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Russia's Influence in Southeast Europe

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Over the past decade or so, Russia has become growingly visible in the Balkans, posing a challenge to both the EU and NATO. This policy memo investigates its strategy, objectives, and mechanisms it deploys to exert influence. It argues that Moscow is not driven by an ambition to establish hegemony over Southeast Europe. Rather, it acts as a spoiler, leveraging limited resources with the aim of asserting its status of a top-tier player in European and global affairs. The memo starts with an analysis of Russia's priorities in the region in light of its overall foreign policy strategy. Then it examines the main instruments at Moscow's disposal: hard military power, economic influence, and "soft power". Lastly, the memo offers a snapshot of how the COVID-19 pandemic has affected Russia's presence in the Balkans.

Russia's Perspective on the Balkans

Russian foreign policy pursues three, interrelated grand objectives: preserving regime stability domestically, retaining primacy in the post-Soviet space, and preserving Russia's status as a major world power. The Balkans, now either part of the EU or surrounded by EU territory, are key to Moscow's aspiration to play a key role in European affairs on a par with Germany, France, and the UK. Since the Yugoslav wars of the 1990s, maintaining a foothold in Southeast Europe is tantamount to having a say on strategic matters such as NATO and EU enlargement, transatlantic relations, the overall security architecture in the Old Continent. Thus, Moscow is primarily driven by geopolitics, with other concerns such as economic interests or historic bonds with the South Slavs or the other Orthodox nations playing a secondary role.

The Balkans lie well beyond what Russia considers its privileged sphere of geopolitical influence in the post-Soviet space. In political, economic, social, and also purely geographical terms, the local countries gravitate towards the West. However, Moscow considers the region a vulnerable periphery of Europe offering there are multiple opportunities to exert influence. Its policies seek to undermine the EU and NATO through exploiting problems at the regional or individual country level: nationalism-fuelled disputes inherited from the 1990s, pervasive corruption and state capture, citizens' distrust in public institutions, resentment against the West. Russia is looking for leverage could then apply to the EU and the US.

From Moscow's perspective, projecting power in the Balkans is about giving the West a taste of its own medicine. If the Europeans and the Americans are meddling in its backyard—Moldova, Ukraine, Georgia, Russia is entitled to do the same in their “near abroad”, whether it is Serbia, Bosnia and Herzegovina or Montenegro. The Kremlin is exploiting the memory of the 1999 Kosovo war appealing to lingering resentment in parts of the Balkans and co-opting local players. Russia's so-called return to the Balkans, in no small measure occurring thanks to collaboration from within the region, is payback to the West for its own arrogance.

What follows is an account of the instruments Russia has at its disposal.

Military Power

As a rule, coercion through hard power is of lesser significance in the Balkans than for other regions exposed to Russia. Moscow has no boots on the ground in former Yugoslavia but its military capabilities affect the wider region of Southeast Europe, particularly in Black Sea littoral countries such as Romania, Bulgaria, and Turkey, which have been confronted with the build-up of Russian forces over more than a decade. At the same time, soft coercion verging on disruption Russia uses many different instruments to assert its interest: hard military power, manipulation of economic ties, interference in other countries' domestic politics and targeted information campaigns to influence public opinion. and interference in domestic affairs is far from rare. A case in point would be the support Russia has given to nationalist activists in pro-EU and NATO countries such as Montenegro and North Macedonia. Peaceful political action (e.g. anti-government demonstrations as in the cited two cases) could spill over in violence. Other examples of soft coercion, practised in the post-Soviet space and in the Balkans include trade embargoes and cyber-attacks.

