

# THE WESTERN BALKANS IN AN UNSTABLE WORLD ORDER: THE ROLE OF CHINA, THE EUROPEAN UNION AND RUSSIA

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*The growing competition among major powers in the Western Balkans is a topic requiring attention. The actions of non-Western powers aimed at creating a rebalanced world order are challenging the primacy of liberal values. In this article, we analyse what the race for dominance between the EU, Russia, and China means for the Western Balkans. These three major powers pursue different strategies for dominance in the region: the EU seeks to accelerate the accession of the candidate countries from the region, Russia employs cultural ties, while China leverages its economic position. Caught between different visions for the world order, the Western Balkans countries are facing the challenge of navigating different strategic choices.*

Cristian Nitoiu\* & Arbnor Bajraliu\*\*

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\* Dr. Cristian Nitoiu is a Senior Lecturer at Institute for Diplomacy and International Governance, Loughborough University London.

\*\* Arbnor Bajraliu is a PhD student at Institute for Diplomacy and International Governance/ Institute for International Management, Loughborough University London.

**T**he recent decade has seen the liberal world order disentangling and experiencing growing instability. States like China or Russia are increasingly challenging the centrality of the West. The so-called rules-based order centers on the promotion of a range of liberal values originating primarily from Europe and the West. Besides external challenges, we've also seen leaders in European countries embracing populist and illiberal processes. This, in turn, undermines the ability of the West to convince other states to embrace liberal values. Even more, the wars in Ukraine and Gaza have further magnified the perception that the West embraces double standards, where the U.S. or the EU, for example, criticize their competitors and enemies, while overlooking similar transgressions when perpetuated by allies, as with the case of Israel.

Especially during the last year, the BRICS group of states has grown in prominence, by admitting four new members, which now positions it as the pole that can provide an alternative to the liberal world order. Such a development may have already pushed us into a new Cold War, where, much like the confrontation between the US and the Soviet Union, it will influence trade patterns, promotion of ideology, or security arrangements. It is very likely that small states will be increasingly pulled apart and constrained to choose between the West and its challenges. This level of alignment will primarily encompass small states' economic and political autonomy. The Western Balkans is a critical geographical and political space where the interests of various major powers in the world order clash: China, the European Union, and Russia. In the following, we compare the nature of engagement of these global powers with the Western Balkans by looking at their motivations and desired outcomes.

### *Russia*

Russia's interest in the Western Balkans extends to the Tsarist times when it competed for regional influence with the Ottoman and Habsburg empires. Links with Slavic and Christian Orthodox nations like Serbia or Bulgaria allowed Russia to gain a foothold in the region. At the same time, Moscow helped during the 19th century with the independence causes of these nations. The Cold War brought a new dimension to Russia's engagement in the region, where the Soviet Union was heavily invested in maintaining the former state of Yugoslavia in its sphere of interest, even though the latter also sought to develop close relations with the West. During that period, Russia primarily focused on deepening economic ties and industrial collaboration and ensuring that Yugoslavia would not join the Western bloc led by the United States.

With the breakup of Yugoslavia following the end of the Cold War, we have seen the Western Balkan countries divesting from their relations with Russia. As a result, Moscow's influence generally waned in most Western Balkan countries except

Serbia. A key reason for this has been identified by academic research in Russia's relative economic and military weakness during the 1990s and early 2000s when it experienced a deep crisis which did not allow it to send the same level of financial or military support to the Western Balkans as the Soviet Union was able to during the Cold War.<sup>1</sup> Nevertheless, for policymakers in the Kremlin, the country's inability to prevent Yugoslavia's disintegration left a deep resentment towards the West, which was seen to sideline and completely ignore Russia's interests in the Western Balkans.<sup>2</sup>

Arguably the most important current priority of Russia regarding the Western Balkans is to gain support for its narrative about the war in Ukraine. To be more precise, Russia considers its invasion of Ukraine as a necessary preventive military action that was meant to counter Western military expansionism through NATO within Ukraine. Kremlin also emphasizes the principle of indivisible security, whereby states possess agency and autonomy, and are thus free to choose their own alliances.<sup>3</sup> Still, these decisions should not come at the expense of their peers. Russia sees Ukraine's desire to join NATO as a threat to its vital national interests. Even more for the Kremlin, NATO represents a relic of the past whose primary purpose is to counter Russia's actions. To that extent, further NATO expansion in the Western Balkans will probably not be understood in a positive manner but would also probably not elicit a similar response to that in the case of Ukraine. Another critical dimension of Russia's current engagement with the Western Balkans, refers to convincing the states in the region does not adopt the sanctions regime that the EU or the U.S. have imposed on Moscow – Serbia is the only country in the region does not align with the West in terms of sanctions.

