

Europe has an alternative

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Abstract: *This article deals with the influence of Russia on the region of the Western Balkans. The influence has recently been growing especially because of increased economic presence of Russia in the region and common or close political interest of Serbia, Republika Srpska and Russia. The article explains motive of close cooperation of Russia with the region, shows political analyses of the local authors who deal with political or economic issues of the region, points out the most interesting messages stemming from political meetings of Russian and Western Balkans politicians and presents main Russians economic investments. The conclusion of the article summarizes a general overview of the issue which arises from political and economic data and analyses presented in the article.*

Keywords: *Russia, Western Balkan, the EU, NATO, Oil, Economy, Politics, Integrations, Republika Srpska, Serbia*

Introduction

More than a decade and a half after the last open conflict in the region finished, Western Balkan is still in the interest of the international community.¹ It is a place where two views and concepts on world politics and global security can be met. One is the North Atlantic concept represented by NATO in the USA and the European

Union while the second one is the Russian view of international community and its safety. We could find many reasons why these, so to speak, two policies and principles care for the Western Balkans or more precisely Southeast Europe, but the primary goal of this paper is to show how Russia intensifies its impact on the region, what methods they use, who are Russia's allies and why.

The first part of the article highlights the political component of cooperation between Russia and the Western Balkan region by showing political visits, political messages and attitudes of Russia and its allies. Further on, the bilateral meetings of political representatives of Russia and Serbia/RS will be analysed with a help of comments written by certain political analysts whom had been dealing with topics of the Russian foreign policy goals or the Western Balkans. By using these materials the article will define the increase of Russia's political influence in the region.

The second part of the article indicates the most significant moments of economic cooperation that Russia intensifies or that agrees with its allies in the region. The analysis shows that some of the investments are rather political than economic nature in terms of profit. The last part of this article is a brief review and the conclusion which follows from the two parts of the article. The results of the economic investment and political support will be summarized where the motives of cooperation between Russia and its allies in the Western Balkans will be clearly defined.

Russian allies and Balkan political friends

As the most obvious example of the Russian status and position that it has in the Western Balkan region is The Republika Srpska, one of two political entities in Bosnia and Herzegovina.² The Republika Srpska through its constitutional status within the state of Bosnia and Herzegovina and the so-called special and parallel relations with the Republic of Serbia prefers and supports the strengthening of relations with Russia. Highlighting the importance of deepening Russian-Serbian relations is particularly emphasized in the recent past when the Western Balkans region is going through a severe economic and political crisis.

The Republika Srpska leadership is meeting with political representatives of the Russian Federation in Bosnia and Herzegovina and Serbia more frequently than in period prior to Global Financial crisis from 2008 and the proclamation of Kosovo independence. Moreover, while relations between leaderships of Republic of Srpska and Serbia initially cooled after 2012 elections³, harmonization of relations of two, so called, and Serbian states is becoming clearer and less hidden in last years. Also relations with Russia are intensifying during the same period. Very soon after the announcement of the election results of the second round of presidential elections in Serbia (May 2012), the right candidate of the Serbian Progressive Party and a future

