



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

A Comparative Overview of the External Actors' Influence in the Western Balkans and Croatia

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Introduction

The involvement of non-Western foreign entities in the Western Balkans is not a novel concept. Numerous studies, papers, and books have investigated the impact of China, Russia, Türkiye, and some or all of the Gulf States in the region. The US's strategic shift away from Europe and towards the Asia-Pacific region, combined with the weakening of the EU's leverage and the virtual halt of the enlargement process, led to previously unquestioned Western actors losing their influence, leaving a power vacuum in its wake. PSSI's research clearly shows that non-Western actors, some newly emerging regional or global actors, have started filling these voids. This shift has been observed for more than a decade, leading to an increase in the instability of the region and various security concerns.

Simultaneously, there has been a noticeable trend toward democratic decline, where the number of weakly established democracies in the region has begun to regress regarding the quality of democracy. The deterioration of democratic institutions and principles, known as democratic backsliding, is a growing concern worldwide, not only in fragile and developing democracies. Well-established democracies in the West face new and previously unseen challenges. Degrading credibility at home, inconsistency, and hypocrisy in dealing with others, especially non-Western nations, have weakened the standards of democracy and the West's democratic credentials.

The Western Balkans also saw a decline in democracy, as evidenced by significant state capture, rising authoritarianism, rampant corruption and nepotism, feeble institutions, political culture, weak rule of law, political control of media outlets, and suppression of freedom of speech and expression. However, not all countries regressed equally. Some faced only marginal regression, whereas others began to experience signs of severe democratic backsliding. Further exploration of the different levels of democratic regression and the potential role of external actors could offer insights into this phenomenon.

Various degrees of influence that non-Western states have on the countries of a region, in different areas and with different objectives, were examined. Although viewed differently, their economic influence is relatively small compared with their political clout. All countries in the Western Balkans economically gravitate towards and are

closely tied to the EU and the region. While non-Western actors' economic footprint exhibits growth, it will not soon replace the EU. However, the perceived political influence and the importance attributed to non-Western actors by the public in Western Balkan countries point to a problematic perception of the role of the West in the region.

The impact of non-Western actors in the past was usually seen as negative or harmful. While Russia certainly had a detrimental impact, it was more challenging to assess the influence of the other actors. Despite its democratic regression, more recent departure from the West, and strife with the US, Türkiye remains one of the most important NATO members. It neither seeks to replace the EU's influence nor to change the strategic orientation of the countries in the region. Numerous Chinese activities that have emerged as part of decades of re-engagement with the world have primarily been driven by economic interests. However, more recently, China has ventured into the political domain. The Arab States of the Persian Gulf (Gulf States) are a mixed bag of countries with varying interests and approaches in the Western Balkans. While economic footprints can be easily quantified, other influences, such as political and normative, are much more difficult to assess. Do the practices of conducting business affairs in a particular way jeopardize the quality of democracy in the region? Is authoritarianism a desirable model to emulate? What role, if any, will it play in the region's strategic orientation?

This final comparative report represents a novel endeavor that seeks to establish the degree to which democratic backsliding in the region's countries can be linked to or attributed to the influence of non-Western actors. While external influences may contribute to democratic backsliding in the Western Balkans, it is vital to acknowledge the domestic factors that are at play, such as corruption, political polarization, and economic stagnation, and the local political actors, which have been long-standing issues and factors in the region and cannot be solely attributed to external influences. It is essential to refrain from depicting the Western Balkans region as a single entity facing the same issues and dangers. Even though there are shared issues and trends in the region, each country has its distinct history, political environment, and social context that must be considered when evaluating democratic progress and regression.

Russia

Russia has the most robust footprint in Serbia and among the Serbs in the region, spreading its influence to BiH, Montenegro, and northern Kosovo. Russian influence is mainly political and partly driven by energy interests, which have been increasingly curtailed since the beginning of the invasion of Ukraine. Russia has a marginal economic footprint in the region. While Russia managed to maintain, to some extent, the ambiguous character of its political influence in the region until February 2022, it is now perceived as a malign actor that aims to spoil the European and NATO aspirations of target countries without offering feasible alternatives.

