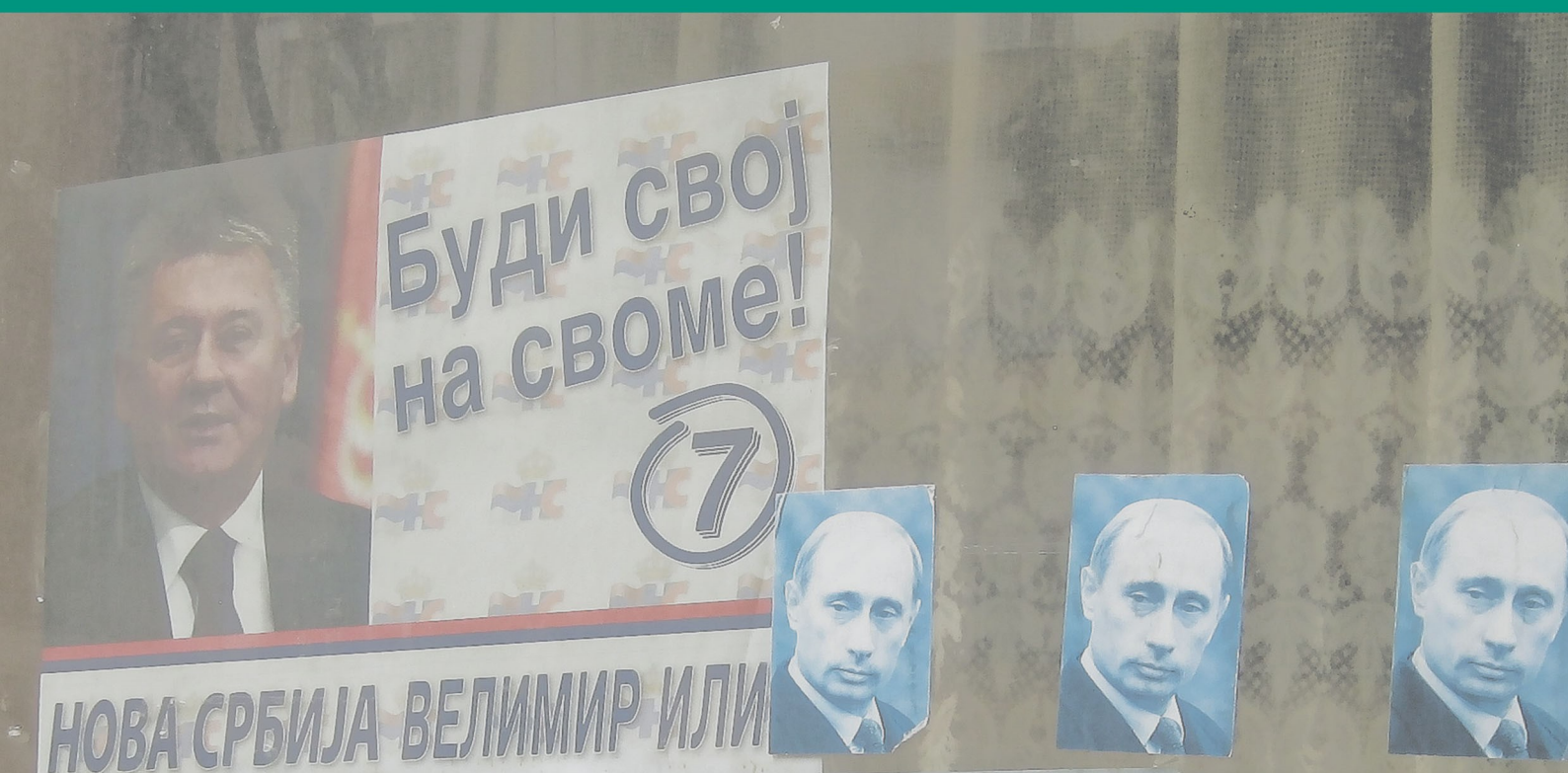


SOUTHEAST EUROPE

in Focus

No. 01/2019



External Actors Series: Russia

With contributions by

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GESELLSCHAFT

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Southeast Europe in Focus 1 / 2019

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About the project

Recently, the Western Balkans region (and Southeast Europe in the following) has developed into a showcase of superior power interests. In particular, the actors Russia, Turkey, and China / Arab countries as increasingly committed external actors (in addition to the European Union and the USA) are coming to the fore. Nevertheless, there are differences in the motivations and goals of the actors concerned. The project of the Südosteuropa-Gesellschaft / Southeast Europe Association aims to take a closer look at the motives, instruments, and effects of the influence of Russia, Turkey, and China. The geostrategic, security policy, and systemically relevant dimensions will be examined through a political science approach. On the other hand, however, the economic, cultural, social and societal processes (certainly from a historical perspective) in the entire region of Southeast Europe will be examined.

The contributions contained in this publication present the most important results on Russia's footprint in Southeast Europe as presented and discussed at an international conference held by the Südosteuropa-Gesellschaft / Southeast Europe Association at the German Federal Foreign Office in Berlin on 22-23 January 2019: *Reality Check Series: Sources, Tools and Impact of Non-EU-Engagement in Southeast Europe. Part I: Russia*. The editor is grateful to the authors of the publication for making their contributions to the conference available in a revised version and considering the discussion as well as current developments.

Disclaimer

The views expressed in this publication are solely those of the authors and do not necessarily reflect the views of the Südosteuropa-Gesellschaft / Southeast Europe Association and the editor Johanna Deimel.

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Abbreviations

AERS - Energy Agency of the Republic of Serbia	IMF - International Monetary Fund
BiH – Bosnia, and Herzegovina	KAP – Podgorica Aluminium Plant
CEAC - Central European Aluminium Company	KRIK - Crime and Corruption Reporting Network
CEE - Central and Eastern Europe	LNG - Liquefied Natural Gas
CESEC - European Commission’s Central East South Europe Gas Connectivity	MAP - Membership Action Plan (NATO)
CFSP – Common Foreign and Security Policy of the EU	MWe - Megawatt-hour (electric e or thermal th)
CSTO - Collective Security Treaty Organization	NGO – Non-Governmental Organisation
EAEU - Eurasian Economic Union (EAEU)	NIS – Naftna Industrija Srbije
EEAS – European External Action Service	OCCRP - Organized Crime and Corruption Reporting Project
EnCT - Energy Community Treaty	OHR – Office of the High Representative
EULEX - European Union Rule of Law Mission in Kosovo	PIC - Peace Implementation Council
EUR - Euro	RS – Republika Srpska
FDI - Foreign Direct Investment	SNS – Serbian Radical Party
FSB - Federal Security Service in Russia	SoEs - State-owned Enterprises
FYROM – Former Yugoslav Republic of Macedonia	TANAP – Trans-Anatolia Gas Pipeline
GDP – Gross Domestic Product	TAP – Trans-Adriatic Pipeline
GRU - Russian Military Intelligence Agency	UN – United Nations
HFO - Heavy Fuel Oil	UNCITRAL - UN Commission on International Trade Law
HPP - Hydroelectric Power Plant	UNMIK – United Nations Mission in Kosovo
ICJ - International Court of Justice	UNOSEK - United Nations Office of the Special Envoy for Kosovo, Vienna
ICSID - International Centre for Settlement of Investment Disputes	UNSC – United Nations Security Council
ICTY – International Criminal Tribunal for the former Yugoslavia	USD – United States Dollar
IGB – Interconnector Greece-Bulgaria	USSR – Union of Soviet Socialist Republics
	WTO – World Trade Organisation

Introduction / Note by the Editor

Johanna Deimel

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Russia belongs to Europe. It is part of the European continent and is historically, culturally, and religiously inextricably linked to the pan-European development. Europe and Russia have been mutually fruitful but have also gone through times of war and ideological conflict. The latter is particularly true in the 20th century, with the two world wars and the decades of the Cold War, during which Yugoslavia under Josip Broz Tito, as a non-aligned-socialist state in Southeast Europe, had distanced itself from the Soviet Union. The history of Southeast Europe holds for Russia, depending on the reading, both the position of the liberator from the Turkish "yoke" in Bulgaria through the Russian-Turkish War of 1877-1878 and - again using Bulgaria as an example - the position of a half-century-long "oppressor" after the Bulgarian communists took power in 1944, as the Bulgarian Foreign Ministry criticized on the occasion of a planned exhibition of the Russian Culture and Information Centre in Sofia entitled "The Liberation of Bulgaria" in mid-September 2019.

The reflection of Russian Balkan policy in recent decades shows the development of foreign policy and the redefinition of Russia's position in the world.¹ In the early 1990s, Russia became an ally of the West. Some analysts describe these years as the "romantic phase", the "honeymoon" between Russia and the West.² This phase was followed by an increased cooling between Russia and the West. If we look briefly at the Russian concepts, you can see that Southeast Europe and the Balkans have lost their high significance in Russian foreign policy in recent years. Only the "New Concept of Foreign Policy of the Russian Federation of 2013", in which Russia stressed its particular interest in "developing a comprehensive, pragmatic, and equitable cooperation with the countries of Southeast Europe" and stressed that the

Balkan region is of great strategic importance for Russia, including its role as an important transport and infrastructure hub for the supply of gas and oil to European countries".³ But already since 2016, when the new foreign policy concept of the Russian Federation was announced, the absence of the terms "the Balkans", "Serbia" and "Southeast Europe" in the text of the concept clearly marks an enormous shift in Russian interest and influence. This concept only mentions "Europe" and the "Euro-Atlantic region". The same applies to the Russian foreign policy concept of 2018.⁴ Those analysts looking for the central reasons for Moscow's current Balkan policy shift, from a cooperative ally to a competitive actor in certain areas, will inevitably be referred to the following events: NATO's intervention in Kosovo in 1999 (and the bomb attacks on Belgrade), which Moscow found humiliating; Kosovo's declaration of independence in 2008; and Montenegro's accession to NATO in 2017.

From the second half of the 2010s, Russia switched "from plans for building a Greater Europe to the idea of a Greater Eurasia".⁵ It began to focus on the Eurasian tradition and emphasised Russia's unique position between Europe and Asia. Alexander Dugin, the founder of neo-Eurasianism, outlined his vision of Russia's place in the world with a Eurasian empire led by Russia in his 1997 book "The Foundations of Geopolitics".⁶ Although the Kremlin has distanced itself from Dugin, Russian President Vladimir Putin uses his narratives: Anti-Westernism, expansionism, and the rejection of liberal democracy. Russia's foreign

¹ See: *Gernot Erler: Weltordnung ohne den Westen? Europa zwischen Russland, China und Amerika. Ein politischer Essay, [World Order without the West? Europe between Russia, China and America. A political Essay]*, Herder, 2018, 207 p.

² See: *Johannes Baur: „Zurück zur Großmacht? Ziele und Handlungsoptionen der Außenpolitik“ [Back to the Great Power? Goals and Options for Action of Foreign Policy] - in: Hans-Hermann Höhmann / Hans-Henning Schröder (eds.): Russland unter neuer Führung. Politik, Wirtschaft und Gesellschaft am Beginn des 21. Jahrhunderts [Russia under new leadership. Politics, economy and society at the beginning of the 21st century]*, Bundeszentrale für politische Bildung, 2001, pp. 97-106.

³ Concept of the Foreign Policy of the Russian Federation, 12 February 2013, http://www.mid.ru/brp_4.nsf/0/76389FEC168189ED44257B2E0039B16D.

⁴ <http://en.kremlin.ru/supplement/4116>.

⁵ *Dmitri Trenin: 20 Years of Vladimir Putin: How Russian Foreign Policy Has Changed*, August 28, 2019, Moscow Times, https://carnegie.ru/2019/08/28/20-years-of-vladimir-putin-how-russian-foreign-policy-has-changed-pub-79742?mkt_tok=eyJpIjoiWkRGa1I6SXdaVEZrT1RRNSIsInQiOiIiO0TFPQ3oxOEtHcVJnSjNraVlybDRzNHFBK3ZiZlFwvNlI2WSs0SkxicFhBVllIS1FqeVlpUk5yWUd5cnpHY3FuSTRRcjkoZG1HcWtKN1pUUFZUMEZXYVFQdUxSd3AwaG9QOndGaUE5cUxuXC9HN015ZTBpckdlcWIHT1ZySOJ5bU5jIn0%3D.

⁶ *Anton Barbashin and Hannah Thoburn: Alexander Dugin and the Philosophy Behind Putin's Invasion of Crimea*, Foreign Affairs, March 31, 2014; <http://www.foreignaffairs.com/articles/141080/anton-barbashin-and-hanna-thoburn/putins-brain>.

policy goal has been to create a multipolar world in which Moscow is one of the leading powers.⁷

The fear from Russia that NATO could intervene worldwide within the framework of the new programme of "humanitarian intervention" contributed to the new foreign policy concept. At the beginning of the 21st century, *Realpolitik* replaced the honeymoon relations of the early 1990s, not only between Russia and the West but also between Russia and the Balkans. Since then, Moscow has focused on preventing NATO enlargement and obstructing the enlargement of the European Union (EU) by every trick in the book. Today Russia is once again considered a key diplomatic and security player in Southeast Europe. Its vocal opposition to the expansion of NATO and the EU in the Western Balkans has turned it into an ally for some and existential threat for others in the region. Russia was unable to avert NATO enlargement to Montenegro in 2017 - despite the presumed coup d'état attempt. The concern that drives the Kremlin is not necessarily that the accession of the Balkan states would jeopardise Russia's security. Russian Prime Minister Medvedev made it clear in an interview in October 2019 that possible further NATO memberships of Balkan states would be perceived as a security threat, because: "You see, any attempts to drag countries that have internal contradictions into NATO are extremely dangerous. You are talking about Bosnia and Herzegovina, the Republika Srpska, but this list is longer. What about Georgia? What about Ukraine?"⁸

Russia understood that the Western Balkans are moving towards the EU and NATO anyway and that this effort cannot really be stopped, but what Russia can do is be within the region and have platforms within the region. It has opened several fronts against the 'decadent' West and uses soft and medium-hard power tools to weaken the ambitions of the EU and NATO.⁹ Russia has effectively used soft diplomacy tools to foster cohesion with an orthodox Slavic brotherhood narrative against the decadent West, which is more interested in gay parades than the wellbeing of the people. It is noteworthy that Russian activities and interests also fall on fertile ground with some Balkan politicians. They use Russia for their own

interests as a basis for negotiations and bargaining with the West. The more Russian President Vladimir Putin and his cronies offered Belgrade, the more nervous the capitals of Brussels and the EU became. On 25 October 2019, Serbia, which has already had a free trade agreement with Russia since 2000, will join the Eurasian Economic Union (EAEU). However, EAEU membership does not bring Serbia any additionally significant trade benefits (in the period 2010-2018, 70% of the Foreign Direct Investment in Serbia came from the EU and only 9.1% from Russia) and is an example of symbolic actions that sound the alarm in Brussels. As long as the Western Balkan countries inherit international protectorates and unfinished business, in Bosnia or Kosovo, Russia can bring international affairs in the Western Balkans to New York and not Brussels, which Moscow believes has no power, while the United Nations Security Council (UNSC) guarantees Russia's influence through its veto power.

Who does the Balkans in Moscow?

The Balkans were not at the core of the Kremlin in recent past. Apart from symbolic visits, such as Russian President Putin's visit to Belgrade in January 2019, which serve the narrative of the Slavic Brotherhood and historical legacies, the Balkans were low on the list of priorities for Russian foreign policy. There are several actors consisting of private enterprise, military, government, and Russian intelligence.¹⁰ There is no common agenda. They are "McKinsey consultants' who are loyal to Putin and will preserve his policies once he is gone".¹¹ These people operate without immediate directives from the Kremlin. Among those policy entrepreneurs, policy volunteers and activists were the Russian oligarch Konstantin Malofeev, and the retired Russian Foreign Intelligence Service Lieutenant-General Leonid Rešetnikov – both were active in Bulgaria, and both were meddling in Montenegro as well. A Russia expert stated that, according to his observations, Malofeev was behind the idea that Serbia, Montenegro, and Bulgaria should form a kind of second outpost for Russia, beside the Black Sea.¹² People like Malofeev are not guided by the Kremlin but want to be useful for the Kremlin. It remains unclear what motives the Bulgarian government had for accusing Malofeev and

⁷ Jozef Lang and Nicu Popescu: Central Asia: the view from Russia, European Union Institute for Security Studies, January 2015.

⁸ <http://government.ru/en/news/38137/>.

⁹ Johanna Deimel: Current Geopolitical Ambitions of Western Actors and Russia Directed towards South East Europe, in: Ernst M. Felberbauer and Predrag Jureković (eds.): A Region in Limbo: South East Europe in the Light of Strained Western-Russian Relations, Vienna September 2015, p.37, available at: <http://www.bundesheer.at/wissen-forschung/publikationen/publikation.php?id=774>.

¹⁰ Stanislav Secieru: Russia in the Western Balkans, European Union Institute for Security Studies Brief number 8, July 2019, https://www.iss.europa.eu/sites/default/files/EUISSFiles/Brief%208%20Russia%20Balkans_0.pdf.

¹¹ Ivan Krastev / Gleb Pavlovski, Ibid.

¹² Russian expert during the conference on External Actors: Russia, 22-23 January 2019 in Berlin at the German Federal Foreign Office.

Rešetnikov of espionage at the beginning of September 2019 and imposing on both of them a ten-year travel ban to Bulgaria.

Interestingly enough, at the same time, the construction of the TurkStream pipeline, which runs from the Turkish border via Bulgarian territory to Serbia, was approved by the Bulgarian government, on 19 September 2019. Officially, the Saudi consortium Arkad is the contractor, but Russia's Gazprom is the partner. As with SouthStream, the first pipes for TurkStream were already delivered from Russia to Burgas on the Black Sea in spring 2019 - i.e. before the decision to award the contract to Arkad was made.¹³ The coincidence between the "espionage scandal" and TurkStream suggests dubious economic interests, arbitrary actors, and that the alleged tensions between Sofia and Moscow, in the course of the espionage accusations against Malofeev and Rešetnikov, were probably only blinding grenades.

Southeast Europe – Russia – European Union: Back to the Future

EU integration has been the sole political project for the region. With the, according to European Commission President Jean-Claude Juncker, "grave historic mistake"¹⁴ of the European Council on 18 October 2019 to postpone the start of EU accession negotiations with Albania and North Macedonia, Moscow's long-standing work to undermine the EU rapprochement of the Balkan region, bears fruit in itself and, above all, passes through the weighty EU member state of France. French President Emmanuel Macron vetoed opening EU accession talks and "torpedoed EU enlargement policy, deprived the bloc of one of its fundamental foreign policy instruments, undermined trust in its promises and destabilised its Balkan backyard".¹⁵ So far, Russia has only had to devote its energies to disrupting EU integration from outside, throwing sand in the works and continuing to fuel existing differences within the EU. With the self-destruction of its own credibility, all Moscow's wishes seem to come true from within the EU itself. But the

Kremlin sees the developments with increasing concern. Russian Prime Minister Dmitry Medvedev made that clear by saying in an interview during his visit to Belgrade on October 18, 2019: "(...) it seems to me it is necessary to watch very closely what is happening there because the Balkans still remain a fairly unstable region and we must never allow the repetition of any manifestations of violence, attempts to change the map of the Balkans or other moves that can trigger a humanitarian disaster".¹⁶

The NATO integration of North Macedonia will be the only remaining option in the foreseeable future to bind the region further to the West. The entrance door to the EU remains closed, for the time being, and the first centrifugal consequences are already visible in North Macedonia, where the Zaev government has stepped down. So far, Russia did not want any really pro-Russian politicians in Serbia. Now, however, with the negative decision from the EU summit in October 2019, it will be difficult to stop a disappointed turning away from EU membership and the resulting increased turn towards Russia. According to a survey by the Institute for European Affairs in Belgrade published in September 2019, an overwhelming majority of Serbian citizens have a very positive (39.9%) or positive (38.3%) opinion on the relationship between Serbia and Russia. There is also a high level of confidence in Putin in Bulgaria (62%), followed by 52% in Greece, and 49% in Slovakia.¹⁷ The already declining confidence in the European Union will continue to decline. Here again, it is the Serbian citizens who, according to the Eurobarometer, Spring 2019, have the lowest confidence (33%) in the EU across the region. The disappointment will lead to further brain drain, and above all drive young people from their home countries.¹⁸ The people who remain are frustrated, hopeless, and either elderly or poorly educated folk who are grateful victims for a "weaponisation" of identity. The narrative that Russia is a reliable partner who will give a helping hand, who will not abandon the Slavic brothers and will help to defend the Christian Orthodox values, ideas, and traditions against the illiberal West, which is now also perceived as disloyal, will find fertile ground. Western leadership and normative power are shrinking - a very welcome perspective for the autocrats in the region.

¹³ *Ивайло Станчев* : Русия влиза по втория начин в "Турски поток" [Ivajlo Stančev: Russia enters Turkish Stream the second way], Capital, September 20, 2019, https://www.capital.bg/politika_i_ikonomika/bulgaria/2019/09/20/3965875_rusiia_vliza_po_vtoriiia_nachin_v_turski_potok/?utm_source=email&utm_medium=email&utm_campaign=parvonachalen.

¹⁴ *Andrew Gray*: Juncker: EU's North Macedonia, Albania rebuff is 'historic mistake', Politico, October 18, 2019, <https://www.politico.eu/article/jean-claude-juncker-eu-north-macedonia-albania-rebuff-historic-mistake/>.

¹⁵ Emmanuel Macron's EU accession veto is a historic mistake, Financial Times. October 21, 2019.

¹⁶ Dmitry Medvedev's interview with the Serbian Večernje Novosti daily, 18 October 2019, <http://m.government.ru/en/news/38137/>.

¹⁷ Stavovi Građana Prema Rusiji, press release, September 26, 2019, <https://mailchi.mp/b949dc388139/istraivanje-javnog-mnjenja-odnosima-srbije-i-rusije?e=7a6828c0c8>. And Global Attitude Survey Spring 2019.

¹⁸ *Tim Judah*: Bye-bye, Balkans: A Region in Critical Demographic Decline, BalkanInsight, October 14, 2019.

Jasmin Mujanović warns that France's veto not only undermines the security of the Balkans but of the entire EU as well.¹⁹ Alternatives become more attractive.²⁰ Due to the EU's lack of seriousness in involving the countries, the Balkans has become an even more interesting playground for other actors like China and Turkey. However, a fundamental destabilisation of the Balkan region is neither in the interest of the EU nor Russia. China's Belt and Road Initiative is having an impact across Southeast Europe and the Eurasian Economic Union. Its influence in the Balkans might become even more relevant. Although Russia is approaching China, it is, at the same time, trying to keep its distance and could, therefore, become an important partner for Europe in the region of Southeast Europe. Both Moscow and the EU compete with other actors, in particular with China, and Southeast Europe is emerging as a multipolar platform.

Conclusion

President Vladimir Putin's term ends in 2024. In his present self-image, he sees himself as a historical figure, as the successor of Peter the Great.²¹ Ivan Krastev and Gleb Pavlovsky rightly observed that "while Russia is not on the edge of regime, the regime is changing".²² How political decisions are made in Moscow today and who really pulls the strings is important for the future relationship between Russia and the West, between Russia and Southeast Europe. There are different groups: modernists, around the former Russian finance minister Aleksey Kudrin, who stand for stronger economic and technological cooperation with the West with a view to modernization; and an also technology-affine group consisting of military, security and secret services, called *siloviki* by Krastev and Pavlovsky, whose members hope for higher military expenditures and better control possibilities over the society. We need to think about what the post-Putin period will look like and what that will mean for the relationship between Russia and the West. Who from the 'network-state' will follow Putin? Mark Galeotti rightly warns that "not

everyone who supports Putin is our enemy, not everyone who opposes him is necessarily our friend".²³

Moscow's presence and influence in Serbia, Montenegro, Bosnia and Herzegovina and North Macedonia have generated a flurry of journalistic articles and think tank reports. Russia's footprint in the energy sector in several countries is the subject of heated discussions. But how far does Russian influence really reach in the region?²⁴ Is it overrated? In which areas and with which instruments does Moscow operate? Experts from the region and Russia have provided their assessments for this publication. A common thread is that despite all the partly alarmist criticism of Russian influence in the region, Moscow does not want to have a full rivalry in the Balkans, but to keep the status quo, and, according to Maksim Samurokov, "occasionally exploit the region for diplomatic games and propaganda purposes".²⁵ The Balkans has been a playground for tactics. Yet, "we need to ask ourselves whether Russia can be a constructive partner for any good in the Balkans", so the appeal of another expert from the region expressed during the conference in Berlin on the 22-23 January 2019. It seems to be even more relevant now and in the interest of both the EU and Russia to pursue a common Balkan policy in certain areas to find a modus operandi.

¹⁹ <https://balkaninsight.com/2019/10/21/france-is-undermining-balkan-and-eu-stability/>.

²⁰ Florian Bieber: Leadership Adrift: American Policy in the Western Balkans, Policy Brief by Balkans in Europe Policy Advisory Group, August 2019.

²¹ Susan B. Glasser: Putin the Great. Russia's Imperial Impostor, Foreign Affairs Volume 98, Number 5, September / October 2019, <https://www.foreignaffairs.com/articles/russian-federation/2019-08-12/putin-great>.

²² Ivan Krastev / Gleb Pavlovski: The arrival of post-Putin Russia. Poliy Brief, European Council on Foreign Relations, March 1, 2018, https://www.ecfr.eu/publications/summary/the_arrival_of_post_putin_russia.

²³ Mark Galeotti: We need to talk about Putin. How the West gets him wrong, Ebury Press, London 2019, p. 142.

²⁴ My sincere thank goes to Dimitar Bechev for his advice in the due course of the preparation of the conference, for his background paper and for his contribution to the publication. Dimitar Bechev: Rival Power. Russia's Influence in Southeast Europe, Yale University Press, New Haven and London, 2017.

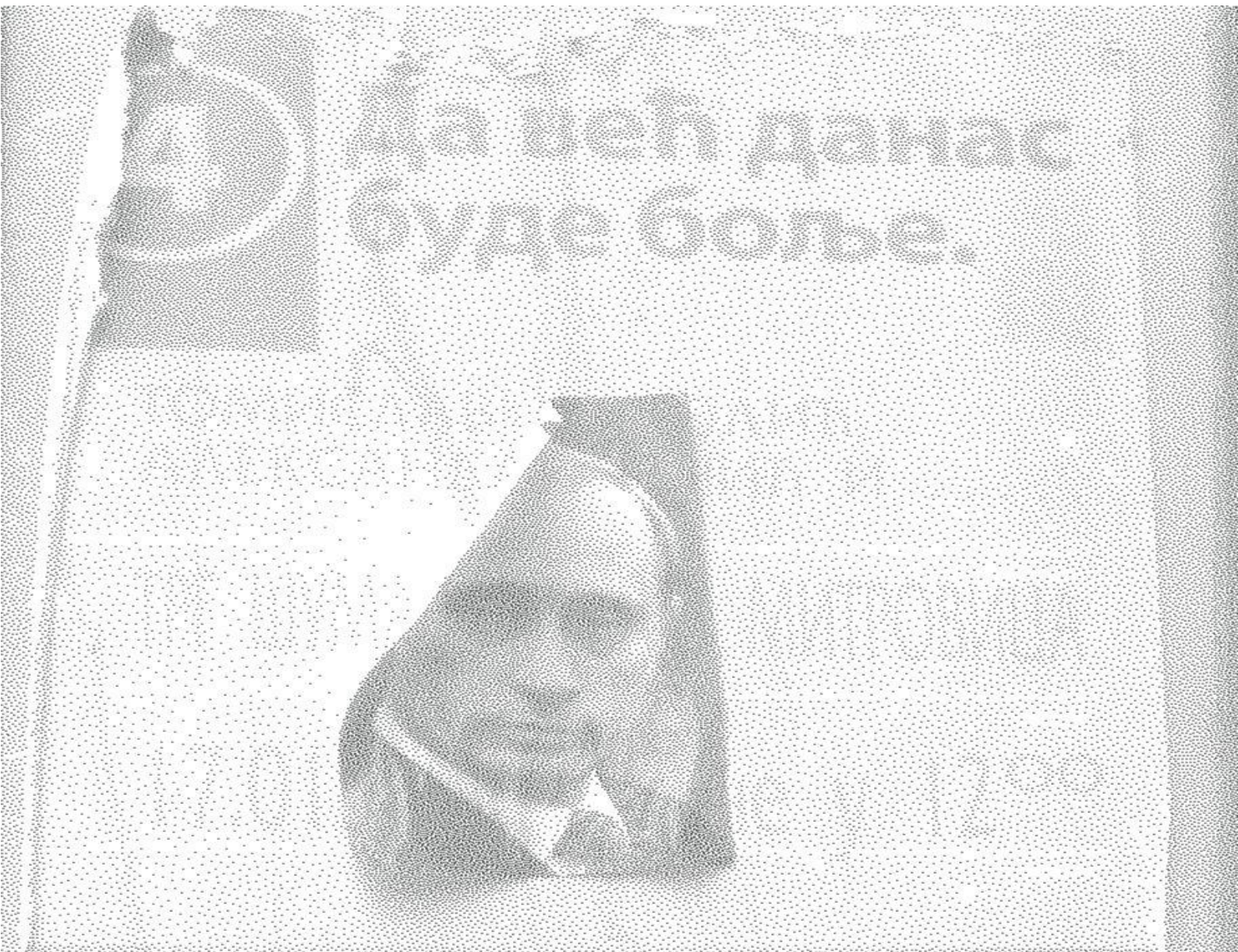
²⁵ Maksim Samurokov: Russia and the Western Balkans: A Last Stand or More of the Same?, Carnegie Moscow, September 4, 2019, <https://carnegie.ru/2019/09/04/russia-and-western-balkans-last-stand-or-more-of-same-pub-79796>.

Note by the Editor

The publication is a result of the international conference of the Southeast Europe Association (Südosteuropa-Gesellschaft): *Reality Check Series. Sources, Tools and Impact of External Non-EU-Engagement in Southeast Europe: Part I Russia*, which took place on 22 / 23 January 2019 at the Federal Foreign Office in Berlin, supported by the German Federal Foreign Office through the Stability Pact of South Eastern Europe.²⁶ The conference was subject to the Chatham House Rules. Chapter 1 is offering an overview and context on Russia in the world and relation to Southeast Europe. The narratives, historical legacy, and identity links are addressed in Chapter 2. Russia's foreign policy and presence are reflected in Chapter 3. In Chapter 4 (diplomacy and security policy), 5 (energy) and 6 (civil society, media, paramilitary groups) various tools, actors, and instruments are analysed from different perspectives.

The editor would like to express her thanks to all the authors who have contributed to this publication. It is to be hoped that the analyses of proven experts from Russia and the region of Southeast Europe can contribute to generating ideas and finding solutions for the situation in Southeast Europe, in Europe, and in the relationship between Russia and the West, which is again becoming challenging.

²⁶ A conference report by *Gregor Mayer* is published in the journal *Südosteuropa Mitteilungen* Number 2, 2019, pp.93 - 101.



Chapter 1

Framing the Context: Russia and Southeast Europe

The Western Balkans and its Big Brother. On Russia's Policy in Southeast Europe

Gernot Erler

Former Minister of State at the German Federal Foreign Office / President Southeast Europe Association, Munich / Freiburg

On 17 January 2019, the Russian President Vladimir Putin made a state visit to the Serbian capital, Belgrade. Observers report about a special event where it remained unclear whether Putin was celebrated more like a church leader or a pop star. On his way to St. Sava's Cathedral, where Russian roubles were also invested in the interior, thousands of Serbs accompanied their high guest. Their route went past banners on which "chvala" and "spasibo" could be read alternately. Graffiti along the route proclaimed, "Kosovo is Serbia, Crimea is Russia". Later, Putin would speak to Serbian President Aleksandar Vučić of a "strategic partnership" with Serbia, express the desire for political stability in the Western Balkans region, and strongly criticise Western Balkan policy and the policy of the Kosovo government. One can speak of a "home game" for the guest from Moscow. The Serbian enthusiasm has many reasons. One of them is that the Serbian public is firmly convinced that Russia is the most important donor to its country. Yet, this remains far from the truth: in fact, the European Union (EU) aid to Belgrade exceeds the Russian aid by a factor of ten.

In this report, several traces lead to the relationship of Moscow to Southeast Europe. Two brotherhoods overlap, the Slavic and the Orthodox, both of which are still cultivated and invoked today. This factor explains why, after Serbia, Bulgaria and Greece have the closest relations with Russia. Bulgaria has been a member of the EU since 2007, but the equestrian statue of the Russian "tsar liberator" Alexander II is still standing on the square in front of the National Assembly in the centre of Sofia which commemorates the liberation from the "Ottoman yoke" in 1877/1878 – a symbol of intergenerational gratitude and kindness towards the great Slavic brother people. The Greeks also associate their independence with the victory of Russian weapons in the Russian-Ottoman War of 1828/1829, and this strengthens the traditional sense of brotherhood through Orthodoxy to this day.

Belgrade can rely on Russia's political support on the Kosovo issue. Moscow has not yet recognised Kosovo's independence, but is now part of the 'society' of the five EU member states Greece, Romania, Slovakia, Spain and Cyprus. In Russia, it is not only the pain from the fact that during the Kosovo War of 1999 the Serbian brother people could not be helped that

persists but also the Russian conviction that the NATO war was just as contrary to international law as the American intervention in Iraq four years later. Kosovo remains a difficult issue between Russia and the West. Each Russian interlocutor will continue to refer to the KLA (Kosovo Liberation Army) networks, which still have the say in Prishtina, but also to the question of why the majority of the West recognises Kosovo's 2008 independence referendum, which will, however, be denied the 2014 referendum in Crimea. During his visit to Belgrade Russian President Putin may not have noticed the inner tension in the graffiti "Kosovo is Serbia, Crimea is Russia": Kosovo can only remain with Serbia if the referendum there is not recognised, the Crimea can only remain with Russia if the referendum there is declared valid. But I guess it was meant as a fraternal welcome.

The Eastern Expansion of NATO and the EU as a Trauma

In Belgrade, President Putin also took a critical look at the EU's Southeast Europe policy. Russian criticism is directed against the enlargement policies of the EU and NATO. However, these are two remarkable success stories. From 2004 to 2019, the EU grew from 15 to 28 member states, with all members coming from Central Eastern and Southeast Europe. On 1 May 2004, the EU opened its doors to ten new members: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Hungary, Slovakia, Slovenia, Malta and Cyprus. Bulgaria and Romania followed on January 1, 2007, and Croatia, the first Western Balkan country, on July 1, 2013. The other Western Balkan countries have either "official candidate" status (Serbia, Montenegro, North Macedonia, Albania) or "potential candidate" status (Bosnia and Herzegovina and Kosovo). Negotiations with Serbia (since January 2014) and Montenegro (since June 2012) have been ongoing for years: With this policy, the EU is fulfilling a commitment made at the EU Summit in Thessaloniki in June 2003, which opened up the prospect of EU membership to all successor states of the Yugoslav Federation and Albania. However, there are differing views among the current EU member states on the enlargement processes and their time horizons, which repeatedly leads to delays and postponements. A target set in Brussels which identifies 2025 as a

possible accession year for Serbia and Montenegro is generally considered to be quite optimistic.

Parallel to this process is NATO's eastward enlargement, which increased the number of member countries from 16 to 29 between 1999 and 2019. Poland, the Czech Republic and Hungary started in March 1999. Estonia, Latvia, Lithuania, Bulgaria, Romania, Slovenia and Slovakia followed on 29 March 2004. Albania and Croatia joined in April 2009 and Montenegro became the 29th member country in June 2017. As the next step, the Alliance will take up North Macedonia in the first half of 2020, a country for which accession was blocked for many years by the name dispute with Greece. However, with the Prespa Agreement of February 2019 and the signing of the Accession Protocol in the same month, there are no more obstacles halting the ratification process. There are still three countries in the Western Balkans: Bosnia and Herzegovina which have been conducting negotiations with NATO since 2008 and have been participating in the Action Plan for accession candidates since December 2018; Kosovo wants to join the Alliance as quickly as possible and is in the process of building up its own armed forces; while Serbia which committed itself to military neutrality through a parliamentary resolution in 2007, likes to be equipped by Russia with heavy and partly donated weapons, but is nevertheless striving for a partnership with NATO – a "both as well as" policy that can be regarded as typical for Belgrade.

Moscow in the Spoiler Role

This description of the state of the two enlargement processes makes it clear how far the train towards the EU and NATO has already gone and how little success the Russian disruptive manoeuvres have had. They did exist. To date, allegations from Montenegro remain unclear that on 16 October 2016 during the parliamentary elections, a Serbian command attempted a coup against the long-term ruler of the country Milo Đukanović by order from Moscow. The Russian efforts to stop the political solution to the Greek-Macedonian name dispute and sabotage the Prespa Agreement were unmistakable. Russia, which intervened in both countries and supported the opponents of the compromise, risked jeopardising its traditional friendship with Greece. The dispute with Athens even culminated in the mutual expulsion of diplomats. No one could misinterpret the Russian motives: North Macedonia's path to NATO membership, which had previously been blocked by the name dispute with Greece, was to remain blocked, and the brave work of Greek Prime Minister Alexis

Tsipras and his Macedonian colleague Zoran Zaev was to be left to nothing. The whole world witnessed a Russian appearance in Southeast Europe as an irresponsible and still unsuccessful "spoiler".

Let us conclude an exploration of Russia's political priorities in Southeast Europe and how Moscow is trying to assert its own interests. Russian politics tries to exert influence on all the states of Southeast Europe and makes use of similarities, above all from history, Slavdom, and Orthodoxy. These relationships are best achieved with Serbia, Bulgaria and Greece. In Serbia's case, the Russian non-recognition of Kosovo's independence enjoys much local popularity. And there is also a direct connection here with Moscow's most important concern, namely, to prevent any further accessions of countries in the region to the EU and NATO. Serbia will not join the EU until there is a normalisation clause between Belgrade and Prishtina: anyone like Russia who wants to prevent Serbia's value integration has a strong hand in the conflict over Kosovo. But in the end, it will be decided in Belgrade. Aleksandar Vučić's "both as well as" policy is suitable for keeping the question of Serbia's accession to the EU in limbo for even longer, while accession to NATO appears to be ruled out for the time being. However, Russian policy will no longer be able to change the accession wishes of North Macedonia, Bosnia and Herzegovina, and Kosovo. As long as Vladimir Putin cannot offer his own perspective for Southeast Europe, a policy of "grand design" equipped with appropriate financial means, there will be no sustainable following. Then, only the less attractive spoiler role remains, the success of which will be limited.

From Alienation to the Enemy Image

How does the Russian policy on Southeast Europe fit into the overall picture of Moscow's international politics? We have had to learn that over time, the Russian leadership perceived the policies of the West as increasingly hostile, which has led to a serious process of alienation. After the dissolution of the Soviet Union in 1991, the Russian political class found Washington's refusal to communicate with Moscow on an equal footing – from world power to world power, so to speak – humiliating. The described eastward expansion of the EU and NATO was perceived as a threat to their own security interests, which the NATO-Russia Founding Act (1997) and the NATO-Russia Council (2002) could not change either. The military interventions of the West in Kosovo, Afghanistan, Iraq and Libya were met with strong criticism and rejection in Moscow. The regime changes

achieved by such interventions or other means became the absolute trauma of Russian politics. They were seen approaching Moscow with the three so-called "colour revolutions", such as the overthrow in Georgia in 2003, the "Orange Revolution" in Ukraine in 2004, and the change of leadership in Kyrgyzstan in 2005. From Moscow's point of view, all "regime changes" were orchestrated by the CIA and were intended to replace pro-Russian presidents with pro-Western ones. The fact that regime change had become a spectre of Russian politics even where it – from the Russian point of view – came from the country itself could be clearly seen in the Moscow rejection of the "Arab Spring" in the years after 2011.

This development led to its tragic climax with the Ukrainian conflict of 2014. The EU Association Agreement with Kiev was misinterpreted as a geopolitical grip by the West on the control of its Russian neighbour Ukraine, and the Majdan, with the expulsion of the elected President Viktor Yanukovyč, was understood as a renewed, US-initiated, fourth, so to speak, "colour revolution". From Moscow's point of view, the Majdan was also a hint for the Russian opposition to see how one could organise a "regime change" from below – in Moscow, where the mass protests of 2011/2012 had not yet been forgotten. All "red lines" seemed to have been crossed with enough reason to do it themselves. Thus, the annexation of the Crimea and the destabilisation of Ukraine through the support of the separatists in the Donbass followed – from the Russian point of view a step to cut off Ukraine's path to NATO and the EU at the last moment.

The years of war in Ukraine have deepened the alienation between Russia and the West. Moscow firmly rejects the accusation of having violated the "European Peace Order" and wrongly sees itself as punished by the Western sanctions regime. From here, the political fault lines to Russian European and Southeast European policy run. The nearest goal of Russian European policy is to break the consensus within the EU on sanctions. The EU sanctions on Russia must be extended every six months, with a result of 28:0 (i.e. unanimously). The withdrawal of a single EU member state would mean their immediate suspension. There are critical voices in many places (also in Germany, by the way), but so far, the consensus has held again each time. Russia is looking for close contacts with the right-wing populist parties within the EU with a threefold motivation: perhaps it will be possible to break the described consensus on sanctions in this way; this cooperation weakens the EU because the right-wing populist forces are increasingly

becoming identified with anti-EU positions; and finally there are many similarities between the world view of the right-wing populists and the much-quoted "traditional Russian values" which Russian politicians hold against the Western understanding of values. Some observers already speak of an "enemy image of the EU" spreading in certain Russian circles and can refer to other unfriendly acts such as cyber-attacks and attempts to influence elections, which Moscow, of course, denies (no evidence).

Wrong Priorities

Southeast Europe is virtually hostage to these alienation processes and this deep clouding of the relationship between Russia and the West. If Russia appears as a "troublemaker" in the Western efforts to reach a normalization agreement between Serbia and Kosovo, if the attempt is made to sabotage the compromise finally reached in the unfortunate name dispute between Greece and Macedonia even from both sides, if a regime change should actually be brought about in Podgorica – then all these points are not "confidence-building measures", but then these actions correspond to the guideline "enemy of Europe". Russia's behaviour in Southeast Europe follows political priority setting. The priority for Moscow is to disrupt Western policy in the region, which is based on stabilisation, peaceful conflict resolution, and integration into the collective systems of the EU and NATO. This destructive approach prevents Russian politics from bringing to bear its own strengths, which lie in the common historical heritage, in Slavism and Orthodoxy, concerning the countries of Southeast Europe. Instead of making these sources of sympathy bubble, they are sacrificed for unrealistic political goals. The result of the Russian interventions in Greece and North Macedonia cannot be described differently in the name question.

And this is happening even though Russia has long since ceased to be the only player in Southeast Europe and is confronted with serious competition. The Chinese "New Silk Road Strategy" has long since arrived in the Balkans, Ankara is endeavouring to expand its political influence, and the Arab Gulf states have also discovered the Western Balkans. The region has become a playground for extra-regional powers, which find all their suitable partners for their local power and influence interests under the conditions of ethnic diversity, different historical heritage and religious plurality. This development is also facilitated by the fact that European policy has left a certain political vacuum in Southeast Europe. As a consequence of the four Balkan wars with heavy

losses in the course of the dissolution of the Yugoslav Federation, between 1992 and 1999, the EU aroused great expectations with the "Stability Pact for South Eastern Europe" of 1999 and the promised prospect of accession through the EU Thessaloniki Summit in June 2003. They were not fulfilled. Of the Western Balkan states, Croatia alone achieved accession in 2013. The Western strategy also lost credibility because of the spreading "enlargement fatigue" within the European Union. In Southeast Europe, this encouraged a willingness to engage with other partners.

The Power of Competition

From the Russian point of view, one will have to keep an eye, especially on China as a competitor. President Xi Jinping launched the "New Silk Road Strategy" in 2013, today it is mostly referred to as the BRI (Belt and Road Initiative). The basic idea is to create better conditions for Chinese exports of goods through generally credit-financed infrastructure investments, i.e. the construction of railways, roads, bridges, tunnels, seaports, airports, and pipelines, and at the same time to expand its own political influence across continents. Huge sums – over USD 900 billion according to Chinese figures – are being made available for these programmes, which are now being implemented with over 70 partner countries. Beijing is particularly concerned with the countries of Central Eastern and South-Eastern Europe and has created the so-called 16+1 format, in which 11 EU states (Poland, Czech Republic, Hungary, Estonia, Latvia, Lithuania, Bulgaria, Romania, Croatia, Slovenia and Slovakia), as well as the five Western Balkan states Albania, Bosnia and Herzegovina, Serbia, Montenegro and North Macedonia, participate. After Greece joined in April 2019, the name 17+1 is now used. A summit is held annually in one of the participating states to launch the main infrastructure measures. A much-discussed example is the expansion of the Budapest-Belgrade railway line, which continues via Skopje and Athens to the port of Piraeus, which Beijing has already massively expanded.

None of the competitors, including the Russian Federation, can keep up with this deployment of funds. Vladimir Putin is trying to make cooperation

offers: He wants to link his "Eurasian Economic Union" (EAEU), launched at the beginning of 2015, in which Belarus, Kazakhstan, Kyrgyzstan and Armenia as well as Russia participate, with China's Silk Road Project and, thus, create cooperation between the EU and the EAEU as a bridge to China, and make the Asian markets enjoyable.

The Chinese reaction to this offer has so far been cautious. Beijing can afford that, too. Both Russia and China claim to be recognised as "forces of order" to play an important role in a "New Multipolar World Order" that puts an end to Western hegemony. But unlike China, Russia does not have the necessary material resources to be able to do justice to such a claim on a global scale. And this fact also applies to Moscow's policy in Southeast Europe.

What are the future prospects for the region? The region is a playground for power games and competing influence politics seems less tempting and sustainable. The European Union's priority should be to develop a new, realistic and credible Western Balkans strategy, not in Brussels, but a sustainable exchange process with the various political and civil society forces on the ground. In the course of this process, dialogue with Moscow should also be sought. Russia's traditional ties and its economic and political interests should be respected as long as they are not directed against the stability of the region as a whole, and do not pursue destructive goals.

A current example is a massive increase in arms expenditure, which is already referred to as the "arms race in the Balkans". Who should this infrastructure serve and who can justify it if the terrible violent excesses of the four Balkan wars of the 1990s and their consequences have not been forgotten? Perhaps the EU's many objections to a gradual cooperation with Putin's "Eurasian Economic Union" can be overcome and doors opened that then create new confidence to change hostile and destructive behaviour elsewhere as well. Both Russia and its Balkan partners could only benefit from such a development. *(The text has been completed in August 2019).*

Russia in Southeast Europe

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This paper draws on Dimitar Bechev: Rival Power: Russia in Southeast Europe, Yale University Press, 2017. It is also a revised version of Dimitar Bechev's Background Paper which was made available to all participants of the international conference on "Sources, Tools and Impact of external Non-EU-Engagement in Southeast Europe / Balkans: Part I Russia" on 22/23 January 2019 at the German Federal Foreign Office in Berlin. It has been completed in August 2019.

Russia's forays into Balkans have become a hot topic on both sides of the Atlantic. Countless policy papers and newspaper articles highlight the threat of a conflict between the West and Moscow tearing the region apart. Western policymakers have been on high alert, too. Speaking at the U.S. Senate subcommittee hearing in February 2015, then-Secretary of State John Kerry stated: "Serbia, Kosovo, Montenegro, Macedonia, other places. They're all in the firing line [together with] Georgia, Moldova, Transnistria."¹ In August 2017, U.S. Vice President Mike Pence, during a visit to Montenegro, recently welcomed into NATO, called out Russia for seeking to "divide [Balkan countries] from each other and the rest of Europe."² In the European Union (EU), German Chancellor Angela Merkel went on the record in 2014 with the claim that Russia "[was] trying to make certain Western Balkan states politically and economically dependent." Even Federica Mogherini, dismissed as too dovish on Russia when she originally took up the position of EU High Representative for Foreign and Security Policy, has warned the Balkans are turning into "a geo-political chessboard."³ Unsurprisingly, the Russian Federation's Foreign Ministry dismisses such pronouncements as examples of Cold War mentality and Russophobia.

The rivalry, however, between Moscow and the West is real. The most recent example comes from (North) Macedonia. Politicians and pundits alike blame Russia for attempting to sabotage the Prespa Agreement, which settles the long-standing name dispute with Greece and enables the newly minted "Republic of North Macedonia" to join NATO and launch accession talks with the EU. Moscow's diplomacy is highly

critical of the former Yugoslav republic's decision to change its name as a Western diktat. But it appears that the Russians have gone a step further. Zoran Zaev, the Macedonian prime minister, accused the Russian-Greek businessman Ivan Savvidis of bankrolling radical groups opposed to the rapprochement with Greece. In an unprecedented move, the Greek government, usually well-disposed to Moscow, expelled two Russian diplomats in July 2018 and denied entry to two more.⁴ Senior Western officials, such as U.S. Defence Secretary James Mattis who visited Skopje in September 2018 ahead of the consultative referendum on the Prespa Agreement, pointed the finger at Moscow yet again. Even though the referendum failed to clear the 50% turnout legally set as a validity threshold, both EU and the U.S. gave full backing to Zaev to introduce in parliament constitutional amendments aimed at implementing Prespa.

This paper sets out by mapping out Russia's strategy in Southeast Europe (both the Western Balkans and EU members such as Bulgaria and Greece). Then it proceeds to describe its evolution since the early 1990s. Third, the paper sketches out the region's response to Russia's growingly assertive posture. Lastly, it takes stock of the key areas where Russia wields influence: security affairs, the economy (energy in particular), and societies.

¹ Congressional Quarterly Transcripts, February 25, 2015.

² Go West, VP Pence Tells Balkan Leaders, Reuters, August 2, 2017.

³ "Mogherini: Balkans Becoming Geopolitical Chessboard", EU Observer, March 7, 2017.

⁴ Lester Feder: Macedonia Suspects A Greek-Russian Billionaire Paid for Violent Protests to Prevent It from Joining NATO, Buzzfeed, July 16, 2018; Saška Cvetkovska: Russian Businessman Behind Unrest in Macedonia, Organized Crime and Corruption Reporting Project (OCCRP), July 16, 2018.

Russia's Strategy in Southeast Europe

Before turning to the Balkans, it is worth sketching out the main pillars of Russia's foreign policy more broadly.⁵ Moscow pursues three basic objectives.

First of all, the Kremlin is interested in preserving the stability of the regime internally. The formative experience for Putin and his closest associates, be they the so-called 'siloviki' (essentially, members of the elite with backgrounds in the security services and, to a lesser degree, the military) or the top-tier oligarchs, is the collapse of the Soviet Union in the late 1980s and early 1990s and the period of weakness in the immediate aftermath. Preserving order in the face of multiple domestic challenges, from economic stagnation to political discontent to ethnic separatism, is their paramount mission. That situation also implies the preservation of wealth and power; the boundary between state and private interest is being blurred. The West is seen as a disruptive force, prone to advance regime change with examples ranging from the popular upheaval leading to the downfall of Slobodan Milošević in 2000, the "colour revolutions" in the post-Soviet space, the Arab Spring, and the protests in Moscow and St Petersburg in 2011-12. Foreign policy, therefore, is as much geared up towards affecting the choices by other states as it is about ensuring that foreign governments, the United States first and foremost, are denied influence over Russian domestic affairs.

The **second** objective of Russia's foreign policy is to maintain a hegemonic position across the former Soviet Union. Ensuring Russian primacy is both an instrument for ring fencing the regime against negative spill-over from the "near abroad" and a steppingstone to a status of great power in an emerging multipolar order at the global level. As the annexation of Crimea in March 2014 and the subsequent war in Eastern Ukraine show, Putin is prepared to go to considerable lengths – and even defy the US and Europe at the price of sanctions – to preserve control over neighbouring countries.

Lastly, what Russia pursues is influence in European and international affairs writ large. It seeks to balance the US and NATO and insert itself on issues of global significance to maximise its status. The ongoing intervention in Syria is an example of Moscow's

⁵ For a general overview of Russian foreign policy, see: *Angela Stent: Putin's World. Russia against the West and with the Rest*, Twelve Hachette Book Group, New York, 2019. A Russian view: *Dmitri Trenin: Should We Fear Russia?* Polity Press, Oxford, 2016.

muscling its way into a strategically important conflict to gain a foothold in a key region such as the Middle East. Though it is nowhere near the United States in terms of power, save for a strategic nuclear arsenal, Russia has effectively made a comeback on the global political stage by becoming a respected interlocutor of the US as well as other major European powers. However, Russia's growingly assertive policy and penchant for taking a risk in competing with the West have provoked blowback. Interference in the domestic politics of Western countries, notably the US, have ruled out a reset of relations with America and its allies, despite the coming to power of President Donald J. Trump who believes in engaging and working with Moscow.

How does Southeast Europe fit into the bigger picture? Many experts fear that Russia is expansionist and its ultimate goal is to drive the EU and NATO out and replace them as a leading power. They often invoke Moscow's historical ties to the Balkans, especially to the South Slav Orthodox nations, to account for its imperial ambitions. However, the region lies beyond Russia's claimed privileged sphere of interest in the former Soviet Union. Seen from the vantage point of the Kremlin, the Balkans are an appendage of the West. They are connected with dense institutional, political and socio-economic links to EU and NATO.⁶ Bringing Serbia, Bosnia and Herzegovina or North Macedonia into the Eurasian Economic Union (EEU) or the Collective Security Treaty Organization (CSTO) is not an objective Moscow entertains.⁷ Nor is there a realistic prospect to entice Greece, Bulgaria or any other country out of the EU and NATO.

Russia is exploiting the region's vulnerabilities, including unresolved territorial disputes poisoning relations between neighbouring countries, pervasive state capture, flawed democratic institutions, the deficient rule of law, authoritarian values and nationalism entrenched in societies. Russia sees Southeast Europe as a weak spot on the EU periphery it could exploit while waging its political war against

⁶ See *Максим Саморуков: Иллюзия близости: амбиции и возможности России на Западных Балканах [M. Samorukov: Illusion of Closeness: Russia's Ambitions and Capabilities in the Western Balkans]*, Carnegie Moscow, December 12, 2017, <https://carnegie.ru/2017/12/12/ru-pub-74975>.

⁷ Serbia is reportedly moving forward with signing a free-trade agreement with the Eurasian Economic Union. It also holds observer status within the CSTO. <https://www.rferl.org/a/ambassador-russia-expects-serbia-to-join-eurasian-economic-union-in-october/30120717.html>.

the West, a term borrowed from Mark Galeotti.⁸ By nurturing ties with politicians, parties, and civil society groups; co-opting governments, stirring grudges against America and, more recently, EU institutions, Moscow is seeking to disrupt the Western-led order and gain an advantage in the broader geopolitical race.

The Evolution of Russian Policy

The policy has evolved since its beginnings in the 1990s. The key determinant has always been the state of relations between Russia and the West. When ties have been positive, Moscow has treated the Balkans as a bridge to Europe and the US. In times of crisis, however, as in the period after 2014, Russia plays the spoiler whose primary interest is to disrupt and block Western institutions and policies.

The Russian Federation engaged in the Balkans during the wars in Bosnia and Kosovo. During Boris Yeltsin's tenure as president, Russia, as the principal heir of the Soviet Union, sought a role in conflict management on equal footing with Western powers. The results were mixed. On the one hand, Russia formed the Contact Group, a reincarnation of the 19th-century Concert of Europe of sorts. Russian military deployments in Bosnia and then Kosovo sanctioned Moscow's status as a stakeholder in European security, as did the membership in the Peace Implementation Council.

On the other hand, President Boris Yeltsin and Russian foreign policy were held hostage by Slobodan Milošević and the Bosnian Serbs, its partners of choice in ex-Yugoslavia. Russia came close to a direct clash with NATO during the Kosovo war in March-June 1999, but ultimately made a humiliating u-turn. That event came as a painful reminder of the dramatic loss of power and status compared to the Cold War period whose scars are visible to this day.⁹

Vladimir Putin's arrival to power was followed by disengagement from Southeast Europe. The new master of the Kremlin pursued a reset with the U.S. and EU and had the consolidation power at home as well as in the near abroad as his top priority. Putin withdrew Russia's peacekeepers from Kosovo and Bosnia in 2003 and shrugged off NATO's expansion to Bulgaria and Romania the following year, a foregone conclusion by then.

Russia came back to Southeast Europe in the mid-2000s, during Putin's second term and Medvedev's presidency. First, Moscow rekindled its alliance with Serbia to push back against Kosovo's independence. Second, it started looking at the Balkans as an alternative to post-Orange Revolution Ukraine for its gas shipments to the EU. By 2009, the South Stream pipeline enlisted all countries in the region, from Bulgaria to Slovenia, as partners. GazpromNeft acquired Serbian national oil company NIS in 2008, while Rosatom launched the Belene Nuclear Power Plant project with the Bulgarian government. In that new phase which lasted until the seizure of Crimea, Russia acted both as a competitor to the West (e.g. in Kosovo, in disputes regarding the regulation of the gas trade) and as a potential partner (energy ventures involved EU members and big firms such as Italy's ENI). Balkan governments could have the cake and eat it: pursue integration into the West and cash in on economic links to Russia.¹⁰

The Ukraine Crisis of 2013/2014 changed the dynamic. Russia clashed directly with the West, and the confrontation spilt over into the Balkans. Having chosen the role of a spoiler, Moscow has been probing opportunities to challenge the EU and NATO in the region. Through various proxies in politics, society and media Russia became involved in Balkan politics, whether it is the tug-of-war between Republika Srpska's Milorad Dodik and the international community, the crisis engulfing Macedonia in 2015-7, or the tensions in Montenegro in the run-up to the general elections in the autumn of 2016 and the country's accession to NATO. This condition is more or less the state of play at present.¹¹ However, despite the polarisation, many Balkan governments have continued their traditional policy of hedging between Russia and the West. Serbia is the most salient example but hardly the only one. Bulgarian Prime Minister Boyko Borisov, Greece's Alexis Tsipras (prime minister from 2015–2019) and even the Croatian President Kolinda Grabar-Kitarović have all put efforts into renewing economic links to Moscow, e.g. with regard to the extension of the TurkStream pipeline or, in Croatia's case, Agrokor's debt to Russian lender Sberbank. From Russia's perspective, the resilience of ties with the political mainstream in Southeast Europe is an asset in the contest with the West.

⁸ Mark Galeotti: *Russian Political War: Moving Beyond the Hybrid*, Routledge, London and New York, 2019.

⁹ James Headley: *Russia and the Balkans. Foreign Policy from Yeltsin to Putin*, Hurst Publishers Ltd, London, 2008; Bechev: *Rival Power*, Chapter 1.

¹⁰ Bechev, op. cit. Chapters 2 and 3.

¹¹ A snapshot of Russian policy in: *Paul Stronski and Annie Himes: Russia's Game in the Balkans*, Carnegie Endowment, February 2019, <https://carnegieendowment.org/2019/02/06/russia-s-game-in-balkans-pub-78235>.

The Region's Perspective on Russia

In most Balkan countries, both elites and large segments of the populations look at Russia as an ally or economic partner rather than a threat. The exceptions are Romania, the Bosniak community in Bosnia and Herzegovina as well as most Albanians across the region. This perception of Russia stems from both history and geography. The Tsarist Empire's support for Balkan national movements in the 18th and 19th centuries have traction but, in the case of ex-Yugoslavia, so does the fact that today's Russian Federation is geographically remote. The Russian military build-up in the Black Sea is a matter of concern for Romania, Bulgaria and Turkey but hardly for others in the region. Also, most Balkan countries remained outside the Eastern Bloc because of the 1948 Cominform schism. As a result, with the partial exception of Bulgaria, the knowledge of contemporary Russian culture and society is limited, and Russian is not widely spoken. This disconnect actually benefits Moscow's foreign policy as it shapes a highly idealised image of Russia.

What accounts for this response to Russia is the pragmatic bent of Balkan political elites. While they see their present and future in Europe and seek security through links to the U.S. and NATO, Russia is offering additional economic benefits (e.g. in the form of rents and side-payments from energy projects), providing additional bargaining chips in strategic interactions with the West, and helping co-opt domestic constituencies hostile to the West. That is equally true for members of EU and/or NATO such as Greece, Bulgaria, Croatia and Cyprus, as for the Western Balkan countries outside those organisations. In a way, Southeast Europe is a mirror image of Belarus. Whereas for the Lukashenka regime, the primary point of gravity is Russia and relations with the West are a useful add-on, the Balkan governments look West but pursue deals with Moscow to further their interests.

The following sections of the paper go through the areas where Russian projects influence (security, the economy, and societies).

The Security Dimension

Unlike NATO and the EU, Russia is not a direct stakeholder in Balkan security. While it sits on some diplomatic bodies, such as the Peace Implementation Council (PIC) in Bosnia, it has no boots on the ground. It withdrew its peacekeepers from Kosovo and Bosnia in 2003. At the same time, Russia plays an indirect role. A defence cooperation agreement from 2013

has broadened ties with Serbia. The two armies have been training together regularly, rotating locations between Serbia and Russia.¹² Having joined the Moscow-led Collective Security Treaty Organization (CSTO) as an observer, Belgrade hopes to modernise its military with Russian help. After lengthy negotiations, Moscow agreed to donate to Belgrade 6 surplus MiG-29 fighter jets, 30 T-72 tanks and 30 BRDM-2 armoured reconnaissance vehicles.¹³ Pro-government media has been hailing the deal as a step towards evening the balance with neighbouring Croatia (an adversary in the wars of the 1990s), which has been modernising its armed forces with support from the US. The MiGs were delivered in October 2017. Between August 2018 and February 2019, Serbia procured another batch from Belarus, Russia's principal ally within the CSTO where Belgrade holds observer status.¹⁴

Russia poses a more direct military challenge to the countries in the east part of Southeast Europe, notably Romania and Bulgaria. The annexation of the Crimea and the subsequent build-up of Russian capabilities, e.g. ships and submarines equipped with advanced cruise missiles, has transformed the Black Sea into Moscow's dominion. Russia does not shy away from flexing its muscles, as demonstrated by the recent crisis in the Azov Sea, but also by the Russian air force patrolling on the edge of the national airspace of NATO nations on the littoral. The Atlantic Alliance's «tailored forward presence» in the Black Sea, for instance, the creation of a multinational brigade stationed in Romania, is less robust than in the Baltics. NATO's naval footprint is limited too, owing to the restrictions of the 1936 Montreux Convention. Intensifying defence cooperation between Russia and Turkey gives Moscow further advantage in the standoff with the West.¹⁵

Russian security agencies have a foothold in the region. For instance, the Military Intelligence Directorate (GRU), the outfit blamed for the hacking of the Democratic National Committee's server in the run-up to the 2016 U.S. presidential election and the Skripals' poisoning, was, in all likelihood, behind an attempt to assassinate Montenegro's then Prime

¹² The first joint exercise, SREM-14, took place in November 2014, not far from the border with NATO member Croatia.

¹³ *Igor Božinovski*: Russia to donate MiG-29s, T-72s to Serbia, IHS Jane's Defence Weekly, December 22, 2016.

¹⁴ *Dušan Stojanović*: Serbia Takes Delivery of 2 Russian Fighter Jets, Associated Press, 21 August 2018; Serbia Receives 4 More Jets from Belarus, DefensePost, February 25, 2019.

¹⁵ *Janusz Bugajski* and *Peter B. Doran*: Black Sea Rising. Russia's Policy in Southeast Europe, Center for European Policy Analysis (CEPA), February 2016.

Minister Milo Đukanović and derail the country's entry into NATO. In the aftermath of the arrests made in Montenegro, Nikolai Patrušev, head of the Russian Federation's Security Council and former director of the Federal Security Service (FSB), landed in Belgrade for talks with then Prime Minister Aleksandar Vučić. There have been allegations by the Greek government about Russian security operatives working to block the rapprochement with (North) Macedonia and halt NATO enlargement.¹⁶ Last but not least, there have been long-standing suspicions about connections between senior Bulgarian officials and business leaders and Moscow, on account of their affiliation with the communist-era secret police, which, at the time, reported to the Soviet security apparatus.

Russia is involved in some of the still outstanding disputes over sovereignty in the former Yugoslavia. Moscow's seat at the PIC has allowed it to provide diplomatic cover to Milorad Dodik's brinkmanship tactics and threats to pull the Republika Srpska out of Bosnia via an independence referendum.¹⁷ Russian diplomats have engaged with Bosnian Croats, who also pose a challenge to the state's constitutional structure. Without giving separatism a blank cheque, Moscow is ensuring Bosnia remains dysfunctional and internally divided. Russia's role in Kosovo is not as central as previously thought. The dispute between Belgrade and Prishtina is now mediated by the EU and not the United Nations, although Russia still has a say thanks to its permanent seat at the Security Council. However, the Kremlin has been encouraging, both publicly and behind the scene, Serbian nationalists, to counterbalance the West. In 2011, for instance, Moscow provided humanitarian aid to Kosovo Serbs setting roadblocks in Northern Kosovo in defiance of EULEX, the EU rule of law mission. Russia's Balkan policy came into the spotlight in the summer of 2018, after Kosovo President Hashim Thaçi and Serbian President Aleksandar Vučić floated an initiative for a territorial swap in exchange of Serbia's recognition of Kosovo's statehood. The plan

in question has generated controversy both in the Balkans and within the EU.¹⁸ For Russia, it has been just the opposite: an opportunity. The Kremlin neither opposes nor supports the partition of Kosovo. But in the meantime, the normalisation talks between Belgrade and Pristina presided by Mogherini are practically frozen. Serbia is ramping up pressure on Kosovo by encouraging countries to derecognise it as a state.¹⁹ In taking a hard stance, Vučić has tilted closer to Moscow which is helping the effort. Another unexpected gain was that for the first time a Kosovar leader, President Thaçi, publicly reached out to Putin – in November 2018 during the First World War centennial in Paris.²⁰ Lastly, the Trump administration in the U.S., unlike Germany and France, has been open-minded about partition.²¹ In other words, Kosovo, historically a focal point of transatlantic cooperation, has proven to be a divisive issue. Russia has reaped propaganda benefits. Ahead of his widely publicised visit to Belgrade in January 2019, Putin praised the partition initiative as coming from within the region, distinguishing the Prespa Agreement, which he described as a Western *Diktat*.²² More recently, in August 2019, the newly appointed Russian ambassador to Belgrade, Alexander Botsan-Kharchenko, a Balkan veteran, accused the West of trying to blame the failure of the normalisation talks

¹⁶ There are suspicions that Russian operatives collaborated with the Serbian nationals who were allegedly involved in the storming of the Macedonian parliament on 27 April 2017, when nationalists assaulted physically deputies from the Social Democratic Union, including Zoran Zaev, as well as Zijadin Sela, a prominent Albanian politician.