president of Serbia, Tomislav Nikolic, has travelled on his first official visit abroad. The destination was Moscow. On the side lines of the congress of United Russia party, Tomislav Nikolic had met with the Russian president Vladimir Putin, who at that moment except the presidential functions preformed the function of the United Russia party leader. Although Nikolic has not yet been officially inaugurated, he found the time and the need to meet with the Russian leader by sending a clear message to the world what kind of policy prefers and whom he wants to have as an ally in the terms of international relations. It is a well-known practice that newly elected leaders carefully consider the situation and the aim of their first official visit since a selection of a first destination send a message in which direction will their foreign policy go. The Serbian president Nikolic is not hiding his familiarity with the Russian point of view that is not fully towards the Euro-Atlantic integration to which the region of the Western Balkan, including Serbia is aiming. This was the reason why only Montenegrin president Filip Vujanovic arrived to the President Nikolic's inauguration. The Serbian political scene marked this as an organized boycott of all the regional leaders toward Nikolic's political views. However, although the Bosnia and Herzegovina was not represented by Presidency Chairman or other members, which would be an adequate representation, the President of the Bosnia and Herzegovina entity The Republika Srpska, Milorad Dodik, flew to Belgrade. Dodik's political views, especially when it comes to EU integrations and international politics and relations are very close to the Serbian President and therefore Russia. The president of The Republika Srpska and the leader of the most powerful political party in that entity, the Alliance of Independent Social Democrats (SNSD) has stated several times the importance of relations with the Russian Federation and as well an alternative to relations with the EU, which cooperation with Russia would bring. In his statements, Dodik usually emphasize the economic cooperation with Russia and the importance Russia has when it comes to energy market (Leroux-Martin 2014: 26–27). But a deeper motive to develop cooperation with the Russian Federation could be achieving certain political goals that would not be possible to achieve through the EU, USA and other international institutions. Standards of international organizations behind Bosnia and Herzegovina sovereignty, a princip led EU policy that insist on the unity of the country in the process of integration, the presence of NATO forces in Bosnia and Herzegovina who guarantee the maintenance of peace in the country, are all moments that discourage the Serbian leaders from the EU and NATO, and makes them closer to Russia. Through Russia they would be able to reach their goals, which they failed to fully accomplish during the Yugoslav wars in the 90's. During the summer of 2012 President Nikolic, Prime Minister Ivica Dacic and the First Deputy Prime Minister Aleksandar Vucic have alternated in their visits to Moscow (Thorun 2009: 95). This was followed by a meeting of the President of Serbia Tomislav Nikolic with President of Russia Vladimir Putin in Sochi. The main

topics of their talks were about the stability of the Western Balkans and the construction of the South Stream gas pipeline, which should go through the territory of Serbia and with one part through the entity of The Republika Srpska. The question that political scientists ask is whether the main reason for such frequent meetings is a quest for money or strengthening political ties and seeking political support.

Slobodan Samardzija, the journalist of the Serbian daily newspaper whose focus is mainly on the foreign affairs says that it is perfectly clear that Serbia has changed its policy, especially when it comes to its foreign partners and the main reason for that is what Serbia wanted to do with the EU is not going so fast as they wanted. Officially no one had denied European Union focus, but the fact is that there is another way Serbia can take and that is Russia, a traditional Serbian partner. *“What is expected from Russia is more on the economic level, because in this difficult situation, everybody needs money. I believe that Serbian politicians went there, not to gain political favour that already exists, but to see what kind of jobs they can make with Moscow in the future.”* (Tanjug 2014) At the same time while approaching Russia, Serbia and Republika Srpska emphasize that their basic social-political are the EU and Euro-Atlantic integration as their official documents declare. Such a stance is taken by many authors such as Igor Novakovic, researcher in ISAC Fund who told DW that he thinks, regardless of all the cordiality of relations with Russian, the European Union will remain a priority for Serbian authorities who are aware of the geopolitical situation in which Serbia is: *“It is more likely to achieve agreement with Russia when it comes to certain issues which is primarily Serbia’s relationship towards NATO or preservation of military neutrality. That would go in hand to Russia and its vision of foreign political security. While this is likely to be achieved by consent, the European integration will absolutely be the priority of this government.”* (Petrović 2012)

In all these relations with Western Balkan another objective that Russia wants to achieve can be recognized. It concerns the Russia safety and the views over the expansion of NATO. The interest of the powerful countries refracts on the territory of the Western Balkan region, especially when it comes to concerns about NATO. This is what Zijad Becirovic, the Director of the International Institute for Middle East and Balkan Studies (IFIMES) thinks: *“The goal of Russia is to slow down and in the extreme case, if it would be possible to prevent Bosnia and Herzegovina to enter the NATO pact. Russia would like the same scenario in Bosnia and Herzegovina what happened in South Ossetia.”* (Karabeg 2011)

In achieving its goals, Russia plays a game of a Slavic identity, given that in most of the countries of the Western Balkans, the Slavic element is significantly present and in some even the Orthodox religion.

