



WESTERN BALKANS AT THE CROSSROADS:
DEMOCRATIC BACKSLIDING
AND EXTERNAL ACTORS' INFLUENCE

Bosnia and Herzegovina: Geopolitical Strife Fuels Local, Regional Crises

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June 2023



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Regional Crises**

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**Published by the Prague Security Studies Institute,
June 2023, Prague**

The publication is written within the framework of the project
**“Western Balkans at the Crossroads: Democratic Backsliding
and External Actors' Influence”** led by the Prague Security Studies
Institute with the support of the National Endowment for Democracy.

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Abstract

Over the past decade, Bosnia and Herzegovina (BiH) has been falling deeper into a major crisis stemming from growing internal political divisions. The steady weakening of the EU presence in the Balkans in recent years and months has made BiH even more vulnerable to the influences of the two main regional power centers – Belgrade and Zagreb – as well as other geopolitical actors, especially the USA, Russia, Türkiye, and China, as well as Iran and the Arab States of the Persian Gulf.

This paper provides an overview of the divergent interests and activities of the key internal and external actors. It also explains how these conflicting policies as well as dramatic demographic changes have changed the fragile ethno-political balance in the country, which the Dayton peace accord tried to establish in 1995. This imbalance between the original Dayton provisions and the current

demographic and political reality on the ground has eventually come to threaten the organization and implementation of the latest general elections.

In the course of 2022 and 2023, this situation forced BiH's High Representative Christian Schmidt to repeatedly use his executive powers to ensure the holding and implementation of the general elections that eventually took place last October. This paper explains the complicated political situation that has been established after the elections and outlines key scenarios that may be developing in the near future in BiH and the rest of the region (BiH Central Election Commission 2022). Additionally, it offers a few key recommendations on how to halt and hopefully reverse the crisis in BiH and prevent new ethnic violence in the Balkans.

Introduction

“Any new elections in Bosnia and Herzegovina have become pointless without a radical election reform. The current election system is so bad that it does not reflect public opinion anymore, and enables massive election fraud, which has become impossible to prove.” (Interview with a leading BiH election observer and political analyst, Sarajevo, November 2022)

Twenty-six years after the signing of its Dayton peace agreement, Bosnia and Herzegovina (BiH) finds itself in an existential crisis, one that threatens the integrity of the country and could lead to new ethnic incidents and/or violence.

The main responsibility for BiH's crisis lies with local politicians, politically-affiliated media, and intellectuals. Self-centered, nationalist, and/or populist rhetoric and policies of the local parties made much of BiH's complex administrative apparatus and public services weak and/or dysfunctional. BiH's ethnic leaders proved to be unable or unwilling to lead the country towards normalization without the engagement of US and (to a lesser degree) EU officials and diplomats.

Throughout the past two decades, BiH's Dayton peace agreement has been increasingly undermined by local ethnopolitical elites, whose positions and interests have grown apart over the years. Divergent ethnopolitical agendas and widespread corruption weakened the governance and rule of law in the country, blocking almost all key reforms and thus the country's path to the EU.

By 2022, renewed nationalism and populism in the public discourse had created an atmosphere resembling the one from the early 1990s, which led to the BiH's bloody war. Meanwhile, Dayton's Western guardians – the US and especially the EU – have not paid enough attention to the deepening crisis in BiH and the rest of the Balkans while being preoccupied with their internal problems as well as political tussles with Russia and China.

Deepening ethnopolitical, economic, and social problems in BiH, as well as similar, parallel crises in other Balkan countries, were facilitated by the stalling of the EU enlargement perspective for the region, which became evident in the past decade.

Guided by their still fresh experiences from the Balkan conflicts in the 1990s and encouraged by the EU's political and economic expansion in the early 2000s, that-time EU leaders came to the conclusion that further enlargement of the European Union in the Western Balkans was of critical importance for the security of the Balkans and all of Europe. A realistic EU perspective would guarantee normalization and long-term stability to Balkan countries while at the same time further strengthening the EU's aspirations of becoming a major geopolitical actor. This realization resulted in the “Thessaloniki Agenda,” a 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 commonly shared values as well as the region's EU perspective.