¹⁷ Dodik enjoys well-publicized links to Russian nationalists, such as the oligarch Konstantin Malofeyev, who is on the Western sanctions list, because of his sponsorship of the paramilitaries which initiated the so-called Russian Spring in the Donbas in 2014. See *Christo Grozev: The Kremlin's Balkan Gambit: Part I*, Bellingcat, March 2017, <https://www.bellingcat.com/news/uk-and-europe/2017/03/04/kremlins-balkan-gambit-part/>.

¹⁸ While the EU High Representative for Foreign and Security Policy Federica Mogherini cautiously welcomed it, Germany declared its opposition, fearful of the domino effect that border changes could unleash. In its meetings with Western Balkan leaders, Angela Merkel insisted on the implementation of the 2013 Brussels agreement foreseeing the decentralisation of Kosovo through the Association of Serb Municipalities, as the way forward. Together, with the French President Emmanuel Macron, she conveyed the message at a summit with Western Balkans leaders held in Berlin in April 2019. The message bolstered critics of a land swap in Kosovo, notably Prime Minister Ramush Haradinaj who is at odds with President Hashim Thaçi as well as the *Vetvëndosje* (Self-Determination) movement, and in the wider region but, at the same time, failed to resolve the crisis over Kosovo.

¹⁹ In August 2019, Togo became the 15th state to withdraw recognition. Russian media: Togo Withdraws Recognition of Kosovo, N1, 20 August 2019.

<http://rs.n1info.com/English/NEWS/a509176/Togo-the-15th-country-which-withdraws-decision-on-Kosovo-recognition.html>.

²⁰ *Die Morina: Putin Will Back Kosovo-Serbia Deal Thaçi Insists*, BalkanInsight, November 12, 2018, <https://balkaninsight.com/2018/11/12/kosovo-s-thaci-putin-supports-an-agreement-between-kosovo-and-serbia-11-12-2018/>.

²¹ *Filip Rudic: US Won't Oppose Serbia-Kosovo Border Changes* – Bolton, BalkanInsight, August 24, 2018.

<https://balkaninsight.com/2018/08/24/us-will-not-weigh-in-on-serbia-kosovo-partition-08-24-2018/>.

²² Ahead of Serbia Visit, Putin Claims U.S. Is Playing Destabilizing Role In Balkans Ahead Of Serbia Visit, Putin Claims U.S. Is Playing Destabilizing Role In Balkans, RFE/RL, January 16, 2019.

on Serbia, whereas, in his view, the Kosovars bore responsibility.²³

Russia's Economic Footprint

In the economic field, Russia lags far behind the EU. However, as a report by the Center for Strategic and International Studies (CSIS) observes, "Russian companies in [Central and Eastern Europe] have tended to be concentrated in a few strategic economic sectors, such as energy and fuel processing and trading, whereas EU countries have a more diversified investment portfolio that spans different manufacturing subsectors." According to the authors, Russian investment represents a full 22% of GDP in Bulgaria and around 14% in Serbia. Often, Russian investment reaches the region through Europe, with the Netherlands, Austria, and Cyprus as gateways.²⁴

Energy occupies a special place in Russian economic activities in Southeast Europe. Major Russian firms, such as Gazprom, GazpromNeft and Lukoil, dominate the oil and gas markets in the region. Their role grew exponentially in the 2000s. In 2008, for instance, Serbia decided to sell a controlling stake in its national oil company NIS (Naftna Industrija Srbije) to GazpromNeft, Gazprom's oil branch. Lukoil owns Bulgaria's sole refinery near Burgas, the largest in Southeast Europe outside Greece and Turkey. Lukoil Neftochim is the biggest company in the Bulgarian market and controls the wholesale and retail markets. It has a large presence in Serbia and North Macedonia as well. Although it is a private company, unlike Gazprom, Lukoil depends on the Kremlin's good graces and, therefore, can easily be turned into a foreign policy tool.

The Balkan countries have been eager to benefit from Russian infrastructure projects. In 2006-2014, Bulgaria and Serbia joined South Stream, with Bosnia's Republika Srpska and North Macedonia coming on board too. Bulgaria and Serbia have effectively joined TurkStream 2 (TS2). Putin's high-profile visit to Belgrade in January 2019 followed by Russian Prime Minister Medvedev's trip to Sofia in early March advanced the technical talks. Serbia is renewing a joint venture to operate its stretch where Gazprom holds a majority stake, while Bulgartransgaz, Bulgaria's network operator, is moving

forward in building new infrastructure intended to ship gas from Turkey to the Serbian border and onwards to Hungary and Central Europe.²⁵

But Russia is certainly not the only game in town when it comes to energy, and it faces competitors even concerning natural gas. Bulgaria lobbies for the so-called Balkan Hub project that would be fed by gas from TS2, as well as from Azerbaijan and indigenous production in the Black Sea. The same time, all the Balkan countries are eager to diversify their energy supplies away from Russia and extract better commercial terms from Gazprom. For instance, Greece is already building the Transadriatic Pipeline (TAP), inaugurating the much-discussed South Gas Corridor linking consumers in Europe to the Caspian. Bulgaria and Serbia are working on connecting their grids with their neighbours to allow alternative imports. There are also projects for liquefied natural gas (LNG) terminals that are being advanced by Greece and Croatia which target the regional market.

Russia's Influence on Balkan Societies

Russia and Vladimir Putin enjoy popularity in many quarters of Southeast Europe. This fact reflects historical memories and perceptions of cultural proximity. But what is also at play are deep-held grudges against the West. The scars of the Yugoslav Wars in the 1990s are still visible and are often exploited by politicians. As in other parts of Europe, Russia's anti-Western messaging capitalises on themes such as the fear of refugees, and Islamophobia more broadly, the economic hardship experienced by local societies, and opposition to LGBT rights. Russia casts itself as a champion of traditional values and national sovereignty.

Russian influence flows through a variety of channels, formal and informal. An example of the former is the local branch of the Sputnik news agency in Serbia, whose newscast is made available by a network of some 30 regional stations. Mainstream media, including TV channels and the popular newspapers, provide positive coverage too. That fact is particularly true in Serbia where outlets loyal to President Aleksandar Vučić, from television stations like *Pink* to tabloids such as *Informer*, *Blic* or *Srpski Telegraf* pour praise on Russia and Putin and lambast the EU and NATO over their double standards and anti-Serb bias. These media have outreach which is broader than Serbia and reach across former Yugoslavia – in

²³ The Ambassador responded to a statement by the so-called Quint (Germany, France, Italy, UK and the US) urging the restart of the talks. West Plans to accuse Serbia of disrupting dialogue with Kosovo – Russian Ambassador, TASS, August 13, 2019. <https://tass.com/world/1073312>.

²⁴ A case in point is Agrokor, Croatia's largest company accounting for full 16% of national GDP owes EUR 1.3 bn to the Austrian subsidiaries of Sberbank and VTB.

²⁵ *Dimitar Bechev: Russia's Pipedreams are Europe's Nightmares*, Foreign Policy, March 12, 2019.

Republika Srpska, Montenegro, North Macedonia.²⁶ In general, the deteriorating media environment in large swathes of the Balkans (low journalistic standards, a lack of ownership transparency and political interference) is a fertile ground for Moscow's strategic communications or propaganda, depending on how one sees it. Russian penetration in the Balkan information space, including the social media which recycle and disseminate pro-Kremlin content from the main outlets, is a function and consequence of indigenously generated problems which have to do with state capture and poor governance.

Clearly, one of Moscow's top assets in the Balkans is the ability to win hearts and minds. Russia and Vladimir Putin are hugely popular in societies with Orthodox Christian majorities – Serbia and Republika Srpska, North Macedonia, and Montenegro. That fact is attested by sociological surveys. A poll by Gallup International Association – a different entity from Gallup – released in late 2018, for example, showed 83% of Serbs held a positive view of Putin and only 12% held negative views. China's leader Xi Jinping has 65% and German Chancellor Angela Merkel 32% favourability rating. A survey from July 2018, commissioned by Serbia's Ministry of European Integration, indicates 21% consider Russia a top source of financial assistance, as compared to 24% pointing at the EU and 17% at China (the survey allows multiple answers). These results are a far cry from reality. According to statistical data for the period 2002-2016 quoted by the Ministry, the EU has contributed EUR 2.96 bn, the U.S. EUR 696 million, Germany EUR 368 million and China a mere EUR 31 million. Russia is not amongst the Top 9 donors.²⁷

Putin is less popular elsewhere in the region. He polls at 31% to 57% negative in Bosnia and Herzegovina, 39% to 50% in North Macedonia, and merely 11% to 71% in Kosovo. However, the survey contains no breakdown according to ethnicity. The likely percentages in Republika Srpska, for instance, should be comparable to those in Serbia. Putin's support

amongst ethnic Macedonians is probably higher than the country average too.²⁸

Russia portrays itself as a historical ally and protector of South Slavs, many of whom share the same religion as the Russians, against hostile powers. The theme of brotherhood is embedded in the official rhetoric from the sides of both the region and Russia-friendly politicians. It evokes historical instances such as Moscow's support for Serbia during the Kosovo intervention in 1999 or even, further back in time, the alliance in the First World War or the liberation struggles against the Ottomans. In 2014, Belgrade inaugurated a monument to Nicholas II, who a century earlier brought the empire into the global conflict to honour his commitments to Serbs. It was consecrated by the Russian Patriarch Kirill.²⁹ Putin's visit to Belgrade the same year paid tribute to 70th anniversary of the city's liberation from Nazi occupation by the Soviet army.³⁰ Ahead of the visit in January 2019, he drew a line to the present, noting that "the policy of the United States and certain Western countries aimed at fostering their dominance in the region constitutes a major destabilising factor."³¹

At its root, Russian 'soft power' banks primarily on anti-Western attitudes dating back to the Yugoslav wars, rather than on the genuine attraction of Russian culture, society, or domestic institutions. Besides NATO and the U.S., the EU has come in the crosshairs of (pro-)Russian rhetoric too. As elsewhere in Europe, Russian officials, media and proxies fault the European Union for the economic dislocation experienced in the region since the global financial crisis, for the imposition of liberal values (especially on sensitive matters such as the rights of ethnic and sexual minorities), as well as for the influx of refugees from the Middle East. Russia, on the other hand, casts itself as a champion of traditionalism and the sacrosanct norms of national sovereignty. This line has some resonance: surveys indicate that societies in Serbia, Montenegro, and Bosnia and Herzegovina are far from enthusiastic when it comes to European integration. Those people who consider EU membership as "a good thing" are at best a plurality,

²⁶ Further in *Asya Metodieva: Russian Narrative Proxies in the Western Balkans*, Policy Paper No. 16, Rethink.CEE Fellowship, The German Marshall Fund of the United States, June 2019, <http://www.gmfus.org/publications/russian-narrative-proxies-western-balkans>; *Antidot. Independent Media Campus and Network: Response from the East: Invasion of Kremlin Media in the Balkans*, May 19, 2018, <https://www.anti.media/en/mediji/analyzes-media/odgovor-sa-istoka-balkanska-ofanziva-kremaljskih-paramedija/>.

²⁷ Smart Plus Research doo. Pro-European Orientation of Serbia's Citizens. Quantitative Research, July 2018 Available at: http://www.mei.gov.rs/upload/documents/nacionalna_dokument_a/istravanja_javnog_mnjenja/istravanje_jul_2018.pdf.

²⁸ Gallup International Association. Global Leaders 2018. 42nd Annual Opinion Poll, October-December 2018. Available at: http://www.gallup-international.com/wp-content/uploads/2019/02/2018_End-of-Year_Global-Leaders.pdf.

²⁹ Monument to Tsar Nicholas II unveiled in Belgrade, Sputnik, November 16, 2014.

³⁰ Putin a guest of honour at Serbia military parade, BBC, October 16, 2014.

³¹ Putin calls for stable Balkans on visit to ally Serbia, Al Jazeera, January 17, 2019.

with an equal or larger share of citizens viewing it as “neither good nor bad”.³²

Sociological data from Serbia indicate that young people are supportive of an alliance with Moscow but still oriented towards the West. Thus, they are much more likely to travel, work, or study in Western Europe than in Russia.³³ Russian language and popular culture have limited traction, despite the various public diplomacy and cultural cooperation initiatives undertaken over the years. Secondly, Russia’s alignment with Serbian, and to a lesser extent Macedonian, nationalism makes it unpopular amongst Muslim-majority communities, including the Bosniaks and the Kosovar Albanians.³⁴

Pro-Russian sentiments do not necessarily mean the countries in question are likely to “pivot” away from the West. In Bulgaria, for instance, a survey by pollster Alpha Research from March 2015 found that 61 per cent of citizens held a positive view of Russia and 30 per cent had a negative view. At the same time, nearly two-thirds of respondents stated they would vote for the EU and NATO in a putative referendum about whether Bulgaria should stay as a member and only one-third for alignment with Russia and other post-Soviet states.³⁵ But, they do make it easier for politicians to hedge their bets and, to borrow an expression from a senior U.S. diplomat involved in the Balkans, sit on two chairs.³⁶ Besides, Russia holds an advantage in the pursuit of influence by media campaigns because, in many cases, it is preaching to the converted.

Conclusion

The essence of Russia’s policy in Southeast Europe, as well as more broadly, is to play a weak hand well. Moscow is growing more assertive in the Balkans but has no resources or long-term vision to match that of the West. Presented as a stark choice, the region’s elites opt for the EU and NATO/U.S., but most of them would rather avoid picking a side. Russia has plenty of opportunities to exploit that choice.

That brings a second – often overlooked – point. Russian influence in Southeast Europe is shaped by both supply and demand. Moscow has cultivated links to the region, to balance and compete against the West. But equally, the local players have been keen to exploit their relations with Russia to achieve their own goals: maximise economic rents and enhance political clout. However, Russian influence is not without limits. Montenegro’s accession to NATO illustrates that. Moscow’s response has been low-key. The Russian Federation imposed a no-visa regime (which would have hurt its own nationals residing or owning vacation property along the Adriatic coast). The economic countermeasures enacted by Moscow are not far reaching, in comparison to those adopted in either post-Soviet cases, like Ukraine or Georgia, or against Turkey in 2015-6. Russia will suffer another setback if Macedonia joins NATO next year. Yet, Russian influence will not simply wither away. So long as favourable local conditions – weak institutions and state capture, nationalism, resentment against the West – persist, Russia will remain part and parcel of Balkan politics.

³² The Balkan Barometer survey in 2017 registered the following percentages: Serbia: 26% of “EU a good thing” vs. 37% “neither good or bad”; Bosnia and Herzegovina: 31% vs. 46%; Montenegro: 44% vs. 29%. In contrast, North Macedonia: 54% vs. 33% and especially Albania: 81% vs. 14%. Kosovo 90% vs. 6%. Balkan Barometer, Public Opinion Survey, Regional Cooperation Council, Sarajevo, 2017.

https://www.rcc.int/seeds/files/RCC_BalkanBarometer_PublicOpinion_2017.pdf.

³³ Balkan Barometer. See also *Gordana Knežević*: Best of Both Worlds: How Serbs see Russia and the EU, Radio Free Europe/Radio Liberty, May 13, 2016. Further survey data: *Smart Plus Research doo*. Pro-European Orientation of Serbia’s Citizens. TNS Medium Gallup, Attitudes of Serbian Citizens to European Integrations. Public Opinion Polls, Belgrade, October 2015. Available at: <http://europa.rs/files/02.12.%20Istrazivanje%20pp%20e.pdf>.

³⁴ Gallup International Association. op.cit.

³⁵ Bulgarian Foreign Policy, the Russia-Ukraine Conflict and National Security, March 2015. Available at: <https://alpharesearch.bg/post/896-bulgarskata-vunshna-politika-konflikt-rusia-ukraina-i-nacionalnata-ni-sigurnost.html>.

³⁶ *Filip Rudic*: Serbian Officials Divided on Foreign Policy ‘Balancing Act’, BalkanInsight, October 24, 2017.



Chapter 2

FACTS, MYTHS, PERCEPTIONS, NARRATIVES, IDENTITY LINKS

Mysterious Mixture of Russian Attitude towards Balkanese Rubik's Cube: Between Orthodox Mysticism and State-Bureaucratic Rationality

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Abstract: To assist in better understanding the Russian policy towards the Balkans in the past and even today, the author proposes to accept two assumptions. According to him, the Slavic people of the Balkans and the Slavic people in Russia since Middle Ages were forged with a shared (as something different to common, specific one) identity, which helps them to understand each other much better than it might be expected. Therefore, when the Russian state began to formulate and carry out state policy towards Southeast Europe from the beginning of the 18th century, Russians already had their own perceptions of the people of the Balkans and their common destiny. These had different effects on Russian official policy in the region, having in mind that for the Russian authorities the Balkans was only one of many regions of the world to which they needed to pay attention. The author attempted to demonstrate these two theses on a few basic historical examples from the distant past to contemporary events. *The paper has been completed in May 2019.*

For more than thousand years Russia and the Balkans have been connected by many invisible threads in the fields of culture (language, literature, and religious beliefs), politics and geopolitics, as well as specific human destinies. The history of mutual relations of the peoples of this region and Russia consists of many facts and events which are interpreted in a variety of comments and presented in contradictory versions. In this regard, it is not surprising that both the events themselves and the versions of their explanations are presented in different ways. All these events and their variants in their mutual perception are collected in the historical consciousness of both the Russians and the Orthodox and Slavic people of the Southeast European region. They are reflected in very contradictory ways by Russian authors (writers and publicists) and experts, by the Russian authorities, as well as ordinary public opinion.

Clash of Sub Cons and Rational as the Main Feature of Russia's Approach to the Balkans

If we want to better understand the peculiarities of Russian perception and interest in Southeast Europe, it is clearer to accept (try to agree with) two main assumptions.

First assumption: It is impossible to deny the existence of common features that underlie the formation of the identity of the peoples in the Balkans and the Russian principalities in the Middle Ages. The invention of the Cyrillic alphabet and the appearance of writing in the Russian lands were closely connected with the activities of the two famous Balkan enlighteners, the brothers Cyril and Methodius in the middle of the 9th century.

Moreover, the entire complex of Byzantine heritage was extended to Russia from Southeast Europe through the written traditions of the Southern Slavs in the form of a combination of Christian (Greek Orthodox) tradition through the spread of hand-written manuscripts (mainly religious) during several centuries. The development of the Russian literary tradition occurred as a result of the perception of Christianity through the use of religious books in the Church Slavonic language (*rather than Greek*). Therefore, the Orthodox traditions were spread on the Russian lands not "directly", but with their additional "refraction", as it was processed by the Southern Slavs. The importance of this transmission of the cultural code through common books (manuscripts) and common cultural heritage, in general, meant that Russia in a certain sense perceives itself as a part of the Byzantine world (not a Catholic one), which is closely connected with the southern Slavs of the Balkans.¹

Acceptance of these two assumptions makes it possible to take into account that Russia and the Slavs of the Balkan region (and to some extent the Greeks as well) have common elements of their national identities as a sole basis for interaction from the distant past to the present. This cultural heritage

¹ More details see: *Igor Kaliganov: Vekov svyazujushchaya nit' (Вопросы истории и поэтики славянских литератур и культур). [Questions of the history and poetics of Slavic literature and cultures]: Институт славяноведения РАН, 2006; John Meyendorff: Byzantium and the Rise of Russia: A Study of Byzantino-Russian Relations in the Fourteenth Century, Cambridge University Press, 2010, p. 129.*

seems to have been, and remains, common to Russians, whether they are strong believers-in-God or atheists, or, as is the case today, "modern Gentiles" who, after the fall of the Communist regime, have only just begun to return to Christian values.

The common features of the identities of Russians and the peoples in the Balkan region were formed long before the real nation-state interest of the Russian authorities in the region was awakened and the ruling elite of the Russian state began to formulate Russia's state policy towards the Balkans. When (at the beginning of the 18th century) the Russian Tsar Peter Romanov (also known as Peter the Great) began to pursue an official policy towards Southeast Europe, ordinary Russians already had their own long-term rooted traditions of their own attitude towards the Balkan Orthodox inhabitants. Naturally, from today's point of view, these several centuries have shaped the tradition of perception of the Balkans. It was not rationally and as such (irrationally) manifested more than once in many historical events in the most bizarre way.

Second assumption: The second important thesis might be formulated as follows. For the Russian official authorities, the Balkans itself has never been the sole objective of state strategic calculations and practical foreign policy measures aimed at solving foreign policy problems in the Balkans or responding to the constant turmoil in the region. Along with the actions in the Balkans, the Russian government acted in parallel in other regions. This explanation is just as true for events of the past, from the end of the 18th century to 1917. The second direction of Russia's actions in this period was the Caucasus region. There, official St. Petersburg slowly but surely expanded its influence (and the borders of the Russian Empire) to the south. It seems that this "rule" (from two sides on the same question) can still be applied today. Russia's actions in the Balkans can be seen in the light of its actions in Syria or as disturbing events taking place in the area between Russia's southern borders and Crimea. It is hard to deny the similarities and even the correlation between Kosovo's declaration of independence in 2008 as a further breach of the international order and international laws by the West and the referendum in Crimea in March 2014 following the turbulences in Kiev earlier this year. Under these assumptions, it is more understandable that there are possible interdependencies between the situation in Bosnia and Herzegovina (the relationship between its two entities) and the complex situation in Eastern Ukraine.

Slogans of Orthodox unity and Slavic Brotherhood

If for atheistic experts the thesis about the unity of the Orthodox peoples and Slavic brotherhood looks more like mythologised ideas, for Orthodox experts they appear real. Among many such myths, one can find different notions about the events of the past in the Orthodox world, which mutually unite the Orthodox churches of Slavic peoples in the Balkans. Orthodox churches and their followers remember the various manifestations of mutual support that have taken place in the past. The most famous of these acts of mutual support go back for centuries. From church literature it is known, for example, that at the end of the 12th century Prince Rastko, the youngest son of the mighty ruler of the state under the name of Raška Stefan Nemanja, was baptized and became a monk under the name of Sava with the Russian monastery of St. Pantelemon on Mount Athos. Later he became the head of the Serbian Orthodox Church of Autocephaly, and his brother, Stefan Nemanjić, became the king of Serbia, which was no longer under Byzantine rule. During his visit to Serbia in January 2019, Russian President Vladimir Putin together with Serbian President Aleksandar Vučić visited the St. Sava Cathedral (the biggest Orthodox building in the Balkans) in Belgrade. Tens of thousands of citizens of Belgrade surrounded St. Sava and sent their love enthusiastically to President Putin for the Russian support provided in the construction of this tremendous cathedral. It is worth to note that Putin's visit took place at a time of rising tensions between Belgrade and Prishtina in Kosovo

In the Middle Ages, both Orthodox churches supported each other during the Tatar-Mongolian occupation of Russian lands and the Ottoman rule in the Balkans. This event happened, for example, when the Moscow and Kiev metropolitan chairs were united, and Bishop Cyprian, who allegedly was born in Bulgaria¹, became Metropolitan of Kiev and All Rus' in 1381.² Since then, the Pantheon of Martyrs and Saints of the Russian Orthodox Church has included stories about Balkan Christians in the countries conquered by new, different invaders in the region (the so-called "Balkan New Martyrs of the 14th -19th centuries"). There were also strong links between noble people. For example, Ivan, the Terrible, had two grandmothers who originated from Southeast Europe. One of them was well known, the Byzantine Princess Sophia Palaiologina (the wife of the Moscow

² *Алексије Јелачић: Историја Русије. Русија и Балкан 866-1940* [Aleksije Jelačić: Russian History. Russia and the Balkans 866 -1940], Нови-Сад / Novi Sad, 2018, pp.376-377.

prince Ivan III, she invented the idea of "Moscow as the Third Rome"), and the other – the Serbian Princess Ana Jakić from a noble family settled in Hungary.

Despite (and perhaps also thanks to) the strong pressure of the Ottoman conquerors on the Christian peoples in the Balkans, relations between the clergy of the Balkans and Moscow were not interrupted but even strengthened. For example, in 1509, the Belgrade Metropolitan Theophanes sent three monks to Prince Vasily Ivanovič in Moscow to ask him for help. This request did not happen for the first time. The Belgrade Metropolitan had previously been supported by Ivan the Third, and the Serbian Patriarch considered the Moscow ruler as the "Russian monarch and a single protector [of Serbs]".

Narratives on Russian / Soviet / Russian Aspirations to reach "Warm Seas."

Stories about how Russia, in a seizure of expansion, seeks to reach the "shores of warm seas" are well known at least from the heirs of Peter the Great to the Soviet-Yugoslav conflict in the late 1940s-early 1950s.³ Nevertheless, already in the second half of the 16th century, for example, it was the famous Slavic scientist-traveller (and adventurer), the Croatian Catholic missionary Jurij Križanić, who was the author of the later even more well-known Pan-Slav idea, i.e. of the necessity to establish links between all Slavic people. Although there is no direct link between Križanić's work and that of Tsar Peter the Great, it was Križanić who became the first protagonist of the modernisation of Russia. Another significant event of that time was the appeal of the Montenegrin Metropolitan Arseniy Černojević to the heirs of Alexey Romanov – the minor tsarevichs Peter and Ivan – to provide military support to the tribes in Montenegro against the Turkish rulers.

When Peter the Great called the Southern Slavs to uprising in 1711 during the war with the Ottoman Empire, his call fell on already prepared (for several centuries) ground and already established spiritual and cultural ties between Russia and the peoples of

Southeast Europe. It should be noted that the idea of supporting the Christian brothers in the Balkans came to fruition later when after the end of another Russian-Turkish war in 1774 the policy based on one of the articles in the *Treaty of Küçük-Kaynarca* was concluded. Russia received the right of patronage over the Orthodox churches in Constantinople. Later, this article was interpreted very broadly as Russia's right to be the patron of all Christians in the Ottoman Empire. This idea was mythologised over time and for a long time after 1774 became the basis of the idea of Russia's role of the Orthodox Slavs, and then all the Slavs in general.

Later, the idea of Russia as the protector of the Orthodox people in the Ottoman Empire was connected with the slogan of the Slavic brotherhood and was intensified by interaction in real life between Russia and the region. The role of specific people in relations between the Balkans and Russia has also been significant. It is not a coincidence that Tsar Peter the Great in the course of the organisation of the Russian military fleet preferred to train future captains of warships not in Italy, but the coastal villages of the western part of the Balkans (the territory of modern Montenegro and Dalmatia). At the same time, sailors born in this part of the region became famous admirals (Zmajević, Voynović and others) in the service of the Russian Empire.

Yet, not only sailors from the Eastern shores of the Adriatic were in the service of the Russian Empire. The greatest fame in the service of Peter the Great and his successors was received by Sava Vladislavović Raguzinsky. His role in the history of Russian diplomacy can hardly be overestimated as far as Russian actions in the Balkans⁴ and relations with China are concerned. Born in Hercegovina, the Slav

³ See GARF (ГАРФ-State Russian Archive). Fond. R-4459. Opis.38. Д.335. Л.182-186. Клевета на советский Союз – основное соображение пропаганды югославской печати. Письмо из Белграда (Вместо обзора печати) [Defamation of the Soviet Union is the main reason for propaganda of the Yugoslavian press. Letter from Belgrade (Instead of a print overview)]. 20 февраля 1951 г. Белград (ТАСС) / February 20, 1951, Belgrade (TASS); Pijade Moša, Tradicija carizma u Staljinovoj spoljnoj politici / Dedijer V. Dokumenti 1948. Knjiga druga. Beograd, 1990. [Pijade Moša, The Tradition of Tsarism in Stalin's Foreign Policy / Dedier V. Documents 1948. Book Two. Belgrade], Novi Sad, 7 July 1949, pp. 234-238.

⁴ Г.Л. Арш: Балканы и Прутский поход Петра I // Славяне и Россия в системе международных отношений. Москва, 2017, p.79. [Balkans and the Prut campaign of Peter I // Slavs and Russia in the system of international relations]. It is considered that Sava Vladislavlevič Raguzinskiy was the author of this project and initiator of Tsar Peter's appeal to Balkan Christians. He was born in Hercegovina, not so far from Dalmatian Dubrovnik, entered Russian service and was, according to available sources, the main advisor to the Russian Tsar for Balkan affairs. He also instructed March 4th (15th) 1711 colonel M. Miloradović, who was sent with special charters of Peter I to Serbia, Montenegro and to Albania, to organize an anti-Turkish uprising. Miloradović's mission had success since flash-points of anti-Turkish uprisings appeared in the region. Nevertheless, they were continued without great success as Turks waged severe military expeditions against rebels whereas Venetian military ships blocked Dalmatian coast to stop supply of rebels by gunpowder and cannonballs.

⁴ More on these activities see in: Сергей Александрович Никитин: Славянские комитеты в России в 1858-1876 годах [Slavic Committees in Russia in 1858-1876] / Отв. ред. проф. И. А. Федосов. – Москва : Изд-во Моск. ун-та, 1960. 362 p.

has become an advisor on regional affairs to Tsar Peter and later has contributed to the stabilisation of the relations between Russia and China by preparing the demarcation of state borders between the two states according to the Treaty of Kyakhta (1727). According to some reports, it was he who brought a black boy from Abyssinia to Russia and handed him over to Tsar Peter. Later this boy became Russian general Abram Hannibal, the great-grandfather of the famous writer and Russian poet Alexander Puškin, who is still considered the creator of the modern Russian language.

Myth about Balkan States as Russian Proxies & unlimited Brotherhood

The Serbian Revolution of the beginning of the 19th century was the beginning of a series of national-liberation uprisings in Southeast Europe, in which the great powers of the time were involved to some extent. From that time onwards, especially in the second half of the 19th century, young nation-states began to play their own international games, both in the region and with the great powers. They acted not as passive observers and backers, but as active actors influencing the actions of the great powers and involving them in Balkan affairs, while asserting territorial claims in the region. Such actions seriously complicated Russia's position forced it to choose between the "two brotherly peoples" and, subsequently, aroused jealousy towards Russia both from Belgrade and Sofia.

Examples of an uncontrollable situation for the Russian government were the actions of various Slavic committees, foundations and charitable societies active in the Balkans. They have been emerged "like mushrooms after the rain" as a result of the comprehensive reforms carried out in the 1860-s under Alexander II. The influence of these organisations, which often operated with the support of the Russian Church services in the local Russian regions and with the support of Russian public opinion, was significant. It turned out that it was so serious that Russia entered the war with Turkey in 1878-1879 under their pressure.

It should be noted that money and glory were not just a few reasons that attracted the people of the region to Russia and the Russians to the Balkans. Some of these other reasons cannot be explained by contemporary rational feelings and accurate calculations. Sofia (capital of Bulgaria) has a park in the centre, near (behind) Sts Cyril and Methodius National Library. It was named the Doctors' Garden

(in Bulgarian – *Doktorska gradina*) after the monument which was erected to commemorate more than five hundred Russian medicine servicemen who lost their lives during the Russian-Turkish war 1877-1878. Most of them worked for the Russian Red Cross mission. It should be noted that Russia could have used the knowledge and energy of all of them much better for the country's internal Russian needs during the reforms of the 1860s than allowed them to die for the national freedom of the Bulgarian people and Bosnia and Herzegovina.

It is still not easy to explain why (Slavic brother-hood with Orthodox feelings) or strategic calculations (calculated desire not to lose a strong ally in the Balkans against the bloc of central powers) Russian Emperor Nikolay Romanov in July 1914 supported Serbia and brought his Empire into the First World War, which ended with the dismemberment of his state as a result and the death of his whole family and himself. As for the position of the Russian Tsar, it is also known (but still, like a myth, as not yet proved in the documentaries) that in January 1916, when the Serbian army and civilian families died in the mountains of Albania, the Russian tsar appealed to his allies in France and Great Britain with an urgent call to do everything possible to send their ships for the evacuation of the Serbs. Romanov threatened to conclude a separate pact with Germany if London and Paris refuse to evacuate the Serbs.

The activities of the Slavic committees and societies lasted until the beginning of the First World War and even until February 1917. This form also seemed to be a success for Joseph Stalin, so that during the Second World War the activities of the Slavic Committee in the Soviet Union were resumed and used for the development of the Slavic movement in all Slavic countries under Nazi occupation.

Myths and Narratives in the 20th Century

If one at least briefly lists some examples in the 20th century, it will suffice. In 1918, Serbia's elites realised their longstanding idea of uniting all Serbs in a single state. At the same time, paradoxically, after the Bolshevik Communists seized power in Russia, deep ideological contradictions with the Yugoslav monarchy arose, and the unity of the southern Slavs in the Balkans could not be used. Nevertheless, Russia, as an idea and as a state entity with this name, has had a significant double impact on Southeast Europe. On the one hand, Russia's influence in the region in 1930-1941 was spread as a result of anti-communist emigration, which left Soviet

Russia but preserved Russian cultural and spiritual values of the 19th century not only in Bulgaria and Serbia but also in Croatia, Slovenia and Macedonia as part of royal Yugoslavia.

The second line of mutual influence between Soviet Russia and the Balkan countries in the period 1918-1941 was the interaction in the field of communist ideology and revolutionary activities. "Soviet" Russia was extremely popular in the lower layers of the Balkan societies and attracted ideas for the struggle for the proletarian brotherhood. Thus, these two mutually exclusive ideas have increased Russia's authority in all social strata of Southeast Europe.

We should also mention another myth of this complicated picture: A myth that arose as the results of the events in spring 1941, only a few weeks before Nazi Germany's attack on the Soviet Union. Moscow had a brief success in the Balkans after signing a neutrality treaty with the republican government of Yugoslavia in early April 1941. Hitler, who was angry about this, attacked Yugoslavia and demanded a final solution to the "Yugoslav question". In a few weeks, Yugoslavia fell apart as an artificial creation. But for these few weeks, the attack on the Soviet Union was postponed from May to June 22. As a result, the Wehrmacht's tanks marched towards Moscow not in comfortable October (or even September 1941), but in cold and rainy November, when invaders afraid of Russian frost could not capture Moscow. And Hitler's plan of "lightning war / Blitzkrieg" failed. At the same time, the Yugoslav Communist uprising led by Josip Broz Tito in the summer of 1941 played an important psychological role for the Russian people. Soviet Russia did not feel that it was fighting the enemy alone. The Yugoslav guerrillas were the only ones in Europe before the Allies landed in Italy in 1943. We can also recall that when the Soviet Army together with the partisans of Tito liberated Belgrade in October 1944 and was sent to Budapest, those Soviet soldiers who have been wounded during the Siege of Budapest asked to be buried not in Hungary but, Serbia near liberated Belgrade.

The controversial Soviet-Yugoslav relations after 1945 with a period of ups and downs had one characteristic, as well as the military relations with most Balkan countries after 1945. The Soviet-Yugoslav split of 1948-1953 was stopped in 1954-1955. Since then, Yugoslavia has developed intensive economic cooperation with the West and maintains close political and controversial ideological ties with Moscow. Close relations between Moscow and Belgrade have been established through cooperation

in international politics and military-technical cooperation. After its resumption in the early 1960s, it was not interrupted even during the crisis in relations in connection with the Soviet intervention in Czechoslovakia in 1968 (Belgrade strongly condemned the interference in the internal affairs of the Czechs and Slovaks).

The Soviet intervention in Afghanistan in the late 1970s had no significant impact on the stable development of relations, which were only undermined in the late 1980s by the economic crisis in the Soviet Union and the transition of trade between Belgrade and Moscow to freely convertible currency. At the beginning of the Yugoslav civil wars, Moscow stopped the military supplies to the region and tried to end the conflicts.

From Gorbačev's Perestroika to Yugoslav Disintegration

The popularity of Soviet leader Mikhail Gorbačev in Yugoslavia in the second half of the 1980s was very high. Gorbačev's visit to Yugoslavia (March 1988), the signing of a new Soviet-Yugoslav declaration and the plans for long-term economic cooperation for the next 20 years seemed successful. The Soviet leader confirmed his readiness to develop relations on an equal footing and drew a line under the divisions that had persisted between Belgrade and Moscow since 1955-1956. Nevertheless, the slow disintegration of both federations prevented the development of cooperation between them.

Eventually, Gorbačev left aside the very idea of activating relations with Yugoslavia, primarily because of his weak position in the countries and his desire to focus on relations with the United States and Germany. In October 1991, Gorbačev tried to reconcile the leaders of Serbia and Croatia (Slobodan Milošević and Franjo Tuđman) by inviting them to Moscow. Earlier, in September 1991, at the request of the Croatian side, the President of the disintegrating Soviet Union put pressure on Belgrade and the leadership of the Yugoslav army to prevent the bombing of Zagreb.

Russia did not belong to the first group of countries that recognised Croatia's independence as a result of Germany's ultimatum to European partners, but it did so on 17 February 1992, i.e. before the United States (7 April 1992). One of the reasons for this was the personal attitudes of the then Russian President Boris Yeltsin towards Slobodan Milošević (negative) and towards Franjo Tuđman, who supported Yeltsin in

August 1991, while Milošević was in favour of Gorbačev in case of the coup d'état.

It is widely recognised that Russia has been obedient to Balkan politics for much of the 1990s and that traditional ties with Serbia have been used to take place in the G-7 group of countries, becoming its eighth member. However, Moscow's role as mediator between the leading Western countries and the Milošević regime implied, to some extent, an independent mediation between Belgrade and the two Serbian republics in Croatia and Bosnia, and if appropriate between Milošević and the West. Milošević, in turn, quite often tried to negotiate directly with the West, and also flirted constantly with Russian President Yeltsin's opponents in his country – the Communist Party leadership (Gennady Zyuganov) and the nationalist forces. As the time passed, the unilateral and unequivocal indictment of Serbs in all incidents on the territory of the former Yugoslavia in the 1990s forced Russia to sympathise with the Serbs as the weakest party in relations with the West, as it increasingly advocated decisive measures to punish Serbs.

As in the past (during the Balkan crisis of 1877), the Russian leadership had to reckon with the irrational sentiments of the Russian population towards the Serbs, especially since both nationalists and communists, who condemned Yeltsin's domestic political actions, incited these sentiments in the society. At the same time, in Russian society, the sense of threat that the post-Soviet territories have become a kind of "laboratory" and "training ground" for the corresponding actions of the West in the post-Soviet space in general and to Russia in particular, has gradually increased. Previous theories of "ontological", insurmountable contradictions between the West and Russia, about the constant striving of the West towards the East by military means, as many times in Russian history, became a reality again. At the same time, Moscow was worried about Washington's plans to "write off" Russia from the "world chessboard" both, as a partner in world affairs and as a major player in the post-Soviet space.

Over time, suspicions, mixed with speculations, that Washington used the Yugoslav crisis to elaborate subsequent policies towards Russia, have become dominant in both society and the academic community.⁵ The overwhelming majority of Russia's

⁵ Vladimir K. Volkov: Tragediya Jugoslavii // Uzloviye problem noveishey istorii stran Tsentralnoi I Yugo-Vostochnoy Evropy. Moskva, 2010 S.252. [The Tragedy of Yugoslavia // Narrow problems of the recent history of the countries of Central and

political forces were frustrated by the unilateral decisions and actions of the U.S. in the Balkans and by NATO's plans to move eastwards despite the fact that this organisation had been organised 1949 during early Cold War and despite the Soviet threat no longer existed. By 1998, both the Russian foreign policy elite and the expert community, regardless of their political convictions, had already forged foreign policy consensus on the unacceptability of the unipolar world to Russia.⁶

NATO bombardments of Yugoslavia in 1999 - Pandora Consequences

NATO's military actions against Yugoslavia in spring 1999 were perceived as frustrating and irritating by both the public opinion and the majority (with very few exceptions) of experts. Moscow had the feeling that Russia was signed-off as a partner without the voice of influence. The refusal of the NATO command and the political establishment to allocate a separate sector of responsibility to Russia in peacekeeping operations in Kosovo was the final step in forcing Russian President Vladimir Putin to decide on the withdrawal of the Russian peacekeepers from Kosovo in 2003. It was really an unpopular decision in Russia since the Serbs in Kosovo were left without Russian support against the armed formations of Kosovars. At the same time, this decision has preserved the Russian leadership's freedom to take further action. In that regard, all responsibility for the further expulsion of the Serbian population from Kosovo and its oppression by the Prishtina authorities lies solely with the leadership of the NATO countries participating in the relevant operations in Kosovo.

The recognition of Kosovo as independent from Serbia by the leading Western states in violation of United Nations Security Council Resolution 1244 eventually set a precedent for the Russian authorities to recognise the results of the referendum in Crimea in the spring of 2014. (No such referendum was held in Kosovo).

Southeast Europe]. This book was the final input by Volkov to be elected member of the Russian Academy of Sciences.

⁶ Алексей Арбатов: Внешнеполитический консенсус в России. Однополярный мир под эгидой США неприемлем для Москвы. // Независимая газеты. 14.03.1997. p.5 [Alexei Arbatov: Foreign policy consensus in Russia. A unipolar world under the auspices of the United States is unacceptable to Moscow]. Д. Горностаев, Чубайс предупредил Запад о последствиях расширения НАТО, Nezavisimaja gazeta, July 5, 1997. p. 2. [Gornostaev D.: Chubais warned the West about the consequences of NATO enlargement,]; Christopher Bellamy: Russia accuses Nato of plotting to wreck alliance of ex-Soviet states, Independent, February 13, 1997, <https://www.independent.co.uk/news/world/russia-accuses-nato-of-plotting-to-wreck-alliance-of-ex-soviet-states-1278345.html>.

There is a range of assessments in Russia of NATO's military operation against the Milošević regime in spring of 1999. The most popular assessments are that this operation was planned and well thought out long before it was carried out and represented real aggression against the sovereignty and integrity of a United Nations member state.⁷ Under the current conditions of NATO's advance to the East and aggravation of relations on the Washington-Brussels-Moscow line, one can expect another fierce surge of adverse reaction towards NATO and the bombardment of Yugoslavia from March 24 to June 10, 1999. Previous assessments about Yugoslavia as a laboratory for NATO for future actions against Russia became even more resolute. Since Russia's interest lay "in preventing a repetition of the Yugoslav version of events on Russian territory".⁸ According to foreign policy experts close to the Kremlin, NATO's aggression against sovereign Yugoslavia in spring 1999 without approval of the bombardment by the UN Security Council – which finally led to the self-proclamation of the "independent Kosovo" on February 17, 2008 – was a very dangerous test case for further destruction of the international relations system in the world, and even gave Washington the possibility to interfere into internal Ukrainian affairs early 2014.⁹

Assessments of experts, which differ from the above mentioned, are scarce. Statements that the United States of America and other NATO countries were forced to use military instruments to stop the barbaric ethnic cleansings of Kosovo, that they had to act (illegally) without the approval of the UN Security Council because Russia blocked such a decision in the Security Council and made it possible to carry out barbaric "cleansing" in Kosovo, could be heard only from experts working in branches of foreign foundations and research centres located in Moscow. These experts also criticise the Russian leadership for "allowing Milošević to use Russia as a cover in the 1990s to oppose the West".¹⁰

⁷ Е. Ю. Гуськова: Агрессия НАТО против Югославии в 1999 году и процесс мирного урегулирования. Москва, 2013 [*Gus'kova: NATO aggression against Yugoslavia in 1999 and the peace process, Moscow, 2013*]. See these parts: "It was planned to bomb long time before" (p. 125 – 134); "Aggression in real life" (p. 135) and "Surrender under humiliating conditions" (pp.169- 292).

⁸ Ibid, p. 63.

⁹ Владимир П. Козин.: Главные цели бомбардировок Югославии силами НАТО в 1999 году и позиция России // Аналитика. 26 марта 2014 г. [*Vladimir P. Kozin: The main goals of the NATO bombing of Yugoslavia in 1999 and the position of Russia*], <https://riss.ru/analytcs/5220/>.

¹⁰ Лилия Шевцова: Одинокая держава. Почему Россия не стала Западом и почему России трудно с Западом. [*Lilija Shevtsova:*

Meanwhile, further estimates can be found in the spectrum between the above mentioned polar judgments. They are almost exclusively intended for professional journals on international relations and scientific reports with limited circulation only or mainly on the Internet, without mentioning them in leading state media with a large audience. Experts in this field are trying to explain the actions of the U.S. and its allies as the only possible thing, because of Russia's attitude to Western attempts to legalise the use of force through the UN Security Council. NATO's actions against Yugoslavia are called illegitimate and "actual aggression". But at the same time, according to experts supporting this position, the involvement of NATO in the civil stench in Kosovo has prevented serious forms of escalation in countries where Albanian communities have a strong position (North Macedonia and Montenegro). It is assumed that Kosovo can only be by force at the highest cost.¹¹

The 20th Anniversary of Nato's Bombardment

Meanwhile, the Russian political thought did not end with the thesis of NATO aggression against sovereign Yugoslavia and the unilateral declaration of independence of Kosovo as a serious blow to the international legal order and a shift to a state of affairs in which only the great power is always right. There are also more sophisticated conclusions about lessons learned by Russia from the events of 1999. The Americans, beating the Serbian state with a red-blue-white flag, meant the Russians.

It was also becoming increasingly popular that Russia had to learn lessons from 1999, not only to respond to changes in international relations, but also to draw more comprehensive conclusions, since "the Russian state's millennial instinct reacted immediately to the Balkan events of 1999" in a more complex way to avoid Serbia's dramatic fate, as world's major liberal great hegemonist powers (read *the USA – A. E.*) do not respect the right for self-defence of any actor in the international system (even of the EU or the USA itself) to defend its own borders. In such a situation, the only response to "humanitarian bombing" should be a shield with a nuclear bomb to prevent such acts of aggression as NATO's aggression against Yugoslavia in 1999 from being repeated. To avoid all domestic ethnic-territorial problems, they should be solved by all means – by gold, or by severe force, or by both.

Lonely power. Why Russia did not become the West and why Russia is difficult with the West] M., 2010, p. 109.

¹¹ Boris Shmel'ev: Kakuju rol sygrali NATovskie bombardirovki v sud'be strany? [What role NATO's bombardments has played in the fate of the country?], <https://diletant.media/duels/31711726/>.

Finally, we can conclude that there are no obstacles to Russia, acting like the United States when the security of Russian life or national interests is in question.¹²

At the same time, on March 23, 2019, the Russian Foreign Ministry issued another official statement condemning the aggression and taking the usual official steps. As for official statements on the 20th anniversary of the beginning of NATO's military attack against Serbia (then Yugoslavia), the definitions remain unchanged.

On 13 March 2019, at a plenary session the Russian Federation Council (Upper House of parliament) adopted a statement in which it called on national parliaments, the United Nations and the European Parliament to condemn the NATO aggression against Yugoslavia and take all necessary steps to overcome its consequences. Senators noted that the Alliance is becoming an increasingly serious threat to European and global security. Russian senators stated that the NATO's military operation against Yugoslavia was "an act of outright aggression against a sovereign state in Europe creating an imminent threat to global peace and security, and had an adverse effect on relations between European countries and undermined their trust in each other."¹³ Ten days later, on the eve of bombings 20 years ago, on March 23, 2019, the Russian Foreign Ministry also issued a statement on the occasion of the 20th anniversary of NATO's aggression against Yugoslavia. Stressing that these actions violated all existing agreements and rules:

"For the first time since World War II, an aggression was committed against a sovereign European nation, an active participant in the anti-Hitler coalition, one of the founders of the United Nations and engineers of the post-war international security system. The Alliance had not secured the UN Security Council mandate and lacked any legitimate grounds for these actions. This act of aggression was a gross violation of the basic principles of international law enshrined in the UN Charter, the Helsinki Final Act, as well as the international commitments of the bloc's member countries. The Alliance's behaviour ran contrary even to the 1949 North Atlantic Treaty, whereby NATO countries undertook not to endanger international peace, security and justice and to refrain from the

threat or use of force in international relations if it runs contrary to the UN objectives. This was the beginning of replacing international law with an „order“ based on arbitrary rules, or rather on the rule of force."¹⁴

This time, the attention to the consequences of NATO's action in Kosovo was drawn to the fact that "among the victims were a number of Kosovo Albanians, who were allegedly being "saved" by NATO" and "the Autonomous Province of Kosovo was forcibly separated from the rest of the country under the propagandistic pretext of thwarting the allegedly unfolding "humanitarian disaster", the Ministry's statement reads.

Furthermore, "in reality, NATO became a trigger for a real human tragedy, a smokescreen hiding the anti-Serb ethnic cleansing that caused over 200,000 non-Albanians to leave their homes. Tens of thousands of their properties remain usurped by Prishtina and Kosovo Albanians. No progress has been made in the return of the refugees and displaced persons" and "all militants of the so-called Kosovo Liberation Army complicit in crimes must face justice regardless of the positions they currently hold in Prishtina". The conclusion of this statement was already common:

"NATO's assault on Yugoslavia 20 years ago undermined the mechanisms that ensured peace and security in Europe for decades.

Meanwhile, the Kosovo problem has not been resolved. On the contrary, it remains the key source of instability and crisis in the Balkans. It could not have been any different once NATO cleared the way to power in Prishtina for former KLA (Kosovo Liberation Army – KLA) fighters who later escaped their sponsors' control".

The statement concludes with accusations against the North Atlantic Alliance because, in the opinion of the Russian Foreign Ministry, "the heavy burden of responsibility for these actions and their consequences falls completely on the Alliance's leaders and NATO member-countries that took part in the aggression against Yugoslavia. It will forever remain a stain on NATO's reputation, which will not be removed by speedily herding the region's countries to the Alliance, thus strengthening the division lines in the Balkans and public discord".¹⁵

Concluding: All the events concerning Russia's attitude to the events in Balkans over the past 20

¹² Егор Холмогоров: Chemu mi nauchilis' v Kosovo, March 24, 2019 [Egor Cholmogorov: What we had to learn in Kosovo] and Егор Холмогоров: Косово. 15 лет трагедии, [Egor Cholmogorov: Kosovo: 15 years tragedy], <https://vz.ru/columns/2014/3/24/678691.html>.

¹³ Russia's upper house calls for condemning NATO aggression against Yugoslavia, March 13, 2019, <http://tass.com/world/1048450>.

¹⁴ Russian Foreign Ministry statement on the 20th anniversary of NATO aggression against Yugoslavia, March 23, 2019, http://www.mid.ru/ru/press_service/spokesman/official_statement/-/asset_publisher/t2GCdmD8RNlr/content/id/3583602.

¹⁵ Ibid.

years only confirm both theses put forward at the beginning of this text. The continuing interest of the Russian population in the latest events in the Balkan region confirmed that they share the problems of Serbs related to the separation of Kosovo and the projection of the creation of Greater Albania in the region. This time, for various reasons, the Russian

state bureaucracy shares such assessments, which in recent years have served for different reasons as an ally of the Serbian authorities. Therefore, despite serious domestic difficulties and waves of sanctions imposed on the Russian Federation in recent years, these steps have made the position of the Russian authorities in Russia much more popular.

The Role of Symbolic Resources in the Relations of Bulgaria, Serbia and Greece with Russia

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Abstract: Bulgaria, Serbia and Greece stand out in terms of their affinity to Russia, when compared to other Balkan countries. These three countries have extensive historical engagements with Russia, leading to narratives and myths that affect the respective relationships. The Bulgarian-Russian relationship has been historically the most far-reaching of all Balkan countries, combining strong mutual influences in language and alphabet with formative Russian impact on Bulgarian politics. However, in the last ten years, the Serbian-Russian relationship has become preeminent amongst Russia's relationships in the Balkans; it combines extensive political and military cooperation with the most balanced trade of a Balkan country with the Russian Federation (plus a strong relationship of the two Orthodox churches). The Greek-Russian relationship has a similarly solid historical background but remains more in spirit than in practice. *The paper has been completed in May 2019.*

Contemporary Balkan countries can be divided into three groups in terms of their attraction (or affinity) to Russia: 1. Countries with negligible affinity to Russia (Slovenia, Croatia, Albania, Romania). In these countries, all parliamentary parties are broadly pro-Western and unlikely to play 'the Russian card' in domestic and international politics. 2. Divided countries, where one ethnopolitical camp sees itself as antagonistic to Western policies and finds inspiration in Russian support (Bosnia with Republika Srpska, Montenegro's pro-Serbian constituency, North Macedonia's anti-Prespa camp). 3. Countries where affinity to Russia can be found across the political spectrum (Bulgaria, Serbia, Greece). In these countries, all major parliamentary parties are committed to European integration, but also tend to emphasise good relations with Russia. Turkey is viewed as a special case, as its relations with Russia are largely determined by President Recep Erdoğan, with minimal input from parliament or society. Kosovo is also outside this classification, as it is not recognised by Russia.

This article focuses on the third group of countries – Bulgaria, Serbia and Greece – as their governments, parliaments and societies are the only ones in the Balkans that may occasionally seek common cause with Russia, or display a willingness to accommodate Russian interests and concerns. Opinion polls conducted in recent years show that about 2/3 of Bulgarians, Serbs and Greeks are positively inclined towards Russia. In 2015, 61% of Bulgarians would not support the imposition of severe sanctions against Russia as opposed to 39% who would support it; however, 63% would support preservation of the existing orientation towards NATO and the European Union (EU), and 33% would support re-orientation

towards Russia and the Eurasian Union.¹ In 2017, 74% of Serbs saw Russia as protector of Orthodox Christians outside its borders, the highest percentage of any other country in Central and Eastern Europe apart from Armenia, while 80% expressed a preference for strong Russia to balance the influence of the West, again second only to Armenia.² Between 2012 and 2017 61% to 64% of Greeks viewed Russia favourably, while 36% to 31% viewed it unfavourably; in the same period, Greek attitudes to the USA were almost exactly the reverse (on average 60% unfavourable vs 30% favourable).³ The same polls also highlight the individual peculiarities of the respective countries, such as equally big support in Bulgaria for EU and NATO membership, emphasis on Russia as protector of Orthodox Christians and balancer of the West in Serbia and traditional anti-Americanism in Greece.

One very revealing common indicator across the three countries is the striking popularity of Parliamentary Friendship Groups with Russia. These groups are by far the biggest and the most popular Parliamentary Friendship Groups in all three parliaments, encompassing respectively 121 of 240 Members of Parliament (MPs) in Bulgaria, 132 of 250 MPs in Serbia and 75 out of 300 MPs in Greece.⁴

¹ Public Opinion Poll: "Bulgarian foreign policy, the Russia-Ukraine conflict and national security", March 26, 2015, https://www.ecfr.eu/article/public_opinion_poll311520.

² Religious Belief and National Belonging in Central and Eastern Europe, May 10, 2017, <http://www.pewforum.org/2017/05/10/views-on-role-of-russia-in-the-region-and-the-soviet-union/>.

³ Global Indicators Database with polling data from Spring 2017, <http://www.pewglobal.org/database/indicator/27/country/84/>.

⁴ See: <https://www.parliament.bg/en/friendshipgroups>; <http://www.parlament.gov.rs/national-assembly/composition/parliamentary-friendship->

These contemporary givens reflect specific historical circumstances: Greeks, Bulgarians and Serbs cultivate memories of influencing Russia's historical development in unique and decisive ways; all three nations also see themselves as historically indebted to Russia (in various degrees) for their liberation from the Ottomans. Such memories of extensive historical engagements with Russia lead to narratives and myths that can be used and abused for political purposes, thus affecting the overall relationship of each country with Russia. In other words: the historical legacy of the relations of these three countries with Russia – what I call 'symbolic resources in inter-state relations' – has been prone to manipulation by various political actors.

The concept of symbolic resources in inter-state relations refers to *a particular kind of cultural elements that have the potential to affect, or even mediate, relations between states*. Countries mobilise symbolic resources to improve their position in bilateral relations – and more often than not, to gain an advantage. A study of the centuries-old relations between Balkan countries and Russia allows us to build a multi-faceted picture of the use and abuse of symbolic resources in the respective bilateral relationships (Bulgaria-Russia, Serbia-Russia, Greece-Russia). Such a study has wider significance for understanding how Russia operates on the international arena – for example, by working hard to turn any bilateral relationship, it needs into a 'special' one. More broadly, it may also illuminate the advantages and disadvantages of investing in 'special relationships' between countries of markedly different power and status.

The concept of 'symbolic resources' in inter-state relations is formulated in analogy to 'natural resources'. Just as random geological accretions here and there could be viewed as 'natural resources', so seemingly random cultural elements (a monument here, a place name there) could be construed as 'symbolic resources' of one or more countries.

If the focus is on one particular country, then its 'symbolic resources' would be *the body of cultural elements that sustains a nation, such as language,*

historical narratives, myths, place names (towns, villages, streets) and cultural artefacts (sculptures, plaques, paintings, photos, fiction, music). To qualify as symbolic resources, the cultural elements in question must be seen as having wider or deeper meaning beyond their immediate content.

A few of these cultural elements could be involved in inter-state relations (for example, war graves, or the place of Churchill's bust in the White House). Some of these may even be purposefully mobilised to mediate relations between states (for example, joint commemoration at war graves of the First and the Second World War, i.e. joint celebration of particular historical narratives). In this article, attention is drawn to how this particular type of symbolic resources has been used to mediate the relations of Bulgaria, Serbia and Greece with Russia.⁵

Bulgarian-Russian Relations

Historically, this relationship has been in many ways the most far-reaching of all Balkan countries, combining strong mutual influences in language and alphabet with formative Russian impact on Bulgarian politics in 1878 and 1944.

Relations between Russia and Bulgaria are visibly marked by striking similarities in alphabet, language, culture and religion. The shared Soviet-communist legacy adds another easily identifiable layer of resemblance between both nations. Yet such visible closeness also tends to obscure the very real differences between two entities with vastly different mentalities, historical experiences and interests.⁶

This bilateral relationship is also the most complex one, as the two countries had been both the closest of allies and the worst of enemies – their armies clashed in the First World War amidst ferocious negative campaigns in both countries, whilst Bulgaria was the most closely integrated European state with the Soviet Union in the communist period.⁷ Bulgaria is

⁵ The term 'symbolic resources' is often used in sociology and social anthropology, but not much in politics and international relations. The politics of memory (meaning the organisation of collective memory by political actors) deals with some of these symbolic resources, but not with others. Related concepts are Pierre Bourdieu's 'symbolic capital' and Max Weber's study of 'status' (as the mobilisation of symbolic resources invariably affects the status of the actors involved); also 'politics of memory' and 'usable past'.

⁶ For a contrasting approach to Bulgarian and Russian mentalities as revealed in their respective literatures, see the relevant chapters in Г. Д. Гачев: Национальные образы мира. Космо-Психо-Логос, Москва: Прогресс-Культура, 1995 [G. D. Gachev: National Worldviews. Cosmo-Psycho-Logos, Moscow: Progress-Kul'tura, 1995], pp. 209-223, 465-474.

⁷ Bulgaria was seen alternatively as 'Judas of Slavdom' (1914-1917) and as USSR's 16th republic, whilst Russia's image amongst Bulgarians had alternated between 'eternal enemy' and 'double

groups/parliamentary-friendship-groups.499.html; <https://www.hellenicparliament.gr/en/Diethneis-Drastiriotes/Diethnes-Perivallon/Omades-Filias-All/?periodId=2b3e9c1b-c9df-4c81-b1eb-a52500a1abe6&countryId=526341b4-a32f-43f2-8b77-f2828cbb2a56> (all sites accessed on 10.03.2019). The second-biggest Parliamentary Friendship Groups are the ones with China in the Bulgarian (76 MPs) and Greek (45 MPs) parliaments, and with Belarus (105 MPs) in the Serbian parliament.

the only Balkan country to have a political formation labelled 'National Movement of Russophiles' (Национално движение "Русофили", see: www.rusofili.bg), founded in 2003 and noted for noisy media campaigns, monument building and a well-attended annual gathering of 'friends of Russia'. Unlike Serbia and Greece, contemporary Bulgaria also has a well-developed and media-savvy Russophobe discourse that habitually blames Russia for most historical and contemporary misfortunes of Bulgaria.⁸ Similar to its late 19th and early 20th century predecessors, modern Bulgarian Russophobia is largely a big city and social media phenomenon – unlike its Russophile opponents, who are traditionally centred on smaller towns and rural areas, and rely on more conventional methods of political action, such as mass rallies, demonstrations, leaflets and newspapers.

Overview of Relations. Between the 10th – 18th centuries, Bulgarians and Russians used the same literary language and shared a largely identical cultural heritage.⁹ Initially – until the 15th century –

Bulgarian influences predominated in cultural exchanges; later, the Russian side became the driving force in bilateral interactions. It was the Russian variant of the common cultural tradition that played a crucial role in the renaissance of Bulgarian culture and language in late 18th to early 19th centuries. From the beginning of modern Bulgarian education in the 1830s Russian language and literature have had a solid presence in the Bulgarian school curriculum until 1991. The emerging Bulgarian literary language underwent extensive Russification in the 1830s-1890s, which indelibly transformed its alphabet, grammar and vocabulary. Russian language, literature and ideas dramatically influenced key developments in Bulgarian history, such as the emergence of nationalism, liberalism and constitutionalism in the 19th century, and communism, forced collectivisation and industrialisation in the 20th century (plus a glasnost-inspired pro-democracy movement in the late 1980s).

The Narrative of Bulgaria's Liberation by Russia.

Both Russian and Bulgarian dignitaries regularly invoke the memory of the 1877/78 Russo-Turkish War. There are around 400 monuments in Bulgaria related to this event. There are also two towns (Gurkovo and Aksakovo) and numerous villages, streets and institutions named after Russian soldiers, diplomats and medics of this war. Most of the monuments and names predate communism, although several notable monuments were built after 1944. In the last ten years, the number of such monuments has increased almost annually, driven partly by initiatives from Bulgarian Russophiles, and partly by public or private financing from Russia. Paradoxically, the Russian imperial army is nowadays better commemorated in Bulgaria than in the Russian Federation, as nearly all monuments related to the Russo-Turkish War 1877/78 in Russia were destroyed after the 1917 Revolutions (although a small number was restored after 1991).

The day this war officially ended – 3 March – has been the most important official holiday in Bulgaria since 1990 (which restores a pre-1944 tradition). Consequently, leading Bulgarian politicians have to pronounce on this event every year; their words are rigorously scrutinised in both Bulgaria and Russia for suspected attempts to omit or tone down the Russian role in Bulgaria's 19th-century liberation.¹⁰

liberator'. On Bulgaria and Russia as enemies see *H. С. Гусев: «Торгующим во храме»: Леонид Андреев и обвинения русскими болгар в предательстве славянства (1914-1915 гг.) – Первая мировая война и судьбы народов Центральной и Юго-Восточной Европы: очерки истории / Отв. ред. Е. П. Серапионова (М.: Институт славяноведения РАН, 2015) [H. S. Gusev: "To the Temple Traders": Leonid Andreev and Russian accusations of the Bulgarians for betraying Slavdom (1914-1915) - World War I and the destinies of the peoples of Central and South-Eastern Europe: sketches of history / Editor-in-Chief E. P. Serapionova (M.: Institute of Slavic Studies, Russian Academy of Sciences, 2015)] pp. 382-396;*

Г. Д. Шкундин: 'Русские и болгары в годы Первой мировой войны: проблемы взаимовосприятия' - Россия-Болгария: векторы взаимопонимания. XVIII-XXI вв. / Отв. ред. Р. П. Гришина (М.: Институт славяноведения РАН, 2010) [G. D. Shkundin: 'Russians and Bulgarians during the First World War: problems of mutual perception' - Russia-Bulgaria: vectors of mutual understanding. XVIII-XXI centuries / Editor-in-Chief R. P. Grishina (M.: Institute of Slavic Studies, Russian Academy of Sciences, 2010)] pp. 185-207.

⁸ Its most notable media organ is Faktor.bg (<https://www.faktor.bg>); Ivo Indzhev, a graduate of the Moscow Institute of Asia and Africa Studies, is perhaps its most notable polemicist – see his blog on <http://ivo.bg/> and especially his most recent opus: *Иво Инджев: Измамата „Сан Стефано“: Руско-турската поробителна война, София: Сиела, 2018 [Ivo Indzhev: The deception 'San Stefano': The Russo-Turkish enslaving war, Sofia: Siela, 2018].*

⁹ 'A form of this Old Bulgarian, with Russian modifications, served as the literary language of Russia until the middle of the 18th c., and is still lodged in literary Russian as Latin is lodged in literary English.' (*William J. Entwistle & W. A. Morison: Russian and the Slavonic languages, Faber & Faber reprints 1949-1974, London, Preface p. 14.*) 'Bulgaria gave Rus' a mostly complete set of books related to church service and the Christian outlook. It gave Rus' the literary language of these books, and even some members of its church hierarchy.' *Д. Лихачев: Развитие русской литературы X-XVII веков, Л.: Наука, 1973 [D. Likhachev: Development of Russian literature X-XVII centuries, L.: Nauka, 1973] p. 33.*

¹⁰ The latest such scandal happened just after 3 March 2018 in Sofia, when Russian patriarch Kirill publicly criticised his host (Bulgarian President Rumen Radev) for allegedly belittling the Russian role in the liberation of Bulgaria – see the official Russian

The Myth of Bulgaria's 'Dual Liberation'. This myth emerged in the communist period and continues to the present day in the official discourse of the Russian Federation and the rhetoric of the Bulgarian Socialist Party and related leftist and Russophile formations. It effectively exploits the narrative of Russian liberation in 1877/78 to present the 1944 Soviet takeover of Bulgaria as 'second liberation', this time allegedly from 'fascism'. In fact, the Union of Soviet Socialist Republics (USSR) had declared war on Bulgaria on 5 September 1944, three days after the formation of the first genuinely pro-Allied government since 1941, headed by Agrarian nominee Konstantin Muraviev (ironically, the son of a Russian officer from the 1877/78 Russo-Turkish 'Liberation' War). Besides, the post-1989 consensus among Bulgarian and Russian historians is that the non-party personal regime of Boris III that had evolved between 1934 and 1943 was largely a home-grown phenomenon that was only superficially influenced by Italian fascism and German National Socialism. Notably, the term 'monarcho-fascism' (routinely used in post-1941 communist propaganda to describe and condemn this regime) has been universally abandoned in both Bulgaria and Russia after 1989, thus seriously undermining the claim of a 'second liberation'.

