open themselves up to Chinese loans and projects, and that some of these projects circumvent EU’s traditionally transparent procedures. One such project is the modernization of the Budapest-Belgrade railway line. Details of the project as well as its cost-effectiveness are uncertain, due to the fact that Hungarian government has been trying to classify such information, ostensibly to protect national interests⁷².

Another dubious Chinese project in the Balkans is the Bar-Boljare highway in Montenegro, for which the Montenegrin government raised a billion dollar loan from Chinese Exim bank in 2014, despite the fact that several international feasibility studies highlighted the risks of such an oversized project, while the European Investment Bank (EIB) and the IMF also said it was a bad idea.⁷³ As the start of the repayment of the loan approached in the summer of 2021, Montenegrin government admitted that it may not be able to repay the loan in time, and has asked for help from the EU⁷⁴.

5.5 Turkey exports its internal struggles to the Balkans

Just as Russia used its historic ties with Serbs, Turkey relied on its historic links with Muslims to re-establish its presence in the Balkans following the breakup of former Yugoslavia. Turkey also played an important role in the stabilisation of the region following the subsequent wars in 1990s. During Bosnia’s 1992-5 war Turkey strongly supported Bosnian Muslims (Bosniaks), and also assisted Kosovo Albanians during the 1998-1999 war there. Since many Turkish citizens – including some of the top political, military and religious leaders – draw family links from the Balkans, for most of them

⁷¹ “Chinese vaccines arrive to Serbia, welcomed by Vucic at the airport,” Radio Free Europe report, January 16, 2021, available at: <https://www.slobodnaevropa.org/a/31048716.html>

⁷² “Budapest to Belgrade: All Aboard the Secret Express,” Balkan Insight report, April 22, 2020, available at: <https://balkaninsight.com/2020/04/22/budapest-to-belgrade-all-aboard-the-secret-express/>

⁷³ “The billion-dollar motorway leading Montenegro to nowhere,” Euronews report, May 28, 2021. Available at: <https://www.euronews.com/2021/05/07/the-billion-dollar-motorway-leading-montenegro-to-nowhere>

⁷⁴ “No Clear Option For Montenegro As It Tries To Repay \$1 Billion Highway Debt To China,” Radio Free Europe report, April 14, 2021

developments in Bosnia and Herzegovina and the rest of the region represented more of an internal rather than foreign affairs' issue.

As of early 2000s, Turkey engaged in a new, multidimensional and pro-active “soft power” foreign policy, which was invented and orchestrated by Ahmet Davutoglu, who was at the time Turkish Foreign Minister and later Prime Minister. However, the leading power behind this idea was Turkish Premier and now President Recep Tayyip Erdogan, who was determined to make Turkey a leading regional if not global military, security, political, economic, cultural and religious authority. As a part of this strategy, Turkey painstakingly rebuilt relations with other regional actors, especially Serbia and even Croatia, and invested heavily in business, cultural and religious projects across the region. After a series of bilateral and trilateral meetings, Erdogan hosted trilateral meeting with Bosnian and Serbian leaders on April 24, 2010, when they signed the Istanbul Declaration on Peace and Stability in the Balkans, guaranteeing the territorial integrity and sovereignty of BiH.

However, Turkish position in the Balkans started changing following the failed coup in 2016. Subsequent repression against Erdogan's political opponents and critics in Turkey and abroad resulted in growing criticism against his politics in the region, especially among independent media and experts. In the following years, Erdogan steadily intensified his repressive activities and requests that Western Balkan countries close all Gulen institutions. Pristina authorities succumbed to this pressure in April 2018, when they arrested six Turkish residents living in Kosovo, believed to be close to cleric Fetullah Gulen, and deported them to Turkey. After this move was proven to be done without proper paperwork and in violation of local regulations, it stirred a major political crisis in Kosovo.

In several other cases, local authorities in Serbia's Bosniak-dominated region of Sandzak and in Bosnia closed down several schools, which Turkey declared to be owned by Gulen supporters. However, Erdogan was repeatedly left disappointed by the failure of Bosnian authorities, and especially his closest ally Bakir Izetbegovic, to arrest and deport several other individuals who, according to Turkey, were Gulen followers. Bosnian experts explained that Erdogan never understood – or wanted to accept – the fact that Balkan countries were still regulated societies in which local leaders were simply unable to arrest and deport individuals without due process.