The relationship between Russia and **Serbia** is based on a strategic partnership and a shared language, culture, and spirituality. Nevertheless, Russian influence has increased since 2008 due to its opposition to Kosovo's secession and the worldwide economic crisis. In the last decade, Serbia has become a priority in Russian foreign policy to challenge the EU and US. The Yugoslav wars, NATO's bombing of Serbia, and Kosovo's independence with Western support deepened the Serbian-Russian alliance. Russia's relations with Serbia are determined mainly by its relations with the West. Russia has opposed NATO enlargement and the EU integration process in Serbia, viewing it as its traditional sphere of influence. Under Dmitry Medvedev, Moscow accepted NATO's expansion of Albania and Croatia in 2009, but post-Crimean Russia viewed Serbia from a zero-sum perspective. This confrontational policy destabilized the Western Balkans. Russia's foreign policy towards Serbia is pragmatic and uses different mechanisms to pursue its interests. Russia exploits Serbia's political and economic hardships to expand its power and destabilize the region. It uses authoritarianism, democratic decline, high unemployment, and sensitive collective memory (Yugoslav dissolution, NATO bombing, Kosovo secession) to increase its sway and weaken EU and NATO values in Serbia.

Moreover, Russia's veto power over the UNSC has blocked Kosovo's international recognition and UN membership and enabled Moscow to dominate Serbia politically. Moscow used the 'Kosovo case' to advance its geopolitical ambitions in Ukraine and Georgia. After Russia's aggression against Ukraine in 2022, Moscow has shown veto power over Serbia's foreign security and energy policies. An interviewee on international relations noted that Russia was a veto player in foreign policy (sanctions), security policy (NATO membership), and energy policy (gas/oil).

While the Kremlin (mis)used the 'Kosovo case' for once again unifying South Slavic states under their influence, on the one hand, it has provided affordable gas prices and subsidies, making Serbia highly dependent on Russian energy on the other. By using the rhetoric of maintaining supposed brotherhood, coupled with a shared sense of victimhood, Russia underpinned its foreign policy actions and initiatives to strengthen the politics of the alternative in Serbia. At the same time, it has been reluctant to provide the region with an alternative perspective for achieving stability and prosperity compared with Western models. Belgrade continually relies on the politics of the alternative by strengthening international cooperation with external powers that provide a higher benefit than others. There is a constant Serbian necessity to replace the Western view of the foreign policy concept of relying on the East instead of the West.

Russia's political influence on **Bosnia and Herzegovina** (BiH) exceeded its economic and cultural investments, mainly because of Milorad Dodik's strategy to maintain Moscow's presence in Republika Srpska for political gain. Dodik cultivated his relationship with Russia to boost his regional and international image. Moscow's backing enabled Dodik to hold a 2016 referendum despite Vučić's objections. Bechev (2016) noted that Dodik's meetings with Putin and Russian embassy statements were the only signs of Russian "malign influence" in BiH, which Western officials had warned against. The Kremlin mainly focused on Serbia and was content with minimal political or financial investments to maintain influence in BiH.

Russia's influence on **Kosovo** can be characterized as weak due to the lack of ethno-religious ties and Kosovo's independence from Russian energy. Russia opposes Kosovo's international independence and uses Kosovo to justify secessionist movements in countries near Russia, such as Georgia and Ukraine. Russia backs Serbia's parallel structures in northern Kosovo, promotes a pro-Russian narrative among local Serbs, and uses media outlets such as Sputnik Serbia to spread Russian viewpoints and disinformation. The Serbian Orthodox Church in Kosovo and its ties to the Russian Orthodox Church serve as means to exert more significant political influence. The Serbian Orthodox Church and Russian Orthodox Church use the West's perceived failure to protect the Serbian community in Kosovo and their culture to portray Russia as a defender of Orthodox culture and traditions.

Albanian-Russian relations have remained relatively low since the Cold War due to Albania's strong alignment with the West and Russia's support for Serbia against Kosovo's independence. Albania followed the EU and US policies of sanctions against Russia. It expelled two Russian diplomats in 2018 in response to NATO's collective action principle and the Russian invasion of Ukraine in 2022. Albania's strong opposition to the war in Ukraine is evident in naming a street near the Russian Embassy in Tirana as "Free Ukraine." However, some concerns exist about Russian influence on Albanian politics via political parties.

In **Montenegro**, Russia has explored ethnic tensions and the unresolved statehood issue to solidify its influence, strengthening anti-NATO and anti-EU sentiment through the extensive support and financing of its natural allies

– the Democratic Front and the Serbian Orthodox Church. Doing so enabled a vibrant and active community to nurture the cultural and historical ties between the two countries.

Despite their efforts, Russia is viewed in **Croatia** primarily as a Serbian Orthodox ally, while Croatia sees itself as aligned with the West, especially the United States. However, Russian influence is primarily felt through the energy sector and its spillover effects on internal and foreign policy. Russian influence was spread indirectly via several former and active politicians who maintained good relations with Russia and Putin. However, relations turned sour after Croatia openly sided with Ukraine in 2016, endorsing Ukraine's effort to return Crimea and Donbas to Ukraine.