However, this plan was derailed by the 2009 global recession, the start of the migrant crisis in 2014, the rise of right-wing populism across Europe, the UK's Brexit referendum in 2016, and finally the COVID-19 pandemic in 2020. These developments, most of which have had a heavy impact on both the EU and the Western Balkans, have decimated popular support for further enlargement among EU citizens and politicians, which has in turn undercut democratization processes in the Balkans.

In BiH, quarrels among local political elites intensified as the country came closer to the latest general elections, held in October 2022, threatening to further escalate the crisis and block the holding and/or implementation of the election itself. This situation eventually forced the US administration and the Office of the High Representative (OHR) to shift gears and move into their fire-fighting mode. Despite strong objections and criticism from some local and most EU actors, BiH's High Representative Christian Schmidt eventually imposed a number of decisions that enabled the preparation and then implementation of the October elections (OHR decisions 2022, 2023).

Meanwhile, faced with growing criticism from the Balkans as well as from its own ranks, EU leaders tried to pacify BiH politicians as well as their internal critics by finally granting BiH the status of an EU candidate country at the European Council meeting on December 15, 2022. The fact that the EU has granted this status to BiH, although local politicians have done little to fulfill previously outlined criteria, was seen as another proof of the EU's inconsistency. While senior EU officials tried to promote this development

as a “historic opportunity” for BiH, most local experts complained that the EU was still only strong in words but not in deeds (Karčić 2022).

On the other hand, renewed use of OHR’s executive powers combined with the reinforced US presence and pressure on local and regional political leaders have enabled the formation of a new BiH state government on January 25 and then the establishment of a new government in the entity of the Federation of Bosnia and Herzegovina (FBiH) on April 28, 2023.

Despite these two breakthroughs, the local ethno-political elites remain deeply divided over the future of the country and/or how to get there, and the country seems to be stuck in its ever-lasting crisis, as it was in recent years. In fact, these developments have led to further radicalization of Bosnian Serb leadership, which denies OHR’s continued

existence and mandate but have also hardened positions of Bosniak (Bosnian Muslim) nationalists – who do not want to accept the formation of the state and FBiH governments without the main Bosniak national Party of Democratic Action (SDA). As a result, both Bosnian Serb and Bosniak nationalists now strongly criticize OHR and the US administration. In this situation, the recent strengthening of US engagement in BiH has had mixed results, while the continued absence of relevant EU engagement prevents any long-term stabilization of BiH and the rest of the region and threatens to enable new local conflicts (Bildt 2021).

Furthermore, the continuation of the war in Ukraine increases the risk of a possible spill-over of geopolitical tensions in the parts of the Balkans where Russia has strong influence and networks of local supporters, such as Serbia, BiH’s Serb-dominated entity of Republika Srpska, or Montenegro (Noyan 2022).

Methodology

This paper uses a mix of quantitative and qualitative methodology, including pertinent literature, analytical reports, and statistical economic data, as well as interviews with relevant local and international officials and experts. While focused on BiH, this paper also includes relevant regional and global contexts relevant for the analysis of external actors’ engagement in the country.

Results

The gradual disappearance of the EU enlargement perspective in the Balkans as the only option that offers long-term stability for the region, as well as the “undoing” of the Dayton peace accord, have made BiH open and vulnerable to all kinds of external influences. As a result, each of the three ethnopolitical groups in BiH has increased their reliance on their respective traditional, historic, or some new external allies in recent years.

In the case of Bosnian Croats and Bosnian Serbs, this primarily refers to their relations with Zagreb and Belgrade. Serbian and Bosnian Serb political scenes, just as Croatian and Bosnian Croat ones, are partially separate but deeply intertwined spheres of political influence and politicians’ business interests. Correlations between these political entities have been changing over time, growing stronger or weaker, better or worse, depending on global and regional trends, but even more so on personal relationships between top political leaders.

While applying different approaches, tactics, and strategies, Croatian and Serbian past and present leaders have been using BiH primarily for their own political benefits and then focusing on the interests and positions of their ethnopolitical kin rather than BiH as a whole. With this approach, both Belgrade and Zagreb ignored and/or negated the notion that the interests of all ethnic groups and citizens in BiH are best served in a unified and stable BiH. By invalidating this scenario, Belgrade and Zagreb – albeit in different ways – contributed to the revival of ethnopolitical tensions and divisions, thus becoming (or remaining) key elements of BiH’s deepening crisis in the past decade (Balunović and Bešlić 2021). Some local and international pundits go even further and claim that Croatia and Serbia, or at least some of their politicians, have never truly changed their original positions towards BiH from the early 1990s, which included aspirations for the territorial division of BiH and possibly even the annexation of parts of its territories (Huseinović 2019).