Following the outbreak of COVID-19 pandemic, Turkey made sure to provide all Balkan countries with humanitarian assistance in the form of protective and medical equipment.

This Turkish humanitarian assistance, however, failed to soften concerns over Erdogan's increasingly radical and aggressive foreign policy. While US and EU officials repeatedly criticized Erdogan for his aggressive and provocative policies in the Mediterranean and the Middle East, Turkish sources say his positions in the Balkans are also becoming potentially problematic. By 2020 Turkish foreign policy in the Balkans still preserved some elements of its past "soft power" approach, but effectively became completely dominated by Erdogan's personal interests, agendas, initiatives and other whims. In the process, Erdogan became much more focused on Serbia and his budding relationship with Serbian president Vucic, what Turkish experts explained as a marriage of convenience between two big markets and two authoritarian leaders.

Given Erdogan's influence in the region, as well as Turkey's deepening political and economic crisis, some local and international experts stress that Erdogan could – deliberately or accidentally – export destabilization to the Balkans. While in the past Turkey strongly supported Balkan's EU aspirations, Erdogan's growing resentment with US and EU politics is putting in question his future attitudes towards the Union and its enlargement perspective.

5.6 Gulf countries and Iran – focus on business

The presence and influence of Gulf States and Iran in the Western Balkans has been historically very limited. Their role was most visible during and after Bosnia's 1992-5 war and the war in Kosovo in 1999, during which Bosniak and Albanian leadership sought and welcomed help from any willing Muslim country. At that time Gulf Countries, especially Saudi Arabia, provided financial assistance for purchase of weapons while Iran helped training Bosniak police and military forces during and immediately after the war. These influences, however, decreased significantly after the terrorist attacks on the USA in September 9, 2001, and the subsequent global clampdown on Islamic NGOs and other groups.

A visible legacy of the presence of Islamic foreign fighters, preachers and NGOs is a presence of few remaining groups that follow fundamental interpretation of Islam, Salafism. Even though the number of Salafis in the region is relatively low, they have attracted much local and international attention and concerns over the past decade, especially in the context of the emergence of Islamic State and other Jihadi groups. These groups managed to recruit a several hundred Salafi followers from Bosnia, Serbia,

Macedonia and Kosovo to their ranks. Those Balkan soldiers and their families, who have survived the final defeat of the Islamic State of Iraq and the Levant (ISIL) in the Middle East in 2019, have started organized return to their home countries, but this process was stopped due to the outbreak of COVID-19 in 2020.

In recent years, following the weakening of US and EU presence in the Western Balkans, presence of Gulf Countries in the Balkans increased again somewhat as Bosnia and Serbia managed to attract investments and tourists from Gulf countries. Yet even that process gradually slowed down and then came to a screeching halt due to travel restrictions caused by the Coronavirus. With the start of the pandemic, some Gulf countries, but especially the United Arab Emirates (UAE) and Qatar, provided medical and/or financial assistance to the Balkan countries, with Bosnia and Serbia being their main focus. This dispersion of Gulf countries' humanitarian assistance suggests that they also recognize Serbia's strategic importance in the region, but also cherish the good political and business relations which Serbian President Vucic.

Nevertheless, as the world in recent months engaged in the global vaccination race, Gulf countries' interest in the Balkans seemed to have become even more reduced. As a result, Gulf states today have very small presence in and influence on the Balkan countries, which is mainly limited to person-to-person business relationships, as well as religious links with Bosniak elites.

6. Conclusions

“A frozen conflict (in the Balkans) can ‘thaw’ in two ways: through a peaceful resolution, or a return to war. For the first time since Kosovo declared its independence in 2008, some of the Western Balkans’ frozen conflicts seem to be thawing. Can the EU ensure that they end in peace?”⁷⁵

The outbreak of the COVID19 pandemic has intensified EU's internal divisions and problems, which have rendered Union's enlargement in the Balkans even more unrealistic and distant than before. Despite efforts of some EU officials and EU member countries' leaders to reiterate region's enlargement perspective, that perspective is too remote, vague and uncertain. Just like none of the Balkan countries will be anywhere closer to the current

⁷⁵ Bond, Ian, “Moving Balkan borders: Peace plan or Pandora's box?” Center for European Reform, September 28, 2018, available at: <https://www.cer.eu/publications/archive/bulletin-article/2018/moving-balkan-borders-peace-plan-or-pandoras-box>

EU membership requirements in the next two to three decades, none of the EU member countries will be ready to accept any new member country until the EU resolves its own internal issues. Therefore, EU's continued reliance on old and outdated approaches and verbal pledges makes the Union and its current engagement in the region irrelevant in the eyes of the Balkans. In this situation, the enlargement perspective will disappear completely, while many Balkan leaders will continue seeking alternative long-term goals, most of which are directly linked with old nationalist aspirations and presume further strengthening of Russian, Chinese, Turkish or other foreign influences. This way, continued decline of EU's presence constitutes to be the biggest threat for the stability of the Balkans, and therefore for all of Europe.