However, the myth of a Second (or Dual) Liberation lives on in the political sphere, despite all historiographical and logical inconsistencies. On the one hand, Russian diplomats and politicians are heavily involved in keeping alive the memory of a Russian liberation of Bulgaria from the Ottomans in 1877/78 (through regular celebrations, visits, restoring and building monuments). On the other hand, they are vigilant about neglect or desecration of the more controversial Soviet-related monuments and vigorously oppose plans to dismantle or remove any of these. These twin preoccupations exemplify the Soviet-Imperial synthesis attempted first under the first President of the Russian Federation Boris

Yeltsin and institutionalised further under President Vladimir Putin. The latter even timed his two official visits to Bulgaria to commemorate the 125th and 130th Liberation anniversaries there (in 2003 and 2008 respectively).

Awareness of the Other in Bilateral Relations. For all Bulgarian attempts to boost awareness of Bulgaria's contributions to Russia's language and culture, there is no symmetry in such historical awareness between the two countries. There is hardly a Bulgarian not aware of Russia's contributions to Bulgaria – and it is hard not to be aware, with monuments, streets and public pronouncements keeping this awareness alive. Conversely, the vast majority of Russians remain blissfully unaware of the massive Bulgarian contribution to Russian Orthodox culture and language. Such awareness in Russia remains mostly the preserve of a small number of linguists, literary specialists, historians and theologians, and has virtually no impact on contemporary Russian education and mass culture. Bulgaria's presence in Russian collective memory is mostly a leftover from Soviet times, as a land of affordable holidays, vegetables, fruit and wine with a population that is friendly to Russians and the Russian language. The post-2004 rise of Russian mass tourism to Bulgaria mostly enhances the same images, adding the bonus of affordable property also.

Thus, the mobilisation of symbolic resources in bilateral relations works well to promote a sympathetic attitude to Russian interests in Bulgaria and helps Russian investment and mass tourism there. However, there is much less to mobilise in favour of Bulgarian interests in Russia.

To sum up, while Russia looms very big in Bulgaria, the latter has a negligible impact on Russia. The disparity is considerably greater than in Soviet times when Bulgaria's exports to the USSR were consistently higher than its imports. In 1991, 49.8% of Bulgaria's exports went to the USSR, and 43.2% of its imports came from there. In 2014 only 2.4% of Bulgaria's exports went to Russia (making it Bulgaria's 10th most important export destination), while 15.2% of Bulgaria's imports came from Russia (1st place amongst importers).¹¹ Most of these imports consist of oil and gas. After the privatisation of the Neftochim oil refinery in Burgas in 1999, the Russian company Lukoil controls 100% of oil refining in Bulgaria. This project is the biggest industrial enterprise in Bulgaria,

Church post: 'Святейший Патриарх Кирилл: «Болгарию освободила Россия!» [His Holiness Patriarch Kirill: "Bulgaria was liberated by Russia!"]

<https://www.youtube.com/watch?v=xPNa2TgdVI> (published 5.03.2018, accessed 20.12.2018). On the dramatic snowballing of this scandal see Александр Чурсин: 'Пастырская отповедь: Визит патриарха Кирилла в Болгарию обострил отношения Москвы и Софии' Новая газета, 12.3.2018, № 25 [Alexander Chursin: 'Pastoral rebuke: Patriarch Kirill's visit to Bulgaria has strained relations between Moscow and Sofia', Novaya Gazeta, 12.3.2018, № 25] p. 3; for the wider context see К. А. Пахалюк: 'Россия и Болгария: между войнами памяти и общим прошлым', Вестник МГИМО-Университета, 2018: 4 (61) [К. А. Pakhalyuk: 'Russia and Bulgaria: between the memory wars and the common past', The Messenger of MGIMO/the Moscow State Institute of International Relations], pp. 178-203 (esp. pp. 192-4).

¹¹ Център на промишлеността на Република България в Москва [Industry Representation of the Republic of Bulgaria in Moscow], <http://www.cprb.ru/display.php?bg/bg-ru> (accessed 12.12.18).

with commensurate contributions to the country's GDP and state revenues. Even so, Russia is only the 10th biggest foreign investor in Bulgaria.

Serbian-Russian Relations

In the last ten years this relationship has evolved into the most important and multifaceted of Russia's relationships in the Balkans: it combines extensive political and military cooperation with balanced trade within a mostly tariff-free zone. Unlike all other Balkan states, Serbia has paradoxically benefited from the post-2014 mutual sanctions between the European Union and the Russian Federation, by refusing to join the sanctions and by using the opportunity to expand its own trade to Russia.

Overview of Relations. Religious and cultural links between Serbs and Russians date back to 14th-15th centuries, when Serbian art and writings played an important part in 'The Second South Slavic Influence' on Russian church and culture.¹² Russian influence became decisive from the 1720s onwards and shaped a distinctive 'Slaveno-Serbian' language that dominated Serbian secular writing until the mid-19th century.¹³ However, Vuk Karadžić's reforms moved the Serbian literary language away from Church Slavonic and Russian and closer to the speech of the common people and Croatian. Contemporary spoken Serbian has a higher degree of mutual intelligibility with Russian compared with Bulgarian, but the respective literary tongues are more distant, notably in their scientific terminology (which in Russian and Bulgarian is nearly identical). Serbian Cyrillic is again more distant from Russian if compared with Bulgarian Cyrillic, as it has six distinct letters introduced by Vuk Karadžić. The predominant use of the Latin alphabet by contemporary Serbs adds further distance to Russian.

The Serbian Orthodox Church benefited from consistent Russian support in 19th-early 20th century, while Russian Slavophile and Panslav thinkers influenced Serbian Radicals from the 1880s.¹⁴ The

focus on Orthodoxy of Imperial Russian statesmen and diplomats made them sceptical of Yugoslavism until the fall of the monarchy in Russia.¹⁵

The Myth of 'Eternal Friendship'. Serbia and Yugoslavia have never gone to war with Russia and the USSR, but the myth of 'eternal friendship' between Belgrade and Moscow does not stand up to scrutiny. There were several periods of coolness in the 19th century and periods of even greater animosity or indifference in 1948-1991. The legacies of communism do not create much affinity between the two countries either, except commemoration of common struggles in the Second World War. In the communist period Serbian intellectuals looked increasingly to the West for inspiration, the Latin alphabet became predominant amongst Serbs, study and knowledge of Russian declined dramatically after the 1950s. Nor did the dual collapse of communism and Yugoslavia help much to enliven relations. During the ethnic clashes and NATO bombing in the Balkans in the 1990s, Russia was mostly sidelined by its own domestic turmoil. It was only at the turn of the millennium, when Russia supported Serbia in its opposition to Kosovo's drive for independence, that relations began to warm again.¹⁶

Currently, the Serbian political elite is strongly committed to EU integration and membership but is also trying very hard to preserve and develop close relations with Russia. The status of Kosovo is the one big issue that brings Serbia and Russia together: this has transformed Russia into Serbia's indispensable ally on a major national issue, a situation without precedent in the contemporary Balkans. Also, Serbia and Russia have common interests to preserve the status-quo of Republika Srpska in Bosnia-Herzegovina and to counterbalance pro-Đukanović forces in Montenegro.

¹² See *Ilya Talev*: Some problems of the Second South Slavic influence in Russia (München: Verlag Otto Sagner, 1973); and *Henrik Birnbaum*: On the Significance of the Second South Slavic Influence for the Evolution of the Russian Literary Language (Lisse: Peter de Rider Press, 1976).

¹³ *Светослава Цветкова*: 'Славеносрпски: Доба кад су Руси и Срби поново писали скоро истим језиком' [*Svetoslava Cvetkova*: 'Slaveno-Serbian: An age when Russians and Serbs wrote in almost the same language'] – *Russia Beyond: Kultura*, November 22, 2017, (<https://rs.rbth.com/arts/80141-slavenosrpski-rusi-srbi-isti-jezik>, accessed 12.12.18).

¹⁴ On the influence of Russian Panslavism on Nikola Pašić and Serbian Radicals in the late 19th century see: *Др Латинка Перовић*: Николај Ј. Данилевски и Никола Пашић (одједи дела

Данилевског у Србији) – *Николај Ј. Данилевски*: Русија и Европа, Прилог II (Београд: Службени Лист СРЈ ДОСИЈЕ, 1994) [*Dr Latinka Perović*: Nikolaj J. Danilevski and Nikola Pašić (Echoes of Danilevsky's works in Serbia) '– Nikolaj J. Danilevski: Russia and Europe, Annex II (Belgrade: Official Gazette of the FRY DOSSIER, 1994)] pp. 408-12.

¹⁵ See *В. А. Маевский*: Взаимоотношения России и Сербии (Буэнос-Айрес, 1960) Т. I. [*V. A. Maevsky*: Russia-Serbia relations (Buenos Aires, 1960) v. I].

¹⁶ *Michael Birnbaum*: 'Russia's low-cost influence strategy finds success in Serbia', *The Washington Post*, October 3, 2018, https://www.washingtonpost.com/world/europe/russias-low-cost-influence-strategy-finds-success-in-serbia--with-the-help-of-fighter-jets-media-conspiracies-and-a-biker-gang/2018/10/03/49dbf48e-8f47-11e8-ae59-01880eac5f1d_story.html?noredirect=on&utm_term=.292155c29d0c (accessed 12.12.18).

The Serbian Orthodox Church is a major promoter of conservative, Eurosceptic and pro-Russian attitudes in contemporary Serbian society. It shares a common liturgical language and common church calendar with the Russian Orthodox Church (the Bulgarian Church shares the former, but not the latter). In the latest conflict on Ukrainian autocephaly, the Serbian Orthodox Church has been the most vocal one amongst local churches in condemnation of the actions of Ecumenical Patriarch Bartholomew on Ukraine.¹⁷

The upward spiral in political relations since 2008 has also affected the economic relations between both countries. While in 2009 imports from Russia to Serbia were nearly twice the size of Serbian exports to Russia, by 2014 bilateral trade was characterised by roughly equal amounts of imports and exports, with a slight positive edge for Serbian exports to Russia. Still, in 2014, Russia's share in overall Serbian trade was 9.5%, well behind top partners Italy and Germany. Just as in Bulgaria, Russia dominates Serbia's oil and natural gas market. In 2008 Gazprom acquired 56.15% of shares in Petroleum Industry of Serbia (Naftna Industrija Srbije – NIS), in what many argued was a political deal. This company controls 100% of oil refining in Serbia through its two oil refineries.

Greek-Russian Relations

The traditional mainstay of these relations was Byzantine Orthodoxy, which exerted formative influence on Rus' in the period between the 10th and the 13th century and again in the 17th century. The Greeks were historically the senior partner in this relationship; this has been experienced directly for centuries and is a fact that is well-known and recognised in both countries (unlike the memory of the Bulgarian impact on Rus', which was blurred in medieval times already and had to be reconstructed by scholars from the 19th century onward). It also explains the lack of inferiority complexes on the Greek side of the relationship and the lack of fixation on Russia in Greek politics, if compared to the far more central role of Russia in Bulgarian and Serbian politics.

Overview of Relations. From the 1760s to 1860s Russian influence on Greece and the Greeks also had

a transformative effect, first exciting the locals with promises of liberation from the Ottoman rule and then attempting to mould them in an Orthodox-conservative direction.¹⁸ Russia's war with Turkey in 1828-29 was decisive in securing Greece's liberation, thus setting a precedent for other Balkan nations. 'From a purely military standpoint [...] no power contributed as much as Russia to the establishment of independent Greece.'¹⁹ From the 1820s to the 1860s there was an influential Russian Party in Greece (Ρωσικό Κόμμα), which acted as an informal grouping of politicians who favoured a strong centralised state and a prominent role for the Orthodox Church. This Russian Party struggled to shape Greece in fierce competition with English and French Parties that had grouped together pro-business and pro-Western politicians. This intense conflict between local clients of rival Great Powers established another enduring Balkan precedent.

Greece and Russia had never gone to war, but relations were distant for nearly a century after the 1860s. Perceived Russian support for Greece's Slavic neighbours to the north and rivalry over Constantinople did much to keep relations cold from the 1870s onwards. The 1917 Revolution brought about even greater estrangement, with Bolshevik support for Kemalist Turkey contributing substantially to the Greek catastrophe in Asia Minor. Then Soviet support for the Greek communists in the Civil War 1946-1949 and Greece's membership in NATO since 1952 pitted the two countries on opposite sides in the Cold War. Only the dramatic worsening of relations between Greece and Turkey in the 1960s and 1970s rekindled interest in a Russian counter-balance to Turkey. A visible sign of this new attitude was the building of a brand new 'SS Cyril and Methodius' church in Thessaloniki in the early 1980s, commemorating the two brothers as 'Hellenes' (instead of the historically more accurate 'Romaioi') who brought literacy to the Slavs.²⁰

¹⁸ See *Lucien J. Frary: Russia and the Making of Modern Greek Identity, 1821-1844*, Oxford UP, 2015. The mass recruitment of Greeks on Russian government service from the mid-1770s was spurred and incentivised by Catherine the Great's 'Greek Project' - see the chapter 'Russians as Greeks' (Русские как греки) in *Андрей Зорин: Кормя двуглавого орла...: Литература и государственная идеология в России в последней трети XVIII - первой трети XIX века* (M.: Новое Литературное Обозрение, 2001) [*Andrei Zorin: Feeding the two-headed eagle...: Literature and state ideology in Russia in the last third of the 18th - first third of the 19th century* (Moscow: New Literary Review)] pp. 31-64, 100-108.

¹⁹ *Ibid.*, p. 44.

²⁰ A previous 'SS Cyril and Methodius' church in a Bulgarian part of Thessaloniki was demolished in 1913.

¹⁷ *Bishop Irinej of Bačka: 'Position of the Serbian Orthodox Church on the Church Crisis in Ukraine After the Newest Decisions by the Patriarchate of Constantinople'*, 20 November 2018, http://www.spc.rs/eng/position_serbian_orthodox_church_church_crisis_ukraine_after_newest_decisions_patriarchate_constanti (accessed 20.12.18).

As noted by Constantinos Filis recently, the reputation of Russia and Greece ‘as bedfellows in spirit if not in practice lingers on thanks to the common bonds of Orthodoxy and a popular view among Greeks that Russia has always backed Greece in its most difficult moments.’²¹ This popular Greek perception certainly glosses over the many periods of cool or indifferent relations with Russia, but perhaps offers some consolation to a nation that often sees itself as a victim of history.

Cultivation of Orthodox ties remains an important preoccupation for Greek politicians. Since 1994 the main vehicle in this respect is the Interparliamentary Assembly of Orthodoxy, which involves Members of Parliament from 21 national parliaments. Its Secretary-General is always a Greek citizen, while the President of the Assembly has always been Russian (although the latter is not explicitly stipulated in its statute).

The Diaspora Bridge. Another factor unique to Greece (in comparison to other Balkan countries) is the notable role of ex-Soviet Greeks in bilateral relations. In 1990 there was a community of around 400,000 people of Greek descent in several republics of the USSR; in the period from 1990 to 2008 perhaps about half of this community migrated to Greece, creating Russian-speaking enclaves throughout the country. About 90,000 Greeks still live in the Russian Federation and many individuals and families of ex-Soviet migrants have moved from Greece to Russia in the last ten years.

Historically, the role of the Greek diaspora in the Russian Empire and the Russian Federation (although not in the USSR) has been far more prominent than the role of the equally big Bulgarian diaspora, not to speak of the much smaller Serbian diaspora. The Greek subjects of the Russian Empire tended to be mostly urban, merchant and educated, unlike the overwhelmingly rural and unassuming Bulgarian settlers. In fact, until the 1830s the more educated and enterprising Bulgarians in Russia tended to pass themselves off as Greeks, just as most of them did in the Ottoman Empire in the same period.

From mid-18th to mid-19th centuries there were thousands of Greeks in Russian service, with many building careers in both countries. Two prominent examples are the careers of Alexander Ypsilanti (1792-1828), a senior officer of the Imperial Russian

Army and the first prominent leader of the Greek War of Independence against the Ottoman Empire, and that of Ioann Kapodistria (1776-1831), Russian Foreign Minister in 1815-22 and the first Head of State of independent Greece in 1827-31. There are also more recent examples: former Moscow mayor in 1990-92 Gavriil Popov and cosmonaut Fyodor Yurchikhin (in service 1997-2017) are of Greek descent. Billionaire Ivan Savvidis (dual Russian and Greek citizenship) is reputedly close to president Putin and had played a prominent role in 2018 diplomatic scandals between Moscow, Athens and Skopje. No other Balkan diaspora has ever achieved similarly high status in either imperial or modern Russia; only Bulgarian political émigrés had reached similar heights in the Soviet Union, notably Georgi Dimitrov as General Secretary of the Communist International in 1935-43.

The Church Divide. One of the most neglected aspects of Greek-Russian relations is how relations between the two Orthodox Churches have often complicated and soured bilateral relations. The negatives in this millennium-old relationship are often no less striking than the better-known positives. These negatives include centuries of resentment at the dominance of Greek hierarchs in Rus’ until the 15th century, the key role of Greek clerics in *Raskol* (the historic split of the Russian Orthodox Church into an official church and the Old Believers after the reforms of the Grecophile Patriarch Nikon in 1653) and the acrimony between St Petersburg and Constantinople over the separation of Bulgarian eparchies and parishes from the Ecumenical Patriarchy in the second half of the 19th century. Attitudes in the Russian Orthodox Church have been marked by a century of resentment towards the Ecumenical Patriarchy after the 1917 Revolution, over what it sees as Constantinople’s moves to revise and modernise Orthodox tradition and to expand its jurisdiction over parts of the Russian ecclesiastical territory as it existed by 1917. The latest conflict between Moscow and Constantinople over jurisdiction in Ukraine from October 2018 is just another example of many previous and recurrent conflicts over jurisdiction in Finland, Poland and Estonia throughout the 20th century.

Just as political relations since 1991 have been marked more by symbolism rather than substance, both countries have also failed to develop a significant trade relationship in the same period. Similar to Bulgaria, the balance of trade with Russia displays a massive deficit for Greece, due to energy

²¹ Constantinos Filis: ‘Orthodox myths: Greece’s pragmatic approach towards Russia’, ECFR, October 29, 2018, https://www.ecfr.eu/article/commentary_orthodox_myths_greece_s_pragmatic_approach_towards_russia (accessed 20.12.18).

imports from Russia. 'Russian direct investment in the Greek economy is of only marginal importance: 0.1 per cent of all Foreign Direct Investment (FDI) and 0.2 per cent of Russian direct investments abroad. Even tourist numbers are modest: in 2017 they reached 900,000 out of 27 million arrivals.'²²

Conclusion

Historically, Russian influence in Balkan countries has fluctuated widely, and the present state of affairs should not be viewed as a given. Even countries that currently display negligible affinity to Russia, namely Slovenia, Croatia, Albania and Romania, have historical legacies that could be mobilised to warm up relations with Russia, should the necessity, the opportunity, or the temptation arise. One such legacy is the hugely influential intellectual trend of Panslavism in Croatia from the 16th to the 19th centuries, and concurrent infatuation with Russia – with Juraj, or Yurii, Križanić (1618 – 1683) as the most prominent representative of both trends. It is worth mentioning also a more modest Panslav trend in Slovenia from the 19th century onward and the transformative impact of Soviet-style socialism on Romania and Albania in the 1940s and 1950s. Russophile traditions and liberation narratives were strong in Romanian lands in the late 18th to mid-19th centuries, only to become nearly extinct in the aftermath of the Russo-Romanian military alliance in the Russo-Turkish War of 1877/78.²³

Similarly, there were periods in the history of Bulgaria, Serbia and Greece, when any Russian sympathies in these countries were effectively proscribed and driven underground – for example, in 1915 to 1918 in Bulgaria, in 1949 to 1955 in Yugoslavia and 1949 to 1974 in Greece.

The present popularity of Russia and Vladimir Putin in Bulgaria, Serbia and Greece could be viewed as a compensatory mechanism in response to deeper crises. These three countries face a world of profound uncertainties and ambiguities. Serbia is surrounded by members of a military alliance that it cannot join and is facing an ongoing territorial and demographic conflict over Bosnia and Kosovo. Bulgaria and Greece face real and potential migration pressures from the Middle East and an unpredictable and powerful neighbour in Erdoğan's Turkey, which projects

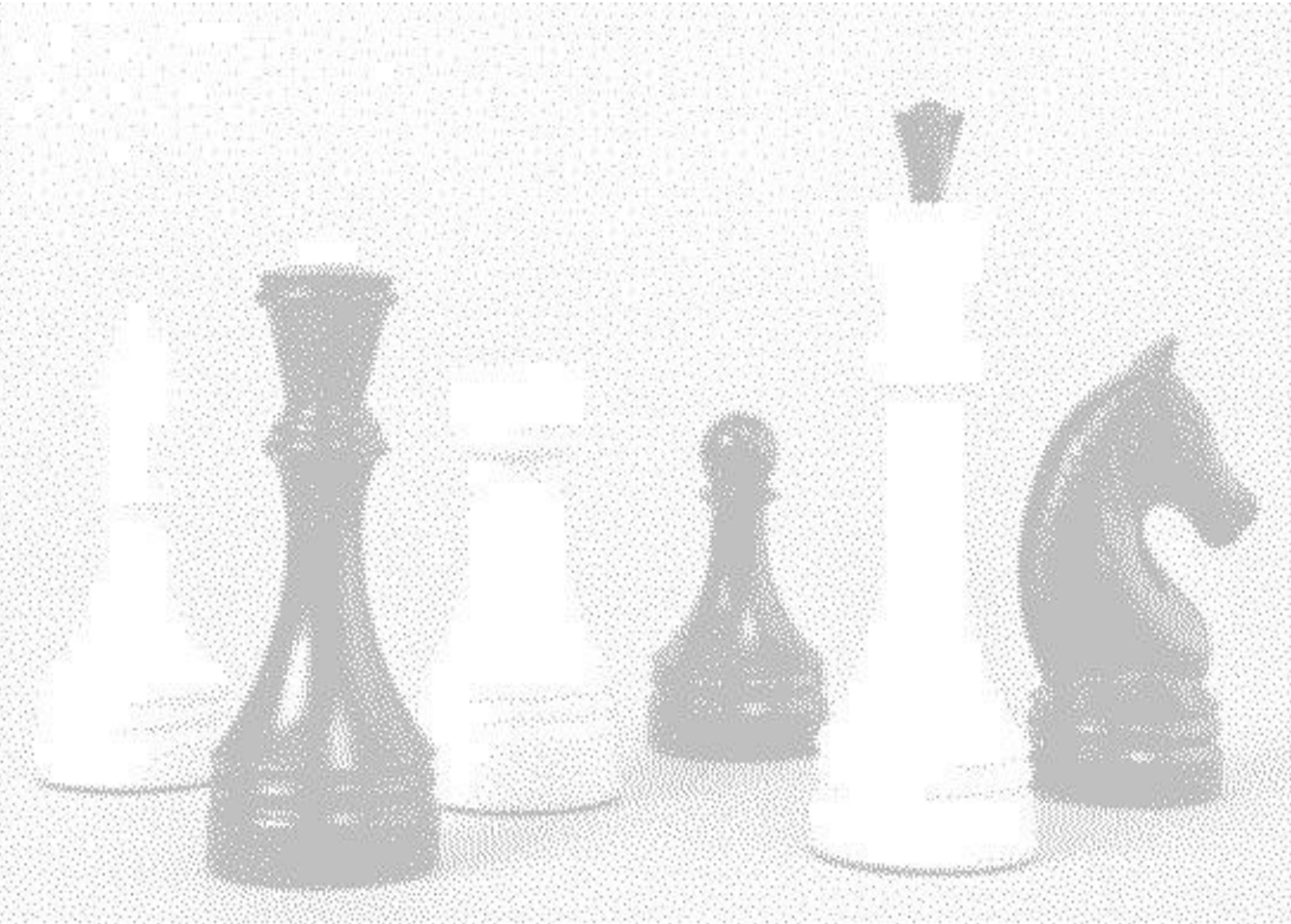
influence over Turkish and Muslim populations in both countries. In the case of Bulgaria, there is also a deep-seated dissatisfaction over a botched post-1989 transition that has seen this country sink to the level of the poorest EU member state, especially when compared with the relative success of countries that had a worse start in the same period, such as Poland, Estonia and Romania. There is similar feeling of profound dissatisfaction in Serbia over the relative failure of this country after 1991 when compared to other former Yugoslav republics like Slovenia and Croatia; this is coupled with the traumas of the disintegration of Yugoslavia, notably the ethnic cleansing of Serbs from Croatia and Kosovo. In the case of Greece there is a series of perceived disasters, beginning with the Turkish occupation and ethnic cleansing of 36.2% of Cyprus in 1974 and ending with the various debt crises and austerity programmes from 2008 onward.

Conversely, any developments that would restore the self-confidence of Bulgarians, Serbs and Greeks, are likely to make them less reliant on the compensatory expectations of Russian help. Drawing on historical parallels, it is worth noting that under Josip Broz Tito the Serbs were stakeholders in a project that gave their country genuine independence between East and West and a world role through the Non-aligned Movement. In such a situation, there was no place for the extravagant Russophilia that singled out Serbia in 1914 or 2019. Similarly, when Greece went through periods of genuine friendship and alliance with Turkey from the early 1930s to mid-1950s, it felt sufficiently strong and self-confident to avoid temptations from Moscow. However, it is exceedingly hard, or nearly impossible, to achieve political approximations of these periods in the present geopolitical circumstances.

Bearing all this in mind, the current trend of strong Russian influence and related expectations in Bulgaria, Serbia and Greece is likely to persist until that point in time when these three countries would begin to feel as secure and trusted members of a wider community of nations. Such a wider community of nations may also include a European-oriented Russia, as was the case in the early 1900s or the early 1990s.

²² Ibid.

²³ See *Victor Taki*: 'Legacies of the Eastern Question in Contemporary Russian-Romanian Relations', in: *Lucien J. Frary & Mara Kozelsky* (eds.): *Russian-Ottoman Borderlands: The Eastern Question Reconsidered* (University of Wisconsin Press, 2014) pp. 35-72.



Chapter 3

CHESSBOARD SOUTHEAST EUROPE?

Southeast Europe in Russia's Current Foreign Policy

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Abstract: The region of Southeast Europe is currently in a turbulent phase of its history. It is trying to finally put an end to the problems that arose after the collapse of communism almost 30 years ago. For a long time, the international community and the Balkan states themselves gave integration into the European Union top priority in the hope of achieving stability and prosperity in this part of the continent. Today, with the increasing influence of various international actors in the region – China, Turkey, Russia, and Arab countries – and problems within the EU itself, internal problems have also arisen within the region. The twin issue of internal security and external challenges became acute again. There is a trend to overestimate the Russian foreign interest and its presence in the region from the Western side. The article is devoted to the analysis and description of how Russia can be understood as an external actor in the Western Balkans. It equally focuses on the question what are the most constructive ways to stabilize the Balkan region and solve its current problems. *The text is a revised version of the author's presentation at the international conference of the Southeast Europe Association (SOG) on Russia as an external actor in Southeast Europe, which took place on 22/23 January 2019 in Berlin; it has been completed in May 2019 and first published in Südosteuropa Mitteilungen, 02/2019, pp. 71-81.*

Current trends in Southeast Europe

Despite its traditionally reserved relations with other regions of the world and even its backwardness, the Balkan region has become visibly more dynamic in the last decade. This has been made possible by a combination of several factors: The growing transit value of the region, the crisis of the European Union (both internally and regionally) and thus the intensification of latent competition between different international forces. In addition, the territorial scope of the Balkans is also changing. Greece, for example, with its long membership in NATO, has been actively involved in recent years in the infrastructure of the Western Balkans (development of Corridor X and other routes) and in economic interdependence (Greek-Albanian and Greek-Serbian relations). The extent of Greece's participation in the Macedonian question clearly shows its direct link with the region. Hungary and Romania should not be left aside either: Both are certainly linked to the Balkans from the point of view of logistics, ethno political problems and economic interests. As a result, the "current version of the Balkans" in my opinion may include 7 to 11 states – Slovenia, Serbia, Croatia, Bosnia and Herzegovina, Montenegro, North Macedonia, the "Republic of Kosovo", Albania, Greece, Bulgaria and Romania.

It can be seen that the internal dividing lines in the region have started to disappear in recent years and

its external borders are widening. This leads to an increasing non-linearity and randomness of the processes taking place there: After the collapse of socialist Yugoslavia in 1991, the discourse on the "return to Europe" gradually became the official mainstream in all its former republics. But indeed, the European Union (EU) and other international forces fit in very differently with the domestic political life, foreign policy and economic orientation of the Balkan countries. In the Muslim part of Bosnia and Herzegovina, for example, the religious factor has been of particular importance since the early 1990s. An important driving force was the revolution in Iran in 1979, which initiated the process of self-determination of Bosnian Muslims. In addition, Turkey returned to all zones with Muslim populations (Macedonia, Albania, Serbia, Sandžak and Kosovo), first through active participation in peacekeeping operations, then through cultural and economic influence. Later came the Arab countries (mainly Saudi Arabia) that, in addition to making pinpoint investments, also contributed to importing Wahhabism, the type of Islam that was not typical of the region.

The "Primakov loop" in 1999,¹ which ended the romantic period in relations between Russia and the

¹ Yevgeny Primakov, Russian Prime Minister 1998-1999: On 24 March 1999, Primakov was heading to Washington for an official visit. After he found out that NATO had decided to bomb Yugoslavia, Primakov cancelled his visit, ordered to deploy the

West, clearly showed how differently both perceived the post-bipolar order. During this time, Russia recalled its historical role in the Balkan region and its traditional cultural ties. In the mid-2000s, Russia significantly strengthened its influence in Serbia, Montenegro and the Republika Srpska, focusing in particular on the creation of a well-developed energy hub with sufficient infrastructure in the Balkans.

Since the mid-2000s, China has been launching infrastructure projects in Southeast Europe to help it build a "bridge" that literally and figuratively connects the country to the EU. Finally, during the civil wars in the territory of former Yugoslavia, the United States clearly showed their Western European partners that they were not in a position to resolve conflicts of this dimension. As a result, since the Dayton Agreement in 1995, at least the United States became a permanent "referee" for all Western Balkan countries, regardless of their orientation. In this respect, the traditional link between NATO and the EU became particularly important, and it is almost impossible to take into account the "return of the Balkan states to Europe" without their integration into NATO's European security system.

At the same time, the Balkan region is entering a phase of infrastructure renewal. This is supported both by the European Union and by external actors such as China (e.g. 51% stake in the Port of Piraeus, road construction, etc.), Russia (e.g. Russian railway projects in Serbia), Turkey (e.g. construction of a motorway in Kosovo and the Belgrade-Sarajevo motorway), the Arab Emirates (e.g. Belgrade Waterfront project), etc. Although this renewal could only be a race to catch up and perhaps a half-hearted measure, it will nevertheless be implemented in all countries linked to the so-called European Corridor X (Greece, North Macedonia, Serbia and Croatia).

Therefore, the current situation can be defined as a combination of two contradictory trends: On the one hand, there is a tendency to build transit routes in the Balkan region – logistical ("One Belt, One Road", Corridor X) and energetic (Turkish electricity, TAP gas pipeline, regional interconnectors). On the other hand, there is the prospect of creating a buffer zone in the Balkans to protect the European Union from alternative political and integrative influences. In this respect, the influence of Russia is mainly seen as negative.

aircraft directly over the ocean ("Primakov's loop") and returned to Moscow.

The European Union offers a so-called "European future" to all Balkan peoples. The political elites and the population of the countries belonging to the region cannot all imagine such a future. Although the percentage of Euro-optimists in the populations has gradually decreased, integration into the European Union is still considered a natural process and seems to be the only possible choice for the Balkans. However, the EU and its member states have accumulated so much of their own crisis potential at the moment that they are not in a position, under the circumstances, to meet all the challenges that are shaking the region. Brussels simply has neither the resources nor the desire to do so.

The United States only advances decisions that secure its influence on pan-European processes subsequently strengthening its position in global confrontation. Russia, China, Turkey and Saudi Arabia, that are increasingly gaining influence in the region, when considered separately, are not so powerful. In any case, they are simply not in a position to offer an alternative to the "European choice". However, they never planned to offer an alternative. And most politicians and commentators agree that this would turn the Balkans into a tinderbox, just as it was a century ago.

Existing problems in the Balkan region are still not solved; while new ones are emerging on the horizon. Bilateral negotiations are protracted. In addition, everything happens either by itself or through intermediary participation and even dominant influence of the USA and the EU. All attempts, whether to find unconventional approaches or to propose new ground-breaking initiatives, are immediately deleted by external players. In order to advance the situation at least a little and achieve a positive dynamic, intra-regional political actors begin with provocative tactics that force all external actors to react. The point is that these tactics only reinforce confrontational tendencies around the world.

Dominant ideas about Russia's current foreign policy in the Balkans

Russian foreign policy in the Balkans has changed considerably over the last three decades. This occurred under the influence of mainly external factors and independently of the fact that the Balkans remained a third-rate link in the system of Moscow's foreign policy priorities during this period. For Russia's relations not only with the Euro-Atlantic West, but also with Turkey and in recent years with China (within the framework of the "Common

Destiny" concept and the "One Belt, One Road"/BRI project), however, the events taking place in the Balkan region were and are of great significance.

In the 1990s, it turned out that the Balkans were on the periphery of Russia's foreign policy and economic interests. Russia counted on building relations with the European Union and the United States. In the years of "pragmatic cooperation" with the EU (first half of the 2000s), Russia was present in the Balkan region through economic diplomacy. Since contradictions accumulated between Moscow and Brussels (since the second half of the 2000s), military and political issues have come to the fore. This made the problem of a conflict of interest in the direct areas of contact (e.g. in the Baltic States, Central Europe, and Southeast Europe – the Western Balkans) particularly relevant.²

Russian foreign policy in the Balkan region has been based for ten years on the principle of using the minimum resources necessary to maintain the working climate at an inter-governmental level and prevent the loss of existing assets. The main principles of the Balkan vector of Russian foreign policy are:

- Maintaining the status of a "great power", traditionally involved in determining the fate of the region;
- Preventing NATO enlargement as far as possible;
- Fulfilling the interests of Russian business, primarily those of the energy business;
- Preservation of the Western Balkans as a possible "negotiation card" with Brussels;
- Preventing the intra-regional situation from slipping out of control;
- Maintaining – largely for domestic Russian consumption – the ideas of Slavic brotherhood and religious unity (with some of the region's ethnic groups) through the interplay of churches and centuries-old cultural ties.

Despite the fact that the Balkan region occupies an extremely small place in the system of foreign policy priorities, this direction of Russia's foreign policy is not a failure. Rather, we can say that Moscow is succeeding in maintaining a certain influence in the region. This is largely due not so much to Russia's proactive actions as to external circumstances of various kinds:

1. The failure of EU policy in resolving regional contradictions, democratizing the region, returning to an economic environment familiar to the once Yugoslav society: internal material stability.
2. Low quality of the local political elites with their historical focus lying on the balance between the "great" powers.
3. The traditionally inviting and loyal attitude of the Orthodox population towards a strong, sovereign (imperial) Russia; the concern of the progressive part of Muslim society as regards the radicalization of Balkan Islam against the background of the optimistic Russian-Turkish tandem and Moscow's military successes.
4. Conscious exaggeration by the media of the place and role of modern Russia in the Balkans. Brussels and Washington are trying to accuse Moscow of attempting to stir up regional problems ("spoiler-country" label). For the time being, this leads to a significant increase of interest in Russia and its interests in the region on the part of the local political elites and the local populations.

At the same time, Russia is proving strategically to be almost the only international force that can be expelled from the Balkan region in the medium term:

- a) A "spoiler-country" label attached to Russia by some Western media and politicians could be very useful within the given scenario: This label hides the lack of a real policy and is resource-friendly, allowing the Euro-Atlantic area to show that Russia is supposed to be ready for a tit-for-tat response within its "vulnerable spot" in the event of further integration into the post-Soviet area. However, as Russia remains strategically amorphous, it will not earn dividends within the region or in planning its future responses to Brussels. In the long run, Moscow risks losing the credibility of the local population, which in turn is unwilling to see itself as a playing card in the game between Russia and the EU. In this context, inspiration from the growing influence and significance of Moscow could quickly be replaced by disappointment.
- b) The Western Balkans' shift towards the Euro-Atlantic area would mean the end of the European division process. Brussels would become much more politically independent from the Eastern part of the continent. Moreover, once Moscow lost its strategically important "Balkan

² More detailed: *Ekaterina Entina / Alexander Pivovarenko*: Russia in the Balkans, Russian Council for Foreign Affairs, January 13, 2019, <https://russiancouncil.ru/en/balkans>.

chessboard", cooperation with the Turkish Republic would become more complex in every respect. The negotiating positions with the People's Republic of China (PRC) would also weaken. For the Chinese, the Balkans represent a kind of end point of the "New Silk Road", which is hardly investigated in terms of culture and perception. Such a "domino effect" would of course also affect Bulgaria and Greece, which would be practically unacceptable to Moscow.

In the meantime, Moscow's potential to move away from the Balkans would not have a positive impact on the stabilization of the region for the following reasons:

1. Russia is not the only independent (from Brussels) external actor in the region;
2. Russia appears to have fewer opportunities to pursue its objectives in the region than Turkey, China, the United Kingdom and some others;
3. Historically, Russia has played a crucial role for the Orthodox populations of Southeast Europe, both in protecting their interests and in controlling their ambitions.

Perspectives for Cooperation and Confrontation in the Balkans

The international situation as a whole, the credibility crisis inside and outside the European Union, the "fatigue" caused by the ever-increasing demands in parallel with no serious progress on the part of the Balkan countries – all these indicators suggest that the EU has missed the moment for implementing a relatively painless and effective inclusion of Southeast Europe. Today's shift of the Balkan region towards Brussels is rather mechanical and occurs more due to no other available strategic perspective than the sincere desire to join the European family. This makes the process of creating well-functioning state and legal institutions, considered the most important in the region, a largely bureaucratic exercise.

If all these problems were solved and the formal criteria were met, Southeast Europe would inevitably remain a deeply corrupt and institutionally dysfunctional space for the following reasons:

- The EU's attitude to this problem is detached;
- The EU focuses on loyal political elites, regardless of whether they fulfil the basics for the functioning of democratic states;
- The EU considers certain political problems to be the most important and not the secondary

obstacle to membership (as in the case of Kosovo).

The situation of the Western Balkan region in the last quarter of 2018 became very fragile: The Macedonian question, the Kosovo process with non-receipt of membership in Interpol, the 100% taxation of imports from Serbia and Bosnia and Herzegovina into Kosovo as well as the Vučić-Thaçi idea of a land swap and also Kosovo's step towards building up a regular army. These developments prompted all international actors, including the United States, Russia and China, to focus more intensively on the region, which was once again on the agenda of international organizations such as the United Nations Security Council and NATO. Nevertheless, it is important to note that the traditional Russian position remains unchanged: Moscow considers that NATO enlargement will bring neither security nor stability to the region. Even more, Moscow unfortunately regards NATO enlargement as the most important and principal international activity in the region and does not pay particular attention to the fact that the activities of some European capitals (Paris, London, Berlin) in the last three years have concentrated on a more national approach than in the EU-28 format.

The establishment of a "Contact Group 2.0" throughout the Western Balkan region can be seen as the best solution with the aim of solving territorial and ethnic problems in "one package" on the basis of the Regional Cooperation Council in Sarajevo (formerly Stability Pact for South Eastern Europe). This initiative is the best choice because it corresponds to the EU's role as the main part of the list of negotiators. Germany, France (in its national status), the USA, Russia and China could also be included. This would give all sides more room for compromises on the "Balkan chessboard" (through mutual and joint responsibility, neutralized by a probable international spoils of any agreement), and significantly reduce the influence of regional criminals trying to play their own cards in negotiations over national or narrow borders.

Such contexts allow reflecting on several scenarios for the evolution of the situation in the region in the mid-run.

Scenario 1: Political and military consolidation of the region, parallel to the relative decrease of European Union influence / growth of European dependence on the U.S.

Despite the fact that Washington's political role within Europe is gradually diminishing, the influence

of the U.S. on European processes in Southeast Europe is indeed increasing. The NATO enlargement to the Southeast (Montenegro 2017, North Macedonia as the next NATO member in the near future and the closer cooperation with Serbia and the pressure on Bosnia and Herzegovina in 2018) also successfully implements the process of marking dividing lines in Europe, mostly under the motto "fight against the Russian disruptive influence".

Today the influence of several international actors in the Balkans – EU, USA, Russia, China, Turkey – is evident. But nobody regards the region as self-sustainable and self-attracting. With the exception of the USA, the Western Balkan region is mainly seen as a possible and likely entry into the EU market. Washington does not need the Balkans as such because of its historical relations with Western Europe. It considers the Western Balkans not on the principle of their perspective accession to the EU. In practice, Washington associates the Western Balkan region less with Brussels but more with the resting part of Central and Eastern Europe. It is shifting its military and strategic resources to this part of Europe, gradually laying the groundwork for a change in key partners within NATO and in bilateral military-political cooperation. In the Western Balkans, the intention of the USA to restore partner relations with Serbia has been demonstrated – not having been a priority so far. In 2017, though it was announced by American experts as one of the priorities of the U.S. in Southeast Europe.³ Very slowly Serbian-American relations are improving de facto today.

The central element of the U.S. military infrastructure is *Romania*, which is one of the most committed allies of the USA and where the USA has had missile defence elements since 2011. It is possible to provide an U.S. Army contingent of 3,000 soldiers on Romanian territory and (if necessary) increase it to 3,500 within 90 days. Central objects are the missile defence base Deveselu, the air base Mihail Kogălniceanu (which can accept all types of NATO aircraft and carry out any type of transit), the naval base Constanța. *Bulgaria* is an important place for the U.S., too: The USA has four bases there – the air force bases Bezmer (in Yambol) and Graf Ignatievo (near Plovdiv), the Novo Selo military training site, and the Aytos logistics centre (in Burgas). The number of American employees in Bulgaria is about 2,500

soldiers (with the ability to reinforce up to 5,000 soldiers within 90 days). The *Hungarian* airports Taszár and Pápa air bases have a reverse value for the Bulgarian and Romanian ones. In 2018, the USA announced the prospect of opening five new locations in the Balkans: A NATO base in central *Albania* (Kuçova); new objects in *Greece* (Larissa, Volos, Alexandroupolis, and there are also plans to open a NATO aviation training centre in Kalamata). *North Macedonia* has its value in terms of supporting the Bulgarian dimension.

Why do the U.S. have to take such steps? On the one hand, Southeast Europe is necessary as a base in the event of a further deterioration in American-Turkish relations. Secondly, the contradictions between Washington and Berlin on various issues encourage Washington to focus a little on more reliable political partners, who are definitely in Central and Eastern Europe. From a geostrategic point of view, such rebalancing also has its benefits: It makes it possible to keep the Western part of Europe under control, to maintain the Turkish and Russian direction and – to some extent – to limit Chinese penetration to this part of Eurasia. In this sense, American policy in the region should not only and precisely be seen as anti-Russian (despite the propaganda of the need to defend the region from Russian influence) and not as genuine partner relations with Western Europe, but as a policy aimed at strengthening Washington and controlling allies and Beijing.

To sum up: This scenario does little to stabilize and modernize the Balkan region internally, because it does nothing to promote genuine institution building – which was and is the main idea of the EU. However, it diminishes to some extent the importance and authority of the European Union as the main incentive for modernization (especially in conditions where France openly claims that it is not possible to accept new EU members today), since one of the most important expectations expressed today by the political elites of the Western Balkans is security and clarity for the future. In this sense, the U.S. is more attractive than the EU. It promises nothing, but when it acts, it acts effectively, with a clear message (e.g. the letters of U.S. President Donald Trump to Kosovo's President Hashim Thaçi and Serbian President Aleksandar Vučić in December 2018) and quickly. The case of the Macedonian crisis 2015-2017 could be a good example, when the EU spent several unsuccessful months organizing negotiations between Prime Minister Nikola Gruevski (2006-2016) and his successor Zoran Zaev, but U.S. Assistant

³ Damir Marusic, Sarah Bedenbaugh, and Damon Wilson: Balkans Forward – A New US strategy for the region, Atlantic Council, https://www.atlanticcouncil.org/images/Balkans_Forward_web_1128.pdf.

Secretary Victoria Nuland solved this problem in less than a day.

Scenario 2: A rapid accession of all Western Balkan countries to the EU

This could be an acceptable scenario for the Balkan countries, but it could be such a turnaround that it: a) is not considered by Brussels itself because it undermines the whole idea of "how to become a member". Just the open claim of the Western Balkan countries' leaders to become EU members or otherwise "they cannot give any guarantees against a new Balkan crisis" (one of the most popular arguments both on the part of the political elites and the expert society) is obviously insufficient.

And (b) the scenario would not bring about significant changes as for the destiny of the Western Balkan countries. Without strong sub-regional cooperation and stable economic growth, they will remain a deep periphery of the EU. At the same time, they will have fewer opportunities for cooperation with countries outside the EU such as Russia, China and the majority of rapidly developing non-Western countries. As a result, a possible "EU membership before real economic growth" will inevitably have negative consequences for the local economy and the day-to-day economic prosperity of the Western Balkans' citizens. Also the objectively very poor stance of the political and civil institutions in the Western Balkans, the fragile political dialogue not only between states but also between domestic elites, will have a negative effect on the currently very difficult decision-making process between the EU 28 (EU 27 after Brexit), both in internal EU and in the common foreign policy. For example, hypothetically, how will Bosnia and Herzegovina act with one voice within the EU if it is unable to coordinate any little issue between its three entities at the moment? Is this scenario really acceptable for both the EU and the rest of the Balkans?

To sum up: In the current situation, however, we see bilateral progress, both from the political elites in Southeast Europe and from EU officials, in creating an organizational form and a framework. This is happening in parallel with a genuine value- and culture-based enclosure (in the case of local countries) of the Western part of the ever-weaker Southeast, which will not stop begging for investment (in the case of Brussels). As a result, a possible accession of the Western Balkans to the EU in the near future will raise more problems in terms of the economy (for the Southeast) and the effectiveness of

decision-making (for Brussels) than in terms of profits.

Scenario 3: Anti-Russian shift besides maintaining the status quo option / China and Russia: combination of money, "skills and knowledge" (know-how) to an experimental strategy / development of a spoiler potential by external and internal forces

This prospective scenario serves nothing in terms of "de-balkanization" of the region, but could on the contrary, in the current geopolitical competition of the world, become a reason for intensifying regional internal problems. The Russian-Chinese alliance in the Balkans would trigger the transfer of continuing competition between the West and the East from distant Africa, Asia and the Middle East directly to Europe.

In its relations with China the EU is primarily concerned with:

1. A huge trade deficit: It exported 198 billion Euros in goods to China and imported 375 billion Euros in 2017;
2. Deepening the technological gap: China and the U.S. are the world's first big cyberspace, information communications and artificial intelligence companies to leave EU companies far behind;
3. China's growing hard power and military build-up: China's defence budget is proportionally as large as all military expenditures of the EU 28 together, but is much more efficient.

That is why the EU countries are deeply divided in their policy towards China. On the one hand, they have a policy of containment towards China along the lines and requirements of the U.S. that they cannot meet – French President Macron calls on African countries not to trust China, Britain coordinates with Commonwealth members a ban on G5 products from China, and so on. On the other hand, the EU is currently negotiating a comprehensive investment agreement with China to urge China to play by European rules and open up more market opportunities for European companies. At the same time, the EU hopes to adopt as soon as possible its own "Silk Road policy" under the label of *Connectivity* (connecting Europe and Asia) to replace the economic belt of the "no conditionality"-approach of the "One Belt, One Road"/BRI project with synergies with China in different areas based on international norms and standards, transparency, accountability, open

procurement and trans-European transport network policy principles.

Obvious evidence that the EU is not pursuing a comprehensive policy towards China is the fact that Italy, despite rejection by the G7, has decided to sign a Memorandum of Understanding with China in March 2019 to support the Chinese Silk Road Initiative BRI, focusing on China's role in helping Italy overcome economic difficulties. Another proof is that Brussels, Berlin and others are still trying to teach Beijing how to respect human rights, the principles of rule of law and all their traditional stuff while Chinese officials openly mock them.

China is actively involved in the Balkan region and at the same time tries to pretend to be a pure economic actor. It invested heavily in the region's infrastructure with the aim of completing its "16+1 Project" and the larger "One Belt, One Road" concept. Due to the absence of political demands and the tragic historical past in the countries of Southeast Europe, China is considered a very independent, positively influencing actor. But it would be underestimating not to look at the problem China is facing in the Balkans:

1. **The problem of perception:** The people of the Balkan region believe that China is building a lot, but is not investing in the real needs of the people. The projects are mainly carried out with loans taken by the Balkan countries from Chinese banks and the majority projects are done with Chinese labour force. China does not create jobs for the local population, and the lack of a career perspective is the main reason for the huge annual emigration from the Balkans.
2. **The trade war between the U.S. and the People's Republic of China,** which especially concerns the supply of steel. China is one of the world's largest steel exporters. And the USA is one of the largest importers. In 2018, the USA introduced quotas that significantly reduced exports of Chinese steel. Today China is beginning to export steel to the EU via its South Eastern part. How will Brussels react to this? The confrontation with Beijing will definitely not affect the EU's prospects in the region positively in the near future.

Why is a hypothetical Moscow-Beijing tandem possible in the Balkans and why does it endanger EU interests there as well? Could it affect the security of the region? The political elites in the Balkans are increasingly aware of the whole situation and often use it for their own ends. The presence of Russians, Turks and Saudis, combined with the willingness of

local political elites in Southeast Europe to "switch" from one international power to another on the map of confrontation, will increase the potential for conflict in all directions.

To sum up: This scenario is currently being implemented in the Balkan region. To date, despite the positive effects of the various financial investments in the area, the political and sub-regional situation has unfortunately become much more fragile than ten years ago. The responsibility for this lies with everyone – the Balkan elites, the EU, the USA, Russia, China, Turkey and the Arab countries. Whether this will develop into a joint responsible strategy of the above-mentioned international forces or whether all of them (including the EU, some of its member states and the U.S.) will continue to implement their own will is decisive for the future of the region.

Scenario 4: Southeast Europe becomes a Multilateral Platform

Historically, the Balkan region is recognized as a crossroads of civilizations, transport routes and of security. Turning Southeast Europe into a multilateral platform would be an alternative that seems unrealizable in today's world, but very promising. It could be one of the foundations to end the confrontation between the West and the East; it could help to "de-ideologize" modern international relations and return to the foundations of "Realpolitik". International forces have varying degrees of interest in the Balkans, which could contribute to a realization of the scenario. As far as Russia and the United States are concerned, they are united in the region by the absence of significant national interests and also by the ability to influence the EU through both stabilization and well-controlled de-stabilization of the region. Both though are more interested in the stability of the region: The USA because of its will to have a "back" alternative to Turkey in terms of military presence in Europe. Russia because of its will to stay in the region rather as a "great and heard power" than a real active actor, but it also needs a stable Balkan region for the realization of the "Turkish Stream". The failure of a second energy project (the first was South Stream) in the region could severely damage the Russian image. For China, the Balkans represent an essential European area of "One Belt, One Road", which is why Beijing is interested in the stability of the region's future.

The EU and Turkey are therefore the only forces for which the situation in the Balkan region is directly

linked to their security (military, political and economic order) and to their role as genuine foreign policy actors. As far as the asymmetric influence of the Gulf States in the region is concerned, none of the above-mentioned forces is interested. Thus, what we actually need is political will and understanding that the international confrontation is working against all

participants, albeit to different degrees. Constructive negotiations between the USA, China and Russia could start from the Balkan region, from the most painless and at the same time historically and geographically (in comparison to other regions) significant areas for them today.

Russian Presence in Southeast Europe / Balkans – An Overview

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Abstract: The Southeast European countries find themselves in a post-Brexit Europe rattled with the migrant crisis, the rise of the populist right, troubled Trans-Atlantic relations, elections for the European Parliament and fragile relations between Russia and the West. While the six Western Balkan countries declaratively remain committed to EU membership and cooperation with NATO, the post-Brexit European Union seems reluctant to expand into the Balkans, let alone defend the decaying rule of law in its candidate countries and potential candidate countries. The breakdown of the EU enlargement process and the West's growing detachment from the Balkans resulted in opening the space for foreign powers, such as Russia, to play a more prominent role in the region. The increased Russian presence in the Balkans also goes hand in hand with the rise of authoritarian regimes across the region and the dire economic situation, followed by social inequalities. Even though an alliance with Russia is not a viable alternative to the EU or NATO membership, many Balkan political leaders reach out to Russia for support over Kosovo, the Republika Srpska, and the Macedonia name dispute, for energy supplies, loans, defence cooperation and/or arms sales. *This paper draws on the briefing papers published at the official website <https://www.balkancrossroads.com/> and has been completed in May 2019.*

Until the Ukrainian crisis, Western policymakers and policy analysts paid little attention to Russia's efforts to expand its political, economic, and military influence outside of the former Soviet space. After the annexation of Crimea and the beginning of the war in eastern Ukraine, Russian presence in Southeast Europe, and especially in the Western Balkans, has been the subject of many policy discussions and countless of academic research studies, think tank policy papers and journalist articles. So far, Russian influence in the Balkans has been *a priori* perceived as negative and described as "maligned", "malicious", "opaque", which seems to be terms borrowed from American English medical vocabulary describing opaque diseases, such as cancer. For the second time in history, Russia has also been labelled as "the evil empire" that wants to regain the former glory of the Soviet Union.

This paper is a contribution to the current discussions on the presence and influence of Russia in the region and will try to answer the research question: "Why Russia still matters?" This analysis will be done by mapping key actors and circumstances that enable Russian influence in the Balkans. Before that process, the paper will take stock of Russia's foreign policy towards the Balkans. Special attention will be paid to the countries of the Western Balkan region in Southeast Europe, which are still not fully integrated into the European Union (EU). Instead of a conclusion, the paper will try to identify different strategies to contain Russia's presence in the region.

Russia's Foreign Policy Approach towards the Balkans

When the Soviet Union collapsed, Boris Yeltsin's Russia did not play a significant role in the Balkans as a result of internal problems and the withdrawal from world affairs in the 1990s. Nevertheless, many in Russia viewed the violent break-up of Yugoslavia "as an example of humiliation", where the West ignored Moscow's views – and the post-Soviet world first saw the blueprint for the "colour revolutions".¹ The NATO bombing of FR Yugoslavia in 1999 during the Kosovo war was another example of humiliation and a turning point in Russia's relations with the West. From Moscow's perspective, the intervention was an indication of what might happen to Russia in the Second Chechen War. Russia's presence in the Balkans has become more visible only after the early 2000's under Vladimir Putin and the presence has been rising ever since. "Putin's Russia started following more aggressive foreign policy as it grew frustrated over American positions in the Balkans after the U.S. supported Kosovo's 2008 declaration of independence, and especially after the international mediation about the status of Kosovo was moved

¹ That blueprint refers to "Otpor / Resistance", a mass nonviolent movement in Serbia that eventually rid the nation of Slobodan Milošević and then became a nongovernmental organization that advised and trained pro-democracy activists. *Jaroslav Wiśniewski: Russia has a years-long plot to influence Balkan politics. The U.S. can learn a lot from it, The Washington Post, September 19, 2016, https://www.washingtonpost.com/news/monkey-cage/wp/2016/09/19/heres-how-russias-trying-to-sway-opinion-in-serbia-and-the-balkans/?utm_term=.7195e3b90ffe.*

from the United Nations (UN) to the EU level in 2011, thus circumventing Russian participation."² Putin has not forgotten that Russia lost its influence in the Balkans after NATO intervention and Kosovo's declaration of independence. He has used that territory's upheaval and independence as his justification for asserting Russia's power by fighting in Abkhazia and South Ossetia in 2008 and Crimea in 2014.³ Russia strengthened its global and regional positions even further after President Vladimir Putin came to power in 2012. In subsequent years, Russia played a "hot and cold" game with the West, sometimes softening and then hardening its positions in the Balkans. These often inconsistent positions changed mostly depending on the current state of play with the West, proving that Russian main strategic focus was on the global political scene.⁴ For Russia, the Balkans are symbolically important as a tool used to deflect the attention of the West away from the regions of Russia's vital interests. As it is often the case in history, the Balkan countries became a bargaining chip in this larger geopolitical game.

In an attempt to spread its influence in Europe and elsewhere, Russia inevitably confronts with American and European interests. Putin's goal to maintain *status quo* and to preserve Russia's political influence in the region which is directed against the aims of the EU and the U.S., as well as with the aspirations of Western Balkan countries to join the European Union and/or NATO. Additionally, in an attempt to make "Russia Great Again" and to overcome political isolation as well as to end the international sanctions against Russia, Putin is interested in increasing the numbers of countries willing to cooperate with Russia. The majority of Western foreign policy analysts and officials considered this to be "Russia's new 'Trojan horse' strategy for breaking European unity".⁵ The main argument is that Kremlin is trying to "split" the EU by finding allies amongst both the left and the extreme right-wing leaders in Europe's capitals, as well as in Western Balkan countries. Concerned about the new ideological conflict rising within the EU – liberal vs. illiberal Europe – Europe, as

well as America, has also become concerned that "illiberal democracies", such as Russia, will use Balkan countries like Serbia as a 'Trojan horse' to enter into the European market and promote its own political model which opposes the EU model of liberal democracy. The 'Trojan horse' argument is further boosted by EU officials, such as the EU Commissioner Johannes Hahn, and policy experts and scholars, such as research fellow at the University of North Carolina – Chapel Hill, Dimitar Bechev. Bechev strongly believes that Russian decision-makers will only benefit from Montenegro and Serbia joining the EU since "Russian long-term interest is to have as many countries like Cyprus, Greece, Bulgaria and so forth in the EU".⁶ By such kinds of statements, the EU officials and experts directly contribute to generating fear among EU citizens of the enlargement process and political integration of the Western Balkan countries. However, both policymakers and pundits are failing to notice that EU's (in)actions – and not only Russia's actions – are pushing some countries away from Euro-Atlantic integration and into the Kremlin's embrace.

It remains to be seen whether the new EU Commission, after the May 2019 elections to the European Parliament, will be favourable to Russia.

The Enablers of Russia's influence

Western Failures and Withdrawal from the Balkans.

The West – both the EU and the U.S. – neglected and sidelined the region on their political agenda after numerous conflicts broke out in North Africa and the Middle East, and especially when the crisis in Ukraine started. This approach allowed Russia to increase its influence in the Balkans without notice. Moreover, the EU has turned inward due to the consequences of the financial crisis, to the rise of the populist right, further due to Brexit and other internal problems. The EU's credibility in the Western Balkans has been additionally damaged by the slow pace of the EU enlargement process. Despite the EU's new 2018 'credible strategy for the Western Balkans', post-Brexit-EU lacks the political commitment to remain deeply involved in the Balkans. The EU's failures to articulate a coherent and consistent approach to the region have spurred growing frustration in Balkan countries. As a result, large segments of the population in the Balkans have become sceptical

² Prague Security Studies Institute: Briefing Paper I, East vs. West, 2018, <https://www.balkancrossroads.com/bp-i-east-vs-west>.

³ Jarosław Wiśniewski, op. cit., The Washington Post, 2016.

⁴ Prague Security Studies Institute: Briefing Paper II: External Influence in the Political Sphere, PSSI, 2018, <https://www.balkancrossroads.com/bp-ii-politics>.

⁵ Eugene Bai: Russia's new 'Trojan horse' strategy for breaking European unity, Russia Direct, February 19, 2015, <https://russia-direct.org/analysis/russias-new-trojan-horse-strategy-breaking-european-unity>.

⁶ Dragan Stavljanin: Bechev: Montenegro and Serbia in the EU Would be Good for Russia, RFE/RL, September 9, 2015, <https://www.slobodnaevropa.org/a/bechev-montenegro-and-serbia-in-the-eu-would-be-good-for-russia/27354148.html>.

towards the EU and are favouring closer ties with Russia and other non-EU countries.

Furthermore, Brussels is accused of backing "stabilocrats" in the region by favouring stability while regional leaders erode the fundamental human rights, the rule of law and democracy, including media freedom. This double game – pressure on governments to implement structural reforms in the process of EU integration, but turning a blind eye to democratic backsliding and violation of the rule of law and other democratic standards in the Balkan countries due to regional stability and the final settlement of the unresolved dispute – has led to growing Euro-scepticism. Lastly, the EU has also failed to improve the quality of people's lives and to bring a positive political change despite significant political and financial investment in countries, such as Bosnia and Herzegovina and Kosovo. Unsurprisingly, the current situation in the Western Balkans represents a fertile ground on which Russian and other foreign powers have sown their influence.

Increased Russian involvement in the Balkans prompted the EU and NATO to reengage with the region and to make efforts countering Russian influence. As the prospect of EU membership is fading, democracy, economic standard and regional stability are declining, causing people to emigrate from the Balkan countries in large numbers or turn on the governments in mass street demonstrations in Serbia since December 2018, since beginning 2019 also in Montenegro and Albania.

Great Power Tools and Realpolitik. Russia has never offered Balkan countries a viable long-term alternative for achieving good governance, stability and economic prosperity compared to the European Union membership. On the contrary, Russia is skilful in taking advantage of the deep-rooted local problems within and between the Balkan states and championing the local political goals, such as Serbian sovereignty over Kosovo, Macedonian name dispute or Republika Srpska's bid for independence. Moscow's veto at the United Nations Security Council and other international bodies reminds the local and international audience of its great power status. So far, Russia has used its powerful tool to block Kosovo's membership in the United Nations (UN), to prevent the adoption of the Srebrenica genocide resolution, to undermine Kosovo's UNESCO bid and to prevent Kosovo's entry into INTERPOL. In case of Bosnia and Herzegovina, Russia capitalised on its position within the UN Security Council in 2014 when it abstained from voting for the regular annual

extension of the mandate of the EU-led peacekeeping mission in Bosnia and Herzegovina – Operation EUFOR ALTHEA. Besides, Russia uses its membership in the Peace Implementation Council (PIC) to influence the implementation of Bosnia's Dayton Peace Accords and to oversee the work of the Office of the High Representative (OHR) of Bosnia and Herzegovina.

Russia could lose its political influence in Serbia if the country normalises its relations with Kosovo and concludes a comprehensive EU-sponsored agreement. Belgrade would thus lose the need for a Russian veto in the UN Security Council.⁷ Moreover, Serbia will have to align with the EU's foreign policy and impose economic sanctions, travel visas for the Russians or renounce the free trade agreement with Russia. For these reasons, Russia may use its great status tool again to maintain the status quo or impede the final settlement of the Kosovo dispute to postpone Russia's further decline of political influence in the Balkans.

Regardless of the intention, the West may push Balkan countries into Kremlin's embrace by (ab)using its power tools and privileged positions within the international organisations, such as EU and NATO. Moscow's influence in Macedonia, for example, further increased after Greece's 2008 veto of Macedonia's bid to join NATO, which encouraged some Macedonians to seek allies elsewhere.

Russia is an important power in the current reshaping phase of the world order in which multilateralism and international organisations lose their long-lasting impact against *Realpolitik* and power politics. Unlike the EU, Russia – as have shown the Ukrainian crisis and Kerch Strait incident – often acts unilaterally like a superpower. To the contrary to the EU, Russian President Vladimir Putin could easily create tensions and destabilise the Balkan region or downplay sensitive issues with only one statement, phone call or visit. For example, Russia has provided rhetorical support to Republika Srpska President Milorad Dodik's referendum initiative in 2016 (i.e. the Day of the Republika Srpska) and for his calls for Republika Srpska's independence. Simultaneously, Russia has blocked Dodik from pushing for full independence of Republika Srpska by conveying the message in press communiqués after the meetings of the PIC – in which Russia is a member – in December 2016 and in

⁷ Maxim Samorukov: Escaping the Kremlin's Embrace: Why Serbia Has Tired of Russian Support, Carnegie Moscow Centre, January 21, 2019, <https://carnegie.ru/commentary/78173>.

June 2018 that neither of the two entities in Bosnia has a right of secession.⁸

Moscow is playing a double game and acts as a spoiler to a certain extent but in line with its Western partners. The EU is often slow-moving and the way in which Europe is doing "business" has allowed the Ukrainian crisis to unfold, while, among other things, the failure of the EU High Representative for Foreign Affairs and Security Policy, Federica Mogherini, to make a breakthrough in the dialogue between Belgrade and Prishtina after years of high-level EU negotiations, resulted in the idea of "border demarcation" and "land swaps". The situation in the region has become more complex, especially after the election of Donald J. Trump as the President of the United States. Trump supported Serbia's President Aleksandar Vučić and Kosovo's President Hashim Thaçi in their intention to find a "creative solution" for the Kosovo dispute, while U.S. Ambassador to Serbia, Kyle Scott, said there are no "red lines" for Kosovo. The *Guardian* reported the U.S. is „willing to look at any solution, including border changes, but will not necessarily endorse it in the end.”⁹ A U.S.-backed land-swamp idea to redraw the borders was strongly criticised and considered to be undermining the multilateral institutions and efforts of the EU's Common Foreign and Security Policy (CFSP) to reach a comprehensive agreement. To close the discussion about a land swap, Germany initiated the summit in Berlin on April 29, 2019 and invited Western Balkan leaders.