In the former Yugoslavia, Russia tried to tie to that region in several attempts. Now the eternal aspiration of Russian geostrategic people is achieved by enhanced eco-

nomic, political and cultural presence of Russia in this area (Šolaja 2011). *“The fact is that the area of the Western Balkans is not completed in the sense of integration because not all the countries in the region are in NATO or EU. This opens the way to Russia, which seeks to use it to strengthen its political presence”* (Beta 2013), says Milos Solaja, professor at the Faculty of Political Science Banja Luka University.

“If someone expected from Russia to support Bosnia and Herzegovina entering the NATO military alliance, then one really does not know anything about the international relations, but it is certain that Russia has an understanding for the situation in Bosnia and Herzegovina, as well as the Republic of Serbia” (Vukadinović 2010: 22) writes in his article Radovan Vukadinovic, professor at the Faculty of political Science, University of Zagreb, who believes that Russia is true to its strategy, which condemns any further expansion of NATO. Russia sees powerful patrons of its policies in The Republika Srpska.

Although Bosnia and Herzegovina supports and aims toward Euro-Atlantic integration, European Union and NATO, the Republika Srpska has the mechanisms and opportunities within the Bosnian and Herzegovinian political system that not only slowed but also fully stopped these processes.

Those mechanisms are grounded in the Constitution of Bosnia and Herzegovina, where the Republika Srpska through state agencies can block any law that could converge Bosnia and Herzegovina toward North Atlantic integration.

These laws are usually taking part of the conditions that Bosnia and Herzegovina must fulfil in order to move closer to the membership in NATO or the EU such as addressing issues of state and military property.

Russian and Serbian foreign policy attitudes are very close. The representatives of both countries openly negotiated and coordinated performances in international organizations.

At one of his last meetings as a Serbian Prime Minister, Ivica Dacic negotiated coordination of his performance at the Security Council on issues of common interest, particularly around the safety issues with the Russian Ambassador to the UN Churkin.

Both diplomats expressed their “satisfaction with the successful flow of bilateral relations and strategic partnership that is still developing between Russia and Serbia not only in a political but also an economic sense.” (Beta 2013)

Russian attitudes represented at the UN Security Council, the Council of Europe or the Peace Implementation Council in Bosnia and Herzegovina, are very similar to the views of the Republika Srpska. This was confirmed by the President of the Republika Srpska’s Parliament Igor Radojicic during a meeting with the President of the Russian Duma Ivan Meljenikovim and with the First Deputy of the President of the Federation Council Alexander Tosin.

Radojicic in his repeated visits to Russia stressed that these attitudes are closest when it comes to the constant decision impose of the international community and the need for domestic political factors to decide on all important issues in Bosnia and Herzegovina

Russia does not neglect even the cultural and linguistic cooperation with the Republika Srpska, for example through the Russian Cultural Centre in Banja Luka, as well as the media presence in the Balkans cable broadcasting. There is also interest in additional scholarships to universities in Russia. *“Russian public opinion believes that Serbs are the closest people to Russia in The Balkans, and they have to be protected”*. Practically, it is evident that Russia is quite politically and economically active in the Western Balkans region, although theorists of international relations do not believe that this region is of a top priority for Russian foreign policy. Russia’s priorities are primarily their closest neighbours and as well as the integrity of the Russian state territory. *“The Russia’s most vital security interest is considered to be the maintenance of the territorial integrity of the Russian Federation. The second is the ‘near abroad’. This suggests, for instance, that Chechenya is of more concern than the issue of ethnic Russians outside the Russian Federation. In other words, the border issue is more significant than the Diaspora issue.”* (Headley 2008: 63)

After beginning of the crisis in Ukraine and Russian annexation of Crimea, and as well support of pro-Russian separatist in Eastern Ukraine, it was symptomatic how Serbia and entity of the Republika Srpska responded differently than European Union and as well the majority of their Balkan neighbors. While the new Government of Serbia, the Prime Minister Aleksandar Vucic rhetorics toward Serbia’s commitment to Euro-atlantic integration did not changed and even became stronger, Serbia did not joined the sanctions toward Russia. And while under a significant pressure from Brussels, Serbia started with the normalizations of relations with Kosovo, which includes a broad cooperation on various questions as well negotiations on highest level with Government in Pristina, the policy toward Russia and its actions in Ukraine never cross the line of conviction of its actions. Populist politics of the SPP, which is trying to not antagonize voters in Serbia, by joining sanctions against Russia, can be best described in their slogan: *“I Evropa i Rusija”* (Both, European Union and Russia). Such stance in moment when EU and Russia standing on opposite sides of baricade over Ukrainian question, is not sustainable on long-terms, so it will be quite hard for Serbia to avoid joining a common European stance if it wants to keep accession negotiations in the life.