Based on all recent regional and global developments, as well as opinions of relevant experts, one could conclude that the EU faces only two general scenarios in the Balkans: either the EU – with strong assistance from the US – will find a winning enlargement formula that would stabilize the region; or the EU presence there will continue fading, until Balkan's deepening political and ethnic crisis turns into a regional or even global security threat, as it did few times in the past.

While the continued weakening of the EU enlargement perspective is becoming more and more of a source of political and security problems in the region, its complete disappearance would certainly make Balkan problems even greater and should therefore be avoided at any cost.

Just as the Balkans cannot live with, but also cannot live without the EU, the same can be said for the EU itself. Many EU officials, experts and citizens alike wonder whether the EU needs a new group of underdeveloped and troubled countries with the capacity of further undermining the construction of the European integration. While this billion dollar question certainly has its merits, other officials and experts stress that the EU can even less afford losing Balkans, as it would likely pose even greater geopolitical, security, political and economic threat for all of Europe. EU and EU capitals will have to square this difficult circle in order to move on with its stalled enlargement project.

There are many different ways how the EU can finally become relevant in the region, but the first step is recognizing the problem and accepting its own responsibility for it. The good news is that majority of the people in the Balkans still do not want to fight new wars and prefer the EU over any other foreign influences in the region. The bad news is that all Balkan countries are stuck in their individual and mutual deep political and ethnic quagmires, and that their leaders are keeping their eyes on the ongoing geopolitical chess match, to see who will win, before they decide which way to turn.

Therefore, the second step for the EU to establish its proper presence in the Balkans means taking the initiative and building a truly new approach to the region with proper and relevant “carrots” and “sticks.” Expecting, hoping and waiting for Balkan leaders to start reforming before the EU does anything is naive, counterproductive and outright dangerous – for the EU almost as much as for the Balkans. The EU should however be aware that it has little time left since the Balkans will not sit idly and wait for the EU to undergo its own internal reforms before it turns back to the Balkans. One can only hope that some of the Balkan leaders and countries have not passed the point of no return, and that they are heading towards further escalation and possible new conflicts regardless of what the EU and US do.

When it comes to concrete recommendations, some experts wonder whether it is worth proposing any new ideas and policies, if the actual enlargement processes depends not so much on the Brussels but on the EU member countries’ and their leaders and narrow political interests. Experts need to keep in mind this important question when framing any new policy recommendations. On the other hand, the EU institutions and member countries need to urgently address this question and clarify their respective roles in the enlargement process, if they ever want to revive it.

7. Recommendations

Steady weakening of the enlargement perspective has in recent years attracted considerable attention among domestic and international experts. As a result, the academic community has already provided a considerable amount of fresh, very well elaborated and/or detailed recommendations for EU’s new strategic and conceptual approaches, as well as some concrete, technical solutions. Relevant recommendations include those suggesting a more drastic changes, such as the one proposed by Erhard Busek, who in his recent book and subsequent public statements urged the EU to immediately grant full membership to all

Balkan countries.⁷⁶ While this proposal may seem too radical and although EU officials publicly say it is not realistic, Busek says that in his regular contacts many EU leaders privately admit, “*something needs to happen*” as both Balkans and EU need it urgently.⁷⁷ Several other leading European experts, such as Dusan Reljic, or Pierre Mirel recommend the EU to establish a new human development-centred EU enlargement model that would grant immediate “*provisional membership*” to all aspiring countries (including the Balkans and Turkey). This would enable these countries to get an access to EU structural funds at an early stage, but without giving them voting rights until successful closure of chapters (and only in the areas where a candidate country has successfully closed a chapter). This should be more acceptable to both EU and Balkan countries, since the former are mainly concerned about voting rights and later mostly about acquiring more considerable funds.⁷⁸

Furthermore, some experts, like Srdjan Cvijic, senior policy analyst from the Open Society European Policy Institute proposes the EU to change its procedure and allow qualified majority voting in all intermediary stages of the EU accession process.⁷⁹ This change would not only simplify legal procedures, but it would prevent EU members from using their membership to blackmail aspiring countries into yielding in their unresolved bilateral disputes.

