

How external actors seek to influence the Western Balkans?

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The Western Balkans, a region with a complex history and significant geopolitical value, finds itself at the crossroads of influence from major external powers—Russia, China, and Turkey. Each of these countries extends its reach through various domains such as economics, culture, religion, politics, and security, exploiting both state and non-state mechanisms to cement their influence. This report delves into the strategies employed by these state actors, highlighting their individual and collective impacts on the strategic landscape of Bosnia and Herzegovina, Kosovo, Serbia, and Montenegro. The findings reveal how these external influences pose both opportunities and significant risks, shaping the regional dynamics and the future integration of these states into larger international frameworks such as the European Union (EU) and the North Atlantic Treaty Organization (NATO).

Key findings:

1. **Multifaceted Influence of External State Actors:** Russia, China, and Turkey actively engage across

various spheres in the Western Balkans, including the economy, culture and religion, politics, security, media, and education. Each state actor pursues distinct strategic interests, using a combination of state and non-state proxies to exert influence.

2. **Russia's Malign Influence:** Russia's activities are identified as particularly threatening, with efforts to cement its influence through cultural, religious, and political ties. Key strategies include support for pro-Russian political parties and leaders, use of cultural and religious institutions like the Orthodox Church, and strategic maneuvers in international forums such as the UNSC. The alignment of local actors with Russia, especially in the context of geopolitical crises like the Ukraine invasion, highlights the depth of Russian penetration.
3. **Turkey's Dual-phase Engagement:** Turkey's influence is marked by a strategic pivot from a "zero problems with neighbors" policy to a more pragmatic approach under Erdogan's leadership. Turkey enhances its regional presence through economic expansion, cultural restoration projects linked to its Ottoman heritage, and educational initiatives that increase its soft power in the region.
4. **China's Economic and Cultural Penetration:** China's influence is largely economic, driven by the Belt and Road Initiative, which positions the Western Balkans as a critical route to the EU market. While offering

substantial economic benefits, Chinese investments come with risks, including environmental concerns and potential sovereignty compromises due to debt-trap diplomacy. Cultural influence remains limited compared to its economic footprint.

5. **Environmental and Economic Risks from Non-Western Influence:** Chinese projects, in particular, raise environmental concerns, while economic engagements from all three countries pose risks of creating dependent relationships that could compromise the autonomy and governance standards of the Western Balkan states.
6. **Interplay of State and Non-state Actors:** The influence of these countries is not limited to governmental actions but extends through non-state actors such as NGOs, cultural organizations, and educational institutions, creating a complex web of influence that deeply embeds these countries in the local socio-political landscapes.
7. **Strategic Implications for EU and NATO Aspirations:** The pervasive influence of Russia, Turkey, and China poses challenges to the Western Balkans' integration into Western institutions like the EU and NATO. The region must navigate these influences carefully to maintain its sovereignty and align with its Euro-Atlantic goals.

What is Russia doing in Western Balkans?

The geopolitical dynamics of the Balkans, particularly in relation to Russia's involvement, are extensively discussed in Nikolai A. and Vladimir N. Nartov's textbook, "Geopolitika." According to the authors, the West aims to interfere in the domestic affairs

of Slavic nations such as Serbia and Bulgaria, seeking to impose solutions. In contrast, Moscow wishes to assert its influence over these countries through decisions made in the United Nations Security Council (UNSC). The authors view the ethnic Albanian population of Kosovo as guests, while Serbia is considered the region's rightful steward. Nartov raises concerns that Albania might annex Kosovo and that Albanians could claim ethnic territories from Macedonia.

The Western Balkans serve as Russia's closest connection to Europe, strengthened by cultural, religious, and political ties. The region is also strategically used by Russia to counteract Turkish and European interests.

The Russian economy plays a pivotal role in the Western Balkans, primarily through the energy sector, with Russian oligarchs and businessmen acquiring significant stakes in oil and energy companies. However, trade volumes between Russia and the Balkan states remain relatively low, with exports to Russia ranging from 2.8% to 4.2% and imports from Russia between 3.3% to 5.7% during 2017-2021.

In the energy domain, Kosovo and Montenegro are independent of Russian gas, in contrast to Bosnia and Herzegovina (BiH), which imported 98.7% of its gas from Russia, and Serbia, which imported 24.5% by 2021. Serbia's participation in the South Stream Gas Pipeline project since January 2008 positioned it as a key transit route for Russian gas to Europe. Notably, in February 2008, Gazprom's Alexei Miller and Serbia's Saša Ilić signed an agreement to construct the pipeline across Serbian territory. That same year, Gazprom Neft acquired a 51%

stake in Serbia's state-owned oil company, Naftna Industrija Srbije (NIS).

