



Crises and opportunities in the Western Balkans

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Abstract

The 2020s have got off to quite a rocky start globally, and especially for Europeans. The ongoing crises, beginning with the Covid-19 pandemic, and followed by the Russian aggression against Ukraine, rising inflation and the energy crisis, have created an atmosphere of continual instability and uncertainty for European citizens. The Western Balkans region, in the EU's immediate neighbourhood and geographically close to Ukraine, has also been affected by all these challenges. This article examines the current most pressing issues in the region and the possible outcomes of them. As the countries in the region (i.e. Albania, Bosnia and Herzegovina, Montenegro, Kosovo,¹ North Macedonia and Serbia) are all aspiring EU members, this piece seeks to explore the possibility of addressing the current challenges and the role of the EU as a catalyst in this process.

Keywords

EU, Western Balkans, Enlargement, EU accession, Neighbourhood relations, Russian influence, EU membership

Introduction

We have marked the sad first anniversary of the Russian invasion of Ukraine from our severely under-heated homes around Europe. Rising inflation and the subsequent increasing cost of living have dramatically affected the pockets of people across Europe, diminishing the hopes that the Covid-19 pandemic could be left behind us and we could return to our normal lives. As Managing Director of the International Monetary Fund Kristalina Georgieva stated in April 2022: 'In economic terms, growth is *down* and inflation is *up*. In human terms, people's incomes are *down* and hardship is *up*' (Georgieva 2022). It feels as though Europe has been dealt a bad hand of cards.

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The Western Balkans region, which in the 1990s faced a similar chronological sequence of events (i.e. war, inflation and economic crisis), has not been left out of these developments on European soil. Along with the democratic and economic challenges faced by these countries, the open wounds from the 1990s are still posing a major obstacle to their accession as full members of the EU. Furthermore, the EU does not seem to be keen on enlarging its family anytime soon.

With regard to the specific problems faced by the Western Balkans on their strategic path towards EU membership, this article looks at Kosovo's issue, its involvement in the Belgrade–Pristina dialogue and the possibility of a breakthrough in these talks. In addition, the Bulgarian veto of the start of EU accession negotiations for North Macedonia is addressed and, finally, the case of Bosnia and Herzegovina's membership candidacy will be studied.

The article argues that the calamities affecting the region must be tackled as a matter of utmost priority and that the role of the EU in this process is pivotal. Without this action being taken, the risk of external actors taking advantage of the fragility of the region will only increase.

On the crisis front

After the hopeful beginning to 2022 as the year in which we would part ways with the Covid-19 pandemic and embark upon the post-Covid economic recovery, on 24 February the unprovoked Russian attack on Ukraine diminished these hopes and brought more uncertainty to the European continent. The Western Balkans, geographically not far from the action, has been thrown a new set of complex challenges, affecting its already fragile economic development. The region does not have the benefit of the protective mechanisms of the EU or the post-Covid recovery funds of the EU27, although the Union has provided aid packages for the countries in the region (i.e. Albania, Bosnia and Herzegovina, Kosovo,² Montenegro, North Macedonia and Serbia). In the aftermath of the shock to the economy caused by the pandemic, the region experienced historically low unemployment rates (at its lowest, 13.5% in the first half of 2022) (World Bank 2022). Though far from the EU27 average employment rate of 61%, the countries of the Western Balkans saw a significant increase of 3% in employment compared to 2021, for the first time reaching an average of 46% in June 2022.

The war in Ukraine spurred the energy crisis on the continent and pushed inflation into double digits (an average of 10.9% in the Western Balkans in 2022), heavily affecting food prices—according to the World Bank's (2022) regular economic report, food inflation peaked at 25% in Bosnia and Herzegovina, Montenegro and North Macedonia. The resultant decrease in purchasing power among the population has been significant and has increased pressure for wage rises. With all the economic and institutional challenges in the region, minimum wage increases have been announced, but this will certainly slow employment growth and the reduction in poverty, outcomes for both of which were improving in the region.