One way or another, the Bosnian Croat and Bosnian Serb spheres of influence did not end in Zagreb or Belgrade.

After Croatia joined the EU in 2013, Bosnian Croat politicians also relied on Bosnian Croat and Croatian representatives in the EU institutions to promote their positions and interests. On the other hand, Bosnian Serb leader and strongman Milorad Dodik extended his zone of interest and influence even further, including Russia and China, as well as other international leaders who shared similar interests and political positions, such as Hungarian Premier Viktor Orban.

Unlike Bosnian Croats and Bosnian Serbs, Bosniaks could not rely on their “alternative homelands” so they initially relied almost exclusively on the Western guarantors of the Dayton peace accord, primarily the US but also the EU and some of its member countries. However, as the US disengaged from the Balkans after 2006 and after the EU failed to establish itself as a reliable and relevant political partner, many Bosniak politicians and parties (especially those of the rightist political and national orientation) shifted gears and turned more towards Islamic countries, especially Türkiye and, to a lesser degree, Iran and the Gulf States (Interviews with Bosniak and US officials, September–December 2022).

For years, some Western officials have been puzzled by the fact that, in most cases, the influence of these foreign actors surpasses their economic or even political investments in BiH. This phenomenon can be explained by the fact that foreign influences in the Balkans are driven more by local politicians’ demand for external allies than by foreign actors’ willingness, interest, or capacity to supply their Balkan partners with some substantial support. Since the US and EU governments proved unwilling or unable to establish their proper presence in the region, Russia, China, Türkiye, and other external actors were more than happy to fill this niche.

In a situation of heightened geopolitical tensions, these divergent links between BiH ethnic leaders and their external “partners” threaten to “import” regional and global divisions and conflicts to the local political scene of BiH, as well as any other Balkan country.

Russia: The Sword of Damocles

Throughout the last decade, Russia had limited interest in the Balkans, besides the fact that it saw it as “the soft underbelly of Europe” where a controlled crisis could hurt Western positions and distract them from other more pressing global issues, such as Ukraine (Krastev 2015). This strategic importance of the Balkan region and its capacity to trouble the West were considered one of the main reasons for Russian interest and presence there. Still, Moscow was not openly opposing the EU’s enlargement process in the past, in part because it was focused more on blocking NATO enlargement but also because it understood that the accession of Balkan countries was going nowhere. In this situation, the Kremlin’s main interest in the Balkans was to keep what it saw as its status quo – or rather, a series of slowly-developing crises – and discourage the resolution of disputed issues, which kept destabilizing the region.

Russian political imprint in the BiH, unlike in Serbia, has been significantly surpassing its concrete political, economic, or cultural presence in the country and was mainly the result of Dodik’s strategic decision to build and maintain Moscow’s presence in the Republika Srpska for his own political purposes. For years, Dodik has been grooming his relationship with Russia as a key part of his image as a regional, if not international, actor. Furthermore, Moscow’s support proved useful to circumvent Vučić’s political control, as was the case with the 2016 referendum he held thanks to Moscow’s support despite Vučić’s public objections (Bechev 2016).

But besides Dodik’s usually very brief meetings with Russian President Vladimir Putin, which he was managing to get ahead of local or general elections, as well as occasional

statements from the Russian Embassy in BiH, there was very little evidence of any concrete “malign influence” of Moscow, which Western officials warned against for years. In fact, the Kremlin was so far mostly focused on Serbia and pretty much disinterested in BiH, content with maintaining maximum influence with minimum political or financial investments.

The Russian invasion of Ukraine on February 24, 2022, however, brought additional complexity and increased danger from Russia’s true malign engagement. Many Russian and Balkan experts warned that the longer the war in Ukraine lasted, the greater the risk that the Kremlin would start using its broad networks of local supporters across the Balkans to cause ethnic incidents or in some other way destabilize the region (Interview with a senior Russian expert, Belgrade, October 2022). These experts warn that Russia is well positioned and equipped to cause trouble in the region only if it decides to do so.