Some other EU experts and officials stress that the Balkans must be included in any future EU reforms, especially if those reforms go in the direction of the idea of EU of “different speeds.”⁸⁰ Such reform would be able to create a special “circle” for aspiring countries such as the Balkan six, as well as Turkey and Ukraine. All these and many similar ideas, individually and/or jointly would certainly have positive effects on the enlargement, on the EU position in the Balkans, as well as regional stability. In addition, the EU should consider some of the following ideas:

⁷⁶Busek, Erhard, Schäffer, Sebastian (2021): Balkans to Europe - now! By Story.one

⁷⁷ Interview with Busek, May 17, 2021

⁷⁸Bonomi, Matteo, Hackaj, Ardian and Reljić, Dušan: “Avoiding the Trap of Another Paper Exercise: Why the Western Balkans Need a Human Development-centred EU Enlargement Model”, paper published by IstitutoAffariInternazionali, IAI, January, 2020, available at: <https://www.iai.it/sites/default/files/iaip2004.pdf>

⁷⁹Cvijic, Srdjan: “Ditching unanimity is key to make enlargement work,” Euractive report, February 4, 2019, available at: <https://www.euractiv.com/section/enlargement/opinion/ditching-unanimity-is-key-to-make-enlargement-work/>

⁸⁰ The “multi-speed Europe” idea was officially presented for the first time in March 2017, by the European Commission president Jean-Claude Juncker in his “White paper” on the future of Europe following the Brexit referendum. The paper is available at:

https://ec.europa.eu/commission/presscorner/detail/en/IP_17_385

- The EU should differentiate between its long-term goals and short and medium-term presence in the Balkans; The EU should establish a stand-alone strategy for the region, besides the enlargement process. While the enlargement strategies would provide a long-term context, this stand-alone strategy should establish a concrete action plan that would spell out concrete tasks and responsibilities of different European institutions, as well as member states. This regional document should include tailor-made action plans for each of the West Balkan countries for the duration of the mandate of the European Parliament and Commission;
- These country-specific action plans should be shaped as road-maps, which would identify not more than one-two major reforms at the same time, as well as concrete and immediate benefits for the implementation of these reforms. This approach, especially in early phases, is necessary to accommodate lack of political will as well as significantly reduced technical and legislative capacity in all aspiring countries;
- In its approach, the EU should abandon so-called “Balkan regatta” (first come – first served) approach, which was introduced early on to stimulate competition but has mostly only created additional stress in already tense region;
- The EU should strive to provide aspiring countries with his significant structural funds early on. Justified concerns over corruption, state capture and red tape, which is omnipresent in all aspiring countries, should be handled not by withholding funds, but by vigorous involvement and tight control by Interpol, Europol and other relevant security institutions and organizations in the EU.
- The EU should pay special attention to communication promoting the enlargement, both in EU as well as Balkan countries. Successful communication efforts will depend on the relevance of the “product” (enlargement perspective), but also on the better understanding of public attitudes towards this issue. Some recent studies and surveys suggest that EU citizens still oppose the enlargement, but do not see it as a salient issue, while the opinions of Balkan people towards the EU reflect more general views rather than specific concerns.⁸¹

⁸¹Hubner, Christine, Eichhorn, Jan, Molthof, Luuk and Cvijic, Srdjan (2021): “It’s the EU, not Western Balkan enlargement... French public opinion on EU membership of the Western Balkans,” Open Society

List of Abbreviations

BiH	– Bosnia and Herzegovina
BRI	– Belt and Road Initiative
CEFTA	– Central European Free Trade Association
COVAX	– COVID-19 Vaccines Global Access Facility
EU	– European Commission
EU	– European Union
EUR	– Euro
EXIM	– Export–Import Bank of China
FDI	– Foreign Direct Investment
GDP	– Gross Domestic Product
IPA	– Instrument for Pre-accession Assistance
ISIL	– Islamic State of Iraq and the Levant
SAA	– Stabilisation and Association Agreement
UAE	– United Arab Emirates
USA	– United States of America
US	– United States
WHO	– World Health Organization