The incumbent Serbian President Vučić is a relevant figure in the current geopolitical game between Russia and the West. Many western diplomats perceive Vučić to be a guarantor of stability in the region. They hope that Serbia will limit Russia's influence by reaching a final deal with Kosovo under the auspices of the EU, while also tempering efforts by Milorad Dodik, the Serb member of Bosnia and Herzegovina's tripartite presidency, to push for the Republika Srpska's independence. For these reasons, Vučić has the strong support of the West to reach a final comprehensive agreement with Kosovo. At the same time, it is of Moscow's interest to back Serbia's condition and aim to preserve its territorial integrity

and sovereignty over Kosovo. Putin's support to the Serbian leadership, however, "leaves Belgrade no room for manoeuvre at the Kosovo negotiations".¹⁰ Since Vučić was not able to persuade Putin in early 2019 to accept the resolution of the Kosovo conflict both presidents – Vučić and Thaci – were negotiating and suggesting, Vučić was left with two choices: to commit a political suicide if he dares to recognize Kosovo without Russia's approval or to maintain a status quo comfortable for Vučić.¹¹ While trying to get rid of Kremlin's support, Vučić faces internal challenges. These challenges stem from the pro-Russian political wing of the anti-government protests, such as the Serbian Movement "Dveri", and from several coalition ministers who represent more Russian than Serbian interests in the government and oppose the EU as well as any resolution of the Kosovo dispute. Despite the fact that the Serbian Prime Minister Ana Brnabić announced the government's reshuffle in 2018 to replace pro-Russian ministers and to reduce Moscow's influence, this has not yet happened.

The current status quo in the Balkans has also been challenged by the talks of Western diplomats and officials¹², including the Turkish President Recep Erdoğan in January 2019, about the revision of the Bosnia's 1995 Dayton Peace Accords, in other words by the requests for a "Dayton 2".¹³ It is unclear what "Dayton 2" means, but according to Bosnian independent policy analyst Srećko Latal some officials have recently used the name "Dayton 2" to refer to "an arrangement that would either confirm a settlement based on the arrangements that existed immediately after the end of the war – a loose confederation of three almost completely autonomous entities – or even go for a complete territorial division".¹⁴ Although Milorad Dodik, Russia's closest ally, would suit either option, it still remains to be seen what role Russia will play in this potential new game. Sputnik reported in 2018 that potential negotiations about 'Dayton 2' would not be

⁸ *Prague Security Studies Institute: Briefing Paper II: External Influence in the Political Sphere*, PSSI, 2018, <https://www.balkancrossroads.com/bp-ii-politics>.

⁹ *Shaun Walker and Andrew MacDowall: U.S.-backed Kosovo land-swap border plan under fire from all sides*, The Guardian, September 3, 2018, <https://www.theguardian.com/world/2018/sep/03/us-backed-kosovo-land-swap-border-plan-under-fire-from-all-sides>.

¹⁰ *Maxim Samorukov: Escaping the Kremlin's Embrace: Why Serbia Has Tired of Russian Support*, Carnegie Moscow Centre, January 21, 2019, <https://carnegie.ru/commentary/78173>.

¹¹ *Ibid.*

¹² These include, but are not limited to the Croatian President Kolinda Grabar-Kitarović, to Bosnia's former High Representative Wolfgang Petritsch, and to Michael Turner U.S. Congressman and former mayor of Dayton, Ohio.

¹³ *Srećko Latal: 'Dayton 2' Debate, Serbia-Kosovo Talks Reflect Balkans Spiralling Out of Control*, BalkanInsight, February 12, 2019, <https://balkaninsight.com/2019/02/12/dayton-2-debate-serbia-kosovo-talks-reflect-balkans-spiralling-out-of-control/>.

¹⁴ *Ibid.*

possible today without Russia and China, bearing in mind that the situation in the region has changed.¹⁵

Maximum Returns with Minimal Costs. Russian investment in the Balkans is only a small fraction of the EU investment. However, Russia gets the maximum effect with minimum investment in the region due to several different reasons.

In contrast to the EU's well-diversified investment portfolio, Russia is maintaining economic and trade relations in a few strategic sectors — energy, banking, retail, tourism and real estate — intending to create political and economic dependence on Russia.¹⁶ To enter into strategic economic sectors in the Balkans, Russia is using diplomatic tools and a network of colluding local officials. Furthermore, Russia's economic presence in the Balkans is channelled indirectly either through Russian-owned companies operating in the EU countries like Austria, Italy, the Netherlands or offshore companies.

Russia's economic presence in the region is most visible in the energy sector as it owns energy monopoly in Bulgaria, in Serbia, in the Republika Srpska entity of Bosnia and Herzegovina, and in North Macedonia where it controls the TransBalkan Pipeline—the single gas route to the country. According to the research of Centre for the Study of Democracy and Center for Strategic and International Studies¹⁷, the Kremlin maintains a substantial presence in the Balkans by dominating country's energy in the oil, gas as well as nuclear sector like in case of Bulgaria. Russian investment in Bulgaria represents a 24.4% of gross domestic product (GDP) in 2014.

Russian foreign direct investment (FDI) stocks in Montenegro make up close to a third of the country's GDP, and Russia is the single largest direct investor in Montenegro, with 13% of all FDI stock in the country.¹⁸ In contrast to Bulgaria, Serbia, North

Macedonia or Bosnia, Moscow's economic influence in Montenegro does not rely on Russian energy resources. Instead, Russian companies enjoy influence in Montenegrin real estate and tourism markets which makes the country vulnerable to political and economic pressure. Corporate presence in the energy sector, especially through petroleum trade, has shrunk significantly since 2013 to just 5.5% of GDP in 2015 due to the withdrawal of the Russian oligarch Oleg Deripaska from the country's biggest company, the Podgorica Aluminium Plant (KAP).¹⁹

There is considerable Russian economic presence in Serbia concentrated in the energy sector as well in banking, insurance, petrochemicals and railway construction. Moscow's diplomatic support to Serbia in the UN and other international bodies against Kosovo's recognition has enabled Russia's energy companies, such as Gazprom Neft, to enter the Serbian energy sector and take a controlling stake in Serbia's Naftna Industrija Srbije (NIS) oil and gas company in 2018 for a bargain price. "Through its investment in NIS, Gazprom Neft gained assets elsewhere in the region, including subsidiary enterprises — gas stations, storage facilities, drilling and exploratory rights, and representative offices — in Bosnia, Bulgaria, Croatia, Hungary, and Romania".²⁰ Russian companies directly control around 10% of Serbia's economy, but indirect control amounts to 12%, given the dependence of national industrial behemoths on Russian raw materials.²¹

Russia's largest investment in Bosnia — purchase of oil refineries in towns of Brod and Modriča — is channelled through the Republika Srpska (RS) entity. The Kremlin's influence on RS is especially pronounced because Bosnia is 100% dependent on Russian gas supply. In Bosnia, like in many other Balkan countries, Russia has exploited political tensions and institutional deficits to prevent diversification and market liberalisation. Russian investments in Bosnia are controversial because not all of the announced projects are implemented or profitable. In addition to oil and gas, Russian ownership also stakes in fuel stations as well as in the sectors of retail and banking. Russia's corporate footprint has doubled from around 2.6% in 2006 to

¹⁵ Nikola Joksimovic: Sprema li se Dajton 2 — sada i sa Rusijom i Kinom, Sputnik, September 4, 2018, <https://rs.sputniknews.com/analyze/201809041117069077-dejton-kosovo-medjunarodna-konferencija-/>.

¹⁶ Paul Stronski: Is Russia Up to No Good in the Balkans?, Carnegie Endowment for International Peace, February 13, 2019, <https://carnegieendowment.org/2019/02/13/is-russia-up-to-no-good-in-balkans-pub-78335>.

¹⁷ The Russian Economic Grip on Central and Eastern Europe, *The Kremlin Playbook*. Understanding Russian Influence in Central and Eastern Europe, Russian Economic Footprint in the Western Balkans. Corruption and State Capture Risks and The Kremlin Playbook 2: The Enablers.

¹⁸ Center for the Study of Democracy: Assessing Russia's Economic Footprint in Montenegro, Policy Brief No. 73, January 2018, https://csd.bg/fileadmin/user_upload/publications_library/files/2018_01/CSD_Policy_Brief_73_Montenegro.pdf.

¹⁹ Ibid.

²⁰ Paul Stronski: Is Russia Up to No Good in the Balkans?, Carnegie Endowment for International Peace, February 13, 2019.

²¹ Center for the Study of Democracy: Assessing Russia's Economic Footprint in Serbia, Policy Brief No. 72, January 2018, https://csd.bg/fileadmin/user_upload/publications_library/files/2018_01/CSD_Policy_Brief_72_Serbia.pdf.

about 6% in 2016, but in RS alone, Russia controls more than 10% of the economy.²²

In North Macedonia, Russia's impact is most prominent in the energy sector (including gas supplies, gas pipeline projects, oil products distribution), metallurgy and mining. Besides energy dependency, Russia has a limited footprint in North Macedonia in the financial and economic sector. Russian investments in North Macedonia occupy a 1% share of the total FDI stock.²³ Yet, the revenues of Russia-owned companies operating in North Macedonia have grown fourfold from EUR 63 million in 2006 to over EUR 212 million in 2015.²⁴ The trade turnover between the two countries is minimal, albeit rising after 2014 as North Macedonian agricultural producers benefitted from the Russian embargo on EU farmers.

Economic cooperation between Kosovo and Russia has been limited since 2008 because Russia does not recognise Kosovo's independence and Kosovo passports. Russian foreign direct investments in Kosovo amounted to around EUR 2 million in 2016, while in 2017 Kosovo imported Russian products amounting to around EUR 10 million, an insignificant volume compared to some EUR 450 million imports from the EU.²⁵

Russian influence in economic affairs is effective because it does not come with conditional obligations for the Balkan governments, such as EU grants, but with a huge media campaign. The myth of Russia as a powerful economic partner is fuelled by the local mainstream media, by Russian clientelistic networks and the Kremlin media outlets in the region. In terms of foreign trade, Serbia – as an EU candidate country – has more robust trade ties to Germany and Italy than with Russia. Its trade with Russia amounted to 6.7% of the Serbian total in 2016, compared to 64.4% with the EU member states in the same period. In spite of these facts, several rounds of public opinion

polls showed that many Serbian citizens mistakenly believe Russia is one of the biggest donors and trade partners of Serbia.²⁶ The majority of citizens is also misinformed about the real costs of Russia's investment and the benefits of the bilateral Serbian-Russian economic cooperation. For instance, Soviet-era fighter jets are presented in local media as Russian "gift" to Serbian defence, but that "gift" was worth USD 209 million and was paid by Serbian taxpayers' money.²⁷ Also, the free-trade agreement between Serbia and Russia is not free, but it comes with customs duty and quota system. Furthermore, a majority of citizens is not aware of the fact that almost all Balkan countries pay higher prices for Russian gas supply than many EU countries.

Russia's Influence on Balkan Societies through Proxies. Moscow maintains a strong presence in Balkan countries by sponsoring a local clientele – oligarchs, politicians, political parties, diplomats, think tanks and NGOs, intellectuals, journalists, soccer teams, as well as including the Orthodox Church and local ultra-nationalist groups. The Russian clientelistic network is most developed in Serbia. According to a 2016 study by the Belgrade-based think tank Centre for Euro-Atlantic Studies, more than 100 Serbian organisations in Serbia promoted various aspects of Serbian-Russian relations in the past several years.²⁸ In contrast to Serbia, Russia has a less developed network of proxies in other Balkan countries and relies more on new oligarchs or authoritarian-style Balkan politicians like Milorad Dodik in the Republika Srpska, the Montenegrin President Milo Đukanović and the former Macedonian Prime Minister Nikola Gruevski (until 2017).

²² *Center for the Study of Democracy: Assessing Russia's Economic Footprint in Bosnia and Herzegovina, Policy Brief No. 74, January 2018,*

https://csd.bg/fileadmin/user_upload/publications_library/files/2018_01/CSD_Policy_Brief_74_BiH.pdf.

²³ *Prague Security Studies Institute: Briefing Paper III: External Influence in the Economic Sphere, 2018,*

<https://www.balkancrossroads.com/bp-iii-economics>.

²⁴ *Center for the Study of Democracy: Assessing Russia's Economic Footprint in Macedonia, Policy Brief No. 71, January 2018,*

https://csd.bg/fileadmin/user_upload/publications_library/files/2018_01/CSD_Policy_Brief_71_Macedonia.pdf.

²⁵ *Prague Security Studies Institute: Briefing Paper III: External Influence in the Economic Sphere," 2018,*

<https://www.balkancrossroads.com/bp-iii-economics>.

²⁶ According to a 2015 survey by TNS Medium Gallup, which was funded by the EU, the answers on the question "who are the largest donors of Serbia" were the following: A) With the possibility of a free answer: The highest number of respondents answered Russia (16%), Japan (11%), the EU (10%), then Germany and China. The U.S.A was not even ranked in the top five. B) However, when respondents were offered a list of responses, most respondents answered that the EU was the largest donor of Serbia (28%), followed by Russia (24%), Germany, Japan, China, Norway, the U.S.A, Switzerland.

Source:

<http://europa.rs/files/02.12.%20istrazivanje%20pp%20s.pdf>.

²⁷ *Michael Birnbaum: Russia's low-cost influence strategy finds success in Serbia, The Washington Post, October 3, 2018,*

https://www.washingtonpost.com/world/europe/russias-low-cost-influence-strategy-finds-success-in-serbia--with-the-help-of-fighter-jets-media-conspiracies-and-a-biker-gang/2018/10/03/49dbf48e-8f47-11e8-ae59-01880eac5f1d_story.html.

²⁸ See the *Centre for Euro-Atlantic Studies Study, Eyes Wide Shut, April 2016,* <https://www.ceas-serbia.org/sr/publikacije/studija-sirom-zatvorenih-ociju>.

Oligarchs, such as Konstantin Malofeev, Ivan Ignatyevich Savvidis and Oleg Deripaska, all of them with ties to Vladimir Putin, but also the Russian Orthodox Church and right-wing political groups in the Russian and Balkan societies, actively contribute to strengthening Russian influence in the Balkans. Many local people are particularly worried about Kremlin's and oligarchs' support to local far-right organisations that could be used to disrupt political decision-making. Public's awareness about Russia's proxies in the region was significantly raised after the 2016 allegedly Russian-backed coup attempt in Montenegro, the 2017 storming of the Parliament in Skopje and the 2018 Macedonia's name change referendum and the Prespa Agreement to settle the Macedonian name dispute. The independent media – Organized Crime and Corruption Reporting Project (OCCRP), NOVA TV and the Crime and Corruption Reporting Network (KRIK) – reported on allegedly Russian intelligence involvement in the incidents in Macedonia. Based on a collection of reports by Macedonian counterintelligence, they also describe efforts by Greece-based Russian businessman Ivan Savvidis and Serbian intelligence, right-wing groups and media analysts, to support anti-Western and pro-Russian nationalists in Macedonia.²⁹

Moscow strongly opposed the referendum on Macedonia's name change and invested plenty of efforts to encourage a referendum boycott. Ahead of the referendum, Macedonian and Western officials and analysts reported about increased number of new websites that spread calls to boycott the vote and "disinformation campaigns and 'fake news', cyber warfare and hacking, phoney Facebook and Twitter accounts and secret cash payments",³⁰ including group of football hooligans, who opposed to the name change, and turned violent towards the police in Skopje. The international and local community were particularly concerned when Russia's ambassador in Skopje Oleg Shcherbak "warned that the country could become "a legitimate target" if tensions increased between Russia and NATO".³¹ The result was "the refusal of Macedonia's

voters to endorse a change in their country's name", which is widely seen as "a significant victory for Vladimir Putin, a setback for the EU and NATO, and another disturbing example of Russia's ability and willingness to influence the democratic process in western countries".³²

Russian far-right organisations in cooperation with their Balkan counterparts, but also local authorities and academic institutions, are taking steps towards indoctrination and/or radicalisation of youth from the Balkans. Russia has organised symposiums of young Balkan politicians in Russia, children camps on the island of Lemnos in Greece, and provided military-style training for Serb teenagers in Serbia and Russia, presumably as part of an effort to promote historical and cultural links, as well as military-patriotic solidarity between youth in Russia and Serbia. Despite a long tradition of right-wing extremism in Serbia, their involvement in foreign conflicts is a new phenomenon. Studies show that around 70 Serbian nationals fought on the pro-Russian side of the Ukrainian conflict, and some participated in the conflict in Syria through a Russian private military company.³³ Some of the foreign fighters in Ukraine have also been accused of planning the attempted coup d'état in Montenegro. Additionally, the Night Wolves branches in Bosnia, Bulgaria, North Macedonia, and Serbia, as well as the Balkan Cossack Army can potentially hinder political reform and push pro-Russian agendas in the Balkans. One should bear in mind that even if Russian influence fades away in some country, it would be difficult to dismantle those networks.

Russia has significant historical, cultural, religious and ties to the region, but these shared connections are at times exaggerated. "Moscow deploys the narrative of Slavic brotherhood and shared Orthodox Christianity to fortify its relationships with political leaders, churches, and independent groups in Bosnia, Bulgaria, Greece, North Macedonia, Montenegro, and Serbia".³⁴ But out of all the Balkan countries, Serbia is

²⁹ *Aubrey Belford, Saska Cvetkovska, Biljana Sekulovska and Stevan Dojčinović*: Leaked Documents Show Russian, Serbian Attempts to Meddle in Macedonia, OCCRP, June 4, 2017

<https://www.occrp.org/en/spooksandspin/leaked-documents-show-russian-serbian-attempts-to-meddle-in-macedonia/>.

³⁰ *Simon Tisdall*: North Macedonia Result of Macedonia's referendum is another victory for Russia, The Guardian, October 1, 2018, <https://www.theguardian.com/world/2018/oct/01/result-of-macedonia-referendum-is-another-victory-for-russia>.

³¹ *Michael Birnbaum*: Russia and the West battle over Macedonia's future ahead of name-change referendum, The Washington Post, September 28, 2018,

https://www.washingtonpost.com/world/europe/russia-and-the-west-battle-over-macedonias-future-ahead-of-name-change-referendum/2018/09/28/0e7ccf80-c025-11e8-9f4f-a1b7af255aa5_story.html?utm_term=.3ae07bb530aa.

³² *Simon Tisdall*: North Macedonia Result of Macedonia's referendum is another victory for Russia, The Guardian, October 1, 2018.

³³ *Predrag Petrović*: The problem of Islamist extremism in Serbia: What are the drivers and how to address them, Western Balkans Extremism Research Forum, British Council, September 2018, https://www.britishcouncil.rs/sites/default/files/policy_brief_serbia.pdf.

³⁴ *Paul Stronski and Annie Himes*: Russia's Game in the Balkans, Carnegie Endowment for International Peace, February 6, 2019.

the only one that enjoys the special status of having been designated Russia's "Slavic brother". This image of Slavic brotherhood is carefully crafted by Russian and Serbian officials, who regularly refer to the shared Slav history, culture and religion; an army of Serbian and Russian media outlets that portray Putin as a protector of modern-day Orthodoxy and use anti-Western rhetoric, and reinforced by local pro-Russian analysts and politicians, including Russian and Serbian Orthodox Church. The narrative of Slavic brotherhood is also actively shaped by the West at times.

Contrary to conventional wisdom, Serbia and Russia are not natural allies and brothers due to Slavic and Orthodox identity. Behind the veil of Orthodox brotherhood, Vučić and Putin are using one another to advance their geopolitical agendas.³⁵ Also, Serbian "Russophilia" has little to do with religion, contemporary Russia or its citizens. For most Serbs, Russophilia represents the rejection of Western values and is driven by the acceptance of the traditional and conservative system of values nominally embodied by Russia.

The Rise of Populist Leaders and Democratic Backsliding. Moscow works to strengthen ties with political leaders in the Balkans who share Putin's authoritarian style of governance. The governments and the presidents of all Balkan countries are officially committed to the "European path" and "European values" – however, the majority of them strategically turns to illiberal political systems in which one knows "who the boss is". Putin's authoritarian approach to governance may not be appealing to the majority of citizens worried by the fact that their officials were publicly showcasing their idolising of the Russian leader, whose regime is accused of discrimination against minorities, restrictions of media freedoms, the imprisonment of journalists and women grassroots activists etc. Putin's model of populist leadership is, however, appealing to Balkan politicians who have a strong wish to be leaders of a strong state and act as the strongman who can solve any problems. Like Putin, Balkan leaders are encouraging nationalism to distract public's attention from economic failure or are creating tensions in the region and then playing a role of fire-fighters. Favouring close ties with Russia, some Balkan countries get in return something much more

than potential trade benefits, and that is – a strong partnership between rulers in the process of democratic backsliding and state capturing. In this way, political leaders clearly gave notice that democracy is not "the only game in the town". Instead of the process of Europeanization, Balkan people are witnessing a reverse trend, i.e. "Orbanization" or "Putinization" of Balkan politics. Moreover, by embracing behaviour and practices of the Russian leader, Balkan leaders signalled which side their governments have chosen in the new geopolitical and ideological struggle between Russia and the West.

Moscow strengthens its presence in the region and fosters links with Balkan political leaders through high-level visits. While Western leaders rarely visit the Balkans, Russian government officials often visit the Balkans and welcome their Balkan counterparts to Moscow. Among Russian officials who travelled across the region in 2018 were Foreign Minister Sergey Lavrov, Foreign Intelligence Service Director Sergey Naryškin, Federation Council Chairwoman Valentina Matviyenko, and Minister of Emergency Situations Yevgeny Ziničev. Putin, who was guest of honour at Serbia's military parade in 2014, in turn, hosted Serbian President Vučić for the Moscow Victory Day Parade in May 2018, as well as Milorad Dodik ahead of the Bosnian elections in October 2018. It is noteworthy that Putin has met Serbia's President Vučić more than ten times in recent years. Dodik is another leader in the Balkans with whom Putin often meets. These symbolic diplomatic visits may be beneficial for Balkan leaders, but they primarily enable Russia to show that it influences the Balkans.³⁶

The Russian influence is effective because local politicians are voluntary eager to glorify Putin and promote Russia's image as a counterweight to the West, thus capitalising on anti-Western and pro-Russian sentiment ahead of the elections or when resolving internal issues. Putin's very symbolic January 2019 visit to Serbia, for example, has helped the Serbian political leadership to announce several high-level bilateral trade, investment, and cooperation agreements and to turn public's attention away from the anti-government protests that have been taking place since December 2018. Some foreign-policy analysts argue that authoritarian

³⁵ *Una Hajdari and Michael Colborne: There's One Country in Europe Where Putin Is a Rock Star, Foreign Policy, January 25, 2019, <https://foreignpolicy.com/2019/01/25/theres-one-country-in-europe-where-putin-is-a-rock-star-russia-serbia-vucic-belgrade-kosovo/>.*

³⁶ *Paul Stronski and Annie Himes: Russia's Game in the Balkans, Carnegie Endowment for International Peace, February 6, 2019, <https://carnegieendowment.org/2019/02/06/russia-s-game-in-balkans-pub-78235>.*

leaders – who came to power with the support of the West, but turned away from pro-Western policies and sought Putin's support to stay in power when facing a crisis of legitimacy at home – have more chances to lose power than the opposite in the long run.³⁷

Additionally, Balkan leaders play a double game and portray Russia as a security threat or exaggerate the Russian influence to attract the attention of the West and get financial aid or political support from the EU and the United States.

Pro-Russian Media Propaganda. Moscow continues to spread its geopolitical influence across the Balkans by using "soft power tools". As already said before, it relies greatly on the local mainstream media controlled by the local ruling parties and oligarchs that are promoting pro-Russian or anti-Western narratives without the need to inject financial investment heavily. This fact is especially the case in Serbia and Bosnia's Serb-dominated entity of Republika Srpska. Nevertheless, Russia invested in opening a Balkan branch of the state-operated news agency Sputnik in 2015 in Belgrade, which has become Russia's leading media apparatus in the Western Balkans. Sputnik can expand its impact through local media, because it offers free content in the Serbian language, making it more likely that Balkan press agencies and media outlets republish Russian-friendly narratives, often without verification. Besides Sputnik, there are also a considerable number of online news portals that openly advocate Russian interests in Serbia.³⁸ Unsurprisingly, Russia's favorability numbers among Serbians have increased from 47.8% to 60% in June 2017 according to the latest United State Senate Foreign Affairs Committee's Report.³⁹ The same percentage of Bulgarian citizens held a positive view of Russia according to 2015 public survey. Carried out by the University of Macedonia in 2017, the survey found that 57.5% of Greeks had a favourable opinion of Russia and 67% of President Vladimir Putin.⁴⁰ On contrary, the citizens of North Macedonia, Bosnia and

Herzegovina and Montenegro have less favourable attitudes towards Russia according to NDI Western Balkans Public Opinion Research conducted in November 2018.⁴¹

Despite such a high positive attitude towards Putin and Russia, sympathy drops if the respondents are asked to comment on Moscow's commitment to democratic principles and human rights or to express their opinion on more specific issues, such as places where they want to study, work and live. The majority of the Balkan citizens still perceive Russia as a "remote" country with little cultural appeal. It is Western countries where most, especially young, people flee in search of better education and economic opportunities.

Countering Russia's influence

To counter Russia's growing presence in Southeast Europe, the United States and the EU applied different strategies. Montenegro's accession into NATO and the fall of the Gruevski government in Macedonia are examples of how Russia lost political leverage in these countries. The decision of Albania, Greece, Macedonia and Romania to expel Russian diplomats after the attempted murder of former Russian spy Sergei Skripal in the United Kingdom (UK) was a largely symbolic act, but it sent the message that the allies of the UK will not tolerate Russia's attempts to flout international law and undermine European values. The UK also showed it would not tolerate Russian "meddling" in the Bosnia and Herzegovina elections in 2018. As a result, the UK proclaimed it would deploy about 40 military personnel troops to ensure "free and fair" elections and counter "malign external influence" ahead of parliamentary and presidential elections in October 2018. This unilateral move provoked Bosnian Serbs and the Russian Ambassador to Bosnia who has accused Britain of interfering in the country's internal affairs.

Furthermore, Russia's interests are being directly thwarted by increased intelligence activities in the region. The alleged 2016 Russian-backed coup d'état in Montenegro was prevented by Montenegrin authorities in cooperation with the foreign intelligence services. The political situation in Greece and Macedonia had deteriorated over the past three years when the Macedonian name dispute came close to a settlement, and it also affected the relations between Russia and both Balkan countries,

³⁷ Vladimir Gligorov: Waiting for Putin, The Vienna Institute for International Economic Studies, January 17, 2019, <https://wiiw.ac.at/waiting-for-putin-n-361.html>.

³⁸ Novi Standard (www.standard.rs), Srbin.info (www.srbin.info), Vaseljenska TV (www.vaseljenska.com), Gazeta (www.vesti-gazeta.com), Fakti (www.fakti.org) Kremlin (www.kremlin.rs), and GlasMoskve (www.glasmoskve.rs).

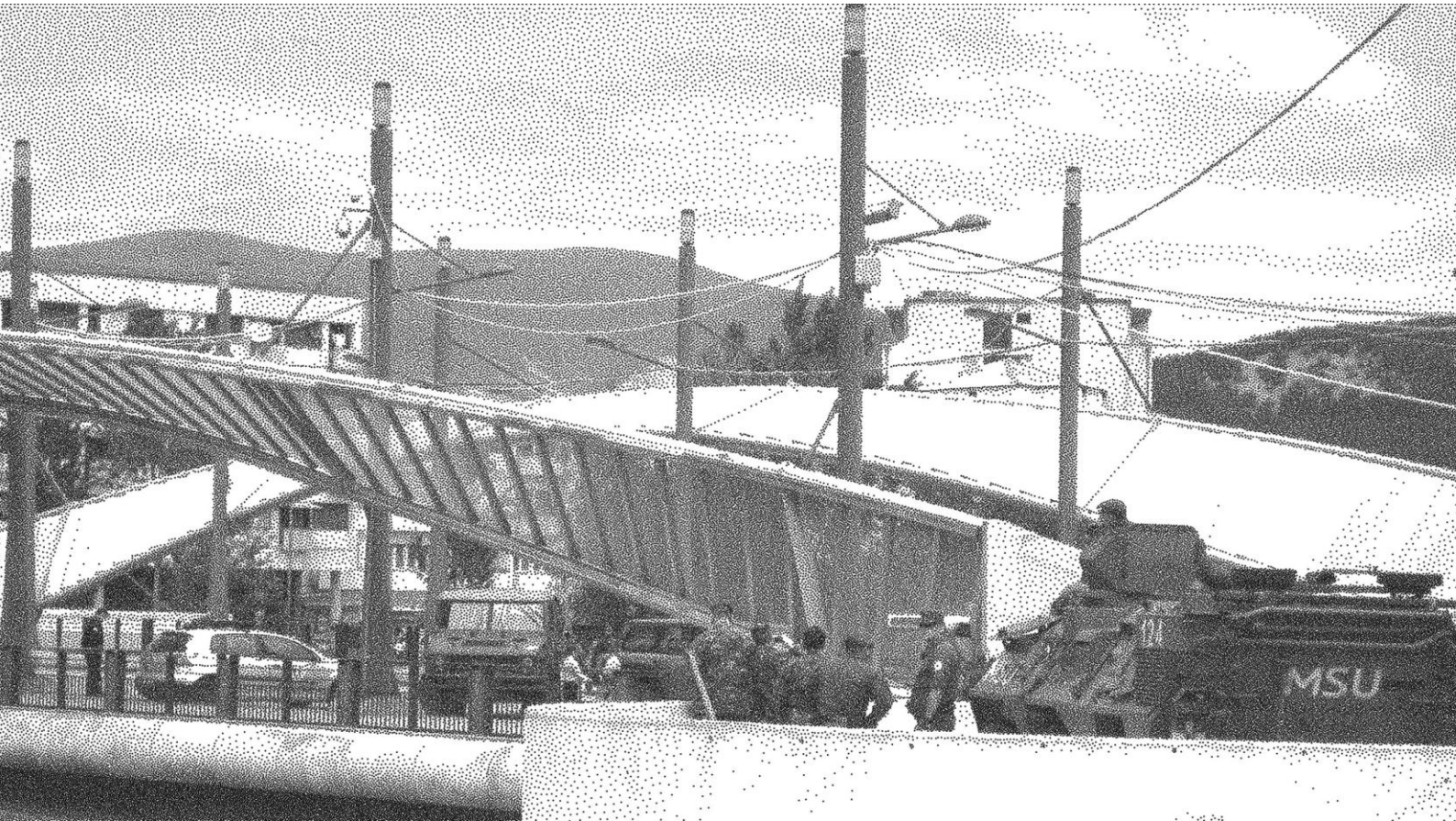
³⁹ Committee on Foreign Relations United States Senate: Putin's Asymmetric Assault on Democracy in Russia and Europe: Implications for U.S. National Security, January 10, 2018. <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf>.

⁴⁰ <http://www.ekathimerini.com/222272/article/ekathimerini/news/poll-shows-greek-attitudes-towards-russia-uneven>.

⁴¹ <https://www.ndi.org/publications/between-east-and-west-public-opinion-media-disinformation-western-balkans>.

but it also revealed that Moscow's increased interference could backfire. Russia lost political leverage in North Macedonia and Greece after signing and ratifying of the "Prespa Agreement" between the two countries. And Moscow could lose its political influence again if Serbia and Kosovo normalise their relations and conclude a comprehensive EU-sponsored agreement. Further expansion of NATO to North Macedonia, as well as a clear and strong EU's commitment to the region, can limit the Russian influence in the Balkans. In the recent period, the United States and some European countries substantially increased funding for the investigative journalism and civil society in all Balkan countries as a part of countering Russian disinformation and propaganda.

Efforts to expose Russia's tactics are further strengthened by the significant presence of the Western media in the Balkans, such as *Radio Free Europe*, *CNN branch N1*, *BBC* in Serbian language, *Deutsche Welle* in the Serbian language, among others. Further investment in independent media across the region will contribute to the governments being more accountable for spreading "fake news" and pro-Russia propaganda. Lastly, the EU has decided to build a new pipeline interconnector between Bulgaria and Greece that will contribute to the security and diversification of EU energy supplies and decrease of dependence on Russia's gas supplies.



Chapter 4

TOOLS AND ACTORS – DIPLOMACY AND SECURITY POLICY

EU and Russia: Kosovo-Serbia Negotiations

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Abstract: Disunity between the EU member states (with five member states not recognizing the independence of Kosovo) has weakened the position of the EU's foreign policy regarding Kosovo-Serbia relations. This disunity has opened further space for Russia to successfully disrupt an attempt by the West to establish consolidated liberal democracies in the territory of former Yugoslavia. The policy of disruption was undertaken by supporting the Serbian position of obstructing state-building in Kosovo. It was also carried out through a successful disregard of the International Court of Justice's opinion in July 2010 recognizing that Kosovo's declaration of independence did not contravene international law.

The EU was given a mandate by the UN General Assembly to normalize relations between Kosovo and Serbia. Its External Action Service had undertaken a long and rather unsuccessful attempt to reach something resembling "normalization". But it got bogged down in micromanaging details while not establishing viable principles of negotiation. The logical consequence of such an approach is an anti-European idea of swapping land and people, entertained throughout 2018 by the Presidents Vučić and Taçi of Serbia and Kosovo, respectively. With the failure of such an approach, there is now an opportunity to return to European values defining bilateral relations between Kosovo and Serbia.

The text is a revised version of the author's presentation at the international conference of the Southeast Europe Association (SOG) on Russia as an external actor in Southeast Europe, which took place on 22/23 January 2019 in Berlin; it has been completed in May 2019 and first published in Südosteuropa Mitteilungen, 02/2019, pp. 63-70.

Mitrovica Bridge – where the West and Russia meet

There is a place in Europe where Russia has not any troops stationed but has been winning a type of proxy war against the West in the past 20 years. The place is called Mitrovica Bridge over the Ibar River. North of the bridge for the past 20 years Kosovo Serbs have lived, many of them displaced from other regions in Kosovo at the end of the Kosovo war, in June 1999. South of the bridge Albanians are living, some of them displaced from the Northern part of the city, after June 1999. Since 1999, the Kosovo Serbs, North of the bridge, have attempted successfully – with direct coordination and support from Serbia – to conduct a policy of non-integration into whatever institutions of governance have been created by the UN Administration in Kosovo (UNMIK) between 1999 and Kosovo's declaration of independence in 2008, and from then onwards to the day.

The policy of non-integration was built on the narrative of "temporality" and of "duality". Kosovo's institutions for the past twenty years have in the Serbian political discourse been designated as "temporary institutions of self-governance"; therefore the participation of Kosovo Serbs in them

would be transitional until the status of Kosovo would be resolved. Duality was and is the capacity to make dual use of Kosovo's and Serbia's institutions; i.e. Serbian teachers would be employed by the Kosovo Ministry of Education and at the same time be part of the Ministry of Education of the Republic of Serbia. The same would apply for policemen, doctors, and even mayors.

Here enters Russia: As a member of the United Nations Security Council (UNSC), the Russian Federation has established itself as the "protector of Serbia" and of its rights. It has proclaimed that it will support whatever solution Serbia is satisfied with in Kosovo. And since Serbia has developed its policy of non-integration – through "temporality" and "duality" – the Russian policy has been in effect to defend the division between two models of state-building in Kosovo: One model was gradual state-building, as per UNSC Resolution 1244 that established "one self-rule in one territory", i.e. institutions built under UN supervision. This has also been the policy of the UN administration in Kosovo as a civilian ruler, the European Union (EU) as an economic pillar of this administration and NATO as a security force for the entire territory in Kosovo. The other model was *resisting* "one rule in one territory", by having a duality for "Serb rule for the Kosovo Serbs". This

model has been supported by Russia with a simple formula, that Russia would support whatever Serbia would prefer in Kosovo. – The product of both has been that the policy of a "foot in the door" of self-rule in Kosovo, initially established by Serbia, became a "foot in the door" for Russia regarding the Western Balkan stabilization policy of the U.S., EU, and NATO focused in the case of Kosovo.

And it did not require any financial or military engagement on the Russian side. It only needed the assurance that Russia would veto anything in the UNSC that did not have Serbian acceptance. Serbia, thus, was endowed with a nuclear power vote and Russia with the capability, on the ground, to disrupt the Western policy of developing self-rule in Kosovo. The implementation of the Serbian "foot in the door" was paid for by the budget of the Republic of Serbia for "parallel institutions" (people employed in the public sector of Kosovo, paid by Serbia) *and* the budget of Kosovo for the same people employed in the public sector and nominally working for Kosovo.

The implementation bill for the Russian "foot in the door" policy was, paradoxically, paid by the EU and NATO. Since 1999, NATO forces control the Mitrovica Bridge as a separation line between Albanians and Serbs, serving as a metaphorical separation line between the outreach of Kosovo's institutions and the ones of the Republic of Serbia. Unwittingly, or willy-nilly, the West has been the main funder of Russia's policy regarding Kosovo. Russia disrupts Western policy in Kosovo with the financial contributions of the Western countries, the Republic of Serbia and the Republic of Kosovo.

EU as Supporter of Russian Foreign Policy

Within the past ten years, the key supporter for the Russian foreign policy regarding Kosovo has been the disunity of the EU member states. The Russian Federation as an integral part of the negotiations on the status of Kosovo, a duty given by the UNSC to negotiator Ahtisaari, had participated throughout the process. The process had allowed for Kosovo and Serbia to negotiate probably the most advanced constitutional solution for the protection and advancement of non-majority (minority) rights in any European state today. UNOSEK, as the process was formally named, conducted negotiations in Vienna between Kosovo and Serbia from 2005 to 2007, ending up with a Comprehensive Proposal for the Kosovo Status Settlement that recommended to the UN Secretary General and the UN Security Council that Kosovo becomes an independent country under

a transitional international supervision. At the end of the negotiations, the Russian Federation withdrew its support for the outcome of the negotiations, the international acknowledgement for Kosovo's independence, quoting its principle of support for Serbia.

The declaration of Kosovo's independence in 2008, the proposed outcome of the negotiations by Martti Ahtisaari, did not receive the support of Russia, therefore neither of the UN Security Council. But nor did it receive the support of five member states of the European Union (Spain, Romania, Slovakia, Greece and Cyprus) that have not recognized Kosovo to date. The "foot in the door" policy had arrived in the EU as well – thus there would not be one EU consolidated policy on Kosovo, but an amalgam of two mutually contradictory policies: A policy by which Kosovo is an independent state and a policy that the status of Kosovo has not been resolved yet.

Spain, Romania, Slovakia, Greece and Cyprus may have become thus a force that could be reckoned by Russia's foreign policy as being "objectively on its side". Coincidentally, all five non-recognizing EU member states used the same argumentation as Russia did for not recognizing Kosovo: That its independence was against international law.¹ This dispute – over the question whether Kosovo's declaration of independence was against international law – was presented to the International Court of Justice (ICJ) initially by the Republic of Serbia and then supported by the General Assembly of the United Nations in October 2008.² It was supposed to be the final legal verdict contesting the independence of Kosovo, but the ICJ gave its opinion in July 2010 confirming that Kosovo's declaration of independence was in accordance with international law.³ – Despite the ICJ ruling, Russia decided to enter legal cherry-picking and declared that it would abide by its position of supporting whatever Serbia would support. And the five non-recognizing EU member states did not change their legal opinion on Kosovo despite the ICJ's legal opinion as well.

Thus, the emerging European External Affairs Service (EEAS) after 1999 may have put itself in the position of a supporter of the "foot in the door" policy: It

¹ See: https://www.un.org/News/briefings/docs//2009/090923_Spain.doc.htm.

² <https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Kos%20A%20RES63%203.pdf>.

³ <https://www.icj-cij.org/files/case-related/141/141-20100722-ADV-01-00-EN.pdf>.

imported the duality of interpretations on the sovereignty of Kosovo not (only) as a matter of dispute between Kosovo and Serbia, but as a matter of dispute within its EU member states. The most immediate test for the EU was the deployment of the European Union Rule of Law Mission in Kosovo (EULEX) proposed under the Ahtisaari Plan. Although the mission is part of the Kosovo independence package, there was a unanimous decision to deploy the mission – for 22 EU member states it was a mission to an independent country while for five other member states it was to a territory with a disputed sovereignty. And with this duality, the EEAS was given a mandate by the General Assembly of the UN "to facilitate a process of dialogue between the parties; the process of dialogue in itself would be a factor for peace, security and stability in the region, and that dialogue would be to promote cooperation, achieve progress on the path to the European Union and improve the lives of the people".⁴

Principles vs. Details – the Story of a Roundabout and License Plates

The mandate given to the EEAS had vague language – sufficient to be interpreted conveniently for whatever the mediating party thought it was its goal. The EEAS interpreted it to the lowest common denominator: The negotiations between two parties would be called "dialogue" and the two parties would be "Prishtina" and "Belgrade", two capitals. There would be no guiding principles, except that "Prishtina" could claim that the ICJ had just recognized the legal validity of its right to declare independence, and that "Belgrade" could still claim that the status of Kosovo was not resolved. The "dialogue" would have a bottom-up approach, trying to resolve particular issues with an expectation that the solution to a particular problem will bring the parties and the facilitator closer to principled solutions.

Two issues related to the "freedom of movement" illustrate the road *ad absurdum* that this approach drove to. The *first* is license plates: Between 2011 and 2015 "Prishtina" and "Belgrade" negotiated on which license plates would be allowed to enter each other's territory? The dispute evolved on state symbols (RKS on the Kosovo license plates would be considered a state symbol, the Serbian flag on the Serbian license plates), and after years of negotiations both sides agreed to the proposal made by the facilitators, that

the state symbols would be hidden with a sticker upon entering the respective territory. (To date, this agreement has not been implemented, because Kosovo's Ministry of Internal Affairs did not open a tender for the purveying of stickers.)⁵

The *second* is the roundabout of the Mitrovica Bridge: It had been blocked on and off on the "Serbian" side – sometimes by protestors, then by rocks and building material. On 25 August 2015, five years after the ICJ opinion, the Prime Ministers of Kosovo and Serbia signed an agreement which in any normal circumstance would not be within the domains of prime ministers, not even municipal governments, but probably of some urban planning directorate. This agreement – which was like everything in this process called "historic" – was named "Freedom of Movement / Bridge Conclusions" and said that both parties asked the EU to "revitalize Mitrovica Bridge and its surroundings, as per the recommendations of the technical assessment and based on the architectural design of 29 June 2015 agreed between the two sides". In the second step, the Prime Ministers of both countries signed a wording that befitted perfectly to a report of an urban planning clerk, that "on 15 October 2015 the contractor will close both sides of the bridge by fixed bridge barriers and construction site fence. The construction work on the bridge will be carried out by accessing the construction site through the Southern access road. The bridge will open for all traffic by summer / not later than the end of June 2016". After these particulars had been described, the Prime Ministers of Serbia and of Kosovo stated that: "In line with the same timetable, the municipality will convert its main street (King Peter Street) into a pedestrian zone. The street will be open for pedestrians by summer / not later than the end of June 2016".⁶ The detailed citation of this "historic" agreement was needed in order to see the effect of such a negotiation structure.

In this structure, the Prime Minister of Kosovo (who took over following the adoption of these principles as well as a considerable part of such documents by his predecessor) was not only dealing with issues that do not concern him (what will the contractor's preparatory works at the bridge be, or which area will be declared as a pedestrian zone by the municipality) but moreover, becoming a co-guarantor of such

⁴ <https://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/ROL%20A%20RES64%20298.pdf>.

⁵ For more see *Veton Surroi: The Gorillas We Didn't See*, KOHA, Prishtina 2017, pp. 11-24.

⁶ See: <http://fer.org.rs/wp-content/uploads/2018/02/WG-Freedom-of-Movement-Bridge-Conclusions-25-Aug-2015.pdf>.

actions along with the Prime Minister of another state, of Serbia.

So how could it happen that the contractor's fixed bridge barrier, required for completing work, or the predisposition of a municipality to have its own pedestrian zone, became bilateral matters of "historic" importance? This emphasis was not unintentional: The Mitrovica Bridge surfaced as a negotiation problem following the ICJ's opinion after "technical" negotiations started. The list of "concrete problems" was expanded by a bridge, that one morning dawned covered by a bunch of soil in the middle; on another day, it was cemented and after several years of negotiations, was forcedly transformed into a "Park", alas "Park of Peace". This process was done by the Serbian 'parallel structures' in the North of Kosovo, and with the consent of the authorities in Serbia. And, by extension with the full support from Russia's policy that nothing is agreed on Kosovo until Serbia agrees to it. Afterwards Moscow decides on further steps. Thus, the Mitrovica Bridge, which to date serves as a separation line, showed again how a policy of low investment and high returns could function by keeping "duality" and "temporality" in Kosovo.

Partition, Land Swap and other logical steps

In the summer of 2018, Serbian President Aleksandar Vučić and later Kosovo President Hashim Thaçi started speaking publicly about what had been hinted to diplomats throughout the previous year: That the two had been entertaining the idea of land swaps.⁷ The idea underlying what President Vučić called the "delimitation between Serbs and Albanians" and Hashim Thaçi the "correction of borders" was that Serbia would be taking over territories and people from Kosovo inhabited in their majority by Serbs in exchange of giving up on unspecified territories and people inhabited by Albanians in Serbia. The idea was not original, nor did it contain any new merits. The breakup wars of Yugoslavia had been driven to extent with this idea, and there is no reason why they would not provoke new wars – in Kosovo, Serbia, and in Bosnia and Herzegovina.

But, whereas the focus over the past years had been on the sheer terror of realising that land swaps had become a policy again in the Western Balkans, it was not noted that the ideas of land swaps and partition were just a logical step in the facilitation structure of "Brussels' dialogue". Namely, the *modus operandi* of

the facilitation process was that it would not have guiding principles but would discuss any details to which the parties agree. So, they had decided to discuss license plates and discussed them, they agreed to discuss the roundabout at the Mitrovica Bridge and did so ... – and if they were to agree on discussing land and people swaps, the Brussels' facilitation process was, of course, obliged to do so. The logical consequence of such an endeavour was that if the parties would ask for 'humanitarian buses' to transport people from an 'impure' territory to an 'ethnically pure' territory, the EU ought to be more than happy to provide such support. And the logical consequence further on would be the question, what next – because the 'ethnic purification' of territories would not bring an agreement by itself. On the negotiating table would still be "Prishtina" with a smaller territory and more Albanians in it and "Belgrade" with a bit more Serbs and territory. What then? A new agreement on a new particular problem – maybe transporting a church here and a mosque there – would emerge?

Resolving particularities without resolving the principles on which those particularities are based on drove and drives the negotiating process both *ad infinitum* and *ad absurdum*. Plus, of course, the irony cannot be escaped that this process is being facilitated by the European Union, built on exactly contrary principles to the "Brussels dialogue". Imagine, if Germany and France had applied a "Brussels dialogue" model after 1945, their greatest achievement until 1965 would have been discussing on putting stickers to each other's license plates ... A European Union that was built on the Treaty of Paris six years after the most terrible war and the Treaty of Rome twelve years after that terrible war, today is and has been facilitating a "dialogue" between Kosovo and Serbia on how to fix a roundabout on the Mitrovica Bridge 20 years after their war. How can EU mediation in an unfinished conflict in Europe aspire to succeed without using its own experience and success? And even worse, actually using tools that are quite against the principles on which the EU was built?⁸

Can others than Russia win?

True, Russia has not been able to prevent the independence of Kosovo as it has not been able to prevent Montenegro becoming a NATO member or North Macedonia's soon NATO membership. From

⁷ <https://europeanwesternbalkans.com/2018/08/25/alpbach-2018-forum-thaci-vucic-discuss-border-correction-panel/>.

⁸ For more see *Veton Surroi: The Macchiato Cow*, KOHA, Prishtina, 2018.

that geopolitical point of view, Russia has not been successful, it has not won. But, also true, Russia may have its own definition of victory and that may be its ability to disrupt the consolidation of the West in the Balkans. In that sense, Russia has scored sufficiently in Kosovo, by proclaiming the 'Kosovo precedent' in its own policies within its own neighbourhood, or as it is called, its "near abroad". President Putin's interpretation of the 'Kosovo precedent' is that after Kosovo's Western supported declaration of independence Russia can carve out territories of the countries of the former Soviet Union to its will. The products of this understanding have been Abkhazia, Ossetia, then the Eastern Ukraine and Crimea.⁹

Now cometh the next stage: What kind of precedent to Russia can a possible agreement between Kosovo and Serbia bring? At present, the two scenarios on the table – which are a continuation of an unfinished conflict and partition (land swap) – could be both to Russia's convenience. An unfinished conflict would show the Western (EU, NATO) incapacity and, therefore by default, Russian disrupting strength. An unfinished conflict in the Western Balkans would also for Russia be a successful buffer zone of an unconsolidated West. A partition agreement, on the other side, could as well be beneficial for Russia, since it would set up a precedent for annexation of territories and people it considers its "own". A by-product of such an agreement could be a further destabilization of Bosnia and Herzegovina, another finger in the eye of the West. Furthermore, Russia has the capacity to be using its "Serbia card" in the last stage of any possible agreement, since it will ask that such an agreement be tabled at the Security Council of the UN, where Russia has a veto power. In other words, it has still plenty of possible high returns on this quite low investment.

But, why this pre-occupation with Russia? Quite simply because the unfinished conflict in Kosovo is to a great extent a successful product of the Russian paradigm. It is a logical consequence of a policy that considers an establishment of a stable, secure, democratic and viable zone of countries in what was once former Yugoslavia a threat to its own interests and, ultimately, to its security. It is, and therefore, a successful policy of disruption of possibilities of consolidation, including a successful undermining of Kosovo-Serbia negotiations through the use of EU and/or general Western weaknesses. So, the question that is being begged for is: Is there any other

paradigm?

A long way back to Europe

Kosovo and Serbia need to find a solution within their natural habitat. This habitat is Europe, but not as a carrot, not as a future; actually, a habitat as a past, as an experience. In other words, Kosovo and Serbia do not need Europe only because if they find a solution to their relations the reward is membership in the EU. It may anyhow prove to be difficult to become a member in the next ten years for Serbia and probably more than twenty for Kosovo. And this not only because Kosovo and Serbia may not be ready – but the EU may not be ready. If this was the case, should Kosovo and Serbia desist?

Quite the contrary: An agreement between Kosovo and Serbia is necessary for their own sake and Europe here comes to hand not as an undisclosed future, but as a lesson from the past. It offers a paradigm for a possible solution in offering the concept of community which comes to hand for where Kosovo and Serbia are. At present, seen from a birds view, both are engaged in a quest for security in the conceptual questions of how does Kosovo defend itself from a Serbia that has demonstrated aggression and how does Serbia defend the Serb people and identity from what it sees as an aggressive and assertive Kosovo? Both countries are engaged in making natural resources – the Trepça Mines and the Gazivode Lake, for example – ethnic properties. And both are engaged in dominating memories: Kosovo as a Serbian myth; Kosovo as an Albanian land occupied by Serbia.

Something similar, in dramatically bigger and deeper proportions, happened to European nations and states after the Second World War. And the answer to the dilemmas, in dramatically worse conditions, was not a competition for resources, security and memory (to make the list short) between the nations and states. The answer was the establishment of a communitarian sharing of resources, security and memory. That was the conceptual historical difference made by the Marshall Plan and by the Treaties of Paris and of Rome. The question lying ahead for the European paradigm of the Kosovo and Serbia negotiations is not whether this kind of an answer, a communitarian concept, is possible or not: The answer has proven to be possible for peoples engaged in much worse wars and cataclysmic destruction. Its proof is the living in Europe today.

The question lying ahead is how to start on that path. And, there, the answer is a big conceptual change –

⁹ <https://www.reuters.com/article/us-kosovo-serbia-russia/russia-warns-of-kosovo-repercussions-idUSL157090420080215>.

while it ought to be a rather easy one for the EU: Returning back to the basic European ideas. Kosovo and Serbia should not search for solutions for car license plates, roundabouts, bridges or the exchange of populations. Kosovo and Serbia should be searching for a peace agreement that will transform their relationship from confrontation to cooperation and friendship; from competition for resources, security and memory to communities in which those resources, security and memory will be transformative for permanent peace.

Why is Russia Hooked on the Kosovo Conflict?

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Abstract: The Kosovo crisis was a pivotal moment for Russian foreign policy. In the late 1990s, Moscow decisively switched from cooperation to the confrontation with the West. Frustrated by the West’s bypassing of the UN Security Council, Moscow began to use developments in Kosovo as a precedent for pursuing its own interests in separatist conflicts in the post-Soviet space. Russia repeatedly referred to Kosovo as legal grounds for its recognition of Abkhazia and South Ossetia, and its annexation of Crimea in 2014.

When Kosovo proclaimed independence in 2008, Moscow stood firmly in favour of Serbia’s territorial integrity. Since then, Russia has cultivated its image as the main protector of Serbia’s interests in the international arena. This has allowed Moscow to acquire an unprecedented degree of influence in the Serbian energy sector and domestic politics.

The Kremlin is reluctant to support any final settlement of the Kosovo status, fearing this would lead to Serbia getting closer to the West and downgrading its cooperation with Russia. Russia takes advantage of its popularity in Serbia to scare Serbian leadership away from a potential compromise with Kosovo. However, once an agreement is reached, the Kremlin is unlikely to try to thwart it in order not to risk another conflict with the West.

The text is a revised version of the author’s presentation at the international conference of the Southeast Europe Association (SOG) on Russia as an external actor in Southeast Europe, which took place on 22/23 January 2019 in Berlin; it has been published first in Südosteuropa Mitteilungen, 02/2019, pp. 57-62. The paper is the updated version of August 2019.

There is a paradox in Russia’s position on the Serbia-Kosovo dispute: On the one hand, the conflict has never directly affected Moscow’s economic and security interests. On the other hand, events in Kosovo have, to some extent shaped Russia’s foreign policy in the 21st century. To date, the issue of Kosovo’s independence is an important element of Moscow’s relations with the West, while its Balkan strategy takes a back seat.

Pivot to Confrontation with the West

When tensions in Kosovo imploded in the late 1990s, Russia had a few practical reasons to care more about Kosovo’s struggle for independence than about that of, say, South Sudan or East Timor. The issue of separatism is always painful for a multiethnic state like Russia, but there was little outside of that. The Serbia-Kosovo confrontation simmered far from Russia’s borders, and Moscow’s economic ties with both were weak. In the distant past, there had been bursts of cooperation between imperial Russia and Serbia, but during the Cold War, relations between Moscow and Belgrade remained lukewarm at best. Even for most of the 1990s, the Kremlin worked with the West to put pressure on the Milošević regime. Russia supported international sanctions against Belgrade, the imposition of a no-fly zone in Bosnia

and Herzegovina, and the establishment of the International Criminal Tribunal for the former Yugoslavia (ICTY).

Still, Moscow’s discontent with Western management of the dissolution of Yugoslavia gradually intensified, and the Kosovo crisis of the late 1990s turned cooperation into confrontation. On 24 March 1999, then Russian Prime Minister Yevgeny Primakov was en route to Washington for an official visit, but turned his plane around to Moscow when he learned that NATO started a military operation against Milošević’s Yugoslavia to stop ethnic cleansing of Kosovar Albanians. A few months later, in June 1999, Russia flouted Western objections and unilaterally moved part of its peacekeeping force from Bosnia to Kosovo, taking control of Pristina airport. Later under the U.S. pressure, the Kremlin backtracked and conceded to NATO-led peacekeeping scheme, but the initial move was clearly intended to demonstrate that Russia was back on the world scene as an independent great power. Since then, Russia has used the Kosovo crisis as a recurring argument in its criticism of the West.

Disregarding the internal dynamics of the breakup of Yugoslavia, the Russian leadership perceived the events in Kosovo as a dress rehearsal for the West’s

plans for Russia. Mired in its own conflict in Chechnya, Moscow was deeply unnerved by the similarities between itself and Milošević's Yugoslavia. In Moscow's eyes, the West used ethnic unrest in one of the autonomies of a former socialist federation as a pretext to intervene militarily and impose a solution favourable to Western interests, ignoring the United Nations (UN). For Russia, the trouble with the "Kosovo precedent" (as Moscow soon started calling it) was not that a rebellious province had become independent against the wishes of its "parent state", but that Kosovo's independence was facilitated by the West alone, bypassing the UN Security Council and presented as a *fait accompli* to other world powers.

Thus, the Kosovo crisis shaped one of the priorities in Russia's foreign policy for the next two decades. Moscow resolved to use the Kosovo precedent against the West in post-Soviet conflicts. Kosovo proclaimed its independence in February 2008, and just a few months later, in August 2008, Russia recognized the independence of two breakaway provinces of Georgia, Abkhazia and South Ossetia, citing the "Kosovo precedent" as legal grounds for its decision.¹

In 2014, after the outbreak of the Ukraine crisis, President Vladimir Putin publicly suggested that Russia's military intervention in Ukraine was an attempt to forestall a Yugoslavia scenario from unravelling on Russia's borders: "Look at what they did with Yugoslavia: They cut it into small pieces and are now manipulating everything that can be manipulated. [...] Apparently, someone would like to do the same with us".² The annexation of Crimea, the proclamation of the Donbas people's republics, cooperation with Transdniestria in Moldova, and the recognition of Georgia's breakaway provinces of Abkhazia and South Ossetia –Moscow has eagerly used the "Kosovo precedent" to justify its position on all of these conflicts, never giving a second thought to apparent contradictions.

Pre-Independence Thaw

Kosovo itself has played almost no role in this strategy. Moreover, before 2008, Moscow was sending clear signals that it was ready to consider recognizing Kosovo, provided that the West showed similar flexibility in post-Soviet conflicts. In 1999, the

¹ Russia Recognized Abkhazia and South Ossetia. President Dmitry Medvedev's Speech. August 26, 2008, <https://www.vesti.ru/doc.html?id=204043&cid=1>.

² Direct Line with Vladimir Putin. April 17, 2014, <http://en.kremlin.ru/events/president/news/20796>.

Kremlin endeared itself to everyone with anti-Western sentiments both in Serbia and at home when Russian troops unilaterally seized control of Pristina Airport. However, the operation did not last long; Moscow completely withdrew its peacekeepers from the region by mid-2003.³

In 2005, Russian Foreign Minister Sergey Lavrov visited Kosovo, where he opened the Pristina Office of the Russian Embassy in Serbia and had a meeting with Kosovo's President Ibrahim Rugova.⁴ The Kosovo leadership reciprocated the visit in December 2006, when Prime Minister Agim Çeku travelled to Moscow for talks with Deputy Foreign Minister Vladimir Titov and chairman of the Foreign Affairs Committee of the State, Duma Konstantin Kosačev.⁵

Moscow also made overtures for economic cooperation with Kosovo. At the Balkan Energy Summit in Zagreb in June 2007, President Putin separately mentioned Kosovo as a potential partner for expanding the Russian gas network in the region.⁶ The En+ energy holding of Russian oligarch Oleg Deripaska reportedly had plans to bid for the modernization and construction of power plants in Kosovo. However, there were strings attached. In return, Moscow wanted the West to become more accommodating to Russian interests in post-Soviet conflicts, especially in Abkhazia and South Ossetia. Russia's expectations were inflated, and the West did not consider it essential to secure Moscow's support for Kosovo's independence.

Ultimately, no compromise was reached. When the West recognized Kosovo as a full-fledged state in 2008, Moscow refused to follow, and instead used its veto on Kosovo's admission into the UN Security Council as the main asset in its cooperation with Serbia.

Choosing Belgrade

As official recognition of Kosovo was anathema for the majority of the Serbian public, Russia capitalized

³ Россия выводит миротворцев из Косово и Боснии [Russia Withdraws Peacekeepers From Kosovo and Bosnia], Lenta.ru, April 9, 2003, <https://lenta.ru/news/2003/04/09/peacekeepers/>.

⁴ Russian Foreign Minister Sergey Lavrov visits Serbia and Montenegro, Russian Ministry of Foreign Affairs, November 8, 2005, http://www.mid.ru/en/press_service/visits/asset_publisher/EN163PfuF6Qy/content/id/421668.

⁵ Россияхватила через край [Russia Goes Overboard in the Kosovo Region], Kommersant, December 1, 2006, <https://www.kommersant.ru/doc/726408>.

⁶ Russian President Vladimir Putin's speech at the Balkan Energy Cooperation Summit, June 24, 2007, <http://www.en.kremlin.ru/events/president/transcripts/24368>.

on its support for Serbia's territorial integrity and became an indispensable partner for Belgrade. Thanks to its veto power in the UN Security Council and its official statements, which cost Russia nothing, Moscow gained lucrative privileges in the Serbian energy sector and significant influence in Serbian domestic politics. Russia's public image as the main protector of Serbia's integrity obliges all leading Serbian politicians to tout the benefits of cooperation with Moscow and pledge publicly that Belgrade will never support any anti-Russian move by the West.

Economic considerations were also built into the anti-Kosovo alliance of Moscow and Belgrade. Just a few weeks before Kosovo proclaimed its independence in February 2008, Belgrade agreed to privatise its oil and gas monopoly NIS to Russian Gazpromneft for EUR 400 million in cash and EUR 550 million in future investments.⁷ NIS was also guaranteed favourable treatment by the Serbian authorities that soon turned the company into one of the most profitable in Serbia.

Moscow's staunch opposition to Kosovo's independence has persuaded the vast majority of the Serbian public to view Russia as a key Serbian ally regardless of the real benefits of such an alliance. In fact, Moscow has amassed an unprecedented degree of control over Belgrade's position on Kosovo, because being softer on Kosovo than Russia is tantamount to political suicide for any Serbian leader. On numerous occasions when tensions have flared up in Kosovo, Moscow has been eager to intervene verbally with criticism of the West – thus, indirectly forcing the Serbian leadership to take as harsh a stance on the issue as Russia does.⁸ Such dependency naturally irks Serbian leaders, but posing as Russia's friends boosts their domestic ratings so much that they are hardly ready to take the risk of emancipation.

Russia's Rational

Currently, Moscow doesn't seem eager to review its position on Kosovo. Russia regularly reiterates that it will support any solution to the conflict acceptable to Serbia, but always stipulates that such a solution must be based on UN Security Council resolution 1244, which says nothing about the possibility of

Kosovo's independence. It is also clear that the Serbian leadership is unlikely to risk making meaningful concessions on Kosovo without first securing Russia's approval. Appearing less committed to Serbian territorial integrity than Moscow can deal a major blow to the image of any Serbian politician.

Aware of Russia's ability to influence Serbian public opinion, Serbia's leaders strive to secure the Kremlin's support for potential concessions on the Kosovo issue. Over the last year, Serbian and Russian presidents have met as many as three times, and there have been another four meetings between the two countries' foreign ministers. The main topic of all conversations was Kosovo, but the wording of Russia's official position on the issue has not changed, suggesting that Belgrade's efforts proved futile.

There have also been a couple of meetings between the Russian and Kosovo leaderships. In July 2018, Russian Prime Minister Dmitry Medvedev talked to Kosovo President Hashim Thaçi at the inauguration of the Turkish President Recep Erdoğan in Ankara.⁹ In November 2018, Thaçi was photographed with Vladimir Putin at the World War I commemorations in Paris.¹⁰ However, one should not overestimate the significance of these meetings. It looks like Thaçi intentionally ambushed the Russian leaders for photo ops during high-profile international events to strengthen his position at home. On both occasions, he was the one to report on the talks to the general public, while Moscow remained conspicuously silent about the meetings.

The unresolved Kosovo dispute is the main obstacle to Serbia's accession to the EU and its closer cooperation with NATO. Thus, Moscow has little incentive to help settle it. Russia clearly realizes that the final settlement in Kosovo will not only deprive Moscow of its main leverage in relations with Belgrade but also eventually lead Serbia to join sanctions against Russia, scrap its free trade agreement with Russia, and even introduce visas for Russian nationals. Full recognition of Kosovo will make Russia's UN veto power redundant for Belgrade and thus eliminate Russia's role in the regional

⁷ Serbia Signs Strategic Energy Deal With Russia, Reuters, January 25, 2008, <http://uk.reuters.com/article/uk-russia-serbia-idUKL2515142420080125>.

⁸ Serbia-Kosovo Tensions Heighten as Russia Wades Into Dispute, Associated Press, March 27, 2018, <https://www.voanews.com/a/serbia-kosovo-tensions-heightened-russia-dispute/4319667.html>.

⁹ Šta poručuje zajednička fotografija Tačija i Medvedeva sa inauguracije Erdogana [The Meaning of the Common Photo of Thaci and Medvedev at Erdogan's Inauguration], Blic, July 11, 2018, <https://www.blic.rs/vesti/politika/razglednica-iz-ankare-sta-porucuje-zajednicka-fotografija-tacija-i-medvedeva-sa/v77kl83>.

¹⁰ President Thaci Rubs Elbows with Putin in Paris Peace Forum, Prishtina Insight, November 12, 2018, <https://prishtinainsight.com/president-thaci-rubs-elbows-with-putin-trump-in-paris-meeting/>.

security architecture, causing Moscow painful humiliation.

The Kremlin and the Deal

Moscow, therefore, keeps repeating that the Serbia-Kosovo dispute should be addressed in accordance with UN Security Council Resolution 1244, which talks about granting Pristina autonomy and self-government, but not independence.¹¹ Russia's position remains that Kosovo's statehood is just another failed Western project with poor prospects, because the majority of UN members still does not recognise it, and some are even withdrawing their recognition. All of that is supposed to show that the West is unable to bring peace to the Balkans unilaterally.