Similarly to China, Moscow also seeks to get broader support for its position in the United Nations. Nevertheless, even Serbia voted for the UN General Assembly resolution that called for the immediate withdrawal of Russian troops in Ukraine on 24 February 2023. From the economic perspective, following the end of the Cold War, Russia has been invested in various degrees in developing lucrative trade relationships based on the export of energy resources. Again, Serbia is a key example here. Russian capital has also been invested in real estate and hospitality, especially in tourist areas by the sea, particularly in Montenegro and Albania. In line with its broader policy of emphasising the bankruptcy of European integration and democracy, Russia has also aimed at weakening the influence of the EU in the region. It should be noted that unlike Western countries, Russia, much like China, does not politicize its economic relations, in the sense that it does not attach any ideological or

1) Lance Davies, 'A "Hybrid Offensive" in the Balkans? Russia and the EU-Led Kosovo-Serb Negotiations', *European Security*, Vol. 31, No. 1 (2 January 2022): 1–20. <https://doi.org/10.1080/09662839.2021.1948837>

2) Pavel Shlykov and Ekaterina Koldunova, 'Russia and China in the Eastern Mediterranean: On Parallel Tracks?', *Journal of Balkan and Near Eastern Studies* (29 September 2022): 1–17. <https://doi.org/10.1080/19448953.2022.2129319>

3) Sergey Lavrov, 'Text of the Minister of Foreign Affairs of Russia Mr. Sergey Lavrov's Written Message on Indivisibility of Security Addressed to the Heads of Foreign / External Affairs Ministers / Secretaries of the US, Canada and Several European Countries', 1 February 2022. <https://mid.ru/print/?id=1796679&lang=en>

political conditions to striking, for example, trade agreements. A key consequence of this is that corrupt elites tend to prefer to cooperate with Russia or China.

## *China*

The Belt and Road initiative represents the primary vehicle through which China has aimed to engage with countries in the Western Balkans. The key behind this broad strategy of Beijing is the need to secure access to resources and markets while providing FDI to countries that are especially looking to develop their infrastructure. Moreover, through investments in other countries, China also seeks to shape the global geopolitical landscape, by arguably having an agreement for its views of the world order from countries that receive its investment. China's involvement in the region should also be seen from the perspective of the potentially experiencing Cold War 2.0. This thesis argues we are on the brink of the world order coalescing again around two main poles, as during the proper Cold War when the US and Soviet competed for influence across the world. At the root of the new Cold War lie primarily questions around control over resources and innovation. China, for that matter, has mounted an increasing challenge to both these dimensions during the last decade. Even more, with the war in Ukraine and the Western sanctions imposed on Russia, Beijing has also spearheaded efforts to challenge the dominance of the US dollar in the global financial system: for example, the share of global SWIFT payments in the Chinese Yuan has grown from 2.2 percent in 2019 to 4.6 percent in 2023.<sup>4</sup> Ultimately, China perceives itself as a major international actor that should be granted greater ability to shape the rule so of world order. Support from smaller countries like those in the Western Balkans, for China's approaches in various international focus such as the UN can be crucial for advancing China's vision of the world order. Even more, the West Balkans can be seen to represent a getaway for China into Europe, and through to the potential to further challenge the dominance of the EU (but also the West more broadly) in its backyard.

Nevertheless, the proximity of the Western Balkans to the EU is seen as a major factor in China's interests in this region. This explains China's initiative to build the LSER (Land-Sea Express Route), a Belt and Road Initiative component. This transport corridor is meant to link China and the EU through Greece and West Balkans.

A future Chinese intervention in Taiwan is probably one of the more contentious issues that Beijing will aim to gain global support for. The recent expansion of the BRICS to include four new members at the BRICS summit of 2024 further magnified that perception that China is at the forefront of an emerging pole that can provide a clear

4) Lucy Ingham and Callum Tyndall. 'Dedollarisation in 2024: Is the yuan taking on the dollar in cross-border payments?', FXC Intelligence, 25 January 2024. <https://www.fxcintel.com/research/reports/ct-dedollarisation-2024-yuan-dollar-cross-border-payments>

alternative to the West. Thus, as we go forward, the Western Balkans states will likely be forced to choose between aligning with the West or a Chinese-led alternative. It should also be noted that in its world vision, China tends to build informal relations, where negotiations and personal relations among leaders, diplomats or businesses are crucial for achieving international cooperation.

Thus, China represents the center of an emerging pole in the world order who offers an alternative mode of development, with fewer political conditions attached to cooperation. The slow EU integration process for the Western Balkans countries allows other powers, like China, to exert their influence in the region. In the recent years, Western Balkans countries have been increasingly receiving increasing investments from China and Russia as well as has strengthened economic ties with these two countries. Cheaper products coming from China play a key role due to the purchasing power of Western Balkan countries and the reliance on the Russian gas and oil. Relations between China and the Western Balkan countries can differ significantly as Beijing does not have a foreign policy framework towards Western Balkans as a region, as the EU does. For example, although China accounts for only 4 percent of Serbian exports and 9 percent of Serbian imports,<sup>5</sup> these two countries see each other as strategic partners.