Some of the developments at the end of 2022 may indicate that the Kremlin may indeed be reinforcing and hardening its positions in the Balkans. This includes the announcement that Russia Today (RT) will in the coming months be opening a TV service in Serbian language that will be shown across the region, as well as the news that Russian private paramilitary group Wagner opened their resident cultural and informational center “Orly” (Eagles) in Belgrade in December 2022. While these developments are still clearly focused on Serbia, the consequences of these and any other similar moves would certainly be felt also in BiH and the rest of the Balkans (Interviews with Bosnian Serb and Serbian security officials, December 2022).

Türkiye: From soft to hard power

Just as Russia has been using its historic ties with Serbs to spread its influence in the Balkans, Türkiye relied on its historic links with Muslims to re-establish its presence in the region ever since the breakup of former Yugoslavia. But unlike Moscow, Ankara’s approach was much broader, built on the “soft power” foreign policy that was invented and implemented by Turkish that-time Foreign Minister and Premier Ahmet Davutoğlu. As a part of this strategy, Türkiye invested heavily in business, cultural, and religious projects not only in BiH but also in the rest of the region as Ankara

tried to improve its relations with other Balkan countries and establish itself as a regional actor.

The Turkish position in the Balkans started changing following the failed coup in 2016. Subsequent repression against political opponents and critics of Turkish President Recep Tayyip Erdoğan in Türkiye, as well as abroad resulted in growing criticism of his politics in the region, especially among independent media and experts. In the following years, Erdoğan steadily intensified his repressive activities

and requested that Western Balkan countries close all institutions associated with Fethullah Gülen, US-based Turkish Islamic scholar and preacher whom Erdoğan blamed for orchestrating the coup.

However, Erdoğan was repeatedly left disappointed by the failure of BiH authorities, and especially his closest ally Bakir Izetbegović, to arrest and deport several individuals who, according to Turkish security agencies, were Gülen followers. BiH experts explained that Erdoğan never understood nor wanted to accept the fact that, despite close links between him and Izetbegović, BiH was a complex, decentralized society in which a local leader was simply unable to arrest and deport individuals without due process.

By 2023, Turkish foreign policy in the Balkans had still preserved some elements of its past “soft power” approach

China: BiH's red tape keeps China away

Among all other foreign influences in BiH, China is still a relatively recent phenomenon. 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 BiH and the rest of the region, especially in the case of continued EU failure there. Its economic focus and political and ideological pragmatism have enabled China to avoid many of the Balkan's historic and BiH's more recent ethno-political controversies and divisive issues, which have undermined the positions of some other foreign actors.

Just like Russia and Türkiye, China has also been focusing its efforts on Serbia, which has the biggest market and most developed economy in the Balkan region. While Beijing's focus on profit as the main motive for its overseas economic and political expansion has made it so welcome in the Balkans, it has also eventually limited its presence in BiH. Namely, BiH's growing political and administrative problems, widespread corruption, and red tape, as well as the small size of its market, made the country not overly interesting for China and its companies.

Chinese presence in BiH was further undermined over the past few years as the biggest Chinese project in

but had effectively become completely hijacked by Erdoğan's personal interests, agendas, initiatives, and other whims. In the process, Erdoğan became much more focused on Serbia and his budding relationship with Serbian President Vučić, which Turkish experts explained as a marriage of convenience between two big markets and two authoritarian leaders. Given Erdoğan's influence in the region as well as Türkiye's deepening political and economic crisis, some local and international experts stress that Erdoğan could – deliberately or accidentally – export destabilization to the Balkans. While in the past Türkiye strongly supported Balkan's EU aspirations, Erdoğan's growing resentment with US and EU politics is putting into question his future attitudes towards the Union and its enlargement perspective (Interview with a Turkish expert, November 2022).

BiH – construction of a new block of the main thermo-power plant in the northern industrial city of Tuzla – was under strong EU pressure and halted and effectively suspended by the FBiH government. The project, which was signed in 2014 and at the time was dubbed the biggest Chinese investment in BiH, eventually became “an example of all the problems that Chinese investors in this BiH entity can encounter” (China-CEE Institute, November 2022).