Russia is ready to bear the costs of Belgrade's growing resentment over this dependency, because it considers the demonstration of the West's failure in Kosovo to be a greater priority. Thus, one can hardly expect the Serbian leadership to find arguments strong enough to convince Moscow to support Serbia's recognition of Kosovo under any conditions. This fact is all the more true for Pristina, which has almost no leverage in its relations with Moscow.

Russia views the Kosovo issue as an element of its relations with the West, and thus expects the West to provide it with some inducements for playing a constructive role in the settlement. However, this is unlikely to be in the making. Due to its repeated meddling in the Western Balkans, Russia has acquired an image of a spoiler in the region and can hardly be perceived as a reliable and impartial mediator. Both the EU and Balkan leaders would rather prefer to engage the U.S. to revive the stalled negotiations between Serbia and Kosovo. The recent designation of Matthew Palmer as the U.S. special representative for the Western Balkans bodes well for such a scenario.

Russia, in its turn, realizes that the Kosovo talks are gaining momentum. Even traditionally intransigent Serbia seems to be ready for major concessions lured by the idea to settle the conflict by a land swap, i.e. exchange Serbia's municipalities with ethnic Albanian majority for northern Kosovo populated mainly by ethnic Serbs. In response, the Kremlin tries to bolster

its influence in Serbia. It appointed Alexander Botsan-Kharchenko, a leading Balkan specialist in the Russian foreign ministry, as its new ambassador in Belgrade. Russia also doubled its pressure on Serbia to sign a free trade agreement with Moscow-led Eurasian Economic Union – the deal of rather symbolic than economic significance.

Still, Russia's readiness to obstruct the Kosovo-Serbia talks doesn't imply that the Kremlin will try to thwart their potential agreement once it is reached. The Western Balkans are not among Russia's foreign policy priorities, and Russian interests in the region are limited. The Kremlin is happy to take advantage of local crises to give hard time to the West but has little appetite to invest heavily in engineering a major change in the region. If a Kosovo-Serbia agreement indeed comes into force, Russia will rather instead stick to its longstanding albeit hollow alliance with Serbian President Aleksandar Vučić and grudgingly tolerate the settlement.

¹¹ Solution for Kosovo and Resolution 1244 Inseparable. Interview with Alexander Chepurin, Russian Ambassador to Serbia, CorD Magazin, December 2018, <https://cordmagazine.com/interviews/alexander-chepurin-ambassador-of-the-russian-federation-to-serbia-solution-for-kosovo-and-resolution-1244-inseparable/>.

Russia's Soft and Sharp Power in Southeast Europe – The Russian Hybrid Influence Operation in Montenegro

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Abstract: Whether its role is described as spoiler or opportunist, the Kremlin strategy in the Balkans is to drag its rivals' involvement down to a level that would make countries of the region subjects to Moscow's interference. Not integrated into the European and Euro-Atlantic structures, burdened with endemic corruption, suffering from a democratic deficit, ethnic tensions, and protracted bilateral disputes, the Western Balkans' countries are an ideal target for Russia. Preventive operations often seek to stop a state from taking certain actions, such as joining a rival alliance. The coup attempt in Montenegro, in October 2016, is an excellent example of the Russian hybrid influence operations in the Balkans. The goal of Moscow was to prevent NATO membership of the country. To prove it, this work focuses on Moscow's attempts to influence Montenegro before the coup attempt. The paper argues that the coup plot in Montenegro is the culmination of more than a two-year-long hybrid influence operation, which includes a) Russian attempts to influence Montenegro through economic means; b) Moscow's effort to establish a lasting naval (military) presence in Montenegro; c) The intensive media campaign; d) Deepening Russia's influence on pro-Russian Serbian nationalists in Montenegro and open political and financial support for their activities. When overt means of influence appear to have been inefficient, a covert operation looks like a viable option. That is what happened in Montenegro. *The paper has been completed in May 2019.*

Note by the author: "Sharp power" is a term coined by the NED's International Forum for Democratic Studies in December 2017 to identify authoritarian influence efforts that seek to pierce, penetrate, and perforate the political and information environments of targeted countries, <https://www.ned.org/what-is-sharp-power-christopher-walker-journal-of-democracy-july-2018/>.

Introduction

As a professor from San Francisco State University, Andrei P. Tsygankov writes in his book *Russia and the West, from Alexander to Putin*¹, Moscow's relations with the West go through cycles that reflect its sense of honour. By honour, professor Tsygankov means, the moral cause, a set of moral principles, that is the purpose for Moscow's interaction with the world and can be seen as a lasting national interest. As he explains, Russia's long-term national interest revolves around three constants: sovereignty or spiritual freedom of Russia, a strong and protective state capable of upholding its interests, and loyalty to those who share Russia's sense of honour.

Russia today, more than ever since the fall of the Berlin wall, sees itself capable to successfully project its power in parts of Europe that share "Russia's sense of honour" including the Orthodox population in the Balkans. Though the Balkans is not the Russian near abroad, the Slavs from the Balkans are historically seen close to Russia. The perception of

Moscow as a protector of the Orthodox Christians is rooted in regional history and popular narratives about the Russian sacrifice for peoples from the region.

The growing Russian political and economic visibility in the region is remarkable. Russian President Vladimir Putin's visit to Belgrade in January 2019 and "a rock star" welcome² is yet another confirmation of the Russian prominent role and popularity among Serbs³. At the time when leaders from the West rarely pay visits to the Western Balkans, President Putin and Serbian President Alexandar Vučić have met 12 times in the last several years⁴, which rebuts arguments how low the Balkans is on the list of Moscow's priorities.

² Euractiv, January 17, 2019, <https://www.euractiv.com/section/global-europe/news/putin-to-receive-a-rock-star-welcome-in-belgrade/>.

³ *National Democratic Institute (NDI)*: Public Opinion Research, November 2108, <https://www.ndi.org/publications/between-east-and-west-public-opinion-media-disinformation-western-balkans>.

⁴ Deutsche Welle, January 17, 2019, <https://www.dw.com/en/vladimir-putin-to-meet-with-troubled-serb-counterpart/a-47112884>.

¹ *Andrei Tsygankov*: *Russia and the West from Alexander to Putin*, Cambridge University Press, New York, 2010.

Numerous institutes and organisations have been established to cherish pan-Slavism or Orthodox unity. Some of them are well known such as the Forum of Slavic Cultures or the Ruskiy Mir Foundation; others such as Night Wolves of Serbia, the Balkans Cossacks Army⁵ or the Slavic Brotherhood⁶ have unclear goals and serve as a cover-up for covert Russian activities in the Balkans.

Whether its role is described as spoiler or opportunist, the Kremlin strategy in the Balkans is to drag its rivals' involvement down to a level that would make countries of the region subjects to Moscow's interference. And, it's not such a difficult task. Not integrated into the European and Euro-Atlantic structures, burdened with endemic corruption, suffering from a democratic deficit, ethnic tensions, and protracted bilateral disputes, the Western Balkan countries are an ideal target for Russia.

When soft power is not enough, Moscow seeks help from local actors, mostly nationalist elements, the Orthodox Church, Russian affiliated Non-governmental Organizations (NGOs), and academic institutions to capture and hold the political space. The ultimate goal is to prevent further NATO expansion and delay or halt EU integration.

The case of Montenegro is an excellent example of the Russian hybrid influence operations in the Balkans. For a long time, Moscow had not considered Podgorica's decision to join NATO as a sincere political commitment. The Kremlin believed that Podgorica's Euro-Atlantic orientation is nothing more than a narrative to please the West. It was not until the membership perspective was within reach that Moscow took it seriously. From that moment on, it's been trying to reverse it.

Many still put a question mark over Russia's involvement in the coup plot and doubt whether it was coordinated by agents from the Russian Military Intelligence Service (GRU). To prove it, this paper will focus more on Moscow's attempts to influence Montenegro before the coup attempt. The goal of Moscow was, as it had been the case with other

states aspiring to become NATO members, to prevent NATO membership of the country.

The coup plot in Montenegro is the culmination of more than two years long synchronised actions that can be described as a hybrid influence operation.⁷ Those steps include a) Russian attempts to influence Montenegro through economic means; b) Moscow's effort to establish a lasting naval (military) presence in Montenegro; c) an intensive media campaign; d) deepening Russia's influence on pro-Russian Serbian nationalists in Montenegro followed by political and financial support for their activities.

The paper discusses economic cooperation, the attempt of Russia to establish a military presence, and media campaign. This work outlines Moscow's most illustrative official statements following NATO's decision to invite Montenegro and the Russian responses to the coup attempt. Those statements are very indicative as they call for action and imply that the Kremlin can't stand still and silently watch the development in Montenegro. Due to the limited scope of this paper, it focuses only on the key events. For the same reason, the role of local (Montenegrin / Serbian) actors and the Serbian Orthodox Church will be left aside.

Russian economic footprint in Montenegro: How big was/is Russian influence?

For years, Russian investments in Montenegro have been a source of controversy in Montenegro and a focus of many economic and financial analysts in the West (the European Union – EU). Although the official Montenegrin statistics and figures from Russia and Brussels vary, it's the common understanding that Russia had been for years one of the biggest, if not the single biggest foreign investor in Montenegro. In late 2015, according to the national statistical company MONSTAT, out of over 4,200 foreign-owned companies operating in Montenegro, more than 30% were owned by Russians.⁸ According to the Russian Central Bank, the accumulated Russian investments in Montenegro in 2016 exceeded USD 1.3 billion, which comprises 28% of all foreign investment in

⁵ Telegraph, September 13, 2016, <http://www.telegraf.rs/english/2354212-balkan-cossack-army-formed-in-kotor-it-united-all-orthodox-nations-this-is-who-is-leading-the-warriors-video>.

⁶ The Sun, November 3, 2016, <https://www.thesun.co.uk/news/2108087/russian-led-slavic-brotherhood-forces-open-up-new-front-against-nato-in-heart-of-eu-by-deploying-invasion-and-special-forces-to-serbia/>.

⁷ *Yuriy Radkovets*: The failure of the Ukrainian Scenario in Montenegro, Independent Analytical Center for Geopolitical Studies, Ukraine, November 6, 2016, <http://bintel.com.ua/en/article/11-05-Montenegro/>;

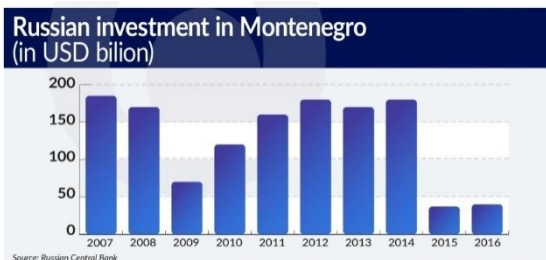
Julija Petrovskaya: Hybrid operation "Montenegro", Intersection, November 4, 2016, <http://intersectionproject.eu/article/russia-europe/hybrid-operation-montenegro>.

⁸ *Dusica Tomovic*: Russian Dominate Foreign Ownership of Montenegrin Companies, BalkanInsight, August 18, 2016, <https://balkaninsight.com/2016/08/18/russians-own-every-third-company-in-montenegro-report-08-17-2016/>.

Montenegro.⁹ Many believe that the scale of Russian investments are even higher, since numerous companies which are registered as local or companies from the EU are owned by Russians.

On the other hand, the Montenegrin Agency for Promotion of Foreign Investments speaks about EUR 1.3 billion of Russian investments from 2006 to 2016. In comparison, EU members invested EUR 4.5 billion during the same period.

However, the graph below (the source: Russian Central Bank) shows a downward trend of Russian investments in Montenegro, particularly from 2015 onwards.



The scale of Russian investments in Montenegro can't give us an answer on the extent of Moscow's ability to exert its influence on Montenegro and control its foreign policy course. To find the answer to that question, we should look at the structure of the Russian investments. The Kremlin's economic footprint in Montenegro has a specific character. Unlike Serbia, Bosnia and Herzegovina and Bulgaria, Moscow has no investments in the Montenegrin energy sector. Only recently, in September 2016, the Russian Gas company, Novatek, a younger partner with the Italian Eni, signed a 30-year concession for oil and gas contract with the Montenegrin government.¹⁰ Montenegro doesn't rely on Russian energy and is not connected to Russian gas pipeline networks. Unlike Serbia, Bulgaria or Macedonia, Montenegro has never been included in Moscow's plans to expand its gas transmission system to the Balkans (the South Stream; the Turkish Stream). The same goes with Montenegro's banking sector which has not experienced an extensive Russian influx.¹¹

⁹ Marta Szpala: Montenegro Seeks Alternatives to Cooperation with Russia, FinancialObserver.Eu, November 8, 2017, <https://financialobserver.eu/cse-and-cis/montenegro/montenegro-seeks-alternatives-to-cooperation-with-russia/>.

¹⁰ Reuters: Montenegro signs 30-years concession deal with Eni, Novatek, September 14, 2016, <https://www.reuters.com/article/U.S.-montenegro-oil-contract-idUSKCN11K2DS>.

¹¹ Ibid. as footnote 5.

Russia immensely invested in real-estate business and tourism. According to some sources, almost 40% of real-estate properties sold in 2012 went to Russians. Montenegro was considered to have been a VIP place for Russian oligarchs and politicians. From the Russian Embassy in Podgorica, there are between 5,000 and 7,000 Russian citizens in Montenegro. Yet, Montenegro has been experiencing a different trend lately. Russians are selling their properties mostly to Turks and clients from Western Europe.¹²

As it has been proved with the Montenegrin NATO membership as well as Podgorica's decision to impose economic sanctions on Russia and introduce the entry ban of some Russian officials simultaneously with other EU members in 2014, the scale of Russian investments didn't prove decisive in the case of Montenegro. Hadn't Moscow lost control over the Aluminium smelter in Podgorica, it might have been in a more favourable position. That's why the privatisation of the smelter deserves to be briefly addressed in this paper.

One of the Russian biggest investments in Montenegro was the acquisition of the Aluminium plant in Podgorica (KAP). The company was acquired for EUR 48.5 million in 2005 by the Central European Aluminium Company (CEAC) owned by the Russian tycoon and President Putin's close ally, Oleg Deripaska. The privatisation itself is a controversial case and for long served as an example of a murky-style business arrangement that countries from the Balkans do with Russian oligarchs. Negotiated in a non-transparent manner, described as a white-collar corruption case involving senior Montenegrin officials, the deal eventually inflicted a substantial financial loss on both sides.

The possession of KAP made Russia a strategic, if not the key, economic partner of Montenegro. At the moment of acquisition, KAP, called Europe's most run-down aluminium facility, accounted for 14% of the country's GDP and more than 50% of its export. More than 50,000 people were dependent on the company along with a bauxite mine that supplied KAP with its raw materials (both of them owned by CEAC).¹³ Deripaska's company also wanted to acquire Montenegro's only coal-fired power station which, at that time, was producing one-third of the country's

¹² Global Property Guide, December 10, 2018, <https://www.globalpropertyguide.com/Europe/montenegro/Price-History>.

¹³ The Guardian: Deripaska in Montenegro between rock and a hard place, November 2, 2008, <https://www.theguardian.com/world/2008/nov/03/russia-balkans-deripaska-aluminium-russia>.

energy. CAEC almost won the tender, but at the final phase, the deal was blocked by the Montenegrin Parliament on the grounds of national energy security.¹⁴ Had he won the bid for the coal-fired power station, Russia would have been able to hold control over the energy and aluminium sectors in Montenegro.

The honeymoon between CEAC and the Montenegrin government didn't last long. Their partnership has been smeared by mutual accusations and claims about business misconducts and the fraudulence of the other side. Due to mismanagement, the company went bankrupt in 2013, and their owners were not able to pay off its debts of around EUR 360 million. Due to its size and its impact on the Montenegrin economy, the Montenegrin government tried to revive the company twice. The first time in 2008, issuing guarantees of EUR 135 million, and the second time in 2013, paying more than 100 million to foreign creditors from the state budget. By making these steps, the government declared the KAP insolvent and took it over from Deripaska.

Montenegro and Deripaska (backed by the government of Russia) had been in a lengthy legal struggle over company ownership. CEAC failed a request against the Montenegrin government before the Arbitration Tribunal in Paris and the UN Commission on International Trade Law (UNCITRAL). Finally, Deripaska failed a 600-million Euro claim against the Montenegrin government for its unlawful takeover of the company before the International Centre for Settlement of Investment Disputes (ICSID).¹⁵

The oligarch lost a case against Montenegro before the Arbitration Tribunal in Paris in July 2016.¹⁶ Furthermore, the UNCITRAL in its ruling at the beginning of January 2017 dismissed almost all claims of the CEAC against Montenegro. The UNCITRAL's decision confirmed that Montenegro didn't breach the settlement agreement. It held the CEAC responsible for the violation of the contract obligations. According to the ruling, the CEAC was obliged to pay € 259,000 to Montenegro for

breaching investments obligations and another 29,000 for not regularly submitting annual investment reports.¹⁷ The end to the CEAC lawsuits against Montenegro was put in May 2018 by the ICSID which dismissed the appeal of the CEAC against arbitration ruling (by the Tribunal in Paris) in favour of Montenegro.¹⁸ Deripaska's company was ordered to bear the entire costs of the arbitration valued at EUR 1.5 million.

With the Aluminium Plant botch, not only lost Russia the chance to keep a hold over Montenegro's future, but Deripaska (Russia) also lost the vast sum of money invested in the small Balkan country. This perspective cannot be forgotten.

Security interests: Russian naval base in Montenegro?

Russia has a vivid interest to establish a lasting military presence in the Balkans as a counterweight to the US military footprint in Kosovo (the Camp Bondsteel) and NATO enlargement to the Western Balkans. Montenegro along with Serbia and Bosnia and Herzegovina (Republic of Srpska) seems to be an ideal partner for it.

Moscow has a humanitarian centre in Niš in southern Serbia, which, as many in the West believe, serves as a Russian spy outpost in the Balkans.¹⁹ The preparations are underway for a similar centre in Republic of Srpska, Bosnia and Herzegovina to be opened by the end of 2019.²⁰

But, Montenegro's geographical location makes it far more relevant in the Balkans' context than one may conclude judging its small size. With Montenegro in NATO, the alliance has control of every northern Mediterranean port. A Moscow's request for the permission for Russian warships to enjoy a unique, preferential status in the Montenegrin ports of Bar and Kotor was an attempt to prevent this from happening. In September 2013, Russia demanded what former Russian ambassador in Montenegro

¹⁷ *SEE News*: Arbitration Tribunal Dismisses All CEAC Claims Against Montenegro, January 13, 2017

<https://seenews.com/news/update-1-arbitration-tribunal-dismisses-all-ceac-claims-against-montenegro-554138>.

¹⁸ *SEE News*: Arbitration Tribunal Dismisses CEAC Appeal in Dispute with Montenegro, May 7, 2018,

<https://seenews.com/news/arbitration-tribunal-dismisses-ceac-appeal-in-dispute-with-montenegro-611574>.

¹⁹ *Voice of America*: U.S. Sees Russian Humanitarian Center in Serbia as Spy Outpost, June 15, 2017, <https://www.voanews.com/a/united-states-sees-russian-humanitarian-center-serbia-spy-outpost/3902402.html>.

²⁰ *TASS*: Putin wishes Republika Srpska president victory at upcoming elections, September 30, 2018 <http://tass.com/politics/1023707>.

¹⁴ *BalkanInsight*: Montenegro's Parliament opposes privatization plan, June 12, 2007,

<https://balkaninsight.com/2007/06/12/montenegro-s-parliament-opposes-privatisation-plan/>.

¹⁵ *Tom Moor*: Deripaska's company takes Montenegro to ICSID, CDR – Commercial Dispute Resolution, March 12, 2014 <https://www.cdr-news.com/categories/arbitration-and-adr/4828-deripaska>.

¹⁶ *TASS*: Deripaska's Suit Against Montenegro Falls Under Investment Protection Pact, December 8, 2016 <http://tass.com/economy/917849>.

Andrey Nesterenko described as a request to the Montenegrin Ministry of Defence to "discuss the terms of allowing Russian warships temporary moorage at the ports of Bar and Kotor for refuelling, maintenance, and other necessities".²¹ If signed, this contract would allow Russia an extended mooring of its warships in Montenegro and provide for extensive use of the Montenegrin territorial waters for its operations in the Mediterranean.

The idea of designating Russian naval forces in the Mediterranean as a standing maritime task force emerged in 2012. It was prompted by the adverse security situation in Syria and the looming future of their naval facility in Tartus, Syria. The naval facility in Tartus was Moscow's only navy's repair-and-replenishment port in the Mediterranean. That's why, almost at the same time, the Russians approached Cyprus and Egypt. In the case of Cyprus, the discussions began soon after the Cypriot banking crisis in March 2013, when the government in Nicosia tried to secure the Russian financial assistance.²² While waiting for Montenegro's response, in November 2013, a Russian delegation had meetings in the Egyptian foreign and defence ministries with the same purpose – to ask for a naval facility.²³ Finally, Moscow partnered with Cyprus, which allowed the Russian's warships access to its Mediterranean ports. As part of the military agreement, signed in February 2015, the Russian ships will dock at the ports and will mainly be used "for international anti-terrorism and piracy efforts".

Furthermore, the agreement permits the Russian fighter jets to land on the base.²⁴

The financial support that the Syrian regime gets to keep a Russian naval base on its territory validates the Russian willingness to pay Montenegro for a similar type of agreement. According to former Syrian Deputy Minister Qadri Jalil, Syria receives USD 500 million worth of fuel, and millions USD worth of deliveries of food, medicines, technical equipment, Russian weapons, and ammunition.²⁵

In December 2013, Montenegro declined the Russian request for permission to install a naval facility in the

port of Bar and provide logistical support to the Russian naval fleet in the Mediterranean. In its letter to Moscow, Podgorica referred to the UN Convention on Law of Sea informing Russian partners that the regular, internationally recognised regime prescribed by the Law of Sea would be applied if the Russian ships would need assistance such as refuelling or maintenance.

Russian Media Campaign in Montenegro²⁶

Troubled with problems such as corruption or the lack of institutional capacity and divided over NATO membership²⁷, Montenegro was seen as a weak and vulnerable system easy to be targeted. To influence the Montenegrin citizens and call for action that will reverse the Montenegrin trajectory towards NATO, Moscow developed a comprehensive media campaign and provided political and financial support to local pro-Russian political actors.

The Russian press is not widely available in Montenegro²⁸, nor is the Russian language widely spoken or understood among Montenegrins. To reach out the Serbian population in the region²⁹, including Montenegro, Russia established numerous local outposts of the Moscow's based media.³⁰ The Russian media outlets are mostly based in Serbia. From there, they have unimpeded access to Montenegro. Russians extensively invested in Serbian electronic and print media narrowing space for media which are not under their control. The research of the Center for Euro-Atlantic Studies (CEAS) from Belgrade mapped 109 Moscow-backed and media outlets

²⁶ *EU vs Disinfo*: Russian influence in Montenegro: Disinformation, Threats, and Attempted Regime Change, July 23, 2018, <https://euvsdisinfo.eu/russian-influence-in-montenegro-disinformation-threats-and-attempted-regime-change/>.

²⁷ Opinion poll/DAMAR/January 2016, <http://www.gov.me/en/News/157178/Latest-opinion-poll-47-3-of-citizens-support-Montenegro-s-NATO-accession.html>; DAMAR was one of the two polling agencies hired by the Montenegrin government to do polls every month. Opinion poll/CEDEM/June 2016/Bosnian language

<https://www.trt.net.tr/bosanski/region/2016/06/24/istrazivanje-clanstvo-crne-gore-u-eu-podrzava-61-odsto-ispitanika-2-odsto-manje-nego-u-novembru-517465>. CEDEM got a U.S. grant to conduct a survey in June 2016.

²⁸ In accordance to polls regularly conducted by the agency IPSOS Strategic Marketing between 2012 and 2016, between 80% and 85% of the Montenegrin citizens watch the four biggest the Montenegrin electronic media: TV Pink, TV CG, TV Vijesti and TV Prva.

²⁹ Serbs live in several states in the Balkans: Serbia, Montenegro, Bosnia and Herzegovina, Croatia, Kosovo and North Macedonia.

³⁰ *Nikola Burazer*: Global Instability strengthens Russian Influence in the Balkans, Kosovo 2.0, December 7, 2016, <http://kosovotwopointzero.com/en/global-instability-strengthens-russian-influence-balkans/>.

²¹ *Aleksey Nikolsky*: Moscow Defense Brief: Russian Naval Presence in the Eastern Mediterranean and the Problem of Projected Naval Basing, June, 2016, <https://mdb.cast.ru/mdb/2-2014/item1/article2/>.

²² Ibid.

²³ Ibid.

²⁴ *BBC News*: Cyprus signs deal to allow Russian navy to use ports, February 26, 2015, <https://www.bbc.com/news/world-europe-31632259>.

²⁵ Ibid as 6 and 7.

active in Serbia in 2017.³¹ The region witnessed an outburst of Russian media in the Serbian language: *Sputnik*, *South Front*, *Novaya Russia* and many more.³² Sputnik is, by far, the most protuberant media profoundly engaged in the ongoing anti-Western campaign in the region.

Portraying Montenegro, Russian media have developed a twofold narrative with a set of messages for the international public and another for the Montenegrin citizens. The campaign was particularly intensive a few months before Montenegro received the invitation to join NATO (December 2, 2015), and several weeks before and during the Parliamentary elections in October 2016.

For the international public, Montenegro is depicted as a highly corrupted, insecure and problems-burdened³³ state lagging behind all its neighbours, including Serbia.³⁴ The NATO decision to invite Montenegro to join the alliance is portrayed by the Russian media as an example of “double standards” and a move motivated exclusively by Western interests to challenge Moscow.

In messages for domestic use, the Montenegrin government is described as treacherous, corrupted and bribed, a pawn in the hands of the U.S. and NATO, not being worthy of support. The Montenegrin policy is shown as an example of betrayal of a traditional ally, and the Montenegrin leaders are painted as a group of traitors, the ones who would like to bring NATO to Montenegro (not Montenegro to NATO)³⁵ without the will of its own citizens.³⁶ They are shown as people willing to trade off the Montenegrin identity and dignity of its citizens for NATO membership.

³¹ *Center for Euro-Atlantic Studies*: Basic Instinct. The Case for more NATO in the Western Balkans, September 2017, page 47, https://www.ceas-serbia.org/images/publikacije/CEAS_Basic_Instinct_WEB.pdf.

³² <https://www.ft.com/content/3d52cb64-0967-11e7-97d1-5e720a26771b>, Financial Times, March 19, 2017

³³ *Dusica Tomovic*: Montenegro evenly divided over NATO Membership, *BalkanInsight*, July 29, 2015, <https://balkaninsight.com/2015/07/29/montenegro-divided-over-nato-membership-survey-shows/>; 77.5% of citizens believe Montenegro will become member of NATO, *Cafe del Montenegro (CDM)*, May 31, 2016, <https://www.cdm.me/english/damar-77-5-of-citizens-believe-montenegro-will-become-a-member-of-nato/>.

³⁴ *Sputnik*, May 1, 2017, <https://sputniknews.com/politics/201705011053162491-montenegro-nato-milo-djukanovic/>.

³⁵ *Russia Today*, June 6, 2017, <https://www.rt.com/op-ed/391121-montenegro-nato-accession-europe/>.

³⁶ *Sputnik*, December 22, 2015 <https://sputniknews.com/europe/201512221032149372-montenegro-nato-russia-eu/>; *Sputnik*, April 4, 2017 <https://sputniknews.com/politics/201704051052306417-montenegro-nato-security/>.

During his official visit to Serbia in December of 2016, Minister of Foreign Affairs of Russia, Sergey Lavrov, pointed out that the EU was pressuring Serbia to act like “political leader of Montenegro, who broke all its promises and betrayed Russia”.³⁷

Russian arguments are popularised through social networks or the web portals of various Serb nationalist political groups in Montenegro, such as the political alliance Democratic Front (DF), the NGOs – ‘Movement for Neutrality of Montenegro’ and ‘No to war, no to NATO’.³⁸ As an alternative to NATO membership, they promote a hybrid concept of the Russian sponsored neutrality.³⁹ They portray Russia as an invincible, stronger than ever power⁴⁰, the guardian of the Orthodox Christianity and the acknowledged friend of all Orthodox peoples. Conversely, NATO is portrayed as an US-led war-bringing organisation or as a fascist-like organisation that kills innocent citizens all over the world.⁴¹

The effects of the Russian campaign have been mixed. Traditionally, Russia enjoys considerable popularity among citizens in Montenegro, particularly Serbs.⁴² However, the major goal has not been achieved; Montenegro was invited to join NATO in December 2015.

Russian official Reactions

Side by side with the media campaign, Russia played on political actors in Montenegro capable of organising public anti-NATO protests to stoke political instability, call for new elections and replace the government. In the run-up to the NATO Ministerial Meeting in December 2015, the hardcore opponents

³⁷ *Russia Today*: EU demands Serbia close Russian-Serbian Humanitarian Center – Lavrov, December 13, 2016, <https://www.rt.com/news/370197-lavrov-russia-serbia-eu/>.

³⁸ *BalkanInsight*, October 18, 2017, <https://balkaninsight.com/2017/10/18/pro-russian-montenegrins-publish-new-anti-western-media-10-17-2017/>.

³⁹ *BalkanInsight*, June 29, 2016, <https://medium.com/@balkaninsight/putins-party-signs-military-neutrality-agreements-with-balkan-parties-8f2bbad4c23>.

⁴⁰ *Sputnik*, December 24, 2016, <https://sputniknews.com/military/201612241048959394-russia-military-aggressor/>.

⁴¹ *Sputnik*, April 1, 2017, <https://sputniknews.com/world/201704011052190789-montenegro-nato-accession-russia-message/>; <http://orientalreview.org/wp-content/uploads/2016/05/anti-Nato20protest20october202015.jpg>.

⁴² *IRI – Center for Insights in Survey Research*: Public Opinion in Montenegro, October 6-12, 2017, October 2017, pages 26/27, http://www.iri.org/sites/default/files/montenegro_ppt.pdf; *NDI*: Between East and West, Public Opinion and Media Disinformation in the Western Balkans, November 2018, Section – West, Western Balkans and East, <https://www.ndi.org/publications/between-east-and-west-public-opinion-media-disinformation-western-balkans>.

of NATO in Montenegro, led by the Democratic Front (DF) – a Serbian nationalist, pro-Russian political alliance, and backed by the Serbian Orthodox Church, staged weeks-long protests against the government. In sharp contrast to the Maidan street protests in Ukraine or the street rallies in North Macedonia, the official Moscow expressed full support to protesters in Podgorica. The Russian Ministry of Foreign Affairs commented that "it is impossible to overlook the fact that... the involvement of this country in the process of Euro-Atlantic integration does not lead to its consolidation and prosperity... One gets the impression that plans for the expedite promotion of Montenegro into NATO simultaneously contemplate the suppression of alternative approaches."⁴³

As Andrija Mandić, one of the DF leaders said the membership to NATO is unacceptable as "we (*Montenegrins – author's note*) belong to a civilised circle that inherited the best traditions of Montenegro, which for 300 years had best relations, once with imperial Russia and later with the Soviet Union".⁴⁴ Several months before the Parliamentary elections, DF was, by far, the strongest opposition party in Montenegro. It won 18 seats at the 2016 Parliamentary elections, two Members of Parliament less than in the 2012 elections.⁴⁵ The group has built up its profile on the inflammatory, Serbian nationalist, pro-Russian and the Orthodox-conservative rhetoric and an aggressive, confrontational political campaign.⁴⁶

After NATO Membership invitation to Montenegro

Russian officials and the Ministry of Foreign Affairs had made several warning statements following NATO's decision to invite Montenegro to the Alliance. Not only reiterated Moscow its strong anti-NATO-enlargement posture, but it also called for an action to reverse the process. These three points are underlining in all of these statements: 1) NATO enlargement in the Balkans is against Russian strategic interests; 2) Montenegro is "dragged into NATO" against the will of its people and people have

the right to reverse the decision; 3) Russia, too, reserves the right to respond proportionally.

The following statements are particularly suggestive:

The day after the invitation, the Kremlin's spokesman Dmitry Peskov repeated the Russian warnings that "the continuing expansion of NATO and the military infrastructure of NATO to the east cannot fail to lead to actions in response from the east – that is, from Russia". As he explained, the action would be aimed "to provide for [Russia's] security interests and support parity" between Moscow and the alliance.⁴⁷

At the same day, the Russian Ministry of Foreign Affairs describes the decision "to launch NATO accession talks with Montenegro as an openly confrontational move which is fraught with additional destabilizing consequences for the system of Euro-Atlantic security" and concludes that "this new round of the alliance's expansion directly affects the interests of the Russian Federation and forces us to respond accordingly".⁴⁸ Russian Foreign Ministry's spokeswoman Maria Zakharova portrayed the situation in Montenegro as difficult, adding that Montenegro is troubled with "the internal political crisis", which "is indicative of the continued deep split in the Montenegrin society, primarily, over the issue of NATO membership".⁴⁹

Following the signing of the Protocol of Accession to NATO, on May 19, 2016, Zakharova accused NATO for "attempts to change the military and political landscape in Europe, in particular, in the context of its outspoken policy of deterrence towards Russia" and underscored that this, "will inevitably affect Russia's interests and force it to respond proportionately". According to her announcement, "dragging Montenegro into NATO won't be left without Russia's reaction". She specified that "the efforts to artificially drag Podgorica into the alliance are proceeding (...) in defiance of the opinion of the country's people".⁵⁰

⁴³ The Ministry of Foreign Affairs of the Russian Federation, October 17, 2015, http://www.mid.ru/en/kommentarii/-/asset_publisher/2Mrvt3CzL5sw/content/id/1871244.

⁴⁴ Fox News, March 22, 2017, <http://www.foxnews.com/world/2017/03/22/montenegro-at-crossroads-toward-west-or-back-to-russia.html>.

⁴⁵ Inter-Parliamentary Union, October 16, 2016; http://archive.ipu.org/parline/reports/2385_E.htm.

⁴⁶ Euractiv, October 14, 2016, <https://www.euractiv.com/section/enlargement/news/nato-and-russias-influence-dominate-montenegro-vote/>.

⁴⁷ Radio Free Europe/Radio Liberty, December 2, 2015, <https://www.rferl.org/a/montenegro-nato-invite/27401948.html>; Financial Times, December 2, 2015, <https://www.ft.com/content/91f99dbc-990d-11e5-95c7-d47aa298f769>.

⁴⁸ Ministry of Foreign Affairs of the Russian Federation, December 2, 2015 http://www.mid.ru/en/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/1963259.

⁴⁹ Ministry of Foreign Affairs of the Russian Federation, 16 December 2015, Briefing by Foreign Ministry Spokesperson Maria Zakharova, Moscow, http://www.mid.ru/en_GB/posledniye_dobavlenkiye/-/asset_publisher/MCZ7HQUMdqBY/content/id/1989404.

⁵⁰ Ministry of Foreign Affairs of the Russian Federation, Briefing by Foreign Ministry Spokesperson Maria Zakharova, Sochi, May 19,

At that time, Sergey Železnyak, deputy of the Russian Duma, made numerous public comments against Montenegro before and after the elections. He openly called the Montenegrin opposition to "do something" to prevent the "erosion of democracy and abuse of the will of the people" in Montenegro.⁵¹ These statements are enhanced by similar accusations of other Russian officials including Minister of Foreign Affairs Sergey Lavrov⁵² and his deputy Aleksey Miskov.

After the Coup Attempt

Moscow officially denied its involvement in the Montenegrin October's events.⁵³ In spite of its firm denial, ensuing the event in Montenegro, the Kremlin made a few divulging moves.

The former head of Federal Security Service in Russia (FSB) and current secretary of Russian Security Council Nikolay Patrušev, a close associate to the Russian President, arrived in Serbia a day after Montenegro announced that Moscow might have been behind the coup.⁵⁴ His visit coincided with reported expulsions of several Russian citizens from Serbia, which seemingly included the ringleaders of the operation in Montenegro.⁵⁵ Though the official Belgrade called it a regular visit aimed at strengthening the cooperation of "respective intelligence agencies", the timing of the visit and circumstances under which it took place made experts believe that this was an effort to contain the scandal.

Following the visit, on November 4, 2016, President of Russian Federation Vladimir Putin released retired general Leonid Rešetnikov, the former officer of the Russian Foreign Counter-Intelligence Service, from his duties of the Director of the Russian Institute for Strategic Studies (RISS) and appointed Mikhail Fradkov, the former Prime Minister of Russia and the head of Russia's Foreign Intelligence Service as a new

Director. This decision not only illustrates the profile of the "Institute" but also supports claims that Rešetnikov had been deeply involved in Russian (covert) activities in Montenegro and the region. The dismissal of Rešetnikov was likely a result of Patrušev's consultations with the authorities in Moscow after his visit to Belgrade.

These personal changes within "the Balkans team" opened the door for Patrušev to become a Putin's point man for the Balkans. Given his career and the reputation of a hard-liner, the shift indicates that Moscow will intensify and diversify its involvement in the Balkans.⁵⁶

The Coup Plot

On October 16, 2016, Montenegro held its parliamentary elections. The night before the elections, former commander of the Serbian Gendarmerie, Bratislav Dikić⁵⁷, had been arrested and accused of plotting a coup that would have involved killing civilians and murdering Montenegrin Prime Minister Milo Đukanović.⁵⁸ The police detained him and 19 other Serbian citizens, under suspicion of forming a criminal organisation.⁵⁹

Soon after, the Supreme State Prosecutor and the Special Prosecutor for Organized Crime and Corruption presented evidence including intercepted phone conversations between coup plotters Bratislav Dikić and Aleksandar Sinelić, a supposed founder of "The Serbian Wolves".⁶⁰ Serbian Prime Minister Aleksandar Vučić confirmed on October 25 that the Serbian police had identified and arrested several persons in connection with the case. He added that there were numerous proofs for his claims, including photographs, videos, intercepted phone conversations, uniforms, confiscated money (EUR 120,000 in cash) as well as legal confessions of some

2016; item 19; http://www.mid.ru/en/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/2287934.

⁵¹ CDM, November 3, 2016, <https://www.cdm.me/english/russian-mentor-dreams-of-a-new-operation-in-montenegro/>.

⁵² Sputnik, March 23, 2017, <https://sputniknews.com/military/201703231051876080-montenegro-nato-accession/>.

⁵³ Reuters: Kremlin denies involvement in alleged plot against Montenegro's PM, November 7, 2016, <https://www.reuters.com/article/U.S.-russia-montenegro-election-idUSKBN132170>.

⁵⁴ BalkanInsight, October 26, 2016, <https://balkaninsight.com/2016/10/26/russia-security-chief-advocates-closer-ties-to-serbia-10-26-2016-1/>.

⁵⁵ The Guardian, November 11, 2016, <https://www.theguardian.com/world/2016/nov/11/serbia-deports-russians-suspected-of-plotting-montenegro-coup>.

⁵⁶ Howard Amos, Vladimir Putin's man in the Balkans, Politico, June 21, 2017, <https://www.politico.eu/article/vladimir-putin-balkans-point-man-nikolai-patrushev/>.

⁵⁷ The Telegraph, February 18, 2017, <https://www.telegraph.co.uk/news/2017/02/18/reconstruction-full-incredible-story-behind-russias-deadly-plot/>.

⁵⁸ Press conference of the Montenegrin Special Prosecutor for organize crime and corruption, October 16, 2016; Danas, October 16, 2016 (Serbian language), <https://www.danas.rs/drustvo/tuzilastvo-plan-bio-lisavanje-slobode-djukanovica/>.

⁵⁹ Press conference of the head of Police Directorate of Montenegro, October 16, 2016; Telegraf, October 16 (Serbian language), <https://www.telegraf.rs/vesti/2409148-mup-crne-gore-uhapseno-20-srba-osumnjiceni-za-terorizam>.

⁶⁰ Statements of the Montenegrin Supreme State Prosecutor and the Special Prosecutor, October 17 and 18, 2016, and Interview of the Special Prosecutor with the Montenegrin TV Vijesti, October 20, 2016.

suspects involved in the plot. Russian daily *Kommersant* wrote⁶¹ that the plotters had used encrypted telephones, two of which had been discovered in Serbia and Montenegro, and the third one, "located in Russia", had been out of reach. The cooperation of the Montenegrin and Serbian authorities resulted in extradition to Montenegro of Aleksandar Sinđelić, one of the key suspects. He and Dikić accepted to cooperate with the authorities at the early stage of the investigation. According to the Montenegrin police, Sinđelić received EUR 200,000 from the Russians and distributed the money to members of the criminal group. Sinđelić provided information about links between them and the two members of the Russian Military Intelligence Agency (GRU).⁶²

The investigation into the case has confirmed the involvement of Vladimir Popov and Eduard Širokov, the GRU agents, who are identified as the ringleaders of the operation.⁶³ Širokov, alias Šišmakov, had been the assistant military attaché at the Russian Embassy in Poland until 2014 when Poland declared him persona non-grata for espionage.⁶⁴ Širokov got a new identity and the false Russian documents in August 2016, two months before the elections in Montenegro.⁶⁵ He was pictured meeting with Aleksandar Sinđelić in September 2016.⁶⁶

A joint investigation between *Bellingcat* and *The Insider* has identified the second GRU officer as Vladimir Nikolaevič Moiseev. Moiseev, alias Popov, the lieutenant colonel, was born on the same date as the fictional "Popov".⁶⁷

Some plotters from Serbia and Montenegro are linked to the so-called 'Balkans Cossack Army' formed in Montenegro on September 11, 2016. Cossack general Viktor Vladimirovič Zaplatin has been elected the supreme ataman of the "Army". He has been living in Serbia for 16 years and is linked to the Russian House, a cultural centre under auspices of the Russian state aid agency 'Rossotrudnichestvo', in Belgrade.⁶⁸ He fought in Bosnia in 1992-93, in Abkhazia and South Ossetia, in Nagorno-Karabakh, and Transnistria. Zaplatin is described in the pro-Russian press in Serbia as "the official representative of the Union of Volunteers, which is directly associated with Vladimir Putin." The Balkans Cossacks were in touch with Leonid Rešetnikov, the Russian Institute for Strategic Studies, and Sergey Železnyak, then deputy head of the Russian Duma. They visited Moscow a few days before the coup to meet with Leonid Rešetnikov⁶⁹, who welcomed the formation of the Army.⁷⁰ As the Russian newspaper *Novaya Gazeta* underscores, the Cossacks and Serbian volunteers, who fought in Eastern Ukraine, are used by Russian secret services to carry out sensitive operations in the Balkans.⁷¹

The recent announcement of the U.S. Treasury Department that Oleg Deripaska and Victor Boyarkin, a former Russian intelligence officer who now works for Deripaska, provided financial support to a political party in Montenegro ahead of the country's 2016 elections is another piece of evidence confirming the Russian involvement in the plot.⁷²

Conclusion

When Russia lost its major economic leverage in Montenegro (the Aluminium Plant), and Podgorica following the EU decision introduced sanctions

⁶¹ *Kommersant.com*, October 25, 2016; *The Middle East Media Research Institute (Memri): Russia's Orbit – Part II – The Attempted Coup In Montenegro*, November 24, 2016,

<https://www.memri.org/reports/russias-orbit-part-ii-attempted-coup-montenegro>.

⁶² *Ben Farmer*: Russia plotted to overthrow Montenegro's government by assassinating Prime Minister Milo Djukanovic last year, according to senior Whitehall sources, *The Telegraph*, February 19, 2017,

<https://www.telegraph.co.uk/news/2017/02/18/russias-deadly-plot-overthrow-montenegros-government-assassinating/>.

⁶³ Radio Free Europe/Radio Liberty, June 8, 2017, <https://www.rferl.org/a/montenegro-coup-charges-confirmed/28535744.html>.

⁶⁴ Radio Poland, August 29, 2017,

<http://www.thenews.pl/1/2/Artykul/323129,Poland-expelled-Russian-later-accused-of-plot-to-kill-Montenegro-PM-report>.

⁶⁵ CDM, February 21, 2017, <https://www.cdm.me/english/eduard-shishmakov-photos-time-officially-worked-russian-federation/>.

⁶⁶ Sky News, August 29, 2017, <https://news.sky.com/story/photos-prove-russia-behind-montenegro-assassination-plot-11010838>.

⁶⁷ *Moritz Rakuszitzky, Daniel Romein, and Roman Dobrokhotov*: Second GRU Officer Indicted in Montenegro Coup Unmasked, *Bellingcat*, November 22, 2018,

<https://www.bellingcat.com/news/uk-and-europe/2018/11/22/second-gru-officer-indicted-montenegro-coup-unmasked/>.

⁶⁸ *Jasna Vukicevic*: Russia's Friends from New "Cossacks Army" in Balkans, Radio Free Europe/Radio Liberty, October 18, 2016, <https://www.rferl.org/a/balkans-russias-friends-form-new-cossack-army/28061110.html>.

⁶⁹ <http://cherna.gora.me/news/moscow-anxious-what-if-it-is-proved-that-russian-circles-were-behind-the-attempts-to-cause-violence/>, November 4, 2016.

⁷⁰ Official Statement of the "Central Cossacks Army"; Montenegrin Radio Skala; Balkans Cossacks under investigation of the Special Prosecutor, November 11, 2016.

⁷¹ *Vesti*, November 11, 2016,

<http://www.vesti-online.com/Vesti/Ex-YU/611438/Ruski-mediji-otkrili-sta-rade-kozaci-i-dobrovoljci-iz-Donbasa-na-Balkanu>.

⁷² The U.S. Department of the Treasury, December 19, 2018, <https://home.treasury.gov/news/press-releases/sm577>; *Telegraph*, December 19, 2018,

<https://www.telegraph.co.uk/news/2018/12/19/russian-oligarch-oleg-deripaska-accused-interfering-montenegros/>.

against Russia as well as declined the Russian request to install a naval facility on its territory, making it obvious that:

1) The Montenegrin Government was not anymore a partner willing to harmonise its policy with Moscow.

2) Moscow lacked the financial/economic power to sway the Montenegrin Government.

As overt means of influence appear to have been inefficient; a covert operation looks like a viable option. Pointing out that the plot was a botch some take it as the key argument to describe it as a hoax. Yet, Montenegro seems to be one of the several Russian mistakes lately. The similar signature can be recognised in the fiasco with the poisoning of Sergey and Yulia Skripal. This situation led to the largest intelligence blunder since the end of the Cold War when identities of more than 300 Russian GRU agents, including those involved in the Montenegrin case, were disclosed by Bellingcat.⁷³ The same can be said for the foiled Russian hacker attack on the Organization for the Prevention of Chemical Weapons (OPCW) in The Hague.⁷⁴

While the interests of Moscow to prevent NATO membership of Montenegro can be easily recognised, several questions related to the coup plot remain unanswered: Was the operation approved by the most senior Russian officials? If the Montenegrin government knew of the plot beforehand, why were they waiting for the election day to arrest plotters? Did the government do it to catch the plotters "red-handed" or was the day of elections purposely chosen to influence voters?

The trial against indicted plotters opened on September 6, 2017⁷⁵, was supposed to answer some of these questions and confirm the existence of a criminal organisation that planned to carry out the coup attempt. After 19 months of the proceeding, the High Court in Podgorica, in its verdict on May 9 2019, sentenced 14 people on terrorist charges and on creating a secret organisation as part of the coup

attempt to overthrow the government and to prevent the country from joining NATO. The Russian GRU agents, Širokov and Moiseev alias Šishmakov and Popov, were sentenced in absentia to 15 and 12 years respectively.⁷⁶ One of the plotters who happened to be in Russia when the trial began was granted asylum by Moscow.⁷⁷ Nemanja Ristić and Predrag Bogičević, members of Serbian far-right organisations, sentenced to seven years each, are still in Serbia and have never been extradited to Montenegro.

Two leaders of the opposition Democratic Front, Andrija Mandić and Milan Knežević, were also convicted over the coup attempt and sentenced to five years in prison. In a move to show the contempt of the court, they were not present in the courtroom when the judge was reading the ruling. Knežević and Mandić dismissed the court verdict and announced an appeal to a higher court. They called the Serbian president and the Serbian government to stop any communication with Montenegro and its President Đukanović.⁷⁸

The majority of convicted defendants, including the two DF leaders, will remain free awaiting appeals to the first instance ruling as the chief judge doesn't request their arrest.⁷⁹ This decision, surprising for many, speaks how politically sensitive the case is. The chief judge seemed to have thought that the arrest of the two DF leaders, at this stage, might be politically harmful to the Montenegrin authorities.

The ruling of the High Court in Podgorica didn't put an end to the trial. The story will be continued for years as it is apparent that the court proceeding and the verdict didn't completely resolve the case. The GRU agents, Vladimir Nikolaevič Moiseev and Eduard Širokov, are still at large as Moscow declines the request for their extradition. As long as they are out of the way, it would be difficult, if almost impossible to clarify what happened on October 16, 2016 and who orchestrated the operation.

Some suspect that the Montenegrin authorities are not interested in resolving the case completely, as it

⁷³ Bellingcat, October 9, 2018, <https://www.bellingcat.com/news/uk-and-europe/2018/10/09/full-report-skripal-poisoning-suspect-d-r-alexander-mishkin-hero-russia/comment-page-11/>.

⁷⁴ The Guardian, October 4, 2018 <https://www.theguardian.com/world/2018/oct/04/netherlands-halted-russian-cyber-attack-on-chemical-weapons-body>.

⁷⁵ Radio Free Europe/Radio Liberty, June 8, 2017 and September 7, 2017, <https://www.rferl.org/a/montenegro-coup-charges-confirmed/28535744.html>; <https://www.rferl.org/a/montenegro-coup-plot-trial-resumes-russia-nato-djukanovic-mandic-knezevic/28719631.html>.

⁷⁶ Reuters, May 9, 2019, <https://www.reuters.com/article/U.S.-montenegro-court/russians-opposition-figures-sentenced-over-role-in-2016-montenegro-coup-attempt-idUSKCN1SF144>.

⁷⁷ Radio Free Europe/Radio Liberty, November 1, 2017, <https://www.rferl.org/a/russia-extradite-montenegro-coup-suspect/28829550.html>.

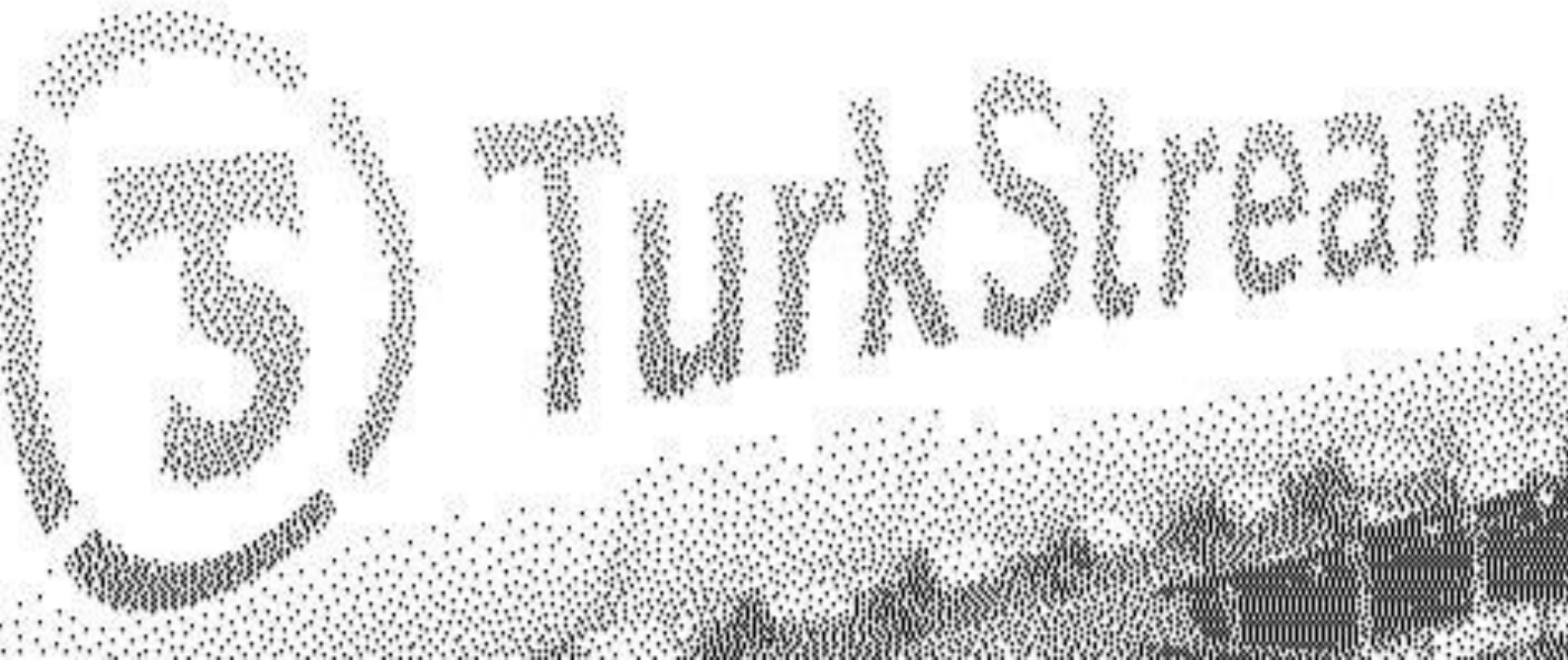
⁷⁸ BalkanInsight, May 9, 2019, <https://balkaninsight.com/2019/05/09/montenegro-court-sentences-13-in-coup-case/>.

⁷⁹ BalkanInsight, May 13, 2019, <https://balkaninsight.com/2019/05/13/serbs-convicted-in-montenegro-return-home-awaiting-appeals/>.

can be used as good leverage in further contacts with the Kremlin, even more so if at one moment Podgorica and Moscow decide to work on their rapprochement. However, the recent verdict disapproves this reasoning. The court decision will make the gap between Podgorica and Moscow even larger and difficult to bridge as long as the current governments are in power.

Preventive operations often seek to stop a state from taking specific actions, such as joining a rival alliance. As historical examples prove, those operations can be cost-effective, especially if you stage them in cooperation with reliable local actors. It is what happened in Montenegro in October 2016. If the plot was to thwart the NATO membership of Montenegro,

it failed. Yet, it should not be forgotten that states planning covert operations, if they fail, continue with their overt and other hybrid types of activities with the same goal. Not only will Montenegro remain in Moscow's focus as it may profit from the government (and policy change) in Podgorica, but the Russian involvement in the region will also continue to grow as long as the EU and the U.S. allow for it. While Moscow will rely on Serbia as the closest ally in the region, Bosnia and Herzegovina currently looks like a sitting target. Bosnian Serbs and, to large extent, Croatian pro-Russian local politicians, give Moscow a golden opportunity to advance its political and economic influence in the country.



Chapter 5

TOOLS AND ACTORS – ENERGY

Greek-Russian Relations

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Abstract: The mapping of Greek-Russian relations, despite their limited expanse, runs up against many complexities, mainly because aspirations and sentiment have usually been put before pragmatism and interests. At the same time, due to Russia's broadly positive image in Greece, there are few obstacles to the development of ties with Moscow – a fact that has on occasion been exploited politically. However, given the constraints deriving from Greece's position in Euro-Atlantic institutions, a certain timidity on the part of the Greek political establishment, and the Kremlin's disinclination to trust Athens, the Greek-Russian relations over the past twenty years have been characterised by goodwill and sporadic, tentative deepening, with limited substance and content. *The text has been completed mid-April 2019.*

Background

Due to Greece's geographical proximity to the East and the four hundred years it had spent under Ottoman rule, far from the influences of the European enlightenment, and given its difficult adaptation to the European state of affairs and 'normalcy', Athens is often perceived as a Balkan state, with structures and mindsets associated with the East. In combination with the religious identity it shared with Russia and Russia's very positive image in Greek society, and together with the fact that certain Greek politicians – and parties – feel more comfortable communicating with Moscow than with Brussels, this has cultivated a sense that a portion of Greece is not oriented towards the European Union (EU) and could thus, at any time, call into question the country's position in the European family or, even worse, threaten European unity for the sake of third powers.

But this is a most superficial perspective, given that the occasional overtures between Athens and Moscow have never substantially jeopardised the doctrine of "We belong to the West". Traditionally, Greece is equally committed to its Euro-Atlantic obligations (see the provision of NATO facilitation, even in the case of interventions to which Russia was opposed; e.g., Serbia and Libya), while its political and economic elite are clearly oriented towards Europe. The minority current in favour of subverting the current power relations and instituting a policy for extricating the country from the West, which, as we will see further on, was expressed but, in the end, not followed through on by a few members of the first Syriza-ANEL government, has historically met with

defeat a number of times and is certainly not the prevailing view/narrative.

Beyond the passivity and/or reluctance on Greece's part, even in a favourable environment, the Russian side – usually conservative in any case – seems to have settled on the conclusion that Greek-Russian relations can never really pay off, except in a few specific sectors. In essence, apart from the brief romance between Russian President Vladimir Putin and Greek Prime Minister Konstantinos Karamanlis and the unsuccessful efforts between January and July 2015 to bring Moscow into the deliberations with Athens' creditors, the two sides' aspirations have not intersected to the degree that would bring a significant breakthrough. In fact, a broad consideration of the course of Greek-Russian relations raises doubts as to whether there has ever been a real desire to take these relations to the next level: It might well be the case that any vision of a true strategic partnership has been effectively dampened by a shared perception that there are no substantial grounds for changing these relations, leaving the two sides with the *ad hoc* enhancement of ties through more substantial doses of cooperation, but without the intention of radically altering the existing status quo.

To clarify the background of Greek-Russian relations, let me refer to some highlights:

In the first half of 2003, during the Greek presidency of the EU, we had the first serious rift between Moscow and Washington. This problem came during Putin's first presidency, on the occasion of the U.S. intervention in Iraq – an action that cut the West in two and faced Putin off against U.S. President George W. Bush. Greece managed, through noteworthy

handling, not only to avert the poisoning of EU-Russian relations (with most European states against military intervention, in any case), but also to establish a new platform for joint ventures through the extension of the Partnership Agreement of 1997 to the adoption of the four common economic spaces, which to date is the basis for Brussels-Moscow relations. And this was under unfavourable conditions, given that some of the ruling circles in the EU were against any institutional deepening. The Russian side was so grateful to the Greek side.

Meanwhile, the inclusion of the Baltic states in the NATO expansion and the "coloured" revolutions in Georgia and Ukraine, which brought to power regimes with a clear western orientation and desire to limit Russia's dominant position in the post-Soviet space, re-established the climate of mutual suspicion in late 2004. As a result, the prospects for cooperation between Greece and Russia were sidelined by the clash of Western and Russian interests and outlooks, given that Athens did not attempt to separate the two, instead of giving higher priority to its partnership and contractual obligations.

The second to highlight is the honeymoon period between 2006 and 2008. Without a doubt, energy was the driving force in Greek-Russian relations during this critical period. The revival of the Burgas-Alexandroupoli pipeline plan and the promotion of the South Stream project sparked cooperation and aspirations for expanding synergies that, in the end, came to nothing. This situation points out the fluidity of the abovementioned agreements, the failure of which, though not weighing directly on Greek governments, confirms the tactical nature of (many of) Russia's bilateral arrangements. In the case of the South Stream project, between 2009 and 2010 Moscow seemed to revise the initial planning and exclude Greece, promoting an alternative route through Former Yugoslav Republic of Macedonia FYROM (now North Macedonia) and Serbia. This confirms that Moscow had concluded the original agreement in 2008 under pressure it felt to appear to be developing routes that would circumvent Ukraine, without a comprehensive plan based on economic and technical criteria and with the intention of undermining the EU's common line and making a show of strength, mainly towards the Central European market. As a result, Moscow got a positive response from Germany – for whose interests the northern circumvention of Ukraine, via the Nord Stream, was "more convenient" – and relegated the South Stream to a back burner. As for the much-

touted Burgas-Alexandroupoli, the reactivation of which came on a Russian initiative, it foundered due to fatigue and vagueness in the agreement and was finally laid to rest by the Boyko Borisov government in Sofia in December 2011. Greece and Russia tried to establish an energy connection at a time when Europe, in the wake of two Moscow-Kiev energy crises, had decided to seek alternatives to Russia, with Washington pressing in maximalist terms for Moscow's marginalisation. So, from the myth of strategic relations and aspirations for a positive outcome on several projects, the two sides ended up perceiving the two-way constraints on bilateral relations.

The Memorandum Years

The other highlights concern the memorandum years. Relations with the Kremlin fell into further disrepair from 2010 to 2015, when Athens hunkered down to weather the economic storm. Russia remained mostly neutral on the impact of the financial crisis in Greece, providing no open support. As a result, relations with Moscow slipped down Athens' agenda. Then, as now, Russia understandably prioritised its relations with the United States and the more powerful European Union member states, however rocky these can sometimes get.

Moreover, with its own pressures at home and commitments abroad, including the crisis in Ukraine, Russia has had no reason to enter the negotiating fray between Greece and its creditors. Moscow obviously didn't want to take the risk to support a traditionally pro-western state whose options were dwindling dramatically as it found itself in the vice of a Euro-Atlantic mechanism. The Russians saw this new state of affairs as consolidating EU and U.S. control, imposing an asphyxiating management framework on the Greek side. The transformation of the private debt into public debt meant even more tools for exerting pressure on Athens, while the involvement of the International Monetary Fund (IMF) entailed unpleasant and unpopular measures. In this environment, the Kremlin deliberately kept its distance. Russia's pragmatic approach towards Greece was evident in the former's not playing a role in supporting the latter even in the secondary market (by acquiring bonds, as China did) as well as on Gazprom's reluctance to extend credit – if only for a few weeks – on Greek purchases of Russian gas in the years of the economic crisis, as the Iranians did with Greece's oil supplies.

In the energy field, the most important development between 2009 and 2014 was the withdrawal of Gazprom in June 2013 from the DEPA (public gas corporation) privatisation. In its quest for a success story as a much-needed indication of a reversal of the climate with regard to investment opportunities in Greece, the Samaras government (2012-2015) pre-empted developments based on mere indications and, at the same time, the constant concessions made on the initial demands confirmed in the eyes of many the risk of participating in the privatization programme. For its part, the EU was neutral at centre stage, but in the wings, it was at least negative, if not threatening, to Greek officials. Gazprom's interest in buying out a company of relatively small scope – a company that was not involved in European projects and was based in a country cut off from the pan-European network, with a consequent strong dependence on Russia (50-60% of imports) – as well as in the potential to transform Greece into an important link in the EU supply chain (due to geographical proximity to the Caspian, the Middle East and the Eastern Mediterranean), stimulated the negative reflexes of many Europeans. They were obviously concerned at the prospect of Gazprom's further consolidating its influence in Southeast Europe (due to a lack of interconnections, this is a privileged market for Gazprom) and gaining a share in a virtually monopolized market (that of Greece), which could enable it to block Greece's participation in projects of the southern energy corridor which bypasses Russia. For example, would a Russian-run DEPA commit to 1 billion cubic metres (bcm) of Azeri gas for the TAP (Trans Adriatic Pipeline n.d.) as the Greek company did? Or would it support the promotion of the vertical Interconnector Greece-Bulgaria (IGB)¹ which was aimed at covering a portion of the needs of states most vulnerable to Russian gas, like Bulgaria?

Brussels very likely wanted to put political pressure on Athens to change its stance in time to take on the burden of responsibility for rejecting the Russians, while Greece was pursuing the opposite: to throw the ball into the European court, leaving Brussels exposed in case of an adverse decision. And of course, the issue was primarily political rather than legal, given that *de facto* monopolies/oligopolies exist in most European countries. So, because it would have been difficult for the European Competitiveness Commission to reverse the decision on Gazprom's

¹ Edison, "IGB Pipeline", 29 July 2015, <http://www.edison.it/en/igb-pipeline>.

buyout of DEPA, except by monitoring the extent to which the European regulatory framework was complied with afterwards, any moves had to be made at an earlier stage. To the complexity of this situation we have to add that, in the wake of the second Russia-Ukraine energy crisis, in 2009, the European Commission had learned a number of lessons: at the core of which was the unification of European systems in terms of manner of operation; compliance with regulations by all of the EU member states, with the ultimate goal of bringing them into line both with the operation of the European system and with regard to suppliers; diversification of options for supplying the European market so as to avoid supply disruptions and exposure to vulnerability from third parties.

Then, in 2015, a new government was elected in Greece. Some members of the first Syriza-ANEL government did not learn past lessons, however, thinking that Russia would provide economic assistance to mitigate European pressures. Others in the coalition government saw Moscow as a counterweight in the negotiations, but never as a real alternative to lenders and partners for Greece. Worth noting here is the meeting of minds between the Orthodox camp and the communist camp, reflected in the presence in government of ANEL (Independent Greeks) for the former and Syriza for the latter. The first saw in Moscow a patron power of Hellenism and Orthodoxy, and the second an opportunity to correct the "historical injustice" of the fall of the communist Soviet Union. Some individual government policies on Russia reflected this apparent realignment: the then energy minister, Panagiotis Lafazanis (Syriza), demonstrated an apparent obsession with promoting the Southern European Corridor (Turkish Stream) at all costs, against European desires and, mainly, without alliances or the necessary lobbying in Brussels.

The Current State of Affairs

Today, the climate has changed significantly. The Syriza-ANEL government has adopted an appreciably more prudent stance towards Brussels, showing admirable discipline in implementing EU decisions and participating more constructively in European developments (in contrast to the threats – however, veiled – it levelled on first coming to power). What's more, the Russian leadership now sees Athens as a long arm of Washington – mainly of a U.S. bureaucracy that takes a confrontational approach to Moscow, a view further enhanced by the expulsion of two Russian diplomats in July 2018 and the divisions

over the Prespa Agreement, which paves the way for FYROM's / North Macedonia's accession to NATO.