Serbian entity in Bosnia and Herzegovina is not under same pressure as Serbia, so it is possible for their leadership, led by Milorad Dodik, to openly support Russian actions in Ukraine and dangerously playing with idea of secession from Bosnia and Herzegovina, with a silent Russian support.

Economic cooperation- Method 2E

In addition to an open political support that Russian representatives provide for political leadership in the Republika Srpska and Serbia, another very important segment is the economic investments particularly in the energy sector. All this information just suggests of a more active role of Russia in the region an even, as noted by the German analyst Alexander Rahr, are turn of Russia's foreign policy to the ancient roots of Russian diplomacy. *"Russia will use energy policy as its instrument of expanding and strengthening its influence on Balkan. It will take ten to twenty years before the Balkans feels the real impact of Russia. If noticeable, the impact certainly will not be because of any military activities, but for energy interests."* (Filipović, 2011)

Economic relations between the Republika Srpska and Russian Federation in the last few years are much intensified. They entered the market via oil company „Zarubjeznjef“. Russians invested in oil refinery in Bosanski Brod as well as a factory for the production of motor oils in Modrica. The Russian capital is present in the banking sector, where SberBank has been operating for several years on the territory of Bosnia and Herzegovina. Russian partners are entering "Rasklopna oprema" in Istocno Sarajevo as well, but the most influential project that attracts the most media and has most political attention is the construction of the pipeline "South Stream." One branch of the pipeline was supposed to run through The Republika Srpska coming from Serbia and would significantly strung then the dependence of the region on Russian gas. Such investments do not go unnoticed among political analysts. *"A notable success of Russia's energy diplomacy was Gazprom Nefi's acquisition in December 2008 of a 51% stake in the Serbian oil conglomerate NIS. The stake was sold for \$400 million after a Deloitte & Touche analysis in 2008 valued the company at \$2.2bn. It is believed that the heavily discounted rice reflected Serbia's gratitude for support."* (Lough 2011)

When Vladimir Putin declared that South Stream project is dead few months ago, this information completely shaken the leaderships of both Serbia and the Republika Srpska, which expressed thir regretsand dissapointment about the collapse of such significant project. Even after the official announcement that South Stream project is not any more in the Russian plans, politicians in Serbia and Republika Srpska kept reassuring their voters that this project could be still re-alived.

A short overview of Russian investments in Bosnia and Herzegovina and Serbia

According to the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina, in the first four months of this year almost 40 million Euros have been invested in Bosnia and Herzegovina. Management of the Russian oil industry NIS Petros, controlled by a Russian Gazprom, Russia's largest oil company, moved from Banja Luka, the capital of The Republika Srpska entity to Sarajevo, the capital of the Federation and capital of Bosnia and Herzegovina, showing that they are not interested only in the Republika Srpska's market but Bosnia and Herzegovina as a whole. Russians are already present on the territory of Bosnia and Herzegovina through the OMV gas stations but they announced redemption of other brands and investments not only in small gas stations but in complete service in the oil sector. According to Anatolia there has been a strong entry of Russian capital in Bosnia and Herzegovina lately. NIS (Gaspromnjeft) took over 22 gas stations from Austrian OMV. Bosnia and Herzegovina is one of the priorities to "Gazprom," said Alexander Malanin, Director of Sales and Distribution in Naftna Industrija Srbije (abbr. NIS; English: Petroleum Industry of Serbia) (Margo et al. 2014). The Russians have taken OMV gas stations in Croatia as well. As mentioned earlier, Russia's largest bank "Sberbank" entered Bosnia and Herzegovina's market. The former "Volksbank BH" in February 2013 became "Sberbank BH" after "Sberbank" Group took "Volksbank International AG" during the 2012th. the last year "Sberbank" concluded the process of acquisition of one hundred percent stake in the group "Volksbank International (VBI) which includes "Volksbank of Croatia". Russian "Zarubreznjeft" became owner of Refinery in Brod in which, according to estimates, invested 560 million Euros. As one of the largest investments mentioned in the Balkans in the field of energy is construction of Ugljevik 3, two blocks of 300 MW. So far, Russia has mainly invested in the Republika Srpska (RS), but now they are significantly expanding its interest in the other Bosnian entity — the Federation of Bosnia and Herzegovina. A number of projects have been agreed with Russian's companies such as building power plants, hydropower plants, and the construction of a gas pipeline under the project "South Stream." The RS government has made a concession for oil exploration to the Russian company "Adriatic oil."