While this conclusion may sound like bad news for any greater Chinese economic investments in BiH in the near future, this may not be so. Namely, the RS government has already signed, in August 2022, a contract with the China State Construction Engineering Corporation Limited (CSCEC), which will finance, design, and construct a 391 million euro-worth, 33 kilometers-long stretch of a highway between Brčko and Vukosavlje in northern Republika Srpska (Business RS, 2022). Bosnian Serb officials said Dodik is quickly losing his patience with the EU, which still keeps several of its RS projects blocked as a part of its sanctions against Dodik, and may soon turn to China for a few more similar projects in that entity (interview with Bosnian Serb officials, November 2022).

Arab States of the Persian Gulf and Iran: limited presence with much greater potential

The presence and influence of the Arab States of the Persian Gulf (further referred to as the “Gulf States”) and Iran in BiH have historically been limited. Their role was most visible during and immediately after BiH’s 1992-5 war, during which the Bosniak leadership sought and welcomed help from any willing Muslim country. At that time, the Gulf States, especially Saudi Arabia, provided financial assistance for the purchase of weapons, while Iran helped train Bosniak police and military forces during and immediately after the war. These influences, however, decreased significantly after the terrorist attacks on the USA on 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 the presence of the few remaining groups that follow the 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 concern over the past decade, especially in the context of the emergence of the Islamic State and other Jihadi groups.

These communities have been fertile ground for the recruitment of fighters for battlefields in Syria and elsewhere, which started in 2013 and raised serious concerns both inside and outside of BiH. According to a report produced by the Regional Cooperation Council in 2017, some 240 adults from BiH are believed to have departed for Syria and Iraq between

2012 and the end of 2017. According to the same report, 112 citizens, both men (62) and women (50), remain there, as well as 2 men and 3 women who were born in BiH but now hold citizenship in other countries. So far, 53 Bosnian and Herzegovinians, including 4 foreign citizens of BiH origin, as well as 3 women and 4 children, have returned from Syria and Iraq and 10 to countries other than BiH (RCC report 2017). In order to discourage and halt these departures, BiH was among the first countries to adopt legislation that criminalizes the establishment of, or association with, foreign fighting forces.

In recent years, however, following the weakening of US and EU presence in the Western Balkans, the presence of Gulf States and Iran again increased somewhat across the region, as BiH and Serbia managed to attract some investments and tourists from Gulf countries. Yet even those investors gradually focused much more on Serbia than on BiH. As a result, in recent years, the Gulf States and Iran have had a very small presence in and influence on BiH, which is mainly limited to person-to-person business relationships as well as religious links with Bosniak elites. Nevertheless, in the event that the continued escalation of the crisis in BiH and/or in other parts of the Balkans leads to some new ethnic violence, ethnic Bosniak (and Albanian) politicians will unquestionably turn again to Islamic countries for financial, logistical, and military support (interview with an international expert, December 2022).

The EU: EU failure opens a geopolitical power vacuum

Throughout the past two decades, the EU presence in BiH, as in the rest of the Balkans, has been focused on trade, the economy, and support for technical reforms required from Balkan countries as a part of their accession processes. In this period, the EU established itself as the leading trade partner as well as the main source of Foreign Direct Investments (FDIs) and other financial support for economic and other reforms in all six Balkan countries (Economic Statistics, Annex I).

The EU also encouraged the establishment of a common market among Balkan countries, assuming that this would speed up the 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 an interim step towards the enlargement process.

However, the EU rarely observes its presence and actions in the region from a political perspective. EU officials most often avoided confrontations with local leaders and refused to participate in the Balkan’s political games, which made them look either weak or apathetic in the eyes of their local counterparts. Even on 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, academics, and the media, who complained that it opened doors to the exchange of ethnic territories (Meier 2019).

Furthermore, the EU failed to deliver on a number of its promises to the Balkan countries, from Kosovo’s visa-free

regime to delays in the start of negotiations with Albania and North Macedonia. Even the recent granting of candidate status to BiH, despite the fact that BiH leaders failed to implement a single condition previously required by Brussels, only confirmed the Balkans' overall perception of the EU as an inconsistent partner. The EU's position in BiH and the rest of the region was further undermined by the EU's failures to properly and timely address the migrant and COVID-19 crises in the Balkans. In one of his statements in 2020, Milorad Dodik stated that "the EU has failed on the test of solidarity – it showed to everyone how weak and disorganized it is" (Mišljenović 2020).

