

Policy Paper No.42/2020



Geopolitics, the EU and the Western Balkans

-

Stefan Lehne

October 2020

*The views expressed in this document do not necessarily reflect the views of
the Institute for Democracy "Societas Civilis" – Skopje*



Geopolitics, the EU and the Western Balkans

-

Stefan Lehne

October 2020

Impressum

Title: Geopolitics, the EU and the
Western Balkans

Publisher: Institute for Democracy
"Societas Civilis" – Skopje

Author: Stefan Lehne

Design: Dejan Kuzmanovski

This publication is available at:

<https://idscs.org.mk>

Geopolitics, the EU and the Western Balkans¹

The change in the EU's institutional cycle in late 2019 came with an unfamiliar type of rhetoric. The new European Commission president, Ursula von der Leyen, spoke of establishing a "geopolitical commission." Both she and the EU's new foreign policy chief, Josep Borrell, insisted that the union must now "learn the language of power."²

This new language of power and geopolitics jars in many European ears because it runs counter to the EU's long-held understanding of its place in the world. From the very beginning in the 1950s, European integration was conceived to overcome the legacy of power politics that had brought war and conflict to Europe.

That this concept succeeded over several decades was to considerable extent due to a particular geopolitical context. European integration developed in an international system shaped and dominated by the United States. It was mostly the U.S. security guarantee and its global leadership role that afforded the Europeans the luxury of leaving geopolitics behind.

After the end of the Cold War, the U.S. position at first remained preeminent. EU leaders now considered themselves Washington's principal partners in constructing a rules-based liberal global order based on democracy and the market economy. But this dream began to fall apart about fifteen years ago. It had become clear that Russia would not transition to a liberal democracy, as many in the West had hoped in the 1990s. Rather, it would consolidate as an authoritarian state committed to securing

¹ This contribution is a foreword to 9 upcoming contributions, which are part of the series of policy papers that build upon the panel discussions of the 2020 Think Tank Forum Western Balkans Skopje 'Stimulating strategic autonomy - Western Balkans' contribution for a shared European future', organized within the 2020 joint Presidency of the Republic of North Macedonia and Republic of Bulgaria with the Western Balkans Summit Series.

² The first part of this text is based on an article by the same author "How the EU can survive in a geopolitical age" first published by Carnegie Europe

an extensive zone of influence. It also became evident that the rise of hundreds of millions of Chinese out of poverty would not be accompanied by progress toward liberalization and pluralism. China would combine economic success with one-party rule, disproving the West's dogma that economic development and democracy were intrinsically linked.

These were not the only setbacks.

Turkey—seen until ten years ago as a future EU member state—began to rapidly move away from Europe. And the flicker of hope of the Arab Spring uprisings that began in late 2010 was quickly followed by restored autocracy in some places and by turmoil and chaos in others.

But the final blow was the 2016 election of Donald Trump as U.S. president. His disdain for alliances and multilateral cooperation, aggressive trade policies, and open dislike of European integration removed the last doubts that the old transatlantic partnership had profoundly changed. Coming only a few months

after the UK referendum decision to leave the EU, which had shattered the union's confidence in the irreversibility of European integration, Trump's election left the EU badly shaken. A number of fundamental assumptions about the EU's view of its place in the world were no longer true.

The EU's Strategic Shift

The global strategy unveiled by then foreign policy chief Federica Mogherini in 2016 indicated a shift in the union's approach. The strategy downgraded the "transformative agenda," the idea that the EU could convince neighboring countries to commit to democratic and market reforms by promising financial help and eventual partial participation in European integration. Instead the document focused on protecting the EU's interests and ensuring stability and on the development of EU defense policy.

However, shiny new hardware will not help as long as the software is not up to scratch. It could have been expected that the deteriorating security environment would convince member states of the need for a stronger and more coherent EU foreign policy. But the actual trend in recent years has been toward greater assertiveness of national foreign policy. The economic and migration crises in the late 2000s and mid-2010s, respectively,

undermined the EU's confidence and deepened divisions among the union's members.

These setbacks come on top of a fundamental structural constraint: member states continue to run their own national foreign policies in parallel to the union's collective policy. Achieving the same degree of integration on foreign policy as the EU has achieved on trade, where the commission negotiates on behalf of the entire union, appears out of reach for the foreseeable future. The EU's heterogeneity is too great, and the large countries remain too committed to their national foreign policies.

The real geopolitical challenge, however, lies not in foreign and security policy but in the economic core of European integration. If one considers the world as dominated by rival power blocs, many of the EU's current policies—on trade, investment, competition, research, and technology—appear in need of a rethink. The union can no longer approach international economic relations as essentially cooperative win-win

partnerships. Europeans must take power relationships into account, address their own vulnerabilities, and make their policies more robust and resilient. Unlike in foreign and security policy, in economic areas the EU already has the instruments to defend its interests.

