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**BALKAN and BLACK SEA
PERSPECTIVES 2022**

Background Policy Paper

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The Balkan and Black Sea Region (BBS) is a region that already before the war in Ukraine was united by a continuum of internal political, social and economic problems and by its vulnerability to external factors be they connected to the dynamics of an enduring globalisation or to the influence/interference of important regional and global actors.

The ongoing aggression against Ukraine and the attention given to military developments risk to obscure an important positive development by the friends of the region. Namely, the Crimean crisis and the invasion of Ukraine have woken up the transatlantic community from the past *laissez-faire* and spurred it to realise that keeping whole regions in a provisional limbo was a very dangerous practice. This has now come to an end and requires practical solutions in the near and medium term.

Concretely the European Union has recently decided to start membership talks with Albania and North Macedonia in July 2022, while Bosnia and Herzegovina is hoping to obtain EU candidate country status in December. For now, Kosovo is only considered a potential candidate to join the EU. Serbia and Montenegro are already candidate countries, but have to close a number of critical chapters since more than ten years. The possible visa restriction lifting for citizens of the Institutions in Kosovo regarding the Schengen area is also envisaged by January 2023. Sarajevo accession to NATO is still blocked by internal dissension, while Serbia has decided to continue its neutral status in the dealings with the Alliance.

The Black Sea offers apparently a simpler picture: all countries are NATO Partners or Allies, Russia except, but four out of seven are not members of the Alliance. The war has also here been a tragic catalyst for change starting from Kyiv. The end of the hostilities notwithstanding, the whole region needs a multifaceted resilience recovery approach that can be carried out in parallel and independently from the implementation of possible membership promises within NATO or the EU.

The Western Balkans subregion is facing old and new challenges that could potentially exacerbate existing instability. In the past months, no concrete steps towards European Union integration were observed in several key countries in the area, where weak democracies appear to be increasingly vulnerable to external influences. Furthermore, concerns are growing over a looming energy and economic crisis, an indirect consequence of Russia's aggression against Ukraine. And a slew of other unresolved issues could also destabilise the region.

The main quarrel remains the Serbia-Kosovo relations, which were rekindled by the latest car-plate dispute between Belgrade and Pristina, triggering one of the worst political crises in years. The

dispute over license plates is actually about Kosovo's sovereignty, which the Serbian authorities have never recognised after the 1999 conflict. Even though France and Germany stepped in recently to help resolve the issue through a plan that was not well received in Serbia, there are still scarce hopes. Belgrade and Pristina are becoming increasingly conflictual, and the EU-fostered dialogue, as it seems, is completely stalled at the moment. Nationalism and self-serving myopic policies are unfortunately frequent even among younger and apparently more modern decision makers.

Bosnia and Herzegovina, the second most fragile part of the region, remains divided between a Serb entity and a Muslim-Croat federation, with a weak federal government connecting the two. The most recent elections did not result in dramatic changes, with elites made of the nationalist political leaders – as well as secessionist in the case of the Serb representatives – exploiting, as usual, the current crisis to stay in power. Furthermore, a host of regional countries and external powers, like China and Russia, are harnessing Bosnia's weaknesses to strengthen their influence over the country. Even if the EU grants the country a candidate status, as recommended by the Commission, dysfunction will most probably be a persistent plague.

As mentioned, NATO expansion has been more successful than EU integration. Albania, North Macedonia and Montenegro are currently members of the Alliance and Serbia's neutrality poses more problems to Belgrade through its de facto ambiguous and at arms-length relationship, than to the EU or the Alliance.

Meanwhile, the region's demographic collapse continues, and an increasing number of professionals and educated young people is heading towards Western Europe in search for better opportunities. Moreover, although the EU is promising help to cope with the energy crisis, Moscow remains a key supplier for the entire region. Time will tell if the EU and NATO follow up will be kept up and implemented.

The Black Sea subregion has firstly a serious economic sustainability problem, connected to the upcoming global economic crisis, its own demographic collapse and brain drain, the fragility of emerging economies, persistent corruption and organised crime infiltrations. Some countries enjoy the advantages of EU membership, while others have a simply unsustainable debt or are facing fiscal, monetary and economic crises.

The war of course has seriously exacerbated the problems in the whole BBS region and particularly in the Black Sea area. It is clearly too early to speak about a "Marshall plan", but in the meantime

elements of comprehensive policies are needed - along with aggressive global cooperation on vaccination, debt, and climate - to promote in time a green, resilient and inclusive recovery. Clearly debt stock reductions may ease the output losses associated with debt distress more than debt service relief, but the drawback is that donors, already stressed by the hard landing and long-term economic crises, will have much less money to invest in direct reconstruction, especially if corruption is a serious problem.

Evidently, whatever the military outcome of current operations, there is the need to get out of a dangerous escalation spiral, avoid a further frozen conflict and begin to structure a realistic and open-ended agreement between the belligerents, safeguarding the tenets of a rule-based continental security and stability and allowing Ukraine to restore in time all its elements guaranteed by the Budapest Protocol of 1994.

Deterrence and dialogue, the winning elements of NATO during the long Cold War, will have to be backed by sustainable defence investments and serious political negotiations, neutralising dangerous revanchism strains among negotiating parties.

This requires a clear recognition that, in addition to Russia and Ukraine, the EU, NATO, Turkey and the US have a distinct interest, legitimacy and possibly converging role in shaping a post-war regional order.

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