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Annexes

Annex I

Enlargement status of the Balkan countries⁸²

Albania: was awarded candidate status in 2014. In March 2020, the European Council endorsed opening of negotiations but the exact date of the start of the negotiations is unknown;

BiH: applied for membership in 2018 and is still awaiting positive answer;

Kosovo: The Stabilisation and Association Agreement (SAA) between the EU and Kosovo entered into force in April 2016, but Kosovo's accession process is still blocked by its unregulated status, especially as five EU member states (Cyprus, Greece, Romania, Slovakia and Spain) still refuse to recognize independent Kosovo; In December 2011;

Montenegro: The Council launched the accession process with Montenegro and opened negotiations in June 2012. After eight years of accession negotiations 33 chapters have been opened, of which 3 are provisionally closed. However, EU officials admit that Montenegro's accession process is stuck and is unlikely to get advanced anytime soon;

North Macedonia: was granted the candidate status in December 2005, but its accession process was blocked by Athens over its name dispute with Skopje. After the country made a major breakthrough, reached a compromise with Greece and changed its name in North Macedonia in September 2018, the General Affairs Council decided to open accession negotiations with North Macedonia in March 2020. However country's EU path is now blocked by another bilateral dispute, now with Bulgaria;

Serbia: was granted EU candidate status in March 2012, and started negotiations in January 2014. So far, Serbia has opened eighteen chapters and provisionally closed two chapters, but just like with Montenegro, the country is facing dangerous democratic backsliding and its EU path is believed to be firmly blocked;

⁸² For additional details of Balkan countries accession processes, see: https://ec.europa.eu/neighbourhood-enlargement/countries/check-current-status_en

Turkey was declared EU candidate country in 1999 and it started negotiations in 2005. However the process was blocked for the past several years due to Turkey's steady democratic backsliding under the Turkish President RecepTayyipErdogan, In September 2019, European Parliament has officially called upon the Commission to suspend Turkey's accession talks over its involvement in the war in Syria and its threats to swamp Europe with migrants. While the Commission has not yet made this move, EU officials admit Turkey's enlargement is effectively suspended.

Annex II

Health, economic and social impact of COVID19 in Balkan countries

Health impact:

According to the global list of COVID19-related mortality cases from John Hopkins University, BiH is at sixth position with 196.1 cases, while North Macedonia is at 11th position with 180 cases. Other Western Balkans countries scored slightly better. With 101.1 cases, Kosovo was at 38th position, Albania at 48th position with 77.7 cases, while Serbia took the 52nd place of the global list with 75.5 cases.⁸³

Economic impact:

IMF data shows that the impact of the first COVID19 year on Balkan countries was somewhat better than 6.1 percent average drop in Gross Domestic Product (GDP) in the EU countries, with Serbia again as a clear winner with only 1 percent drop in GDP.⁸⁴

Social impact:

A darker picture emerges when it comes to the fluctuations in unemployment in the region, yet there too Serbia and Albania proved fared better than the rest of the region. While at the end of 2020 average unemployment rate in EU was 7.4 percent, these figures were significantly higher in Western Balkans – from 25.6 percent unemployment registered in Kosovo, to 13.3 and 12.5 percent in Serbia and Albania.⁸⁵

⁸³For more details see:

<https://web.archive.org/web/20210331211924/https://coronavirus.jhu.edu/data/mortality>

⁸⁴World Economic Outlook database: April 2021 Available at:

<https://www.imf.org/en/Publications/WEO/weo-database/2021/April>

⁸⁵More details available at: Eurostat https://ec.europa.eu/eurostat/statistics-explained/index.php/Unemployment_statistics

Annex III

BiH Foreign Trade⁸⁶

BiH - EU (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2016	3,435	5,104	-1,668	8,539	71.5	61.9
2017	4,013	5,649	-1,636	9,661	71.2	60.9
2018	4,428	5,946	-1,519	10,374	73.0	60.5
2019	4,278	6,161	-1,883	10,439	73.0	62.0
2020	3,885	5,235	-1,350	9,120	72.4	60.8

BiH – USA(mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2016	37	167	-131	204	0.8	2.0
2017	37	298	-261	336	0.7	3.2
2018	33	322	-289	355	0.5	3.3
2019	27	344	-317	370	0.5	3.5
2020	34	206	-171	240	0.6	2.4