Control of access to a market of 450 million people and the unified leadership of the commission gives EU trade policy a great deal of clout. In mid-2018, U.S. tariffs on steel imports were countered by robust European measures, and Washington failed in its attempts to do special deals with individual EU member states. After these setbacks, even Donald Trump saw the need to conclude with then commission president Jean-Claude Juncker a temporary trade ceasefire, which provided for talks on a limited trade agreement.

While the union can look after its interests in trade policy, it is still acutely vulnerable to Washington's weaponization of its dominant position in the world's financial system. The EU's efforts to preserve the 2015 Iran nuclear deal in

the face of renewed U.S. sanctions proved unsuccessful, because most European companies and banks simply cannot afford to be locked out of the U.S. market. In the short term, there is no plausible remedy against U.S. financial sanctions. But strategic autonomy will remain a distant dream unless the EU becomes more resilient in this area, too.

The EU's economic relationship with the world's second economic superpower, China, is even more fraught. On substance, the EU shares with the United States many concerns about China, such as its insufficient respect for intellectual property, forced technology transfers, and unfair practices that favor state-owned enterprises. However, the EU disagrees with Trump's methods of addressing these grievances, because the union fears that the trade war launched by Washington will further damage the remnants of the multilateral trade order.

Beyond the U.S.-Chinese rivalry, Europe's economic relations with China have gone through a reevaluation. Until a few years ago, EU countries broadly welcomed

Chinese investments as a boost for an economy that was just recovering from the eurozone crisis. In 2012, China established the 16+1 (now 17+1) forum, which encompasses seventeen Central and Eastern European and Balkan countries. Brussels has always seen this forum skeptically as an attempt to divide Europe. But now, even many participating governments have become disillusioned, because the initiative's economic benefits have been rather one-sided.

The EU was also slow and divided in its response to the Chinese Belt and Road Initiative (BRI). Better transportation infrastructure between China and Europe is certainly beneficial to EU trade interests, but the initiative's scope and methodology soon gave rise to misgivings. Europeans criticized opaque procurement rules that favor Chinese firms, insufficient respect for environmental and social standards, and the risk of debt traps for some of the countries involved.

Consequently, the EU institutions and the big member states mostly kept their distance. But half of the EU members—

mainly Central and Eastern European countries as well as Italy—signed up to the BRI, and a large number of European corporations got involved. So far the EU has not found a coherent and effective response to the BRI.

Concerns about the rise of a G2 world and its implications for the EU focus particularly on areas of high technology, such as artificial intelligence and robotics. It is likely that these technologies will determine not only the future distribution of power in the world but also the makeup of societies and their value systems. At present, most of the top companies in these areas are American or Chinese. Europe has fallen behind and risks becoming dependent on external players. To catch up, Europe will have to urgently ramp up its research and development efforts and review its rules on state aid and its merger approval process.

With its legislation on data protection, the EU has already moved beyond its long-standing laissez-faire attitude toward the internet. The increasing risks of disinformation campaigns on social media

and of cyber attacks will require further regulation and serious investment in all areas of cybersecurity.

The same is true for other EU policy priorities. Migration policy is closely connected to the power struggles in neighboring regions, including in Libya and Syria. Addressing the climate crisis successfully depends not only on reducing EU emissions which amount to only 10 percent of the global total, but also—and more importantly—on using the bloc’s economic and political leverage to persuade the rest of the world to do likewise.

Does the EU Have What It Takes?

The age of innocence is over. Many EU policies that evolved in a more benign environment now have to factor in power politics and become tougher and more responsive to changing circumstances. But is the EU equipped to face this challenge?

The EU’s traditional business model is quite unsuited for the demands of the geopolitical age. Each strand of EU external policy—from trade, development, mobility, transportation, and connectivity to enlargement and the neighborhood follows its own political dynamic, which is driven by member states’ interests and powerful lobbies. The financing of EU action is regulated by multiannual plans and rigid and complex procedures. But geopolitical action demands bringing together all relevant policies behind comprehensive and coherent external action based on a strategic outlook. It also presupposes an ability to rapidly shift priorities and resources.

The new era thus does not call for radically new policies or for a fundamental reform of the institutions, but rather for a change in the way the EU works. Whether the EU can protect its interests and values in this new situation will depend on stronger leadership with greater focus, clearer strategic thinking, and more urgency and determination in getting results.

Just when the new EU leadership began to focus on these issues, Europe was hit by the Corona virus. This crisis will not only absorb most of the attention and energy of the institutions and member states for many months. It could amount to a real shift of paradigm. Whether it drives a re-nationalization of European politics or whether the member states manage to come together for determined collective action, will also determine the EU's capacity to face the challenges of the geopolitical era. At this point, the jury is out.