Balkan's growing frustrations with the EU were reflected in the "mini-Schengen" initiative for the creation of a regional zone for the free movement of people, goods, services, and capital, launched in December 2019 in Ohrid, North Macedonia, by the leaders of Albania, North Macedonia, and Serbia, Edi Rama, Zoran Zaev and Aleksandar Vučić. After initial hesitation, the EU made this initiative an integral part of the enlargement perspective, only to have the same leaders launch another regional initiative, "Open Balkan" in July 2021. According to regional experts, these regional initiatives have been a clear signal from the three regional leaders showing their frustration and dissatisfaction with the EU. While Montenegro is said to be ready to join the

initiative, Kosovo and BiH strongly oppose it because some of their leaders fear Serbian political and economic dominance in a locally-driven regional initiative without the EU's supervision (Interviews, BiH, Kosovo experts, 2022).

The weakening of the EU enlargement perspective has contributed to the revitalization of radical nationalist ideas in BiH, like in the rest of the Balkans. It has also created a geopolitical vacuum in the region, which was used not only by the US and EU capitals but also by other foreign actors such as Russia, China, or Türkiye, who understood that politics and not economy are the main, and sometimes the only, game in the Balkans. As a result, they proved to be much more willing and capable of playing local and regional political games than the EU.

Since mid-2022, the EU has been working on a new approach to enlargement, the so-called gradual accession, that should take into account the need of BiH and all other Balkan countries for immediate, stronger, more concrete, and realistic political and economic engagement of the EU in the region. Without such a new approach, the absence of a relevant EU presence will continue to contribute to the region's further destabilization (interview with a senior EU expert, January 2023).

The USA: Back in its fire-fighting mode

Throughout the past two decades, the US has 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 BiH 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 part of their exit strategy. Although the initiative failed by just two votes in the BiH Parliament, the US disengaged from a hands-on approach to BiH's daily politics. 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 the political leverage that Brussels lacked. Nevertheless, the EU's repeated failures in the Balkans and the growing presence of other foreign powers, namely Russia, China, Türkiye, and the Gulf States, have in recent years forced the US to return its attention to the Balkans.

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 the defeat of Republican Donald Trump, because his departure from traditional American democratic principles during his term enabled a unique rapprochement between the American and Serbian governments.

Yet these expectations proved to be quite wrong, as it soon became clear that the new US administration continued with a pragmatic approach to the Balkans, accepting much more of the reality on the ground and even abandoning some of its previous ideological and political principles. Nevertheless, the US administration used its political clout to increase pressure on all key local actors, in an attempt to calm down already dangerously heightened ethno-political relations in the region.

As a part of these efforts, Americans increasingly worked with Belgrade and Zagreb, using their influence to calm down tensions and seek solutions in BiH, Montenegro, and Kosovo. Some local and Western experts and media criticized this approach, claiming it was promoting “stabilocracy” – focusing on short-term stability while abandoning longer-term democratic reforms (Bieber 2018).

In BiH, the US administration has spent the last few years working to weaken the top ethnic leaders: SDA’s Izetbegović, SNSD’s Dodik, and HDZ’s Čović. As a part of this approach, the US Treasury placed 13 individuals and companies from BiH on its “black list” of trade and travel sanctions in the course of 2022, including Dodik himself, SDA’s Fadil Novalić and HDZ’s Marinko Čavara (Jahić 2022).

However, after general elections in October 2022 showed that SNSD and HDZ were unavoidable in the formation of state and FBiH governments, Americans zeroed in on Izetbegović. US officials hoped that Izetbegović’s eventual political demise would relax political relations in the country, enable democratic reform of the SDA, and encourage similar processes among Bosnian Croat and Bosnian Serb parties. Western experts say the US administration may use the same tactics against Kosovo Premier Albin Kurti if he continues to defy US attempts to find a swift and peaceful solution to the dispute between Serbia and Kosovo (Interviews with US officials and experts, October-December 2022).