Pro-European critics in Belgrade argue that Serbia incurs a political debt by accepting Russian support over Kosovo. Just days before the 2008 parliamentary elections, the Serbian government ratified a 30-year energy agreement with Russia, which is automatically renewable. This agreement allowed Gazprom to purchase refineries in Pančevo and Novi Sad, as well as Serbia's only gas deposit in Banski Dvor. During a 2019 visit, Putin pledged \$1.4 billion to enhance Russian gas supply to Serbia, significantly through the Turk Stream pipeline. Amidst the Russian aggression in Ukraine, Serbia secured Russian gas at \$31 per kilowatt hour, significantly below the market spot price of \$99.

Russian economic influence extends beyond Serbia. For instance, KAP, a state-owned Montenegrin electricity company under the ownership of Deripaska, plays a crucial role in Montenegro's economy, contributing significantly to the country's GDP and employment. Russia's financial support through loans has been instrumental in sustaining budgets within the region.

In 2014, when BiH was negotiating an IMF loan, the Republika Srpska (RS) entity managed to secure a €270 million loan from Russia, although further negotiations promised by Dodik did not materialize. Russian investments in RS continued, with oligarch Rashid Sardarov committing to invest €800 million, although the planned thermal power plants have been indefinitely delayed. After a fire halted operations at the Brod refinery in 2018, oil processing has yet to restart.

Kosovo remains the only state in the Western Balkans without significant Russian economic investments. In 2017, Russia donated a train to northern Kosovo, adorned with Serbian colors and Orthodox symbols, and bearing the slogan "Kosovo is Serbia" in 20 languages.

Cultural and religious influences are key components of Russia's soft power in the region, with non-state actors such as NGOs and the Russian Orthodox Church (ROC) being particularly active. These organizations, often funded by Russian oligarchs with close ties to the Russian president, play a significant role in promoting Russian interests. Konstantin Malofeev, a prominent oligarch, utilizes the ROC for soft power exertions; his St. Basil the Great Charitable Foundation, the largest Orthodoxy charity in Russia, has financed significant religious events across the Balkans.

Since 2008, Russia has deepened its engagement with Serbia, notably through the reconstruction of Serbian churches in Kosovo and financial support for UNESCO-designated Orthodox sites in northern Kosovo. The Russian Orthodox Church has also supported the resettlement of Serbs in northern Kosovo, constructing homes for around 1,500 individuals. In recognition of his contributions, the Iversk Chapel in Serbia is named after Vladimir Putin.

Gazprom's \$5 million donation to the Serbian Orthodox Church (SOC) exemplifies Russia's ongoing efforts to cement its cultural and religious ties in the region, further illustrated by the construction of a Russian Orthodox religious and cultural center in Banja Luka, RS, in 2018. The ties between

Orthodox people in the Balkans are also promoted by the biker group Night Wolves, which organizes tours across the region to foster Slavic unity and explore Russian and Orthodox history.

What are the goals of China in Western Balkans?

China's primary objective is to access the European market, with the Western Balkans playing a crucial role. To this end, the Belt and Road Initiative (BRI) was established, under which 39 agreements were signed covering sectors such as energy, transport infrastructure, finance, and culture. Chinese loans are notably attractive because they do not require legislative or policy changes in recipient countries. Moreover, the Western Balkans serves as part of a broader Chinese strategy aimed at reducing US influence in the region.

From 2017 to 2021, the Western Balkans experienced a trade deficit with China. The region's exports to China ranged from 0.8% to 2.9%, whereas imports from China were between 8.3% and 11%. China launched 136 projects in the Western Balkans during this period, including 61 in Serbia valued at 18.7 billion euros, and 29 in Bosnia and Herzegovina (BiH) totaling 5.2 billion euros. Additionally, Chinese Foreign Direct Investment (FDI) in Serbia surged from 2.4 million US dollars in 2010 to 1.4 billion US dollars by 2022. During the same period, Russia emerged as the largest investor in Montenegro, contributing 20.9% to the FDI share. Montenegro signed 17 agreements with China across various sectors including education, economy,

infrastructure, health, agriculture, rail transport, and anti-corruption efforts. The first business deal involved the procurement of ships for Montenegrin Navigation and Bar Navigation, both state-owned companies, with government guarantees facilitating the agreements. Poly Technologies, a Chinese firm, constructed the ships financed by an EXIM bank loan.