The holder of the job of building the section of gas pipeline "South Stream" through Serbia is a joint Russian-Serbian company "South Stream Serbia," in which the Serbian portion of ownership "Srbija gas" 49, and the Russian "Gazprom" 51 percent. Serbian officials pointed out that the "South Stream" will bring Serbia yearly 200 million Euros in revenues from the transit of gas, but that money will not end up in the national budget but will be used to repay the loan that has been taken from

Russia to build the pipeline, said Milan Culibrk, journalist of Radio Free Europe. *“Serbia is the only country through which “South Stream” pipeline will pass that does not have even share with Russian partners but has a minority share of 49 %. Serbia, for their part of the job of financing the construction of the pipeline will have to take a loan from Russian partners and will pay an annual interest rate of 4.25 %, so all income taxes that will be charged for the transit of gas will be used to pay back the loan”* (Trivić and Martinović 2011).

Looking at the past investments and interests of Russia in the Western Balkan region it is noticeable that majority of investments aimed at energy and economy sector. Those are two areas that are politically very important, because controlling energy and the economy can significantly influence the political path of one country and its government. Russia took advantage of both in order to be politically powerful in the region of Western Balkan.

Conclusion

Aware of the geopolitics of Western Balkan and it's fully orientation toward EU integration and NATO, Russia uses the strongest available resources such as energy, economy and Serb's favour of Russian's politics to significantly affect the position of the region. Status of the Western Balkans is diametrically opposed to the example of Ukraine where Russia holds a different position when it comes to Euro-Atlantic integration. Russia does not stop the Euro-Atlantic integration of Serbia and Bosnia and Herzegovina, because Russia favours these countries to become an equal member of the EU. So far, the process of Euro-Atlantic integration did not threaten Russia's investment. These countries are not Russia's neighbours. Even in the case of NATO's expansion to Serbia and Bosnia and Herzegovina, NATO would not have been any closer to Russia than it's now, but Russia would with in these organizations had close political associates and friends — Serbia and Bosnia and Herzegovina — associates that are controlled through energy market and financial sector. In other words a win-win situation for both Russia and the “Serbian” states, because its cooperation with Russia can significantly affect the negotiations with the EU. With such a power local Serbian politics get extra points. Cooperation with the “fraternal” Russia they sent a strong message to voters and public opinion that they are not left alone in the political relations with the EU. They have powerful Russia on their side. And in determining the strength of the Euro-Atlantic path, nobody and nothing can blackmail Serbs because they can choose. Europe has an alternative that in some moments for Serbian politics may see more attractive than bureaucratic EU integration.

Notes

- ¹ Publication was made thanks to targeted support for specific university research granted in 2011 Palacky University in Olomouc Ministry of Education, Youth and Sports.
- ² Dayton Peace agreement from November 1995 established Bosnia and Herzegovina as complex state, consisted from two entities, Republic of Srpska and Federation of Bosnia and Herzegovina, with significant autonomy and jurisdictions.
- ³ President of Republic of Srpska Milorad Dodik was openly and non-diplomatically supporting Boris Tadic, incumbent president against candidate of Serb Progressive Party (SPP), Tomislav Nikolic, which led to cooling of relations after Nikolic's surprising victory and formation of new ruling coalition around SPP and Socialist Party of Serbia (SPS) of future Prime-Minister Ivica Dacic.

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