Izetbegović reacted strongly to this new American approach. He accused the US and OHR of “Islamophobia” as well as siding with Bosnian Croats and Bosnian

Serbs and abandoning Bosniaks, and even called for an additional armament of police forces in the BiH Federation (Izetbegović, Slobodna Bosna 2023). The outcome of this war of words is still uncertain, as the SDA still hopes to be able to form the FBiH government. Also, further divisions in the coalition of six Bosniak parties could lead to the collapse of the ruling coalition on the state level, after which SDA could try to establish a new ruling coalition together with SNSD and HDZ.

While the recently increased involvement of the region may have produced some positive results in terms of the relatively swift establishment of the state and FBiH governments in BiH and putting out acute crises in Kosovo, and Montenegro, it has mostly ignored, or at least failed to address, the region’s chronic unresolved issues. US officials argued that the long-term stability of the Balkans is difficult, or rather impossible, to establish without the EU’s relevant enlargement perspective. While this claim is confirmed by most Balkan experts, the relatively new US engagement in the Balkans also shows some potentially serious flaws.

For one, the US administration does not seem to have the interest or capacity to deal with the Balkans in a holistic way but is shifting its focus from one country to another in line with the seriousness of the crisis. This bifurcated, priority-driven approach exhausts US efforts much more than what a holistic approach would require, plus it ignores the fact that Balkan countries are today more intertwined than ever before in the past two decades, and some of their issues require regional solutions. Furthermore, some local and international pundits complain that the new, pragmatic American engagement in the Balkans undermines some of the basic democratic principles – not so much regarding concrete solutions as much as the lack of transparent procedures and processes. In fact, the US administration has in the past few years reduced their financial and political support for media and NGOs, as well as their presence in public debates, whereas most of the solutions are today sought and found in meetings with political elites behind closed doors (Interviews with US officials and experts, October-December 2022).

Conclusions and Policy Recommendations

Despite some of the recent encouraging signs, BiH is still stuck deep in its existential crisis. While the intensified US involvement in its day-to-day politics has brought some positive results, these improvements are at risk as long as the country as a whole remains torn between divergent Bosniak, Bosnian Croat, and Bosnian Serb ethnopolitical narratives and agendas.

Besides internal political divisions, BiH's stability remains threatened by negative regional and geopolitical influences. The revival of nationalist programs in Croatia and Serbia, in combination with the "unfinished projects" left unresolved after the breakup of the former Yugoslavia – BiH, Kosovo, Montenegro, and North Macedonia – will

remain a major threat to the security and stability of the region and Europe as a whole for as long as they don't get resolved.

Unfortunately, the only context that can provide long-term stability and gradual reconciliation and reconnection of the region is a concrete, relevant, and realistic EU enlargement perspective. Until the EU comes up with such an approach, BiH and the rest of the region will remain vulnerable to malign internal and external influences, which in turn may add fuel to the Balkan's reignited powder-kegs.

Policy Recommendations

- ✘ The EU should urgently put out a new approach to the EU enlargement for Balkan countries, one that would take into consideration both Balkan and EU countries' reservations and needs. Whether it would be called "staged accession" or "provisional membership", this new approach should enable all aspiring member countries (including even Türkiye, Ukraine, and Moldova) to get access to EU structural funds at an early stage, but without giving them voting rights until the successful closure of chapters (and only in the areas where a candidate country has successfully closed a chapter). This approach should be more acceptable to both EU and Balkan countries since the former are mainly concerned about voting rights and the latter mostly about acquiring more considerable funds and economic stability (Bonomi et al, 2020).
- ✘ At a later stage, the EU should consider changing its procedure to allow qualified majority voting in all intermediary stages of the EU accession process. This change would not only simplify legal procedures, but it would also prevent EU members from using their membership to blackmail aspiring countries into yielding in their unresolved bilateral disputes (Cvijić 2019).
- ✘ Instead of extensive and unrealistic lists of reforms, the EU should prepare country-specific action plans for BiH and all other aspiring member countries, which would identify not more than one or two major reforms at the same time, as well as concrete and immediate benefits for the implementation of these reforms. This approach, especially in the early phases of the enlargement, is necessary to accommodate the lack of political will as well as the significantly reduced technical and legislative capacity in some of the aspiring countries, such as BiH. By developing such road-map programs, the EU would also abandon the 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 an already tense region.
- ✘ The US should take a lead in an effort coordinated with the EU and OHR aimed at pushing for a major political and administrative reform of the Dayton agreement, removing remaining legal loopholes and ambiguities. This package would include the continuation of the reform of BiH's electoral system, especially related to the election of the BiH presidency. This electoral reform should ensure respect for the rulings of the European Court for Human Rights (ECHR) as well as of BiH's Constitutional Court related to the legitimate representation of ethnic groups in state and entity bodies. In order for this reform to achieve the necessary changes, BiH politicians need at least a couple of years for proper public consultations and negotiations, which can be arranged by postponing the 2024 local elections for two years and holding them in the same year (but not on the same day) as the 2026 general elections. This postponement of local elections by itself would achieve one of the reforms that have been pondered for many years by experts who warned that according to the current election system, BiH holds local or general elections every two years, which leaves almost no time for any serious political reforms.