Economy and Energy

Regarding bilateral cooperation on economy and energy, the situation is clear:

- imbalance to the benefit of Moscow;
- limited interest in investments in and contribution to the Greek economy;
- energy dependency, but gradually under more favourable circumstances for Athens;
- slow down of economic cooperation due to sanctions and Russian countermeasures; and finally, shrinking benefits for the tourism sector, in spite of the traditionally good relations between the two peoples.

More specifically, bilateral trade and Greek exports to Russia are at low levels. They were further limited on 7 August 2014 by the Russian countermeasures on agricultural products, and also by the Russian recession and the misadventures of the Russian rouble, which is fallen almost 40% against the euro since 2014.

The current volume of bilateral trade stands at EUR 3.2 billion, up 21% from 2017, thanks to a 22.4% increase in Russian exports to Greece, and not the mere 1.2% increase in Greece's exports to Russia. Greece's trade deficit with Russia came to EUR 2.9 billion in 2018 with Greek exports to Russia at just EUR 173.5 million (1% of total exports), and consisting of the following products: fur clothing and accessories (21%), petroleum oil and bituminous minerals (9.8%), unprocessed tobacco (7.8%), aluminium sheet and foil (3.9%), elevators (3.7%), and copper pipe (3.5%).

Imports from Russia included petroleum, bituminous minerals and their by-products (70% of total imports from Russia), natural gas (13.1%), aluminium (7.9%), and wheat and semolina (1%). Worth noting is the decisive role of petroleum products, without which the trade deficit for Greece would have come to just EUR 434 million. As for Greek exports, Russian law prevented the implementation of Russian Prime Minister Dmitry Medvedev's proposal that the countermeasures be circumvented through opening Greek-Russian companies for processing products from Greece.

In the energy sector, Greece gets about 43.5% of its crude oil from Russia, and Centracore Energy, an Austrian subsidiary of Rosneft, bought out Greece's

Mamidoil-Jetoil, which was failing/going bankrupt, in January 2018 for EUR 105 million. This company has about a 10% share of the Greek market, and its acquisition appears to be a 'vehicle' for strengthening Russia's presence in the Balkans, which can be supplied via Jet Oil's facilities. Mamidoil-JetOil's key asset is one of the largest private fuel storage facilities, located where it can serve the wider region.

In natural gas, of the 5bcm the Greek market consumes, 3bcm come from Russia. But about ten years ago, 68 to 70 per cent of Greece's natural gas imports came from Russia, which means that Greece has reduced its dependence on Russia by about 10%. Of course, this still leaves Greece significantly above the EU average of about 40%. The encouraging news is that Greece is constantly diversifying its suppliers, adding Azerbaijan, U.S. Liquefied Natural Gas (LNG), and potentially the Eastern Mediterranean, but there are also expectations concerning indigenous sources.

What's more, one should underline the marginal importance of Russian direct investment in the Greek economy, 0.1% of all Foreign Direct Investment (FDI) and 0.2% of Russian direct investments abroad, and the moderate numbers of arrivals from Russia, given the common religious bonds and the friendly relations between the two societies. Indicatively, in 2016 Russians accounted for 2.4% of arrivals; in 2017 they reached 782,000 out of 27 million arrivals, with 2013 being the record year: of 20.1 million total arrivals, 1.3 million were Russian tourists. The Average Length of Stay for Russian tourist in Greece is 10.0 days (29.6% higher than the overall average length of stay, which is 7.7 days). Beyond that, Greece is only the 13th most popular destination for Russian tourists.

The (FYROM) Name-Issue Effect

Meanwhile, Moscow's (alleged) meddling in the FYROM name dispute has left Greek-Russian relations very tense. Athens' allegations (in the form of unofficial information/leaks to the press) were that, through the Imperial Orthodox Palestine Society and a former consul of Russia in Greece, they used material and financial incentives in an attempt to influence municipalities and metropolitans (bishops) – also trying to push their agenda on Mount Athos – with all of the implications this has for the Greek government's unhindered exercising of sovereignty over the Greek state. There were also reports of a failed attempt to bribe state officials. In maintaining that its intentions toward Moscow are essentially good, Athens noted that it did not go along with the

policy of expulsions adopted by most western states in the wake of the Skripal affair.

Nevertheless, the charges are grave and echo the many and constant western allegations of Russian interference in the domestic affairs of third countries. However, Athens' accusations against Moscow have even greater weight because they come from a country that is seen as pro-Russian; a country that, in the past, was falsely accused of being Russia's Trojan horse in the EU. This viewpoint lends credence to those accusing Russia of being a revisionist power.

Even though the Greek side dialled down its rhetoric after the expulsions (official statements were in favour of rapprochement), the Russian leadership now seems to see Athens as a long arm of Washington – mainly of a U.S. bureaucracy that takes a confrontational approach to Moscow, as already stated above. If Russia concludes that Athens' choices are being dictated by Washington, it may test the former's mettle in a variety of fields, without wanting to break ties completely and further alienate it. It won't make its decisions in the heat of the moment, but in an unstable environment – and with its relations with Turkey becoming more strategic (energy, trade, revisionism as a common denominator) – we cannot rule out surprises. In terms of public opinion, though, the case doesn't seem to have shifted the balance one way or the other, and both Prime Minister Alexis Tsipras as well as the then leader of the main opposition party and since July 2019 incumbent Prime Minister, Kyriakos Mitsotakis, visited Moscow, presumably as part of an effort to smooth out ruffled relations.

Conclusion

To sum up, the mapping of Greek-Russian relations, despite their limited expanse, runs up against several complexities, mainly because aspirations and sentiment have usually been put before pragmatism

and interests. At the same time, due to Russia's broadly positive image in Greece, there are few obstacles to the development of ties with Moscow – a fact that has on occasion been exploited politically. However, given the constraints deriving from

- Greece's position in Euro-Atlantic institutions,
- a certain timidity on the part of the Greek political establishment, and
- Kremlin's disinclination to trust Athens.

Greek-Russian relations over the past twenty years have been characterised by goodwill and sporadic, tentative deepening, with limited substance and content.

The Russian side has settled on the conclusion that Greek-Russian relations can never really pay off, except in a few specific sectors. Apart from the brief romance between Putin and Karamanlis (2006-2008) and the unsuccessful efforts between January and July 2015 to bring Moscow into the deliberations with Athens' creditors, the two sides' aspirations have not intersected to the degree that would bring a significant breakthrough. Any vision of a true strategic partnership has been effectively dampened by a shared perception that there are no substantial grounds for changing bilateral relations.

However, in spite of the apparent limitations in Greek-Russia relations, a further deterioration would serve no purpose, particularly at a time of general fluidity and during Greece's attempt to return to normalcy and attract investments. Second, Athens needs to be very careful to avoid participation in opportunistic joint ventures that could be perceived as aggressive in nature, be it against Russia or Iran, but might find it difficult to refrain (if needed) from taking a firm stance against Moscow, given the latter's assertiveness and the confrontational trend in Western-Russian relations.

Russia in the Balkans: Focus on Energy

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Abstract: Of course, Russia as a major Eurasian power has interests in southern Europe and seeks to strengthen its position in this region, but to say that it has recently become a “key player” is a definite exaggeration. However, there is certain specificity. Russia is an exporter of fuel; its energy policy focuses on ensuring sales safety, i.e. retention and expansion of markets. In this regard, despite the relatively modest volumes of fuel consumption, the region of Southeast Europe is of undoubted interest for Russian exporters, both in terms of geographical location and the total volume of hydrocarbon imports. Today, for both external and internal reasons, Russian foreign policy in the Balkan region is built on the principle of using the minimum necessary resources to maintain a working atmosphere at the interstate level and to prevent the loss of existing tangible assets. At the same time, Moscow is consistently implementing its strategy of providing gas to European countries bypassing Ukraine. These actions will entail major changes in the European gas market. The imminent launch of the Turkish Stream project focused on Turkey, and South-Western Europe indicates an increasing role of Russia in the region’s energy sector. *The text was completed in August 2019.*

"After several years of absence, Russia has once again become a key player in the field of diplomacy and security in South-Eastern Europe. This quote from the international conference program: "Sources, tools and impact of non-EU external non-EU interactions in Southeast Europe. Part I - Russia" (Berlin, 22-23 January 2019) is quite typical for assessing the role and influence of the Russian Federation in Southeast Europe. And these grades are exaggerated. Of course, Russia as a major Eurasian power is interested in Southern Europe and seeks to strengthen its position in the region, but to say that it has recently become a "key player" is a clear exaggeration.

Moreover, the majority of studies by reputable Russian analytical centres openly express pessimism about the place and role of Russia in the Balkans. This fact also applies to the most important foreign policy documents. On November 30, 2016, a new Concept of Foreign Policy of the Russian Federation was adopted. The concepts of "Balkans" and "Southeast Europe" are excluded from the constituent document. Instead, the concepts of "European Union", "European Region" and of "Euro-Atlantic Region" appear.¹

Returning to the topic of the article, it is worth talking about energy. Taking into account that Russia is a fuel exporter, its energy policy is focused on ensuring the security of sales, i.e., the retention and expansion of sales markets. In this regard, despite the relatively modest volume of fuel consumption, the region of

Southeast Europe is of undoubted interest to Russian exporters both in terms of geographical location and of total hydrocarbon imports. Including for the future, as energy consumption is multiplying here. For example, Serbia plans to increase gas consumption twofold (from 3.5 to 5 billion cubic meters / bmc) in the next five years. To preserve this market and participate in its functioning, Russian companies in previous years have actively invested and continue to invest in the region's energy sector.

In January 1998, LUKOIL acquired a controlling stake in the Petrotel refinery in Ploiești in Romania. In 1999, LUKOIL acquired a controlling stake in Neftokhim and the Bulgarian Burgas Refinery, investing a total of approximately USD 3 billion in the Bulgarian economy. In 2003, it acquired 79.5% of the shares of Serbian Beopetrol, a petroleum product distributor, and its network of 180 filling stations for EUR 117 million. In 2005-2007 LUKOIL began operations in Macedonia, Montenegro, Serbia, and since 2011 exploration in Romania. Today the company has a network of 13 subsidiaries, two refineries and 350 filling stations in the Balkans.

In February 2007, Neftegazinkor (a subsidiary of Zarubezhneft) acquired the Bosanski Brod Refinery, a motor oil refinery in Modrica and a network of 79 filling stations. The amount of the transaction was EUR 121 million, and the agreements were signed with the Government of the Republika Srpska. Along with the assets Zarubezhneft received the right to develop oil fields in the Republika Srpska. In 2008, after reconstruction and modernisation, the plant resumed production. In 2011, a second line was

¹ The Foreign Policy Concept of the Russian Federation approved by the President of the Russian Federation V. Putin, 30 November, 2016, https://www.rusemb.org.uk/rp_insight/.

commissioned at the refinery, with processing capacity increasing from 1.2 million tons to 3 million tons per year. More than EUR 250 million was invested in the reconstruction of the Brod Refinery in 2007-2014.

On 24 December 2008, the Serbian government and Gazprom signed an agreement on the sale and purchase of 51% of Naftna Industrija Srbije (NIS) shares to the Russian state-owned company Gazprom Neft for the amount of EUR 400 million. Documents on the construction of the Banatsky Dvor gas storage facility were signed. By 2018, Gazprom's share in NIS was 56.15%. The acquisition of NIS was met with numerous critical comments. Today we can only note that despite Russia's constrained refusal to build the South Stream gas pipeline (it was in this context that the acquisition of NIS made commercial sense for Gazprom – it was NIS that had to start the construction of the transit gas infrastructure). At the same time, despite the termination of South Stream project, Gazpromneft Company invested more than EUR 700 million in the development of NIS. NIS has become the largest taxpayer in Serbia (11% of budget revenues), and it is confidently developing the markets in Macedonia, Croatia and Slovenia. In 2011, the Banatsky Dvor underground gas storage facility with the capacity of 450 million cubic meters and the possibility of further expansion was put into operation with the help of a Russian loan, and the refinery switched to the production of Euro-5 standard fuel, which is far from being a complete list. During Russian President Vladimir Putin's visit to Belgrade on 17 January 2019, an agreement was signed on expanding the capacity of underground gas storage facility in Belgrade to 750 million cubic meters. Also, Russia will invest USD 1.4 billion in expanding Serbia's gas infrastructure to run a branch of the Turkish Stream gas pipeline through the country.

By the beginning of the 2010s, Russian companies had acquired many key assets and started implementing major economic and infrastructure projects. The South Stream project was the connecting element of the Russian economic presence. At the same time, the lack of conversion of the economic presence into political influence shows that Russian investments were rather market-oriented and non-systemic. The enlargement of the European Union (EU) and the intensification of the Russia-West confrontation have led to a decline in the level of economic cooperation. The anti-Russian campaign in the Balkans started with obstacles in the

implementation of the South Stream project in summer 2013. The anti-Russian nature of Brussels' policy has led to changes in the operating environment of Russian companies and increased reputational and political threats to Russian projects in Bulgaria, Serbia, Bosnia and Herzegovina, Montenegro and Macedonia.

As a result, Russia was forced to abandon its basic infrastructure project in Southern Europe. On December 1, 2014, at a press conference in Ankara, the President of the Russian Federation Vladimir Putin said that Russia refuses to build South Stream because of the unconstructive position of the European Union on this issue and the lack of permission from Bulgaria.

However, Moscow has not abandoned its strategy to deliver gas to Europe bypassing Ukraine (as described below). As early as nine weeks after the South Stream project was shut down, the development of an alternative gas route called the Turkish Stream began. By February 7, 2015, as a result of negotiations between Gazprom CEO Alexey Miller and Turkish Minister of Energy and Natural Resources Taner Yildiz, the route and technical parameters of the project were agreed. While still promoting South Stream, Russia was simultaneously working on the option of withdrawing the underwater gas pipeline to Turkey rather than Bulgaria. Since the task at that time was to effectively block gas supplies from Turkmenistan and the Middle East to Europe via Turkey (the Nabucco project was still alive at the time), it was important for Russia to secure its position in the Turkish transit corridor and reduce potential transit volumes for alternative suppliers. South Stream didn't solve the problem. Perhaps, by blocking the project, the European Commission has provided Russia with a service: in the long run and especially at the time of the lifting of international sanctions on Iran. There is a feeling that the possibility of blocking gas supplies from the Middle East via Turkey is more important for Gazprom than the direct access of the underwater pipeline to Bulgaria, where Russia could face unexpected obstacles from European regulators.

In November 2018, the first string of Turkish Stream was launched. But this 15.75 billion cubic meter pipeline will be used to supply gas to Turkey, and only a second line of the same capacity will be used to supply Southern and Southeast Europe.

In a big interview with the Serbian publications *Politika* and *Večerni Novosti* on the eve of his visit to

Serbia (January 17, 2019), Russian President Putin said that one of the possible options for continuing land transit through the Turkish Stream is the route Bulgaria-Serbia-Hungary, although, as we recall, Russia also considered the issue of construction of a second branch of the gas pipeline through the territory of Greece. At the same time, the Russian President once again said that if the EU countries are interested in supplying Russian gas, Brussels should guarantee the supply, as well as the volume of pumping to the EU countries.²

It seems that Gazprom has already chosen the route for the European continuation of the Turkish Stream. Most likely, the gas will go not to Southern, but to Eastern Europe, at least for the first time. The "Eastring" gas pipeline is likely to be the actual continuation of the Turkish Stream. As early as 2014, Slovakia initiated this project, proposing to build a pipeline that will connect the gas networks of Slovakia, Czech Republic, Ukraine, Hungary, Romania and Bulgaria. The construction of this gas pipeline should be completed in 2021.

From the materials published in October-November 2018 by the gas transmission operators of Bulgaria, Serbia, Hungary and Slovakia within the framework of the procedure of booking their future capacities (open season) it follows that Gazprom chose the route of supplies to Europe via the second line of the Turkish Stream through these countries. Gas will be supplied to Bulgaria and Serbia from 2020 to Hungary from 2021 and to Slovakia in the second half of 2022. The procedure is provided for by EU legislation (NC CAM)³ and is necessary for the construction of new gas pipelines. The operator offers market participants to buy future capacities, and upon completion of the auction is obliged to build them by a specified date, and buyers – to pay for them afterwards through the pumping tariff. Bulgaria planned to hold the same auction in December 2018.

In principle, different options are possible for the Turkish Stream (second line) to reach the EU territory. The options for connecting to the Poseidon system⁴

and using the Trans-Anatolia Gas Pipeline (TANAP) with gas were also discussed. In any case, Russia is consistently working to eliminate Ukrainian transit, while at the same time spending a lot of money.

"Turkish Stream" gas pipeline planned the route



Source: <https://deepresource.files.wordpress.com/2014/11/south-stream-map-en.jpg>

Russia's desire to exclude Ukrainian transit from the configuration of its gas exports to Europe has led to a confrontation with Brussels. It's not that simple, though. Gazprom's permission of 2018 to increase the loading of the OPAL pipeline (this is the onshore continuation of Nord Stream)⁵ up to 90% of its capacity, given by the European Commission in the summer of 2018, clearly shows that the EU, while maintaining the anti-Russian rhetoric, understands the lack of prospects for the Ukrainian Gas System to ensure the supply of Russian gas to Europe.

To date, 18 countries are dependent on transit through it: Austria; Croatia; Italy; Slovenia; France; Hungary; Slovakia; Czech Republic; Serbia; Bosnia and Herzegovina; Romania; Bulgaria; Greece; Poland, North Macedonia; and Switzerland. Turkey and Germany have already received alternative gas delivery routes. The transit contract between Russia and Ukraine expires in 2019, while many of Gazprom's contracts for the supply of gas to European customers, which currently pass through Ukraine, have a significantly longer validity period. There are three options.⁶

² Interviews to Serbian periodicals *Politika* and *Večernje Novosti*, <http://en.kremlin.ru/events/president/news/59680>.

³ Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013.

<https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32017R0459&from=EN>.

⁴ Interconnector Turkey-Greece-Italy (ITGI, also known as "Poseidon") project. See for example:

<https://www.gisreportsonline.com/gis-dossier-how-turkey-scored-big-in-the-gas-pipeline-game,energy,2706.html>.

⁵ The OPAL has a length of 472 kilometers and a capacity of 36 billion cubic meters of natural gas per year. This is one third of the annual German demand of natural gas currently. See: <https://www.opal-gastransport.de/en/our-network/baltic-sea-pipeline-link/>.

⁶ See, for example: *В. В. Ермаков: Аналитическая Записка о конфигурации Российских Экспортных Газопроводов в Европу* [V.V. Ermakov: Analytical Note on the Configuration of Russian Gas

"Problem 2019" – Three Options

The first is the expansion and modernisation of the European gas infrastructure within the framework of the European rules of the game and with European sources of financing. European countries interested in continuing gas trade with Russia (Germany, Italy, Austria, Hungary, Serbia, Slovenia and Croatia), which supported Nord Stream 2 and Turkish Stream, are building infrastructure within the EU's Third Energy Package (which entered into force in September 2009).

The second is the extension of the transit contract for 2019 with the transfer of Russian gas transmission points for contract volumes in the uncertainty zone to the Russian-Ukrainian border. At the same time, Gazprom's European counterparties will have to assume transit risks for gas transportation through Ukraine. This option is possible as a temporary solution, but it is unlikely to suit Gazprom and may not meet the interests of European gas importers.

The third is the signing of a new transit agreement between Russia and Ukraine on different terms, and the volume of transit will be sharply reduced, and Russia is unlikely to agree to the condition of "pump-or-pay". A potential alternative to Russian gas supply is Liquefied Natural Gas (LNG), but the implementation of this scenario would require Europeans to invest heavily in the expansion of intra-European transport capacity, and supply prices could be highly volatile.

As we can see, today there is no solution to the "Problem 2019", which satisfies all three stakeholders. Most likely, by 2020, a combination of these three approaches will emerge.

During his visit to Belgrade on 17 January 2019, President Vladimir Putin said that given the increasing volume of gas supplies to Europe, Russia could load not only both branches of the Nord Stream and Turkish Stream pipelines but also to maintain gas transit through Ukraine. "The possibility of maintaining transit through Ukraine will also remain," he said.⁷

After the curtailment of the South Stream project in December 2014, the Russian economic presence in

the Balkans lost its integrity. Although Russian investment in the region remains, and even increases somewhere, the changed international context has led to a growing dependence of the Russian economic presence on the United States, the United Kingdom, Turkey and China.

Returning to the beginning of the paper, it should be noted that the renunciation of interests in the Balkans will significantly worsen Russia's situation in Europe, but due to both external and internal reasons Russian foreign policy in the Balkan region is based on the principle of using the minimum necessary resources to maintain the working atmosphere at the interstate level and prevent the loss of existing material assets. At the same time, due to the geographical remoteness, as well as limited opportunities for economic cooperation and the peculiarities of the diplomatic situation, Russia's influence today cannot be key. Therefore, the most likely role for Russia is that of one of the "security providers", of the guarantor of stability. This role can be performed in conjunction with one or more "global forces".

Export Pipelines to Europe], Институт энергетики НИ, Moscow April 2017, <https://www.hse.ru/data/2017/04/13/1168161199/Gazoprovod.pdf>.

⁷ Joint news conference with President of Serbia Aleksandar Vucic, January 17, 2019, <http://en.kremlin.ru/events/president/news/59693>.

Russia's Influence in the Energy Sectors of Southeast Europe – the Case of the “South Stream Lite” Pipeline in Serbia

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Abstract: Energy is arguably the one sector where Russian presence is most visible in Southeast Europe. As members of the Energy Community, the countries in the region are obliged to ensure compliance with European law, including the activities of Russian companies. The new exemption granted to a Gazprom – sponsored pipeline passing through Serbia, known as *TurkStream II* or *South Stream Lite*, sheds light on how this duty is implemented. *This paper is based on a contribution made at Südosteuropa-Gesellschaft's International Conference: Sources, Tools and Impact of External non-EU-Engagement in Southeast Europe at the German Federal Foreign Office, on 22/23 January 2019. All views expressed are strictly personal. The text has been completed in July 2019.*

Introduction

The observation that Russia exerts influence on and via the countries of Southeast Europe is neither new nor surprising as far as the energy sector is concerned. Since the Russian state-owned company Gazprom is the dominant gas supplier for most of most Eastern and Central Europe (CEE), a similar diagnosis applies to a much larger part of the continent. How Gazprom translates its dominance in the region to an "overall strategy of fragmenting and isolating the CEE gas markets and restricting the free flow of gas" is probably best illustrated by the European Commission's antitrust investigations concluded in 2018.¹ Also, the company's engagement in building pipeline infrastructure in the Baltic Sea and the question of how to respond to it continues to divide the European Union (EU) in its attempt to develop a common external energy policy. There is nothing singular in Russian influence in the energy sectors of Southeast Europe.

Yet against the foil of the conflict-ridden European-Russian relations in the energy sector, one particularity of the region becomes clearer: unlike some of the former Eastern Bloc countries which used to be incorporated in or under the control of the Soviet Union – most notably Lithuania and Poland – Russia's dominance as a gas supplier and the ensuing dependency has never been openly challenged by the countries in the Balkans. Quite the opposite, the general impression is rather that many relevant stakeholders, publicly or covertly, support Russia's interests in maintaining and even increasing its

influence in the regional gas sector. The country most often referenced in that context is Serbia.

Cooperation between Serbia and Russia in the Energy Sector – the Story so far

Serbia is the most important market for Gazprom's gas sales in the Western Balkans, with a consumption of some 2.7 billion cubic metres in 2017. In 2008, Gazprom acquired a majority of Naftna industrija Srbije (NIS), a previously state-owned company active in oil and gas production, in refining and retail sale of petroleum products, and more recently also in electricity trade in the wider region. While this take-over was widely criticised at the time as a manifestation of Russia's increasing influence in the country, it is also true that the new majority shareholder has turned NIS into one of the most modern energy companies in the region and the single biggest contributor to the Serbian budget already for many years. This analysis shows that Russian investors, including Gazprom, can be well integrated into the energy markets of Southeast Europe, and may become a driver of those markets without leveraging on their market power only.

The sale of NIS to Gazprom was the subject of a bilateral inter-governmental agreement of January 2008, which also envisages the construction of an underground gas storage site at the depleted gas field Banatski Dvor and the construction of a pipeline through Serbian territory, which rose to fame under the project name *South Stream*. It was supposed to turn not only into another milestone in Russo-Serbian energy cooperation, but also into Gazprom's reply to the European Union's diversification strategy, which had identified Southeast Europe as the territory for

¹ Commission Decision of 24 May 2018 in Case AT.39816 – Upstream gas supplies in Central and Eastern Europe.

the supply of gas from alternative sources, above all from Azerbaijan, to the European Union – the so-called Southern Corridor. While the Trans-Adriatic Pipeline (TAP) indeed will tap into Azeri gas resources and bring them to Italy, the South Stream project failed.

Serbia and the Energy Community

One of the reasons for South Stream's failure was its lack of compliance with European Union regulations. To Serbia, these rules are applied by the Energy Community Treaty, an international agreement concluded in 2005 between the European Union, on the one hand, and (today) nine non-EU contracting parties, on the other.² Serbia is a founding member of the Energy Community.

Indeed, one of the objectives that the European Union pursued in promoting the Energy Community at the beginning of the millennium was the creation of legal certainty in the Southern Corridor by creating a level playing field between the EU and non-EU members applying the same rules. This situation coincided with the expectation of accession of Serbia and the neighbouring countries to the European Union. The Southeast European bias of the Energy Community has changed, to some extent, since 2011 when Moldova, Ukraine and later Georgia joined. These countries brought to the Community not only their own, and often conflicted, forms of cooperation with Russia in the energy sector, but also new strategic importance for gas supplies to Europe.

As a member of the Energy Community, Serbia has committed to the full implementation of the European Union's *acquis communautaire* in the energy sectors. This commitment is legally binding and based, to the extent pipelines are concerned, on the so-called "Third Energy Package" adopted in the EU in 2009 and incorporated in the Energy Community in 2011. In the gas sector, this set of rules most importantly requires market opening, unbundling of vertically integrated gas companies and the availability of third-party access of competitors and new market to the incumbents' pipelines under regulated tariffs. The Energy Community Treaty created a Secretariat as an independent institution mandated to act as the guardian of the Treaty and the compliance by its members.

In this capacity, the Secretariat already in 2010 addressed the Minister in charge of energy in Serbia and identified several breaches of European law in the 2008 intergovernmental agreement between Russia and Serbia related to the South Stream project, including Gazprom's exclusive right to use all capacities of the pipeline under non-regulated tariffs, violating the principle of third-party access already applicable under the rules preceding the Third Energy Package. The Third Package added new violations by also requiring ownership unbundling. In December 2014, South Stream was cancelled.³

Cooperation between Serbia and Russia in the Energy Sector – South Stream Lite

Three significant events taking place at around the same time are linked to the demise of South Stream: The occupation of Crimea earlier in 2014, the initiation of the TurkStream pipeline project between Russia and Turkey as an alternative to South Stream, and the European Commission's Central East South Europe Gas Connectivity (CESEC) initiative, which meant to replace the failed South Stream project and to close the gap it left in the eyes of the countries *en route* by implementing a regional priority infrastructure roadmap consisting of smaller interconnectors, actions and supporting measures for regional energy market integration. This "post-trauma therapy" was primarily designed for Bulgaria, which had been most invested in the original South Stream.

The pipeline under the Black Sea and the coastal section on Turkish territory (which together comprise TurkStream I) have been laid, and gas is expected to flow by the end of 2019. It will supply the Turkish market, Gazprom's second-largest market after Germany. An extension, however, TurkStream II, was designed to pass through Southeast Europe and to supply Russian gas to Central Europe, potentially ending at the Austrian gas hub in Baumgarten. The pipeline project is also dubbed South Stream Lite, which is insofar accurate as the project follows almost the same route as the defunct South Stream (albeit with reduced capacity). Once operational, TurkStream II would contribute to replacing the gas capacities currently transited to Central, East and Southeast Europe through Ukraine and thus become part of a pincer move to complement Nord Stream 2.

² For more details, see Dirk Buschle: Die Energiegemeinschaft, in: Armin Hatje: Peter-Christian Müller-Graff, Europäisches Organisations- und Verfassungsrecht, Nomos 2014.

³ See Indra Overland: The Hunter Becomes the Hunted: Gazprom Encounters EU Regulation, in: Svein S. Andersen, Andreas Goldthau, Nick Sitter (eds.): Energy Union: Europe's New Liberal Mercantilism?, Palgrave, November 2017.

It is expected that South Stream Lite passes through Bulgaria, enters the Serbian territory at Zaječar, and exits it again, after some 400 km, at Horgos to connect to the pipeline system of Hungary. The Serbian segment of the project will be operated by a Serbian company named Gastrans – the former South Stream – which will continue to be controlled by Gazprom (at 51% of the shares) and the Serbian state-owned incumbent Srbijagas (at 49% of the shares). The annual capacity was announced to be 13.88 billion cubic meters, which will be used to meet the demand of Serbia and Bosnia and Herzegovina, but with the greater share for transit to Hungary. Construction work has begun, and Gastrans expects the pipeline to be operational by 1 January 2020, which may be only slightly too ambitious.

Upstream and downstream of Serbia, i.e. in Bulgaria and Hungary, Gazprom does not intend to take ownership in the pipeline operator. It has already booked or intends to book so-called incremental capacity by signing long-term contracts, which gives the state-owned transport companies in Bulgaria and Hungary the required incentives and financial guarantees to build the South Stream Lite segments on their territories themselves. As in Serbia, the political environment for the project is generally favourable in Bulgaria and Hungary. In Bulgaria, a final investment decision by the state-owned pipeline operator was already taken. In Hungary, this still requires an open season organised by the local pipeline operator, i.e. request for expression of interest for additional pipeline capacity, and ultimately commitments. The country's Foreign Minister, however, had already publicly endorsed the project in March 2019.⁴ The prospective end of gas transit through Ukraine, the expiry of the gas supply contract with Gazprom and the ensuing risk for the country's supply security certainly play a role.

The South Stream Lite Exemption

What makes the Serbian case stand out is its regulatory regime. While all three countries involved are subject to European rules – Bulgaria and Hungary by their EU membership, Serbia as a contracting party to the Energy Community – Gazprom has decided to apply another tactic with its Gastrans project. As the majority shareholder, the incremental capacity approach pursued in Bulgaria and Hungary would have failed to address one major challenge: that

Gazprom as majority shareholder is not unbundled as required by the Third Energy Package. It is and intends to remain, a vertically integrated company engaged in the production, supply and transport of natural gas. Gazprom had essentially two options to overcome this problem, to either conclude an intergovernmental agreement between Serbia and the Russian Federation "sheltering" the project from the impact of European law or request an exemption. The first option was chosen for the original South Stream project and failed. The exemption option, on the other hand, is enshrined in the Third Energy Package and is applied regularly by European companies in the construction of new infrastructure. An exemption granted would not only solve the unbundling problem. It would also meet Gazprom's (and Srbijagas') interest in using the pipeline to the largest extent possible exclusively for themselves and at tariffs set by themselves, which without an exemption, would fall foul of the principle of third-party access. The downside of the exemption is, however, that it may come with conditions attached.

The exemption procedure gives developers of new interconnection projects the opportunity to use a pipeline for a limited period and to the extent necessary to attract finance, on an exclusive basis. To strike the right balance between incentives to construct new cross-border infrastructure and not to promote monopolies, the Third Energy Package in Article 36 of the Gas Directive⁵ establishes a checklist of criteria to be fulfilled as a precondition for an exemption. The main standards to be complied with require the project to score positively on several aspects, of which we will focus on two for this paper: a positive impact of the project (in the terms granted by the exemption) on competition and security of supply.⁶

In terms of procedure, the Third Energy Package as incorporated in the Energy Community, follows an

⁴ For more background see *Andras Deak, Daniel Bartha, Sandor Lederer: A difficult detachment – Hungarian energy policy with Russia after 2014*, http://real.mtak.hu/92784/7/NED-Report_cover.pdf.

⁵ Directive 2009/73/EC of the European Parliament and of the Council of 13.07.2009 concerning common rules for the internal market in natural gas.

⁶ For the sake of completeness, the criteria established by Article 36(1) of Directive 2009/73/EC are: The investment must enhance competition in gas supply and enhance security of supply; the level of risk attached to the investment must be such that the investment would not take place unless an exemption was granted; the infrastructure must be owned by a natural or legal person which is separate at least in terms of its legal form from the system operators in whose system that infrastructure will be built; charges must be levied on users of the infrastructure; and the exemption must not be detrimental to competition or the effective functioning of the internal market in natural gas, or the efficient functioning of the regulated system to which the infrastructure is connected

iterative approach, where the national energy regulator – which in Serbia is the Energy Agency of the Republic of Serbia (AERS) – issues first a preliminary decision, notifies it to the Secretariat of the Energy Community for an opinion of which AERS must take utmost account in adopting the final decision. This decision can grant or reject the exemption request by the future pipeline operator, and/or can impose conditions which may modify the terms of the pipeline's construction and operation. The criteria derived from European law must be applied at all levels.

In the first instance, AERS on 1 October 2018 granted Gastrans a full unbundling exemption, an exemption from regulated third party access of 88% of the pipeline's capacity, for 20 years.⁷ A second instance, the Secretariat in its Opinion of 1 February 2019 concluded that *"in particular the detrimental impact of the Project, as exempted by [AERS] Decision, on competition in the relevant markets [...] is such that it does not justify an exemption under Article 36(1) of Directive 2009/73/EC"* and requested that *"an exemption is not granted to the Project, unless [a number of] safeguards and remedies are introduced in their entirety, and their implementation is ensured and monitored by AERS"*.⁸ In its final exemption decision of 5 March 2019, AERS granted an exemption, taking partially into account the Secretariat's concerns.

The Impact on Security of Supply. Being dependent on imports of fossil fuels such as gas, and predominantly on Russia, diversification is one of the main paradigms in European energy security policy. The European diversification strategy has become a matter of urgency after the gas crises that arose from Ukrainian-Russian relations in 2006, 2009 and 2014. Russia has reacted to these events by pursuing an objective of diversifying supply routes, to which South Stream Lite seems to be part, whereas for the European Union the diversification goal also entails a quest for supply source diversification, which informs, inter alia, the strategy pursued by the Southern Gas Corridor. The exemption for Gastrans illustrates how the impact of a new pipeline controlled by Gazprom varies depending on which aspect of security of supply is in focus.

Focusing on route diversification, the South Stream Lite project constitutes a new transportation route to the markets of Serbia, Hungary and indirectly to

Bosnia and Herzegovina, and thus nominally enhances the security of supply of those markets in a quantifiable manner. This situation will become even more critical if gas transit through Ukraine should come to an end after 2020. Yet, one may note that on the question of whether and under which terms the transportation of Russian gas through Ukraine will continue after 2020, the Gastrans majority shareholder Gazprom is not exactly a neutral bystander.

Focusing on source diversification, the conditions on the Serbian gas market (see below) based on long-term supply contracts between Gazprom and Srbijagas (via a joint venture, Yugorosgaz) covering the entire demand for imports in Serbia, make it likely that only or at least predominantly Russian gas will be transported to Serbia, confirmed by the capacity-allocation procedures. The pipeline will bring additional or replacement quantities of Russian gas to Europe, and will thus not contribute to source diversification. The Secretariat considered the likelihood that alternative gas sources such as Azeri or Liquefied Natural Gas (LNG) would be supplied via Greece or from new production sources in the Black Sea through South Stream Lite to be drastically reduced, as Gazprom and Srbijagas would be granted a high degree of exclusivity.

The Impact on Competition. Unlike AERS, the Secretariat did not find any positive impact of the pipeline on the Serbian gas market under the terms of the exemption. This market is highly concentrated and is further constrained by some non-compliances and regulatory failures. Already today, the two shareholders of Gastrans have full and unchallenged control over their respective market segments.

Gazprom, through its subsidiary NIS, produces some 18% of the Serbian domestic demand and exports the remaining gas volumes from Russia to Serbia under long-term agreements with a controlled intermediary, a company called Yugorosgas. Gazprom thus enjoys a monopoly on the upstream market in Serbia.

Gas transport in Serbia is operated by Srbijagas (95%), and Yugorosgaz (5%), both of which have failed to unbundle in line with the Third Energy Package for years already. Srbijagas also dominates the downstream markets (gas wholesale and retail supply) in Serbia. There is empirical evidence that the company misuses its dual role as a pipeline operator and gas supplier to keep competitors and new market entrants instance out of the market, in particular by

⁷ <http://www.aers.rs/Index.asp?l=2&a=541&id=223>.

⁸ <https://www.energy-community.org/legal/opinions.html>; <http://www.aers.rs/Index.asp?l=2&a=541&id=233>.

refusing third-party access to the existing interconnector with Hungary at Horgos, subject to an ongoing infringement procedure initiated by the Secretariat.⁹

Under these conditions, the Secretariat concluded that the Gastrans project and the 88%-exclusivity granted to its shareholders would further increase their market power and enable them to effectively keep new market entrants out and foreclose the Serbian gas market for the next 20 years to the detriment of customers. As a corrective measure, the Secretariat called for a significant reduction in the percentage of long-term capacity allocated exclusively to Gazprom and Srbijagas, namely from 88% to 70% of the capacity (on the Bulgarian-Serbian border),¹⁰ with the non-exempted share of the capacity to be sold on an auction platform operating in line with European rules and on shorter terms for the shareholders. The Secretariat also requested additional liquidity measures and in particular a so-called gas release programme to be implemented by the dominant companies, as well as the unbundling of Srbijagas in line with the Third Energy Package.

Before adopting the final decision, AERS had invited Gastrans – the applicant – to comment on the Secretariat's Opinion and to propose deviations. Apparently, it attached great value to these comments. While AERS, on the face of the final decision, has accommodated the request to reduce the percentage of exclusive long-term capacity, it has not requested that the free capacities to be sold on a European allocation platform and as a priority to companies other than Gazprom and Srbijagas. As a consequence, the formal reduction in exclusivity for the shareholders does not prevent them from booking up to 90% of long-term (20 years) and 10% of short-term capacities on the entire pipeline. Moreover, the AERS rejected the liquidity measures requested by the Secretariat in favour of new entrants and the emergence of at least some degree of competition on the Serbian market, based on lack of competence, including the unbundling of Srbijagas, for which the country was previously held in breach of European rules.

Conclusions

To paraphrase a common expression in English – at the end of the exemption procedure Gazprom and

Srbijagas had their cake and permission to eat it: the possibility to build and operate a gas pipeline on European territory without being unbundled and to use it without practical limitations as part of a regional transit pipeline, and in contradiction to the concerns expressed by the Secretariat. These concerns were not geopolitical but mainly related to the state of the Serbian gas market and the complete absence of competition aggravated by several outright breaches of European law. The prospects of allowing the two monopolists to foster their market power and to increase control over this market would have required much stronger safeguards than the Serbian regulator was ready to enforce.

In this case, the economic assessment and the test applied were required by European law, which the Energy Community transposes to the countries in Southeast Europe, which in return become part of the pan-European internal energy market with the European Union. Such an internal market is based on the expectation that all participants, within or outside the EU, will respect the same rules. In its Opinion, the Secretariat had recalled that "*eligibility of the Project for an exemption and applying the same conditions for the non-exempted part of the Project as hypothetically applicable between two EU Member States or two Contracting Parties are in fact two sides of the same medal*". Disregarding the concerns and guidance by the Energy Community Secretariat, the project not only missed a chance of complying with European law. It also raises the question of the consequences of non-compliance.

The Energy Community Treaty creates a loophole by not vesting the same decision-making powers in the Energy Community Secretariat, as the European Commission has in similar cases in the EU. The absence of a legally binding decision by a European authority in their exemption case made this procedure rather attractive for Gastrans' shareholders, as disregarding the Secretariat's Opinion remains unsanctioned. For similar cases in the future, the absence of consequences will encourage moral hazard on the part of all stakeholders in the region. To leave the consequences of non-compliance entirely to the political sphere and potential follow-up is also unworthy of a community and a market based on the rule of law. One may note that the unbundling of Srbijagas, one of the several open issues of gas market reform in Serbia, has been made an "opening benchmark" in Serbia's accession negotiation with the European Union. The same will apply to

⁹ <https://www.energy-community.org/news/Energy-Community-News/2019/04/110.html>.

¹⁰ Different percentage caps (namely 75%) apply on the Serbian-Hungarian border and on the domestic exit points.

compliance with the Third Energy Package rules by the Gastrans project, showing that the European Union is committed to respecting its own rules when exported to its neighbours. But the fact that the construction of the pipeline is already well underway cast doubts as to how many political conditions alone can alter the "normative power of the factual" in energy projects such as this one.

Russian Energy to Europe: Western Balkans as the Security of Demand Device

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Abstract: The security of demand for fossil fuels (crude oil, oil products, natural gas and coal) in the wider Central Europe is determined by energy intensity of economies, economic activity, access to maritime trade and availability of substitutes. Assuming that the Western Balkan countries are (collectively) potential providers of access to maritime trade and specific substitutes, their collective and individual governance (including cross border cooperation, use of infrastructure, urban planning, etc.) determines the actual use of that potential. If the quality of governance is not adequate, it represents an effective barrier to access for overseas traders (to use existing infrastructure), Central European traders (to trade substitutes) and investors into new infrastructure. The introduction of inadequate governance is a device at disposal of incumbent suppliers to ensure the security of demand. The use of this device remains cost-effective as long as the costs are low, and the resource rents are high. Incumbent suppliers need a certain degree of coordination and coercive capacity of the state to avoid free riders and increase the cost-effectiveness of the device. Such barriers to trade tend to simultaneously increase the costs and risks of supplying energy to some EU consumers and the political risks for the EU as a whole. In the context of climate change, these barriers to access limit policy options and increase the social and political costs of transition to sustainable energy. The countries of the Western Balkan collectively refrain from utilising existing infrastructure and are maximising demand for boondoggle investments in new infrastructure, resource rents and financial liquidity. The likelihood of poverty reduction remains negligible low, while the risks to development aid providers are maximised.

Introduction

The Western Balkans is an area between the catchment area of the Upper Danube or Central Europe and the Mediterranean Sea. The availability and actual use of transport infrastructure in the Western Balkans determines the physical opening of Central Europe to sea-borne trade with Mediterranean economic space, Mid East, Asia, Far East and North and South America. Given that sea-borne trade is crucial for economic development, while landlocked countries are disproportionately exposed to risks of economic backwardness, and given that the EU-WTO framework provides the basis for institutional openness of trade on almost the entire European continent, it turns out that physical openness for many countries (or regions) in the wider Central Europe is the crucial factor of international trade.

Assumption I: *Any unhindered access to sea-borne trade via the Mediterranean Sea is likely to change energy use patterns and industrial structure across Central Europe. Industry and services are likely to become less energy-intensive, while the energy market is expected to become more competitive, diversified and with less scope for market dominance.*

The Western Balkans is the area with the highest relative precipitation in Europe, occurring in the high

altitudes of the Dinaric Alps. Large rivers flow from Alps (Sava, Drava, Danube) or the Carpathian Mountains (Tisza) in the direction of the Black Sea over the Western Balkans, while the water flow from the Dinaric Alps is divided between the catchment areas the Adriatic Sea and Danube (Black Sea). Taking into account existing accumulation lakes and seasonal precipitation (and snow melting) patterns, it should be noted that water inflow is well diversified. That creates unique hydropower potential of strategic importance for the further deployment of intermittent renewable energies and energy efficiency in the European energy market.

Assumption II: *A possible deep integration of the Balkan hydropower potential into the European energy market should prepare the ground for more intermittent renewable energy investments and reduce the scope for bulk energy imports.*

The Russian Federation is the largest mass-energy supplier for wider Central Europe. The volume of its energy exports depends on the energy intensity of economies, the availability of alternatives (including energy efficiency and intermittent renewable energy) and the competitiveness of alternative suppliers. The government of the Russian Federation holds a significant stake in major energy exporters, while the share of its fiscal revenues comes from energy

exports. The security of bulk energy demand must be seen as a key factor for both corporate and fiscal revenues.

The supply of energy commodities (oil, gas, coal) on competitive markets and with unhindered physical access to the sea-borne trade is price-sensitive, and the supply elasticity is considerable. Therefore¹, generally speaking industry prefers government support to maintain barriers to entry, to suppress substitutes and facilitate price-fixing. If the government is involved in profit and rent distribution with the industry, while cost-burden of supporting the industry is borne by foreign countries, the temptation to offer support to the industry can be very strong: it is quite likely that the line between industry and government will be blurred and difficult to distinguish. If barriers to access and oppression of substitutes are to be obtained in foreign jurisdictions, industry must coordinate and may need some coercive power.

Assumption III: *Russian exporters of oil, oil products and natural gas would need the state's coercive and coordination capacities to obtain these services from the Western Balkans to secure their market position in the rest of Europe*

The Western Balkan is well-positioned to serve as a major barrier to access to Central European markets, while it can refrain from facilitating renewable energy substitutes by fossil fuels through commercial exploitation of its hydropower potential. Both aspects constitute the economic development potential of the Western Balkan countries. Refraining from pursuing these options causes economic drawback and widespread poverty. To prevent the economy from using its development potential, the state must act (knowingly or unknowingly imposed).

Assumption IV: *If the state refrains from using its development potentials for a longer period, it needs fiscal support from outside its own economy*

In this context, the interplay of governance and energy in the Western Balkans appears to be an instrument for ensuring the security of demand in the rest of Europe. That is a small and often overlooked aspect of energy interrelation between Russia and Europe. It is hardly mentioned in publications or international conferences. It is perhaps a sample of the complex intercourse between technically proficient energy technocracies taking into account

¹

https://www.jstor.org/stable/3003160?seq=1#page_scan_tab_contents

fiscal and social issues as well as electricity, gas, coal, oil and a variety of energy transformations

Relations between the former Soviet Union and Former Yugoslavia were far more complex and went far beyond the dimension described with this paper.² Taking into account the personal and institutional³ changes at both ends of this relationship, it is hard to consider it as a consistent, planned or even agreed strategic co-integration or a sort of conspiracy. It has evolved as a practical outcome of difficult negotiations, trials and errors, responses to external challenges, ideologies, pressing necessities and learning-by-doing. However, it is now built into infrastructure, education, urban planning, and fiscal issues and into corporate structures to that extent that generations of politicians are being advised to operate within given framework and are deprived of the opportunity to pursue, so needed innovative energy policies.

Within Yugoslavia itself, the period described here involves a parallel struggle between modernisation efforts to lift severely disadvantaged region without competitive fossil fuel resources out of poverty and the gamble of winning resource rents in limited periods when commodity prices are high enough to generate rents even for marginal productivity resources. The population experienced comforts (i.e. living beyond actual means or better than actual productivity) during oil crisis 1973-1980 and 2002-2008 as well as brief, easy periods during the 1990s. Popular vote attributes these periods of better comforts to political leaders rather than to extraordinary circumstances. On the contrary, the industrialisation periods 1954-1968 and 1981-1988 are associated with hardship. Consequently, the preference for resource rents is deeply rooted in collective memory⁴ and personal experience.

Russia energy supply to Europe

Extensive discussion on trade relations between the Soviet Union (1970-1990) or Russia (1991-onward) and Europe has been ongoing for decades. These trade relations are considered: as a critical aspect of

² For example, the strategic positioning of the Soviet Union and Yugoslavia during a period that preceded 1973 oil crisis as well the Second Oil Crisis in 1979 is to be left beyond this paper.

³ The author was in the position to interview actual protagonists of this process during many decades and to obtain first-hand experience in managing its outcomes.

⁴ It is a popular belief that EU accession, with the introduction of environmental standards and climate change commitments and the refusal of transit rents, is a kind of conspiracy to restrict access to national wealth and comfortable living.

the Cold War politics⁵; as a key determinant of the collapse of the Soviet Union and the nominal dissolution of the Soviet economic space; as an important aspect of the export competitiveness of European industries and agriculture; as a critical problem of European energy security; as an important national security issue for many European countries and so on.

The European import of fuels (oil, oil products, natural gas, uranium and coal) from Russia is at the centre of the debate. The volume and value of these imports determine trading conditions and the volume of European exports of industrial goods to Russia, as well as the investment of capital from Russia into Europe. Many analysts understand this as mutual dependence and consider it to be sustainable⁶: a stable situation that can last for a long time.

Evolution

World War II was a demonstration of the crucial importance of fossil fuels for the modern economy. During the war, Soviet armies fought to preserve control of the oil-producing areas, while the Soviet government made ultimate efforts to maximise production. Oil, gas and coal production have been crucial for the post-war survival of the population, for urbanization and the industrialisation of the economy. (*Lesson Learned I*)

In 1947, the American company Dresser built the first large scale gas liquefaction and storage installation near the City of Moscow to ensure flexibility and security of gas supply during the cold periods: the ability to adapt energy supply to demand is just as crucial for economic development as bulk energy supply. (*Lesson Learned II*)

When the energy demand of the world increased concerning the economic activity of the post-war economies, the Soviet Union was keenly interested: there was a need to earn foreign currency to pay for imports of food and industrial machinery. Further exports required more machinery and transport infrastructure and more exports.

Soviet strategic effort to acquire shipbuilding technology from Yugoslavia immediately after the

Second World War failed⁷ and ended with the political breakdown in 1948. Yugoslavia re-emerged from mid-1950's as major supplier of ships for transporting oil and coal. This was the result of difficult negotiations to set up appropriate terms of trade. (*Lesson Learned III*)

Crude oil was traded at production cost with minimal, if any, economic rent.⁸ Nevertheless, the Soviet Union exported more and more oil to Europe and was able to obtain more ships and more pipelines to further exports. While sea and pipeline oil transport are 2-3 times cheaper⁹ than railway transport, the quantities transported by pipelines and ships remain below the quantities transported by railway till the mid-1960's. Lower transaction (and transport) costs enable higher resource rents and better control of market share. (*Lesson Learned IV*)

Only after the severe oil crisis in 1973¹⁰ did export prices rise significantly above production costs to achieve reasonable and then rising resource rents. Figure 1 shows the level of oil and gas rents including taxes, export duties and profits over time.

⁷ A number of different authors research breakdown between Yugoslavia and the Soviet Union in 1948. *Vladimir Dedijer*: Izgubljena bitka J. V. Staljina [The Lost Battle of J. V. Stalin], Prosveta, Belgrade 1969 (and re-print Belgrade, RAD, 1978) is probably the most influential research on the topic. However, some recent publications made deeper dive into that relationship. *Jeronim Perovic*: The Tito–Stalin split: a reassessment in light of new evidence, *Journal of Cold War Studies*, Volume 9, Number 2, Spring 2007, pp. 32-63, MIT Press, provides a fairly complete overview of the literature. Although a complete description of the complex relationship is not yet available, most authors agree that trade disputes been important triggers for the failure. The author of this paper has conducted in-depth interviews with some of the key technocrats that been involved in the process and concluded that commercial interests created pressure and made use of brief political impulses to motivate the actual collapse. Within this context, the Danube Shipping Joint Venture (JUSPAD) and interests around shipping and shipbuilding played the most strategic role with massive implications for Soviet trade interests in Central Europe as well as the economic development of Yugoslavia. (See also footnote 32 hereby).

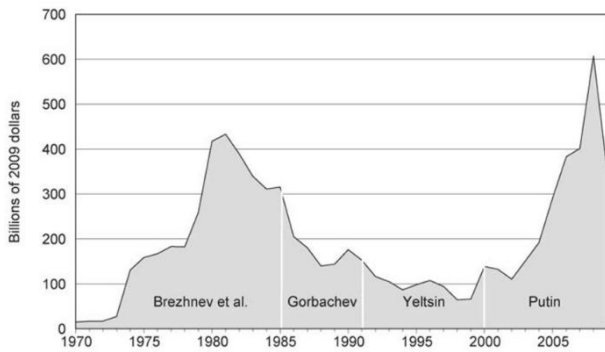
⁸ Some authors claim that Soviet oil was offered to markets at discount. Even anti-dumping measures been considered at the time. While a number of countries found barter arrangements with oil-for-machinery attractive both to obtain fuel and to employ industry in the postwar period, others have seen that as competition to their own oil industry or political or security threat.

⁹ That was early lesson about significance of transport (or transaction) costs and critical importance of infrastructure.

⁵ For example: *Roberto Cantoni*: What's in a pipe? NATO's confrontation on the 1962 large-diameter pipe embargo, submitted March 24, 2016, <https://hal.archives-ouvertes.fr/hal-01291854/document>.

⁶ That is, however, far from consensus. Consider for example: <https://www.brookings.edu/blog/order-from-chaos/2015/09/30/why-a-new-cold-war-with-russia-is-inevitable/>.

Figure 1 Evolution of Soviet (1970-1990) and Russian (1991-2009) oil and gas rents



Source: Gaddy and Ickes (https://www.brookings.edu/wp-content/uploads/2016/06/05_russia_financial_crisis_gaddy.pdf)

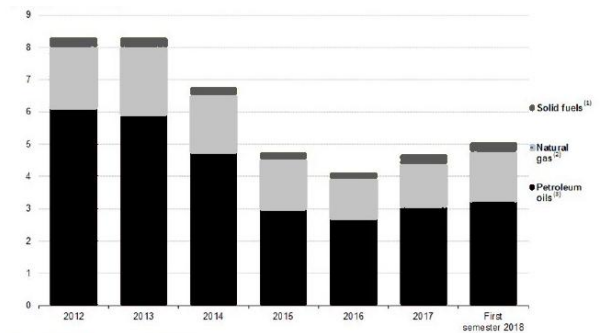
These rents allow for a significant improvement in living standards in the 1970's and 1980's, a reduction in poverty in the 1990's and an economic revival after 2000. Resource rent is becoming an important factor in the Soviet and Russian economies and its ability to support the population, to pursue strategic goals and develop other industries. (*Lesson Learned V*)

The increase in resource rents from the mid-1970's onwards was reinforced by the introduction of major gas export pipelines. Oil export served a more elastic demand with lower fixed costs and higher marginal costs, while gas export served a much less elastic demand with high fix costs and relatively lower marginal costs. Consequently, the export structure becomes a major demonstration of the Stiglitz-Dixit¹¹ dual monopoly with optimal product diversity. (*Lesson Learned VI*)

Context

Figure 2 below shows the relative share of energy products from the Russian Federation in total EU-28 imports. Imports of crude oil and petroleum products provide roughly three times the trade value of imports of natural gas, while imports of solid fuels (coal) is only of marginal value despite the massive physical volume. It is fairly obvious that crude oil and oil products account for the largest share of revenues for Russian exporters and thus the largest share of fiscal revenues.

Figure 2 Share of energy products from the Russian Federation in total EU-28 imports (share (%) of trade in value)



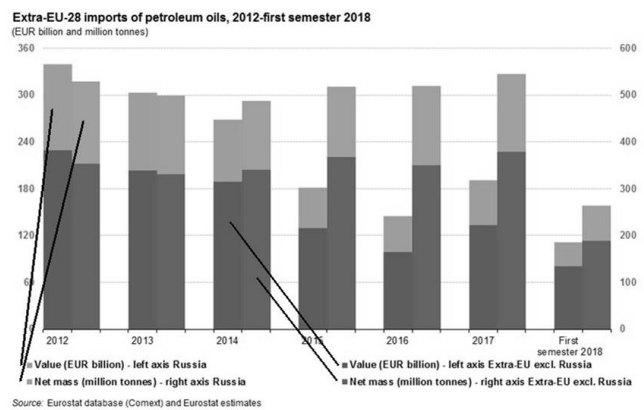
Source: Eurostat database (Comext) and Eurostat estimates
 (*) Product codes: 27090010 and 27090090
 (**) Product codes: 27111100 and 27112100
 (***) Product codes: 2701, 2702, 2703, 2704

eurostat

Source: Eurostat

The following figures (3, 4) show the monetary values and mass volumes of exports of oil and gas exports to European Union (EU) in recent years.

Figure 3 EU-28 imports of petroleum oils (EUR billion and million tonnes)

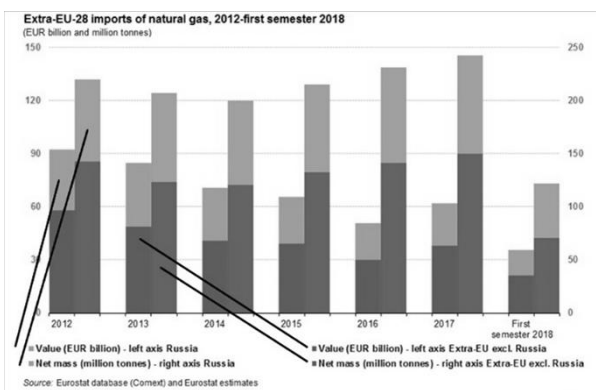


Source: Eurostat database (Comext) and Eurostat estimates

eurostat

Source: Eurostat

Figure 4 EU-28 imports of natural gas (EUR billion and million tonnes)



Source: Eurostat database (Comext) and Eurostat estimates

eurostat

Source: Eurostat

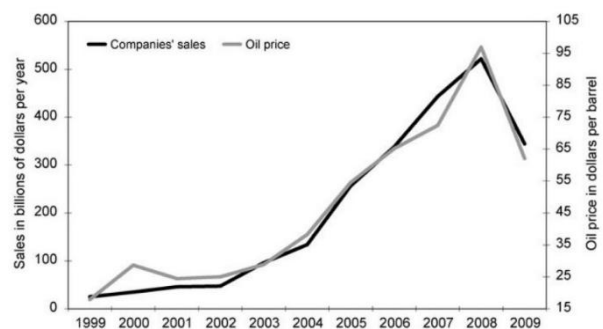
¹¹ Avinash Dixit and Joseph Stiglitz published their paper on: Monopolistic Competition and Optimum Product Diversity, in the American Economic Review in June 1977.

Significance

The Russian Federation is an exporter of fossil fuels with the significant rents for fossil fuel,¹² which only in terms of monetary value and share of national tax revenues lie next to those of Saudi Arabia¹³. Sales revenues of the largest Russian non-oil-and-gas companies are also strongly correlated with the export prices of oil, i.e. with rents from the export of fossil fuels. (See Figure 5)

Taking into account the nature of the tax system, which is heavily based on indirect (transactional) taxes imposed on the entire economy, it turns out that fiscal revenues depend on fossil fuels, which go beyond the immediate direct taxation or rent collection from actual fossil fuel export transactions. In addition, export rents for fossil fuels support the well-being of the population and offer other economic entities (companies and banks) the opportunity to make profits and eventually divest themselves of Russia, leading to massive capital outflows.¹⁴ The command over the formation and distribution of rents gives the government a very strong position in managing social outcomes, wealth distribution (including capital outflow) and strategic deployment. The relative size of rents in the context of the size of the national economy determines the relevance of this control. (*Lesson Learned V*)

Figure 5 Annual sales of the 100 largest Russian non-oil-and-gas companies and the world oil price¹⁵



Source: https://www.brookings.edu/wp-content/uploads/2016/06/05_russia_financial_crisis_gaddy.pdf

Security of demand

Significant resource rents may persist over longer period if (1) there are very high barriers to entry, (2) there is a robust price fixing mechanism, which may include cartel agreements, (3) there are deterrent mechanisms for substitutes and (4) there is the ability to combine these mechanisms. Consequently, the security of demand for commodities with significant price margins (resource rentals) includes at least: (1) the ability to maintain sales volumes and (2) the ability to determine sales prices that are (3) in favorably correlated to the prices of imported goods so that the purchasing power parity of returns remains sufficiently high.

Volumes

The development of oil exports from the Soviet Union was institutionally regulated by barter agreements with satellite countries in Central Europe and trading partners from the rest of Europe. From the 1950's till the dissolution of the Soviet Union at early 1990's, barter trade regulations controlled the volume and dynamic of trade.

Consequently, long term trade patterns are integrated into infrastructure and industrial technologies. Oil refineries in importing countries are adapted to a certain type of crude oil¹⁶. The transport

¹² Financing Climate Futures: Rethinking Infrastructure – OECD 2018. <https://doi.org/10.1787/888933856378>.

¹³ Even that many smaller oil and gas export countries with less diversified economies may have very large share of fossil fuel rents in GDPs. See: *Report of the Global Commission on the Geopolitics of Energy Transformation: A New World, The Geopolitics of Energy Transformation*, 2019. <http://geopoliticsofrenewables.org/Report>, Figure 6, page 31.

¹⁴ See for example:

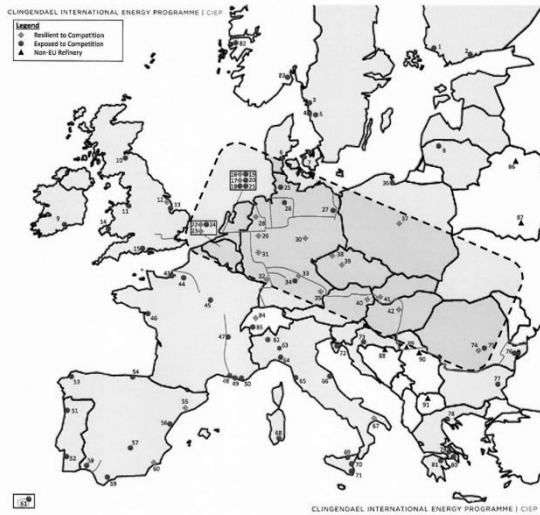
<https://www.themoscowtimes.com/2019/01/18/russias-capital-outflow-more-than-doubled-2018-68-billion-reports-a64193> or <https://www.themoscowtimes.com/2019/01/18/russias-capital-outflow-more-than-doubled-2018-68-billion-reports-a64193>.

¹⁵ Authors of the paper from which this figure is sourced (Gaddy and Ickes) made the following remarks: “Prices for 1999–2009 in current US-Dollars. For the data for 1999–2008 sales see the Russian magazine Эксперт [Ekspert] annual rankings, from 2000 to 2009 (Rating, annual). The 2009 sales figure is an estimate calculated by the authors from a sample of corporate third-quarter and full-year reports. The oil price is from the IMF (2010, “World Price of Crude Oil”). More recent oil price consideration are available at: <https://www.imf.org/~media/Files/Publications/WP/wp1715 ashx> .

¹⁶ Michiel Nivard and Maurits Kreukes: *The European Refining Sector: A Diversity of Markets?*, The Clingendael International Energy Programme Report, Number 2, 2017, provides detailed

infrastructure is built to serve trade patterns. Attempts to build alternative supply routes and to expand technology options are suppressed¹⁷ by the nature of the planning system and command economy.

Figure 6 Map of resilient to competition oil refineries in the EU along the Rhine- Danube line



Source: Clingendael International Energy Programme (https://www.clingendaelenergy.com/inc/upload/files/CIEP_paper_2017-02_web.pdf, page 29)

It seems that a number of oil refineries classified as “resilient to competition” in Figure 6 above are able to pay premiums for heavy Russian crude oil in order to limit (or prevent) vigorous competition with Russian refineries that are under a large modernization investment program and improve their ability to produce and supply petroleum products in line with EU fuel standards with economies of scale and proximity to oil sources. Paradoxically, Figure 7 below shows that the transport of petroleum products (mineral oil

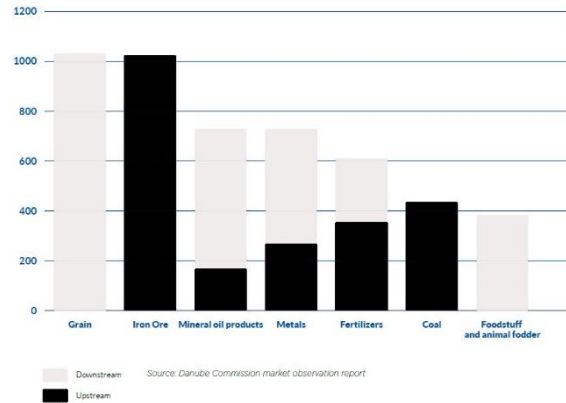
information on the account of the exposure of oil refineries in Europe to external competition. However, the report takes into account the existing transport infrastructure (pipeline, port) and existing inland waterway transport patterns, without taking into consideration the potential to repurpose infrastructure. Consequently, competitive challenges from emerging Russian (or Russian controlled) refineries or changes in infrastructure use in the Balkans are not fully revealed.

https://www.clingendaelenergy.com/inc/upload/files/CIEP_paper_2017-02_web.pdf.

¹⁷ Interesting, though somewhat speculative, is the anecdote that early agreements between Czechoslovakia and Yugoslavia on the construction of a crude oil pipeline to the Adriatic coast in the second half of the 1960’s were followed by military intervention in Czechoslovakia, preceded by early disputes between Yugoslav republics over the actual course of the pipeline. The pipeline was completed more than 20 years later and caused major disruption to the trade regime. Tables 1 and 2 (bellow) demonstrate position of the Adria Oil pipeline within the timeline of Soviet – Yugoslavia relations.

products) along the Danube on the border between Hungary, Croatia and Serbia in 2017 is much larger than the upstream transport from the large Black Sea petroleum products market to Central Europe.¹⁸

Figure 7 Goods transport on the Danube in the border area between Hungary, Croatia and Serbia during 2017 (in 1000 tons)



Source: adapted from: https://www.inland-navigation-market.org/en/rappports/2018/q2/2-freight-traffic-on-inland-waterways-2/

From the 1950’s to the 1990’s, oil residuals from refining processes were used to operate flexible power generation and respond to weather sensitive electricity and heat demand. In the 1970’s, many Central European countries developed extensive district heating systems based on oil residuals (heavy fuel oil - HFO) to complement less efficient oil refining. Oil residuals are also needed to supplement the combustion process in lignite-fired power plants.

The volume of oil residuals is determined by the effectiveness the of oil refining process and the oil sulfur contents. Until the wider implementation of advances in refining technologies from the second half of the 1970’s (which still have to be implemented in many less complex refineries), the economic use of residuals was a critical economic determinant of oil use. For many years, the most economical use of oil residuals was the flexible generation of heat and/or power. This was an energy service that complemented the prevailing base-load heat and/or

¹⁸ In other words, petroleum products flow from areas without major oil resources towards one of the largest oil markets in the world. It is interesting to note that grain also flows almost exclusively downstream towards the world’s largest grain export market, the Black Sea market, while the transport of fertilizers (from natural gas through very energy-intensive industrial processes) is only balanced, even though both the Black Sea and the Mediterranean are major fertilizer markets. Only the trade pattern of coal and iron ore seems to reflect relative resource abundance.

power generation from nuclear or coal-fired power plants.