Türkiye

Türkiye is somewhat of an oddball in this group. As a NATO member and "still" a prospective EU member, Türkiye mostly supports the EU and NATO aspirations of countries in the region. Türkiye is also constantly increasing its economic footprint in the region. Turkish Cooperation and Coordination Agency (TIKA) intensively rehabilitates Ottoman-era monuments and invests in promoting culture and language via YEE. Internal issues in Türkiye and Erdoğan's break with Fetullah Güllen have led to various pressures on regional partners, some of which have caused them to clash with the EU. Following losing traditional Middle Eastern and African markets due to wars and the Arab Spring, Ankara has been exploring new markets, primarily in the Western Balkans. Türkiye is also seeking to subordinate Muslim communities in the Western Balkans, which unfolds with varying success.

Current relations between **Serbia** and Türkiye are defined as the "golden age of Serbian-Turkish relations." At the same time, the bilateral partnership continuously develops in trade, infrastructure investment, energy, cultural, and education programs. The intense bilateral economic relations result from solid personal relations between the presidents Erdoğan and Vučić. Mutual relations are further complemented by Turkish aid. Based on available data, between 1992-2022, TIKA financially supported more than

343 projects in Serbia, building or reconstructing historical monuments, kindergartens, hospitals, and educational institutions.

As far as **BiH** is concerned, Erdoğan's personal interests, agendas, and initiatives have taken over Turkish foreign policy in BiH, with Erdoğan focusing on Serbia and its president Vučić. This "marriage of convenience" between two large markets and two authoritarian leaders has caused concern among experts, who fear that Erdoğan's influence and Türkiye's deepening crisis could destabilize the region. Türkiye formerly backed Balkan's EU ambitions, but Erdoğan's rising discontent with the US and EU policies raises doubts about his future stance on the Union and its enlargement. The two countries have also been tied due to their historical and cultural pasts and similarities. Türkiye has successfully maintained close ties through various educational and cultural initiatives, such as language courses or university programs.

Türkiye strongly supports **Kosovo's** statehood, providing substantial support to international organizations and assisting in gaining recognition in several Islamic nations. However, Türkiye's alignment with the West may not always be consistent, and its domestic issues have adversely impacted Kosovo. President Erdoğan often applies his

domestic politics to Kosovo, influencing local authorities and leaders. This has caused tension between Türkiye and the West, and Turkish investments in Kosovo have raised corruption concerns. Türkiye's president has political and economic ties with Kosovo leaders and funds infrastructure and cultural projects. Such a situation gives Türkiye leverage to pursue its interests, even if they conflict with Kosovo and the West. These projects and connections have raised questions about corruption and Turkish influence in Kosovo.

Türkiye is crucial to **Albania**, with massive investments in the country, especially after the earthquakes that destroyed parts of Albania in 2019. However, Türkiye's investments in Albania were reduced in 2022, and the closure of a school and kindergarten linked to Güllenists followed. Turkish influence is not only economic but also cultural, with the TIKA foundation supporting art, education, and cultural events. In addition, Türkiye's interest in Albania is greatly amplified by its rivalry with Greece, and Albania's interest in Türkiye is linked to its rivalry with Russia's influence on Serbia. Türkiye plays a crucial role in Albania because

it prevents security concerns by balancing forces after forming two dominant axes of power in the region.

In **Croatia**, Türkiye has invested in the Croatian banking sector. However, its most significant economic activities are in the tourism and transport infrastructure sectors, such as the Zagreb and Dubrovnik airports. TIKA also has a presence in Zagreb. Imports from Türkiye rose by 21 points in the 2020-2021 period. Cengiz İnşaat, a Turkish firm, was awarded a public tender worth 321 million euros for renovating a central railroad linking northern Croatia to Hungary. Even though Erdoğan is attempting to gain authority over the Muslim community in Croatia, he is also respected by conservative Catholics for his firm stance on LGBT rights and abortion. A policy of academic collaboration and research has had a lasting impact on Croatian historians and scholars of Turkish studies. These scholars' strong pro-Turkish leanings have resulted in a reluctance to discuss the Armenian genocide. While countries such as Czechia, Bulgaria, Latvia, Lithuania, and Poland have officially acknowledged the genocide, Croatia has yet to make any statement on the matter.