However, there were concerns about the absence of valid economic analyses. A Chinese construction company also upgraded 10 km of railway connecting a Montenegrin port city to Belgrade, and the China Pacific Construction Group (CPCG) built the Montenegro-Albania expressway at a cost of 3.19 billion US dollars. The Podgorica-Kolasin motorway section was financed through a loan from the EXIM Bank of China.

Economically, the Bar-Boljare highway, financed by the EXIM bank at a cost of 20 million US dollars per kilometer and built by the China Road and Bridge Corporation (CRBC), had significant ecological impacts, including the diversion of the River Tara, which posed fatal risks to the local fish population. Meanwhile, the productivity of the copper mines in Smederevo and Bar reportedly increased by 150% following their acquisition by the Chinese company Zijin, although the Serbian government did not require the installation of emission-reducing filters.

In 2009, Serbia signed a Strategic Partnership with China, allowing Chinese firms to participate in Serbia's privatization and access approximately 550 million potential consumers through a free trade

agreement Serbia had with the EU, the Central European Free Trade Agreement (CEFTA), and the European Free Trade Association (EFTA). One of the first major projects was the upgrade of the Kostolac thermoelectric plant in 2009. That same year, China and Serbia embarked on another significant project, the construction of the Mihajlo Pupin Bridge at a total cost of 260 million US dollars financed by China's EXIM Bank.

The Belgrade-Budva highway is currently under investigation for possible violations of European public tender regulations. Additionally, Serbia signed an agreement to construct power plants to reduce gas imports and provide cheaper heating to the capital. A Chinese trade center opened in 2010, and a year later, car manufacturer Dongfeng signed an agreement with Serbian FAP to assemble commercial vehicles in Serbia. The Belgrade-Budapest rail link, crucial for connecting the port of Piraeus with the European market, underscores China's investment based on its strategic interests in Europe.

Furthermore, China participated in the modernization of the Belgrade-Niš railway, costing over 2 billion euros. This railway is part of Corridor X, connecting Salzburg to the port of Thessaloniki. In BiH, Chinese involvement is visible in the energy sector, with projects like the Stanari power plant near Doboj, worth 550 million euros, partially financed by a loan from the China Development Bank. Another project, the Tuzla Thermal Power Plant, valued at 722 million euros, was halted in the Parliament of the Federation of BiH. Despite contracts for multiple thermal

plants, few have been implemented, such as Ugljevik III, which was also financed by a Chinese loan but faced opposition from environmental activists. China is also involved in constructing the 12-kilometer Počitelj-Zverovići highway in BiH, financed by the European Investment Bank at a cost of 66 million euros.

Culturally, China has made significant inroads into the Western Balkans, opening Confucius Institutes

Is Turkey returning to the Western Balkans?

Turkey developed relations with Western Balkan states for at least three reasons. First, the electoral success of the Justice and Development Party (AKP) enabled it to advocate a conservative political platform and forge new connections between the Balkans and the Middle East. Second, during the economic crisis, Turkey was largely unaffected and sought alternative financial sources. Third, EU enthusiasm for Western Balkan integration waned due to a lack of reforms in the region.

Western Balkan countries signed a free trade agreement with Turkey, increasing trade volume but resulting in a trade deficit for the Balkan states. Turkey invests in infrastructure, industry, and banking. From 2002 to 2012, trade volume increased by 307%. However, data from 2017-2021 show that the Western Balkans remain in a trade deficit, with Turkey exporting 5.3 to 6.9% to the region and importing 2 to 2.6%.

Trade improvement is evident between Serbia and Turkey. In 2021,

the trade value was 1.7 billion euros, with Turkey's exports to Serbia nearly doubling since 2017. Turkey was also the second-largest trading partner of Kosovo in 2021, with exports valued at 587 million euros.

Turkey is engaged in various infrastructural projects, including the construction of a highway between Serbia and Bosnia and Herzegovina, a new airport in Pristina, and the privatization of coal mines. It also invests in the textile industry, particularly in the Muslim-inhabited Sanjak region.

Bilateral ties between Turkey and Serbia improved following democratic elections in October 2000, but deteriorated in 2008 when Turkey recognized Kosovo as a state. Insufficient dialogue led to further deterioration. The 2008 crisis and decreased Western financial flows prompted Serbia to seek new investors, leading to Turkey's increased involvement. Turkey funded key infrastructural projects such as the Kosovo-Serbia-Albania highway and plans to construct part of the Belgrade-Bar highway in Montenegro. Despite Serbia's importance, Turkey also established significant relations with Kosovo, creating the Turkey-Kosovo Commerce Chamber in 2008 and signing a pivotal free trade agreement in 2013. Turkish investment in Kosovo peaked at 1 billion euros in 2016. In 2018, 800 Turkish companies were registered in Kosovo, though only 200 were active. A notable project is the motorway between Pristina and Skopje, built by an American-Turkish consortium.