Aside from the economic challenges, since the dissolution of Yugoslavia in the 1990s and the Thessaloniki European Council Summit in 2003,³ the Western Balkans has been in a somewhat frozen status quo relationship with the EU, with certain glimmers and sparks of hope and progress, but far fewer than would meet the expectations of either side. So far from the former Yugoslavia, Slovenia and Croatia have joined the EU as full members (in 2004 and 2013 respectively), and Montenegro and Serbia have been in accession negotiations since 2012 and 2014. Albania and North Macedonia⁴ are yet to start negotiations, while Bosnia and Herzegovina was approved as a candidate for membership at the end of 2022. Kosovo formally submitted its application for membership at the end of 2022 and is awaiting visa liberalisation for the Schengen area.

The stalemate in this process and the mutual mistrust have created a rather toxic relationship between the EU and the Western Balkans, with a lot more diplomatic reassurance occurring than actual success stories. These ongoing problems have severely weakened the transformative power of the Union, which requires core reforms in the democratic, institutional and economic fields of these countries in order to pull them into alignment with its common market, common freedoms and common values. Reforms are being demanded, but there is not enough pressure/incentive (carrot/stick), which means that the EU has been turning a blind eye to serious democratic breaches in certain countries. And it bears repeating, in this region the risk of instability and another collapse into violence can never be considered too low.

The domestic political elites in the countries of the Western Balkans have no power to 'sell' EU membership to the electorate, as the prospect of such an event is far beyond anything the human eye and imagination could envisage. Leaders would rather inflame nationalistic divisions and draw attention away from the steady corruption, poor economic standards and fragile institutions in their countries. This is evident from the fall in public support for EU accession. In 2022 this support fell from 62% in 2021 to 60%. It was first time since 2015 that support for accession had decreased (Regional Cooperation Council 2022). This could mean that citizens are demanding alternatives to integration, in this way putting pressure on the elites to turn their backs on the firm support from the West and open their countries up to the influence of other actors, which has already been the case in some of the states.

The war in Ukraine and the subsequent endowment of EU membership candidate status on Ukraine (and Moldova too) by the European Council in June 2022 spurred reactions within the region regarding the 'unfulfilled promises' made to the countries of the Western Balkans (European Council 2022a). The question of whether a country has to be invaded to be offered EU membership has been asked. The atmosphere created by this move by the EU has been a fertile ground for reopening (or simply reinfected) the old wounds that remain from the painful dissolution of Yugoslavia in the 1990s.

Old wounds: Kosovo and Serbia

The Pristina–Belgrade dialogue is a potential forum for conflict that could threaten the stability of the region, and the stalemate within it prevents any movement towards EU

membership for both Kosovo and Serbia. The unilateral declaration of independence of the Republic of Kosovo in 2008 and Serbia's refusal to accept it as such have become another headache for the Union and its aim to integrate the region as a whole, in one package. The EU-facilitated talks between the two governments have aimed to normalise relations, create opportunities and improve the lives of the citizens of both countries. So far, it has been used by both heads of government to spur tensions and nationalism, and has been less than constructive. In recent years there have also been fiery demonstrations in the northern part of Kosovo, where the majority of the population is formed of Serbian ethnic groups.

This winter, further tensions erupted, resulting in protests, arrests, barricades and the armed forces being put on their 'highest level of alert'.⁵ In light of the Russian aggression against Ukraine, with the high potential for Russian influence⁶ in this conflict, the alarm was raised in Brussels that the darkest hour of the night had come, and that this dispute needed to be ended sooner rather than later.

Two peas in a pod?

The diplomatic success of the name dispute resolution with Greece in 2018 opened the doors to NATO for North Macedonia, increased the EU's credibility as a guarantor of stability and boosted the likelihood of the integration of the Western Balkans into the EU. Bulgaria's objection to the opening of accession talks for North Macedonia and imposition of additional demands before this door is opened is another issue that has serious ramifications for the enlargement project and regional public support for EU membership.

Bulgaria has imposed demands on North Macedonia that require the latter to accept that its language and history are essentially Bulgarian. The so-called French proposal, brokered in June 2022 (Government of the Republic of North Macedonia 2022), which was accepted by both countries, unclogged the beginning of accession talks for both North Macedonia and Albania, with the precondition that the former must recognise the Bulgarian minority in its Constitution. Meanwhile, as described below, relations between North Macedonia and Bulgaria have not begun to improve but instead have deteriorated, raising the question of whether a change to the Constitution will be sufficient to improve relations between these neighbours and unlock the path towards the EU for North Macedonia.