China

China is a relative newcomer to the region. Its influence has been primarily economic, with it seeking to expand its footprint by providing loans and implementing large infrastructure projects. China is most notably present in Serbia, where it has increased its economic footprint and extended its influence in policing and video surveillance.

President Xi Jinping described Sino-**Serbian** relations as a strategic partnership and "steel friendship." Trade, energy, infrastructure, security, and scientific and technical cooperation have grown since 2008 when China opposed Kosovo's unilateral secession. China does not oppose Serbia's EU and NATO enlargement and mainly uses economic power to increase its regional influence. China's OBOR initiative has increased its soft power in Serbia through financial loans and credits for infrastructure projects. Vučić's protection of Chinese companies has allowed Beijing to ignore environmental and human rights laws. China and Serbia have also developed strong security ties. Police, video surveillance, and military-technical cooperation are the areas where this cooperation has been established.

China is a new foreign influence in **BiH**. Its economic focus, resources, and non-interference policy make it likely to expand in BiH and the region, especially if the EU fails. China's economic focus and pragmatic politics have enabled it to avoid Balkan's historical and BiH's recent ethnopolitical issues, which have weakened other foreign actors. Russia, Türkiye, and China have all invested in Serbia, the most developed Balkan economy. Beijing's focus on profit has made it welcome, but BiH's political and administrative issues, corruption, and the country's small market have made it less attractive.

China has kept a neutral stance towards **Kosovo**, yet its support of Serbia against the independence of Taiwan and Kosovo is apparent in their voting patterns in various UN organizations. China does not currently have a direct hand in the development of Kosovo; however, the swift growth of Chinese influence in neighboring countries suggests that Chinese involvement in Kosovo may be imminent. During the COVID-19 pandemic, China employed a "Vaccine Diplomacy" strategy to increase its regional

presence. However, Kosovo refused Chinese vaccines because their source is a nation that does not recognize Kosovo's sovereignty. Nevertheless, Serbia made Chinese vaccines available to the Serbian population in northern Kosovo, which the Kosovar authorities saw as hazardous, and interpreted the act as a political provocation. Chinese companies have put in offers for major Kosovo projects, demonstrating a tendency to gain insight into the economic environment of Kosovo as a first step towards possible broader involvement in the future.

Albania has a long-standing connection with China but is not a security partner due to its strong ties with the United States and its NATO membership. The Chinese-Albanian connection is mainly based on commercial exploitation, with China playing a significant role in imports and exports in Albania. The Chinese population in Albania is the fourth largest, and cultural exchange has been encouraged by the Chinese Embassy and Confucius Institute. Nevertheless, the Chinese government has not made any recent investments in Albania. The relationship between Albania and China can be likened to the current Ministry for Europe and Foreign Affairs building, which used to be the Chinese Embassy in Albania - symbolically significant but not very effective.

Since 2013, there has been a heightened economic presence of Chinese state-owned banks and companies connected to some of **Montenegro's** most significant developmental projects. Although there is no direct proof that Chinese money was used for corrupt activities, it is reasonable to

assume that, given the confidential financial information and lack of oversight in the Chinese loan policy with no conditions, some of the money may have been diverted to sustain patronage networks. Conversely, the terms of governmental agreements enabled the circumvention of public procurement processes that guarantee transparency and legality, and the lack of conditions attached to loans had a detrimental effect on democracy in Montenegro, as they are believed to have contributed to the political and economic instability of the entire system.

Croatia is not the focus of China's attention in Southeastern Europe, as Beijing has fostered strong relations with Belgrade. Nevertheless, China views the nation as a possible bridge between the EU and the Western Balkans for its economic objectives. The Chinese government has acquired a stake in the Zadar port but could not do the same in Rijeka, Croatia's largest port and a gateway for trade in Central Europe. Instead, ENNA Group has acquired the same parcels at the harbor. Nevertheless, the government in Beijing is still keenly invested in and has ownership of essential infrastructure in Croatia. China has made some attempts to impede Taiwanese scholarly activities in Croatia. The embassy has objected to the Faculty of Political Science in Zagreb's Autumn School on Political, Economic, and Security Aspects of East Asia. This program has been running for almost a decade, as courses are offered through the Autumn School that regard Taiwan as a distinct entity from mainland China.

Gulf states

Although presented here as a group, there are significant differences between Gulf states regarding their approach to the region. Saudi Arabia is usually associated with exporting a particular version of Islam and less with its investments, which differs from the UAE and Qatar. Gulf countries are not present consistently throughout the region and tend to focus more on some countries than others.