Turkey's significant investments in Montenegro include the acquisition of

the former ironworks in Nikšić, the Port of Adria in Bar, and several hotels and shopping centers. Turkey's influence extends to the cultural sphere, with the Ottoman military orchestra often playing in the region. The introduction of the Mehter military band at the Day of Ajvatovica showcases Turkey's cultural diplomacy.

Turkey's media influence is most apparent in Bosnia and Herzegovina, where Turkish series about Bosnian President Alija Izetbegović are popular. The Gulenist movement, active until the 2016 coup attempt, established educational institutions across Bosnia. These were later sold or closed, though Turkish scholarships for study in Turkey continued.

In terms of security, Turkey plays a dual role. It contributes personnel to international missions while also demanding the extradition of individuals linked to the Gulenist movement, which has caused tensions in the region. In 2018, the controversial extradition of six Turkish citizens from Kosovo without the consent of then-Prime Minister Ramush Haradinaj highlighted the complexities of Turkey's regional engagements.

Conclusion

In the political arena, Russia cooperates with anti-NATO and anti-EU forces in the Western Balkans and has endorsed a declaration of "military neutrality" that supports anti-NATO stances, further complicating the region's stability. Political parties such as Dodik's SNSD, the Democratic Party of Serbs from North Macedonia, Vučić's coalition partner the Serbian People's Party, and Montenegrin parties like the New Serbian

Democracy and Democratic People's Party are signatories to this declaration. Russia's influence extends to cultural and religious domains, with contributions toward the reconstruction of religious buildings strengthening their position in the region. Notably, Russian-affiliated NGOs play a role in promoting Russian interests through soft power means, including the dissemination of disinformation, which resonates with the Slavic Orthodox population in the Western Balkans. Economically, Russian oligarchs have preserved certain jobs in Serbia and Montenegro, although their investments in refineries in Bosnia and Herzegovina have raised questions about their motives, as these ventures are not profitable. China, on the other hand, primarily exerts its influence through economic channels.

The Western Balkans have become pivotal in China's quest to access the European market, with China providing loans to states without requiring explicit domestic law changes but risking asset transfers in the event of debt default. Environmental concerns, such as those posed by China's activities along the Tara River in Montenegro, have raised alarm. China's involvement also includes technology, with Huawei installing 5G networks in Bosnia and Herzegovina and Serbia, as well as surveillance cameras in Serbia, potentially compromising data security. Furthermore, China's Confucius Institutes offer language classes and cultural events in cooperation with embassies.

In the political realm, China supports Serbia's opposition to Kosovo's independence and its stance on the appointment of the High

Representative for Bosnia and Herzegovina in the United Nations Security Council (UNSC).

Turkey's historical ties to the Ottoman Empire provide a unique foundation for its influence in the Western Balkans. During the term of Ahmet Davutoğlu, Turkey played a significant role in regional stability, exemplified by the Istanbul Summit that brought Serbia and Bosnia and Herzegovina to the negotiating table. Economic ties between Turkey and the region have expanded, but, like with Russia and China, countries in the Western Balkans often find themselves in a trade deficit in their relations with Turkey. Turkey provides scholarships to students and offers training to police and military officers, reinforcing its influence.

However, Turkey's demand for the extradition of its citizens linked to the Gülenist movement can create tensions, as seen in Kosovo, where Turkish citizens were extradited without the consent of Prime Minister Haradinaj.

The Western Balkans states, if they remain committed to their EU aspirations, must remain vigilant against malign influences not only from Russia but also from any external actors with similar intentions. Their orientation should be grounded in the implementation of the EU-Atlantic agenda while aligning with partners from these alliances.

The ongoing challenge of Kosovo-Serbia normalization, while burdensome for the parties involved, also has implications for the broader region. A successful agreement would ease tensions in the area, but it should be underscored that Kosovo-Serbia normalization should not be

misconstrued as an endorsement of other issues like Republika Srpska's secession.

Conversely, it is crucial for EU-Atlantic allies to consider imposing sanctions on those who destabilize the region. While the United States has already imposed sanctions on certain actors, more concerted efforts from EU countries are needed, even if it means not all member states are on the same page. Emulating the United Kingdom's approach to blacklist figures like Milorad Dodik, rather than supporting Republika Srpska through various projects, can be a more effective strategy for regional stability.

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