Several Bulgarian cultural clubs named after controversial historical figures have been opened in North Macedonia, with Bulgarian public officials attending the opening ceremonies and various incidents occurring during these events. Furthermore, an event marking the anniversary of the birth of Goce Delchev, a prominent historical figure who had a role in the shared history of both countries, was followed by the detention of three Bulgarians at the border for disturbing public order (Radio Free Europe 2023). These events and the further prolonging of the dispute favours the Russian interest, which is to drag the region as far away as possible from the West and the fulfilment of the West's strategic priorities for Euro-Atlantic integration.

Apple of discord

The case of Bosnia and Herzegovina is the most fragile in terms of stability and vulnerability to any foreign (i.e. Russian) influence. The structure of the state since the 1995 Dayton Peace Accords has ensured the peace in the aftermath of the devastating war (1991–5), but has made it extremely difficult to establish the pillars for functioning democratic institutions. The sharing of power among the three constituent ethnic groups, Bosniaks, Croats and Serbs, and the two highly autonomous entities, Republika Srpska and Brcko, has resulted in a weak central state with perpetually conflicting interests, which has created instability and prevented any earlier prospect of European integration.

The tug of war between the tripartite presidency for each entities' own interests hardly shows any hope for the bigger picture. Republika Srpska is openly opposed to the central state and is leaning towards secessionism and unity with Serbia. The relations of its leader Milorad Dodik with Vladimir Putin leave no space for doubt about the Russian influence over the Serb community in Bosnia and Herzegovina and the potential dangers of this romance. Since winning the presidency of Republika Srpska, Dodik has further distanced himself from the central government in Sarajevo and announced his intention to establish a parallel judicial council.

There is no expectation of Russia opening a front in any of the 'weak' spots in the Western Balkans, but the aggression against Ukraine has made the EU sit up and take note that the absence of concrete steps towards EU integration in this region is leaving the door wide open to changing narratives among the public and demands for other solutions in terms of the geopolitical positioning of these countries. After the missed opportunity in June 2022, when Moldova and Ukraine were granted EU candidate status, Bosnia and Herzegovina has now finally become a candidate country and is set on the rocky path towards accession talks (European Council 2022b).

The opportunities

According to the Chinese proverb, 'a crisis is an opportunity riding a dangerous wind'. The people in the Balkans often joke that crisis is permanent on the peninsula, so living in peace is an unknown experience for them. These past few exceptionally stormy years for the European continent will hopefully result in some lessons learned, including the greatest one—that prevention is better than conflict. While we are still in the period of crisis management, let us look to the opportunities ahead.

To mitigate the economic shocks caused by the inflation and energy crises, in the context of the Berlin Process the European Commission has allocated €1 billion in EU grants for building renewable energy infrastructure in the six countries and to address the 'immediate consequences of the energy crisis and build resilience in the short to medium term' (European Commission, DG NEAR 2022). Furthermore, to slow the rapid deterioration of the external balance sheet of North Macedonia, the Commission has also

granted it up to €100 million in macro-financial assistance (European Commission 2023). It has not been ruled out that the other countries in the region could be granted such aid. The Western Balkans also received an aid package for the post-Covid recovery (European Council 2021).

There is no dispute that the EU is continuously injecting support for the region through its instruments of macro-financial assistance. The EU is the region's biggest trading partner, although more substantial long-term reforms are needed to bring the countries of the Western Balkans nearer to the average economic performance of the EU27 and the common market. There have been proposals (European Stability Initiative 2022) to offer alternatives to access to the European single market and the four freedoms without full membership, but such ideas have never been seriously discussed.

Aside from the economic challenges, the above has shown that a core issue for the region as a whole is neighbourhood relations, which need to be addressed as they prevent the region from moving forward and also threaten its stability.