Historically, the Arab States of the Persian Gulf (known as the "Gulf States") and Iran have had very little presence and impact in **BiH**. Their influence was most apparent during

and shortly after the Bosnian War of 1992-1995, when Bosniak leadership sought and accepted assistance from any Muslim nation willing to provide it. Nevertheless, these influences significantly diminished after the terrorist attacks on the USA on September 9, 2001, and the worldwide crackdown on Islamic NGOs and other organizations. A tangible reminder of the presence of Islamic foreign fighters, preachers, and NGOs is the existence of some enduring factions that adhere to a strict interpretation of Islam and Salafism. Despite the relatively small number of Salafis in the region, they have drawn much local and international

attention and concern in the past decade, particularly in light of the rise of the Islamic State and other Jihadi organizations. In more recent times, however, due to the US and EU's diminished presence in the Western Balkans, the presence of Gulf Countries and Iran has grown again in the area, as Bosnia and Herzegovina and Serbia have been able to draw investments and tourists from the Gulf states. Over time, however, even these investors shifted their attention more towards Serbia than BiH. Consequently, in recent years, the Gulf states and Iran have had a minimal presence and impact in BiH, mainly restricted to individual business ties and religious connections with Bosniak elites. However, if the crisis in BiH and/or other parts of the Balkans worsens and leads to further ethnic violence, Bosniak (and Albanian), politicians will undoubtedly seek financial, logistical, and military aid from Islamic countries.

Since 2012 Aleksandar Vučić and his Serbian Progressive Party assumed power, the relationship between the UAE and **Serbia** has been steadily advancing. Emirati-Serbian relations are marked by solid political dialogue and frequent meetings at the highest level, leading to a strategic partnership in 2018 and collaboration in the areas of agriculture, the aviation industry, residential infrastructure, and military cooperation. The primary issues associated with the Emirate's economic activities in Serbia are linked to the lack of transparency in the contracts. Since there is no competition, tenders, or transparency in the dealings between the Emirates and Serbia, their arrangements are limited to a personal agreement between the business and political elites.

The relationship between certain Gulf countries and **Kosovo** is contingent on their respective positions on Kosovo's statehood. They have formed diplomatic relations and invested in Kosovo, mainly in healthcare, religious sites, and educational institutions. Nevertheless, their impact is seen as conflicting with Kosovo's secular character, and there is a worry that their organizations can propagate extreme Islamic teachings in Kosovo. This negative aspect of their influence mainly stems from their lack of understanding of Kosovo's distinct social context. After exposure to different ideological groups in Gulf countries, the local Albanian imams (Muslim leaders) developed ideological divisions upon returning to Kosovo. Pluralism

in Kosovo allows these ideologies to take root, but since Kosovo institutions do not create counter-narratives, they become more pervasive and damaging.

The Gulf States, such as Saudi Arabia, Kuwait, Qatar, and the UAE, have benefitted **Albania** in the last two decades with economic and religious initiatives made simpler due to Albania's Muslim majority population. The UAE's impact is especially promising, with investments in infrastructure like the Sheikh Zayed Airport and the Tirana-Elbasan Road and a planned investment of \$2.5 billion in the port of Durres. This investment is anticipated to invigorate Albania's tourism sector and transform it into a Mediterranean tourist destination. Albania has a strong commercial and tourism connection to the UAE, with many Albanians visiting the UAE for holidays, particularly during the COVID-19 pandemic when the UAE provided free vaccines to tourists.

As far as **Montenegro** is concerned, no substantial political influence from the Gulf States was observed. An exception to this is the UAE, which is estimated to have invested around 320 million USD in economic strategies over the last ten years (2013-2022).

Qatar is the only Gulf nation with a direct presence in **Croatia**, as it has an ambassador with extraordinary and plenipotentiary powers in Zagreb. In 2021, the State of Qatar, through its embassy, donated medical devices and equipment to the main maternity hospital in Zagreb from Qatar Charity, with a total value of 200,000 dollars, as part of post-earthquake relief (The Embassy of the State of Qatar in Zagreb 2022). Qatar was also the primary benefactor for the construction and furnishing of the Islamic Center in the port city of Rijeka, donating 8 million euros, and the center opened in 2013 (The Embassy of the State of Qatar in Zagreb 2022). Al Jazeera, a Qatari-owned international news network, has a TV studio in Zagreb, allowing it to wield some soft power influence and have a more substantial presence than other Gulf nations. Despite its generous financial backing of the Rijeka Mosque, Qatar's cultural and religious sway over the Muslim community in Croatia is feeble and overshadowed by Turkey's prominent role in this area.