A better efficiency of oil refining and a lower share of residual materials led to the introduction of natural gas, which serves exactly the same purpose. With additional fix costs (in the further distribution infrastructure), natural gas displaced light heating oil and coal from residential¹⁹ and other small scale uses in many European cities and cleaned the air: more valuable transport fuels were obtained from the same amount of crude oil, paving the way for further oil price increases.

Once deep oil refining, large-scale gas infrastructure and the use of oil residuals as back up fuel to meet volatile demand are firmly integrated into the long-term infrastructure, while there is no similar infrastructure to support alternative supply; it can be concluded that the “natural” monopoly is firmly established to facilitate demand security.

The prerequisites for this market development were the suppression of (1) a large-scale flexible hydropower supply and / or (2) an alternative supplies of crude oil with lesser Sulfur content and potentially higher conversion efficiency as well as (3) the import of energy-intensive products from cost-competitive sources (that can reduce overall energy demand). At the same time (4), the relative prices of energy and industrial products (cars, appliances, buildings, etc.) must be set in order to allow appropriate terms of trade.

Price

Without going into any detailed analyses of oil price formation at international markets, volatility of crude oil prices that result from supply-and-demand balance, political risks, technology developments and natural catastrophes, is to be acknowledged. Figure 8 demonstrates price volatility and indicates some critical events.

However, Figure 8 hides the impacts of technological advances such as new oil extraction methods, the emergence of off-shore and non-conventional oil production, better refining methods as well as deliberate spikes of oil demand.²⁰ Although the Soviet Union, the Russian Federation and the European

¹⁹ Supply of natural gas could be modulated to seasonal and daily fluctuations in demand with additional large-scale investments into pipeline capacity and underground storage as the City of Moscow learned 30 years before.

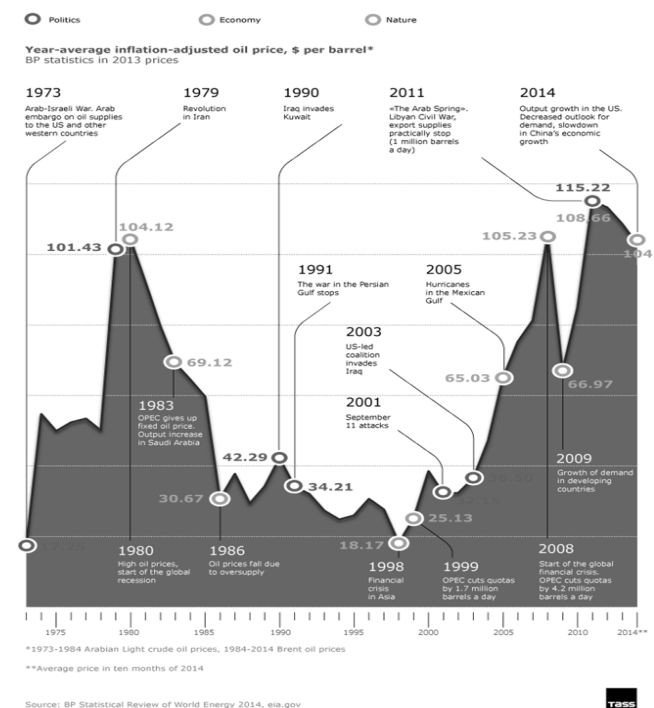
²⁰ One example is the increase in China oil demand as a result of massive construction of hydro power installations, of transport and urban infrastructure in the years 2000-2008 that was a deliberate investment decision of grand scale.

countries were active players in this price formation in more than one way, for the purposes of this analysis we assume that international oil prices are exogenous variables imposed on the Soviet Union – Yugoslavia – Europe trio.

The price of oil was also decisive for the prices of other energy-intensive commodities and for the pricing of fuels on domestic markets. This applies to fertilizers, aluminium, copper, cereals and other commodities.

Assumption V: Oil prices on international markets are volatile and exogenously imposed on trade between Europe and the Russian Federation. The oil price signals changes in the prices of other commodities and the terms of trade of industrial goods and services. There is considerable experience in managing the impact of oil price volatility, which is integrated into trading, infrastructure and fiscal systems.

Figure 8 Oil prices over 30 years

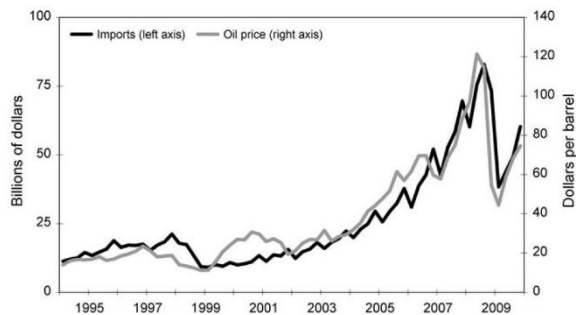


Source: <http://tass.com/infographics/7267>

Purchasing Power Parity

The pricing of crude oil, coal and natural gas supplies to Europe is an important determinant of the prices of industrial products supplied from Europe to Russia. The terms of trade or purchasing power parity of fuel exports to Europe are a key determinant of Russian pricing policy. There is a significant correlation between export earnings and the monetary value of imports. (See Figure 9)

Figure 9 Russia's imports and the World oil price, 1994-2009



Source: https://www.brookings.edu/wp-content/uploads/2016/06/05_russia_financial_crisis_gaddy.pdf

However, social welfare in Russia depends very much on the actual volume of goods purchased for available amounts of money. The competitive position of Russian fuel exports to Europe and the competitive position of European industrial merchandise in Russia are critical determinants of relations between Russia and Europe, as trade volumes in both directions are still very large and important for both partners.

It is not easy to maintain this trade balance. Both volumes and prices are exposed to competitive pressures and the eradication of regulatory trade barriers. This underlines the importance of physical barriers to access for maintaining the status quo.

Dual monopoly

Taking into account the critical importance of fossil fuel export revenues or rents for the Russian government and society, the more complex structure of export revenues is obviously more robust than the structure based only on crude oil exports. Following developments in the world crude oil markets triggered by the 1973 oil crisis and the spike in oil prices, coordination between oil and (long-term contract) gas prices, taking into account seasonal demands, ensured adequate resilience of revenue stream (as envisaged in the Dixit-Stiglitz model).

Western Balkans as the Security of Demand Device

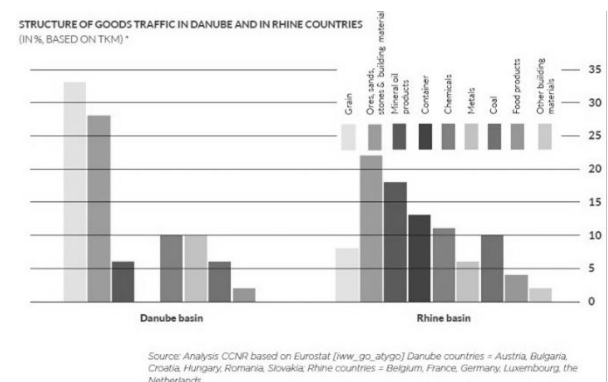
The ability to deprive Central Europe of transit transport capacity to sea-borne trade and the flexible electricity supply is a strategic device. In the years 1950-1980, oil residuals were a critical fuel for flexible power generation in Europe. During the 1980's natural gas entered the market for flexible power generation market as the amount of oil residues decreased due to advances in oil refining technology. However, modern gas-fired combined power plants reduced the gas demand for that purpose (from the early 1990's) as a result of higher efficiency. There

was only a brief period between 1988 and 1991 when the hydropower of the former Yugoslavia²¹ revealed its full flexibility potential on the European market. The Adriatic oil pipeline was made operational in 1989 and dysfunctionalized in 1992. The first half of 1992 was the only period in which the Belgrade-Bar railway was fully utilized. However, during a period of very low energy (and commodity) prices on the world market, revenues were not sufficient to close the liquidity gap caused by the cancelation of barter trade with the Soviet Union. The period 1988-1992 is a period of inflection that has changed the foundations of energy relations between Russia and the Balkans.

Transit

The transit of energy-intensive goods (including fossil fuels, fertilizers, petrochemicals, etc.) from the Mediterranean to Central Europe is an important determinant of import demand for fossil fuels from Russia. The import of downstream energy-intensive products replaces the import of fossil fuels needed for upstream processing. The import of crude oil from alternative sources obviously displaces the same commodity imports from Russia.

Figure 10 Structure of goods traffic in the Danube and in the Rhine countries (in % based on Tkm)



Source: adapted from <https://www.inland-navigation-market.org/en/rappports/2018/q2/2-freight-traffic-on-inland-waterways-2/>

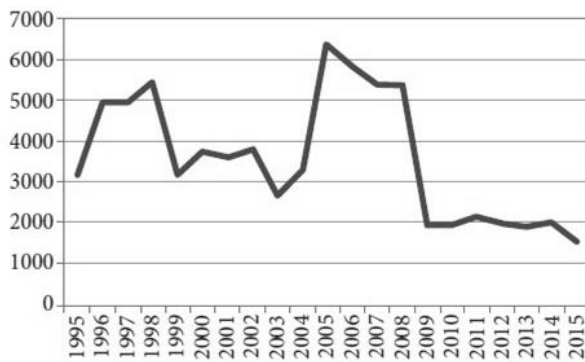
The Western Balkan countries are well equipped with transport infrastructure. (1) The Danube is the largest European inland waterway transport route. It connects Central Europe to the Black Sea, one of the largest markets for oil, oil products, fertilizers, cereals in the world. However, transport across the Danube is still far below transport on the Rhine. To make it

²¹ Even that only third of economical potential has been built to date. Full interconnection to European interconnection was achieved as a result of massive World Bank investments into high voltage overhead lines.

more interesting, some transport flows are in opposite direction than expected.

Transport across the Danube was restricted in the years 1992-1995 by war and sanctions against Serbia. Transport somewhat increased in 1995-1999 after the Dayton Agreement and was blocked in 1999 by the effects of war on bridges and other facilities. In the years 1999-2004 transport was physically limited. The river was open for navigation in 2004, as bridges in Novi Sad have almost been reconstructed, which allows for a doubling of the transport volume.²² The decline in transport volumes from 2009 onwards is not due to physical barriers, but only to economic and policy impacts.

Figure 11 Total tonnage carried on the Danube in Serbia, 1995–2015 ('000 tons)



Source: http://r-economy.ru/wp-content/uploads/2018/09/r-economy_2018_v4_3_04.pdf according to data from the Statistical Office of the Republic of Serbia, Transport, Storage and Connections and Bulletin 2004, 2010 and 2016.

It is a very similar situation with (2) the Adria²³ oil pipeline²⁴, the existing gas pipeline in Serbia, (3) the major ports (Rijeka, Split, Zadar, Ploce, Bar, Durres, Thessaloniki) and (4) the railway lines connected to these ports. (5) The dysfunctional multimodal transport center²⁵ in Belgrade practically prevents the

²² Maximum transport volumes remain limited to about 10% of the available transport capacity.

²³ The Croatian company JANAF, which operates the Adriatic pipeline, recently signed a contract with potential consumers in Central Europe: <https://af.reuters.com/article/energyOilNews/idAFL8N1DN3UH>. However, it seems that the actual traffic remains only one potential: <https://janaf.hr/en/news/janaf-concluded-new-business-contract-with-czech-unipetrol>.

²⁴ For more details see: Aleksandar Kovacevic: Towards a Balkan gas hub: the interplay between pipeline gas, LNG and renewable energy in South East Europe, The Oxford Institute for Energy Studies, February 2017. https://ora.ox.ac.uk/objects/uuid:00ac940a-a4da-4d0a-8bef-be09437a167c/download_file?file_format=pdf&safe_filename=Towards-a-Balkan-gas-hub-NG-115.pdf&type_of_work=Working+paper

²⁵ Belgrade is actually only theoretically a multimodal transport centre. There is no usable transshipment potential between major railway lines, highways, river ports and airports and no

use of large sea ports to breakeven throughput. Not a single large (6) airport in the region is connected with railway infrastructure.²⁶

The region is involved in massive planning and construction of infrastructure with EU financial support (Connectivity Agenda) and Chinese investment (Belt and Road Initiative). The strong emphasis on highway construction facilities, local employment and support for GDP formation does not unlock strategic transport potential to enable large-scale commercial transit, reduce unit costs of transport and move closer to markets.²⁷ There is no regional initiative to promote the greater use of existing infrastructure.²⁸

Despite several attempts in more than 23 years, no one new (7) LNG import terminal²⁹ is being built in the Western Balkans.

Flexible electricity

In 1976, the then Yugoslav republics reached common ground regarding the use of massive hydropower potential along the Drina River and the Adriatic catchment area in Montenegro and Bosnia and Herzegovina. The ambitious investment program aimed to expand the almost 7000 Megawatt electric (MWe) already installed by more than 12000 MWe of hydro. A small hydropower plant (the Hydro Power Plant (HPP) Otilovići in Montenegro with only 10.8

coordination between transit infrastructure and urban transport systems. As container transport across the Danube shows (Figure 10), the handling capacity of containers in Belgrade is negligible. Moreover, the urban development plan does not provide for integration between transport modes. The Belgrade shipyard (once the most efficient market leader in inland waterway transport) is degraded to a pure steel processing plant without the ability for shipbuilding of commercial or strategic importance.

²⁶ In many cases (Belgrade, Niš, Zagreb, Tuzla, Sarajevo, Skopje, Podgorica) only minor extensions of railway infrastructure are required to provide this major functionality to the regional transport system.

²⁷ Well known arguments are available at: "Access to Western Markets and Eastern Effort," in: Salvatore Zecchini (ed.): Lessons from the Economic Transition, Central and Eastern Europe in the 1990s", Kluwer Academic Publishers, Dordrecht, 1997, pp. 503-526.

²⁸ Although fostering the utilization rate of existing infrastructure and the economic return on infrastructure capital are crucial for economic growth, with much better and more sustainable results than investment in new infrastructure. For comparisons: Charles R. Hulten: Infrastructure capital and economic growth. How well you use it may be more important than how much you have, National Bureau of Economic Research, Massachusetts, December 1996. Available at: <https://www.nber.org/papers/w5847.pdf>.

²⁹ LNG re-gas terminal in Croatia was firstly planned in 1996: <https://www.reuters.com/article/us-croatia-lng-environment/residents-environmentalists-to-fight-croatia-lng-terminal-idUSKBN1QU1N8>. Albania issued a number of licenses for LNG terminals, few projects been envisaged in Greece while both Montenegro and Bosnia and Herzegovina been pursuing LNG investments.

MWe capacity) with a massive accumulation lake was planned to balance the water flow along the entire Drina River hydro system to several downstream plants and the auxiliary use of water. That was key to developing the massive hydropower potential in the entire catchment area.

However, the plan was abandoned following the Soviet proposal for an additional credit arrangement for a range of lignite-fired power plants. One of these plants – the Pljevlja thermal power plant – required the construction of a small accumulation lake at the location of the HPP Otilovići to ensure cooling water and the relocation of the Čehotina River downstream from the dam to enable the extraction of lignite at the new open pit. The Hydropower Master Plan, the result of over 20 years of research, planning and negotiation, has been abandoned and is still today.³⁰ The lignite-fired power plants³¹ built in this arrangement are still in operation.³²

After the disintegration of the energy market in former Yugoslavia, the nationalisation and vertical integration of the power generation industry in 1989-1992, wars and sanctions, and the ban on fuel imports, the majority of the population shifted to firewood as their main fuel. The marginal cost of firewood increases with cold weather, while the marginal cost of electricity remains flat. As a result, countries are experiencing massive increases in private electricity consumption (and grid losses) during cold periods.³³ Residential consumption rose to over 2/3 of total consumption, while industrial demand fell to 1/3. This volatile demand uses almost the entire flexible hydropower capacity, practically eliminating its export potential, depriving Ukraine³⁴ and Central Europe of flexible power generation potential and

forced them to rely on simple cycle gas-fired power plants, gas infrastructure and the main gas supplier.

De-forestation³⁵ and air pollution are apparent consequences of the massive use of firewood. Combined with excessive acid emissions from lignite-fired power plants, de-forestation over 27 years led to a change in water flow regime to large existing hydropower plants, erosions and flooding.

Timeline

The following table shows a very basic timeline of relevant strategic events between the Balkans and Russia (Soviet Union). It shows that it is difficult to maintain strategic balance, cope with external challenges and prevent adverse effects on market share in Central Europe.

³⁰ This example shows how external strategic intervention has been integrated into the existing infrastructure, which has hindered investment for over 40 years.

³¹ <https://www.euractiv.com/section/electricity/opinion/the-burden-of-coal-at-the-doorstep-of-the-energy-union/>

³² See report published in February 2019: Chronic coal pollution. EU action on the Western Balkans will improve health and economies across Europe,

<https://www.env-health.org/wp-content/uploads/2019/02/Chronic-Coal-Pollution-report.pdf>

³³ See: *The World Bank: Status of Energy Efficiency in the Western Balkans. A Stocktaking Report*, June, 15, 2010. Available at: <http://documents.worldbank.org/curated/en/546141468113938611/pdf/AAA490ESW0p11010Box353763B01PUBLIC1.pdf>

³⁴ In times of peak electricity demand, simple gas-fired power plants in Ukraine are technically capable of using the volume of entire gas transmission pipelines. During these periods, gas supplies to Europe from underground storage facilities near the border with Slovakia will be supplemented with excessive costs. This situation made disputes over gas transit between Russia and Ukraine almost inevitable.

³⁵ *Aleksandar Kovacevic: #Forestation: A tangible measure for hope and progress in the Western Balkans*, eureporter environment, February 22, 2018. Available at: <https://www.eureporter.co/environment/2018/02/22/forestation-a-tangible-measure-of-hope-and-progress-in-the-western-balkans/>

Table 1: Strategic balance 1945-2017

year	Strategic Event	Strategic countermeasure	year
1945	End of WWII and the prospect of free navigation at Danube	Danube Convention ¹	1948
1954-1956	Yugoslavia option toward Western Europe electricity interconnection: Star of Laufenberg. Yugoslavia Agreement with Turkey and Greece (NATO Members) Yugoslavia nuclear power program set	First loan offer for lignite-fired power plants at Kosovo Yugoslavia becomes major supplier of cargo ships for the Soviet Union facilitating oil exports	1956
1963	Change in the leadership of Yugoslavia nuclear program	Early trade arrangements. Kosovo loan implementation	1963
1972	Construction of the Iron Gates system completed	1 st Brezhnev loan agreements. Danube navigation agreements.	1971-1974
1976	Hydropower development agreement Serbia – Montenegro – Bosnia and Herzegovina	2 nd Brezhnev loan agreement. Fostering Danube navigation arrangements	1976
1988	Yugoslavia full integration into UNCTE (Western Europe Electricity Interconnection); <i>Adria oil pipeline completed</i>	Change in trade regime and exchange rates causes cessation of barter trade and dissolution of Yugoslavia fiscal structure	1988
1989	Dissolution of SEV Dissolution of USSR	Formation of the Russian Federation	1989-1992
1991	The commercialisation of efficient combined-cycle gas-to-power technology	Dissolution of Yugoslavia 2 nd UCTE Synchronous zone separated from UCTE Europe	1989-1992
1995-1996	Dayton Peace Agreement Serbia invests into Kosovo lignite-to-power The first study on Croatia Krk LNG terminal	Serbia gas supply & investment agreement with GazProm	1996-1999
1999	NATO intervention in Serbia	Russia involvement in Kosovo conflict resolution Serbia strategic oil reserve system and security of gas supply lost	
2004	UCTE Zone II integration to UCTE Western Europe	Resume control over gas supply to Serbia	2005
2005 - 2006	Energy Community Treaty Restoration of Danube navigation at Novi Sad, Serbia	Investments into the oil industry, aluminium, food and retail in Croatia, Montenegro, Serbia and Bosnia and Herzegovina 1st Ukraine gas supply crisis (2006)	2006-2008
2008	End of oil demand growth spell. Chinese hydro projects completed. Financial crises	Ukraine – Russia gas crisis Ukraine fertilizer export rendered uncompetitive	2009
2009-2015	Commercial undertakings in gas and LNG investments in Croatia, Serbia and Romania; PEOP	South Stream / Turkish Stream; gas trade to Croatia; investment into Thessaloniki port; Acquisition of Serbia Oil Industry. INA-MOL Management Contract US Steel Serbia unable to procure feedstock, disinvest in January 2012	2009 – 20??
2015	Expansion of Suez Canal	Agrokor crisis, control of Port of Ploce, Croatia Acquisition of Port of Thessaloniki Acquisition of Port of Ploce	2017
2017	Montenegro joins NATO	Investments into Serbia-Montenegro rail-line and Serbia rail system control	2018-2019

¹ The Danube Convention was signed in Belgrade on June 30, 1948. Cominform Resolution to expel Yugoslavia has been made during the Bucharest conference on June 22-28, 1948.

1988 Reset

At the end of 1988, the bartering trade regime between the former Yugoslavia and the Soviet Union practically came to an end. After the liberalisation of domestic prices and exchange rates in the Soviet Union and the rising inflation rate, the purchasing power parity of the “Convertible Dollar” (or “Transferable Ruble”), which was the accounting unit for bilateral trade, declined. Outstanding debts of the Soviet Union to Yugoslavia arose and have been paid in recent years only to the republics of the former Yugoslavia through the supply of various (energy-related) equipment and services. However, the liquidity shock to the Yugoslav economy in 1989 and subsequent inflation were substantial¹: industry lost economies of scale and its traditional market. Industrial conglomerates with long-term industrial cooperation agreements were particularly affected: many of these companies survive by cross-subsidising production for the domestic market (or export to third countries) on favourable terms of trade through barter transactions. Within a given framework of soft budget constraints and managed exchange rates, the liquidity shock quickly spilt out to political sphere. It overlapped with the decline in international commodity prices and falling resource rents, leading to a political zero-sum game between the republics of former Yugoslavia.

Governance Context

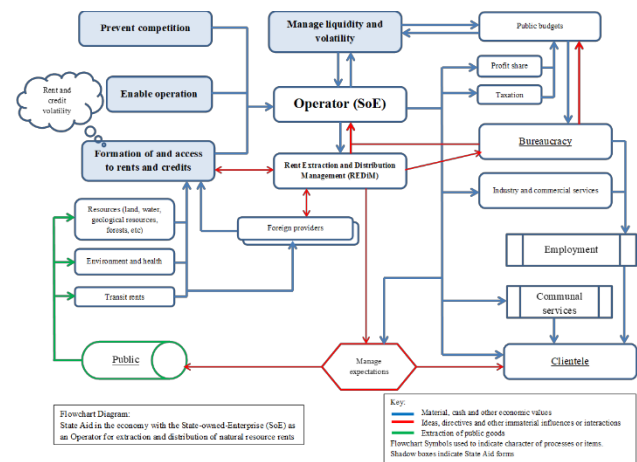
Two large credit arrangements to develop lignite (and heavy fuel oil) fired power plants in former Yugoslavia and to facilitate the development of the extraction industries 1972-1976; coupled with relatively high oil (and commodity) prices on the World market created the illusion that Yugoslavia could produce substantial resource rents despite comparatively poor productivity of actual resources.

At the beginning of the 1980s, dependence on resource rents was already integrated into the physical infrastructure and fiscal patterns. The substantial decline in revenues in 1981 created scope for attempts at industrialisation and sustainable economic development, but the course of resource rent remained anchored in the fiscal patterns of the republics, provinces and the city of Belgrade, as well as in the social fabric in many regions.

¹ In many aspects it was a Hulten microeconomic shock with macroeconomic impact augmented with advanced liquidity management and a sort of soft credit that was at play in Yugoslavia with its territorial specifics. (On Hulten’s theorem see: *David Rezza Baqaee and Emmanuel Farhi: The Macroeconomic Impact of Microeconomic Shocks: Beyond Hulten’s Theorem*, July 5, 2019. https://scholar.harvard.edu/files/farhi/files/beyond_hulten_draft.pdf).

The barter trade until 1989 and the bilateral trade and investment arrangements from 1996 until today offer national and sub-national households current soft credits “on-demand” and at the same time enable rents for domestic trade. For example, the acquisition of a local oil refinery and the fencing of the domestic market (with bilateral agreements between government and government) increase fiscal revenues at the expense of domestic consumers. These fiscal revenues are liquid and very effective compared to formal credit arrangements, which may take years to conclude, may entail obligations and remain subject to public oversight.

Figure 12 Block Diagram Rent Extraction and Distribution Management Block Diagram



Source: Author estimate

Complex Figure 12 shows a very effective system that allows governments to acquire or direct revenues and use resource rents and foreign liquidity without too much public scrutiny². The intrinsic (or political) significance of these fiscal flows goes far beyond formal credit and investment arrangements with EU institutional creditors or international financial institutions³. Firm control over gas supply to district heating systems in capitals (Croatia, Serbia⁴, Bosnia and Herzegovina, North Macedonia); control of the majority of the liquid fuel retail market with

² The special position of State-Owned Enterprises (SoE) and their access to financial means beyond commercial financial markets is revealed by the *World Bank Western Balkan Regular Economic Report*, Number 15, Spring 2019: Reform Momentum Needed. <http://documents.worldbank.org/curated/en/219231554130333324/pdf/Reform-Momentum-Needed.pdf>, page 42.

³ That explains confusion about the attention paid to nominally smaller investments from the Russian Federation or associated entities from different other jurisdictions compared to nominally much larger credit arrangements with institutional creditors.

⁴ During the 1999 war, Serbia’s ability to ensure security of gas supply through fuel switching was reduced, as storage capacity was partially destroyed. The country is still struggling to ensure minimum mandatory oil stocks.

associated fiscal revenues; control of other large retail businesses (Agrokor, etc); natural gas supply to the population, fertilizers and other significant industries (that includes almost all major industrial exporters) that help the region maintain some of its foreign trade balance; relatively high prices for the supply of natural gas and oil products to the markets, forcing countries to control energy affordability by suppressing electricity prices (use of lignite resource rents and cross-subsidies with hydroelectric power) and allowing massive use of firewood with appropriate coordination between these mechanisms and the threat of default; create unique, comprehensive soft budget constraint that induces bad governance.

Table 2: Summary of tools and outcomes

Period	Tool or influence	Yugoslavia / Balkan policy priorities	Outcomes
1945-1948	Coercion	Consolidation of political system	Consolidated political system. Danube Convention limits navigation to coastal countries
1948-1955	Retreat	Industrialization and economic development	Hydro power investment Nuclear research program
1955-1966	Trade and negotiations Hold-on hydropower equipment	Industrialisation and trade	Hydropower investments Nuclear research programs Lignite output declines Economic growth
1966-1972	Negotiations and occasional trades Equipment sales	IronGates Hydro system completed Policy shift and reorientation	Refrain from use of Iron gates hydro system Resource rent industrial policy Change in the Belgrade metropolitan area to acquire resource rents
1973-1976	Trade	Resource rent industrial policy firmly established	Membership to international commodity cartels Lignite production and use grows
1976-1981	Trade	Resource rent industrial policy firmly established	Large scale hydropower investments abandoned Further investments into lignite industry
1982-1988	Inertia: attempts to maintain previous patterns	New industrialisation policy Financial consolidation Industrial exports	UCTE integration and trade of electricity Growth of waterborne trade Adriatic oil pipeline completed and ready to use Export of military hardware and engineering
1988-1992	Conflict	Zero-sum game politics	Conflicts
1992-2000	Conflict management	Conflicts	Governance breakdown and conflicts
2000-2008	Control and acquisitions	Conflict-by-other means	Hydropower potential and transport infrastructure not used in European trade
2008-2018	Acquisitions and control	Conflict-by-other means	Hydropower potential and transport infrastructure not used in European trade

Critical Outcomes

A soft budget constraint (see above) is a critical determinant of maintaining bad governance. In times of abundant rents and resources inflows from foreign providers (or induced by international suppliers), this governance structure can mimic a certain economic growth, but it remains fragile and dependent on events beyond its control.

Specific trade relations with the Soviet Union and the Russian Federation are embedded into an inherited physical infrastructure in the Western Balkans. That includes navigation systems, lignite-fired power plants, abandoned hydropower projects, constrained ports and railways, underutilized gas and oil pipelines.

It is important to understand that business-as-usual, which was established in a period 2002-2019, is not sustainable. It is at odds with the EU integration process and the United Nations Framework Convention on Climate Change (UNFCCC Paris Agreement). More importantly, the resources and infrastructure of lignite-fired power generation have been exhausted to such an extent that they do not guarantee reliable electricity supply and flow of rents to maintain the social and fiscal status quo.

Governance

The availability of soft loans and a lack of transparency have a profound impact on the quality of governance. These impacts go far beyond the traditional notion of corruption or the rule of law and can have deep systemic effects. Furthermore, it places the relative significance of the EU integration process in a different context and gives it a very different emphasis.

Poor governance is a barrier to entry for international commercial investors and prevents rational strategic decisions. Soft budget constraints facilitate clientelism among the population, which has developed economic expectations with resource rents over a longer period. As the real value-added (and fiscal capacity) of the economy is low, a relatively small soft credit has a disproportionately larger impact on the quality of governance. Therefore, the mechanism itself is robust, sustainable and cost effective.

Poor quality of governance impedes effective policies to eradicate energy poverty and to prioritising cost-effective infrastructure investments with legitimate

creditors.¹ As already described above, energy poverty from excessive use of firewood is not the only major cause of deforestation and air pollution but also a major obstacle to redirecting strategic hydropower resources towards larger European markets.²

Bad governance is a cost-efficient tool to simultaneously prevent better use of existing transport infrastructure, reorientation of hydro resources, re-use of oil pipelines and maintains a barrier to entry for commercial investments into energy and transport infrastructure. At the same time, this is an obstacle to effective institutional infrastructure investment and safeguard against eventual improvements in the quality of governance within the context of the EU accession process.

EU Integration

This quality of governance remains a major obstacle to the integration of the Western Balkans into the EU. However, as on-going governance qualities continue to be built into the physical infrastructure: dismantling of ports, dysfunction of railway systems, continued dependence on Russian gas and oil supplies, investment in carbon-intensive power generation, increasing energy poverty and further deforestation; commercially viable and sustainable integration into EU markets is increasingly distant.

The current governance and resource utilisation patterns are taken into account as described in the EU accession process. Therefore, the potential contribution of the Western Balkan countries to European energy security and their ability to pursue the massive use of intermittent renewable energies is overlooked. This aspect must be at the heart of future accession negotiations. If in this case, other critical

¹ The World Bank made great efforts to investigate these failures of governance. Philip Keefer and Stephen Knack have published a number of reports and papers in this context. See for example: 2002. *World Bank: Boondoogles and expropriation: rent-seeking and policy distortion when property rights are insecure*, Policy, Research Working Paper Series, no. WPS 2910, Washington, DC. Available at:

<http://documents.worldbank.org/curated/en/969141468766485561/Boondoogles-and-expropriation-rent-seeking-and-policy-distortion-when-property-rights-are-insecure>

² An interesting example is the recent re-orientation of hydro power resources in the southern Bosnia electrical utility (EPHZHB) to export markets. Due to the southern location of the consumption area, there is a negligible electricity demand to cover cold weather spells, while the company does not have any lignite-fired power plant. When major industrial consumers in the area was forced to trade their electricity demand on the market (instead of being subsidized via a long-term supply contract from EPHZHB), EPHZHB was able to direct its massive hydro power capacity towards export markets and multiply its revenues and profits almost instantly.

issues (energy poverty, environmental impacts, resource rentals, soft budget constraints) could be addressed within an entirely different framework.

Sustainable energy supply

It is becoming increasingly difficult for the countries of the Western Balkans to invest legally in a sustainable energy supply:

- political risks are prohibitive to legitimate investors,
- The OECD Agreement on export financing limits financial support to coal-fired power generation investments
- The Energy Community Treaty (EnCT) and the Stabilization and Association Agreements with the EU restrict the use of state guarantees and other forms of state aid to facilitate credits from Chinese export credit agencies,
- EnCT prescribes strict environmental standards and the best available technology rules that exclude some less sophisticated power equipment,
- Existing corporate and governance structures a hostile to innovative technical solutions and business models while
- International financial institutions are dependent on incumbent governments for the development of investment projects.

In the absence of market signals, incumbent state-owned enterprises (SoEs) are struggling to maintain market dominance, avoid privatisation and preserve their role in extracting and distributing rents despite the simultaneous deterioration of resources and physical assets. To this end, they must maintain cross-subsidisation between hydro and lignite-fired power generation. That remains an obstacle to a comprehensive reorientation of hydropower resources towards larger European markets, regardless of major opportunity costs.

Climate change

The Western Balkan countries have largely failed to adopt policies to contribute to efforts to tackle climate change in tune with the EU countries.³ Most countries want to increase carbon emissions compared to 2012. None of the parties to the Energy Community Treaty (EnCT) has published a technically

³ Climate Action in Europe: “Climate pledges in Southeast Europe: Analysis and Expectations for Paris”, November 2015, available at: <http://www.caneurope.org/docman/south-east-europe/2834-analysis-of-indcs-from-southeast-europe/file>.

viable plan to meet EnCT environmental obligations under the UNFCCC Paris Accord obligations. Some countries even entered into contracts with Chinese⁴ (or other non-EU) investors that are at odds with the EnCT. Irrespective of other aspects of the EU integration process where it is likely that non-compliance with key EnCT commitments and the simultaneous adoption of ambitious climate change policies could halt the EU accession process or force the EU to soften the basic rule of law principles.⁵

The above results include an insufficient quality of governance, which is a major impediment for effective climate change policies and the resolution of several cross-border issues including cross-border use of hydropower resources.

The Way forward

The pressure to reduce the demand for fossil fuels in Europe is growing. The de-carbonisation of heat⁶ and transport, the energy efficiency of buildings⁷ and industry are gaining momentum. There are concerted policy efforts to reduce the consumption of fossil fuel, which are far beyond the cumulative Russian exports of fossil fuels to Europe. The European economy is growing more energy efficient and less material-intensive. In particular, many countries decided to phase out coal⁸ from power generation. Innovative industrial solutions are emerging.

⁴ See for example: *Sam Morgan*: Bosnian Energy Project ‘surprises’ EU-Enlargement Chief, Euractiv, March 14, 2019. Available at: <https://www.euractiv.com/section/enlargement/news/bosnian-energy-project-surprises-eu-enlargement-chief> or *Mladen Lakić*: China’s Loan for Bosnia Coal Plant Worries EU, BIRN March 28, 2019, available at: <https://balkaninsight.com/2019/03/28/chinas-loan-for-bosnia-coal-plant-worries-eu/> or *REUTERS*: World Bank pulls out of Kosovo Coal Power Plant, October 10, 2018, available at: <https://uk.reuters.com/article/worldbank-kosovo/world-bank-pulls-out-of-kosovo-coal-power-plant-project-idUKL8N1WQ518>.

⁵ Both outcomes are likely to affect coherence of the governance framework in Balkans and alter fragile stability to extent that region move toward another cycle of instability and prevent better use of existing infrastructure for many years.

⁶ *Dave Keating*: EU official: ‘Renewables could supply almost 80% of heating and cooling by 2050’, Euractiv, April 23, 2019, available at: <https://www.euractiv.com/section/energy/news/eu-official-renewables-could-supply-almost-80-of-heating-and-cooling-by-2050/>

⁷ *Aymone Lamborelle* and *Laura Fernandez*: Infographic: The EU’s new Heating and Cooling Strategy”, Euractiv, April 15, 2016, available at: <https://www.euractiv.com/section/energy/infographic/the-eus-new-heating-and-cooling-strategy/>

⁸ *Markus Wackett*: Germany to phase out coal by 2038, Reuters, January 26, 2019; available at: <https://www.reuters.com/article/us-germany-energy-coal/germany-to-phase-out-coal-by-2038-in-move-away-from-fossil-fuels-idUSKCN1PK04L>

From the point of view of large fossil fuel exporter, demand security in Europe is the greatest risk of all time.

The withdrawal from coal now seems inevitable, but the question of what can replace coal as reliable, dispatchable source of energy remains open. Following the disaster at the Fukushima nuclear plant, many European countries decided to phase out many or all of their nuclear power plants. Oil refineries in Europe are under pressure to improve the quality of liquid fuels and reduce environmental impacts or phase out.

Although Russia's immediate strategic response may be a strong determination to preserve status quo and postpone the actual destruction of demand, it does not necessarily appear to be a viable longer-term strategy. Pursuing a new export mix of petroleum products (instead of crude oil) and natural gas and bypassing transit countries with new gas export pipelines looks like a strategic option, but it opens the door to direct competition from other exporters.

This year, and finally 2020, a number of strategic decisions are on the agenda. These decisions shape the future well into 2020 and beyond. One of the most important lessons learned from presented by is that physical reality is one of the most important (if not the most critical) determinants.

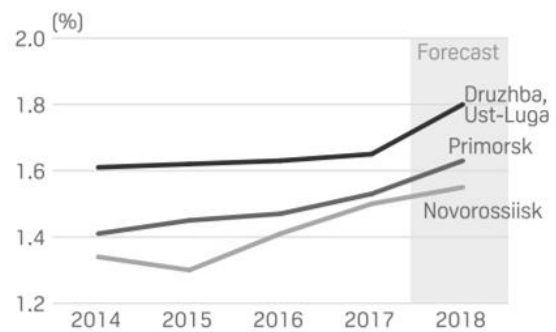
Emerging Russian Trade Position

The Russian Federation's crude oil sales to Europe are undergoing massive change. Despite efforts to develop its own industry of oil production equipment, international financial and technical sanctions are likely to cause the general decline in oil production capacity.⁹ Depending on the development of domestic demand, the decline in production may have an impact on the potential of oil exports. The quality of crude oil available for export is deteriorating as oil becomes heavier with more Sulfur¹⁰, while more crude oil¹¹ is used in domestic

refineries to produce oil products for the domestic market and exports while more oils and petroleum products are exported to non-Europe markets.¹²

That is a problem for land-locked oil refineries, which may have fewer opportunities to blend Russian export oil mix with crude oil from other sources. While these refineries may be under pressure to go out of business, all heavy crude oil purchasers may demand further discounts to cope with the competition that refines lighter oil blends, including major competitors from the Mid East and the USA.

Figure 13 Rising sulfur contents in Russian oil export mix to various export routes¹³



Note: Russia's standards specify Urals sulfur content at up to 1.8% and 870 kg/m³ gravity at 20 degrees Celsius
Source: Transneft

S & P Global Platts: <https://www.spglobal.com/platts/en/market-insights/latest-news/oil/030618-russia-to-target-fading-urals-crude-oil-quality-in-2018> (Source).

In order to maintain their market share, Russian oil companies¹⁴ are likely to pursue downstream strategies by shipping more petroleum products¹⁵

<https://www.bloomberg.com/news/articles/2019-04-26/the-giant-soviet-pipeline-system-that-s-full-of-tainted-crude-or>; also Bloomberg, 26 April 2019:

<https://www.bloomberg.com/news/articles/2019-04-26/europe-stops-taking-piped-russian-oil-because-of-contamination>.

¹² *Realnoe Vremya*: European buyers complaining about Russian oil quality, February 2, 2018, available at: <https://realnoevremya.com/articles/2176-european-buyers-complaining-about-russian-oil-quality>

¹³ Developments during recent months indicate further problems with crude oil quality that are consequence of characteristics of governance in the Russian oil sector. See for example: <https://www.forbes.com/sites/arielcohen/2019/05/10/russia-loses-billions-in-druzhba-oil-pipeline-contamination-crisis/#d26a0e777950>.

¹⁴ It seems that concentration on the Russian oil market is increasing as the largest companies consolidate market dominance and devote more resources to continuing downstream expansions. See: "The Future of Oil Production in Russia. Life under Sanctions", cited above:

<https://energy.skolkovo.ru/downloads/documents/SEneC/research/04-en.pdf>. At the same time, prolonged sanctions and trade restrictions over a longer period of time may lead to a decline in overall output in oil production

¹⁵ The recent merger of the oil product transport company (TransNefteProdukt) with the crude oil pipeline company

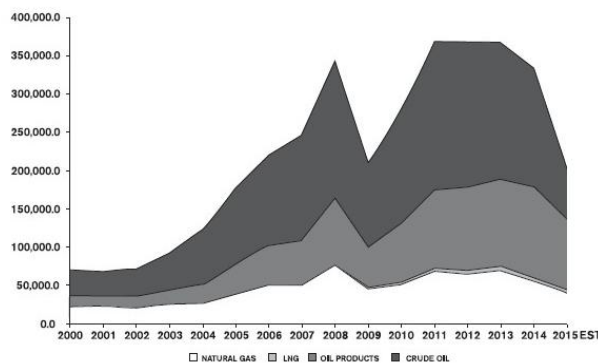
⁹ *Tanja Mitrova, Ekaterina Grushevenko, Aryton Malov*: The Future of Oil Production in Russia. Life under Sanctions, Skolkovo, Moscow School of Management, March 2018. Available at: <https://energy.skolkovo.ru/downloads/documents/SEneC/research/04-en.pdf>

¹⁰ *REUTERS*: Russia's oil exports to Europe decline as quality worsens, May 8, 2018. Available at: <https://www.reuters.com/article/us-russia-oil-urals/russias-oil-exports-to-europe-decline-as-quality-worsens-idUSKBN11923D>.

¹¹ With the increasing complexity of the domestic market and increasing requirements for cleaning and maintenance of facilities, managing the quality of crude oil is becoming a challenge: *Juan Lee*: The Giant Soviet Pipeline System is full of Tainted Crude, Bloomberg, 26 April 2019, available at:

and gaining a foothold in retail markets across Central Europe. Under the assumption that the entire transport fuel market will shrink, the acquisition of a larger part of the value chain may be a strategy to obtain adequate revenues and fiscal revenues to the Russian Federation. Figure 14 below shows the development of earnings from exports of crude oil, oil products and natural gas. The results of natural gas and oil products earnings appear to be more resilient than the revenues from the export of crude oil.

Figure 14 Income from Russian oil and gas exports 2000–2015¹⁶



Source: Michael Bradshaw and Richard Connolly: Barrels and bullets: The geostrategic significance of Russia's oil and gas exports; Bulletin of the Atomic Scientists, April 15, 2016, p. 158; <https://www.tandfonline.com/doi/pdf/10.1080/00963402.2016.1170372?needAccess=true>

However, this strategy may alter the status quo more dramatically than expected. Given the prospect of losing the national oil refining industry with its employment and fiscal consequences, importing countries are called upon to minimise import costs and open markets to competition and alternative transport options. The implicit social and fiscal pact between Central Europe and the Russian Federation could dissolve depending on the physical openness of particular markets, which could increase the probability of a market re-orientation to different suppliers. The electrification of transport, LNG as a transport fuel and suppliers of alternative petroleum product can, in any case, call into question the position of Russian companies on the Central Europe market.

(TransNeft) and the extension of major pipelines to seaports, as well as the construction of major new product pipelines, indicates the emergence of this new export strategy.

¹⁶ As per source: "The original values have been adjusted for inflation and are expressed in millions of 2015 US dollars. As the complete statistics for 2015 statistics were not yet available at the time of going to press, the decrease between the third quarter of 2014 and the third quarter of 2015 was extrapolated to obtain an estimate for 2015. Source: Central Bank of Russia 2016."

The Russian Federation is in the process of completing the first large-scale pipeline system to supply natural gas to China from deposits destined for domestic consumption and export to Europe. At the same time, Russia is completing a series of export terminals for gas liquefaction that will enable the export of gas to the overseas markets. Efforts are being made to improve the use of natural gas as a fuel on both the domestic¹⁷ and export markets.¹⁸ The export of nitrogen fertilisers¹⁹ is increasing, and investments are being made in new undersea pipelines (North Stream and Turkish Stream) to supply traditional markets in Europe²⁰ directly. Export prices for natural gas are increasingly being adjusted to market prices. Despite criticism of the investment costs for infrastructure, the strategic intention to maintain and increase market share as well as to enter into direct competition with overseas suppliers is clearly visible.

All major European importers of Russian coal have already indicated phase-out strategies and their intention to stop importing and using coal entirely. The immediate consequence of these strategies is increased availability of transport infrastructure for alternative cargo, including various energy-intensive goods. That may lead to a further decline in the energy intensity of the European economy.

After the annexation of the Crimea, various Russian companies are trying to develop a large export port²¹ on the Taman²² peninsula in the Black Sea. In recent years, Russia emerged as the world's largest exporter of cereals. Despite the lack of significant transport activities on the Danube²³, the intention to re-

¹⁷ Gas-powered and Electric Vehicles in Russia: Possible Development Rates and Strategies, October 4, 2018; available at: <https://rusenergyweek.com/en/news/gazovye-i-elektromobili-v-rossii-vozmozhnye-tempy-i-strategii-razvitiya/>

¹⁸ <http://www.gazprom.com/about/production/ngv-fuel/>

¹⁹ Exports are mostly intended to markets out of Europe.

²⁰ Vitaly Yermakov: Shrinking surplus: The outlook for Russia's spare gas productive capacity, December 2018, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2018/12/Shrinking-surplus-the-outlook-for-Russias-spare-gas-productive-capacity-Energy-Insight-42.pdf>

²¹ OTEKO's dry bulk terminal in Taman port to start operation in October 2018: <http://en.portnews.ru/news/263634/>

²² Development of Taman sea port, AXIS Ltd, P&I Correspondents and Surveyors, March 2017, https://www.ukpandi.com/fileadmin/uploads/uk-pi/Documents/2017/Taman_port.pdf

²³ After the strong impact of the Soviet Union in the years 1946–1948 (and beside the opposition from the USA and the United Kingdom), the Danube Convention was signed in Belgrade in 1948 in order to grant exclusive navigation rights to Danube countries. However, after the dissolution of the Soviet Union, *Clausula Rebus Sic Stantibus*, the Russian Federation is not a Danube country any more. At the same time, the EU regulation grants all countries shipping rights in inland waterways. Regardless some attempts

develop the river-to-sea going fleet is re-affirmed on several occasions.²⁴

The Deterioration of Power Generation Capacity in the Balkans

Two-thirds of electricity in the Western Balkans is generated by lignite combustion. The quality of lignite is deteriorating, and production costs are rising due to the increased ratio of overburden to lignite and higher costs for land acquisition. Existing plants are now exposed to stricter environmental legislation²⁵ and financial restrictions. Even the effective use of hydropower plants to meet domestic demand (peaks in demand due to energy poverty, cross-subsidies) is threatened by the change in the water inflow regime to large hydropower plants. As a result, the fiscal systems are exposed to the risk of losing resource rents and avoiding soft budget restrictions from lignite production.

Russian investors are already signalling opportunities to make gas-to-power investments²⁶ with long-term gas supply arrangements and low-interest loans that can provide fiscal support in the form of lignite rents. However, this support may entail more complex political conditions. In any case, the deterioration of available lignite resources, the ageing of power plants and the pressures of climate change policy are already creating an unsustainable situation for the current governance patterns in the Balkans already in the medium term.

Overseas trade patterns

The emergence of the USA as a major exporter of oil, oil products and natural gas is changing business as usual in these markets. The US is a diversified

economy that benefits from low energy prices²⁷ and an economy that is not dependent on fossil fuel rentals

The Chinese²⁸ “Belt and Road” initiative aims to overcome infrastructure bottlenecks and create open trade routes between (Central) Europe and China (and other trading partners from the Far East, the Middle East, etc.). Despite conflicts with EU rules and regulations, conflicts with climate change goals and corruption allegations, there is still a sufficiently large share of China’s infrastructure investment to positively influence the physical opening of Central Europe to maritime trade.

Climate change

The UNFCCC Paris Accord stipulates that the signatory parties will commit themselves to binding carbon dioxide emission targets for the period to 2030 by the end of 2019. Extreme weather events are becoming increasingly frequent and severe. European countries are making efforts to prevent further problems and more drastic impacts of climate change. Climate change is contributing to the migrant crisis. The energy sector is a major investment challenge. Under these circumstances, it is very difficult for any country to pursue a policy aimed at increasing carbon emissions or making international efforts.

Accumulation of risks

It was practicable, as usual, to use induced bad governance as a tool to raise entry barriers and to prevent the use of the Balkan hydropower potential for energy markets in the wider Europe. The consequence is a non-sustainable business as usual situation that increases deforestation, maximizes air pollution and energy poverty, prevents investment and creates massive security of supply risks. It is easily conceivable that these risks could spill from energy to domestic and regional political relations.

A possible realization of risks of that magnitude can postpone EU integration for many years, but can also deprive the European market’s access to sea-borne trade and critical flexible hydropower resources, which can facilitate the massive deployment of intermittent renewable energies throughout Central Europe. Failure to understand this vested

(2007, 2008) to open the Danube to international navigation, this situation still exists today. While Russia, Turkey and other countries of the Caspian basin may find it useful to open the Danube Convention to international shipping, it will be in the best interest to Serbia, Hungary, Austria and other landlocked countries along the Danube to introduce as much international shipping as possible, which in turn will facilitate a further layer of competition with Russian exports to Europe.

²⁴ Freight boost brings Russian river fleet renewal into focus, August 22, 2017, <https://transtec-neva.com/freight-boost-brings-russian-river-fleet-renewal-into-focus/>

²⁵ As the coal industry is under pressure globally, lignite handling and combustion equipment as well as related engineering services are available on more favorable terms and plenty of vendors are approaching Balkan utilities. However, the quality of services and equipment is deteriorating as vendors are less concerned with long-term reputational risks.

²⁶ Gas-fired plants are already built in North Macedonia and Croatia and are under construction in Serbia, while a number of large scale projects are proposed to Serbia, Croatia and Bosnia and Herzegovina.

²⁷ John Kemp: Trump and Saudi Arabia at odds over oil prices”; Reuters, March 29, 2019. Available at: <https://www.reuters.com/article/us-oil-prices-kemp/trump-and-saudi-arabia-at-odds-over-oil-prices-kemp-idUSKCN1RA1QA>

²⁸ China is also an industrialized economy, heavily dependent on oil and gas imports at as the most favorable terms of trade as possible.

interdependency already has profound implications for climate policy in countries like Germany, Poland²⁹, the Czech Republic and Greece. The non-integrated energy potential of the Western Balkans is among key impediments to the further use of renewable energies (wind and solar) in these countries.

Recommendations

The soils³⁰, land, forests³¹ and geological resources³² of the Russian Federation are potentially the largest carbon sequestration potential in the world. These resources are available to the technically sophisticated country with an educated population and industrial tradition, which is able to use these resources. Whether these resources will be used, and when this can be transferred to the industrial scale, depends on commercial and political³³ issues. These are some of the major uncertainties³⁴ for the forthcoming climate negotiations under the UNFCCC Paris Accord.³⁵ However, there is potential for a comprehensive restructuring of inter-relationships between Europe and Russia to remove uncertainties and risks to both security of supply and demand.

In this context, a rapid improvement in the quality of governance in the Balkans is conceivable. The extent to which the new political framework between Russia and Europe is the necessary condition for facilitating the turnaround in governance patterns in the Balkans will be subject of further research.

In the meantime, there are no-regret policy objectives including: rapid eradication of energy

poverty, re-forestation, innovative solutions for safe and affordable electricity and heat, and clean air are looming requirements. The tangible progress made in these areas offers the opportunity to use existing hydropower resources for the wider European electricity markets and to make use of the existing transport infrastructure. This goal already means a massive improvement in the quality of life, economic prosperity and economic growth opportunities for the Western Balkans. It provides the ground for further investments in entirely new bread for hydropower installations and completely new and more effective use of transport infrastructure.

Even a rapid improvement in governance, however uncertain it may be, will not lead to a multifunctional government capable of doing commercial business. That is the domain of the commercial enterprise. Commercial entities are not likely to be deployed until the level of political risks has adequately improved. Taking into account the urgency of the matter, intervention in the Western Balkans requires innovative commercial enterprises³⁶, supported by international financial institutions, to avoid political risks and to be able to deploy innovative solutions across the market.

Following recommendations could be considered as a matter of practicality:

- Further and deeper research into the determinants of the quality of governance in the Balkans is needed to contextualise better the preliminary findings described herein.
- To advance EU integration, much greater transparency is needed in inter-relationships between Balkan state-owned and Russian enterprises, as well as in fiscal dependency.
- The implementation of the Energy Community Treaty (EnCT) must be reconsidered within the context of the UNFCCC Paris Agreement. Technically and economically feasible ways of implementing the EnCT should be identified. The creditworthiness of the Western Balkan countries, including credit ratings, must take into account the carbon intensity of their economies, fiscal dependency and the risks of planned carbon-intensive investments. Their sovereign bonds must be rated in the context of climate risks

²⁹ For consideration: *Claudia Patricolo*: GE named preferred bidder for Kosovo power plant, *Emerging Europe*, May 3, 2019. Available at: <https://emerging-europe.com/business/ge-named-preferred-bidder-for-kosovo-power-plant/>

³⁰ *International Institute for Applied Analysis*: Russian forests pivotal in mitigating climate change, November 7, 2012. Available at: <http://www.iiasa.ac.at/web/home/about/news/FAO-Report.en.html>

³¹ Angelina Davydova: Russia's Forests Overlooked in Climate Change, *Scientific American*, January 15, 2015 <https://www.scientificamerican.com/article/russia-s-forests-overlooked-in-climate-change-fight1/>

³² <https://hub.globalccsinstitute.com/publications/global-technology-roadmap-ccs-industry-sectoral-assessment-co2-enhanced-oil-recovery-13>

³³ *Adnan Vatanserver and Anna Korppoo*: A Climate Vision for Russia: From Rhetoric to Action, *Carnegie Endowment*, August 01, 2012. Available at: <https://carnegieendowment.org/2012/08/01/climate-vision-for-russia-from-rhetoric-to-action-pub-48964>

³⁴ *Quentin Bucholz*: Russia and Climate Change: A Looming Threat, *The Diplomat*, February 4, 2016. Available at: <https://thediplomat.com/2016/02/russia-and-climate-change-a-looming-threat/>

³⁵ *Carbon Brief*: "Ambiguous Russian climate pledge mystifies many", April 1, 2015. Available at: <https://www.carbonbrief.org/ambiguous-russian-climate-pledge-mystifies-many>

³⁶ One example was Anthony M. Solomon: "In 1969, Solomon established the International Investment Corp. for Yugoslavia at the request of Robert McNamara, president of the World Bank"; https://www.federalreservehistory.org/people/anthony_m_solomon

arising from their own exposures and fiscal links with Russian and Chinese partners.

- Appropriate research on the risks to security, environment, health, climate change and energy supply, as well as the economic and fiscal costs to the EU of the continuation of the business-as-usual scenario in the Western Balkans, is desirable.
- An appropriate platform is needed to involve the Western Balkan countries in the EU – Russia dialogue on energy, trade, transport and other issues.
- Consider Chinese investment policy in the Western Balkans in the on-going EU–China dialogue.
- The new EU accession strategy for the Western Balkan countries may comprise of a few dedicated agencies (private-public partnerships, as described above) mandated to achieve tangible improvements in infrastructure and quality of life for the majority of the population over a well-defined period.
- It must be recognised that policy innovation is needed to address the problems in the Western Balkans.

The role of the Western Balkans as a security of demand device for Russian fossil fuel sales to Central Europe has, in its specific way and for years, facilitated the enlargement of the EU to Central Europe. The dismantling of this instrument is a prerequisite for the progress of the Western Balkan countries towards EU membership. The eventual accession of the Western Balkan countries to the EU is, therefore a substantially different accession undertaking, requiring new policy tools and mechanisms. It is to be achieved in an entirely different environment, including (but not limited to) the context of climate change. A new vision of the

Western Balkans as an integral part of Europe is needed.

For many years, the use of Western Balkan countries as a device to ensure demand security has been a political and commercial matter. It spurs competition and causes costs for the public in Central and South-Eastern Europe. It is only in recent years that the same device has hindered the potential use of intermittent renewable energies and more resilient economic development. In this context, the continued use of the same mechanisms contradicts global public goods such as resilience to climate change.



Frontpage of Srpski Telegraf, March 19, 2018

Chapter 6

Soft Power-Instruments

Russia's Toxification of Civil Society in the Western Balkans

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Abstract: From an ideological perspective, Russia's activities in Southeast Europe, and especially in the Western Balkans, are geared towards creating alternative frameworks of political legitimacy for Moscow's partner governments in the region. Through such efforts Russia seeks to entice these and other local actors to shift their political, economic, and security allegiances towards Moscow, and away from Brussels and Washington.

Even if Russia does not – and cannot – offer the kinds of cohesive institutional linkages and socio-economic benefits the EU (and the Atlantic community more broadly) can, the strategy is nevertheless effective because it concentrates on the venal and personal interests of local elites, not the well-being of citizens in the countries. Rather than trying and failing to advance the principles of good governance, this is an entirely parallel approach that actively privileges the interests of elites over those of the public at large.

In short, Moscow invests in strongman regimes to advance its strategic aims in the region – above all, disrupting EU and NATO enlargement and cohesion within the Western Balkans. – *The text is a revised version of the author's presentation at an international conference of the Southeast Europe Association (SOG) on Russia as an external actor in Southeast Europe, which took place on 22/23 January 2019 in Berlin; it has been completed in April 2019.*

From an ideological perspective, Russia's activities in Southeast Europe, and especially in the Western Balkans, are geared towards creating alternative frameworks for political legitimacy for Moscow's respective partner governments in the region. Through these efforts, Russia seeks to entice these, and other local actors, to shift their political, economic, and security allegiances towards Moscow, and away from Brussels and Washington. Even if Russia does not – and, arguably, cannot – offer the kinds of cohesive institutional linkages and socio-economic benefits the EU (and the Atlantic community more broadly) can, the strategy is nevertheless effective because it concentrates on the venal and personal interests of local elites, not the well-being of the citizens of these states. Indeed, rather than trying and failing to advance the principles of good governance, this is an entirely parallel approach that actively privileges the interests of elites over those of the public at large. In short, Moscow invests in strongman regimes to advance its strategic aims in the region: Above all, disrupting EU and NATO enlargement and cohesion in the Western Balkans.¹

¹ Aubrey Belford / Saska Cvetkovska / Biljana Sekulovska / Stevan Dojčinović: Leaked Documents Show Russian Serbian Attempts to Meddle in Macedonia, Organized Crime and Corruption Reporting Project OCCRP, June 4, 2017, <https://www.occrp.org/en/spooksandspin/leaked-documents-show-russian-serbian-attempts-to-meddle-in-macedonia/>.

The Local Context

To this end, Russia's efforts aim to promote the (purported) patriotism, traditionalism, and (military) strength of the respective client regimes in the region (what an analyst referred to as Russia's "strategic conservatism"),² rather than their accountability, transparency, and overall commitment to good governance. Whereas the promotion of the latter qualities has been the foundation for European and American engagement in the region for the better part of the last three decades, and the foundational values for what the political West has considered as necessary for legitimate governance there – and in the world more broadly since, at least, 1989 and, at least conceptually, since 1945 – Russia has promoted a parallel framework of values that allow local governments to abandon their democratic commitments while still claiming to represent the will of their people (e.g. through assorted nationalist / traditionalist causes).

Russia's ambitions in this regard are aided by the existing authoritarian tendencies of most governments and ruling political parties in the region. Indeed, historically, this is precisely the fashion in which Balkan elites had and have deployed nationalism: As a kind of faux social contract, that

² Melik Kaylan: Kremlin Values: Putin's Strategic Conservatism, *World Affairs*, Vol. 177, No. 1, 2014, pp. 9-17.

allows for political mobilization without substantive democratic participation.³ Thus, while the European Union and the U.S. have spent billions of Euros nurturing the emergence of democratic polities, parties, civil societies, a free press, etc. in the Western Balkans since the end of the Yugoslav Wars, Russia's efforts in the region, especially since 2014, have focused on buttressing the existing recalcitrant, reactionary, and anti-democratic tendencies of key local political actors in order to undermine even the faintest possibility of further Euro-Atlantic integration and/or enlargement. And in states where these processes have concluded, such as Croatia,⁴ the aim is to hollow out the polity's substantive linkages with the broader Euro-Atlantic community to the greatest degree possible.

In any case, the above noted distinction between Russia's efforts and those of the EU and U.S. is especially evident if we concentrate on the question of civil society: The local civil society ecosystem in the Western Balkans – ranging from chapters of major international NGOs (non-governmental organizations), local NGOs and activist collectives, think tanks and research institutes – is remarkably robust, especially for the relatively small region. In fact, in the wake of the Yugoslav Wars (1991-2001), the Western Balkans received considerably more development money, per capita, as well as general political attention than much larger polities, such as Iraq and Afghanistan, even if the former faded in international significance after 9/11. Accordingly, the majority of these civil society groups received either regular financing from various Western governments and foundations, or, at the very least, they compete and apply for grants from the same entities. In other words, the famed “donor community” in the Western Balkans, as far as civil society is concerned, is essentially a synonym for the West.

It should be stressed, however, that this is not to suggest that there is no non-donor dependent civil society in the region. There is, but this phenomenon has been, comparatively, delayed in its emergence. Indeed, truly autonomous, large-scale civil society mobilizations, arguably, were not seen in the Western Balkans until the 2010s, and did not begin in earnest until the 2012-2013 and 2014 protests in Slovenia and

Bosnia and Herzegovina, respectively.⁵ While these cannot be, conceptually, entirely divorced from the work done by donor-funded NGOs, one must note that the post-2012 protest wave in the region – presently gripping Serbia, Montenegro, and Albania⁶ – has represented a more existential threat to local regimes than the former. The fall of the Gruevski government in Macedonia in 2017, for instance, was above all the result of grassroots, mass mobilization and civil disobedience. And as the most significant democratic breakthrough in the region since the fall of Slobodan Milošević it represents a clear blueprint⁷ for similar efforts in other states of the region, a fact realized by both insurgent civil society activists and recalcitrant political elites alike.

Having said this, there is clearly no comparable Russian-financed system of “alternative” NGOs or think tanks (any more than there is a genuine grassroots “Russophile” civil society in the region, and certainly not one capable of significant, autonomous political mobilization without direction from Russian intelligence and/or political operatives). This is, of course, not to suggest that such groups do not exist. They do, but their function is quite the opposite of what the pro-democracy groups do, as is their overall size. In short, they serve to undermine rather than promote engaged citizenship in these societies, by peddling an assortment of disinformation, propaganda, and conspiracy theories. Their project is to “refresh” the toxic political and media climate that had developed in the region during and after the 1990s but was, arguably, by the mid-2010s beginning to lapse in potency – a fact that can be observed through the previously mentioned rise in local, grassroots protests' movements during just this period.

Thus, a relatively small number of such organizations, and even individual “analysts”, can (and have) successfully (re)contaminate(d) the region's civil society, policy, and media discourses. And while, as noted, Russia's efforts in this regard are, in many respects, merely an investment in existing phenomena – after all, “fake news” in the Balkans date to the late 1980s at least, with the rise of the

³ *Jasmin Mujanović*: *Hunger and Fury: The Crisis of Democracy in the Balkans*, Hurst Publishers: London, 2018, pp. 1-15.

⁴ *Theodore Karasik*: *If Croatia joins the Eurozone, it would give Russia its greatest weapon in Europe*, EuroNews, January 22, 2019, <https://www.euronews.com/2019/01/22/if-croatia-joins-the-eurozone-it-would-give-russia-its-greatest-weapon-in-europe-view>.

⁵ *Mujanović*, 2018, pp. 131-168.

⁶ *Aida Hadžimusić*: *Dolazi li nam balkansko proljeće?* [Is the Balkan spring coming to us], N1, March 5, 2019, <http://ba.n1info.com/Vijesti/a320048/Dolazi-li-nam-balkansko-proljece.html>.

⁷ *Mujanović, Jasmin*: *Macedonia Has Provided a Blueprint for the Balkans*, *Balkan Insight*, October 20, 2017, <https://balkaninsight.com/2017/10/20/macedonian-has-provided-a-blueprint-for-the-balkans-10-19-2017/?nocache>.

Slobodan Milošević regime⁸ – this approach has nevertheless emerged as an important lifeline for the region’s illiberal and authoritarian regimes, especially in an era of growing social discontent.

Russian Initiatives

Let’s consider a prominent example of such practices: *Katheon*, one of the most popular English-language Russian think tanks – with a pronounced penchant for the writings and followers of the far-right ideologue Aleksandar Dugin. The platform has an expansive collection of writings on the Western Balkans,⁹ with a deep roster of authors who are disproportionately locally based. For instance, one of the authors¹⁰ is also a research fellow¹¹ at the Belgrade-based “Institute for European Studies” (*Institut za evropske studije* / IES), which is funded, in part, by the Serbian Ministry of Education, Science and Technology. Like *Katheon*, the IES too publishes texts on Eurasianism and an assortment of Serbian “patriotic” themes, in addition to more credible texts on EU enlargement. This individual is also a regular on *Russia Today*, the pages of *Sputnik*, as well as a host of other regional media – while the IES boasts about its association not only with the Serbian government, and the Moscow-based Alexander Gorchakov Public Diplomacy Fund, but also about the office of the Konrad Adenauer Stiftung in Belgrade, as well as the Open Society offices in Budapest.

Yet despite these apparent ties to established civil society and academic entities, the individuals and groups are distinct from traditional NGOs, think tanks, and research institutions in that the actual degree of research and analysis they provide is either non-existent or of an extremely limited variety. Ultimately, what they produce, and are meant to produce, are ideological pamphlets of various sorts that legitimate existing illiberal practices by local governments (i.e. by characterizing critics as “Western puppets”, etc.), or Russian strategic aims, especially as concerns undermining the NATO enlargement processes. Indeed, *Katheon*’s texts, while often translated into nearly half a dozen languages and couched as “analyses” and “reports”,

are frequently no more than paranoid, conspiracy-added ravings, despite being authored by individuals with graduate degrees, and seemingly prestigious positions at various regional universities and research centers.