A Franco-German proposal was made at the end of 2022, which represented a breakthrough in attempts to normalise relations between Serbia and Kosovo. The unofficial text seeks to bury the hatchet and balance the interests of both parties. The 10 articles involve a form of de facto recognition of Kosovo through an exchange of permanent missions, mutual recognition of the relevant documents and national symbols, and a commitment to implement the 2013 deal, which involved the creation of a self-governing association of Serb municipalities in Kosovo. The Kosovan Prime Minister Albin Kurti has already publicly accepted the proposal, but this is not the case for Aleksandar Vučić. What is at stake for both parties is visa liberalisation for Kosovar citizens in the Schengen area and further progress on Serbia's accession process (e.g. the provision of EU funds and the opening/closing of chapters), as well as the ability to keep Serbia out of the reach of Russia. The question remains as to whether this is another EU-sponsored patching-up of things or a serious breakthrough that could end a substantial issue in the Balkans.

When it comes to the dispute between North Macedonia and Bulgaria, the hindering factor is the fact that Bulgaria is an EU member state and has been utilising its power of veto to stop the opening of accession negotiations for North Macedonia. While the ball is now in North Macedonia's court as part of the deal made in June 2022, the most recent tensions and a statement by Bulgarian President Rumen Radev, which reconfirmed the veto situation and raised the issue of 'the rising aggression and escalating anti-Bulgarian campaign in North Macedonia' (Georgi Gotev 2023), have rather closed the window of opportunity. Though the Council of Europe has confirmed that there is no basis for Bulgaria's claims of the existence of systemic discrimination against the minorities in the country (Council of Europe 2023), the fundamental mistrust between the two countries is deepening. Bulgaria had tried to make amendments to the resolution related to the protection of national minorities in North Macedonia, but the Committee of Ministers rejected all of them (*Deutsche Welle* 2023).

In the case of Bosnia and Herzegovina, granting EU candidate status offers a new wind of hope for keeping the country on the European course. It is certainly a move by the EU to mitigate Russia's influence among the Serb community.

The war in Ukraine should not be seen as a diversion but as a wake-up call for the Union to finally seriously commit to and re-establish its transformational power in the region. The change of methodology proposed by French President Emmanuel Macron aimed to bring more dynamism to the enlargement process, but instead there has been no movement, and public support for membership in the region, and for enlargement in the EU, has fallen. The opportunity lies in the absence of any tolerance of breaches of the rule of law and democratic standards, and not turning a blind eye in the name of stability. Consensus-based decision-making in the EU has virtually put the enlargement process into a coma and it will remain there unless the Union opens a serious debate about the use of qualified majority voting.

Regional cooperation is essential, and the Open Balkan Initiative is the way to go, but it should allow for gradual access to the EU market. One step in the right direction is the reduction of mobile roaming charges between the EU and the Western Balkans as of 2023, but other mechanisms would be more beneficial for the citizens and the economies. The Copenhagen criteria set a lot of homework for all membership candidates, but equally important is the monitoring of this process. This also applies to the implementation of the rules for the use of all structural funds.

To bring the region, its motivation, its commitment towards the West and the course of its European integration back on track, financial aid, diplomatic reassurances and occasional leaders' summits are not sufficient. A clear, long-term strategy for the enlargement of the EU, with and for the region, is more necessary than ever and, more than ever, requires strong political will.

Notes

1. This designation is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.
2. This designation is in line with UN Security Council Resolution 1244/99 and the International Court of Justice Opinion on the Kosovo declaration of independence.
3. The 2003 Thessaloniki European Council Summit is considered a milestone in the EU's relations with the Western Balkans. For more information, see European Commission (2003).
4. North Macedonia is required to make constitutional changes before chapters can be officially opened. This requirement is in line with the demands of Bulgaria for the recognition of the Bulgarian minority in the Constitution of the Republic of North Macedonia.
5. Since the declaration of independence by Kosovo in 2008, the refusal to recognise it has created tensions with Serbia multiple times in recent years, and for that reason the Serbian army has been put on a heightened state of alert. The last time this happened was in November 2022, after claims that drones from Kosovo had entered the Serbian airspace. For more on this, see *France24.com* (2022).
6. Russia does not recognise Kosovo's independence and blocked its admission to the UN.

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