In October 2023, at the Belt and Road Forum, they signed a free trade agreement aiming to deepen their economic integration. If we consider FDIs in the Western Balkans, China's engagement ranges from heavily investing in Serbia, to limited economic cooperation with North Macedonia, Albania, Montenegro and Bosnia & Herzegovina, to almost no presence in Kosovo, which China does not yet recognise. On average, the Western Balkan countries' exports to China range from 2-4 percent, while these countries' exports to EU range from 33 to 79 percent.<sup>6</sup> Imports from EU are also similarly much higher than the imports from China.

### ***The European Union***

The EU, as the central pillar in the Western-led liberal world order, promotes international cooperation through a multilateral framework. This means that states come together and decide the rules of cooperation, in this way ensuring equality. Proponents of such a rules-based order contend that the more informal Chinese preference for bilateral relations puts weaker states at a disadvantage where there are no rules or authorities to protect them from the disproportionate power and influence of states like China or Russia. From this perspective, the EU's engagement with

5) A. Krstinovska, "Choice," 11 January 2024. [Online]. Available: <https://chinaobservers.eu/for-chinese-companies-better-access-to-the-eu-single-market-leads-through-the-western-balkans/>. [Accessed 7 May 2024].

6) V. S. F.-P. v. d. P. M. P. & M. L. Wouter Zweers, "China and the EU in the Western Balkans," Clingendael, 2020. <https://www.clingendael.org/sites/default/files/2020-08/china-and-the-eu-in-the-western-balkans.pdf>

the Western Balkans is primarily influenced by the need to keep the countries in the region engaged in multilateral frameworks, and through this both promote and abide by the rules of the liberal world order. Most importantly, the EU has presented itself as a promoter of democracy and stability in the Western Balkans, providing its neighbours the tools to develop and become resilient from an economic and security perspective.

The Western Balkans have also been kept in the waiting room of the EU, as through the negotiation processes of candidate states, the level of bureaucratic negotiations, reforms and technical requirements imposed by the EU require long-term effort and committed from candidate countries. The EU's enlargement has indeed a shift following Russia's 2022 invasion of Ukraine, where Moldova and Ukraine were also afforded the candidate status. Prior to this, these countries developed different forms of association with the EU that would allow them to enjoy some benefits from a certain level of access to the single markets through initiatives through the DCFTA. There seems to be now pressure to hasten the accession processes for all candidate member states, particularly for Ukraine's path to membership to be fast-tracked. However, in practice, there seems to be some confusion regarding how the cumbersome procedures underpin the accession to be slimmed down. One may argue that a key prerequisite for the membership of Western Balkan countries is for the EU to be able to about a measure of domestic change whereby these countries in the region share the values and orientations promotes by the EU. The fact that the EU enlargement process is progressing slowly and the rise of geopolitical tensions is making the Union's presence in the region increasingly important. Economy is becoming a tool for dominance in the region. The recent iteration of the EU's strategy in the region, i.e. the EU's six billion Euros New Growth Plan announced in 2023, emphasises as a key instrument for economic convergence as a pre-condition for EU accession, also labelled as a 'bold offer to the region', aims to bring the region closer to EU. However, the aid does not come unconditioned, as usual. Western Balkan countries are expected to advance on the domestic reform agenda and strengthen the region's economic integration in return.

### *Conclusion*

The transition to a multipolar world clearly poses many problems for the Balkans, just as it does for other regions of the globe. Because of its geographic position, the Western Balkans continues to be a very important route for trade and a suitable region for investments. The political disputes in the region and the slow process of EU integration for decades made these countries vulnerable to attempts at establishing influence from different parts of the world, mainly China and Russia. There is an

increase in pro-EU integration sentiment in Albania, Kosovo, Montenegro, and North Macedonia. Nevertheless, we see a decline in Serbia and Bosnia and Herzegovina. Given the EU's new investment screening mechanisms, EU integration would influence foreign investments by differing between what is considered a safe or a risky investment. Relations of the Western Balkans with China and Russia would be strained to some extent as their investments would be limited, disrupted, or delayed. This means that the opportunity to function as a multi-aligned country will be constrained, too. However, this could also create more opportunities for more cooperation with EU countries and make the region more attractive for investors coming from the EU. Decades ago, as China was weaker and Russia was transitioning and recovering after the fall of the Soviet Union, the EU faced no competition when it came to influencing this region. This enabled endless EU requirements with little to no progress towards EU integration. The fact that there is serious competition, mainly from China and Russia, for influence in the region now is influencing EU foreign and expansion policy. This has been reflected in increased investments in the Balkans and an accelerated integration process. It remains to be seen how the investments coming from these countries would shift the Western Balkans countries' sentiment towards joining the EU or preserving the autonomy of foreign investment attraction strategies. The fact that there are alternatives puts the Western Balkans region in a better negotiating position. However, this should not be done at the expense of moving towards authoritarianism or increased political disruption and polarisation between these countries.