Geopolitics and the Western Balkans

In 2003 at the Thessaloniki summit the EU leaders promised to the Western Balkan countries that their future would be in the EU. Even then, this commitment had a geopolitical dimension. The Western Balkans would soon, after the accession of Central and Eastern European countries, form an enclave within EU territory and it seemed logical that over time this region too should be included in European integration. Also, the prospect of joining the EU was widely perceived as the best method to help these countries to overcome the heavy legacy of the wars of the 1990s and to ensure lasting peace and stability.

Over the following years this geopolitical dimension of enlargement drifted into the background. The commission focused mainly on the progress of administrative and legislative reforms, on the countries' capacity to implement the union

“acquis”, on improving the rule of law and implementing a functioning market economy. And the member states were preoccupied with the question of the EU's ability to absorb further countries.

Recently, the geopolitical approach to the enlargement has made a comeback. This is not only due to the broader context of a world increasingly dominated by power politics. It is also a response to the activities of a number of other actors in the region. Russia maintains strong relations in particular with Serbia and Republica Srpska and uses its influence often to obstruct the EU's objectives. China looks at the Western Balkans as an important element of its Belt and Road initiative and has massively increased its investments and presence. Turkey and a number of Arab countries are engaged in Bosnia, in Kosovo and Albania. And the US, which used to coordinate its diplomatic activities closely with the EU, does so much less under the current administration.

In its communication on the new enlargement methodology the

Commission calls the prospect of membership a “geostrategic investment” and underlines the importance of the enlargement process “particularly at times of increased geopolitical competition.” This rediscovery of the geopolitical stakes of enlargement can be seen as a positive development for the Western Balkans countries. If the EU does not get too distracted by the fallout of the current crisis, it could result in more attention for the region and greater engagement.

But the Western Balkans countries are not just objects, they are also actors in the geopolitical game. Small countries usually have two main alternatives in a rivalry between major powers. Either they link up with one of the major actors hoping that this ally will also protect their interests; or they try to draw benefits from the competition by making deals with several of the big players. In the Western Balkans one currently finds both types of behaviour. Serbia, for instance, pursues its EU accession perspective, but at the same time also cultivates close relationships with Russia as well as with

China. By contrast, North Macedonia is an example for a country that under its present leadership banks fully on its integration in Western institutions.

Of course, the way a country positions itself, is not purely a matter of choice. Its room of manoeuvre of a government depends on political developments and the attitudes of the bigger players. If, for instance, the EU would opt for a more geopolitical approach to enlargement, it will probably insist on greater foreign policy alignment. Thus, Serbia's multi-polar policies could become more difficult to sustain. By contrast, if the EU is decisively weakened by the Corona crisis, while China emerges significantly strengthened, more countries of the region will be tempted to orient their policies in the direction of Beijing.

There is enormous uncertainty in the current situation. The Corona crisis is so deep and far-reaching that it can re-shape the future of European politics and reframe the global constellation of powers. What it will not affect, are basic facts of geography. The Western Balkan

states form an intrinsic part of Europe. They will always be surrounded by other European countries, to which they are bound by many economic, social and human ties and with which they share many interests. Developing these relationships within the framework of economic and political integration seems to be a fairly safe strategic choice under almost any circumstances.

About this contribution

This contribution builds upon the panel discussions of the [2020 Think Tank Forum Western Balkans Skopje 'Stimulating strategic autonomy - Western Balkans' contribution for a shared European future'](#), organized within the 2020 joint Presidency of the Republic of North Macedonia and Republic of Bulgaria with the Western Balkans Summit Series.

Information about IDSCS

IDSCS is a think-tank organisation researching the development of good governance, rule of law and North Macedonia's European integration. IDSCS has the mission to support citizens' involvement in the decision-making process and strengthen the participatory political culture. By strengthening liberal values, IDSCS contributes towards coexistence of diversities.

Contact information about IDSCS

-

Address: Str. Miroslav Krlezha 52/2,
1000 Skopje

Phone number: +389 2 3094 760

E-Mail: contact@idscs.org.mk

Information about the author

Stefan Lehne is a visiting scholar at Carnegie Europe and a lecturer at the Diplomatic Academy in Vienna. His research focuses on EU foreign policy, EU reforms and institutional developments. His career as an Austrian diplomat and as an EU official included positions as director general for political affairs in the Austrian foreign ministry and director for the Western Balkans, Eastern Europe and Central Asia in the general secretariat of the Council of the EU. With EU High Representative Javier Solana he worked on various peace missions in the Balkans. He also served as EU envoy to the UN talks on the status of Kosovo.

Link

This report is available electronically on:

- <https://idscs.org.mk/en/portfolio/geopolitics-the-eu-and-the-western-balkans/>



Policy Paper No.42/2020

Geopolitics, the EU and the Western Balkans

-
Stefan Lehne

October 2020