Economic Influence

Trade and investment account for a substantial part of Russia's leverage in the Balkans. On the surface it is easy to discount Russia's economic presence. While the Russian Federation

supplies gas and crude oil to the region, it is not a significant export market or a of foreign direct investments (FDI) or other forms of financial transfers. For instance, Russia accounts for under 5% of annual investment in Serbia. The EU's share is between 70 and 80 percent. Russian capital corresponds to around 10 percent of the economy, largely thanks to the Serbian oil and gas company NIS. In Montenegro, where Russian individuals and businesses play an outsized role in the real estate and tourism sectors, Russia's share fell from a high of 29.4 percent in 2006 to 5.5 percent in 2015 when measured in terms of corporate revenues. In recent years, China has become a more important player – thanks to the soft loans extended to all Western Balkan countries under the Belt and Road Initiative (BRI) but also FDI in Serbia.

Yet, on closer inspection, it is apparent that Russia holds leverage. Though it spends only a small fraction compared to the EU, Russia tends to invest in politically sensitive areas such as the oil and gas sector. Russia accounts for the bulk of gas deliveries to Bosnia, Serbia, and North Macedonia, and is a significant supplier of crude oil to Serbia. The completion of the TurkStream 2 pipeline, running from the Turkish-Bulgarian border all the way to Hungary consolidates Gazprom's position in the local markets. In addition, Russian oil companies have a solid foothold in oil refining, and in wholesale and retails. sales. There are both formal and informal dimensions to Russia's presence in the region. Russia deals formally with governments and public companies, for example, Gazprom and national gas utilities such as Srbijagas, MER (North Macedonia), and Gas-Res (Republika Srpska). Informally, Moscow's influence is advanced by private investors, who, although legally distinct from the Russian state, are nonetheless dependent on its good graces and therefore susceptible to political pressure.

Soft power

Russia exercises soft power through various channels, including the provision of humanitarian assistance, links with political parties and civic associations and, most importantly, the influence over the media narrative, particularly in Serbia, Bosnia's Republika Srpska, Montenegro and Bulgaria etc. At its root, Russian 'soft power' banks primarily on anti-Western attitudes dating back to the Yugoslav wars, rather than on the genuine attractiveness of Russian culture, society, or domestic institutions. Both the EU and NATO are targets. NATO is

blamed for the interventions in Bosnia and Kosovo. As for the EU, Russian officials, the Russian media, and their proxies fault it for the economic dislocation the region has experienced since the global financial crisis, for the imposition of liberal values (especially regarding 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 who consider EU membership 'a good thing' are at best a small plurality, with an equal or larger share of citizens viewing it as 'neither good nor bad'. Russia, by contrast, enjoys great popularity in certain quarters. A poll conducted in Serbia by the Gallup International Association (a different entity from the more famous Gallup, Inc. registered in the US) and released in late 2018, showed that Putin is far ahead of any international leader in popularity, with 83% of Serbs holding a positive view of him and only 12% having a negative view.

The COVID-19 effect

Though China has grabbed most attention, Russia has also engaged in what analysts have termed "COVID diplomacy." In April 2020, Moscow sent medical staff, healthcare supplies and personal protective equipment to Serbia. Serbia became one of the first countries to approve the Russian-developed Sputnik V vaccine, received hundreds of thousands of doses and started inoculating its citizens in early January 2021. It donated vaccines to neighboring Bosnia and Herzegovina, North Macedonia and Montenegro, and made possible for their citizens to receive shots in case they came to visit (Bosnian healthcare workers and Macedonian journalists have been amongst the beneficiaries). In February, Russia gave green light to Serbia to produce Sputnik V vaccine, ahead of China which the government is also lobbying with respect of Sinopharma vaccine. Thanks to its links to Beijing and Moscow, the Serbian health authorities have managed to inoculate large percentage of the citizens (about 2.2 million or 37% as of April 2021). Serbia is therefore boosting Russia and China's image as provider of global public goods, in contrast with the West (President Vucic received a Sinopharma jab rather than Sputnik V). The vaccination campaign has added fuel to the Western-sceptic

discourse in regional media, which has also been vulnerable to disinformation and fake news with regard to the pandemic.

In short, Russia has scored political points in the Balkans thanks to COVID-19. Though the EU is providing the bulk of the financial aid needed for the region's economic recovery, Moscow and Beijing appear to be winning the contest of narratives.