BiH -Russia (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2016	56	372	-316	428	1.2	4.5
2017	75	463	-388	538	1.3	5.0
2018	67	455	-388	522	1.1	4.6
2019	67	230	-163	297	1.1	2.3
2020	56	183	-127	239	1.0	2.1

BiH – China (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2016	13	557	-544	570	0.3	6.8
2017	20	605	-585	624	0.3	6.5
2018	19	683	-664	702	0.3	6.9
2019	15	739	-724	754	0.3	7.4
2020	13	691	-678	705	0.2	8.0

BiH Turkey (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2016	205	351	-146	555	4.3	4.3
2017	220	391	-171	611	3.9	4.2
2018	165	446	-281	611	2.7	4.5
2019	149	492	-343	641	2.5	4.9
2020	160	457	-297	618	3.0	5.3

⁸⁶Data from the BH Statistical Agency

http://bhas.gov.ba/data/Publikacije/Saopstenja/2021/ETR_01_2020_12_0_HR.pdf

Annex IV

FDI in BiH⁸⁷

FDI in BiH	2015		2016		2017		2018		2019		I-IX 2020		Total	
	mil EUR	% of total FDI	mil EUR	% of total FDI	mil EUR	% of total FDI	mil EUR	% of total FDI	mil EUR	% of total FDI	mil EUR	% of total FDI	mil EUR	% of total FDI
EU	227	70	241	77	274	63	307	63	189	53	186	75	1.424	66
Russia	15	4	-23	-7	-3	-1	72	15	108	30	-7	-3	162	7
Turkey	29	9	18	6	0	0	3	1	-2	-1	21	8	68	3
USA	3	1	-3	-1	2	1	-2	0	-2	-1	0	0	-2	0
Gulf	34	10	67	21	47	11	18	4	23	6	8	3	197	9
Total FDI (mil EUR)	325	100	315	100	435	100	485	100	356	100	249	100	2.166	100

⁸⁷Source: Central bank BiH Available at:
http://statistics.cbbh.ba/Panorama/novaview/SimpleLogin_bs_html.aspx

Annex V

EU's Foreign Financial Assistance for the Balkans⁸⁸

Country	2007	2008	2009	2010	2011	2012	2013	Total
Albania	61,0	70,7	81,2	94,1	94,4	94,5	95,3	591,2
BiH	62,1	74,8	89,1	105,3	107,4	107,8	63,6	610,1
Kosovo	68,3	184,7	106,1	67,3	68,7	68,8	71,4	635,3
Montenegro	31,4	32,6	34,5	33,5	34,1	35,0	34,5	235,6
Northern Macedonia	58,5	70,2	81,8	91,6	98,0	101,8	113,2	615,1
Serbia	189,7	190,9	194,8	197,9	201,8	202,0	208,3	1.385,4
Multi-country	129,5	137,7	188,8	141,7	186,2	176,2	177,2	1.137,3
Total	600,5	761,6	776,3	731,4	790,6	786,1	763,5	5.210,0

IPA I also included Croatia, Iceland, Turkey

Country	IPA II						Total
	2014	2015	2016	2017	2018	2019-2020	
Albania	68,7	91,9	82,7	80,2	115,6	200,7	639,8
BiH	75,7	39,7	47,0	74,8	102,5	212,4	552,1
Kosovo	66,8	82,1	73,9	78,2	100,7	200,6	602,2
Montenegro	39,5	36,4	35,4	41,3	46,8	79,7	279,1
Northern Macedonia	81,7	67,2	64,6	82,2	121,4	191,7	608,8
Serbia	179,0	223,1	202,8	212,2	255,9	466,3	1.539,3
Multi-country	242,3	346,7	435,3	403,4	389,6	1.162,9	2.980,2
Total	753,7	887,1	941,7	972,3	1.132,5	2.514,3	7.201,5

IPA II also include Turkey

Country	IPA I	IPA II	Total
Albania	591,20	639,80	1.231,00
BiH	610,10	552,10	1.162,20
Kosovo	635,30	602,17	1.237,47
Montenegro	235,60	279,10	514,70
Northern Macedonia	615,10	608,80	1.223,90
Serbia	1.385,40	1.539,30	2.924,70
Multi-country	1.137,30	2.980,20	4.117,50
Total	5.210,00	7.201,47	12.411,47

⁸⁸ Source of data: https://ec.europa.eu/neighbourhood-enlargement/instruments/overview_en