Clearly these individuals, and their organizations, enjoy a remarkable degree of credibility and circulation within the public policy discourse in Serbia. Or, at the very least, they have been seamlessly integrated into institutions that enjoy the support of Western donors. A similar pattern can be observed across the region too, with a rogues’ gallery of “experts” and commentators peddling an assortment of what might be termed “Russian-themed” disinformation,¹² which has in most cases been appended to well-worn local topics (i.e. genocide denial, war crimes apologetics, revisionist accounts of Yugoslavia’s dissolution etc.). And while the views of most of these individuals (i.e. Miroslav Lazanski, Dejan Lučić, Dževad Galijašević, Boris Malagurski, Srđa Trifković, etc.) are often little more than vulgar historical and political revisionism – at times virtually indistinguishable from satire – the essential ingredients of their views are often reproduced, as noted above, in what may otherwise appear to be legitimate academic or policy literature. And inasmuch as they just as often remain limited to regional tabloids, the ubiquitous presence of these in the public sphere makes their rhetoric no less significant.¹³ Indeed, thanks to the proximity of such individuals and groups to both the local regime press (i.e. both the tabloids and the politically-controlled public and private broadcasters) and Moscow’s assorted media operations, their views are widely proliferated, infecting civil society and the public imagination as a whole or, at least, making them so widespread as to create the illusion of legitimacy through the sheer scale of their dissemination.

But academic and policy debates are only one dimension of Russia’s growing sway in the assorted spheres of Western Balkan civil society. Cultural centers, such as Russia’s government-funded “*Russkiy Mir*” institutes for instance – branches of which exist

⁸ Eric D. Gordy: *Culture of Power in Serbia: Nationalism and the Destruction of Alternatives*, The Pennsylvania State University Press: University Park, Pennsylvania, 1999, pp. 61-102.

⁹ “Balkans”, *Katheon*, March 9, 2019, <http://katehon.com/search/node/Balkans>.

¹⁰ Stevan Gajić: *Getting Around the Buffer Zone*, *Katheon*, March 3, 2018, <http://katehon.com/994-getting-around-the-buffer-zone.html>.

¹¹ “Др Стеван Гајић” [Dr Stefan Gajić], *Institut za evropske studije*, <http://www.ies.rs/sr/stevan-gajic/>.

¹² Sophie Eisentraut / Stephanie de Leon: *Propaganda and Disinformation in the Western Balkans: How the EU Can Counter Russia’s Information War*, Konrad Adenauer Stiftung, March 6, 2018, <https://www.kas.de/analysen-und-argumente/detail/-/content/propaganda-and-disinformation-in-the-western-balkans-how-the-eu-can-counter-russia-s-information-war>.

¹³ Florian Bieber / Marko Kmezić: *Media Freedoms in the Western Balkans*, Balkans in Europe Policy Advisory Group, August 2015, <http://www.biepag.eu/wp-content/uploads/2016/10/BIEPAG-Media-Freedom-in-the-Western-Balkans.pdf>.

already or are being opened in Belgrade, Novi Sad, Skopje, Banja Luka, Podgorica, Budva, and Maribor¹⁴ – and which purport to provide students with Russian-language skills and an introduction to Russian culture more broadly, are on the basis of their programming primarily geared towards feeding participants the Kremlin-line on both current events, history, and “politically correct” interpretations of faith, culture, and society. The scholarships these centers promote serve much the same end, only with students relocating to Russia itself for the duration of their studies. Importantly, as analysts of Russia’s influence operations across Eastern Europe have observed, organizations like Russkiy Mir are directly linked to the Kremlin and are, by all accounts, a lynchpin aspect of Moscow’s growing efforts to shape public and policy discussion in Europe, and further afield.¹⁵

Then there are the plethora of *cultural clubs and associations* of various sorts, including those with distinctly *paramilitary bents*. The “Balkan Cossack Army”¹⁶ which was founded in Montenegro in 2016 in the midst of the botched, Russian-sponsored coup against the Podgorica government, the “Srbska Cast” extremist group based out of Serbia, but most famous for their association with the Milorad Dodik regime¹⁷ in Bosnia’s Republika Srpska (RS) entity, as well as local chapters of the “Night Wolves” paramilitary biker¹⁸ gang are in many regards Russia’s most obvious “contribution” to the region’s (un)civil society. These groups exist to supplement concurrent Russian-sponsored militarization and re-armament efforts in the Balkan societies by further inculcating an ethos of the “citizen-soldier” in the public. Recent revelations of child-soldier camps in Serbia, for instance, speak clearly to the proliferation of these practices.

As noted above, this is an obvious way in which indoctrination in “patriotic” or nationalist causes serves to divert public attention from actual concerns with governance and accountability. They also impose a siege mentality on the society which likewise serves to undermine democratic deliberation and debate and promotes strongman politics. And all of this, of course, is virtually identical to the way in which the Milošević regime had dealt with civil society in Serbia and the Belgrade-occupied regions in Croatia, Bosnia, and Kosovo during the 1990s. At its extremes, one might argue that such practices have more in common with the “death cult” propaganda of fascist regimes from the 1930s and 1940s than they do with the focus on governance, democracy, and civic participation promoted by, broadly, liberal and progressive civil society groups funded by the global democratic community.

This proliferation and promotion of martial values is further aided by Moscow’s recent round of *religious projects in the region*, such its donation of a mosaic for Belgrade’s St. Sava Church,¹⁹ the dedication of an Orthodox Church near Čortanovci, Serbia, to Vladimir Putin (informally named “Putin’s Church”),²⁰ and the ongoing construction of a Russian-Serb Orthodox Church and center in Banja Luka.²¹ Indeed, the role of the Orthodox faith is central to Russia’s “soft power” overtures, especially as concerns the emphasis placed by advocates on the intimate relationship between the state and church and, specifically, current ruling regimes and the church. Such initiatives are also complimented by the ongoing “Russification” of the public imagination and space in the region, as evidenced by the 2014 *construction of monuments* to Tsar Nicholas II in Belgrade,²² a smaller version of which was revealed in Banja Luka the same year²³ (a still separate statue of the Tsar was erected near

¹⁴ “Russian Centers of the Russkiy Mir Foundation”, Russkiy Mir Foundation, March 9, 2019, <https://russkiymir.ru/en/rucenter/>.

¹⁵ *Orysia Lutsevych: Agents of the Russian World: Proxy Groups in the Contested Neighbourhood*, Chatham House, April 2016, <https://www.chathamhouse.org/sites/default/files/publications/research/2016-04-14-agents-russian-world-lutsevych.pdf>.

¹⁶ *Robert Coalson: Russia's Friends Form New 'Cossack Army' In Balkans*, Radio Free Europe, October 18, 2016, <https://www.rferl.org/a/balkans-russias-friends-form-new-cossack-army/28061110.html>.

¹⁷ *Julian Borger: Russian-trained mercenaries back Bosnia's Serb separatists*, The Guardian, January 12, 2018, <https://www.theguardian.com/world/2018/jan/12/russian-trained-mercenaries-back-bosnias-serb-separatists>.

¹⁸ *Gordana Knezevic: Putin's Pals, The Night Wolves, Troll Bosnia And The Region*, Radio Free Europe, March 20, 2018, <https://www.rferl.org/a/night-wolves-motorcycle-club-troll-bosnia-region-putin/29111436.html>.

¹⁹ “Lavrov Unveils Russian Mosaic for Serbia's Church of St. Sava”, Radio Free Europe, February 23, 2018, <https://www.rferl.org/a/lavrov-unveils-russian-mosaic-mukhin-serbia-st-sava-temple-orthodox-church-vucic-dacic/29058032.html>.

²⁰ *Dusan Stojanovic: Ahead of visit, Putin gets church in Serbia named after him*, ABC News, January 14, 2019, <https://abcnews.go.com/International/wireStory/ahead-visit-putin-church-serbia-named-60358280>.

²¹ *Danijel Kovacevic: Bosnian Serb Leader Applauds Russian Church's Consecration*, BalkanInsight, September 17, 2018, <https://balkaninsight.com/2018/09/17/construction-of-the-russian-church-in-rs-09-17-2018/>.

²² *Belgrade Gets Statue of Russia's Last Tsar*, BalkanInsight, April 8, 2014, <https://balkaninsight.com/2014/04/08/belgrade-gets-russian-tsar-romanov-statue/>.

²³ *Monument to Tsar and Passion-bearer Nicolas II to be unveiled in Bosnia and Herzegovina*, Pravoslavie, June 20, 2014, <http://www.pravoslavie.ru/71753.html>.

Doboj, in central Bosnia and Herzegovina, in the RS entity, in 2017²⁴). On both occasions, Orthodoxy and Russian imperial and geopolitical strength were conceptually wedded.

This colonization of public spaces is supplemented through the proliferation of *books, magazines, radio and television programs, and online outlets* all devoted to promoting (or “revealing”) Russia’s ties and contributions to the region. The fact that Russia’s actual, historical presence in the Western Balkans is extremely limited is precisely what these efforts and initiatives are intended to obscure. In a way, the absence of such ties becomes precisely the target of Russian influence operations: The popularization of mythologies of Russian-Serb(ian) ties, for instance, that is “proven” primarily through contemporary propaganda efforts, rather the dissemination of actual historical studies or surveys. These practices also actively seek to blur the lines between culture and politics, as evidenced by the attempted visit of Zakhar Prilepin to Bosnia and Herzegovina in August 2018. In the RS regime press, Prilepin was represented as a “Russian writer” due to attend a literary event in Banja Luka, rather than a prominent militia leader in occupied Ukraine. Bosnian authorities barred his entry, prompting sharp protests from the Russian embassy and the Dodik government.²⁵

Conclusions

While the aforementioned is necessarily a scattershot overview of a complex issue, the point is two-fold: *First*, none of these Russian-sponsored efforts has as its aim anything even vaguely approximating the advancement of good governance or the vibrancy and autonomy of civil society in the Western Balkans. Instead, the aim, as discussed, is the strengthening of existing authoritarian tendencies in the region, and the construction of new ideological architectures for the regimes to legitimize their grip on power in an era of growing social antagonism and dissatisfaction.

Second, this deliberate toxification of the region’s civil society is part of a comprehensive foreign policy strategy on the part of the Kremlin to undermine Euro-Atlantic enlargement processes in the Western Balkans, as well as local democratic governance as such. Fundamentally, Russia’s aims and activities in

the Western Balkans are rooted in the pursuit of its own foreign policy and hard power aims, in which the interests (or, for that matter, the “fraternity”) of Balkan polities and peoples are a distant afterthought, if they exist at all. The central concern of Moscow’s foreign policy, in this respect, concentrates on halting NATO enlargement in the Western Balkans. This is why most of its post-2014 engagement in the region has concentrated on what were, at the time, all still non-NATO states: Serbia, Bosnia and Herzegovina, Montenegro, and Macedonia. Since Montenegro joined the alliance in 2016, and (now) North Macedonia appears set to follow shortly, the future of Russian strategic efforts in the Western Balkans appears set to concentrate on Serbia and Bosnia and Herzegovina, especially the latter. After all, while Belgrade has been explicit in its refusal to pursue NATO membership, Sarajevo continues to nurture an Atlantic perspective – notwithstanding the opposition of the Dodik regime in the RS. Since the activation of Bosnia and Herzegovina’s Membership Action Plan (MAP) in late 2018, the prospect of NATO membership for Sarajevo has become still more plausible, if still distant. Given its track record in both Montenegro and North Macedonia, Moscow is unlikely to passively observe as the Bosnians deepen their links to the Atlantic community.

Accordingly, the Kremlin must be recognized as a credible threat to both the stability and security of local polities and the EU in its entirety. Russia in the Western Balkans is no mere spoiler, it is an adversary, and its efforts must be countered if a genuine European and Atlantic perspective is to remain a credible objective of the EU, U.S. and other allied powers in the region. The longer the former delay in recognizing and countering Moscow as a malign, adversarial threat to already vulnerable Southeast European polities, the more difficult and painful the inevitable realization of as much will be. Worse, at that point, there are certain to be few good options left to deal with Russia or its regional proxies and their respective activities.

²⁴ Monument to Tsar Nicholas II erected in Bosnia and Herzegovina, Orthodox Christianity, October 2, 2017, <http://orthochristian.com/106780.html>.

²⁵ Russia 'Disappointed' After Bosnia Denies Entry to Writer, Citing Security Concerns, Radio Free Europe, August 23, 2018, <https://www.rferl.org/a/bosnia-denies-entry-to-prilepin/29449981.html>.

How Russia influences Media in Serbia and consequently Public Opinion

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Abstract: In spite of all the political, diplomatic and financial engagements of the West, Russia has burrowed itself deep into the consciousness of the Serbs with extremely positive signs. Moscow's preferred instrument for this influence is its foreign media, such as 'Sputnik' or RT (formerly Russia Today), which are also strongly spread via social media channels. This influence was able to create a virtual reality among the majority of Serbs, in which Russia is a close friend and benefactor, while the West is a potential enemy. According to this view, Washington and Brussels do not plan anything good for the Balkan region but treat it as a subordinate figure in the world political power game, if the European Union, in particular, does not oppose this Russian influence. *The text has been completed in May 2019.*

The media landscape in Serbia

One can only understand the influences of Russian media in Serbia, their interaction with outlets there and finally the effects of these inputs if one takes a look at the media landscape of this central Balkan state. Radio Televizija Srbija (RTS)¹ is a dominant player in the television market. In the same league plays the most important private TV Company 'Pink'.² Free to receive via antenna are the private stations 'Prva'³ and 'Happy'⁴. Each of these national channels is fully based on the official government line. The all-dominant President Aleksandar Vučić can, at any time, interrupt popular programs such as reality formats to address the population. On the cable networks, the state-owned Telekom has purchased numerous channels at fantasy prices in recent months. The only established critically independent TV station is 'N1' with broadcasting centres in Belgrade, Sarajevo, and Zagreb.⁵ The station, owned by foreign investors,⁶ is regularly criticised and ridiculed by leading Serbian politicians as American or foreign television with anti-Serbian interests.⁷

The print sector is also subject to dominant state control. The newspaper 'Večernje 'Novosti'', which ranks among the four largest papers in the country⁸, is managed by the state in an opaque ownership situation. For almost two years, the government has been using Milorad Vučelić⁹ as its publisher. The 70-

year-old was once one of the deputies of Serbian President Slobodan Milošević in the Socialist Party (SPS). In the 1990s, he headed the propaganda apparatus of the autocratically ruling war politician, and between 1993 and 1997, he was the badly defamed general director of the state television, RTS. He founded the nationalist *Hetzblatt* 'Pečat'¹⁰, which he still runs today. Vučelić has transformed 'Novosti' today into the spearhead of Serbian-Russian friendship and brotherhood, bringing reports and stories about many issues in a style such as "Russians who changed Serbia" and "The Foundations of Serbian-Russian Friendship". These contributions support a variety of conspiracy theories against the Serbs or fuel nationalist positions with articles such as "Albanian tyranny has lasted 550 years" with questionable or even meaningless "sources".

The oldest newspaper on the Balkan Peninsula is the renowned 'Politika'.¹¹ Here, too, the state, as the owner, exercises power in terms of personnel and content. The tabloid newspaper 'Informer'¹² is a start-up. Under Dragan Vučićević, its chief editor it is regarded as the mouthpiece of the Serbian government and, above all, of President Vučić. The head of state had repeatedly praised Vučićević as an exemplary journalist. 'Informer' sees his main task to support Vučić and denigrate his opponents. Also, the European Union and the USA are accused in ever new conspiracy theories of "wanting to overthrow President Vučić". Similar to 'Informer', the tabloids 'Srpski telegraf'¹³ and 'Alo!'¹⁴ also pursue the goal to strengthen Vučić by all means at their disposal and

¹ <http://www.rts.rs/>.

² <http://www.rtvPink.com/>.

³ <https://www.prva.rs/>.

⁴ <http://www.happytv.tv/>.

⁵ <http://n1info.com/>.

⁶ <https://united.group/>.

⁷ A brief analysis of the TV market in Serbia also by Reporters without Borders: <https://serbia.mom-rsf.org/en/media/tv/>.

⁸ <http://www.novosti.rs/>.

⁹ His Homepage: <http://www.miloradvucelic.com/>.

¹⁰ <http://www.pecat.co.rs/>.

¹¹ <http://www.Politika.rs/>.

¹² <https://Informer.rs/>.

¹³ <https://www.telegraf.rs/>.

¹⁴ <https://www.alo.rs/>.

downright denigrating their political opponents. The network of journalists investigating crime and corruption has counted no less than 700 obvious fake news items on the covers of these three tabloids last year.¹⁵ The tabloid 'Kurir'¹⁶ has twice tried in recent years to evade government control. It had publicly denounced censorship, published extremely critical reports and swore to report independently in future on the many affairs and criminal machinations at the head of state, economy and society. Twice the state succeeded in threatening the economic existence of 'Kurir' with reprisals from lawyers, the secret service, or tax authorities. Both times the newspaper folded and returned to the official propaganda line.¹⁷

A moderate voice in the Serbian print spectrum is the high-circulation daily newspaper 'Blic'.¹⁸ Founded in 1996, the paper belongs to the Swiss-German publishing group Ringier Axel Springer. The economic success and the non-political line of this newspaper stands in the foreground. 'Blic' is moderate, being sometimes in one, then in the other political camp, without really "stepping on someone's feet". Therefore, the reader does not know the publishing positions of this paper.

Consequently, it regularly gives the floor to commentators who represent diametrically opposed positions, leaving the reader at a loss. Since 'Blic' is usually on a government line its advertising and supplement business is flourishing. The only thing that can be described as clearly independent is the daily newspaper 'Danas'¹⁹, which is also financed from abroad. However, this only comes as a mini edition with a few thousand copies, so that its effect among the wider public is very limited.

The venerable former communist news agency 'Tanjug'²⁰ is a mystery for both domestic and foreign observers. The state agency was actually liquidated as a company in November 2015 because it was supposedly no longer needed. Nevertheless, it is still kept alive with state financial injections and is once again an important source of all media in the country.

Starting Position

An examination of the Serbian media landscape makes it clear that practically all-important and

influential print and TV media are under strict state control. This control is secured with the help of the state apparatus. The judicial, tax and building authorities turn a blind eye to compliant media and make life difficult or – as in the case of the 'Kurir' newspaper – even impossible for critical publishers. However, the most powerful means of discipline is advertising. Because all advertising is controlled by Vučić henchmen, only the system-compliant media can enjoy advertisements and supplements from large department stores or brochures from other companies. Cities and municipalities, as well as state enterprises, also support the "right" media with advertisements, colourful multi-page supplements, or sponsor contracts. Critical voices such as the newspaper *Danas* appear practically without advertisements and are, thus, punished for their editorial positions. To disguise these economic and political dependencies of almost all the media, their ownership structures usually remain unknown to the public. As a rule, the owners of the media are oligarchs close to the state. Often the state even provides loans from banks close to the state to ensure that people from the overpowering ruling Serbian Progressive Party (SNS) are provided with loans to buy media, especially at the local or regional level, and, thus, bring them into line.

Without advertising or credit, most media are not viable because their print runs are comparatively small. Also, the purchase prices are also low by Serbian standards. A newspaper costs between 45 dinars (38 cents) like 'Novosti' and 'Kurir', over 30 dinars (25 cents) like 'Alo!' and 'Srpski telegraf' up to 25 dinars (21 cents) for an edition of 'Informer'. No wonder 'Informer' claims it has the highest circulation in the country. Private media are often brought into line through generous credit allocations and tax rebates, especially for the largest TV station, 'Pink'. 'Pink' owner Željko Mitrović (51) was one of the most important media supporters of the Milošević family in the 1990s. According to reports that are difficult to verify, he is said to have paid his enormous tax debts with public money and received government money to invest in his media empire.²¹ Also the allegedly criminal machinations of the Mitrović family are said to have been hushed up by the authorities. In return, Mitrović and its station are ardent propagandists, especially for Vučić. He can have even the most popular programs moved at any time to address the citizens. Opposition critics also have their say,

¹⁵ <https://www.raskrikavanje.rs/page.php?id=346>.

¹⁶ <https://www.kurir.rs/>.

¹⁷ *Thomas Brey: Russische Medienmacht und Revisionismus in Serbien [Russian Media Power and Revisionism in Serbia], Südosteuropa Mitteilungen 04 / 2018, p. 32.*

¹⁸ <https://www.'Blic'.rs/>.

¹⁹ <https://danas.rs>.

²⁰ <http://www.tanjug.rs/>.

²¹ See also the presentation of the government critical disclosure platform Ricochet: <http://ricochetspecial.com/dosije-mitrovic-6-zeljko-mitrovic-narodnim-parama-iz-budzeta-platio-porez/>.

especially on the 'Pink' programs, while appearances from Vučić critics are impossible.

Independent journalism like that in Europe or the USA is therefore largely unknown in Serbia. As in old communist times, the media function again as transmission belts. Journalists are degraded to technical assistants who bring the given content into the right journalistic form. The copy-paste technique leads to media content which often appears to be very bureaucratic, formalistic, and excessively long. This format is not very user-friendly, and it often obscures the true content of the texts or the topics they cover. Journalists work from the political leashes of their publishers and also from politicians. It is documented how Vučić intervenes directly in the editorial offices to publish the correct content. There is evidence from the affected top journalists that they were regularly part of the campaign team for Vučić and its all-powerful SNS. Against this background, it is understandable that there is hardly any serious journalism training in the country. Some of these courses are offered by private universities, where people teach who are very close to the machinery of power.

As an important result, the foundations of journalistic craftsmanship are unknown or are disregarded. Doubtful sources and distortions of the facts are the order of the day. Photos do not fit into the texts, against the separation of message and comment is offended continuously. Journalists often don't have their readers/listeners in mind but want to prove their own brilliance and intellect through lengthy texts. Less customer-oriented reporting leads consumers to avoid this complicated political reporting.

Sputnik' in the Serbian language

The news agency 'Sputnik' was founded in November 2014 by order of the Russian President Vladimir Putin as a subsidiary of the media group 'Rossiya Segodnja' and today distributes its articles in more than 30 languages.²² It openly states that its work aims to disseminate the Russian view of things to the world. It is claimed that it reports that the so-called mainstream media keep quiet about in cronyism with politics. "Telling the untold" is the 'Sputnik' motto. The 'Sputnik' service is also provided free of charge in Serbian. The contents are usually supported by the

²² On the self-image of the agency: "There is no such thing as objective journalism". Interview with Rossija Segodnja Director Andrej Ivanovskij: <https://userpage.fu-berlin.de/melab/wordpress/?p=7590>.

official Belgrade. Prominent Serbian journalists and politicians are in great demand as Sputnik's discussion partners. For years, a well-rehearsed interaction between almost all Serbian media and 'Sputnik' has been evident: 'Sputnik' quotes Serbian media and experts. This information is then undertaken without comment by the Serbian media, often deleting the original source and naming 'Sputnik' alone as the source of the news. 'Sputnik' serves the Serbian media as an exclusive source for Russian foreign policy. For example, Russian positions in the Syrian civil war are adopted one-to-one as facts. But 'Sputnik' also regularly serves Serbian media as an amplifier of Russian-Serbian friendship. At the same time, 'Sputnik' functions as a "documentarian" that Moscow is Serbia's closest and most reliable ally (e.g. in Kosovo, Bosnia and Herzegovina, Montenegro or Croatia).

This example shows how deeply 'Sputnik' is already immersed in the Serbian media scene and how this agency penetrates this scene and dominates it on some topics. On 11 January 2019, the agency quoted the Russian Foreign Ministry spokeswoman Marija Zaharova as saying "Yugoslavia is one of the victims of American interference in internal affairs".²³ It argues for the well-known thesis that the arbitrary interference of the USA had brought about the end of the multi-ethnic state in the 1990s. This interference is also the blueprint for American intervention in Iraq and Syria. This news was flanked by an interview with the former Montenegrin politician and Milošević-trustee Momir Bulatović with the provocative title "Will NATO again bomb the Serbs?"²⁴ These representations were reproduced by dozens of Serbian media on the same day and at minute intervals without commentary. Among them were the state television RTS and its offshoot RTV in the province Vojvodina²⁵, the Belgrade news portal 'B92'²⁶, the big newspaper 'Novosti'²⁷, the newspapers 'Kurir'²⁸, 'Informer'²⁹, the information

²³ <https://rs-lat.sputniknews.com/rusija/201901111118460581-jugoslavija-jedna-od-zrtava-americkog-mesanja/>.

²⁴ <https://rs-lat.sputniknews.com/komentari/201812131118156746-nato-kosovo-srbi-bombardovanje/>.

²⁵ <http://www.rts.rs/page/stories/sr/story/10/svet/3384186/zaharova-i-srj-bila-zrtva-mesanja-sad-u-unutrasnja-pitanja.html>.

²⁶ https://www.b92.net/info/vesti/index.php?yyyy=2019&mm=01&dd=11&nav_category=78&nav_id=1491837.

²⁷ <http://www.novosti.rs/vesti/planeta.299.html:770915-Zaharova-SRJ-medju-zrtvama-mesanja-SAD-u-unutrasnja-pitanja>.

²⁸ <https://www.kurir.rs/planeta/3187663/zaharova-objasnila-i-srj-je-bila-zrtva-mesanja-sad-u-unutrasnja-pitanja-video>.

portals 'Vesti'³⁰ and 'Srbin.info'³¹, the important newspaper 'Blic'³², the title 'Pravda'³³, as well as the Serbian-Bosnian newspaper 'Glas srpske'³⁴ and the most important Bosnian newspaper in Sarajevo, 'Avaz'³⁵, to name only some.

Goals of Sputnik

The long-term evaluation of Sputnik reporting reveals these goals:

- Explanation of Russian foreign policy to achieve understanding and agreement, for example on issues such as Ukraine/Crimea, energy policy, Syria war. "Why the political West is falling apart", writes 'Sputnik' last summer and why "the East is cooperating more and more intensively".³⁶ Or at the same time: "The last message of the EU to the Balkans – hope not in vain" with the alleged lack of opportunities to ever join the Union.³⁷ The statements are hair-raising and are based on the following statements: "Violation of international law in Kosovo: 'Berlin stirs up war in the Balkans' – 'Sputnik' Exclusive".³⁸ In December 2017, the sensational 'Sputnik' headline also attracted great attention in the Serbian media: "The German empire is rising. What if it turns its back on the United States?"³⁹
- "Proof" that Russian weapons technology is vastly superior to Western military technology, as in the case of the helicopter carrier "Mistral", which was not gelled by France because of sanctions. "Russia is

developing the new cruise missile 'Kalibar M'" was Sputnik's headline in January 2019.⁴⁰ For example, the high-circulation newspaper 'Informer' took over this story.⁴¹ Or the hype in Serbian newspapers in February/March 2019 about the alleged new super-rocket "Cirkon", which supposedly makes NATO and even the USA feel horrified.⁴² The most recent example is the "Super Destroyer" Leader, which is hailed by the 'Kurir' newspaper as a hymn.⁴³

- proof of the superiority of the Russian state, social and economic system.

Influence on the countries of former Yugoslavia

- Sowing discord and playing or reinforcing contrasts such as between Serbs and Croats, Albanians and Serbs, Montenegrins and Serbs. For example, 'Sputnik' has for many years supported the opposition in Montenegro (of which the Serbs are by far the largest group) against the current President Milo Đukanović, who has dominated everything for almost three decades. On 9 March 2019, the agency made public what was actually a regional event across all borders: a car with an anti-Đukanović poster appeared in the Montenegrin capital Podgorica.⁴⁴ The news spread like wildfire also in Serbian media.⁴⁵ Of course, 'Sputnik' also unilaterally supports the Serbian position in the conflict with Kosovo, which is almost exclusively inhabited by Albanians. "Moscow: The cover-up of the [Albanian, Th.B.] crimes in Kosovo is unacceptable", was, for example, a headline on 14 February 2019.⁴⁶ Of course such a report is taken over by Serbian media with joy one to one.⁴⁷

²⁹ <https://Informer.rs/vesti/Politika/415807/zaharova-brutalno-potkacila-vasingtion-jugoslavija-bila-zrtva-americkog-mesanja-unutrasnja-pitanja-zemlje>.

³⁰ <https://www.vesti.rs/Vesti/Zaharova-SRJ-bila-zrtva-mesanja-SAD-u-unutrasnja-pitanja.html>.

³¹ <https://srbin.info/2019/01/11/zaharova-jugoslavija-jedna-od-zrtava-americkog-mesanja-u-unutrasnja-pitanja/?lang=lat>.

³² <https://www.Blic.rs/vesti/Politika/zaharova-optuzuje-i-jugoslavija-je-bila-zrtva-americkog-mesanja-u-unutrasnja-pitanja/6s30ndw>.

³³ <https://www.pravda.rs/lat/2019/1/11/zaharova-srj-medju-zrtvama-mesanja-sad-u-unutrasnja-pitanja-tako-su-opravdavali-hirosimu/>.

³⁴ <https://www.glassrpske.com/novosti/region/Zaharova-Jugoslavija-jedna-od-zrtava-americkog-mijesanja-u-unutrasnja-pitanja/lat/276765.html>.

³⁵ <https://avaz.ba/globus/svijet/448368/zaharova-jugoslavija-je-bila-zrtva-mijesanja-sad-u-unutrasnja-pitanja>.

³⁶ https://rs.sputniknews.com/radio_novi_sputnjik_poredak/20180622116119082-poredak-zasto-se-raspada-politicki-zapad/.

³⁷ <https://naslovi.net/cir/2018-06-28/b92/poslednja-poruka-eu-balkanu-ne-nadajte-se-uludo/21884882>.

³⁸ <https://de.sputniknews.com/exklusiv/20181227323426335-kosovo-eskalation-deutsche-beteiligung/>

³⁹ For example B92:

https://www.b92.net/info/vesti/index.php?yyyy=2017&mm=12&d=07&nav_category=78&nav_id=1333381.

⁴⁰ <https://rs-lat.sputniknews.com/rusija/201901081118422945-Rusija-kalibar-1/>.

⁴¹ <https://Informer.rs/vesti/svet/415387/video-neverica-nato-rusija-pravi-novu-krstarecu-raketu-kalibar-veca-prethodne-imateci-dolet-nosi-tonu-eksploziva>.

⁴² For example:

<http://www.novosti.rs/vesti/planeta.299.html:778591-RUSKA-RAKETA-SEJE-STRAH-Putinov-ubica-nosaca-aviona>.

⁴³ <https://www.kurir.rs/planeta/3214399/rusi-završili-projekt-za-super-razarac-lider-ce-nositi-100-hipersonicnih-raketa-i-kostati-134-milijarde-evra-video>.

⁴⁴ <https://rs-lat.sputniknews.com/regioni/201903091119088584-Milo-Djukanovic-diktator/>.

⁴⁵ Example from B92

https://www.b92.net/info/vesti/index.php?yyyy=2019&mm=03&d=09&nav_category=167&nav_id=1515107 and the big newspaper 'Blic': <https://www.Blic.rs/vesti/svet/stop-kraj-poslednjeg-diktatora-podgoricom-kruzi-vozilo-sa-ostrom-porukom-za-mila/ndq5ls4>.

⁴⁶ <https://rs-lat.sputniknews.com/rusija/201902141118849525-rusija-kosovo-trgovina-organima-/>.

⁴⁷ Like for example Kurir:

<https://www.kurir.rs/vesti/Politika/3205715/moskva-zataskavanje-zlocina-na-kosovu-je-neprihvatljivo>.

- Preventing the rapprochement of Yugoslav successor states to Euro-Atlantic structures, such as most recently in Montenegro (a NATO member since 2017) or North Macedonia's imminent accession to NATO, including the start of EU accession negotiations. This was a rhetorical headline from 'Sputnik' last May: "Western Balkans and the EU – Who will exist longer?"⁴⁸ The contribution was broadcast by Belgrade radio station 'Studio B' on the evening of its release.⁴⁹

- "Proof" that close economic cooperation with Russia (e.g. in energy supply, in the rescue of insolvent companies such as the Croatian Agrokor or the banking sector) is more useful for the Yugoslav successor states than cooperation with "the West".

Cover pages of newspapers in examples

- 'Srpski telegraph' of 25 November 2018: "The new world order begins. Putin smashes the EU and NATO."⁵⁰
- 'Informer' of 10 January 2019: "NATO creates a Greater Albania."⁵¹
- 'Informer' of 14 December 2018: "New terrible provocation: NATO threatens war. KFOR soldiers yesterday practised an action to take away North Kosovo."⁵²



Effects of one-sided media coverage in Serbia

- Increasing scepticism of the population towards the EU: In July 2018, only 46.5% were still in favour of joining the Union. 61%, on the other hand, "welcome a union with Russia".

- The EU and the USA provided Serbia with four billion Euros in donations between 2001 and 2016. The corresponding donations from Russia tended towards zero. In its perception, however, the population perceives Russia as the greatest financial benefactor.

- Sympathy and admiration for the Hungarian head of government Viktor Orbán, because his model of "illiberal democracy" with the elimination of Non-Governmental Organizations (NGOs), the manipulation of science and the control of the media is the great role model for the Serbian President Vučić. As you know, Russia's Putin, in turn, serves Orbán as a blueprint for the style of government.

⁴⁸

https://rs.sputniknews.com/radio_novi_sputnjik_poredak/201805181115644569-samit-u-sofiji/.

⁴⁹ Sputnik from January 1, 2019: "Sberbank sells Agrokor. And what about Merkator?"

<https://rs.sputniknews.com/regioni/201901241118634329-sberbanka-agrokor-merkator-prodaja/>.

⁵⁰ <https://www.telegraf.rs/vesti/2459500-naslovne-strane-sutrasnjih-novina-prelistavanje-stampe-za-15-novembar-2016-godine>.

⁵¹ <https://informer.rs/stampano-izdanje/1230/2019-01-10>.

⁵² <https://informer.rs/stampano-izdanje/1210/2018-12-14>.

- Belgrade joins forces with Republika Srpska in Bosnia and Herzegovina against the explicit will of the USA and the EU: financial aid (EUR 22 million in 2018 according to Serbia's Prime Minister Ana Brnabić), a joint program to protect Serbs in the Diaspora, joint school curricula.
- Increased tensions with Croatia, Bosnia and Herzegovina, Montenegro, and Kosovo. An important role is played by the Serbian Orthodox Church, which is supported by the Moscow Patriarchate.

Recommendations

- If Brussels and Washington do not oppose these Russian influences, Serbia and other states in the region will increasingly turn to Moscow.
- The EU's previous financial support for the fragmented NGO scene has had little impact on the media sector.
- The critical domestic media NGOs are exclusively focused on investigative journalism to uncover abuses, mistakes and corruption of rulers.
- This one-sided political connotation is not transported to the citizens and triggers defence mechanisms among politicians: The NGO results are ridiculed and hushed up.
- More successful would be daily updated offers directly to the citizens in the social media sector. The propaganda that often stands on shaky ground because of a lack of plausibility and logic could be counteracted in this way.
- The communication channels would be Facebook, Twitter, Instagram, YouTube, Blogs.
- The resources and experiences of Deutsche Welle could be used as reinforcement.
- More active involvement "of the West" through corresponding journalistic institutions in the Southeast European media landscapes. And finally, cancellation of the conference tourism, which has been popular for many years, but has ultimately, been ineffective.

Bosnia Faces Growing Russian Influence

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Abstract: The weakening of the U.S. and then the EU influence in Bosnia and Herzegovina (BiH) has opened space which Russia, Turkey, China, the Gulf States and Iran have used to establish or re-establish their links with country's ethnic leaders. While the growing presence of these foreign actors can also be seen in the rest of the region, in BiH these conflicting influences intertwine with divergent interests of different local political actors, thus, further increasing its negative impact.

For this reason, foreign influences in BiH have much greater impact and run greater risk of causing tensions and incidents, than in the rest of the Balkans. Russian presence in BiH is almost exclusively linked with Bosnian Serb leadership, where both sides have political benefits from this marriage; Russian support is one of the main pillars of power of the Bosnian Serb strongman Milorad Dodik, while Russia can use Dodik and Republika Srpska to make life difficult for Western powers in their global game. This support comes relatively cheap for Russia, which invests very little money or efforts into maintaining this relationship. While the EU still remains the preferred option for majority of citizens, and EU membership remains the only safe option for the gradual stabilisation and transformation of BiH, the continued aloofness from the EU in the Balkans will enable the further strengthening of Russian and other influences. *The text was completed at the end of April 2019.*

Bosnia Faces Growing Russian Influence

In the absence of a realistic EU enlargement perspective, all of the Balkans are facing growing foreign influences, particularly Russian and Chinese influences, experts warn.

Although several months have already passed since Bosnia's general elections, which were held in October 2018, the establishment of the state and several other levels of the government remain blocked by endless clashes from politicians and zero-sum games.

Among other issues, the main problem blocking the establishment of the state government – the Council of Ministers – is the fact that Bosnian Serb ministers in the outgoing state government have been rejecting the 2019 Annual National Program – the last step for the activation of Bosnia's Membership Action Plan (MAP) in NATO.

At the same time, the Bosniak and Croat members of the presidency Šefik Džaferović and Željko Komšić have been rejecting the nomination of a new state Premier-designate – who-- according to Bosnia's usual principle of ethnic rotation is supposed to be nominated by the Serb parties – until the MAP is activated, thus, creating yet another political deadlock in the country.

Although even NATO officials stated in the past that Bosnia would need many years and many reforms to be considered a serious potential NATO member, even a small step in that direction – such as the activation of the MAP, which is a new list of reforms

which dysfunctional local politicians would probably botch – is being rejected by the political representatives of Bosnia's Serb-dominated entity of Republika Srpska (RS). RS leadership, which is increasingly seen as close to Russia, has, in the past, declared they would insist on Bosnia's military neutrality. This position was repeatedly reiterated by Bosnian Serb strongman and the Serb member of the state presidency, Milorad Dodik.

This problem is one of the latest examples of how Bosnia is becoming increasingly torn among Western, Russian, Turkish, Chinese and other influences.

Some experts and officials warn that after the recent political breakthrough in relations between Macedonia and Greece, over their prolonged name dispute doors have opened for North Macedonia's membership in the Alliance, Russia may further strengthen and radicalise its positions in the remaining non-NATO countries in the region, Bosnia as well as Serbia, and Kosovo.

For a better understanding of the origins, the current status and possible future developments regarding Russian influence in Bosnia, one need to better understand the origins of this development as well as the local, regional and global context.

History of close ties between Russians and Serbs

The Russian presence in Bosnia, just like in Serbia, is carried out exclusively through Russian links with Serbs.

- Many Serbs – both in Serbia and Bosnia – historically see Russia as their ally. These feelings are based on the massive migration of Serbs to Russia during the Ottoman invasion of Serbia in the 14th century, as well as a similar migration of Russians to Serbia and the rest of the Balkans following the October revolution in 1917.

- Following World War II, the then- Soviet Union tried to establish its influence over then Communist Yugoslavia – like in the rest of Eastern Europe – but this move was strongly rebuffed by Josip Broz Tito, the late Yugoslav leader, who insisted on keeping the country non-aligned, neither with nor against either the Eastern or Western bloc, yet at the same time close to both of them.

- In more recent history, especially since the dissolution of the Soviet Union in December 1991, Russia did not play a significant role in Bosnia or Balkan politics until after the early 2000s. The first sign of growing Russian engagement in Bosnia took place in February 2007, when Russia's state oil company Zarubezhneft purchased majority stakes in the oil refinery Brod, the motor oil plant, Modrica, and the fuel retailer Petrol – all located in Republika Srpska.

- Russia grew frustrated over American positions in the Balkans after the U.S. supported Kosovo's 2008 declaration of independence, and especially after the international debate about the status of Kosovo was moved from the United Nation Security Council to the EU-led dialogue between Kosovo and Serbia in 2011, thus, circumventing Russian participation.

- Russia strengthened its global and regional positions even further after President Vladimir Putin came to power in 2012. In November 2014, Russia abstained from voting for the regular annual extension of the mandate of the EU-led peacekeeping mission in Bosnia and Herzegovina (BiH), "Althea," in the UN Security Council, which was seen by the West as Russia's first serious signal suggesting that this country could play a stronger and much more negative role in Bosnia.

Russia uses Bosnia to play "hot and cold game" with the West

In subsequent years, Russia played a "hot and cold" game with the West, sometimes softening and then hardening its positions in Bosnia. These often-inconsistent positions changed mostly depending on the current state of play with the West, proving that the Russian main strategic focus was on the global

political scene and that Bosnia and the Balkans were only some of the cards it played in the global chess match.

In 2016, Russia supported another controversial referendum initiative coming from RS strongman, Milorad Dodik, – the one on the Day of Republika Srpska – which led to RS holding this referendum despite strong opposition from the West and even Serbia. This development showed the extent of Russian influence – as well as "spoiler capacity" – in Bosnia.

However, so far Russia appeared to be careful in exercising that spoiler capacity. A few weeks after the 2016 RS referendum, Russia made an obvious effort to calm Dodik down as he continued hardening his positions and rhetoric and because many feared he could hold another referendum, about secession of RS from the rest of Bosnia. According to several Bosnian Serb sources, Dodik received a clear message from Kremlin to "calm down" which was validated in December 2016 after Russia signed up to the joint communiqués of the Peace Implementation Council (PIC) – the ad-hoc body made of countries and international organizations overseeing the work of Bosnia's Office of the High Representative (OHR) – which for the first time ever publicly stated that neither of Bosnia's two entities have the right of secession. The same statement was reiterated in the PIC communiqué in June 2018 – just ahead of Bosnia's October general elections.

While the U.S. and some other Western and local officials and media still occasionally complain against the Russian "maligning" influence in Bosnia and the rest of the Balkans, some European diplomats and local experts admit that Russia could be much bigger "spoiler" than it is today, and that through its links with Dodik, it could easily, quickly and seriously destabilise BiH, if it wanted to do so. They also agree that the Russian potential for the destabilisation of Balks considerably surpasses the EU or the U.S.'s current stabilising capacity in the region.

Russia has also been occasionally accused of supporting fake news media and paramilitary troops in the RS, as well as interfering with Bosnia's elections. However, little evidence has been found so far to validate these claims besides the obvious and quite public support of Russian leadership for Dodik, whom they regularly meet just ahead of the elections.

Different Russian sources confirm that Russia has neither a specific strategy in Bosnia and the rest of

the Balkans, nor any particular strategic interest in the region, but that it mostly wants to keep the *status quo* until it resolves its relations, primarily with the EU but also with the new U.S. leadership, which under President Donald Trump, seems to be much more pragmatic and open towards the eventual rapprochement between the two countries. These sources also said that Serbia remains Russia's main focus in the Balkans, but added that Moscow – just as well as Washington – do not trust in intentions and positions of Serbian President Aleksandar Vučić, and – unlike the West – find Dodik to be a more reliable partner.

Western diplomats, however, have recently noted a new hardening of Russian positions in Bosnia, including the Russian rejection of the entire PIC communiqués after the latest PIC meeting in December 2018, as well as the strong reaction of the Russian embassy in January 2019, after Bakir Izetbegović, the leader of Bosniak main national Party of Democratic Action, SDA, threatened to challenge the constitutionality of the name of Republika Srpska.

Conclusion

Experts agree that Russia is much better at playing "Balkan political games" than the EU or the U.S. and thanks to that, as well as thanks to the gradual weakening of the EU perspective in Bosnia, it has managed to "fill the EU vacuum" and establish its strong influence with minimum investments. While there are different views among local and international experts and officials on how "maligning" the Russian influence truly is, there is also a general consensus that Russia has a much greater spoiler capacity which, for the time being, it is not using. There are concerns, however, that in response to its diplomatic defeats in Montenegro and recently in Macedonia, Russia could harden its positions in Serbia, Kosovo and Bosnia. The recent hardening of positions from Russian diplomats in Bosnia when dealing with their Western colleagues is seen as the first sign of that possible policy shift.

Night Wolves in sheep's clothing: PR asset or a paramilitary tool?

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Abstract: The Night Wolves is one of the best-known and best mediatised Kremlin-proxy organisations that enable the "outsourcing" of some of its activities. Most notably because they want to be known they operate deliberately in a highly spectacular manner. While the organisation has strong financial backing and is known for its paramilitary activities as well, its most important asset, especially when it comes to exercising Russia's soft and "sharp" power in the West, is its PR value. It promotes the expansionist agenda and values of the Russian Federation, helps build Putin's image as a "tough guy", provokes public debates and deepens controversies, tests political players and states, and helps Putin's proxies by expressing support for them. In the near abroad (especially Ukraine) their paramilitary and direct military role is more important. The role of the Night Wolves in the Western Balkans, where the West's clout is much weaker, is between the near abroad and the West: they are not only a PR tool, but an important hybrid warfare asset as well. *The paper has been completed in August 2019.*

Activities of the Night Wolves

Amid the Moscow protests and the brutal crackdown of its participants in August 2019, Vladimir Putin had better things to do than stay in the Russian capital. He was rather busy riding on a huge motorcycle through the Crimea in a leather jacket, accompanied by Alexander Zaldostanov, the leader of the Night Wolves, the best-known biker, and Crimean "official" in Russia. He was celebrating the 10th anniversary of the so-called Shadow of Babylon international bike show, first organised by the Night Wolves in 2009. Putin was riding together with the "Head of Crimea", Sergei Aksyonov and the "Acting Governor of Sevastopol", Mikhail Razvozhayev.¹

The message was fourfold. First, it said, Putin does not care too much about such irrelevant demonstrations – but it shows a contrast at the same time. In his short speech at the event, Putin highlighted that "*I am very pleased that these courageous and cool people serve as role models for youngsters in our country, showing them the right attitude towards Russia*".² Second, he reminded Russians that he gave Crimea back to Russia – fitting into Putin's general strategy of turning to geopolitical conflicts in times of domestic political turmoil. In line with that strategy, this visit also aimed to provoke the diplomatic controversies that predictably followed

Putin's visit to Crimea, with both Ukrainian and U.S. officials expressing official concerns.³ Thirdly, it conveyed the message that the Russian President is still strong, young, macho and cool. But fourth, it has also sent a hidden message to the protestors: pro-Kremlin "civic" groups can be used in the future against the protestors as well. Note that the head of the Night Wolves was participating in establishing an "Anti-Maidan" political platform in 2015⁴, and he even wanted to call it the "Death to the Faggots" movement.⁵

The Night Wolves are probably one of the best-mediatised tools of the Kremlin's soft, or rather sharp power,⁶ with tons of articles in the international press and frequent joint appearances with Vladimir Putin. The real question: What is the true role of this motorcycle gang behind this spectacular PR-façade? Many experts rightly claim that the Night Wolves are

¹ Putin congratulates Night Wolves on 10th anniversary of Crimea bike show, TASS, August 10, 2019, <https://tass.com/society/1072902>.

² Visit to Night Wolves Motorclub bike show, kremlin.ru, August 10, 2019, <http://en.kremlin.ru/events/president/news/61291>.

³ U.S. Embassy in Ukraine: visits of Russian officials to occupied Crimea unacceptable, Interfax-Ukraine, August 12, 2019, <https://en.interfax.com.ua/news/general/606745.html>.

⁴ Alexey Timofeichev: Anti-Maidan movement established in Russia, Russia Beyond, January 21, 2015, https://www.rbth.com/politics/2015/01/21/anti-maidan_movement_established_in_russia_40943.

⁵ Shaun Walker: Patriotic group formed to defend Russia against pro-democracy protesters, The Guardian, January 15, 2015 (last modified on 30 Nov 2017), <https://www.theguardian.com/world/2015/jan/15/group-anti-maidan-defend-russia-pro-democracy-protesters>.

⁶ Marcel H. Van Herpen: Putin's Propaganda Machine: Soft Power and Russian Foreign Policy, Rowman & Littlefield, Lanham, 2015; Christopher Walker: What Is "Sharp Power"?, Journal of Democracy, 29(3), July 2018, pp. 9-23. <https://www.journalofdemocracy.org/articles/what-is-sharp-power/>.

far more than just a patriotic motorcycle gang. First of all, there is an economic empire behind the Night Wolves. Wolf Holding⁷, a business empire with strong links to the Kremlin with interests stretching across Russia and Europe. Branches of this empire conduct patriotic and educational activities; run nightclubs, hotels, and a motorcycle centre; and conduct security operations and training, including professional military training for civilians, police, and military forces in several European countries, including Germany, Hungary, Italy, Serbia, and Switzerland.

Moreover, they are also well known for their paramilitary and genuine military activities, because they have been well covered by others. Gennady Nikulov, President of Wolf Holdings, is himself a former military officer and the vice president of Sevastopol's pro-Russian "self-defence forces". He was put on the sanctions list of the U.S. Treasury Department in 2017.⁸

Before the annexation of Crimea, the Wolves were staunch supporters of an intervention. During the annexation of the Crimea in 2014, the Night Wolves were part of Russia's (para)military invasion force – albeit only a small one.⁹ Their real role is unknown, but they could become members of pro-Russian militias in coordination with the Russian Special Forces. They also became one of two paramilitary forces tasked with combat operations on behalf of the Russian military. The Night Wolves carried out a raid on a Ukrainian naval base, secured a natural gas facility, and captured a senior officer of the Ukrainian Border Guard Service on behalf of Russian forces. Not independent of all of these actions, Aleksandr Zaldostanov, the head of the Night Wolves, was put on the Canadian economic sanctions list in 2015.¹⁰

The Night Wolves started to acquire a military base in Slovakia and received some weapons from the Slovakian military with some help from the Slovak

Interior Ministry.¹¹ Apart from that, their documented activities are more PR stunts than anything else.

Beyond the "near abroad," the activity of the Night Wolves concentrated, above all, on their "patriotic" public activities. The Slovakian case is instead the exception than the rule. Apart from the annexation of the Crimea and the provocation in Eastern Ukraine, the most important activities of the Night Wolves are their symbolic commemorative, "patriotic" motorcycle rides.

Night Wolves as a PR asset

Night Wolves attract attention not only because of their proximity to Vladimir Putin but also because their appearance is pretty familiar in the western world, from where this kind of bike clubs mostly originate and play an important role in many Hollywood movies. Note the irony: The patriotic, anti-Western motorcycle gang in Russia imitates the best-known American motorcycle club and wanders on huge Harley Davidsons around in Europe. Such "mimicking" is a general feature of Russian soft and sharp power, as some authors, such as Marcel van Herpen, like to underline.¹² The Russian equivalent of the Hell's Angels, though, aims to be the Eurasianist, the "ethical" version of Hell's Angels, that is not known for taking drugs and committing crimes, but for its close relations to the Russian Orthodox Church and the representation of patriotic values.

The Night Wolves are often described as an important tool of the Russian intelligence and secret service operations. But there are several arguments against this claim. Most importantly, an organisation that is operating in such spectacular, media-savvy way is not able to be an important player in intelligence gathering. Regardless, they can be a tool in hybrid warfare, used for active measures,

As a part of the Kremlin's toolkit in the West, there are numerous PR advantages that the Night Wolves can bring to the Kremlin.

First of all, they serve as a platform for President Vladimir Putin to build his own image. In his personal rides with the Night Wolves, which always attract huge media attention,¹³ he can cultivate his young

⁷ See more on the structure at: <https://www.globalsecurity.org/intell/world/russia/wolf-holding.htm>.

⁸ U.S. Department of Treasury: Russia/Ukraine-related Designations and Identifications, June 20, 2017, <https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20170620.aspx>.

⁹ Stavros Atlamazoglou: Meet the Night Wolves, Russia's paramilitary biker gang, The News Rep, October 25, 2018, <https://thenewsrep.com/109575/meet-the-night-wolves-russias-paramilitary-biker-gang/>.

¹⁰ Matthew A. Lauder: 'Wolves of the Russian Spring': An Examination of the Night Wolves as a Proxy for the Russian Government, Canadian Military Journal Vol 18, No. 3, Summer 2018, <http://www.journal.forces.gc.ca/vol18/no3/page5-eng.asp>.

¹¹ Mitchell A. Orenstein and Peter Kreko: Night Wolves Europe and Russia's Paramilitary Strategy, Foreign Affairs, October 2018, <https://www.foreignaffairs.com/articles/russian-federation/2018-10-15/how-putins-favorite-biker-gang-infiltrated-nato>.

¹² Van Herpen, footnote 6.

¹³ Matt Roper: Vladimir Putin in full macho mode as he hits the road with leather-clad biker gang, Mirror, August 11, 2019,

"macho" image and prove that he is the strong leader the Russians expect him to be. This approach does not only work domestically; these stunts can also be attractive to the (limited) layer of Western society that prefers strong-handed rule.¹⁴ After all, we see very rarely, if ever, Western leaders riding with a motorcycle gang – unless you count Francois Hollande's escape from the Élysée Palace with his mistress on a scooter.¹⁵ Vladimir Putin is so grateful that Zaldostanov made this rare platform available for him, he even awarded Zaldostanov a 'Medal for Honor' in 2013.¹⁶

Second, the Night Wolves promote the symbolic Eurasianist, imperialistic-nationalist agenda of the Russian Federation. The group has formulated strong ties, not only to the Kremlin but to the Russian Orthodox Church as well;¹⁷ it hosts "patriotic events and spreads narratives eerily similar to pro-Kremlin disinformation campaigns about the "decadent" West and other topics;¹⁸ for instance, they deny the Soviet Union's collaboration with Hitler in the early phases of World War II.¹⁹ The ideology of the Night Wolves is totally contradictory: while the Night Wolves undertake their annual rides to commemorate the Great Patriotic War, and Zaldostanov himself is a true admirer of Josef Stalin²⁰ – at the same time they use the symbols of the Russian Orthodox Church²¹ (e.g. they erected a huge Orthodox cross at a monastery in

Montenegro) – exactly the organization that Stalin brutally persecuted. Their ideology is a cocktail of Orthodox religion and Slavic nationalism – but something that well fits well with the imperialist, expansionist agenda they promote. Their presence in Crimea, Eastern Ukraine, and their tours throughout the EU and the Western Balkans allow them to bring the official Russian ideology closer to the citizens of other countries. Ironically, the Kremlin considers any similar activity conducted by Western organisations, including Non-Governmental Organisations, as interference into its domestic affairs.²²

Thirdly, the Night Wolves often trot and test the reactions of other governments to their activities. If they are allowed to enter an EU member state, they pass and parade through as if the group had never participated in the occupation of Crimea and Eastern Ukraine – showing their presence is accepted in the West. Once they are in, they'll also test how far they can go. In Hungary, a video shows them displaying a flag with the Soviet hammer and sickle symbol, which is banned in the country, but local authorities did not launch an investigation against them, despite the visual evidence.²³ If they are denied entry, as in Germany or Poland,²⁴ or if local authorities step up against their activities, as – eventually – in Slovakia, they pull the most general Kremlin card ever: Russophobia.²⁵ Thus, in the eyes of the domestic pro-Kremlin audience in Russia and of pro-Russian citizens in the West, they cannot lose in either of the two scenarios. They are also testing the reactions of governments in other countries with their provocative actions – like they did in the case mentioned above in Slovakia, where they have practically established a military camp in a NATO and European Union member country.²⁶

<https://www.mirror.co.uk/news/world-news/vladimir-putin-full-macho-mode-18908808>.

¹⁴ Ideological right more supportive of strong leader ruling without constraints, Pew Research Center, October 12, 2017, https://www.pewresearch.org/global/2017/10/16/globally-broad-support-for-representative-and-direct-democracy/pg_2017-10-16_global-democracy_0-06/.

¹⁵ *Gavin Hewitt*: Hollande Gayet: Scandal and the French president, BBC, January 10, 2014, <https://www.bbc.com/news/25680221>.

¹⁶ *Slava Tsukerman*: Honoring a "Night Wolf", RealReporting.org/NewsLanc.com, March 18, 2013, <https://newslanc.com/honoring-a-night-wolf/>.

¹⁷ *Matthew A. Lauder*, footnote 10.

¹⁸ *Putin's Angels: the bikers battling for Russia in Ukraine*, The Guardian, January 29, 2016, <https://www.theguardian.com/world/2016/jan/29/russian-biker-gang-in-ukraine-night-wolves-putin>.

¹⁹ *Robert Coalson*: Putin's Chief Motorcyclist Fails Soviet History Class, Radio Free Europe / Radio Liberty, May 3, 2016, <https://www.rferl.org/a/russia-night-wolves-zaldostanov-wwii-soviets-hitler-cooperation/27713499.html>.

²⁰ *Tom Parfitt*: Putin's outrider: 'The Surgeon' vows to quell anti-Kremlin dissent, The Telegraph, March 24, 2015, <https://www.telegraph.co.uk/news/worldnews/europe/russia/11492898/Putins-outrider-The-Surgeon-vows-to-quell-anti-Kremlin-dissent.html>.

²¹ *Atle Staatesen*: Night Wolves bikers erect large Serbian Orthodox cross in Northern Fleet headquarters Severomorsk, The Barents Observer, July 29, 2019, <https://thebarentsobserver.com/en/security/2019/07/night-wolves-bikers-erect-large-serbian-orthodox-cross-northern-fleet-headquarters>.

²² *Henry Ridgwell*: Russia's Foreign Agent Law Has Chilling Effect On Civil Society Groups, NGOs, January 24, 2018, <https://www.voanews.com/europe/russias-foreign-agent-law-has-chilling-effect-civil-society-groups-ngos>.

²³ *Tamás Botos*: Pintér szerint nem gond, hogy az Éjjeli farkasok sarló-kalapácsos és vörös csillagos zászlóval póztak [Pinter says no worries that Night-Wolves posed with sickle-hammer and red star], May 26, 2017, <https://444.hu/2017/05/26/pinter-szerint-nem-gond-hogy-az-ejjeli-farkasok-sarlo-kalapacsos-es-voros-csillagos-zaszloval-poztak>.

²⁴ *Germany Says Will Deny Entry to Some Russian Night Wolves Bikers*, The Moscow Times, April 26, 2015, <https://www.themoscowtimes.com/2015/04/26/germany-says-will-deny-entry-to-some-russian-night-wolves-bikers-a46101>.

²⁵ *Peter Laurence*: Slovakia alarmed by pro-Putin Night Wolves bikers' base, BBC News, July 31, 2018, <https://www.bbc.com/news/world-europe-45019133>.

²⁶ *Mitchell A. Orenstein and Peter Kreko*, footnote 11.

The Night Wolves in the Balkans: Similar Activities, larger Threat

The Night Wolves' activities follow a pattern in the Western Balkans that is in between the military / paramilitary activities that we can see in the near abroad and the almost pure PR role they play in Western Europe. They aim to improve the image of Russia and Putin, to spread Russian state ideology, and to test local authorities as well as to fuel existing ethnic and political tensions. Their Western Balkans tour in 2018, for instance, was dubbed a "pilgrimage" to show the Orthodox connection between Russia and the local Serb population.²⁷ The tour, according to the biker gang's own announcement, was financed by the Russian Foundation for Presidential Grants.²⁸

The activities of the organisation are characterised by the fact that some countries of the region, primarily Serbia, Bosnia and Herzegovina and Kosovo are not embedded into Western organisations at all. This fact leads to three important consequences. First, there is an open geopolitical competition in the Western Balkans for the "hearts and minds" of the local populace between Russia and the West. This situation is particularly visible in Serbia, wherein 2018 only 29% believed EU membership would be a good thing and 22% said it would be a bad thing,²⁹ and where Vladimir Putin is by far the most popular foreign leader according to a recent poll.³⁰ Secondly, Russia can use a wider array of its hybrid warfare tools in the region, as evidenced by the Russia-backed coup that took place in Montenegro in 2017, aiming to hinder the country's accession to NATO.³¹ Thirdly, the region provides fertile ground for Russian disinformation activities and anti-West messages.³²

Taking these factors into account, the Night Wolves' actions pose a much more significant security threat in the Western Balkans than in the European Union and/or NATO member states. Their tours heightening Putin's standing and spreading the messages of Russian imperialism and disinformation about the West are part of a yet undecided geopolitical struggle. Moreover, they serve the purpose of maintaining internal tensions as well: on their 2018 Western Balkans tour, the group marched through the Bosnian Serb entity, Republika Srpska, despite their leaders having been banned from entering the country by the central Bosnian administration. On the Serbian-Bosnian border, Night Wolves member, Yevgeny Strogov told the 'New York Times' that the pilgrimage was intended to "expand the spiritual bond between people and friends in Serbia and Republika Srpska".³³ This narrative suggests to locals that the Serbian entity belongs to Belgrade instead of Bosnia and Herzegovina, and supplements the Kremlin's efforts to back the Bosnian Serb leader Milorad Dodik's push for independence.³⁴ The Night Wolves are close to the leader of the Republika Srpska. Milorad Dodik even awarded Zaldostanov a medal on Republika Srpska's disputed statehood day in January 2018³⁵, for his and his organisation's "particular emphasis on the affirmation of human rights, tolerance among people, the rule of law and freedom, and the strengthening of friendly relations between the Russian Federation and the RS".³⁶

In addition, the Night Wolves are involved in other hybrid warfare-related activities in the region. For instance, members of the group's Serbian chapter were involved in the above-mentioned coup attempt in Montenegro, including Aleksandr Sindelić, its co-founder.³⁷ The Wolves are also cultivating ties with

²⁷ Andrew Higgins: Russia's Feared 'Night Wolves' Bike Gang Came to Bosnia. Bosnia Giggled, The New York Times, March 31, 2018. <https://www.nytimes.com/2018/03/31/world/europe/balkans-russia-night-wolves-republika-srpska-bosnia.html>.

²⁸ Mladen Latic and Maja Zivanovic: Russia's 'Night Wolves' to Tour Bosnia Despite Ban, Balkan Insight, March 20, 2018. <https://balkaninsight.com/2018/03/20/night-wolves-to-continue-their-tour-in-serbia-and-republika-srpska-03-19-2018/>.

²⁹ Maja Pinjo Talevska (Ed.): Balkan Barometer 2018, Regional Cooperation Council, https://www.rcc.int/seeds/files/RCC_BalkanBarometer_PublicOpinion_2018.pdf.

³⁰ Opinion poll: Serbs Trust Putin – Rise of Euroscepticism, Independent Balkan News Agency, March 1, 2019, <https://balkaneu.com/opinion-poll-serbs-trust-putin-rise-of-euroscepticism/>

³¹ Montenegro jails 'Russian coup plot' leaders, BBC, May 9, 2019, <https://www.bbc.com/news/world-europe-48212435>.

³² Asya Metodieva: Russian Narrative Proxies in the Western Balkans, GMF Policy Paper, June 2016, <http://www.gmfus.org/file/27622/download>.

³³ Nicole Ely: Balkans Should Beware of Putin's Night-Time Bikers, BalkanInsight, June 28, 2019, <https://balkaninsight.com/2019/06/28/balkans-should-beware-of-putins-night-time-bikers-2/>.

³⁴ Danijel Kovacevic, Milivoje Pantovic and Srečko Latal: Russia Lends Full Backing to Bosnian Serb Referendum, BalkanInsight, September 20, 2016, <https://balkaninsight.com/2016/09/20/disputed-bosnian-serb-referendum-divides-russia-and-serbia-09-19-2016/>.

³⁵ Danijel Kovacevic: Putin's Bikers Invite Bosnian Serb Chief to Party, Balkan Insight, January 26, 2018, <https://balkaninsight.com/2018/01/26/putin-s-bikers-invites-dodik-to-the-biker-party-in-crimea-01-26-2018/>.

³⁶ Mladen Latic and Maja Zivanovic: Night Wolves continue their tour in Serbia and Republika Srpska, BalkanInsight, March 20, 2018, <https://balkaninsight.com/2018/03/20/night-wolves-to-continue-their-tour-in-serbia-and-republika-srpska-03-19-2018/>.

³⁷ Nicole Ely: Balkans Should Beware of Putin's Night-Time Bikers, BalkanInsight, June 28, 2019, <https://balkaninsight.com/2019/06/28/balkans-should-beware-of-putins-night-time-bikers-2/>.

other paramilitary organisations in the Western Balkans. The biker gang is close to the Balkan Cossacks Army led by Viktor Zaplatin, a Soviet Army veteran and Russian “volunteer”, who is allegedly tasked with coordinating the activities of Cossacks and Russian volunteers in the Balkans under the supervision of Aleksandr Borodai, a key figure in planning Russia’s annexation of Crimea.³⁸

Conclusion

Overall, the Kremlin-funded Night Wolves,³⁹ although their tours and certain activities may pose national security risks, are a PR tool for the Kremlin and President Putin himself in countries embedded into Western structures. Their operation has a stronger (para)military focus in the near abroad, especially in Ukraine. However, in several Western Balkans nations, their activity is between the two extremes, and, therefore, they constitute a formidable challenge to internal security. In this region, it is not only possible for the Wolves to be a hybrid warfare tool, but they are a rather important part of the Kremlin’s geopolitical efforts, and they encourage violent conflicts.

One of their advantages as an unofficial organization is that they allow the Kremlin to outsource part of its PR activities to an external agency, providing plausible deniability for its actions. They are the perfect tool to “contrast” Western consumerism with Russian conservative values as evidenced by their “machismo”. The group is also highly useful in spreading the Russian state ideology in areas where Russia has a vested interest, especially in the occupied Ukrainian territories that are gradually becoming more and more tied to Moscow, and potentially also in the Western Balkans, where various powers (the U.S., the EU, Russia, China and Turkey) are in a geopolitical competition to extend their clouts over the region.

³⁸ *Jasna Vukicevic*: Russia’s Friends Form New ‘Cossack Army’ In Balkans, Radio Free Europe, October 18, 2016, <https://www.rferl.org/a/balkans-russias-friends-form-new-cossack-army/28061110.html>.

³⁹ *Ksenia Babich*: Putin’s leaders of the pack, openDemocracy, July 14, 2015, <https://www.opendemocracy.net/en/odr/putins-leaders-of-pack/>.

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