Annex I

BiH's Foreign Trade Statistics

BiH FDIs (EUR millions)

Country	2018		2019		2020		2021		I – VI 2022		Total (2018-I-VI 2022)	
		% of total		% of total		% of total						
Total FDI in BiH	491		408		376		495		261		2.031	
EU	283,7	57,8	192,7	47,2	250,1	66,5	188,8	38,1	127,7	48,9	1.042,9	51,4
Türkiye	3,8	0,8	1,6	0,4	30,7	8,2	75,0	15,1	13,4	5,1	124,5	6,1
Russia	73,1	14,9	108,6	26,6	-7,6	0,0	-48,2	0,0	-12,8	0,0	113,2	5,6
Gulf	21,6	4,4	25,5	6,3	13,4	3,6	14,0	2,8	8,1	3,1	82,7	4,1
USA	-2,1	-0,4	0,0	0,0	3,2	0,9	2,5	0,5	1,0	0,4	4,6	0,2

Source for FDI data : Central Bank of BiH (cbbh.ba)

BiH Total Export Import 2018 – VIII-2022 (mil EUR)

	Export	Import	Balance	Total volume
2018	6.069	9.830	-3.761	15.899
2019	5.861	9.944	-4.083	15.805
2020	5.366	8.612	-3.246	13.978
2021	7.279	11.014	-3.735	18.294
I-VIII 2022	6.064	9.447	-3.383	15.511

BiH-EU, Total Export – Import (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
2018	4.380	5.864	-1.484	10.245	72,2	59,7
2019	4.236	6.080	-1.844	10.315	72,3	61,1
2020	3.886	5.235	-1.349	9.121	72,4	60,8
2021	5.301	6.493	-1.192	11.794	72,8	58,9
I-VIII 2022	4.480	5.303	-823	9.783	73,9	56,1

BiH-Türkiye, Total Export – Import (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
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
2021	183	648	-465	830	2,5	5,9
I-VIII 2022	104	562	-459	666	1,7	6,0

BiH-Russia, Total Export – Import (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
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
2021	55	321	-266	376	0,8	2,9
I-VIII 2022	18	228	-210	246	0,3	2,4

Source for foreign trade data: Agency for statistics BiH (bhas.gov.ba)

BiH-USA, Total Export – Import (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
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
2021	79	273	-194	352	1,1	2,5
I-VIII 2022	59	332	-273	390	1,0	3,5

BiH-China, Total Export – Import (mil EUR)

	Export	Import	Balance	Total volume	% of total Export	% of total Import
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
2021	19	868	-850	887	0,3	7,9
I-VIII 2022	15	743	-728	758	0,2	7,9

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Interviews

Interview with a leading BiH election observer and political analyst, Sarajevo, November 2022

Interview with a senior Bosniak official, October 2022

Interview with a veteran Bosniak journalist and analyst, November 2022

Interview with a US diplomat, November 2022

Interview with a US official, December 2022

Interview with a senior Russian expert, Belgrade, October 2022

Interview with Bosnian Serb and Serbian security officials, December 2022

Interview with a leading Turkish expert, November 2022

Interview with a Bosnian Serb official, Banja Luka, November 2022

Interview with a Bosnian Serb official serving in state institutions, Sarajevo, November 2022

Interview with a leading international Balkan analyst, December 2022

Interview with a senior EU expert, January 2023

